

Tax Credits for Urban Agriculture in Food Deserts



Executive Summary

Food deserts are areas where access to affordable and nutritious food is limited. Living in food deserts impacts a multitude of factors including: food security, food affordability, federal nutrition program participation, health outcomes, economic and social attainments, real estate prices, and more. In 2022, several bills propose tax incentives to increase availability of nutritious and healthy foods within the food desert areas of Missouri. [SB 717](#), [HB 1570](#), [HB 1919](#), and [HB 2020](#) authorize tax credits for urban farms located in food deserts. SB 717 also allows a taxpayer to claim a tax credit against a taxpayer's state tax liability and authorizes a tax credit equal to 50% of a taxpayer's expenses incurred in the construction or development of an urban farm located in a food desert. [SB 790](#) authorizes a tax credit for full-service grocery stores and is unique from the other four bills, because it is not restricted to urban areas and authorizes tax credits on expenses incurred from the construction or establishment of a full-service grocery store in a food desert in the state of Missouri.

Highlights

- Living in a food desert contributes to the lack of access to healthy foods and can negatively affect health.
- Urban agriculture plays a vital role in supporting local food systems in food deserts and can improve food security and food safety. Individuals who grow or sell products in urban farms tend to eat more fruits and vegetables.
- Fruits and vegetables that are raised in urban farms can be more expensive, and geographic distance and lack of technical training can be barriers to low-income households' ability to afford urban-produced foods.
- Soil contamination may pose a challenge to the safety of food grown in urban agriculture settings.

Limitations

- Most studies on the impacts of urban agriculture on food security are theoretical and it is hard to measure their effectiveness over other food-security measures.
- It is hard to measure and evaluate the impacts that urban agriculture has on food deserts because studies do not always differentiate between the impacts of gardens that grow food for personal consumption and urban farms that grow food for sale.

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Research Background

The relationship between urban agriculture and food deserts

A food desert is an area that has limited access to affordable and nutritious food, with residents living more than one mile away from a supermarket in a city, or 10 miles or more in rural areas.¹ About 23.5 million Americans live in food deserts. People who live in food deserts tend to only have access to foods that are processed and high in sugar and fats; these factors contribute to higher obesity rates and other negative public health outcomes. The presence of food stores and the availability of healthy products in those stores are important contributors to healthy eating patterns among neighborhood residents.²

Over the last three years, Missouri populations have had a food insecurity rate of 12.8%, and 4.8% of the population has had very low food security. With 100 food deserts, Missouri faces a food insecurity and hunger problem (Figure 1).³ According to 2017 data, it is estimated that approximately 865,000 Missourians, including more than 214,000 children, experienced food insecurity, and the South and South-Eastern counties show the largest overall needs in food.³

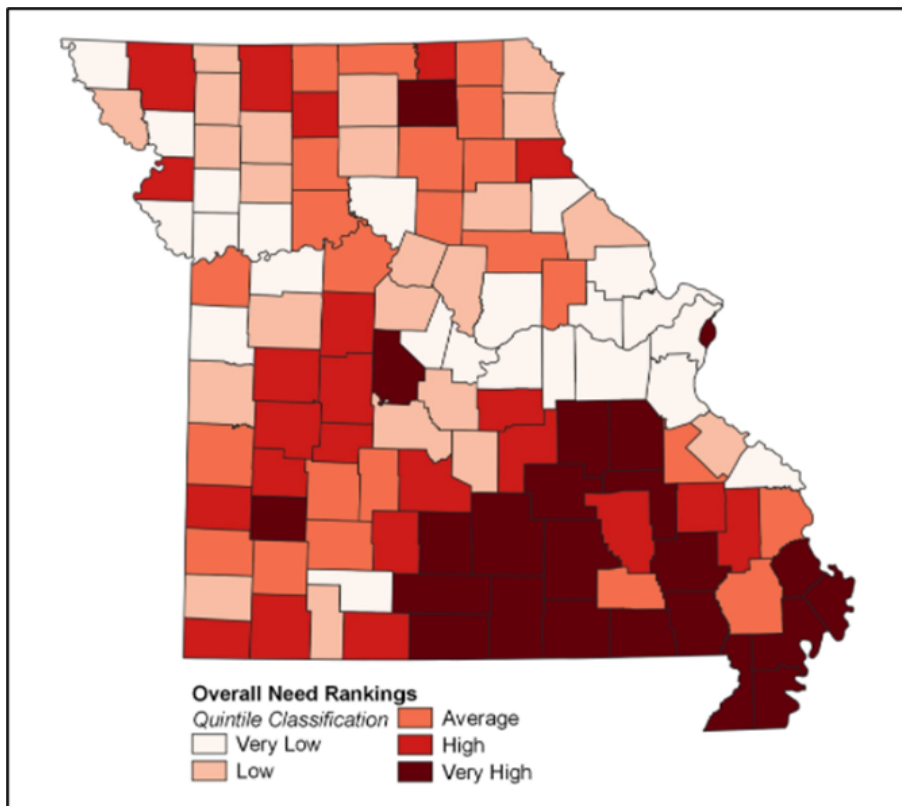


Figure 1. Overall Need Rankings, Missouri Hunger Atlas, Interdisciplinary Center for Food Security, MU, 2019.³ The map shows the overall needs for food for each Missouri county, accounting for: percentages of population that are food insecure, the population that is SNAP-eligible based on income, the percent of K-12 students enrolled in free or reduced-price lunch (NSLP), and percent of children under the age of five that are WIC-eligible.

Urban agriculture refers to growing and distributing food in urban areas, and can take the form of community gardens, urban-located farms with a social mission, rooftop farms, recirculating farms, or vertical farms. Urban agriculture can contribute to the increased availability of healthy and nutritious food that become more accessible and more affordable to the residents of areas such as food deserts.⁴

Impacts of urban agriculture on food deserts

Studies conducted on urban community farming show that these projects can improve neighborhood aesthetics, provide community development, build social capital, increase neighborhood property values, and provide an area for community members to participate in physical activity. Urban agriculture also offers a potential as a nutrition intervention because it addresses the limited availability of fresh produce in some urban areas, which can be a primary barrier some urban residents face when trying to eat a healthy diet.⁵

Empirical studies have found that participation in urban farming and the availability of fruits and vegetables in farms or grocery stores are predictors of fruit and vegetable consumption. For example, a Michigan study found that individuals who participated in urban farming consumed 1.4 times more fruits and vegetables than those who did not.⁶ Urban agriculture can also help build better local food systems.⁷ Having better local food systems in place means that more people can afford and access a fresh food supply close to where they live.⁸

Although studies point to the multiple benefits of urban farming, most of the literature is theoretical and only a few robustly measure the impact of urban farms on improving food security in low-income communities. Finally, studies find that urban agriculture in food deserts may exclude low-income and minority groups because of location and other sociocultural reasons.^{9,10}

Inefficiencies and other barriers to improving food security

Residents who live near food deserts and participants of urban farming projects mention that production and labor costs keep them from being profitable and continuing to farm.¹¹ The specific challenges of urban agriculture are often related to the type of the urban farm and its ownership. Economic studies that examine urban community farms—where the urban farm is a collaborative project and is owned by multiple individual members from the community who share the maintenance and products—indicate that there is relative inefficiency in the use of materials and labor resources.¹² Other studies have highlighted issues such as seasonal accessibility for the products of the farms and the low yields as reasons for such inefficiencies.¹³

Some of the other major challenges urban growers face are related to the land, including contaminated soils and land tenure. The soil in city lots can contain chemicals, lead or other heavy metals, and most urban agriculture is therefore carried out in containers or raised beds, where clean compost and topsoil are spread on top of the existing ground.¹⁴

Indirect impacts of urban agriculture

An indirect, positive impact of urban agriculture is the increase in property values in the blocks that surround urban farms, and the resulting increase in tax revenue. Studies also indicate that urban farms indirectly decrease the crime rate of the neighborhoods in which they are located. A growing line of research suggests that investing in such projects may be a more effective crime-reduction strategy than other conventional strategies.¹⁵ Others suggest that because urban agriculture uses wastes and idle land and water bodies as resources urban areas can be transformed from being only consumers of food and other agricultural products into important resource-conserving, health-improving, sustainable generators of food products.⁸

Property tax incentives for urban agriculture

[Some states and cities](#) have created tax incentives, like tax credits or tax rebates, to help encourage urban agriculture. Typically, state legislatures have passed an enabling statute allowing localities to choose to enact an incentive, giving the locality the authority to establish eligibility criteria, determine the process for granting and maintaining the tax incentive, and even set the amounts of the incentives.

Over the last decade, Columbia and Kansas City have seen an increase in population and face an increased need for fresh and safe food. People across Missouri are responding to these needs by putting in place zoning regulations and city plans. In 2010, the city council of Kansas City established the right of homeowners to grow produce in their front yard for consumption or for sales. Another example is the [Columbia Center for Urban Agriculture](#) in Columbia, MO, whose objectives are to feed and educate the urban community and to empower low-income families to garden and grow their food.

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