

Fund a Farmer, Protect the Planet, Make Money



Dan Miller's great-grandfather owned this local farm supply store in Preston, Md., and was a pioneering poultry farmer on the Eastern Shore in the 1920s.

Submitted photos

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On a mission to finance regenerative farming, eco-driven entrepreneur Dan Miller has created an online platform called Steward where anyone with as little as \$100 can help fund an interest-bearing loan to a sustainable farmer.

Investors buy part of a secured loan from Steward to help fund a specific project — return varies from about 5% to 8% over three to seven years — or put money into Steward Regenerative Capital, a fund for short-term bridge loans.

Most of the 2,500-plus lenders who have participated since the company launched its crowdfunding program in August 2021 are not predominantly in it for the money, Miller said. They are, rather, mission-driven to support a paradigm shift in funding opportunities for farmers committed to environmentally responsible agricultural practices.

Steward charges participating farms a 3% origination fee to cover administrative costs that include sharing the farm's story on its web portal to attract investment. The company does not take a cut of the

interest, which is fully returned to investors minus a half-percent loan service fee.

Campaigns initially launch privately to give family members, customers and a farm's local community the first opportunity to invest.

Steward does not fund startups. Only farmers who have been in business for at least three years are eligible. They must also have securable assets.

Once a farmer fills out an application, Steward's team gets to work evaluating whether a good fit exists, not just in terms of a solid business plan but to determine if the farm is in line with Steward's mission and values. Caps on loans, which range from thousands to millions of dollars, are intended to allow for more participation.

Grounded in History and Innovation

Dan Miller is no stranger to unconventional thinking.

His father, Herbert Miller, founded Western Development Corp. in 1967.

"He did a lot of urban mixed-use development in D.C. in the '70s

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Beiler's Heritage Acres/Roam Dairy in Lancaster County was one of the first recipients of a Steward loan.



Fisheye Farms, an urban farm in Detroit, used a Steward loan to purchase nine adjacent lots to expand on the small plot that partners Amy Eckert and Andy Chae were originally farming.

CONSTRUCTION • REMODELS • PARTS & SERVICE

Steward

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and '80s in an era when D.C. had a lot of disinvestment," Miller said. "Most of these projects were public-private, were impact-driven in that they were non-conventional, and they were doing more than just being a real estate deal."

A Wharton School graduate, Miller launched Fundrise, the first crowdfunding investment platform for commercial real estate, in 2010 while still in his 20s.

He learned through cultivated relationships with restaurants and chefs that they had difficulty sourcing local ingredients. His research told him that many of what Steward now terms "human-scale" farms lacked access to the capital needed to grow at a rate that could keep up with demand.

"It was sort of surprising to me, because the market demand for what they're growing is exploding," he said. "More restaurants are selling it, the press is talking about it, and people are excited about 'organic' and 'regenerative,' 'sustainable' — whatever the label is. They're excited about alternative kinds of agriculture, but the resources weren't available to those producers."

That realization a little over a decade ago marinated as Fundrise grew into a successful business with hundreds of thousands of participating investors and billions of dollars raised, he said.

"I thought the model we built with Fundrise raising money online would fit really well," Miller said. "Take the money from the consumers and people who care about and want to support a



Young Dan Miller in the family's vegetable plot.

different regional food system, and give them the chance to fund this project."

Reading Wendell Berry's 1977 book "The Unsettling of America: Culture and Agriculture," Miller thought about his own family's farming history, which cemented his commitment to help preserve a legacy.

"My mother's family has been farming on the Eastern Shore of Maryland since the late 1800s," he said. "My mom grew up in a 600-person rural town in Maryland, (on a) diversified vegetable, poultry, classic kind of family farm in the region. But she left, and I grew up in Washington, D.C."

Miller was the first of six generations to grow up apart from the land, he said. Keeping an eye

on the Eastern Shore, where his maternal grandfather Harry Hugo Reich Sr., had been a pioneering poultry farmer beginning in the early 1920s, Miller watched commodity agriculture take over, with soy-corn-winter wheat rotations and the consolidation of family poultry farms into massive vertically integrated operations the new norm.

"That kind of brought about in my head, 'Something in this system doesn't make sense. The value doesn't seem to be staying in the communities that are growing the food, and the landscapes and ecosystems around them are becoming less healthy,'" Miller said.

Once Miller set about building the Steward platform, friend and collaborator Spike Gjerde, a James Beard Award-winning chef and founder of Baltimore's Woodberry Kitchen, helped him seek farmers who needed access to capital.

One of the first farms identified, in 2018, was a Lancaster County dairy that had been in business for 40 years that had recently lost its wholesale market when a local co-op it was selling through went out of business.

"The proposal there was to finance the value-added processing equipment so he can make butter, he can make yogurt, he can make ice cream and sell that as a value-added product to the restaurants and other buyers," Miller said.

Steward's \$527,499 loan to Beiler's Heritage Acres and to 15 other diverse farm enterprises — including two urban farms in Detroit — were directly funded by Miller and his family as he and his team studied case law and developed the regulatory framework



Submitted photos

Riffle Farms, another Steward loan participant, is a veteran-owned regenerative bison farm in Terra Alta, W.Va., specializing in grass-fed and finished bison and holistic land management.

for his crowdfunding vision for farmers. That launched in August 2021.

Another Pennsylvania farm, Horse Shoe Ranch, is exemplary of the current model. The farm was able to relocate from Lebanon County to Chester County and expand its regenerative poultry and livestock operation with help from a \$165,000 loan generated through 128 individual lenders from 32 states.

The model is proving itself and picking up steam, Miller said.

"Now we've got one or two new projects a week, from tens to hundreds of thousands of dollars to millions of dollars," he said. "We're not only financing farmers now, we're financing aquaculture, we're financing a lot of ranchers. In particular, we're spending a lot of time on value-added processing, livestock-processing facilities, fisheries processing. We're working on a flour mill. The need is much bigger than I realized."

Conventional Barriers to Growth

"What I've realized is that if you're in conventional ag, there's tons of support," Miller said. "There's subsidized capital, there's insurance, there's guarantees at the end of the day, or you have a very protected market. The second you're outside of that and you're selling nontraditional products through nontraditional channels and through different farming methods, you're really cut out of that system. And there are not alternatives available for capital resources."

That also creates barriers to transitioning to new ways of farming, he said.

In the early days, Miller said, a loan from Steward was more expensive than a conventional loan

because interest rates were so low. That has basically flipped-flopped.

"Now, everybody's skyrocketed, traditional credit providers have disappeared, and everything's more expensive," he said. Meanwhile, Steward is still offering loans at 7% to 8%.

"We're basically now lending at prime corporate borrowing rates," he said.

Ryan Anderson was one of two founding farmers at Acre Detroit, an urban farm that caters to local chefs. Anderson was an early Steward participant that borrowed money in 2017 to buy land to expand.

He is now the company's chief operating officer.

"When I was doing urban agriculture. I was looking to purchase land and take out a mortgage," he said. "I had conversations with other lenders that were doing sort of more traditional ag financing. And the challenge there was those lenders were so focused on a particular economic model."

Acre's Cosmic Purple carrots had been flying out the door for years at \$4 a pound, but traditional lenders substituted the commodity price of \$1 per pound, slashing a significant line item in the farm's projections.

To date, Steward and its participating funders have made 81 loans totaling more than \$22 million, sometimes to the same farms over time as they scale up.

For Steward, scaling up depends upon continued buy-in from investors, and the numbers bear reason for optimism.

"There's a much greater need than even we're able to touch," Miller said.

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