



For Immediate Release

NR 25-09 (07-10-25)

Contact: Ben Mosely or Philip Shelly,
703-883-4056
Email: info-line@fca.gov

FCA board receives report on food hubs and financing under the Farm Credit System

McLEAN, Va., July 10, 2025 — At its monthly meeting today, the Farm Credit Administration board received a [\(report \(PDF\)\)](#) on food hubs and aggregators, their impacts on producers, and potential financing opportunities by the Farm Credit System (FCS).

Report on food hubs and aggregators in the U.S. and financing by the Farm Credit System

Food hubs and aggregators play an important role in the food system by providing several key services to farmers. These services include coordinating the aggregation, distribution, and marketing of locally and regionally produced foods from multiple producers to multiple markets, which can include wholesale, retail (direct to consumer), and institutions such as schools and hospitals.

Many food hubs' main focus is supporting small and medium-size farms and local food systems. Farmer viability is one of the top core organizational values for most food hubs. Food hubs often fill a niche in the market by serving farmers challenged by the lack of distribution, processing, and marketing infrastructure that would create greater market access to more customers.

Sources of financing for food hubs and aggregators

The COVID-19 pandemic accelerated the shift in food delivery from traditional channels to food hubs and other alternative food distribution systems. The shift away from institutions towards individual consumers increased overhead and other operational costs for many food hubs, resulting in higher credit needs. However, many food hubs have been unable to secure funding through traditional sources to support their growth and sustainability.

According to a [2021 National Food Hub Survey](#), the majority (84%) of food hubs rely on grants as their primary source of financing. When asked to list all accessed sources of funding in the last two years, only 26% indicated they utilized traditional loans, and many responded they did not apply for traditional funding as they believed their application would be rejected.

Current FCA regulations and guidance emphasize organizational structure and ownership as the guiding principles for eligibility. Although food hubs organized as cooperatives are currently eligible for FCS financing; only about 10% use that structure. Aggregators use multiple structures.

In summary, food hubs provide a vital service for agricultural producers. They market what farmers produce to both consumers and institutions, and often perform activities such as washing, sorting, and aggregating the product.

Through these activities, food hubs support local producers and increase viability, particularly for small to mid-sized farms. However, food hubs have primarily relied on grants for funding, which limits their growth and ability to expand.

Reviewing relevant FCA regulations

There are currently two FCA regulations under which food hubs could potentially receive financing from the FCS: [farm-related services](#) and [processing or marketing](#). The current requirement is for the producer to maintain title, which would curtail any financing to those food hubs which are not organized as cooperatives and do not consign the farmers' products. The current processing or marketing regulation applies to an entity that is a direct outgrowth of a single eligible borrower's operation and has strict requirements on ownership, control, and throughput, i.e., the amount of product or service that can be produced and delivered within a specified timeframe.

FCA recognizes that there may potentially be some specific aggregator scenarios consistent with the current regulations, and there are some food hubs that sell farmers' products on a consignment basis where the title remains with the producer. FCA is reviewing requirements for food hub credit eligibility to determine if additional capabilities can be found in this space, as lending to food hubs and aggregators fit within the mission of the FCS to serve all of agriculture.

Closed Session

In a closed session, the FCA board received a report on findings from the Future of the Office of Examination Workgroup.

Notational votes

Since the June 12 FCA board meeting, one notational vote has occurred. Notational votes are actions the FCA board takes between board meetings.

On June 13, the board approved a personnel action.

###

The Farm Credit Administration is the regulator of the Farm Credit System. The System is the nation's oldest government-sponsored enterprise. It consists of a nationwide network of cooperative banks and associations, which was established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. FCA news releases are available on the web at www.fca.gov.