

MUNICIPAL ACTION GUIDE

Food-Based Business Incubator Programs



NLC NATIONAL
LEAGUE
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CENTER FOR CITY SOLUTIONS
AND APPLIED RESEARCH

Introduction

For years, co-working spaces and incubator programs have accelerated the growth of technology-based startups. Now, this concept of providing entrepreneurs with shared working space, mentorship, and education is increasingly being translated into food-based businesses.

The national context is ripe for food-based entrepreneurship, with the **\$1.8 trillion** food industry comprising about 13 percent of the total economy.¹

This action guide from the National League of Cities (NLC) provides an overview of kitchen and farm incubator programs, as well as guidance on how local governments can support these emerging strategies to promote local entrepreneurship and strengthen local food systems.

Incubator Types

An incubator program is defined as a comprehensive assistance program designed to help startup and early-stage businesses become financially viable companies.²

The type of assistance provided to entrepreneurs includes access to a shared workspace, education programs on how to run a business, and mentors who can deliver industry-specific guidance. Kitchen incubators and farm incubators are two programs for food-based entrepreneurs. These food-centric programs support individuals in their efforts to launch or grow a business in the food industry, which could include opening a restaurant, food truck, or catering service, as well as selling products at grocery stores, farmers' markets, and online.

Kitchen Incubator Programs

Kitchen incubator programs help food entrepreneurs open a restaurant or food truck, build a catering company, or sell products in retail stores and online. The incubator strategy for supporting food entrepreneurs is gaining popularity across the country. There are currently more than 200 kitchen incubators in the U.S., and two-thirds of these programs were established within the last six years.³ A central benefit of a kitchen incubator program is access to shared commercial kitchen equipment (e.g.,

convection ovens, prep tables, and mixers) at a more affordable price than the cost of purchasing these items up front, which can reach up to \$100,000 or more.⁴

The most common goods created by chefs in kitchen incubator programs are baked goods, meals for catered events and food trucks, sauces, and spices or rubs.⁵

The services typically provided by kitchen incubator programs include:

- **Access to Space/Equipment:** Shared commercial kitchen space (often at-cost via a monthly or per-use fee); food storage and packaging areas
- **Education:** Programming on business planning, marketing/advertising, distribution, regulations, food safety, and access to capital
- **Business Assistance:** Technical assistance with certifications; product development assistance; and connections to buyers and consumers

Farm Incubator Programs

Farm incubator programs are designed to develop the next generation of farmers and support the development of sustainable food systems around the nation. These programs help fill a growing workforce gap, as some experts predict approximately half of the nation's farmers will retire within the next ten years.⁶ As the agricultural equivalent to kitchen incubators, farm incubator programs offer access to below-market land, shared farming equipment, and business education. Farm incubators are also a growing phenomenon. About 75 percent of currently operating programs were launched within the past ten years.⁷ In the U.S. and Canada, there are 65 operational farm incubators, 27 planned incubators, and 13 incubator programs at universities.⁸

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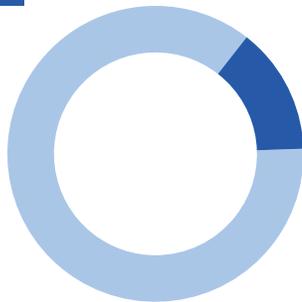
- **Access to Space/Equipment:** Affordable or free farmland and access to necessary equipment
- **Education:** Hands-on training in farming practices, selling produce, marketing, and understanding the local agriculture industry
- **Business Assistance:** Mentoring and technical support for building a sustainable farm business



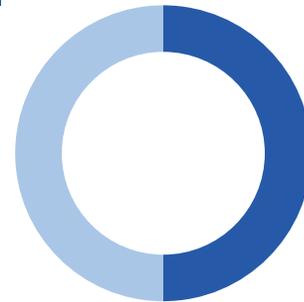
Impact on Equity

Food business incubator programs are not just good for the economy – they’re also good for equity.

2007



Today



A decade ago, only 14 percent of lead farmers were female, but today, half of all farm incubator participants are women.¹⁰

Kitchen and farm incubator programs are working to create more equitable access to entrepreneurship among diverse populations. For instance, some kitchen incubator programs use place-based strategies to lift up low-income and immigrant entrepreneurs living in underserved communities or in public housing. Many farm incubator programs are tailored specifically to meet the needs of refugee and immigrant farmers, and others restrict admission to include only individuals that are considered socially disadvantaged or who have limited resources, as defined by the USDA.⁹

Another positive impact of food incubator programs has been the increase in gender equity in the food industry. A decade ago, only 14 percent of lead farmers were female, but today, half of all farm incubator participants are women.¹⁰ In the kitchen incubator space, more than half (53 percent) of all participants are female and almost one-third (28 percent) are minority. Supporting the establishment of a kitchen or farm incubator program is one way local government leaders can invest in a more equitable and sustainable local economy. The action guide below offers suggested strategies for how cities can get involved.

Local Action

In most cases, it won't be the city's primary role to establish or operate a kitchen or farm incubator program. Incubator programs are often run as either for-profit or nonprofit organizations, and at times in partnership with local public universities. Municipal government leaders, however, can use their powers to encourage, influence, and guide the creation of a food business incubator program that will benefit the overall community.

Below are several suggested action steps:

1 Convene and motivate key partners.

As a local leader, you can leverage your convening power to get the right players at the table to discuss whether a kitchen or farm incubator program is a good fit for your city. These key stakeholder meetings should include representation from the business and agricultural communities, local nonprofit organizations, real estate, and higher education.

2 Assist with securing infrastructure or land, and help fund startup costs.

Once your community has decided to move forward with building a kitchen or farm incubator, a city can support the launch and development in a few critical ways. First, local governments

often have a unique vantage point into vacant buildings and land that could be converted into an incubator space. City leaders can also think creatively about how to co-locate an incubator program with a farmer's market or local grocery store so participants have built-in access to customers. Lastly, if your city's budget allows, you could contribute funding to offset the initial costs of launching the incubator program.

3 Focus the incubator program on underserved residents.

Ensuring that your city's new incubator program is equitable and inclusive is an important goal. The cost to start a business and access business education are often a barrier to

food entrepreneurship, and incubator programs help eliminate these obstacles. Many kitchen and farm incubator programs are targeted to low-income, minority, or immigrant individuals.

4 Encourage the integration of production and distribution services into the incubator model.

A farm or kitchen incubator should consider incorporating an on-site production and distribution component. Food entrepreneurs will need to figure out how to scale up recipes, develop labels and packaging, fill containers of produce or goods for shipment, and many other manufacturing-based components of their new business. It's an added benefit if incubator programs can offer these of services in-house to minimize the need for members to coordinate with multiple external

partners. This integration is also a way to provide on-the-job training to individuals that could potentially be hired by the business when it expands and outgrows the incubator space.

5 Provide technical assistance on the business regulation process.

Cities should partner with food-based incubator programs to streamline the business certification and inspection processes. Local governments can eliminate regulatory stipulations that prevent more than one business from applying for a license using the same address, since the incubator houses multiple enterprises. City departments can also coordinate and streamline inspections, in addition to scheduling regular on-site office hours for providing business support.



6 Use the zoning code to support agriculture and food-based retail.

Urban agriculture is an expanding field that is improving access to healthy food in cities. However, zoning codes might prevent an urban farm incubator from co-existing with neighborhoods that are primarily zoned to be residential or commercial. Land use experts can help cities identify ways to amend zoning codes to better support urban agriculture. Additionally, cities should be proactive about maintaining retail corridors to ensure there is sufficient commercial space for local food-based businesses opportunities.

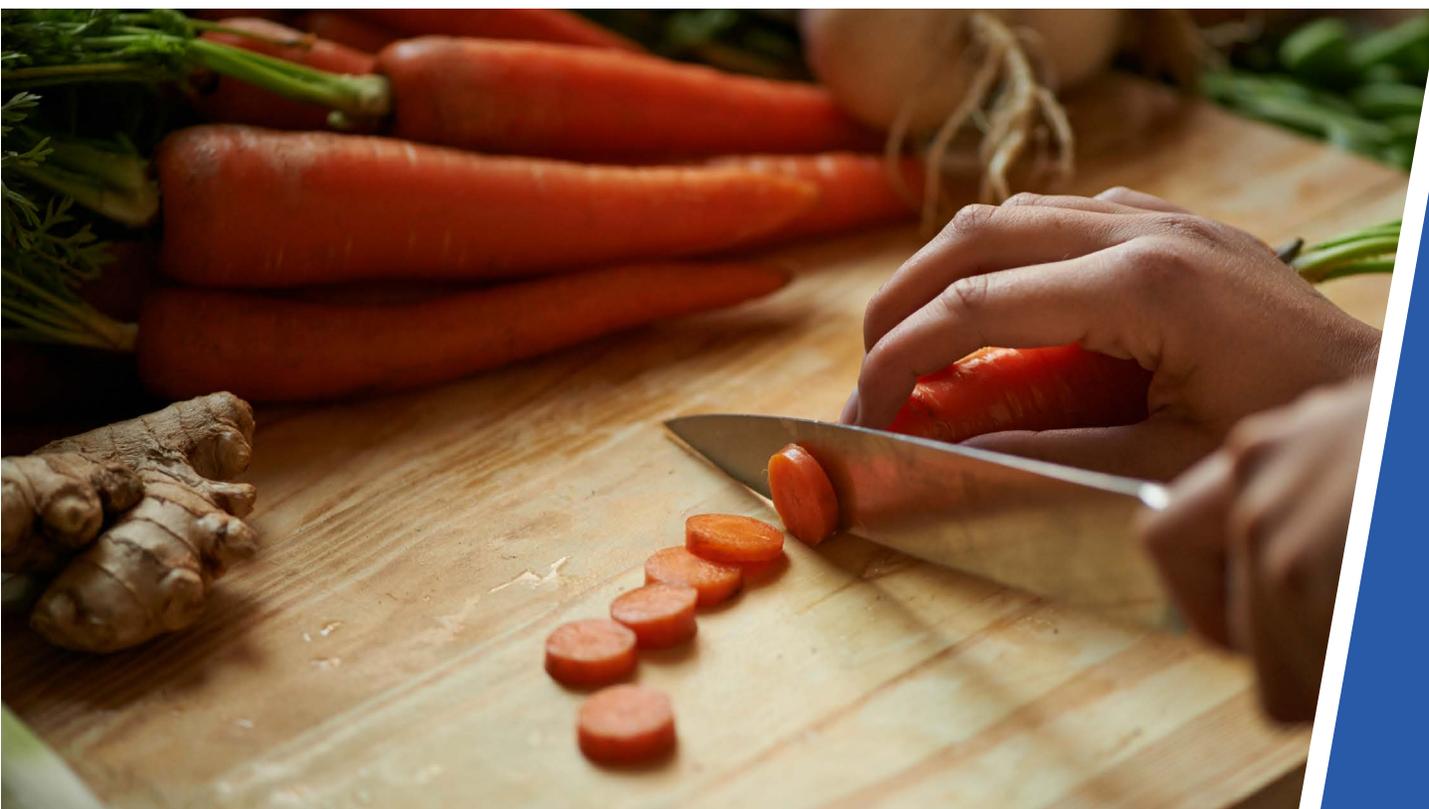
7 Connect food entrepreneurs to your city's startup ecosystem networks.

Food entrepreneurs are an important segment of a city's overall startup ecosystem. Make sure your food

entrepreneurs are incorporated into events, retention efforts, "buy-local" campaigns, and opportunities to serve on small business advisory committees.

8 Purchase food from incubator graduates.

Once your city's kitchen or farm incubator program is up and running, your local government should use its purchasing power to help support the graduates of the programs and their new businesses. Some ways to accomplish this are hiring caterers or food trucks for office events, encouraging employees to establish a Community Supported Agriculture (CSA) program with local farmers, and contracting with a local food entrepreneur to serve goods in your city hall café.



Examples

Rutgers Food Innovation Center

Bridgeton, N.J.
(pop. 25,252)

The Rutgers Food Innovation Center (FIC) is a food business incubator and accelerator program operated by the New Jersey Agricultural Experiment Station (NJAES) at Rutgers, the State University of New Jersey. Since the FIC opened in 2000, it has helped more than 1,500 food businesses launch and scale by offering technical assistance, business mentoring, education, production services, and international trade services.¹¹

Food Business Pathways Program

New York, N.Y.
(pop. 8.5 million)

New York City's Food Business Pathway Program connects the city's public housing residents with tailored support to build a food business. This work is supported in part by a charitable contribution from Citi Community Development. Participants are enrolled in a free business training course, receive technical assistance to obtain business licenses and permits (for which the city waives the fees), and can access free kitchen incubator space.¹² Additionally, the entrepreneurs can apply for \$1,000 micro-grants to cover insurance costs associated with using a shared kitchen. In

the first year, the Food Business Pathway program completed five cohorts with 139 graduates.¹³ Food Business Pathways will launch the sixth cohort, with approximately 40 participants, in April 2017.

New American Sustainable Agriculture Project

Lisbon, Maine
(pop. 4,135)

As the name suggests, this farm incubator program trains refugees and immigrants on how to launch a farm-based business. The project offers access to a land plot and accompanying training in business management, financial education, and English language proficiency.¹⁴ The program has been particularly transformative for the community of Somali Bantu refugees who immigrated to Maine with previous farming skills but without a connection to the local farming community. The New American Sustainable Agriculture Project links these refugees to farming land, business education, and the opportunity to sell produce at farmers' markets. The ultimate goal is for the farmers to independently sustain the farms and earn income from the sale of produce.¹⁵

Little Rock Urban Farming

Little Rock, Ark.
(pop. 196,188)

Little Rock Urban Farming (LRUF) is a community-based food enterprise located in the heart of Little Rock, Ark.

LRUF specializes in the production of organic fruits, vegetables, herbs and cut flowers for local markets. LRUF is dedicated to urban organic food production and the urban agrarian lifestyle. In addition, LRUF is a new farmer incubator. Every year LRUF accepts two to four apprentices who come to learn about the production, marketing, and distribution of organic fruits, flowers, and vegetables. The apprentices receive hands-on training as well as free housing while in the program.¹⁶

Union Kitchen Washington, D.C. (pop. 658,893)

Since the Union Kitchen incubator first opened in the nation's capital in 2012, its programs have supported more than 185 food businesses whose products can be found on the shelves of more than 75 local and national grocery stores.¹⁷ Union Kitchen houses not only shared kitchen equipment, but also space for product

manufacturing and distribution, which helps the incubator's members more easily meet demand from retailers.¹⁸ The incubator also operates several Union Kitchen Grocery outlets throughout the city that feature homemade candy, ketchups, soups, and other products made by members. The Union Kitchen facilities, distribution company, and grocery stores make up a system that drives value to food businesses at every stage of growth. Union Kitchen members have developed more than 500 unique products, reached national distribution, and opened 30 storefronts in a span of four years, and their distribution company brings products to more than 200 retailers on a weekly basis. Using efficient kitchen management, deployment of online and intellectual resources, and revenue driving tools, Union Kitchen members can scale faster and find success at an unparalleled rate. Union Kitchen has translated its proven successes and can offer consulting services to local government interested in implementing their model.



Endnotes

- 1 An Equitable Food System: Good for Families, Communities, and the Economy (PolicyLink, 2016)h
- 2 National Business Incubation Association (http://www2.nbia.org/resource_library/what_is/index.php)
- 3 US Kitchen Incubators: An Industry Update (American Communities Trust, 2016)
- 4 Eater, “What are Food Incubators and Do They Create Viable Businesses?” (Tove Danovich - February 26, 2016)
- 5 US Kitchen Incubators: An Industry Update (American Communities Trust, 2016)
- 6 The Farm Incubator Toolkit: Growing the Next Generation of Farmers (National Incubator Farm Training Initiative, 2013)
- 7 Ibid.
- 8 Ibid.
- 9 Ibid.
- 10 Ibid.
- 11 Food Innovation Center at Rutgers University (<http://foodinnovation.rutgers.edu/>)
- 12 New York City Department of Small Business Services (<http://www1.nyc.gov/nyc-resources/service/4865/food-business-pathways-program-information>)
- 13 Ibid.
- 14 New American Sustainable Agriculture Project (<https://www.cultivatingcommunity.org/grow-food-with-us/refugee-immigrant-farmer-training/>)
- 15 Maine Organic Farmers and Gardeners Association (<http://www.mofga.org/Publications/MaineOrganicFarmerGardener/Spring2015/NewAmericanFarmers/tabid/2930/Default.aspx>)
- 16 Little Rock Urban Farming (<http://littlerockurbanfarming.com/apprenticeship/>)
- 17 Forbes, “Union Kitchen: A Case Study on the Best Legal Structure for Local Businesses Looking to Go National” (Pamela V. Rothenberg - June 20, 2016)
- 18 Forbes, “Union Kitchen: A Case Study on the Best Legal Structure for Local Businesses Looking to Go National” (Pamela V. Rothenberg - June 20, 2016)

About the National League of Cities

The National League of Cities (NLC) is the nation’s leading advocacy organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. Through its membership and partnerships with state municipal leagues, NLC serves as a resource and advocate for more than 19,000 cities and towns and more than 218 million Americans. NLC’s Center for City Solutions provides research and analysis on key topics and trends important to cities and creative solutions to improve the quality of life in communities.

“Food-Based Business Incubator Programs” is a Municipal Action Guide from NLC. Municipal Action guides are concise briefs with specific recommendations for local action.

About the Author

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Acknowledgements

The author would like to acknowledge Christiana K. McFarland, Research Director, and Courtney Bernard, Senior Communications Associate, for editing the brief and Dany Green, Visual Designer Associate, for designing the brief.

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