

2019

# Community Vol. 7 Issue 2 *Scope*

## Food Hubs: Mission-Driven Local Food Systems in the Fifth District

# Community Scope

The mission of *Community Scope* is to provide information and analysis on current and emerging issues in community development. The content of *Community Scope* is collected and developed by the Regional and Community Analysis team of the Federal Reserve Bank of Richmond.

## Regional and Community Analysis Staff

**Sonya Ravindranath Waddell**  
*Vice President*

**Nicholas Haltom**  
*Senior Manager*

**Joseph Mengedoth**  
*Associate Regional Economist*

**Emily Wavering Corcoran**  
*Senior Research Analyst*

**Roisin McCord**  
*Associate Regional Economist*

**Surekha Carpenter**  
*Associate Research Analyst*

**Jacob Crouse**  
*Associate Research Analyst*

**Sean O'Hara**  
*Regional Economic Outreach Analyst*

**Anne Burnett**  
*Regional Economic Outreach Analyst*

**Laura Ullrich**  
*Regional Economist*

**Alexander Marré**  
*Regional Economist*

Design: Cecilia Bingenheimer

*Community Scope* is published by the Federal Reserve Bank of Richmond. Free subscriptions and additional copies are available upon request.

To inquire about our publications, contact:  
The Federal Reserve Bank of Richmond  
Research Department  
P.O. Box 27622, Richmond, Va. 23261-7622  
email: [caorichmond@rich.frb.org](mailto:caorichmond@rich.frb.org)  
[www.richmond.frb.org/community\\_development/](http://www.richmond.frb.org/community_development/)

Text may be reprinted with the disclaimer in italics below. Permission from the editor is required before reprinting photos, charts and tables. Credit *Community Scope* and send the editor a copy of the publication in which the reprinted material appears.

*The views expressed in Community Scope are those of the contributors and not necessarily those of the Federal Reserve Bank of Richmond or the Federal Reserve System.*

## Food Hubs: Mission-Driven Local Food Systems in the Fifth District

AUTHOR

*Surekha Carpenter*

### Introduction

It is challenging for small, local farms to participate in today's industrial-scale food supply chains, even as buying locally sourced food becomes increasingly important to Americans. A joint [publication](#) between the Federal Reserve and the U.S. Department of Agriculture explores regional food systems as viable alternatives to mainstream supply chains and a means for connecting communities to nearby producers.

Regional food systems are food supply chains that operate within local geographies and have an explicit mission to serve community farmers and consumers. Food hubs are one type of regional food system that strive to improve local communities not only by supporting small businesses, but also by offering community-strengthening services. Food hubs tend to participate in activities targeted to low- and moderate-income (LMI) populations, like improving individuals' food security and increasing their access to farm-fresh produce.

This issue of *Community Scope* seeks to better understand the economic impact of regional food systems through an examination of the food hub model. The article also offers examples of how regional organizations impact Fifth District communities.

## Local Food and Local Markets

In the 20th century, technological and supply chain advances shifted grocers to industrial-scale models. Suppliers now ship goods from large producers in one part of the country to warehouses across the nation. Products are aggregated and distributed from the warehouses to local supermarkets where consumers purchase final goods. This remote model reduces costs and thus reduces prices for consumers. However, smaller producers typically lack the capacity and infrastructure to participate in this type of supply chain.

Although large retailers and national restaurant chains continue to use remote supply chains, demand for locally produced foods has been rapidly increasing in the United States for over a decade. Consumers may prioritize buying locally for reasons that include freshness and quality, transparency of food source or economic/environmental goals.

Local buying has become more popular. Direct sales, defined as transactions directly between producer and consumer, of edible farm products increased from \$505 million annually in 1997 to \$2.8 billion annually by 2017 – a 454% increase.<sup>1</sup> In those 20 years, direct sales improved from 0.3% of all food sales in America to 0.7%.

The surge in local food popularity is also reflected in consumer opinion surveys. According to a 2014 survey of food shoppers overall, 87% of respondents considered the availability of locally grown produce and packaged goods “very” or “somewhat” important when choosing their primary grocer.<sup>2</sup>

Supply chains have diversified to meet the rising interest in and demand for local food. As a result, food systems of various structures and functions between producers, processors and consumers have permeated conventional food markets across the nation. The number of direct-to-consumer (DTC) markets, including farmers markets and community-supported agriculture (CSA) programs, is growing. The United States Department of Agriculture’s (USDA) Agricultural Marketing Service listed 8,755 farmers markets in the nation in 2019, up from 2,863 in 2000.<sup>3</sup> Seventy percent of farms marketing foods locally used DTC channels only, while the other 30% used a combination of DTC and intermediated supply chains.<sup>4</sup> Food hubs are an example of the intermediated supply chain that provides an alternative to remote large-scale food supply chains.

## Food Hubs

Food hubs act as intermediaries to connect small farms to large markets while also providing capital-intensive resources such as warehousing and processing space or delivery trucks.<sup>5</sup> Food hubs enable farms to reach wholesale, retail or institutional markets that they would not be able to reach individually.

Typically, food hubs manage aggregation and distribution for farmers at a regional facility. After accumulating sufficient volume, food hubs market to buyers including grocery stores, schools, restaurants and even directly to consumers. The number of operating food hubs nationwide grew from 56 to 360 between 2000 and 2017.<sup>6</sup>

In a value chain, raw goods are passed through chain participants and transformed into value-added products that are then sold to the consumer. The USDA uses the term “food value chains” to describe food supply systems that benefit each chain participant through shared social goals. Indeed, food hubs are often multidimensional organizations that promote economic and environmental stewardship while delivering operational benefits to the local food system and frequently providing local communities with needed services.

In 2013, the University of Michigan and Winrock International created the biennial Food Hub Survey in order to observe and study the behaviors, successes and downfalls of food hubs. Four years later, 131 food hubs responded to the survey nationwide. As a whole, food hubs are becoming an increasingly established sector. Collectively, 1,887 paid staff across the nation were employed by food hubs in 2017, with a median of six workers per organization.

The percentage of food hubs relying on unpaid staff decreased to 41% in 2017 from 83% in 2013. As food hubs grow, their financial viability improves. Further, older hubs reported scaling their businesses to supply larger customers. Overtime, food hubs are becoming more financially sustainable, with an increasing share of their revenues coming from sales. Respondent food hubs earned revenue from a variety of sources including sales (primarily), foundation and government grants, donations and non-sales services or fees.

Growing food hubs still overwhelmingly report that adding value to supply chains is integral to their mission. A large majority of surveyed hubs reported

“**Food value chains** represent an innovative business model in which agricultural producers, manufacturers, buyers, and other related supply chain actors form collaborative, transparent partnerships that attempt to combine product differentiation strategies with commitment to shared operational values and social mission goals.

Unlike traditional corporate marketing approaches, which focus on the superior attributes of a firm’s products or services, food value chains address customers’ desire to promote social improvement. They incorporate social or environmental mission values within the traditional scope of product differentiation strategies, focusing on such issues as:

- Supporting the local economy;
- Farmland preservation and viability;
- Providing humane treatment and animal welfare;
- Expanding community access to fresh food; and,
- Demonstrating environmental stewardship.

Food hubs are an important subset of food value chains.”

Taken from:

[Food Chains and Food Hubs, USDA](#)

that enabling smaller producers to reach large markets and ensuring fair pricing for supply chain participants were parts of their mission. Improving human health and promoting environmentally sustainable production practices are also important to many food hubs.<sup>7</sup> The survey found about half of respondents accepted SNAP (Supplemental Nutrition Assistance Program) benefits and three-quarters offered food donation to local food banks and pantries in 2017. These activities in particular positively impact LMI populations’ access to fresh, local foods.

Despite some advances in the sector, some hubs still face economic or operational viability challenges. More food hubs expressed fears over slowing demand for their products in 2017 than in past years. The majority found it difficult to balance supply and demand due to lack of adequate product, too few customers or working with suppliers that do not commit to the food hub model.<sup>8</sup>

### Impact on Local Economy

Local food supply chains are often assumed to benefit the local economy. For example, purchasing from local producers keeps sales and revenues in the local economy and creates jobs, including those associated with the supply chain like trucking or warehousing. Three studies, highlighted below, tested the validity of the claim that local food systems are economically beneficial.<sup>9</sup>

In *Comparing the Structure, Size, and Performance of Local and Mainstream Food Supply Chains*, King et al. compare major grocery supply chains (remote supply chains) with intermediary and direct suppliers. The study finds that more revenue is kept in the local economy through more direct supply channels.<sup>10</sup> Producers in major grocery chains retain somewhere between 12% and 60% of revenues. Meanwhile, producers kept 36% to 50% of revenues in intermediated supply chains and between 38% and 80% in DTC chains.

In direct channels, consumers were willing to pay a premium for local and fresh produce, so suppliers set prices higher than the commodity price. Producers selling directly to consumers must absorb marketing costs including packing, transportation and retailing, which prevents them from earning 100% profit from their sales. Essentially, all revenue earned is retained by

the local economy in the studied direct-supply cases.

The intermediated supply chain, which includes food hubs, mitigates some of the challenges faced by direct suppliers, like marketing and insufficient volume to satisfy large orders. The structure of intermediated supply chains mimics mainstream channels where partnerships grow among reliable packer shippers, distributors, processors, and cooperative organizations with a committed effort to support local food production. In all studied cases, intermediary supply chains reduced or eliminated producer marketing costs. The authors also found that successful local food supply chains provide infrastructure to help additional producers enter the market.

The regional growers in this study retained more profits through the use of direct or intermediated markets. Additionally, these two models encourage entrepreneurship, which can attract and assist other small producers once established.

Intermediated food supply chains can create opportunity for producers and can also foster linkages to other markets within their communities. Two papers explore the relationship between local food systems and local economies. In the first study, the authors test whether increased demand for food hub products results in an increase in demand for the goods and services that the food hub purchases to run its business.

In *Assessing the Economic Impacts of Regional Food Hubs: the Case of Regional Access*, Schmit et al. collect data on a New York food hub, Regional Access, LLC (RA), which services the state and commits to promoting local communities. The authors concluded that 57% of RA's total expenditures are local. This includes purchased foods, employee compensation, retail store and gas station expenditures and automotive equipment costs.<sup>11</sup>

Using this information as well as data gathered through a survey of farms that sell their products through RA, the authors were able to calculate the opportunity cost of this food hub's sales.

The authors calculated that for every dollar spent on RA's products, an additional \$0.82 was generated in related industrial and transportation sectors. In this case, there are forgone sales in the local economy that

**Table 1: Regional Access Total Expenditures by Locality**

Expenditure Type	Share of total expenditures	Percent Local	Percent Non-local
Food purchased from non-farm sources	44%	16%	84%
Food purchased from farm sources	18%	92%	8%
Employee compensation	16%	100%	0%
Proprietor's income	3%	100%	0%
Retail store and gas station expenditures	6%	70%	30%
Automotive equipment rental/leasing	3%	100%	0%
All other expenditures	11%	71%	29%
<b>Total</b>	<b>100%</b>	<b>57%</b>	<b>43%</b>

Source: Schmit, Jablonski and Kay. *Assessing the Economic Impacts of Regional Food Hubs: the Case of Regional Access*, 2013.

would have taken place if food was purchased from a wholesale trader rather than RA. Accounting for those losses, the money generated in related sectors is reduced to \$0.63. Importantly, the effect of RA on the local economy is still positive. Although Schmit et al. investigate only one food hub, the results provide a basis for understanding the ongoing net benefit of regional food systems on local economies.

Turning to the impact of direct market food systems, Hughes et al. studied the local economic impact of farmers markets in West Virginia. Using a survey of consumer spending, they concluded that about \$1.7 million was spent at farmers markets across the state in 2005.<sup>12</sup> Using an input-output model, the authors then calculated that farmers markets in West Virginia added 119 jobs and \$2.4 million (\$1.5 million in gross state product (GSP)) to the economy in 2005. Most of the impacts were concentrated in the agriculture, trade and transportation sectors. Seventy-six percent of the \$1.5 million gross state product impact was in the agriculture sector, 6% was in transport and trade activities and 6% was in financial activities. Even accounting for the jobs and income lost from grocery chains, farmers markets still added 82 jobs and \$1.1 million in output (\$0.7 million in GSP). Thus, DTC market activity in agriculture had a net positive impact in the state of West Virginia.

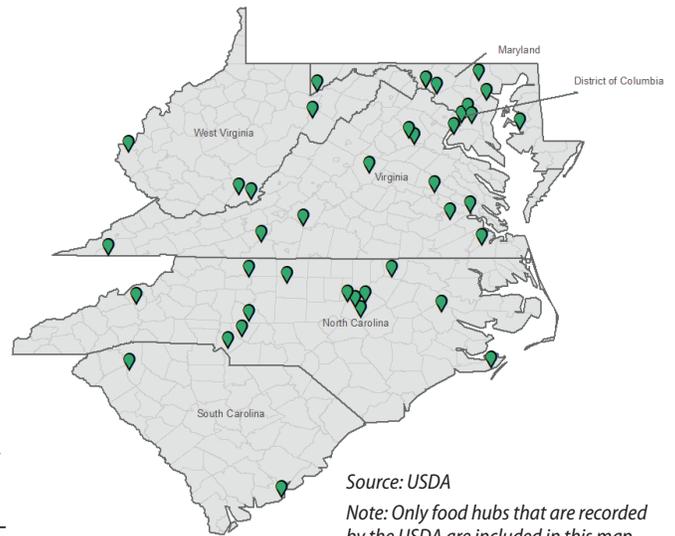
### Fifth District Food Hubs

Across the Fifth District – which includes the District of Columbia, Maryland, North Carolina, South Carolina, Virginia and most of West Virginia – 40 food hubs self-reported to the USDA in 2019 (Map 1).<sup>13,14</sup> According to the USDA's food hub directory, the Fifth District is home to 17% of all food hubs nationwide. These food hubs represent a mix of non- and for-profits, distributors, marketers and operations of all sizes. It is important to note that due to the USDA's food hub directory being comprised only of organizations that self-report to the agency, not all food hubs in the Fifth District states are included in the following analysis.

Of the food hubs that are located within the Fifth District footprint, eight operate in Maryland, 13 in North Carolina, two in South Carolina, 12 in Virginia, four in West Virginia and one in the District of Columbia.<sup>15</sup> Though the majority of food hubs in the Fifth District were established within the last decade, the oldest hub, DC Central Kitchen, began operation in 1989. Consistent with national trends, growth in food hub startups seems to be slowing.<sup>16</sup>

Most Fifth District food hubs offer capital intensive services like marketing, branding and transportation to producers (Figure 1).<sup>17</sup> As articulated in the earlier section, small farms typically do not have the resources to brand their products and market to buyers, so the intermediary institution adds value to the products while making them more desirable to buyers. Hubs also offer services that directly impact production, including food safety and liability services, production training or business management. Often, these

**Map 1: Food Hub Locations in the Fifth District**

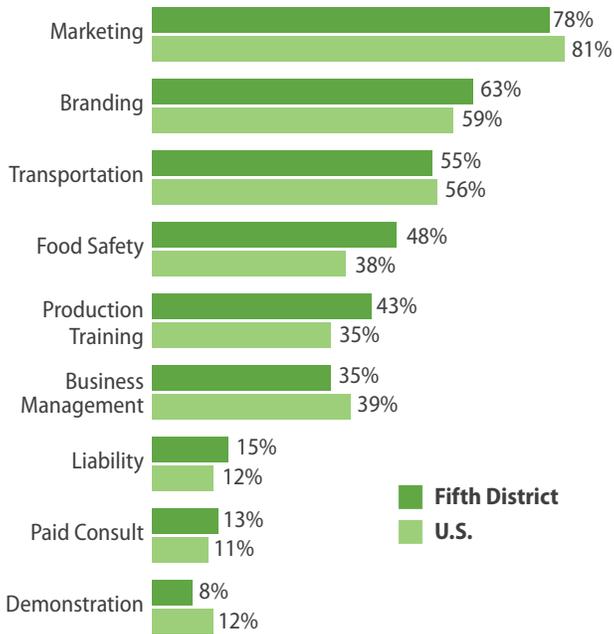


services are intended to help the producer, thereby increasing the operational efficiency of the food hub. The most frequent operational service of Fifth District food hubs is distribution (Figure 2). Seventy-three percent of hubs in the Fifth District aggregate food products, a typical function performed by organizations nationally; on average, food hubs across the U.S. source from 78 different producers and suppliers.<sup>18</sup> Processing services are sometimes offered – about 38% of organizations package food, 12% offer freezing and cutting and 5% can food or offer shared space for processing.

Most food hubs in the Fifth District work with restaurants and small grocers, but many also service large institutions like schools and hospitals (Figure 3). Often food hubs sell to schools with a commitment to providing children more fresh and whole foods. Restaurants or grocery stores that buy locally market that fact and thereby raise the social and monetary value of their product. Similarly, food hubs work with corner stores to increase availability of fresh produce to populations with low food access. Corner stores are typically more common than mainstream grocery stores in lower-income neighborhoods but offer disproportionate amounts of processed, packaged shelf-stable foods.

In addition to assisting producers and providing value to buyers, food hubs often offer community services (Figure 4). The majority of food hubs in the Fifth District make donations to food banks or pantries (83%). Nearly half provide educational nutrition programs for institutions and communities, and some even provide individuals with cooking and nutrition education (40% and 33%, respectively) or meal preparation (18%).

**Figure 1: Share of Fifth District Food Hubs Offering Select Producer Services**



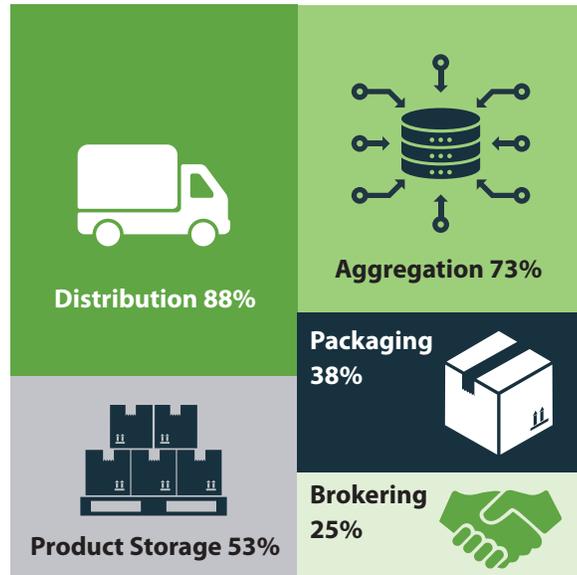
Source: USDA

Eight food hubs in the region reported offering workforce development through paid employment opportunities for young people. Food hubs also participate in programs designed especially for low- and moderate-income individuals.

Eleven food hubs in the Fifth District accept SNAP dollars, and four will match SNAP dollars to increase the buying power of those who qualify for the program. Three food hubs offer benefits for those who qualify for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program. Compared to organizations across the nation, a smaller share of Fifth District food hubs participate in SNAP programs but more offer food donation.

Food hubs are committed to promoting their mission goals regardless of legal structure. Eighteen food hubs in the Fifth District, about 44%, are limited liability companies (LLC), while 12 more (29%) have a nonprofit structure. The rest of the food hubs have different types of private structure. Nationally, 42% of food hubs reported themselves as nonprofits, while 37% classified themselves as for-profit. Importantly, there is little difference between for- or nonprofit operations when it comes to the types of services offered to producers, buyers and the community.

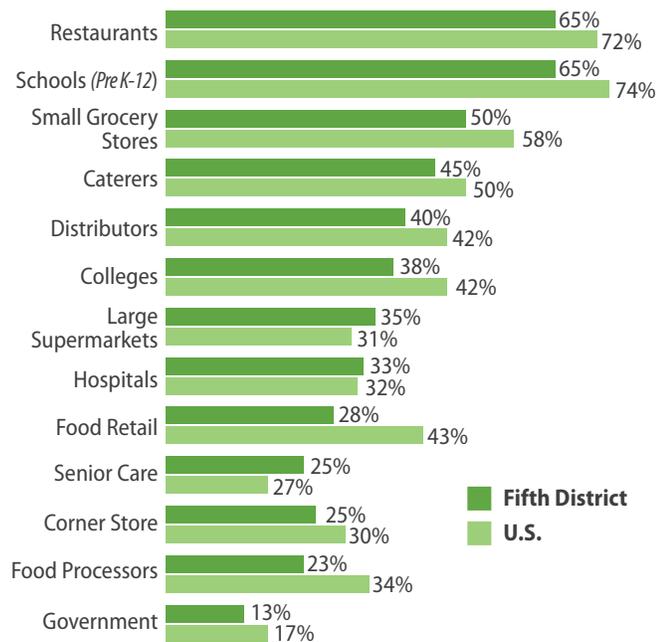
**Figure 2: Share of the Fifth District Food Hubs Offering Select Operational Services**



Other: Production 15%, Freezing 13%, Cutting 10%, Canning 5%, Shared Use 5%

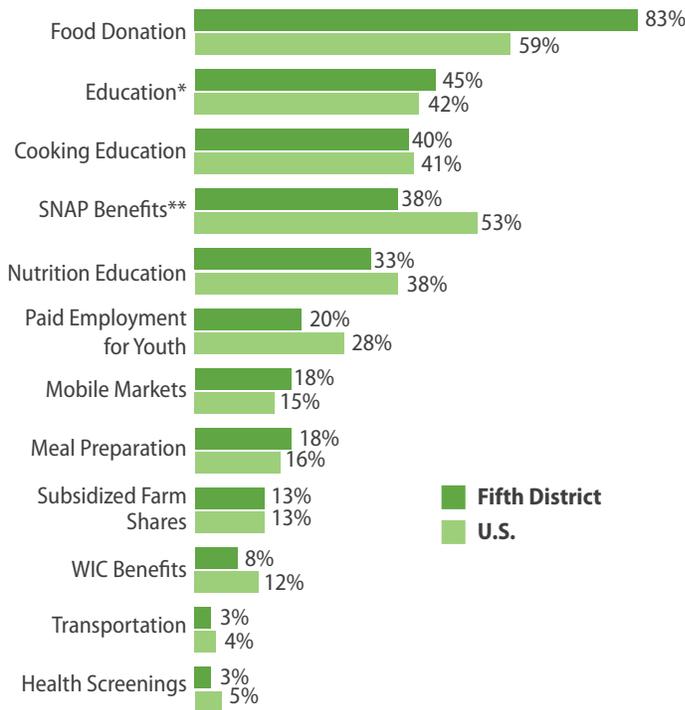
Source: USDA

**Figure 3: Share of Fifth District Food Hubs Selling to Select Business Type**



Source: USDA

**Figure 4: Share of Fifth District Food Hubs Offering Community Services**



Source: USDA

\* Education includes education programs for institutions and other education or community awareness programs

\*\* SNAP Benefits includes matching programs for SNAP benefits and accepting SNAP

A large majority (80%) of Fifth District food hubs operate year-round and almost all have some operations in every season. For example, in the coldest months of the year, producers that cannot farm or harvest can offer shelf-stable goods instead. Extending operational seasons can often help producers and food hubs profit throughout the year and allow food hubs to offer community services consistently.

Below, we highlight three food hubs from the Fifth District that illustrate the range of activities and services these institutions offer to improve access to local food and support community well-being.

### Fifth District Food Hub Highlights

#### Local Food Hub

##### Charlottesville, Virginia

Local Food Hub, based in Charlottesville, Virginia, was founded in 2009 to facilitate opportunities for small-scale producers. Institutions and businesses looking to purchase locally-produced food struggled with sourcing adequate supply and connecting with distinct

buyers. At the same time, farmers were locked out of institutional markets due to inadequate infrastructure and resources, including difficulty meeting delivery minimums and insurance requirements. The hub strives to accomplish its mission of “increasing community access to local food” by linking Virginian producers to institutions seeking local food.

#### Operational and technical services: a focus on the farmer

Local Food Hub is primarily an aggregation and marketing service for more than 75 local farmers and producers. After purchasing produce and other goods outright, Local Food Hub provides marketing, food safety and liability training and other services.

Recognizing the informational and cost barriers for small operations seeking Good Agricultural Practices (GAP) certification or similar certifications, Local Food Hub offers a cost-sharing program to relieve some of the burden. Further, the hub offers training to farmers. The Grower Services program informs producers on business practices to encourage year-long financial viability. This can include providing financial services or helping farmers extend their season or increase their product range.

#### Community services: local food and wellness

Fresh Pharmacy, a Local Food Hub education and wellness initiative, began in 2015. The concept revolves around increasing community health by “prescribing” fresh fruits and vegetables to improve wellness in people suffering from diet-related diseases. For a 28-week period, participants in the program receive fresh produce biweekly, information and guidance on how to prepare the bounty and protocol for properly handling and storing the delivery. Fresh Pharmacy partners with private entities in the Charlottesville community to reach individuals who are in need of dietary change. Partners include the University of Virginia’s hospital as well as city health centers and clinics. Individuals are surveyed after the program to ensure program success.

Local Food Hub is also a member of Charlottesville Food Justice Network – a regional collaborative seeking to build a healthy and equitable food system. The network explores how to provide nutritious food to all members of the community, including LMI individuals with limited access to whole foods.

## D.C. Central Kitchen

### Washington, D.C.

D.C. Central Kitchen was founded in 1989 and today employs community development strategies to reduce poverty in the nation's capital. D.C. Central Kitchen trains and employs out-of-work adults in the culinary trades. In addition to its workforce development arm, the nonprofit commits to reducing food waste, increasing access to nutritious foods for vulnerable communities and supporting local farmers and producers. D.C. Central Kitchen is focused on adding value to its supply chain through community service activities rather than technical or operational assistance to producers or suppliers (groups that donate unused but safe food).

### Community services: improving food and job access

D.C. Central Kitchen has served more 1,700 individuals through their "Culinary Job Training" program. This intensive 14-week program trains adults in the food service industry. Donors provide students with full scholarships for the training, and D.C. Central Kitchen provides two additional years of post-graduation support. Graduates of the program can be hired as full-time staff by D.C. Central Kitchen or find jobs with restaurants, hotels, schools, hospitals or corporations with whom D.C. Central Kitchen has developed strong partnerships. Further, trainees prepare for industry certifications that will propel them once they graduate and enter the job market. In addition to providing culinary arts education and career readiness, D.C. Central Kitchen incorporates financial education and self-empowerment sessions for its students to better prepare them for life after graduation.

Through a separate initiative, the food hub prepares and distributes meals to local institutions, including schools and homeless shelters, by using recovered foods that would otherwise be wasted. The food is recovered from local farms or grocery stores, who cannot sell their entire stock or have slightly damaged or misshapen produce. In 2018, more than 800,000 pounds of recovered food produced 3.2 million meals. This service saved money for more than 80 other nonprofits and service providers in the city who no longer needed to cover the price of purchasing and preparing meals for clients.

D.C. Central Kitchen offers several programs that seek to improve access to healthy foods for lower-income populations. For example, it provides fresh and local foods for 12 public schools in the Washington, D.C., area. The hub creates and delivers nutritional meals

that include at least 50% local ingredients sourced from more than 30 local farms. Serving 3,600 kids in 2018, D.C. Central Kitchen is ensuring that low- to moderate-income school kids have access to quality, nutritious meals.

As another example, D.C. Central Kitchen partners with 71 small corner stores within low-income neighborhoods in a program called "Healthy Corners." Healthy Corners sells fresh produce as well as prepared portions (cut fruit, for example) to these small retailers that often struggle to source and sell these products at affordable prices. Healthy Corners aggregates local fresh food and sells it to corners stores while providing infrastructure, such as refrigeration and shelving, marketing assistance and customer engagement to encourage sales.<sup>19</sup>

The Healthy Corners venture began with an initial investment from the city departments of Health and Small and Local Business Development. Over time, the program has gained support from the private sector including foundations, health care companies and food retailers. By 2012, the mix of public, private and revenue funding was more evenly distributed than it was when the project began.

## Chesapeake Harvest

### Easton, Maryland

Established by the nonprofit Easton Economic Development Corporation in 2016 to manage the sale of source-identified local food, Chesapeake Harvest connects producers to wholesale, retail and institutional opportunities within 200 miles. Chesapeake Harvest focuses on strengthening the regional agricultural sector by promoting environmental sustainability, increasing agricultural employment on the Eastern Shore and providing education and infrastructure to producers. Chesapeake Harvest makes up for lower density (and thus less demand) in the Eastern Shore by capitalizing on heavy demand in the densely populated regions surrounding Easton, including the Washington, D.C., area.

### Operational and technical services: supporting producers and local industries

Chesapeake Harvest provides free workshops and educational information about food certification programs such as Good Agricultural Practices (GAP), Food Safety Modernization Act (FSMA) or Produce Safety Rule. They also provide on-farm risk assessments and information on best practices.

Chesapeake Harvest capitalizes on partnerships with existing industry to increase revenues for itself and local businesses. They partner with two local companies, Homestead Gardens and Tidal Creek Growers, to sell Chesapeake Harvest branded starter plants to home gardeners.

#### Community services: environmental stewardship

Chesapeake Harvest recognizes the Chesapeake Bay as a major economic asset to the states that surround it and therefore shows preference to growers that practice production methods that sustain a healthy bay. To advance its environmental sustainability mission, Chesapeake Harvest also supports philanthropies and foundations with the same mission.

The food hub practices sustainability themselves: their starter plants are free of plastics and are potted in biodegradable containers so as to reduce the potential for litter pollution entering the Chesapeake Bay.

## Conclusion

Food hubs seek to benefit every link in the supply chain. To meet this commitment, they work to improve outcomes for small producers by providing marketing, branding, transportation, business management and food storage. Nearly half of Fifth District food hubs also provide educational resources for producers.

Food hubs often have social or environmental missions that distinguish them from other intermediated supply chain models. For example, in the Fifth District, food hubs offer services that benefit LMI populations by improving their access to food. Thirty-three of the 40 food hubs in the region donate food goods, including fresh produce, to local food banks or pantries. Fifteen food hubs accept or match SNAP benefits, and three accept WIC benefits. Some food hubs deliver healthy options into areas of poor food access through specific programs like Local Harvest's Fresh Farmacy, mobile markets or neighborhood corner stores – as D.C. Central Kitchen does. On the Eastern Shore of Maryland, Chesapeake Harvest entwines its environmental mission of protecting the Chesapeake Bay with its role connecting small producers to markets.

Food hubs provide a way for communities to maintain resources locally. Evidence suggests that they add more value to the local economy than other means of food sourcing. In addition, they help local farms flourish and provide resources to low-income communities.

Although the promise and impact of regional food systems continue to evolve, food hubs should continue to be explored as a way to support not only healthy food practices, but our rural and smaller communities as well.

## Appendix 1: Fifth District Food Hub Directory

Food Hub Name	State	City	Address	ZIP Code	Phone
DC Central Kitchen	District of Columbia	Washington	425 2nd St. NW	20001	(202) 400-2806
Baltimore Food Hub	Maryland	Baltimore	1801 East Oliver Street	21213	(410) 870-9285
Chesapeake Farm to Table	Maryland	Sparks Glencoe	16813 Yeoho Road	21152	(443) 300-6616
Chesapeake Harvest	Maryland	Easton	101 Marlboro Ave, Ste 53	21601	(410) 829-4052
From the Farmer	Maryland	Beltsville	5204 Sunnyside Ave	20705	(303) 941-3183
Garrett Growers Cooperative, Inc.	Maryland	Oakland	1916 Maryland Hwy, Suite A	21550	(240) 321-9636
Hometown Harvest	Maryland	Frederick	4635 Wedgewood Blvd, Ste 101	21703	(301) 798-2616
Hungry Harvest	Maryland	Baltimore	101 W Dickman St, Ste 600	21230	(410) 409-4874
South Mountain Creamery	Maryland	Middletown	8305 Bolivar Road	21769	(410) 708-5940
Washington's Green Grocer	Maryland	Capitol Heights	8741 Ashwood Drive, Unit O	20743	(301) 333-3696
CHE Community Food Hub	North Carolina	Bethel	PO Box 208	27812	(252) 215-5661
Eastern Carolina Organics	North Carolina	Durham	2210 E. Pettigrew Street, Suite A	27703	(919) 542-3264
Feast Down East Food Hub	North Carolina	Burgaw	P.O. Box 55	27425	(910) 465-3386
Foster-Caviness Food Hub	North Carolina	Raleigh	5929 Triangle Drive	27617	(919) 214-2344
Freshlist	North Carolina	Charlotte	1300 Kennon St	28205	(919) 906-9877
Peachtree Market, LLC	North Carolina	Concord	363 Church Street North	28025	(704) 788-1423
Pilot Mountain Pride	North Carolina	Pilot Mountain	612 East Main Street	27041	(336) 444-8000
POP Market	North Carolina	Chapel Hill		27515	(910) 273-0669
SEED Foundation of NC - Salisbury	North Carolina	Salisbury	321 West Horah Street, #4	28144	(704) 680-7075
The Produce Box	North Carolina	Raleigh	900 Withers Road	27603	(919) 604-1688
TRACTOR Food and Farms	North Carolina	Burnsville	PO Box 1507	28714	(828) 536-0126
Walking Fish Cooperative	North Carolina	Beaufort	P.O. Box 2357	28516	(252) 342-1686
Working Landscapes Produce Center	North Carolina	Warrenton	108 South Main Street	27589	(252) 257-0205
GrowFood Carolina	South Carolina	Charleston	990 Morrison Drive	29403	(843) 727-0091
Swamp Rabbit Cafe & Grocery	South Carolina	Greenville	205 Cedar Lane Rd	29611	(864) 326-8351
4P FOODS	Virginia	Elkwood	PO BOX 106	22718	(703) 732-6664
Appalachian Harvest	Virginia	Duffield	P.O. Box 475	24244	(276) 608-8547
Arcadia's Mobile Market	Virginia	Alexandria	9000 Richmond Highway	22309	(507) 269-5597
Blue Ridge Local	Virginia	Elkwood	PO Box 28	22718	(540) 829-7223
Coastal Farms	Virginia	Windsor	13199 Poor House Road	23487	(757) 416-8788
EcoFriendly Foods, LLC	Virginia	Moneta	3397 Stony Fork Road	24121	
Farm Table	Virginia	Glen Allen	202 Siena Lane	23059	(804) 977-2752
Good Food - Good People (Local Retail and Wholesale Food Distribution)	Virginia	Floyd	320 Fork Dr.	24091	(540) 745-4347
Local Food Hub	Virginia	Charlottesville	P.O. Box 4647	22905	(434) 244-0625
Milton's Local	Virginia	Hopewell	P.O. Box 1293	23860	(804) 925-2644
Off the Vine Market Inc.	Virginia	Lanexa	932 Stewarts Road	23089	(757) 879-2242
Produce Source Partners	Virginia	Ashland	13167 Telcourt Road	23005	(804) 412-2584
Alderson Community Food Hub	West Virginia	Alderson	109 Cherry Ave (Rt. 12)	24910	(304) 445-7893
Highland Market	West Virginia	Davis	737 William Ave, Suite 3	26260	(304) 259-5388
Monroe Farm Market Cooperative	West Virginia	Union	PO Box 238	24983	(304) 772-3003
Tri-State Local Foods, Inc dba The Wild Ramp	West Virginia	Huntington	1650 8th Avenue	25703	(304) 523-7267

Source: USDA Food Hub Directory

## About the Author

Surekha Carpenter is an associate research analyst with the Federal Reserve Bank of Richmond.

## Acknowledgements

A special thanks to Jennifer Giovannitti and Shannon McKay. Thanks to staff at the Federal Reserve Bank of Richmond for comments and suggestions.

## ENDNOTES

- 1 USDA 2017 and 1997 Agricultural Census.
- 2 According to the 2014 National Grocers Association's Consumer Survey Report, a survey of consumers who use grocery stores and supermarkets, <https://www.nationalgrocers.org/consumer-trends-research/>
- 3 Local Food Directories: National Farmers Market Directory and *U.S. Farmers Markets – 2000, A Study of Emerging Trends*, USDA, <http://www.ams.usda.gov/local-food-directories/farmersmarkets>.
- 4 Low et al., *Trends in U.S. Local and Regional Food Systems*, 2015, [https://www.ers.usda.gov/webdocs/publications/42805/51173\\_ap068.pdf?v=0](https://www.ers.usda.gov/webdocs/publications/42805/51173_ap068.pdf?v=0).
- 5 The USDA's definition of a food hub is a "business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products to multiple buyers from multiple producers, primarily local and regional producers, to strengthen the ability of these producers to satisfy local and regional wholesale, retail, and institutional demand," USDA Food Hub Directory, 2019, <https://www.ams.usda.gov/services/local-regional/food-directories-listings>.
- 6 Feldstein and Barham, *How to Run a Food Hub*, Volume 4, 2017, [https://www.rd.usda.gov/files/publications/SR77\\_FoodHubs\\_Vol4\\_0.pdf](https://www.rd.usda.gov/files/publications/SR77_FoodHubs_Vol4_0.pdf).
- 7 More than 90% (n=129) of food hubs consistently state these values are related to their missions, National Food Hub Survey, <http://www.ngfn.org/resources/ngfn-database/knowledge/2017%20National%20Food%20Hub%20Survey%20Findings.pdf>.
- 8 Ibid.
- 9 The USDA concludes that because of a lack of further study, it is not yet possible to conclude a definite impact of local food systems on local economies.
- 10 King, Robert P., Michael S. Hand, Gigi DiGiacomo, Kate Clancy, Miguel I. Gomez, Shermain D. Hardesty, Larry Lev, and Edward W. McLaughlin. "Comparing the Structure, Size, and Performance of Local and Mainstream Food Supply Chains." ERR-99, U.S. Dept. of Agriculture, ERS, June 2010.
- 11 Schmit, T.M., B.B.R. Jablonski, and D. Kay. "Assessing the Economic Impacts of Regional Food Hubs: the Case of Regional Access." Cornell University, September 2013.
- 12 Hughes, David W., Cheryl Brown, Stacy Miller, and Tom McConnell. "Evaluating the Economic Impact of Farmers' Markets Using an Opportunity Cost Framework." *Journal of Agricultural and Applied Economics*, vol. 40, no. 1 (April 2008): 253–265.
- 13 Owners or operators of local food businesses can report their organizations here: <https://www.ams.usda.gov/services/local-regional/food-directories-update>, and can use their entry to help market their organization or connect with buyers.
- 14 The Federal Reserve's Fifth District does not include all of West Virginia. For the purposes of this publication, all counties of West Virginia are included in the analysis.
- 15 Although the USDA food hub directory lists 14 hubs in North Carolina, one of those organizations is now closed.
- 16 While the 2017 Food Hub survey does not provide information as to why startups are decreasing, it does indicate that optimism about future growth in demand has slightly decreased since 2015 while labor costs have risen. Costs may be impacting decisions to start food hubs.
- 17 *Food Value Chains: Creating Shared Value to Enhance Marketing Success*, <https://www.ams.usda.gov/services/local-regional/food-value-chain>.
- 18 The median number of producers and suppliers was 40. National Food Hub Survey, <http://www.ngfn.org/resources/ngfn-database/knowledge/2017%20National%20Food%20Hub%20Survey%20Findings.pdf>.
- 19 Building Healthy Corners Report, 2018, <https://dcentralkitchen.org/learn/>









Richmond • Baltimore • Charlotte

Post Office Box 27622 • Richmond, VA 23261  
www.richmondfed.org

**Presorted  
Standard**

U.S. POSTAGE  
PAID

Permit No. 2  
Richmond, VA

**CHANGE SERVICE REQUESTED**



Follow us on social media

