

## Food Innovation Districts

Presented by: Kathryn Colasanti, Michelle Leppke, Nick Dansby, Kirstie Sieloff, and Sarah Lucas

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**Kathryn Colasanti:** Thanks for joining us today, my name is Kathryn Colasanti and I work with the Center of Regional Food Systems for Michigan State University. I am an academic specialist with the group and today we want to share a little bit about a grant project that myself here at the Center for Food System and a few others have been working on called *Food Innovation District: a Small Business Solution for Michigan*. So, I'll talk a little bit about the concept of food innovation districts and its relevance as an economic development strategy for local government.

So just as a brief agenda for what we will be covering in the webinar today, I'll start with the project's background and overview and then talk a little bit about the concept a food innovation districts, then we're going to have several members of the Michigan State University Student Practicum Team from the Urban Planning Department talk about their work in this project. Michelle will talk about the matrix developed for the food innovation district. Nick will talk about business and economic strategies for food innovation districts, and then Kirstie will talk about regulatory and non-regulatory strategies for these districts and then finally Sarah up in northwest Michigan Council of government will conclude with the future of the project.

So, moving on to the background and overview.

I want to start with the big picture and talk about the overarching motivations for engaging in this work and that begins with the ideal of a local and regional food system which we see as an opportunity to achieve multiple social, economic and environmental benefits for communities. So first, what is a food system? What do we mean by that term? This graphic can help illustrate what we mean by a food system. It encompasses all the array of activities that it takes to move food from the point of production so from a farmer's field to the point of consumption. All of the different activities and businesses that are involved in that process. All of the inputs that go into those activities and business and all of the waste products that come out of the processes. So, by a local system were referring to where these activities are based and rooted and occurring within the scale of the community, the region, the state, and perhaps a regional of multiple states. But a smaller scale than a national, or transnational, or global food scale we typically see. So why would this be important? I think some of the reason we can give for wanting to move towards a food system that is more localized. First of all, a response to demand that we have seen over the last few years from consumers across all spectrums of the food system from restaurant dinners who want to see restaurants resourcing more local food

to people shopping in their retail stores who want to know where their food is coming from, people want a source at farmer markets and want to know who grew their food personally. And we also see opportunities to grow our food and agricultural economy. Michigan has a really strong food and agriculture economy, but we can grow that even further by developing our local food system. There are opportunities to increase access to healthy food, to promote a broader culture of healthy eating, and to protect our ag and natural resources in the process.

So some of the background work that led to this project that we'll talk about today, in Michigan we took the concepts of local food system and created a vision for a more Michigan based, food system, that is centered on what we call good food, defined as food that is healthy, that's green, or environmentally sustainable, that's fair, and that's affordable. This occurred through a grass root process that engaged hundreds of people from across the state over about a year's period from mid 2009 to mid 2010. If you are interested in learning more about that initiative, the Michigan Good Food initiative, and the central document, and the Michigan Good Food Charter, you can visit the website: [Michiganfood.org](http://Michiganfood.org). One of the specific recommendations that came out of the charter which laid out not only a vision but a series of goals and specific actions before the state was a recommendation to establish districts that would facilitate clusters of food and agriculture related businesses. So that idea was taken up by a working group at a conference in Michigan in June of 2011. It was held in Detroit, but actually brought people in from all over the country and that conference was called *Making Good Food Work*. During the three day or so of that conference there was a team of 10 to 12 people that worked on fleshing out this idea of what it would mean to establish districts that could help different types of food and agriculture businesses located in the same area. Out of that conference came the idea of pursuing a grant opportunity with USDA Rural Development which led to funding for the work we are currently engaged in.

So to give you a brief overview of the grant project itself, again it's called *Food Innovation Districts-A Small Business Solution for Michigan*. The overarching goal is to develop a planning and economic development tool kit that can be utilized by local governments across the state and provide some guidelines on what this concept of a food innovation district is and how communities can go about creating a district like that or supplementing what they already have in their community, augmenting towards a district type approach. Funding is from the USDA Rural Development. The three core partners involved include first the Northwest Michigan Council of Governments, the lead entity and the grantee, ourselves here at the Michigan State University Center for Regional Food Systems, and Regional Food Solutions. Our other partners include an advisory committee of 13 members representing state agencies, local government officials, planners, economic development groups, market districts, a whole array of different entities that are very relevant to the work that's being done. Also a student practicum team

from Michigan State University comprised of 7 senior MSU students who engaged in a semester long project to develop some of the planning economic development tools for this work.

So with that basic overview of the grant project, well I should say too it's a yearlong project that started in January of 2012 that will continue through December of this year so we're fairly early on in our process.

Let's now turn to the concept of a food innovation district.

First I want to start by differentiating this concept from that of a food hub which is a term that is starting to be used more widely and including by the USDA which is starting to develop resources for food hubs. Michigan is also forming a food hub learning network, but we see food innovation district as a broader concept. So, I want to start by differentiating some of what we see are the key assumptions about each of the concept. So with Food hubs first of all, food hubs we see as being focused primarily on serving as an intermediary role between producers and customers. We see food hubs as being typically a single business entity or operated under a single governance structure.

With food innovation districts some of our key assumptions are first, that this is a new term and it's intended to emphasize the planning and economic development strategies behind creating a conducive environment but more about spatial man-use aspects in which agri-food business of multiple types can co-locate, network among themselves, and thrive. A food innovation district will likely benefit and continue to attract agri-food businesses if it either has as part of the district a food hub or has strong linkages to a food hub that may be located outside of the food innovation district.

This graph was developed by the MSU practicum team showing some of the commonalities and differences between a food hub and a food innovation district. So where as food hub would be a single facility, and a food innovation district would be multiple facilities where a food hub would serve as an intermediary between customers and producers and farmers. A food innovation district could serve that intermediary role but would also have internal connections between multiple business entities, where a food hub would be a single business entity or single governance structure, a food innovation district would utilize broader planning and economic development. And then in the middle we see in the middle of that venn diagram we see that both food hubs and food innovation districts can involve some of the same activities whether it's retail, wholesale, processing, warehousing, aggregating for producers, coordinated distribution, making external connections so that they can place them in the same activities but the key differentiation is a broader network of multiple business entities versus one single facility or business entity. So with that overview and introduction to the concepts of the food innovation district, I want to now turn it over to Michelle.

**Michelle Leppke:** Thanks Kathryn. Hello, my name is Michelle Leppke and I am a member of the student practicum team. Just again, to reiterate, the team was comprised of members of the Michigan State University Urban Planning Capstone practicum course and the team included 6 undergraduate students and 1 graduate student and we worked on the project over the course of the spring semester and we will be presenting on some of the tools and findings of the project on this presentation.

The FID component matrix was one of the primary tools created by the student team and the purpose of the FID matrix is to help communities identify their potential as an FID by identifying systems that are in place as well as opportunities for growth. The 4 main steps are outlined for you in the matrix. The first is for communities to establish the geographic region. Determining boundaries can give a more accurate picture of a potential FID. In step two, the student team recommends identifying a food hub within these boundaries. The team believes that this will add to the strength of the FID and an exterior hub with possible connections can also be advantageous. Step three requires users to run through the matrix. A simple yes-no criteria system is used and descriptions of the examples are given so users can easily determine what is available in their geographic region and what is absent. The final step is for users to compare their results with other communities. By examining similar locations where they are in the process, the student team recommends that this will give communities a better idea of where they stand. Three case studies were completed by the student team for comparison: defined regions in Wooster, Ohio; Oakland, California; and the Eastern Market District in Detroit, Michigan. These regions were chosen for examination because they represent a range of regions and scales. The next 4 slides we'll show different portions of the matrix and this is done to aid in the ease of viewing it.

The first portion of the matrix is a descriptive section. After the area is defined, the population, zoning, and demographics of the area can be further examined. This section is specifically designed to be a comparison tool for communities to compare how they measure up against communities with similar attributes.

The next section of the matrix examines producer-oriented elements. These factors are grouped together as they all benefit farmers or food producers. This includes elements such as shared storage facilities or farm-to-school programs. Shared storage facilities can save farmers money by investing in their own storage areas. A facility that promotes cooperation like this can be a great asset in an FID. Farm-to-school programs are increasing in popularity as they provide school children with healthy food and they give farmers additional security as well.

The next section looks closely at community oriented elements. Each of the elements in this section promotes involvement of community members in the food system process. Included in this section are community kitchens and educational programming. Community kitchens can gather people in a space and may allow entrepreneurs the opportunity to try new products or it can bring individuals together for, say a cooking class. An educational programming can include a variety of topics: food safety, growing vegetable, or pest management strategies. An educational programming can be directed at children as well as adults.

The last portion of the matrix is directed at place oriented elements. These are groups specific to an area, agri-tourism and supportive policy are examples found here. Agri-tourism which would include corn mazes or pick your own produce locations, these can attract people to a place in relation to agriculture. Supportive policy can include zoning applications that make food related activities more accessible.

One of the case studies we looked at closely was Eastern Market in Detroit. Eastern Market was a very strong example of what could be a FID. It is an established district within the city of Detroit and it has become a popular destination within the region. They offer a variety of restaurants in the area. For wholesale districts, it is one of the largest in the state and they provide opportunities to low income individuals to purchase produce. Some of the elements they are lacking a farm to school program and community supported agriculture. By examining Eastern Market and other areas, the student team provided examples that communities can learn from.

The recommendations put forth by the student team for the matrix include continuing research in more locations and making necessary adaptations for future use. The matrix was developed to use as a preliminary tool and there are many possible ways to manipulate the matrix as the project continues. Next, another member from the student team, Nick Dansby, will speak on the application of economic strategies as they related to FIDs.

**Nick Dansby:** Hello everybody, my name is Nick and I was a part of the student practicum team at Michigan State University and some of the strategies we looked at for economic and business development purposes focused around tax incentives. Some of which were offered through various programs and business district models. There were tax credits, tax informative financing options and some abatements applied in some of the districts we found. Typically, these of course are familiar to local economic developers or urban planners however we recognize that not all business owners and entrepreneurs will not be readily knowledgeable of these so we recommended the forming of partnerships between the local governments and local community economic development departments and economic developers with the business owners to make known these incentives. In particular the tax abatements aren't typically applied for commercial or business use. They usually allow for heavy industrial or

specific energy or renewable energy facilities. They aren't typically applied like I said, but for some facilities such as processing or transportation facilities, may be able to apply for abatements. Tax informative financing is widely used in economic developing as a tool used for cutting down the cost of moving to an area for a business owner. We also cited placemaking as a tool for economic strategy and the Michigan Main Street program is a perfect example that utilizes places, historic or cultural places around the state. They are typically in downtown area that can use some sort of implements for astatically pleasing purposes to bring together people an area to make it feel more welcoming or inviting for different types of populations whether it be young professionals or families. It is an all encompassing tool that different areas use for funding purposes for development.

We sited that in our report a model for implementing FID were the several business districts that we found that the state offers. The Michigan Smart Zone was the most similar to the FID approach because of its geographically defined criteria. All of the zones actually have specific criteria as far as geographic boundaries. In the image right here to the bottom right hand on the screen you can see all of the 15 smart zones across the state. They are supposedly very close tied to a local university for innovation and research practices to implement into the zones so the facilities they have close ties to all of the knowledge and resources at hand at the universities. While we were going through we were like, "Wow this is a really good approach for the FID from a legislative perspective. Either borrowing or mending some of the language from the Smart Zone or Renaissance Zone, or Enterprise Zone would be highly effective we thought for implementing the FID." We cited that as well as an approach for the FID.

The short term actions, just going back to what I said earlier, partnering with the local authorities such as the brownfield redevelopment authority or the tax increment financing authority or local development financing authority for partnering with the business owners to invite them into forming an FID in a specific area. Connecting these clusters which is a huge topic we talked about in the report, as well, with outside market, existing clusters such as the Eastern Market or some of the cherry farms in Traverse City. Mixing these owners with outside markets and bringing in more resources to highlight the internal and external connections in the model of the FID. Implementing tax strategies were applicable as a short term action to what would be a suggested approach for starting an FID. A long term action, like I said, mending legislation or even forming some sort of legislation for FID consideration into the state model. Next, we have Kirstie, another member of our practicum team, you want to talk about the regularity and non regulatory strategies for FIDs.

**Kirstie Sieloff:** Thank you Nick, my Kirstie Sieloff and I am going to be talking about the regulatory and non regulatory strategies for FIDs. So when looking at regulatory and non

regulatory strategies there are several barriers to zoning for FIDs that need to be considered. Some of these, well the first one we are going to look at is the mix and intensity of uses that need take into account. Questions regarding mix and intensity include: how do we plan for a processing facility, community kitchen, retail, and additional uses that are necessary to create a final product? How do we plan for them all within a common geographic area and mitigate/minimize impacts to the surrounding area? Another question is how can we concentrate or agglomerate FIDs uses. Additionally, there can be regulatory limits to urban agriculture, such as landscaping regulations or allowance of accessory structures. And then lastly, especially relevant to Michigan is the Right to Farm Act of 1981, which was originally enacted to protect farmers from nuisance litigation. This act, today, may pose difficulties for communities looking to implement FIDs.

For our report, the following zoning strategies were explored we took a look at permitted use, planned use developments (PUDs), special zoning ordinances, special use, overlay zoning, and conditional rezoning. Out of the many zoning methods explored, the following types may have the greatest applicability for a majority of communities. First is permitted use. Now permitted use is a use-by-right. This strategy allows communities to easily incorporate food-related uses into a zoning ordinance. However, guidelines for this zoning type need to be specific because of the low maintenance approval process. We also looked at how well a zoning method can concentrate, or agglomerate, uses. We believe this strategy, permitted use, may have a high ability to concentrate uses because a special zone can be created solely for food-related uses. Then moving onto the special zoning ordinance, It is also possible to create a zone for food which also incorporates sustainable goals. A zone similar in type is the Green Zone Planned Development District in Williamston Township, Michigan, and this zone caters to the needs of the community in a sustainable fashion, while retaining the rural character. Communities could customize zones that allow for FID activities while keeping sustainability in mind. However, this zoning type requires a thorough approval process and financial resources. It appears to have high potential for concentration because these zones can cater specifically to food-related uses. And lastly, the overlay zone. The overlay district can allow for additional flexibility or restriction over multiple zones. It is a useful strategy because it doesn't change the underlying use. Incentives may also be included in the ordinance. One downside is this strategy doesn't necessarily create a binding development pattern; however this could be encouraged with additional flexibility or incentives. We think that this zoning type may have moderate ability to concentrate uses.

And then moving onto the model overlay. A model overlay was created to bring the numerous FID uses to light. The zoning ordinances including those of multiple communities in the 10-county region of the Northwest Michigan Council of Governments were consulted to complete the ordinance. The model is not intended to be used literally, rather, modified to fit the

community's needs. Many uses that would be found within an FID are defined and sample development standards are also listed. On this slide the purposes of the model overlay is shown. How it works is we have organized lighter uses are allowed by right with more intense uses listed as special uses. Conditions are also used to regulate more complicated uses.

Lastly, we are going to take a look at concepts to consider. These are additional options that can also help plan for FIDs. First we are going to look at the master plan/subplan. By Michigan law, if you want to zone, you have to plan. A master plan could include food-related uses, however, without zoning, the strength of this method is thought to be weaker. Alternatively, a special sub plan outlining FIDs and policies could be used. Also, design guidelines could be used to increase walkability or usability of the space, especially for pedestrians. Incentives could also be attached to the zoning ordinance. Strategies like additional height allowances, parking, or driveways could be used to attract food-related uses to a particular zone or reward those who implement FID goals. And lastly, eco-industrial parks could be used for FIDs. Eco-industrial parks are industrial parks which circulate and recycle materials within the park and they also work together to use less resources. Such parks have been adapted to cater to food-related businesses. An example is Blue Mountain Station in Dayton, Washington, which was mentioned in one of our consulted sources. When completed, the eco-processing park will focus on natural and organic artisanal products. These developments may assist in concentrating food-related uses, while promoting sustainable practices.

Moving on to recommendations for regulatory and non regulatory strategies. What we found is that there is no one-size-fits-all for zoning. Communities truly need planners to help decide which method is best. The goal of the zoning is to help concentrate uses and make food-related uses easier to integrate into the landscape; some zoning strategies may do this better than others. We've also found that a mix of uses may be more favorable to FIDs. And additional concepts such as a subplan or design guidelines may assist in moving FIDs forward. And now I am going to hand it over to Sarah Lucas of the Northwest Michigan Council of Government.

**Sarah Lucas:** Thank you Kirstie. I am going to be talking a little bit about the future of the project, but first I want to comment that we were fortunate to have assistance from the practicum students in putting together this comprehensive resource. We will be using this in the upcoming stages of the project which will be used through the end of 2012. I am going to talk a little bit about what's coming up.

Over the next couple of months we will be wrapping up the first stage of the project which focused on research and information gathering and then we'll move into the second and third phases. I'll talk about these last two phases in more detail, but just to give you a quick



overview, the remaining activities of the project include continuing research, tool kit development, and outreach. Over the summer, Regional Food Solutions, one of the partners in the project, will continue research in the communities within and outside of Michigan and their experiences with food innovation related activities particularly as they relate to economic development strategies. Once that research is complete, the Council of Government, the Center for Regional Food Systems, and Regional Food Solutions will work together to develop a tool kit that will condense all of this research into a more accessible form for a wide variety of audiences and then once that tool kit is completed, our project partners will again work through the end of the year to start getting the word out to stakeholders throughout the state and other parts of the country.

One of the main products of the project is the development of a tool kit or an informational guide for stakeholders who are interested in the idea of a food innovation districts and want to take it to the next level. Because it is a new concept, it is important that we have a baseline document that provides all the definitions, examples, and all the other information in one place so people have something to use as a reference when they are working to implement the concept. The goal of the tool kit is to introduce the idea to a broad audience, as I mentioned a wide variety of stakeholders, and to provide implantation suggestions for planning commissions, economic developers, the general public, and any other stakeholders. We will actually be developing a tool kit on a couple of different levels. We will have a larger document in which we give a comprehensive, in depth look at food innovation districts and the strategies you can use to implement those and that document will be about 30 pages. We will also have several fact sheets that we will use to summarize specific strategies and ideas and these will probably be 1-2 page documents that can be used as handouts to introduce audiences to a specific concept. The idea is that we want to have information available for a number of different interest levels so by making fact sheets available we can introduce the idea and then if there is further interest on the part of the audience we'll also have that larger document available as well. Both the larger document and fact sheets will be available online and we'll hyperlink the text to additional resources that provide more detail to those that need more specific information. Particularly, as it relates to legislation and other technical information like that. So in respect to the longer document, the first section of the tool kit will give an overview of a food innovation district and a summary of the research. From there we'll have the tool kit broken down into three sections for each specific implementation steps for food innovation district. The first step is investment which we'll get into more detail about what's involved in a food innovation district and how your community can begin identifying which elements you might already have in your community and which ones you'll need to work on developing or linking to another community. So the tool kit will discuss that process and how to work that into grant processes or master planning processes and how a community can follow that assistance process in food innovation district planning following the matrix that Michelle talked

about earlier. We'll also talk about planning and zoning tools in the tool kit. We'll have recommendations for planning and zoning policies that can encourage the development of food innovation districts like Kirstie talked about. We'll provide more detail about things like overlay zoning and sub-area plans as well as general zoning strategies. We'll also have case studies for both rural and urban communities. We'll have a section in the toolkit on economic development tools and strategies. Again, we'll discuss specific strategies and other things that Nick went over that can encourage food innovation district implementation and communities in both rural and urban areas. And again, we'll have case studies for both rural and urban communities to provide a little more background for people.

Once we have completed the toolkit we'll begin reaching out to audiences locally and statewide to help raise awareness of the concepts and distributing new ideas but also to ensure that the stakeholders have access to these tools and strategies. We'll begin with local and regional presentations. In our experience here with working with local communities we really need to raise awareness at the local planning commission level, the local township board level, to begin that implementation process. These are the bodies that will be putting a lot of these ideas into practice, so it's really important to begin providing education and information to these groups. Ideally, we would like to have conversations or presentations to all of our communities in the region, but in our ten county region here in Northwest Michigan we have nearly 200 units of local government so it's difficult to reach out to everybody. In our experience it's worked to have individual presentations, but also to have more focused workshop type activities. We will provide more focused workshops regionally. We also work directly with local communities that have identified an interest in the concepts or have participated in the project. We do have a couple communities that are participating through the advisory committee and who have a real solid base in agriculture that have identified an interest in implementing food innovation districts in their community. We will work with them specifically. We will also be reaching out on a broader level because we won't be able to attend every meeting to help them. As we mentioned we'll have some more localized workshops throughout the region. Beginning this fall, we'll also be attending state and regional conferences, like the Michigan Planning Conference to share these ideas with a broader statewide audience. As Kathryn mentioned, we have advisory committee with about 13 members, and we have quite a variety of representatives on that advisory committee from local, state, and national organizations. We will be relying on them to help us reach out to a bigger variety of audiences and different parts of the state and country to provide more presentations to different conferences and just share the information with different organizations.

We'll be working on the project through the end of 2012 and you'll be hearing more about our toolkit and outreach strategies as we continue through this project, but in the meantime we do have a few resources available on our website. I've provided a link here. If you have any

questions on the contact specifically you can reach me at the number here or send me an email and we'd be happy to answer any questions you might have. Thank you to all of the students and our partners again and we look forward to continuing to work on this project.