Healthy Food, Healthy Communities

Promising Strategies to Improve Access to Fresh, Healthy Food and Transform Communities
PolicyLink is a national research and action institute advancing economic and social equity by Lifting Up What Works.®

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EXPANDED VERSION
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This generation of children will live sicker and shorter lives than their parents if the country does not reduce obesity rates. Low-income children and children of color face some of the highest rates of obesity.
In 2005, PolicyLink and The California Endowment released the report, Healthy Food, Healthy Communities: Improving Access and Opportunities through Food Retailing, to highlight the innovative ways that low-income communities are improving access to healthy, fresh food. The report was extremely popular— we distributed more than 15,000 copies—and it found receptive audiences across the nation.

Advocates told us the report helped them develop strategies for improving access to healthy food in their communities; researchers cited the report; city government officials made it assigned reading for healthy food access task forces; state government staff cited it in legislative analyses; and presidential candidates referenced it in press releases and policy platforms. Since the report release, the movement to improve communities’ access to healthy food has grown dramatically. More groups have joined the effort and started new programs; others have honed and expanded their existing programs; and policies that were implemented several years ago have now produced impressive results.

What is so exciting and important about these efforts is that they address two huge challenges facing the nation: obesity and the economic downturn. Obesity rates have been spiraling upward in recent decades, nearly doubling for adults, and more than tripling for children. Researchers now estimate that this generation of children will live sicker and shorter lives than their parents if the country does not successfully reduce obesity rates. This is particularly a problem for low-income children and children of color, who face some of the highest rates of obesity.

At the same time, we are in the midst of the worst economic downturn since the Great Depression. Expanded access to healthy food in underserved low-income communities of color can simultaneously create new jobs and improve local economies.

PolicyLink and The California Endowment share a commitment to addressing the conditions—from local economic opportunities, to social interactions with neighbors, to the physical environment, to services such as local stores where people can buy healthy food—that affect people’s health and prosperity. The California Endowment has invested significant resources to address health disparities throughout the state, and has launched an ambitious 10-year effort to advance policies and foster coalitions that promote healthy communities. The California Endowment is also launching the California FreshWorks Fund, an innovative public-private partnership loan fund created to increase access to healthy food in underserved communities; spur economic development that supports healthy communities; and inspire innovation in healthy food retailing. This paper builds on previous collaborations between the PolicyLink Center for Health and Place and The California Endowment, and our joint reports, Why Place and Race Matter and Reducing Health Disparities through a Focus on Communities.

By Lifting Up What Works®, this report will help advocates, policymakers, community-based organizations, residents, and other stakeholders replicate and create successful models for ensuring that all communities have access to healthy food and the wide range of benefits it brings.

Robert K. Ross, MD
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The California Endowment

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In little more than a generation, obesity has become an epidemic. Today, one in three adults is obese, more than double the ratio in 1980. Over that same period, the percentage of obese children has tripled. The problem is particularly acute in low-income communities of color. Nearly a fifth of all African American children, and almost a quarter of Mexican American children, are obese. For white children the ratio is around one in ten. For the first time in human history, a nation is giving birth to a generation of children whose life expectancy will be shorter than that of their parents.

Many factors contribute to Americans’ expanding waistlines, but a growing body of research indicates that one key component is the scarcity of healthy food in low-income communities. Several studies in recent years have shown a strong correlation between the absence of full-service grocery retailers in a community and high rates of obesity and related health problems such as diabetes.

For decades, low-income urban and rural communities have faced limited opportunities to purchase healthy food. In the 1960s and 1970s, white, middle-class families fled urban centers for homes in the suburbs. The supermarkets followed, leaving the families who remained in the central cities with limited access to fresh, healthy, affordable foods. Often without cars or convenient public transit options, low-income residents in these areas must rely for much of their shopping on expensive, fatty, processed foods sold at corner convenience stores and small local shops. Low-income rural residents face similar struggles to access high-quality, affordable, healthy foods.

But there are signs of change. Across the country, there are a growing number of innovative programs and policies that are turning the tide, providing low-income neighborhoods with access to affordable healthy foods. By opening grocery stores, improving the quality and selection of food sold at convenience stores, and linking farmers directly to consumers, these efforts are increasing access to healthy foods, contributing to reduced rates of obesity and diabetes, creating jobs, increasing profits, and revitalizing distressed neighborhoods—a boon to a country in the midst of the worst economic crisis since the Great Depression.

Here are four of the most promising strategies for developing new healthy food retail opportunities:

Develop New Grocery Stores

Grocery stores often carry a wide selection of food at affordable prices and create jobs, many of which go to local residents. Large grocery stores often serve as high-volume “anchors” that spur local economic development and bring needed tax revenues to cash-strapped municipalities. Developing stores in low-income neighborhoods is challenging, however. The development process is lengthy and complex; retailers believe that stores in low-income communities have high start-up and operating costs; appropriate sites are hard to find; and securing financing is difficult. Strategies to address these challenges include:

- **Create dedicated financing sources.** Efforts like the Pennsylvania Fresh Food Financing Initiative have demonstrated that one-time loans and grants can successfully lead to the development of remarkable numbers of new grocery stores in long underserved communities.

- **Develop and use better information tools.** Grocery store executives need to use accurate data and market analyses that account for the real business potential of low-income communities. Alternative market assessment models and databases have been developed...
by groups such as The Reinvestment Fund, Social Compact, and LISC MetroEdge.

- **Facilitate site identification and development.** To secure land for new grocery stores, cities can reclaim vacant land and abandoned properties and clean up contaminated parcels, also known as “brownfields.” Chicago has passed an ordinance to prevent supermarkets from using restrictive land use covenants that prevent competitors from locating on particular sites. Grocery stores can sometimes reconfigure their operations to squeeze into smaller spaces. Some local governments help grocery developers and retailers navigate through the planning and zoning process, offering incentives such as relaxed parking requirements.

- **Involve residents and local suppliers in planning.** By communicating directly with residents, grocery stores can gather more information about local customer preferences. In addition, stores can develop relationships with local suppliers, enabling them to better meet consumers’ needs while also contributing to community economic development.

- **Reduce operating costs while better serving the community.** Community organizations can be important partners—even owners and operators—in grocery store development. They can help stores identify and train employees, and their involvement can increase community acceptance and contribute to improved store security. Stores can increase per-trip purchases by providing free or low-cost transportation. Environmentally conscious, or “green” building strategies, can reduce energy costs.

### Improve Small Stores

Improving corner and convenience stores is less complex and costly than constructing a new store, and builds on existing community resources. Small merchants, however, do not have the advantages of scale that can translate into lower prices for consumers. Many of these retailers are unfamiliar with how to handle, display, and stock produce and may lack needed refrigeration or adequate shelf space to sell a variety of fruits and vegetables. And selling produce has risks—because produce spoils quickly, it must be sold quickly. To address these challenges:

- **Reduce the risk, and the costs, for small stores.** Community groups can encourage small stores to increase shelf space for fresh produce by documenting unmet demand, subsidizing the additional costs, and providing managers with tips to help them buy, sell, and display produce. To reduce costs, store owners can collaborate with other stores to jointly buy foods from local farmers.

- **Pick the right retailer.** Improvement efforts are most successful when merchants are genuinely receptive to selling healthier products and willing to invest to improve long-term viability. Efforts focused on corner stores near schools can help ensure healthier food and beverage choices for children.

- **Increase and capitalize on customer spending power.** Advocates can promote resident participation in nutrition assistance programs such as the Supplemental Nutrition Assistance Program (SNAP), formerly the food stamp program, to bolster the purchasing power of local residents, while ensuring that retailers accept SNAP benefit cards and WIC.
vouchers. Community organizations can promote stores that offer healthier food.

- **Connect stores with government resources.** Financial and technical assistance for small businesses can be targeted to small-scale retailers in low-income communities who are willing to improve their selection of healthy foods. Local economic development and health departments may also be able to support these efforts.

### Start and Sustain Farmers’ Markets

Food at farmers’ markets is generally fresh and of high quality, and prices are often lower than at grocery stores. Farmers’ markets can provide entrepreneurial opportunities for residents to sell baked goods, jams, crafts, or other goods. This vending requires very low start-up capital and can be a good pathway to upward mobility. Locating farmers’ markets in low-income communities requires raising funds, attracting sufficient numbers of both vendors and customers, and installing technology needed for accepting public benefits through the Electronic Benefits Transfer (EBT) system, which allows SNAP participants to purchase goods using an EBT credit card. Farmers must find ways to keep prices low enough for low-income consumers while making enough money for their own livelihood. Some strategies to address these challenges:

- **Link farmers to retail opportunities.** Community organizing to get customers to farmers’ markets, and programs that connect farmers to public schools, universities, hospitals, correctional facilities, and restaurants can increase profit margins.

- **Increase use of EBT cards, WIC cash value vouchers, and WIC and Senior Farmers’ Market Nutrition Program coupons.** States can expand on successful pilot programs and capitalize on supplemental funds from the United States Department of Agriculture (USDA) to provide free wireless EBT equipment and service to farmers’ markets, waive transaction fees, train workers to use the equipment, and promote the markets to food stamp recipients. Starting in some states in 2010, WIC recipients can use their WIC cash value vouchers to buy fresh fruits and vegetables at farmers’ markets. More states should establish policies to ensure that WIC cash value vouchers, along with WIC and Senior Farmers’ Market Nutrition Program coupons, are accepted at farmers’ markets.

- **Support farmers’ collaboratives and technical assistance.** Farmers can share the costs of cold storage facilities, transportation, and marketing. Targeted technical assistance programs can help farmers more effectively market their produce and manage their businesses.

### Connect Local Farmers to Low-Income Consumers

Beyond farmers’ markets, there are other ways to connect farmers and low-income communities for the benefit of both groups. These approaches include urban farming, community gardens, and community supported agriculture (CSA), in which participants buy shares at the beginning of a growing season in exchange for boxes of produce from the farm throughout the season. These strategies provide access to high-quality, local healthy food, and keep food dollars in the local community or region. These efforts also sometimes increase interactions between urbanites and rural residents, and in the case of community gardening, provide opportunities for physical activity and social connections to neighbors. Challenges to these efforts include land access, start-up and operating costs, and poor soil quality. For CSAs, additional challenges include customers’ difficulty rounding up lump-sum payments at the beginning of the growing season, customers’ lack of control over the amount or type of crops produced, and CSA’s difficulty accepting public benefits. To address these challenges, the following strategies are recommended:
Community Supported Agriculture

- **Offer reduced rate membership shares, installment plans, and work shares for low-income households.** These options make high-quality produce more affordable. Reduced rate memberships can be subsidized by more affluent CSA members.

- **Ensure that CSAs can accept EBT, WIC cash-value vouchers, and Senior and WIC Farmers' Market Nutrition Program vouchers.** Some CSAs have been able to accept EBT by allowing people to pay for their food when it is picked up rather than in a lump sum at the beginning of the growing season. States such as California, Maryland, New York, and Vermont have instituted programs to allow farmers’ markets to accept Senior and WIC Farmer’s Market Nutrition Program vouchers, and it may be possible for CSAs to accept the new WIC cash-value vouchers as well.

- **Enact supportive local land use policies.** Local ordinances and regulations can help farmers acquire land and protect it from development. Policies can also make public spaces available for pick-ups and for farm stands, an alternative to traditional CSAs that reduces costs by limiting packaging.

- **Provide financing for local and regional producers.** Localities can enact programs to promote regional food systems and equitable access by supporting growers who make healthy foods available to underserved communities.

Community Gardens/Urban Agriculture

- **Provide land.** Localities can inventory vacant and private lots and make this information available to the public; lease lots from landowners for agricultural purposes; lease municipal parcels; and clean contaminated properties for reuse. The Chicago City Council, for example, created a city-funded entity called NeighborSpace that is authorized to acquire

Community leaders across the country have demonstrated that barriers to healthy food retailing are not insurmountable. These efforts can improve the health of residents and spark local economic development—and ultimately help foster healthy, prosperous communities of choice and opportunity.
Policymakers can support and promote innovations emerging at the grass roots and help expand and scale up innovative programs through public policy.
Introduction

In many communities across the country, people walk out their front doors and see nothing but fast-food and convenience stores selling high-fat, high-sugar processed foods. Residents of rural areas sometimes face a complete lack of nearby food options at all. Obesity is increasing at an alarming rate. The obesity epidemic, and related health problems like diabetes and heart disease, particularly affect low-income people of color. African American and Mexican American children are nearly twice as likely as white children to be obese (19.5 percent and 23.7 percent versus 11.8 percent), and children from low-income families are twice as likely to be overweight as those from higher-income families.

Community environments affect people’s eating and exercise habits, which scientists and medical professionals agree are key contributors to obesity. Lowering obesity rates requires a comprehensive approach, including programs and policies to address the choices available in the communities where people live.

Studies show that low-income communities of color have fewer supermarkets than wealthier, predominantly white communities. As a result of this grocery gap, families in low-income communities are forced to make difficult, daily choices about the food they eat. The poor are less likely than others to own cars, so many have long commutes on public transit or must coordinate periodic rides with friends or extended family to far away supermarkets. In between these trips, people choose foods that can be purchased nearby, quickly, and cheaply. In many low-income urban neighborhoods and rural communities, the only choices are sugary, salty, fatty foods that are available at convenience and corner stores and fast-food restaurants.

The good news is that change is possible—communities across the country are overcoming the “grocery gap.” This report presents strategies and policy opportunities to help other underserved communities replicate these successes.
Lower-income, African American, and Latino communities have less access to affordable, high-quality, healthy foods than wealthier and predominantly white communities.
Limited Access to Healthy Food

Income and Race Matter

Lower-income, African American, and Latino communities have fewer supermarkets and other retail outlets that provide affordable, high-quality nutritious foods than wealthier and predominantly white communities, and predominantly African American and Latino neighborhoods have fewer nearby supermarkets than predominantly white neighborhoods.13

For example:

- Nationally, low-income zip codes have 25 percent fewer chain supermarkets and 1.3 times as many convenience stores compared to middle-income zip codes.14
- Nationally, predominantly black zip codes have about half the number of chain supermarkets compared to predominantly white zip codes, and predominantly Latino areas have only a third as many.15
- In Los Angeles County, middle- and upper-income communities have 2.3 times as many supermarkets per capita as low-income communities. Predominantly white communities have 3.2 times the supermarkets of predominantly black communities, and 1.7 times those of predominantly Latino communities.16
- In West Louisville, Kentucky, a low-income African American community that suffers from high rates of diabetes, there is one supermarket for every 25,000 residents as compared to the county average of one supermarket for every 12,500 residents.17

- In Atlanta, wealthy black communities have fewer grocery stores within a five-minute travel distance than wealthy white communities, suggesting that a neighborhood's racial composition plays a role in food access, independent of income levels.18
- In Chicago and Detroit, residents in predominantly African American neighborhoods have to travel farther than residents in other neighborhoods to reach a grocery store. Moreover, in lower-income and African American neighborhoods in these cities, there are far more fast-food restaurants than grocery stores.19
- In Washington, DC, the city's lowest-income and almost exclusively African American wards (Wards 7 and 8) have one supermarket for every 70,000 people while two of the three highest-income and predominantly white wards (Wards 2 and 3) have one supermarket for every 11,881 people.20 One in five food stamp recipients lives in a neighborhood without a grocery store.21
- In California, lower-income communities have 20 percent fewer healthy food sources than higher-income ones.22
- Stores in lower-income and people of color communities tend to stock poorer quality produce compared to stores in middle- and higher-income, and predominantly white communities.23 For example, in Detroit, produce quality is lower in a predominantly black, low-income community compared to a racially mixed, middle-income, suburban community.24
In low access, lower-income areas, residents travel longer distances to supermarkets than similar higher-income areas. Though Jefferson County is only 19 percent African American overall, in areas with low access to supermarkets the population is 68 percent African American.

Both an Urban and Rural Problem

While many of the studies on access to healthy food have focused on urban communities, studies also find that lower-income rural counties face significant healthy food access challenges. Twenty percent of all rural counties are “food desert” counties—counties where more than half the population lives 10 miles or more from the nearest supermarket or supercenter. Nationally, there are 14 percent fewer chain supermarkets in rural areas than in urban areas.
Transportation and Food Access

Not only are grocery stores scarce in many underserved communities, but local residents typically lack transportation options to easily get to stores located in other parts of town. Low-income African American and Latino households are less likely to own cars than white households and households with higher incomes, and as a result often need to arrange rides with friends or relatives, piece together multiple bus routes, or pay for taxi rides to do their grocery shopping. Rural households generally have greater access to cars, but those that don’t—farmworkers, for example—have virtually no public transportation available to them to reach stores beyond their immediate communities.

For instance, in one example of the issue, residents of low-income communities in the San Francisco Bay Area who rely on public buses to travel to a grocery store must spend about an hour commuting to and from the store. Los Angeles youth, who participated in a project run by the South Los Angeles Healthy Eating, Active Communities (HEAC) coalition, produced a video dramatizing these transportation challenges, available at www.vimeo.com/1016506.

The Poor Pay More for Food

The combination of the lack of nearby stores and few transportation options leads low-income residents to shop at small stores located closer to their homes. Though convenient, the smaller grocery stores, convenience stores, and grocery/gas combination stores commonly patronized by low-income, inner-city and rural residents charge prices that are higher than those found at large chain supermarkets because small businesses typically do not have the capacity to buy in large quantities and have less storage space. Moreover, the primary items stocked by smaller stores are typically processed snacks, soft drinks, and alcoholic beverages and at best a limited supply of produce and dairy products. As a result, many low-income families spend a lot more on food than they would if they had access to supermarkets and other fresh, healthy food retail outlets.

The Need for Choices

Myser Keels, a resident and community activist who was involved in a coalition that brought a supermarket to underserved West Fresno, California, highlighted the problem caused by a scarcity of stores and limited transportation options at a press conference:

“We want choices. Some poor people use public transportation and they don’t haul all the groceries they need on the bus. And if they call a cab, the fare alone can put them in the hole. Some of the senior citizens I know have trouble getting around because they can’t move like they used to. They have to rely on other folks to take them shopping... It’s just a tragedy that we don’t have a decent shopping center in our area.”
People with no supermarkets within a mile of their homes are 25 to 46 percent less likely to have a healthy diet than those with more nearby supermarkets.
Why Access Matters

Health Benefits

Research has demonstrated that when low-income individuals and people of color have access to local stores that sell a wide variety of high-quality, nutritious foods at affordable prices, they make healthier choices about their diets, have better health outcomes, and benefit from improved local economic development.37

Better Access Contributes to Healthier Eating

In both urban and rural areas, people with limited access to supermarkets or other stores selling healthy food near their homes are less likely to have a healthy diet than those with better access—and people with better access have better diets. For example:

- Among adults in Baltimore, New York City, and North Carolina, those with no supermarkets within a mile of their homes are 25 to 46 percent less likely to have a healthy diet than those with the most supermarkets near their homes; this remained true after adjustment for age, sex, race/ethnicity, and socioeconomic status.38

- In rural Mississippi, adults living in “food desert” counties are 23 percent less likely to consume the recommended amount of fruits and vegetables than those in other counties, controlling for age, sex, race, and education.39

- African Americans living in neighborhoods with at least one supermarket are more likely to meet dietary guidelines for fruit and vegetable consumption and fat intake than African Americans living in neighborhoods without supermarkets.40

Better Access Contributes to Lower Rates of Obesity and Diet-Related Disease

A number of studies have found that the presence of supermarkets corresponds with lower rates of diet-related disease including obesity and diabetes. For example:

- One study found that fruit and vegetable consumption increases 32 percent for African Americans with each additional local supermarket, and 11 percent for white Americans.41

- In New Orleans, proximity to stores stocking more fresh produce is associated with higher vegetable consumption. Each additional meter of shelf space devoted to fresh vegetables is associated with an additional 0.35 serving of vegetables per day.42

- Increased availability of chain supermarkets is associated with lower rates of being overweight among teens.43

- An Indiana study found that children who lived near a supermarket are less likely to be overweight.44

- A New York City study found that obesity rates are lower for people surrounded by more stores selling healthy food relative to unhealthy food—and that increased density of healthy stores reduces obesity rates.45

- One study found that people living in neighborhoods with supermarkets compared to people living in places with access to only smaller food stores, convenience stores, or both, have lower rates of obesity (21 percent versus
32 to 40 percent) and overweight (60 to 62 percent versus 73 to 78 percent).46

• In Indianapolis, adding a new grocery store to a neighborhood translated into a three-pound weight decrease, and eliminating a fast-food outlet translated into about a one-pound weight decrease.47

• In California, the highest rates of obesity and diabetes are among people who live in lower-income communities and have a higher density of fast-food and convenience stores compared to supermarkets and produce vendors. Rates of obesity and diabetes are approximately 20 percent higher among people living in the least healthy food environments compared to those in the most healthy ones.48

Economic Benefits

There is also evidence that access to healthy food can improve economic conditions. These benefits include new job creation, commercial revitalization, improved regional economies and tax revenues, and improved local housing markets. For example:

• A large full-service supermarket creates between 100 and 200 full- and part-time jobs.49

• New grocery stores create local shopping opportunities that can capture dollars otherwise spent outside of the community. One study estimates that residents of inner-city communities across the United States spend $85 million per year at stores located outside their community.50

• A 2006 study by the Michigan Land Use Institute and Michigan State University found that doubling or tripling the amount of fresh produce that farmers sell in direct markets in Michigan could generate up to 1,889 new jobs and $187 million in personal income.

• In Iowa, a 10 percent increase in fruit and vegetable purchases from local sources translates to 4,094 new jobs, $113 million in income, and $302 million in new industrial output.51

• In Pennsylvania, a statewide initiative to fund fresh food retail development has led to a wide range of impressive economic development outcomes. The Fresh Food Financing Initiative is discussed on pages 30-31.

The Pathmark supermarket in Newark’s Central Ward provides a striking example of how a new grocery store can contribute to community revitalization. The Central Ward is an African American community that suffers from severe poverty, depopulation due to white flight, and disinvestment. When Pathmark opened its doors in 1990, it was the first supermarket to serve the 55,000-person community in 25 years. The supermarket anchors the New Community Shopping Center; the entire development is jointly owned and operated by Pathmark and the New Community Corporation (NCC), a faith-based community organization. Since NCC owns 66 percent of the supermarket as well as all other businesses in the center, profits are channeled directly back into the community through the organization’s housing, childcare, job training, and educational activities.52

Roots of the Access Gap

To improve access, and thus the health and economic condition of all Americans, it is necessary to overcome a history of policies and practices that discriminated against people of color and left them isolated from economic opportunity and critical services. In the 1930s, when the federal government began subsidizing homeownership, its appraisal methods discriminated against African American and low-income neighborhoods by considering them less desirable places to live. This practice of discriminating against neighborhoods on the basis of race became known as “redlining.” For decades, residents of communities of color were systematically denied loans until the practice was outlawed in the late 1970s. The maps became self-fulfilling prophecies that hastened neighborhood decline and disinvestment.53

These trends of neighborhood decline were further exacerbated in the 1960s and 1970s as the white middle-class left urban centers in droves for homes in the suburbs. Supermarkets, along with many other businesses, fled inner-city locations for the
suburbs, taking with them jobs and tax revenues in addition to their selection of healthy food. Cut off from opportunity and investment, inner-city neighborhoods declined precipitously, becoming increasingly isolated and racially segregated and left with limited options for purchasing healthy food.54

In the suburbs, opportunity for purchasing food multiplied. Suburbs contained abundant, inexpensive sites for development, as well as high rates of car ownership, making it possible for residents to drive to stores located farther from their homes. As a result, retailers adopted larger store formats with large parking lots. Because the movement to the suburbs was largely restricted to whites, and because the suburbs were fairly homogenous with respect to income, communities had relatively similar product preferences. Large chain retailers developed business models that they applied across all the stores in their chain based on their suburban stores.55

As suburbs grew, inner-city neighborhoods became a forgotten piece of the retail equation. It has not helped that data and market analyses, done by private marketing firms to help inform grocery store decision makers, have systematically undervalued inner-city neighborhoods’ purchasing power.56 For the most part, these firms rely on national data sources which tend to undercount inner-city residents, especially people of color. In addition, retailers often miscalculate by looking at average household income rather than at total area income, which would more accurately capture the

Market Creek Plaza: Resident Ownership of Neighborhood Change

Market Creek Plaza in the Diamond Neighborhoods of San Diego provides one example of the community benefits that can accompany a grocery store development. Around a third of the residents in this area have incomes of less than $20,000 a year, and 30 percent of residents do not have access to a car. The Jacobs Center for Neighborhood Innovation (JCNI) is an operating foundation dedicated to neighborhood strengthening and community building. Over the next 20 to 25 years, JCNI will invest its resources into the Diamond Neighborhoods until it spends or transfers all of its assets.

JCNI purchased 10 acres of land for Market Creek Plaza, a commercial real estate project that benefitted from significant community input into the plaza’s design and implementation. Sixty-nine percent of the construction contracts for the plaza were awarded to local minority-owned enterprises. Food 4 Less, which opened nine years ago, was selected by the community as the anchor tenant for the development and was the first major grocery store in the area in 30 years. The grocery store has been consistently profitable, even in economically difficult times. Having an anchor tenant attracted other businesses—additional stores in the plaza include restaurants, a bank, and a gift shop featuring crafts made by local residents. Many of the 200 jobs at the plaza and the grocery store are held by people from the surrounding neighborhoods.

Market Creek Plaza has become a vibrant community gathering place and entertainment venue. With residents, JCNI restored a creek adjacent to the plaza, created walking paths, and built a 500-seat outdoor amphitheater that hosts multicultural arts and entertainment. The new Joe & Vi Jacobs Center—which has office space for organizations working on the revitalization of the Diamond Neighborhoods and a conference and performance center—also contains a 5,000-square-foot commercial kitchen which will eventually house a culinary academy focused on the healthy preparation of foods that reflect—and celebrate—the many cultural traditions of the neighborhood.

The next phase in the project is an 800-unit housing development that will include additional commercial tenants. Numerous residents invested money through Market Creek Partners, LLC, a resident-owned community development limited-liability company that owns Market Creek Plaza. In 2007, investors saw their first distribution of profits, and many are exploring how to reinvest their dollars into the ongoing community revitalization efforts.

Residents will eventually own a new community foundation and a property development business as a result of JCNI’s investments and ongoing efforts to promote “resident ownership of neighborhood change.”
density and therefore purchasing power of urban neighborhoods. Alternative market studies that use local data sources often find that population and purchasing power in low-income communities of color is significantly higher than figures given by traditional market analyses. A study of two Washington, DC neighborhoods by Social Compact, for example, found that census figures underestimated the population of the Columbia Heights-Petworth neighborhood by as much as 55 percent and of the Anacostia-Hillcrest neighborhood by as much as 13 percent.57

In deciding where to open new stores, retailers also rely on private marketing firms’ characterization of low-income communities of color, and this has also been a problem. These firms use demographic and consumer spending data to categorize communities into pre-established “neighborhood types” ranked by investment potential. These neighborhood types with short names like “Difficult Times” draw on racial and class-based stereotypes. For example, one firm describes the residents of northside African American neighborhoods in Milwaukee as “very low income families [who] buy video games, dine at fast food chicken restaurants, use non-prescription cough syrup, and use laundries and laundromats.” The same company describes the residents of the suburban, white North Shore community as “interested in civic activities, volunteer work, contributions, and travel.”58 These descriptions are extremely subjective and are not accurate portrayals of the business potential of low-income communities of color. They can steer business decision makers away from locating in these communities, even when there are actually significant opportunities.

It is possible to achieve win-win solutions for businesses and communities—a double bottom-line of financial return and community benefit. With a realistic evaluation of potential for success in underserved communities—driven by accurate data and not clouded by racial stereotypes and assumptions—food retailers can identify and take advantage of opportunities in untapped markets. For example, Pathmark and Super Stop & Shop—two leading grocery store chains in the Northeast—

### Rural Communities: Limited Food Access in a Land of Plenty

Although much research has been done on food access in inner-city communities, less is understood about the food access problems faced by rural communities. Existing studies suggest that despite their proximity to some of the most productive agricultural areas in the world, many rural residents have little access to fresh, healthy foods.61 The rural poor have limited access to supermarkets, and even when they do reach supermarkets, they face prices that are about 4 percent higher than those charged by suburban stores.62 And while rural households generally have access to cars, those that do not are particularly burdened given the lack of public transportation options in rural areas. Many rural farmworkers, for example, have limited access to cars, and therefore have little mobility to reach stores beyond their immediate neighborhoods.63

Some of the promising strategies and policy options for improving access to healthy food outlined in this report are also relevant for rural underserved communities. Community organizations have successfully brought supermarkets to low-income rural areas. Dineh Cooperatives Incorporated, a community development corporation on the Navajo Nation, built a Basha’s Market in rural Chinle, Arizona that created over 170 jobs for local residents. The store has been profitable since its opening and has been expanded four times.64 For resources on rural grocery store strategies, see Kansas State University’s Rural Grocery Initiative page at www.ruralgrocery.org.

Other types of food retailers also show promise. The Selma Flea Market in rural Fresno County, California was the first flea market in the nation to accept Electronic Benefit Transfer cards (food stamps) for purchasing fresh fruits and vegetables.65 Other potential strategies for rural areas include: improved public transportation to stores selling healthy food; community supported agriculture; mobile markets; farmers’ markets organized by hospitals or other institutions or businesses; and farm-to-school programs.
have found that their highest grossing stores are in low-income communities. In addition to the potential profits to be made, supermarkets benefit by locating in low-income communities of color because these store locations can help the entire chain understand how to better meet the needs of the increasingly racially and ethnically diverse suburbs. At the same time, increased food retailing options in underserved neighborhoods often translate to health and economic development benefits for residents and their communities.

These success stories are too few and far between. Some low-income communities have won improved access to healthy food, but many more still face a significant “grocery gap.” The promising food access models described in this report provide important lessons for those who seek to improve resident and community health through access to healthy food. They point to new strategies and policy interventions that can lead to win-win solutions for food retailers and communities.

These three maps of New York City show that many areas with high supermarket need also have high percentages of people consuming no fruits and vegetables and high rates of diabetes and obesity.
Improving food access for everyone demands multiple approaches to meet the different needs of diverse communities.
Community residents, advocates, foundations, business leaders, and policymakers can all play important roles in improving access to healthy food in communities across the country. This section describes the most promising options for increasing access:

- Developing new grocery stores
- Improving existing small stores
- Starting and sustaining farmers’ markets
- Improving linkages between farmers and consumers

Each option is described in terms of its particular benefits and challenges, and the innovative strategies and policy opportunities that stakeholders can champion, implement, or fund. Not every strategy will work for every community. The chart on page 24 highlights the options described in this report and some of their key differences.

Getting Started

Every community has unique assets, challenges, and goals. There are several ways to identify the best option for improving food access.

**Community food assessments.** Community food assessments (CFAs), or other participatory research projects, examine a community’s access to healthy food in order to devise needed solutions. More than 40 CFAs have been completed in the United States. The Agriculture and Land-Based Training Association (ALBA), profiled on page 61, completed a community food assessment in 2006 that helped the organization determine that there was a market for local, organic produce in the low-income (and primarily farmworker) communities of the Salinas Valley, California.

**Food policy councils.** Food policy councils coordinate local food system efforts, from researching food production, food access, and health issues, to designing and implementing projects and policies to address those issues. The councils bring together stakeholders from different parts of the food system with local, municipal, and state governments. Some are established by government ordinances, others are created as a result of grassroots organizing and networking. A number of councils are housed in state or local government agencies while others are affiliated with food advocacy organizations.

There are more than 100 food policy councils around the country that are working to improve local and state food systems and some have had impressive successes. In Hartford, Connecticut, through collaboration among the state’s Food Policy Council, members shortened the food stamp application and process and linked food stamp eligibility with the school lunch program. The New Mexico Food and Agriculture Policy Council promoted legislation that provides funding for a group of Albuquerque schools to buy locally grown fruits and vegetables.

**Task forces.** Supermarket task forces assess healthy food access and promote needed policies. In 2001, The Food Trust, a nonprofit organization working to ensure that everyone has access to affordable, nutritious food, released a report which found that low-income residents are disproportionately affected by limited food access, and that this lack of supermarkets is linked to higher incidence of diet-related diseases. In response to the findings, the Philadelphia City Council asked The Food Trust to convene a task force to produce recommendations to improve the availability of healthy food in underserved areas of Philadelphia. The task force was comprised of over 40 experts from city government, the supermarket industry, and the civic sector. The task force process
## Options for Increasing Access to Healthy Food: Key Differences

<table>
<thead>
<tr>
<th></th>
<th>Developing New Grocery Stores</th>
<th>Improving Existing Neighborhood Stores</th>
<th>Starting and Sustaining Farmers’ Markets</th>
<th>Community Supported Agriculture (CSAs) and Community Gardens/Urban Agriculture</th>
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<tbody>
<tr>
<td><strong>COMPlexITY / Time</strong></td>
<td>Complex and time-consuming. Land must be identified and purchased. Requires significant financing. Grocers must be convinced that the area can support a store. Regulatory processes such as zoning and the construction process take time.</td>
<td>A significant challenge, but less complex and requires less time than building new stores. Can see results sooner.</td>
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<tr>
<td><strong>LAnd</strong></td>
<td>The average supermarket is 44,000 square feet, and new stores are usually much larger. They require ample parking lots, and are often anchors to much larger developments of retail stores. Smaller grocery stores are typically 10,000 to 12,000 square feet and may fit into existing sites.</td>
<td>Requires no new land since the stores already exist.</td>
<td>Only requires a parking lot, a blocked off street, or another public space that can be used for short periods of time.</td>
<td>CSAs require land for farming, a distribution center for gathering and packaging their products, and a distribution site or delivery plan. Community gardens/urban agriculture require land for farming.</td>
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<tr>
<td><strong>FUNDING</strong></td>
<td>New supermarkets require millions of dollars to construct and operate. Smaller grocery stores are less expensive but still cost over a million dollars.</td>
<td>Re-outfitting a corner store to sell fresh produce can cost less than $100,000 in technical assistance, equipment, and initial inventory.</td>
<td>A reasonable first-year budget is approximately $34,000, though markets can cost as little as $2,000 or as much as $150,000 per year.</td>
<td>A reasonable first-year budget for a CSA can range between $1,500 to $100,000 depending on how many members join and pricing of shares. Community gardens/urban agriculture cost approximately $1 per square foot per year over five years for soil, seeds, soil testing, wire fence, and initial cleanup, assuming volunteer labor and free water sources.</td>
</tr>
<tr>
<td><strong>CUSTOMER BASE</strong></td>
<td>Supermarkets require extremely high volume and so must draw shoppers from beyond a single immediate neighborhood. Heavily trafficked roads can increase potential customer base. Smaller grocery stores can rely more on neighborhood customer bases.</td>
<td>It is helpful to demonstrate community interest in purchasing healthy foods so that storeowners know that they will be able to sell whatever produce they purchase and still make a profit.</td>
<td>Need enough customers to be worth the farmers’ time at the market and transportation costs, as well as enough profit to pay for a market coordinator.</td>
<td>CSA customer bases can be as small as five people or as large as several hundred people. Membership shares range in price, but a share in the $20 range often will cover first-year inputs. Community gardens/urban agriculture can serve a small or very large customer base since the gardens/farms can range from a few hundred square feet to many acres.</td>
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helped support the development of the Fresh Food Financing Initiative, highlighted on pages 30-31. Similar task forces have been convened in cities such as New York and New Orleans.

**Existing planning processes.** Another way to improve food access is to integrate the issue into neighborhood planning processes, linking physical health with economic development.

**City council-sponsored local food initiatives.** City councils can pass resolutions to help foster local and community food systems. For example, in Seattle, a resolution was passed to address the city’s food system, with many recommendations focused on addressing the needs of low-income and minority residents. As a result, city departments are taking steps such as conducting an inventory of public lands, recommending new community garden locations, and encouraging grocery stores and farmers’ markets in underserved areas.

**Community meetings.** Other communities use more informal methods. In West Fresno, California, for example, discussions among concerned neighbors inspired a sustained advocacy effort that resulted in a new supermarket for the community.
Grocery stores often carry a wide selection of healthy food at affordable prices, and can spark economic development and create jobs for local residents.
Developing New Grocery Stores

In communities without access to a quality, full-service grocery store, bringing a new grocery store to the area is a high priority. Often residents want a large, suburban-style supermarket or a “superstore” with a recognizable name to locate in their community. Frequently these stores are 50,000 square feet or larger. Supermarkets are defined by the industry as full-service grocery stores that bring in over $2 million in sales annually, though the average sales volume is much higher—over $18 million. Attracting such a store to an underserved community can bring many rewards but because of their business models and size, large supermarkets are usually the most difficult type of grocery store to bring to a low-income community.

Because supermarkets need to move large quantities of merchandise in order to turn a profit, they serve areas that are much larger than one neighborhood and require very large sites that are extremely difficult to assemble in dense urban areas. Not every community can support this type of food retailing model.

One potential solution to this dilemma is the development of viable small-scale grocery stores that can provide the variety, quality, and price of supermarkets while relying on a smaller customer base and fitting into smaller spaces. Smaller, independently owned stores can be successful in low-income communities and may offer comparable prices as well as more specialized products that are attuned to local consumers’ tastes and preferences. Independent grocers have proven that they can be successful in low-income communities, and they have greater flexibility to adapt their merchandise mix and practices to meet consumers’ needs. For example, the national Save-A-Lot chain offers deeply discounted merchandise in a small-store format. Community food advocates are looking to these and other small market models such as ethnic markets and greengrocers to develop small-scale store models that will fit in dense areas and serve the needs of community residents.

For more in-depth discussion strategies for grocery store development, see the PolicyLink report Grocery Store Attraction Strategies: A Resource Guide for Community Activists and Local Governments.

Benefits

Selection, quality, and price. Full-service grocery stores carry a wide selection of low-priced goods. Supermarkets enable one-stop shopping and often house additional services that are difficult to find in underserved neighborhoods, such as pharmacies or in-store banks.

Jobs. New grocery stores bring needed jobs to communities that often have high levels of unemployment. Each supermarket creates around 100 to 200 permanent jobs, many of which go to local residents, and they also provide temporary construction jobs. A large proportion of grocery employees belong to unions and receive benefits.

Community economic development. Grocery stores often serve as high-volume “anchors” that can spur local economic development in underserved communities. New grocery stores attract complementary stores and services like pharmacies and restaurants. With more places to spend money locally, these stores capture residents’ dollars that were formerly “leaking” out to other communities. When community-serving institutions like community development corporations (CDCs) hold ownership interests in the stores, they reinvest profits into the community through their other activities such as local affordable housing construction or small business development.
**Large-Scale Retailers Develop Small-Scale Stores**

Over the last few years, an expanding group of large retail chains have begun developing models that use the smaller design structures and tightly controlled “limited assortment” product offerings that have proven successful for companies such as Trader Joe’s for years. For example, the chain store Jewel-Osco is testing new Urban Fresh small-format stores in Chicago, and Safeway is conducting a similar trial in Southern California. The British chain Tesco is opening 10,000-square-foot Fresh and Easy stores in the western United States that are smaller than most supermarkets but larger than convenience stores. Wal-Mart is piloting Marketside stores that are less than half the size of conventional supermarkets. Other stores are also actively scaling down the size of their new stores.

These types of smaller-scale stores have excellent potential to serve lower-income communities in urban areas, since assembling land in urban areas is often challenging. Tesco has expressed an interest in opening—and in some cases has now opened—Fresh and Easy stores in lower-income areas that have been otherwise underserved. The national Save-A-Lot chain has committed to locating their small-format stores in urban and rural areas that lack access to larger, more conventional stores, as well as enhancing its produce department in response to customer demand. Fresh and Easy and Wal-Mart advertise that their stores will offer fresh, healthy choices at prices below other chain grocery stores, and Wal-Mart says that their Marketside stores will offer organic, regionally grown produce, meats, and dairy products.

Unfortunately, some of the chains that are piloting new store models in low-income communities have controversial labor and environmental records. Both Tesco and Wal-Mart are non-union companies, and have been critiqued in terms of employee wages, worker health-care coverage, environmental impacts, relationships with suppliers and local communities, and other concerns.

Advocates are taking a range of approaches to pressure these retailers to make changes. This includes issuing reports and demands, publicizing concerns to the media, opposing the opening of new stores by these retailers, and in some cases, working with these companies to secure stores in long-underserved neighborhoods while also pressuring the chains to agree to specific labor, environmental, and other community demands. It is encouraging that grocers are beginning to recognize the potential to run profitable grocery stores in low-income, urban communities—but residents will need to decide whether the mix of products, service, and community benefits offered by these stores is acceptable to the community.

**Tax revenue for municipalities.** Grocery store developments bring needed revenue to cash-strapped municipalities through sales and property taxes. Community residents benefit through tax-financed city services.

**Physical revitalization.** New stores contribute to the physical revitalization of communities by returning abandoned and vacant land to productive use.

**Challenges**

**Perception of profitability.** Supermarkets—with annual profit margins averaging one percent—are focused on a very tight bottom line and often cite lack of profitability as a barrier to investment in underserved communities. A survey of retail executives found that their top three concerns were insufficient customer base, lack of consumer purchasing power, and crime or the perception of crime that could deter potential shoppers. Other concerns included higher operating costs in urban locations due to additional expenses for security, insurance, and real estate taxes. Customers’ smaller average purchase sizes and more frequent shopping trips can also lead to higher operating costs since stores need to hire additional cashiers to cover the higher volume of transactions.

**Securing a site.** Grocery stores often have large site requirements. They need ample parking lots and are often built as a part of much larger retail developments that sit on 10 or more acres of land. Such sites are difficult to find in densely built urban areas, where land is expensive, ownership is fragmented, and sites may be environmentally...
contaminated. Large-scale grocery stores sometimes place a restrictive land use covenant on land deeds which prohibit other grocery stores from operating on a site if the current grocer leaves. This limits access to healthy food and contributes to blight in communities, since these large parcels are often difficult to fill with other types of retail stores.\textsuperscript{81} Negotiating the zoning and regulatory processes involved in land acquisition can also be burdensome.

Assembling the land needed to build a new store can take years and may require litigation and municipal intervention. For example, acquiring the 62 parcels for the NCC Pathmark development in Newark, New Jersey (described on page 18), took eight years, including six years of lobbying the state to exercise its power to condemn some of the properties, and two years of legal battles involving the last six absentee owners.\textsuperscript{82}

**Obtaining financing.** Grocery store developments are multimillion dollar real estate deals that require high levels of start-up and operating capital. Financing these costs means combining grants and loans from multiple public and private sources, including commercial banks, community development intermediaries, state and local economic development programs, and federal agencies such as the Department of Housing and Urban Development (HUD), the Department of Human Services, and the Department of Commerce.\textsuperscript{83} Harlem’s Abyssinian Development Corporation assembled loans from four private banks, a community development intermediary, and a state economic development agency; federal and state grants; and an equity investment from a private equity fund to finance the $15 million development of the first Pathmark supermarket in Harlem.\textsuperscript{84}

**Meeting the needs of diverse consumers.** Shifting their operations from models that suit historically homogenous suburban communities to ones that meet the needs of racially and ethnically mixed communities as well as the increasingly diverse suburbs presents a challenge for large chain grocers. They lack sound, unbiased information on community demographics and consumer preferences, and they are locked into contracts with suppliers to stock the same merchandise in all of their stores based on what sells in suburban markets.

**Complexity.** One of the biggest obstacles for communities that want to bring a grocery store to their area is the amount of time and complexity involved in commercial real estate development. Supermarket developments are exceptionally large, risky, and difficult deals to pull together, and often require specialized negotiation skills and expertise.\textsuperscript{85}

**Strategies and Policy Options**

**Create Financing Options**

Public and private institutions can develop non-conventional sources of capital that can be used to finance grocery stores in underserved communities.

- **States can create funding pools earmarked for grocery store developments.** For example:
  - In 2004, Pennsylvania passed landmark legislation to fund the development of fresh food retailers, including grocery stores and farmers’ markets, in underserved communities throughout the state (see page 30).
  - The Illinois Fresh Food Fund will provide $10 million in state funding to be leveraged with private matching funds to provide loans and grants to encourage grocers to build and expand stores in underserved communities statewide.\textsuperscript{89}
  - The state of New York passed the Healthy Food/Healthy Communities Initiative that creates a $10 million revolving loan fund and provides grants for farmers’ market infrastructure and other incentives (see page 32).
  - The New Jersey Economic Development Authority partnered with The Reinvestment Fund to create the New Jersey Food Access Initiative. The program bundles together a variety of loan products from different sources to meet the financing needs of supermarket operators willing to locate in underserved areas in the state.\textsuperscript{90}
  - The state of Louisiana passed the Healthy...
In recent years, a model—the Fresh Food Financing Initiative (FFFI)—has emerged that can support a range of healthy food access efforts and has already demonstrated remarkable successes.

In 2001, the Food Trust, a nonprofit organization that promotes food access and healthy eating, released a report highlighting disparities in food access for low-income residents in Pennsylvania and high levels of diet-related disease. In response, the Philadelphia City Council charged The Food Trust with convening a task force of leaders from city government, the supermarket industry, and the civic sector to recommend ways for expanding access to affordable, nutritious food in underserved areas. Financing emerged as a key obstacle, and the task force recommended a statewide initiative to fund fresh food retail development.

State Representative Dwight Evans championed this recommendation and, with the support of other key legislators, the Pennsylvania General Assembly appropriated $30 million over three years to create the Fresh Food Financing Initiative (FFFI). Developed as a public-private partnership, FFFI provides one-time loans and grants to encourage fresh food retailers to locate or remain in underserved low-income communities. The Reinvestment Fund (TRF), The Food Trust, and the Urban Affairs Coalition are charged with implementing and managing FFFI.

TRF, one of the nation’s largest community development financial institutions, successfully matched the $30 million state appropriation with private capital by a 3:1 ratio to create a comprehensive program to finance fresh food retailers in underserved communities. FFFI has three major components: market-priced loans; federal New Markets Tax Credits; and one-time grants for store operators and developers to address unique costs associated with opening or maintaining stores in underserved communities.

Since 2004, the program has approved 88 new or improved grocery stores and other healthy food retailers in underserved low- and moderate-income neighborhoods in cities such as Philadelphia and Pittsburgh as well as in rural communities such as Derry and Williamsburg. Grocery stores, small-scale corner stores, co-ops, and farmers’ markets have been supported by the FFFI. These projects have led to 5,000 full- and part-time jobs, 1.6 million square feet of grocery retail space, and expanded food access for more than 400,000 residents.116

Studies have quantified the increases in jobs, wages, local tax revenues, and other economic activity that occurred when a supermarket financed by FFFI opened.117 These studies find that the vast majority of jobs were filled by local residents, the salaries and benefits were on par with their suburban and industry peers, and the jobs had a positive wage trajectory. The
supermarkets financed by FFFI often served as retail anchors in their communities, sparking other kinds of economic activity. In addition, values of nearby homes located within one-quarter to one-half mile of the selected stores increased by 4 to 7 percent (an average of $1,500), mitigating the downward trend in real estate values, especially in neighborhoods with weaker housing markets where the effect was larger.

In New York City, New Orleans, New York State, Illinois, and Louisiana, elected officials have passed policies modeled on FFFI, and efforts are underway in California and other states and localities as well. These efforts are promising, but are not enough to address the full scope of the problem nationwide.

A National Healthy Food Financing Initiative

An effort headed by PolicyLink, The Food Trust, and The Reinvestment Fund is taking this issue to the next level. Building on the work of community leaders who have pushed for decades for a national solution to the problem of healthy food access, these three groups have taken the lead in advocating to replicate the FFFI at the federal level. Momentum is building for the Healthy Food Financing Initiative (HFFI), a national effort that has garnered support from a broad range of organizations representing public health, children’s health, civil rights, economic development, and the grocery industry. Like the Pennsylvania model, the HFFI would attract healthy food retailing investment in underserved communities by providing critical one-time loan and grant financing through a combination of public and private sources—and as a result, improve children’s health, create jobs, and spur economic development across the nation.

Exciting progress has been made. In 2011, President Obama proposed funding for HFFI in his budget, and First Lady Michelle Obama is highlighting HFFI as part of her Let’s Move Initiative. Across the Departments of Agriculture, Treasury, and Health and Human Services, more than $45 million has been made available for HFFI efforts as of July 2011. Leadership and determination from the Obama administration and Congress have been critical to reaching this point.

The best may be yet to come. President Obama has proposed $330 million for HFFI in his 2012 budget, and HFFI legislation has been introduced and will be reintroduced in 2011. To get more information on HFFI, go to http://www.policylink.org/ImprovingAccessToHealthyFood. To sign up for email updates, go to www.policylink.org/KeepMeInformed/HFFI.
Food Retail Act that creates the structure for a financing program to provide grants and loans to improve healthy food access in underserved Louisiana communities.91

- **Federal New Markets Tax Credits can help support grocery store development.** In 2000, the federal government enacted the New Markets Tax Credit (NMTC) program, a federal initiative that currently provides $3.5 billion in tax credit allocations per year to increase investment capital in low-income communities. Community development entities can apply to receive the tax credits, which are offered to private investors who commit to equity investments in business developments that serve low-income communities.92

- **Community development intermediaries can also help community/grocery store partnerships access needed capital.** From 1992 to 2000, the Local Initiatives Support Corporation (LISC) operated The Retail Initiative, an equity fund that provided development financing and technical assistance to supermarket developments in nine low-income communities. Though The Retail Initiative is no longer operating, local LISC offices continue to assist with financing the development of grocery stores. Similarly, The Reinvestment Fund, a nonprofit organization that promotes responsible development for low-wealth people and places, has provided development financing and technical assistance to 88 applicants representing grocery stores and other fresh food retail markets across Pennsylvania as of March 2011.

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**New York Launches a Joint City and State Effort to Improve Healthy Food Access**

In May 2009, the State of New York and New York City launched a multifaceted effort to site food markets in underserved communities and promote green and energy-efficient stores.

**New York State: Healthy Food/Healthy Communities Initiative**95

The State of New York will support new or improved healthy food retail through:

- $30 million revolving loan fund ($10 million provided by the state) to finance efforts to increase access to fresh foods in underserved communities directed by The Empire State Development Corporation and Department of Agriculture and Markets and administered by a Community Development Financing Institution;

- prioritizing mixed-use projects that include grocery stores in the State Housing Finance Agency’s All-Affordable Housing Program;

- low-cost project insurance through the State of New York Mortgage Agency’s Mortgage Insurance Fund;

- matching grants of up to $25,000 for permanent farmers’ market infrastructure through the Department of Agriculture and Markets; and

- funding and technical assistance for energy efficiency and green design through the New York State Energy Research and Development Authority.

**New York City: Food Retail Expansion to Support Health (FRESH)**96

The City of New York simultaneously announced the creation of the FRESH program which promotes the establishment and retention of neighborhood grocery stores in local underserved communities through zoning incentives, such as reduction in required parking spaces, and financial incentives, such as real estate tax reductions and sales tax exemption.
and is assisting in grocery store development efforts in New Jersey and New York as well.

- **Local governments can create funding pools to support fresh food retailing, and can compile and advertise financing sources that could support new grocery store development.** For example:
  - Chicago and New York City have developed one-stop shop efforts that facilitate the identification of parcels, provide customized market information on development opportunities and communities, expedite zoning and other permitting processes, and coordinate grocery development efforts with developer and neighborhood needs.93
  - The City of New Orleans has developed a Fresh Food Retail Incentive Program that will leverage $7 million of Community Development Block Grant funds with additional resources to provide forgivable and low-interest loans to grocery stores and other fresh food retail businesses that sell healthy foods in underserved areas of Orleans Parish.94

Sources that have been successfully used to attract new grocery stores include Community Development Block Grant funds, bond financing, and tax increment financing through redevelopment agencies. Examples of types of financing that can be used for grocery development are highlighted in the PolicyLink report, *Store Attraction Strategies: A Resource Guide for Community Activists and Local Governments.*

### Develop and Use Better Information Tools to Assess Underserved Markets

- **Innovative market analyses.** Responding to the inadequacy of traditional marketing analyses, companies such as Social Compact, LISC MetroEdge, and The Reinvestment Fund have developed alternative market assessment methods that more accurately describe the business conditions in underserved communities. Their results often indicate much higher investment potential than shown by traditional analyses.

- **Accurate and timely information databases.** To bridge the information gap in underserved communities, cities, and community development intermediaries around the country are developing sophisticated databases on property availability, crime conditions, local demographics, and other indicators to inform development. The Urban Markets Initiative of the Brookings Institution, for example, is partnering with the National Neighborhood Indicators Partnership and affiliated organizations in Baltimore, Indianapolis, Milwaukee, Providence, and Washington, DC, to develop comprehensive information databases to guide investment decisions in these cities.

### Improving Transportation

Transportation projects can help residents of underserved communities reach grocery stores and farmers’ markets. In the low-income community of North Sacramento, residents have to travel six miles to reach a supermarket.102 In 1999, a coalition of community groups helped implement a Neighborhood Ride Shuttle, which transports residents to jobs and grocery stores located in other parts of the city. The program, initiated as a pilot project, has been integrated into the regional transportation system, and the routes are so popular that they are earning profits.103

There also may be ways to use transportation policies, such as the federal Transportation Reauthorization, to promote access to healthy food at transit hubs. For example, policies could promote including healthy food retail as part of transit-oriented development efforts, a planning and design practice that creates compact, mixed-use, pedestrian-oriented communities located around new or existing public transit stations.
Finding and Training Good Employees

The Parkside Shoprite profiled on page 37 has created a specialized training program tailored to the needs and skills of the area’s low-income residents. Employees, many of whom have been out of the workforce for years, learn both basic employment skills as well as more technical skills related to their specific jobs. Parkside Shoprite also partners with local nonprofits to train specific populations, such as veterans, formerly incarcerated residents, and women seeking independence from public assistance. Jeff Brown, the owner of the store, estimates that the start-up costs of training employees for one of his urban stores is $1.1 million, far exceeding training costs for suburban stores. Despite the expense, Brown believes it is well worth it. Through these programs, the store has reduced turnover and increased retention—resulting in reduced operating costs.100

Reduce Operating Costs While Better Serving the Community

- **Free resources.** The University of Wisconsin-Milwaukee Employment and Training Institute offers free profiles of purchasing power, business activity, and workforce density at http://www4.uwm.edu/eti/PurchasingPower/purchasing.htm.97 Another free resource is www.esribis.com, which provides profiles of communities based on zip codes. Though this resource is less relevant to the largest grocery store retailers, smaller retailers do use these reports in their decision making.98

Grocers can identify creative ways to reduce operating costs related to theft and vandalism. For example, shopping carts are sometimes taken off site and not returned, or sold for scrap metal. Some grocers use special carts with wheels that lock if taken past the perimeter of the store, or use plastic shopping carts instead of metal ones. While these steps may increase costs initially, they reduce costs in the long term.

- **Provide tax incentives or reduced fees.** Local government can offer tax credits through programs such as the work opportunity tax credit and enterprise zone program, and reduce fees for public utilities or city services like trash and recycling. The New York FRESH program described on page 32 shows the use of zoning incentives, such as reduction in required parking spaces, and tax incentives, such as real estate tax deductions. A wide range of tax credit, development, and operating incentives are discussed in the PolicyLink report, *Grocery Store Attraction Strategies.*

- **Implement green building strategies to reduce costs.** Energy costs are one of the most expensive operating costs for grocery stores, second only to labor. These costs are expected to trend upward in the future. Advocates are developing ways to promote “green” building and operating strategies, such as energy efficient refrigeration and lighting, which will reduce operating costs for stores serving low-income communities.101

- **Provide return transportation to increase purchase size.** Grocery stores can reduce costs that relate to the more frequent, smaller per-trip purchases of consumers by providing free or low-cost return transportation to customers in exchange for minimum purchase sizes. A feasibility analysis of grocery shuttle services found that they can pay for themselves within two to 10 months.99

- **Partner with community groups to find and keep good employees.** Community organizations can assist stores in identifying and training employees. This reduces the stores’ costs for employee recruitment and training, improves employee retention, and can increase the likelihood that jobs in the store will go to neighborhood residents.

- **Reduce security costs through innovation.**
**Facilitate Site Identification and Development**

- **Reclaim vacant and abandoned properties.** Cities such as Baltimore, Flint, Michigan, and Philadelphia, in past years have launched initiatives to reclaim vacant properties by streamlining the land acquisition process, actively scouting out sites, and marketing sites to potential developers. A PolicyLink tool highlights ways that local government and advocates can work to reclaim vacant and foreclosed properties for community benefit at www.policylink.org/ForeclosedPropertiesTool.

- **Clean up brownfields that are potential store sites.** Aggressively cleaning up brownfields, or contaminated sites, can free up land for productive use and provide sites for new grocery stores. Cities can assess which brownfield sites have the potential to house grocery stores, prioritize these sites for remediation, and apply for funding sources that seek to harness brownfields for economic development in low-income communities, such as HUD’s Brownfields Economic Development Initiative. Local governments may offer to clean up the site, or provide grants to defray the cost of the developer undertaking the cleanup.

- **Ban or limit the use of restrictive land use covenants.** Cities can prohibit supermarkets from using restrictive land use covenants to prevent other grocers from locating in that site if the supermarket should close. In 2005, Chicago passed an ordinance that severely limits the ability of supermarkets and drug stores to use restrictive covenants.

- **Adapt store formats to fit sites.** Given the difficulty in finding large sites in cities—and increasing interest in more compact urban development patterns—some supermarkets are adapting their site requirements to work within the constraints of the existing urban environment by experimenting with smaller store formats, reducing their parking requirements in areas with heavy foot traffic, and renovating existing structures. In Boston’s Lower Mills neighborhood, for example, the Shaw’s chain located a new 40,000-square-foot supermarket—70 percent of its average store size—in a retrofitted chocolate warehouse. Smaller grocery stores can also be a more feasible option for areas with limited land.

- **Coordinate and streamline the development process.** Local governments can appoint a staff member to guide grocery developers and retailers through the planning process. Municipalities can also

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**Cooperative Grocery Stores**

Stores, as well as the greater community, benefit when local residents feel committed to and invested in the success of the store. Cooperative stores are either owned by their employees or owned by their customers. The idea grew out of the natural foods movement in the 1970s, and has been more common in higher- or mixed-income communities, though historically there have been co-ops that have successfully served low-income communities.

Co-ops face some of the challenges of developing new grocery stores, such as securing financing and land, and some of the same challenges as small groceries with respect to purchasing merchandise at low prices (see page 40). Like farmers’ markets and public markets, cooperatives serve a social mission as well as a profit-making mission.

Advocates are working to develop cooperative groceries that can succeed long term in underserved low-income communities. One example is a new worker-owned cooperative, Mandela Foods Cooperative, which opened in an underserved predominantly African American community in West Oakland in June 2009. Residents have been eager to shop at the new store and sales in the first year are exceeding expectations. The cooperative has supplied over 50,000 pounds of fresh produce sourced from local farms practicing sustainable farming methods to the community, and has employed nine local resident owners. Another example is the recently opened Chester Community Grocery Co-op, which received support from the Pennsylvania Fresh Food Financing Initiative (see pages 30-31).
Adapt Practices to Meet Consumer Needs

• **Cultivate relationships with local suppliers.** Stores can better meet the specific preferences of diverse consumers while contributing to economic development and building goodwill in the community by developing relationships with local suppliers.

• **Gather better information on customer preferences.** To capture markets in diverse communities, retailers need to make the extra effort to learn how to cater to these communities’ needs and tastes. Successful retailers are meeting this challenge by obtaining information more directly from employees and area residents. They have conducted focus groups with residents, solicited community input on products at community meetings, and ordered new products upon customer request. The Philadelphia ShopRite profiled on page 37 shows how this strategy can contribute to stores’ success.

• **Develop partnerships.** Community organizations are often crucial partners in grocery store development. Community development corporations (CDCs) may advocate for a city to provide assistance, garner community support, negotiate zoning and regulatory issues, help stores obtain below market-rate financing, and assist with employee selection and training. Community-based organizations and food councils can advocate for local grocery store development by engaging public agencies, seeking high level political support, and conducting neighborhood activities designed to solidify resident backing. Retailers say that community involvement is essential for success in underserved markets and can increase community acceptance, which leads to higher patronage and lower theft rates.

• **Increase community capacity.** Community organizations need various skills, including advocacy, research, market analyses, and commercial real estate expertise, to engage in grocery store development. Technical assistance and training programs that are specifically geared toward these needs can help build their capacity to bring new stores to the communities in which they work. Community development intermediaries such as The Reinvestment Fund, the Local Initiatives Support Corporation, the Low-Income Investment Fund, and additional members of the Opportunity Finance Network can often provide such assistance. Local political leaders can also be important allies in advocating for grocery store development.

When Schnucks opened the first supermarket in the predominantly African American North St. Louis community in 50 years, it faced the challenge of meeting customer demand for certain products, such as a good sweet potato pie. After searching for a supplier, the store found a popular pie at Hooper’s Better Bakery, a local store, and provided the bakery with capital and technical assistance to improve its production process. The improvements were so successful that the bakery reorganized as a supplier and now provides over 15 Schnucks supermarkets with a growing variety of pies.

• **Restrict unhealthy land use.** Los Angeles passed a moratorium on developing new fast-food restaurants in South Los Angeles, a community overburdened by unhealthy options. The author of the ordinance hopes that the ban will help encourage healthy options, by ensuring that more of the area’s land is available to be developed for healthier uses like grocery stores. While the ban is in place, the city’s redevelopment agency has developed a package of incentives, including tax credits, discounts on electricity, and expedited plan review for grocery stores willing to locate in the community.

Provide flexibility on zoning and development regulations, such as allowing flexible parking requirements and adjusting height restrictions to facilitate mixed-use development.
ShopRite Parkside: Bringing Hope (and Food) to a Neighborhood

The ShopRite at the Park West Town Center in Philadelphia looks like a grocery store in any suburban neighborhood. The one-year-old ShopRite is bustling, bright, clean, and has plenty of parking. But this ShopRite isn’t located in the suburbs—it’s in a low-income urban neighborhood.

For 15 years, committed community members tried without success to get a large merchant into their community. Fortunately, several years ago, Jeff Brown, the owner of 10 ShopRite stores, partnered with Pennsylvania’s Fresh Food Financing Initiative (FFFI) to make the community’s dream a reality. “Without FFFI’s financial know-how and assistance, Parkside ShopRite wouldn’t have happened—the costs and obstacles were too substantial for me to take it on independently,” says Brown.

Residents now have access to a variety of foods they lacked just a year ago. The percentage of fresh produce sold at the 65,600-square-foot store is the same as at Brown’s suburban outlets. Long before he opened Parkside, Brown and his team met with community groups, neighborhood associations, and church groups to find out what they wanted from a grocery store. As a result, the store stocks a variety of halal products (food and other products permissible under Islamic law) used by the neighborhood’s large Muslim population. Parkside also carries African food staples to meet the needs of West African immigrants who live close by. The store has been a good business proposition, with revenues exceeding projections.

ShopRite Parkside offers more than food to the neighborhood. The store has created between 250 and 300 jobs, with the vast majority going to neighborhood residents. Employees are unionized and earn wages comparable to those of their suburban and industry peers. Working with two nonprofits, Brown established a training and employment program and now employs more than 40 people who were formerly incarcerated. A community coordinator works with neighborhood residents to solve problems, plan events, and figure out how to best meet the needs of the community. The store has a large meeting room available for community meetings at no charge. “A grocery store doesn’t just bring food to a neighborhood,” says Brown, “it can create an environment of possibility that spills over into the entire community.”
Improving the product mix at existing small stores is less complex and costly than constructing a new store, and can enhance access to healthy food by building on existing and potential community resources.
Improving Existing Small Stores

Communities without supermarkets generally contain a base of smaller grocery stores, specialty stores, corner stores, ethnic markets, or convenience stores. Typical stores range in size from 1,000 to 5,000 square feet, and many are independent operators, which are defined by the Food Marketing Institute as those with 11 or fewer locations. These are the only available nearby food resource for residents with limited or no access to cars, and they generally do not provide the same selection, quality, and prices of larger grocery stores. They often lack produce and other nutritious foods, offer low-quality goods and services, are poorly maintained, and charge high prices.

Improving the product mix at these stores, and addressing other issues of viability such as pricing, food quality and freshness, and customer service, are strategies to enhance access to healthy food in underserved communities that build upon existing community resources, and may be more feasible in some communities that face significant challenges to developing large new grocery stores. A number of initiatives in places such as Baltimore, Hartford, Oakland, Detroit, Los Angeles, Philadelphia, and the White Mountain and San Carlos Apache reservations are working to develop models for improving small stores in communities that suffer from a lack of access to affordable and nutritious food.

Benefits

Less complex, less expensive, and requires less time than building a new store. Improving existing stores takes far less time and money, and requires fewer steps, than building a new store in the community.

Merchandise tailored to communities. Smaller stores, particularly those that are independently owned, have more flexibility than large chain supermarkets to tailor their merchandise mix to meet customer preferences. In addition, stores with a long history in the community often have extensive knowledge about the specific tastes and desires of residents.

Small business development. A common local economic development strategy in low-
income communities is to encourage and support small businesses. Improving the viability of smaller food stores serves this goal.

Community building. It is possible to improve the quality of a small store that has historically been viewed as a community problem—such as a corner store that primarily operates as a liquor store—into a community asset. This process can build relationships between local merchants and residents and contribute to community revitalization.

Challenges

Competing with the price, quality, and selection advantages of larger grocery stores. Small merchants face the same costs of conducting business as larger grocery stores but do not have the same scale advantages that can translate into lower prices for customers. They purchase in smaller quantities so they must pay higher wholesale costs, and they face limited competition, which leaves them with less incentive to maintain competitive prices. They also have lower merchandise turnover, which can lead to poor quality produce and loss due to spoilage.

Risk of changing product selection. Existing small stores risk losing profits when they alter their product selection. Because shelf space is limited and turnover is slow, merchants stock only the products they are certain will sell. Many retailers are unfamiliar with how to handle, display, and stock produce. Since produce is perishable, it is critical for retailers to feel confident that these items will sell quickly. Produce sometimes requires refrigeration and more space than other products as well. Convenience store owners who are part of a franchise generally have little to no flexibility to change their product mix.

Customer acceptance and expectations. Smaller stores are not always highly valued by community residents, who see them as inferior to the large supermarkets typical in wealthier communities. When the smaller stores charge more, residents may feel exploited and shop elsewhere. When smaller stores are owned by people that belong to a different ethnic group than the majority of community residents, there can be racial tensions. Small corner stores that operate as de facto liquor stores are often linked with crime and alcohol-related health problems.

Strategies and Policy Options

Reduce Costs

- Collaborate to reduce costs. Creative collaborations can help smaller stores address the challenges of higher wholesale costs. Small stores can collaborate to leverage their collective buying power and engage in joint purchasing to get the lowest prices. Collaboration can allow small stores to meet the minimum purchase requirements set by many large distributors. If retailers are located far from wholesalers’ warehouses, they can avoid paying costly delivery fees by setting up a common shipping point closer to the wholesaler, and then pick up products individually or take turns picking up products for the group.

- These types of collaborations have enabled some smaller independents to compete with chain supermarkets. In the 1990s, for example, participation in a grocery store cooperative, Certified Grocers of California, facilitated the rise of independent grocery stores in Los Angeles. A potential model for a buying cooperative that could be pursued by food retailers is Ace Hardware stores, which are owned and operated separately, but are united under a brand name, and purchase collaboratively to obtain the lowest prices.

- Implement green building strategies to reduce costs. Store improvements that call for renovation present numerous opportunities for “going green.” When retrofitting, retailers should consider the energy efficiency of the store and/or viability of renewable energy sources, and use environmentally friendly building materials. In addition to the environmental benefits, these strategies can cut costs; for example, use of energy efficient refrigerators, lighting, and appliances can lower electric bills and usually pay for themselves within a couple years.
A study of Philadelphia corner stores that was published in *Pediatrics* by K. Borradaile and others found that 29 percent of students shop at corner stores twice a day, five days a week, and consume almost a pound worth of additional calories each week as a result. The Food Trust developed the Healthy Corner Store Initiative (HCSI) to increase the availability of healthy foods in corner stores and educate young people about healthy snacking. HCSI partners with corner store owners to increase the availability of fresh fruits and vegetables and water, and has formed the Philadelphia Healthy Corner Store Network linking together corner store owners, community partners, and local farmers. The Food Trust conducts nutrition education in schools, and runs a Snackin’ Fresh youth leadership program in which youth work together to make changes in their communities. A video featuring the Snackin’ Fresh Crew is available at http://www.youtube.com/user/TheFoodTrustOnVideo#p/u/0/BTUI2YBdXAY.

By developing a network of stores, instead of focusing on a single individual store, the Food Trust has pioneered an innovative approach for achieving long-term sustainability for corner store improvement efforts. Store membership nearly quadrupled (from 11 to 40) when one of the participating corner store owners saw the benefits of recruiting other store owners into the network. This owner developed an entrepreneurial strategy that reduces time and effort for his fellow store owners and allows him to make a small but reasonable profit for himself. When in season, he buys fruit at local distributors, chops and packages the fruit salad in his certified kitchen, and delivers it once or twice a week to his fellow store owners. The store owners then sell the fruit salad out of refrigerated barrels provided by The Food Trust through funding from the Fresh Food Financing Initiative (see pages 30-31 for more information). The fruit salads have been hugely popular with students at nearby schools as well as with their parents and grandparents.

The Food Trust is partnering with the Philadelphia Department of Public Health in their Get Healthy Philly campaign, and aims to expand the corner store network to 1,000 stores throughout the city in coming years. The Food Trust also helps support corner store efforts in other parts of the country through the national Healthy Corner Stores Network (see page 39). For more information, contact Brianna Sandoval (http://www.thefoodtrust.org/php/programs/corner.store.campaign.php).
• **Encourage local, state, and federal government programs to provide grant and loan financing to support the use of high-performance energy appliances and green building and renovation practices.** For maximum impact, the “green jobs” generated by these policies should go to local residents. These steps will decrease some of the harmful impacts of climate change, generate jobs for local residents, and ultimately save money for vendors as well.

• **Link with farmers and wholesalers.** Corner stores and other food retailers can connect to local farmers to purchase high-quality, affordable healthy food. Corner stores also can work with small distributors who pick up food from large distributors’ warehouses and distribute it to participating stores. As long as the trade areas do not have significant overlap, some larger retailers are willing to engage in joint purchasing with smaller stores. This strategy allows smaller vendors to take advantage of the low costs that larger merchants are able to pay because of the scale of their purchasing.  

**Reduce the Risk for Corner Stores**

• **Demonstrate customer demand.** Community groups can conduct surveys and focus groups to document the lack of access to healthy food in the community and highlight interest in healthier alternatives. This process can also focus attention on which foods patrons would like to see offered, and guide the store improvement process. Findings can be disseminated to merchants and the community.

• **Promote healthy stores and healthy eating in the community.** Activities such as taste tests and cooking demonstrations that increase resident awareness about healthy eating and food preparation can be conducted inside corner stores or in other community locations, such as schools. These activities help increase demand for the new healthy food carried by the store.

• **Provide technical assistance and resources.** Often small stores are not used to dealing with perishable goods and need help expanding into this merchandise area. Community groups or interested government agencies can collaborate with local stores to implement fresh food options by subsidizing the purchase of new equipment and initial produce stock while store owners test local demand for the food and by providing technical assistance concerning how best to purchase, display, and market perishable foods. Community groups and local government can also help secure technical assistance for business plan development to ensure that merchants can sell healthy products while maintaining their bottom line. For best results, technical assistance providers should be prepared to commit to helping stores before, during, and after the conversion.

**Pick the Right Retailer(s)**

• **Identify genuinely receptive retailers.** Corner store improvement efforts are most likely to succeed if the merchants are genuinely receptive to selling healthier products and willing to risk initial monetary losses to improve the store in the long term. Advocates should pick stores that are within walking distance of a residential neighborhood, plan on staying in that location, have a long lease, and are not up for sale. Other key indicators for success include the store owner’s commitment to the neighborhood, the presence of engaging store displays for healthy foods, and collaborative relationships with community development corporations.

• **Find retailers willing to commit for the long term.** The entire process of improving small stores can take months or longer, and it can take still longer for store owners to see profits from their healthy food sales. The Healthy in a Hurry Corner Store initiative, administered by the YMCA in Louisville, Kentucky, asks participating retailers to make an initial 18-month commitment to healthy food sales to allow for a sufficient trial period.
Many efforts to improve corner stores focus on stores near schools, since schoolchildren often purchase food from these stores on their way to and from school and during their lunch times. Groups are also beginning to try to reduce unhealthy options near schools. A recent study found that, among ninth-graders, having a fast-food restaurant within a tenth of a mile of a school is associated with 5.2 percent higher obesity rates. The presence of other types of restaurants was not correlated with obesity.138 In 2009, a New York City Council member proposed a ban on fast-food restaurants within a tenth of a mile of schools.139 These types of efforts build on efforts by localities such as Los Angeles that have passed moratoriums on new fast-food restaurants in overburdened communities and are working to attract healthier options.140

**Options Near Schools**

• **Target stores adjacent to schools.** Research has found that students have worse dietary behaviors when their school is close to a fast-food restaurant,136 and one study found that children in an urban area purchased large amounts of highly caloric food from corner stores near their schools.137 Corner store efforts may achieve maximum effect on childhood obesity by focusing on stores that are close to schools and likely to be visited by students.

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**Attract Customers and Identify Ways to Capitalize on Customer Spending Power**

• **Conduct community outreach.** Stores that are shifting their product mix to include healthy food options can engage in intensive promotional activities to ensure that potential customers are aware of their new products and efforts to contribute to community health. This could include promotional flyers, open houses, raffles for produce, and other creative ideas.141 They can also work with community organizations, which have established ties with residents, to notify the community about the improved stores.

• **Promote resident participation in nutrition assistance programs.** Growing participation in federal nutrition assistance programs that are often underutilized such as the Supplemental Nutrition Assistance Program (SNAP), or food stamps, and the Women with Infants and Children (WIC) programs increases the purchasing power of residents, and therefore can improve sales of healthy food at small stores in low-income communities.142

For discussion on increasing residents’ participation in these programs, see page 49.

• **Encourage stores to accept WIC vouchers.** The WIC food package has been updated to include fruits and vegetables, whole grains, soy products, and low-fat dairy products, which could increase demand for healthy foods at small stores. Merchants benefit from WIC sales, but in some cases will have to develop new skills in buying, handling, and promoting produce and may need to purchase refrigeration units. Advocates need to make sure that merchants in underserved communities are able to successfully incorporate the new WIC foods into their stores. Local and state policymakers should adopt measures to ensure that this expanded food package is accessible in lower-income communities by building the capacity of WIC-authorized stores.

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**Connect Stores with Government Resources**

• **Secure financing for corner store improvement efforts.** Various arms of local government such as redevelopment agencies and health departments can collaborate to improve small stores. When new funding is not available, existing resources should be used creatively to target stores in low-income communities. For example, the City of San Francisco was able to use tobacco prevention funds to shift the product mix at several local small stores, which primarily used to sell tobacco and alcohol but now are shifting towards sales of healthy foods.143
**Mobile Vending**

Mobile vending carts carrying fresh fruits and vegetables are another way for communities to increase access to healthy foods in underserved areas and provide economic opportunities for low-income entrepreneurs. Mobile vending carts are already prevalent in many cities—but most of the vending carts sell unhealthy, processed food. For example, in New York City only 10 percent of the 4,300 food vendors sell fresh produce and almost none are in low-income areas.

Policies are emerging, however, that promote mobile vending that sells healthy foods. Efforts to expand healthy food vending must find ways to attract the interest of current or new vendors, and address food safety issues that accompany healthy food. In New York, researchers estimate that the introduction of new city permits for approximately 1,000 Green Carts in underserved neighborhoods will increase consumption of fresh fruits and vegetables for at least 75,000 New Yorkers. In Kansas City, Missouri, the park and recreation department offers preferred locations and discounts on permits to mobile vendors with the healthiest offerings. In Oakland, California, around 30 Mexican American street vendors were selling fresh fruits and vegetables and hot tamales, but their carts were subject to police citation and even seizure because of sanitation concerns. To address the issue, the vendors organized, formed a partnership with the local public health department and other stakeholders, and formed a mutual aid corporation. They developed a jointly operated and city-approved commercial kitchen, purchased approved push carts, and influenced the City of Oakland to create an ordinance allowing street vending of healthy food.

States and the federal government can create an innovations fund, similar to the Fresh Food Financing Initiative described on pages 30-31, to support corner store improvement by providing funding for business plan development, feasibility studies, refrigeration units and supplies needed to store and preserve fresh fruits and vegetables, technical assistance, and other conversion costs.

- **Connect stores with small business development resources.** Cities usually make available an array of financial and technical assistance resources to small businesses located in underserved communities. These resources can be directed to small stores that are willing to improve their selection of healthy foods and/or institute new practices to better meet the needs of low-income customers. Retailers could take out low-cost loans to outfit their store to sell produce and buy initial new stock produce. They could take advantage of technical assistance to help them tailor their merchandise to community needs, train employees in how to buy and sell perishable goods, market their new products, and improve their general business planning. To improve the overall quality of corner stores to make them more appealing shopping sites, city agencies and community organizations can conduct outreach to small stores to increase their awareness of existing resources. They can also create small business programs that are specifically tailored to the financial and training needs of neighborhood grocers.
Healthy Food, Healthy Communities

In 2000, Literacy for Environmental Justice (LEJ), a community-based nonprofit organization working to improve the environment in a low-income community of color in San Francisco, undertook an assessment of the community’s food environment. The youth interns who surveyed residents and local merchants found that corner stores were a primary food shopping destination for residents and that these stores devoted an average of only 2 percent of shelf space to fresh food.

LEJ then launched the Good Neighbor Program, a partnership between Bayview Hunters Point community-based organizations, businesses, and city government to improve the quality of foods available in Bayview Hunters Point. The program developed criteria that defined “good” store neighbors, including: devoting at least 10 percent of inventory to fresh produce and an additional 10 to 20 percent of inventory to other healthy foods; accepting food stamps; limiting tobacco and alcohol promotion; and adhering to environmental and health standards. Stores that agreed to comply with these criteria received technical assistance and training, energy efficiency upgrades, and marketing assistance. They also received grants to make initial purchases of healthy foods and test how the items sell.

LEJ partnered with a small neighborhood grocery store, Super Save Grocery, to pilot how a Good Neighbor agreement would work. In exchange for the store’s commitment to stock fresh, healthy food, LEJ engaged in outreach and promotion, encouraging the community to patronize the store through activities such as nutrition education and food tasting. The group also arranged for Whole Foods Market to provide free technical assistance to help Super Save better display the new produce. The program expanded to additional stores. Four years after Super Save Grocery made these changes, an evaluation showed that average sales of produce had increased by 12 percent, alcohol and cigarettes sales were down 10 percent, and overall profits were up 12 percent. LEJ feels that the technical assistance portion of this work is currently better suited to government entities or nonprofits with more small business and/or economic development expertise, but they believe that the improvements at Super Save Grocery will continue.

Southeast Food Access Working Group (SEFA) and the San Francisco Redevelopment Department will continue to provide assistance to ensure ongoing success. SEFA has engaged a well-known grocery store consultant, Sutti Associates, to redesign the SuperSave store. The new design adds an indoor/outdoor produce area, a mural designed by local schoolchildren, and repositioned checkstands to allow for a larger produce section. The redevelopment department is providing support for the renovations.
Farmers’ markets provide fresh, healthy food, provide opportunities for residents to meet and talk with farmers about their food, and create a great space for interacting with neighbors.
Starting and Sustaining Farmers’ Markets

In recent years there has been a resurgence of farmers’ markets that provide fresh produce and other goods to communities while also providing local farmers with a direct source of income. The USDA reports that in 2010 there were 6,132 farmers’ markets nationwide—more than triple the total from 1994.154

Farmers’ markets can be important supplementary food sources, even though they lack the wide variety and consistent selection of grocery stores due to seasonal availability of fresh produce. They range in size from community-based markets to large markets run by an organization and serving several thousand shoppers. Farmers’ markets are usually held once a week but are occasionally more frequent. They differ from grocery stores and corner stores in that they are organized as nonprofit, community-serving entities and thus combine social and economic objectives. Their vendors need to make profits, but the markets themselves are not profit-seeking entities. At the same time, their operations cost money, so vendors must make enough money to cover their expenses.

Nationwide, more farmers’ markets are locating in low-income communities, providing convenient access to fresh, affordable, and nutritious food. The markets can be successful, but they face the challenge of balancing customers’ need for low prices with vendors’ needs for fair returns.

Benefits

Provide access to fresh produce at low prices. In a survey of customers from three different farmers’ markets, customers cited the freshness and quality of the produce as the greatest benefit of the market to the community.155 In addition, because of the cost savings to farmers from selling directly to consumers, farmers’ markets offer prices that are often lower than those of nearby grocery stores. A survey that compared the prices of six southern California farmers’ markets with nearby grocery stores found that the markets offered lower prices than grocery stores, with an average cost savings of 28 percent.156 Other studies have found farmers’ markets offer savings of 10 to 18 percent compared to supermarkets.157

Less complex, less expensive, and requires less time than building a new store. Developing a farmers’ market is far less complicated, time-consuming, and expensive than building a new grocery store in an underserved community. Furthermore, the farmers’ market model is flexible and can be modified according to individual community needs.158

Sustain small- and medium-sized farms. Smaller-scale farmers who face high competition from larger, industrialized agriculture can increase their viability by selling their goods at farmers’ markets, where returns are generally 200 to 250 percent higher than what they receive from wholesalers.159 Farmers’ markets also encourage people to buy locally sourced produce and support smaller farms. Vendors in low-income communities have the opportunity to reach a large customer base, and may have little competition for produce sales nearby.160

Entrepreneurial opportunities. Farmers’ markets can serve as small business incubators, providing opportunities for residents to sell items such as baked goods, jams, or crafts. Vending in farmers’ and other public markets requires very low start-up capital—usually less than $1,000—and may be a great pathway to upward mobility for low-income residents.161
Social and educational opportunities. Farmers’ markets provide a space for interaction and learning that shoppers are not likely to find at conventional food markets. Community organizations often conduct outreach or educational activities—including nutrition education—at farmers’ markets. In addition, farmers’ markets provide opportunities to talk with farmers about their food and learn more about how it is grown. The direct interaction between growers and customers facilitates the formation of personal relationships in a way that is not possible at third-party stores, which encourages patrons to form a habit of shopping at the market regularly. And shoppers often cite that they attend the markets partially for social reasons.

Challenges

Start-up and operating costs. Establishing a farmers’ market requires funding for initial start-up costs, purchasing equipment, promoting the market, and recruiting farmers to participate. Most markets also need to hire a coordinator. Because of these costs, farmers’ markets locating in low-income communities often require subsidies.

Sustainability. To be sustainable, farmers’ markets need to attain sufficient scale, with enough farmers and vendors to attract customers and enough customers to make it worthwhile for farmers to travel to the market. To be self-sustaining, participating farmers and vendors need to be able to contribute a portion of their profits to pay someone to coordinate the market’s activities.

One expert estimates that a market needs roughly 20 farmers to support a full-time staff person.

Accepting public benefits. Many farmers’ markets across the country are authorized by the USDA to accept food stamps, now named the Supplemental Nutrition Assistance Program (SNAP). Since 2004, all states now use the Electronic Benefits Transfer (EBT) system, which allows SNAP participants to purchase goods using an EBT debit card. Retailers who wish to accept EBT cards must obtain a point-of-sale (POS) device to process transactions. Farmers’ markets that conduct over $100 in SNAP business per month are eligible to receive a free POS device for EBT purchases from the USDA, but they must have access to electricity and a telephone service to operate the device. This is a barrier for the many farmers’ markets that lack these services.

The most successful and widespread approach to facilitate EBT processing at farmers’ markets has been to use POS equipment to process EBT in exchange for $1 and $.50 tokens that are given to customers. These tokens can then be used as cash throughout the market at eligible retailers. Currently, low-income families who depend on EBT are not able to use their benefits at many farmers’ markets. Specific barriers include:

- lack of funding for wireless POS devices (about $1,000 each) and ongoing operation costs;
- lack of technical support and training for operating POS devices;

Public Markets

Farmers’ markets are one form of a “public market.” Other public markets—also called “mercados”—are housed in a permanent structure, are often open year-round, and hold regular business hours. They rent stalls to vendors, who may sell food or non-food items. The mix of goods sold at a public market can vary greatly.

In recent years, there has been increasing attention placed on public markets as components of urban revitalization and the social and economic benefits they may bring for low-income communities. The Fondy Food Center Project is an example of how a public market can provide food access as well as entrepreneurial opportunities. Fondy Food Center is a $5 million market hall, seasonal farmers’ market, and business incubator located in Milwaukee’s poorest community. The 38,000-square-foot venue provides space for over 35 small businesses. In Lancaster, Pennsylvania, the 22,000-square-foot Central Market is the only major source of fresh food in the city. The building hosts more than 60 small business vendors who sell fresh produce, seafood, and meats.
• limited staff time and resources, which are needed for operation of POS equipment and dissemination of tokens; and
• lack of awareness among SNAP participants that EBT is accepted at farmers’ markets.

Additional barriers may include language or cultural obstacles, limited operating hours, lack of culturally appropriate products, lack of transportation options, and the perception of high prices at farmers’ markets.\(^{173}\)

**Strategies and Policy Options**

**Link Farmers with Consumers and Other Farmers**

• **Increase profit margins by selling to additional markets.** A number of farm-to-institution programs that connect farmers to public schools (see page 59), universities, hospitals, correctional facilities, and restaurants illustrate the viability of this strategy.\(^{176}\) Farm Fresh Choice, run by The Ecology Center, a nonprofit organization in Berkeley, California, purchases produce wholesale and then transports it to after-school programs, where staff resell it to students and parents as they arrive to pick up their children.\(^{177}\) The East Bay Asian Youth Center (EBAYC) in Oakland, California, operates two School Produce Markets at local elementary schools. These weekly markets are operated by and for the community, staffed by parents of school students.\(^{178}\)

• **Establish and support farmers’ collaboratives.** Farmers can benefit from working together. They can share the costs of cold storage facilities, transportation, and marketing, and advocate for policies that impact farmers’ markets and their ability to serve low-income communities. Dozens of farmers’ market associations have been established across the country that accomplish some or all of these goals.\(^{179}\) These collaborations

**A Key Ingredient for Success: Increasing Demand for Healthy Food**

Strategies to increase food retailing located in low-income communities are most successful when partnered with strategies that work to increase the ability and desire of consumers to purchase healthier foods. Ensuring that people have the nutritional knowledge to make the right food choices, understand how to prepare healthy meals, and have enough money to purchase these foods are important strategies that supplement the food retailing options described in this report. Many of the case studies we highlight throughout this paper include nutrition education efforts.

Increasing the participation of low-income communities in the Supplemental Nutrition Assistance Program (SNAP), formerly called the federal Food Stamp program, is also key to improving access to healthy foods. In the current recession, SNAP participation is at an all-time record high—but the advocacy group Food Research and Action Center estimates that one in every three eligible people is not enrolled in the program.\(^{174}\) SNAP increases the purchasing power of low-income residents. Because poor residents are clustered in poor neighborhoods, if all of those who were eligible for these benefits took advantage of them, their neighborhoods would look more attractive to retailers and could support more stores and other retail outlets.

One example of how strategies to increase purchasing power can lead to improved access to healthy food is the Wholesome Wave Foundation’s Double Coupon Program. This program doubles the value of SNAP and farmers’ market vouchers provided by the federal government, so that food dollars for fresh produce will go twice as far. At one farmers’ market that implemented the Double Coupon Program, sales using SNAP benefits jumped 290 percent, benefiting both the families who were able to purchase more healthy food, and local farmers who benefitted from the community’s increased purchasing power.\(^{175}\)
foster an ongoing learning community among farmers’ markets. They also may set up and maintain databases to help farmers connect with new markets, provide technical assistance on establishing new markets, and lobby for policy changes that reduce costs for farmers to participate in markets and increase low-income consumers’ buying power.

- **Provide business development and marketing assistance to vendors.** Targeted technical assistance programs can help make vending at farmers’ markets more profitable for local entrepreneurs. Some programs assist urban gardeners with selling at farmers’ markets. For example, Cornell Cooperative Extension’s New Farmers/New Markets program trains New York City residents to grow and market fruits and vegetables.180 Existing small business development training programs can help residents sell baked goods or non-food items at farmers’ markets.

- **Build community support.** Evaluations of farmers’ markets in low-income communities have shown that community organizing and support are essential to successful markets.181 In 1980, initiators of Pasadena’s Certified Farmers’ Market employed an explicit community-organizing model to start the market, conducting community outreach with churches and local nonprofit organizations. The market is still operating after 25 years, and organizers partially attribute its longevity to community support.182 The Agriculture and Land Based Training Association (ALBA) in Salinas, California (see page 61), has a “Buy Fresh, Buy Local” campaign that has helped local farmers operate successfully by educating consumers on the benefits of eating locally grown produce.183

**Increase EBT Access at Farmers’ Markets**

New wireless technology is now available that enables farmers’ markets that are properly equipped to accept EBT cards.

- **Expand successful state pilot programs.** Several states (for example, California, Colorado, Iowa, Kansas, New Mexico, New York, and Texas) have had successful pilot programs that provided free wireless EBT equipment to farmers’ markets, waived transactions fees, and promoted the markets to food stamp recipients.184 The POS devices helped to address the steep reduction in food stamp redemption volume that occurred after the transfer from paper coupons to EBT, but there are still issues that need to be addressed, such as problems with connectivity at some locations.185 Some of these programs have now ended but would be extremely worthwhile to continue across the country.

- **Use USDA funds and supplemental monies to promote EBT access.** The 2008 Farm Bill allocates at least $3.3 million to promote EBT access at farmers’ markets nationally over five years. In addition, the USDA Farmers’ Market Promotion Program Fund (FMPP) offers up to $100,000 per applicant in competitive grant funds to support EBT projects to aid low-income shoppers using community supported agriculture programs and farmers’ markets.186 In fiscal years 2011 and 2012, the FMPP fund for EBT projects will increase to $10 million.187 These funds and other supplemental monies from state and local governments should be used to:
  - provide farmers’ markets with funding for POS devices and wireless service to enable their operation;
  - negotiate bulk buying of POS systems to bring prices down and facilitate distribution to farmers’ markets;
  - offer funding to support additional staff time and training for operation of POS equipment;
  - develop materials to explain how to use EBT devices, including success stories and case studies;
  - waive transaction fees for markets that serve low-income communities; and
  - promote awareness of farmers’ markets that accept EBT cards.
Getting your blood pressure checked? Need to do some grocery shopping? If you’re a Kaiser Permanente member, you might be able to cross both off your list by picking up some local oranges or kale as you leave your appointment. Since 2003, in collaboration with local health departments and community-based organizations, Kaiser has started 35 farmers’ markets and farmstands in California, Hawaii, Maryland, and Oregon. These markets provide fresh, local produce to members, employees, and community members. While most of the markets are next to hospitals or clinics and serve a significant employee clientele, four serve primarily community residents, with two specifically sited in low-income neighborhoods.

Making healthy food easily available might be paying off. A customer survey found that members changed appointments based on the day of the farmers’ market at their facility. The survey also showed that market patrons ate more fruits and vegetables as a result of shopping at the venues.

Kaiser sees the encouragement of healthy eating, for patients and for employees, as an integral part of their mission to prevent illness and promote health. To this end, they also have started Community Supported Agriculture (CSA) and farm box distribution programs for employees at seven facilities and offices (see page 55 for information on CSAs).

Kaiser’s efforts to promote health have reached well beyond employees and members. Through its Community Benefit program, Kaiser has started neighborhood gardens in low-income areas, advocated for healthier meals in schools, and worked to support accessible, affordable nutritious food in underserved neighborhoods. Kaiser also supports small family farms by purchasing local produce for its patient meals—the organization sees the development of local and sustainable food systems as part of its mission to support healthy communities.
• The Community Food Security Coalition and the Farmers’ Market Coalition are partnering on a program to increase EBT use and access by creating a comprehensive plan for the expansion of EBT cards at farmers’ markets and connecting market managers, policy advisors, public leaders, anti-hunger advocates, and others to develop a common vision and implementation strategies.\textsuperscript{189} They released a report in June 2010 detailing their research into EBT use at farmers’ markets and their recommendations for future expansion.\textsuperscript{190}

**Increase Consumer Purchasing Power**

• **Ensure that WIC cash-value vouchers can be used at farmers’ markets.** After several decades, the WIC food package has been updated to include fresh fruits and vegetables among other healthy options. Starting in some states in 2010, WIC recipients will be able to use their WIC cash-value vouchers at farmers’ markets.\textsuperscript{191} More states should ensure that these vouchers can be redeemed at produce markets.

• **Expand the WIC and Senior Farmers’ Market Nutrition Programs.** The WIC Farmers’ Market Nutrition Program (FMNP) was established in 1992 to provide fresh, locally grown fruits and vegetables to WIC recipients and to increase awareness and patronage of farmers’ markets. The Senior Farmers’ Market Nutrition Program (SFMNP), established in 2001, extended the program to low-income seniors. Both programs provide participants with coupons that can be redeemed for locally grown fruits and vegetables at farmers’ markets or roadside produce stands. Seniors can also use their coupons to participate in community supported agriculture programs. Additional funds are needed to maintain and expand these programs since the current level of funding does not support all those who are eligible and funding is dependent on yearly budgetary processes. The federal government provides most of the funding for these programs, but states must apply to participate and fund a portion of the administrative costs of the program. Over 40 states currently participate, serving over three million people per year.
CASE STUDY

Almost all of the customers who visit the Broad Street Farmers’ Market in Providence, Rhode Island, every Saturday live in the surrounding neighborhood and the vast majority have low incomes. Before Broad Street opened, neighborhood residents had only limited and expensive options for purchasing fruits and vegetables.

Southside Community Land Trust (SCLT) founded Broad Street to provide local organic produce to the low-income community surrounding the market’s current location. Two of the farmers at the market, Hmong immigrants, farm at SCLT’s Urban Edge Farm, where low-income and immigrant farmers learn to grow, harvest, and market their own organic produce. The farmers sell specialty crops that appeal to the many immigrant families in the neighborhood. Broad Street is adding a fourth vendor—a multicultural community gardener marketing cooperative. The cooperative pools its produce for sale at farmers’ markets and local restaurants. Each participating farmer takes a turn running the market table, selling produce from all the farmers in the co-op.

Because of the market, the neighborhood has the third highest redemption of WIC vouchers in the state. In the summer of 2007, 75 percent of Broad Street’s sales came from WIC. The market is focusing on increasing the number of EBT customers, thanks to a recent grant that provided the funds to buy an EBT machine.192
Urban agriculture, community gardens, and community supported agriculture arrangements provide communities with fresh, local foods while also helping support smaller-scale farms and farms with social justice missions.
Improving Linkages between Farmers and Consumers

Advocates are working to link low-income consumers with farmers beyond traditional farmers’ market and farm stand models. Sometimes these efforts directly link farmers and consumers, and in other cases these efforts link farmers to stores that then sell to consumers, ensuring that consumers can access healthy food on a more regular, ongoing basis.

Before considering alternative models for connecting farmers and consumers, it is helpful to understand the industrial food distribution system that serves most of the supermarkets across the nation. The U.S. wholesale food distribution system is composed of four main distributors: SYSCO, U.S. Food Service, SUPERVALU, and McLane Company. These large distributors are able to offer less expensive food because of their ability to take advantage of bulk purchasing, economies of scale in distributing large orders to huge numbers of stores, and advanced technological systems. These technological systems include warehouse management systems that keep track of every aspect of stores’ orders, efficient warehouse sorting systems, sophisticated routing systems that save energy and fuel costs, and interactive websites that allow stores to place orders and view pricing and inventory data.¹⁹³

This system is cost-efficient, but problematic on several levels. It is estimated that the food industry accounts for 10 percent of all fossil fuel use in the United States.¹⁹⁴ Only 20 percent of the food industry’s use of fossil fuels goes towards production; the remaining 80 percent is associated with processing, transport, home refrigeration, and preparation. Fruits and vegetables are selected for longevity, as they travel an average of 1,500 to 2,500 miles to stores and for appearance that will appeal to shoppers, rather than taste. Nationally distributed food moves local food dollars from the community and local farmers to distant large, industrial farms. Instead of supporting the local economy, these food dollars pay for marketing inputs such as labor, packaging, and transportation.¹⁹⁵

There is a growing movement in the agriculture community away from mid-size farms to both extremely large farms and smaller, family-owned farms.¹⁹⁶ It is important that measures are taken to support these smaller farms and local agriculture systems and to ensure that low-income farmers and consumers benefit from these measures. Efforts to support local and regional food systems, which serve as an alternative to the globalized food system and can provide high-quality, sustainable food, include community supported agriculture (CSA) and community gardens/urban agriculture. These efforts have the potential to support smaller farms while providing underserved communities with fresh, high-quality local foods.

Community Supported Agriculture

One way to connect farmers to consumers is through community supported agriculture (CSA), a system of mutual support for small farmers and consumers. At the beginning of the growing season, participants purchase shares for a portion of the crops from a farm or network of farms in exchange for boxes of fresh produce throughout the growing season. The system provides customers with fresh, healthy food and farmers with upfront operating capital for the season. The participants share in the risks of the farming, so the amount of food they receive depends on the quality of the harvest that year. CSAs typically either allow pick-up at a farm or deliver their produce to interested communities or individuals. Pick-up locations are often churches, community centers, homes, places of employment, or hospitals. There are currently more than 1,700 CSAs operating throughout the United States, and CSAs feed approximately 270,000 U.S. households.
during a growing season. There are several strategies that can help ensure that underserved, low-income consumers participate in CSAs and reap the benefits of fresh, healthy foods, as outlined in the Strategies and Policy Options section on page 58.

**Urban Agriculture**

Another way underserved communities can connect to farmers is by becoming farmers themselves. Urban agriculture refers to many types of small and mid-sized farms designed to serve urban communities. This includes community gardens and farms located in urban areas, as well as those outside of urban areas that serve urban populations. Urban farms can improve access to healthy, affordable food for low-income communities, and can also improve health, provide supplemental incomes and, in some cases, jobs and skills for youth and people transitioning from homelessness or incarceration; they can also help revitalize neighborhoods, increase community economic development, reconnect communities with their community’s cultural traditions and skills, and make productive use of vacant land.

It is estimated that one-third of the two million farms in the United States are urban farms. An urban farm can be planted on private or public property including vacant lots, city parks, churchyards, schoolyards, boulevard rights-of-way, rooftops, and apartment properties. A typical urban farm utilizes less than two acres of land. An increasing number of community gardens have been established on vacant lots in inner cities. The American Community Gardening Association estimates that there are over 6,000 community gardens, feeding 300,000 to 400,000 people in the United States, with New York City containing the most community gardens of any city. These gardens vary in terms of the size of the lot, and the number of gardeners.

**Benefits**

**General**

**Improve access to high-quality, healthy food.** Locally produced food is typically very fresh since the food does not need to travel long distances before being purchased and eaten. CSA, urban farm, and community garden produce is typically picked within 24 hours of delivery. Community gardeners report increased consumption of fruits and vegetables compared to non-gardeners.

**Keep food dollars in the community.** Locally produced agriculture keeps food dollars within the local community and helps support the maintenance of a regional food system. For example, the Virginia Cooperative Extension estimates that if every Virginia household spent $10 per week on locally produced food, this would translate into a billion dollars each year added to the state’s economy. Similarly, if New York State residents bought 10 percent more of their food from New York farmers and 10 percent from New York manufacturers, they would fuel economic growth with 17,000 new jobs and $16.5 billion in revenue.

**Build community.** Local and regional food systems increase interactions between urbanites and rural residents. CSA pick-ups and urban farms or gardens provide opportunities for neighbors to get to know one another, and provide opportunities to create networks and share and exchange produce.

**Community Supported Agriculture**

**Benefits farmers.** CSAs provide financial security to farmers who face unforeseeable changes in weather conditions, which can affect crop production. Customers carry some of this risk, but also have the opportunity of prospering in times of abundance.

**Reduces environmental impacts.** CSAs often support farmers in transition toward low or no chemical inputs, and utilization of energy-saving techniques. CSA food remains local, thus decreasing the transportation of food. CSAs support biodiversity by preserving and fostering small farms that produce a variety of crops.

**Urban Agriculture**

**Provides jobs, and job training and rehabilitation services.** Some urban farms can provide incomes, though this is often supplemental incomes. Others help homeless, youth, refugees, and formerly incarcerated
Residents develop career skills while providing them with productive temporary employment.204

**Revitalizes neighborhoods.** Community gardens and urban farms can revitalize vacant lots, act as a brownfield redevelopment strategy, and beautify the neighborhood. The opening of a community garden has a statistically significant positive impact on residential properties within 1,000 feet of the garden and that impact increases over time.205

**Enhances civic engagement.** Gardens link different sectors of the city including youth, elders, and diverse races, ethnic, and socioeconomic groups in pursuit of a common goal. Research indicates that communities with high-participation gardens and farms have reduced rates of crime, trash dumping, fires, violent deaths, and mental illness, and increased voter registrations and civic responsibility.206

**Saves families money.** Community gardens are able to save food dollars by providing lower cost produce. Studies have estimated that a community garden can yield around $500 to $1,200 worth of produce per family a year.207 Studies report that every $1 invested in a community garden plot yields around $6 worth of produce.208

**Provides immigrant communities with vegetable and herb varieties found in their home country.** Because the gardeners select what plants to grow, they can choose foods that may not be readily available locally. For immigrants, this may make the difference in maintaining their familiar, often healthier, traditional diet.

**Improves physical activity.** Residents are physically active while gardening, and many say gardening also leads to physical and mental relaxation.209

**Challenges**

**General**

**Cost.** The primary challenge to localizing and regionalizing food is price. Large wholesale distributors are able to utilize economies of scale to minimize costs. Smaller farmers and distributors typically do not have the facilities or overhead to economize, market, or take advantage of new technology.

**Community Supported Agriculture**

**Difficulty paying initial lump-sum payment.** Many low-income households do not have the resources to pay a lump-sum fee at the beginning of a growing season.

**Public benefits often not accepted.** It is challenging for Electronic Benefit Transfer (EBT) cards to be accepted at CSAs because the USDA is often concerned about the prepayment arrangements that are common for many CSAs and farmers also worry about administrative challenges of accepting the EBT cards.213 For more information on EBT cards and WIC vouchers, see pages 48-52.

**CSA members often do not have control over the amount or type of produce they will receive.** CSA members carry the risk of a bad growing season and will receive reduced shares when weather conditions are extreme. On the other hand, when there is an overabundance of crops, CSA members must find a way to make use of the excess produce. In addition, CSA bundles may contain unfamiliar produce that members must figure out how to prepare.

**Urban Agriculture**

**Insecure land access.** Community gardens and urban farms are typically established on vacant or abandoned land and gardeners and farmers do not own the land they tend. Land insecurity makes it challenging to address expensive infrastructure needs such as establishing permanent connections to city water lines. One recent survey found that only 5.3 percent of gardens in 38 cities were permanently owned. Often city governments and real estate developers do not value community gardens and offer little protection from eviction for more lucrative land use offers.214 In rural communities, travel to community gardens can be difficult, costly, and time consuming.215

**Start-up and operating costs.** Community gardens require good, safe soil, a reliable in-ground water system that meets all appropriate city codes,
and fencing. Many low-income families are hesitant to spend money on gardening inputs when the crop yield is uncertain and land ownership is not guaranteed.

**Poor soil quality.** Many of the available, vacant plots for community gardens or urban farms are located in industrial districts, which are contaminated with lead and other toxic chemicals.216

### Strategies and Policy Options

#### General

- **Provide financing support for local and regional producers that provide healthy food access to underserved communities.** A federal or state Regional Food Systems Innovation Fund could support the development of new food enterprises supporting local and regional food production, processing and distribution for the benefit of low-income workers and consumers. It would need to be determined whether these projects could become sustainable or would need ongoing subsidies to support their operation. The USDA can work to ensure that existing relevant programs foster regional food systems that make local, healthy foods available to underserved communities. For example, priority could be given to projects that would create economic opportunities for low-income people and people of color, and increased food access for underserved low-income communities.

- **Identify creative ways to use high-quality but imperfect produce.** Farmers often produce food that is high quality, but do not meet the strict aesthetic standards of food buyers. For example, these “seconds” might include cucumbers that are not perfectly straight and therefore cannot be easily stacked for shipping. Appalachian Harvest Network farmers provide organic “seconds” for distribution to over 120 food pantries in nine counties.217 There may be additional creative ways to incorporate high-quality but imperfect produce into retail distribution plans and to ensure that farmworkers have the right to gather this food for their and their families’ consumption.

- **Link small retailers with local farmers and farmers’ markets.** Small grocery stores, corner stores, and community co-ops can cut their costs by purchasing their produce directly from local farmers or farmers who already sell at area farmers’ markets.218 This strategy can also help farmers by adding a new market to supplement their sales. Moreover, this produce is often cheaper than that which is sold by large-scale distributors because of lower overhead and transportation costs.

#### Community Supported Agriculture

- **Offer reduced rate membership shares, installment plans, and work shares for low-income households.** Many CSAs offer reduced membership shares. For example, the People’s Grocery in Oakland, California, offers reduced price shares subsidized by wealthier members willing to pay a higher price for lower income membership shares. Clagett Farm CSA in Maryland offers work shares that pay for a week’s work of CSA items to any adult who works four hours or more. In addition to work shares, Clagett Farm also offers reduced price shares at half-price for low-income households or individuals.224

- **Ensure that CSAs can accept EBT.** Uprising Organic Farm in Bellingham, Washington, exclusively serves low-income residents and is able to accept EBT by allowing people to pay for their food when it is picked up, thereby addressing USDA’s concerns about prepayment.225 Many of the CSAs that Just Food, a nonprofit organization in New York City, helps start are able to accept EBT and some offer reduced rate membership shares, revolving loans, installment plans, sliding-scale share fees, scholarship shares, and work shares.226

- **Ensure CSAs can accept WIC and Senior Farmers’ Market Nutrition Program vouchers.** Federal food assistance programs such as the Senior Farmers’ Market Nutrition Program and the WIC Farmers’ Market Nutrition Program can be used to pay for CSAs in a few states such as California, Maryland, New York, and Vermont.227 These programs should be increased.
In Milwaukee, near a large affordable housing complex, 14 greenhouses and livestock pens stand, filled with salad greens, arugula, beets, tilapia, perch, beehives, hens, ducks, goats, and turkeys. The project is run by Will Allen, a charismatic farmer who has become a national spokesperson for urban agriculture and a more just food system.

“From the housing project, it’s more than three miles to the Pick ‘n Save,” Allen says. “That’s a long way to go if you don’t have a car or can’t carry stuff. And the quality of the produce can be poor.” In 1993, Allen created a national nonprofit and land trust organization called Growing Power, which works to provide communities like this one in Milwaukee with better access to healthy, high-quality, and affordable food and fosters a more sustainable, equitable food system. The organization produces food through a sophisticated, organic system, using a combination of fish, worms, and recycled waste from local restaurants and farms, to generate nutrient-rich compost to help crops thrive.

Growing Power distributes the food through retail stores, restaurants, farmers’ markets, schools, and a community supported agriculture program. The CSA offers discounted shares to low-income consumers for $16 a week, for which residents receive enough food to feed a family of up to four for a week.

Growing Power has more than 25 employees—many from the neighborhoods served—and more than 2,000 volunteers. The organization fosters school and community gardens throughout the city, and also provides training, outreach, and technical assistance to share their knowledge across the country, in places like Arkansas, Florida, Georgia, Kentucky, Massachusetts, Mississippi, and Wisconsin.
Farm to School: Positive Outcomes for Students and Farmers

Advocates are working to get fresh foods from farms into school cafeterias through farm-to-school programs. There are currently over 2,000 of these programs in 40 states.\textsuperscript{219} Most programs are funded through foundation grants, though advocates were able to garner language supporting local food purchases in the 2008 Farm Bill.\textsuperscript{220}

There are several challenges to making these programs effective. Farm-to-school programs that buy local produce can be expensive due to the higher labor costs needed to prepare raw foods, monitor salad bars, and clean up; and the need for frequent delivery arrangements. Returns to farmers can be modest because of the limited compensation that financially strapped schools can offer compared to more lucrative contracts that farmers could secure elsewhere.\textsuperscript{221} Furthermore, many school kitchens aren’t set up to handle the whole foods that come directly from farms. For example, uncut carrots, whole potatoes, and whole chickens present problems for small, understaffed school kitchens.\textsuperscript{222}

In spite of these obstacles, communities across the country who are part of the farm-to-school program are finding ways to overcome these obstacles, and are seeing impressive results. For example, in March of 2005, Jefferson Elementary School, a school serving many low-income students in Riverside, California, launched a Farm to School Salad Bar Program, a daily salad bar that is stocked with 50 to 100 percent locally grown food over the school year. In addition to the new lunch time offerings, supplemental activities include educational programs, taste tests, farmers’ market tours, farm visits, and gardening opportunities. Evaluation results showed that 65 percent of students chose to eat from the salad bar over other options. The average number of servings of fruits and vegetables consumed by students who ate from the salad bar was 2.36, compared to the 1.49 servings that were consumed by children who ate the standard lunch—a 58 percent difference. The program has also been beneficial for farmers—generating over $1,700 per month in additional revenue for each participating farmer.\textsuperscript{223}

**Enact supportive local land use policies.**
Local ordinances and regulations can help farmers acquire land and protect that land from development.\textsuperscript{228} For example, conservation easements can help small-scale farmers acquire and protect their land. Local land use policies can promote CSAs by making public spaces available for pick-ups. Policies can also make public spaces available for farm stands, an alternative to traditional CSAs that reduces costs by limiting packaging.\textsuperscript{229}

**Urban Agriculture**

**Provide land.** Localities can inventory vacant and private land and make this information available to the public through a computer database and mapping program. Localities can also authorize contracts with private landowners for lease of lots, authorize use of municipal land, and clear contaminated land.\textsuperscript{230} For example, Chicago City Council created a city-funded entity called NeighborSpace that is authorized to purchase properties to protect them as open spaces, including community gardens. Planners can ensure that zoning language does not prohibit agriculture.

**Provide grants, low-interest loans, and services.** Localities can help farmers with start-up costs. For example, the City of Cleveland’s economic development department started a program in 2008 that provides grants to for-profit urban farmers for tools, irrigation systems, rain barrels, greenhouses, display equipment, and signage through a program called “Gardening for Greenbacks.”\textsuperscript{231} Localities can also provide services such as trash collection service, compost from the locality’s recycling program, and access to tools and storage facilities to support urban farming.\textsuperscript{232} Cleveland has also addressed water access by allowing residents to use water from fire hydrants during the growing season for a predetermined rate.\textsuperscript{233}
In California, Juan Perez, along with his father, Pablo, started a small organic farm on half an acre in Monterey County, California. Today, J.P., as he is known, farms five acres filled with organic corn, cilantro, strawberries, carrots, green beans, and more. Each week he delivers his produce to local families. He keeps his prices reasonable and accepts EBT.

J.P.’s farm and business model is a result of support and training from the Agriculture and Land-Based Training Association (ALBA). Many of the aspiring farmers ALBA serves are farmworkers, and have struggled to enter California’s competitive farming economy hindered by language and cultural barriers, few economic resources, institutional exclusion, and a lack of government support. ALBA provides education and land, and connects farmers to resources like business consultants, loan officers, and training in sustainable land management practices.

ALBA helps farmers sell what they grow, creating programs to increase access to affordable nutritious foods for low-income residents of Monterey County—many of them farmworkers themselves. Staff members train farmers in marketing and sales and also connect farmers with ALBA Organics, a produce distributor that seeks to open up new direct markets for organic produce and create alternatives for small-scale farmers. ALBA has partnered with local churches and elementary schools in underserved neighborhoods to host farm stands where ALBA farmers sell their produce and has established three new farmers’ markets serving low-income neighborhoods.

The organization also promotes ecological and sustainable land management practices through bilingual conservation outreach and education programs. ALBA wants to demonstrate that farming and conservation are not mutually exclusive.

ALBA works with farmers to build leadership capacity and influence policymakers. Through their leadership development program, ALBA translates and distributes information about policy changes that might affect farmers’ businesses, coaches them to provide testimony to elected officials, and facilitates networking between farmers and policy coalitions.
• **Provide technical assistance.** The USDA funds the Cooperative Extension Services, and many local Cooperative Extension agencies promote and provide assistance to community gardens. Urban farmers can use assistance on how to address environmental challenges through techniques such as planting raised beds with clean soil that is safe for agricultural use. Nonprofits such as the Kansas City Center for Urban Agriculture provide technical assistance on farming techniques and farm operations management skills.

• **Diversify to increase revenues.** Urban farming operations can increase their ability to financially sustain themselves by having diversified income generating activities. For example, some urban farms sell produce through farmers’ markets and CSAs, but also create value-added products for sale, and run a restaurant or café.
California is innovating a new model for financing healthy food access, with leadership from philanthropy. This year, The California Endowment and partners will be launching the California FreshWorks Fund (CAFWF), a public-private partnership loan fund created to increase access to healthy food in underserved communities; spur economic development that supports healthy communities; and inspire innovation in healthy food retailing. CAFWF will finance grocery stores and other forms of healthy food retail and distribution by providing a combination of loan and grant financing to eligible applicants.

The CAFWF is among the first of The California Endowment’s new Mission Investments. The fund will be capitalized with a combination of debt and grant capital. Currently there is $97.5 million committed comprised of $93.5 million in debt and $4 million in grants. The goal is to capitalize the fund with a total of $200 million.

Program partners include:

- Nonprofit: PolicyLink, Community Health Councils, Social Compact

The partners are working with major foundations, both corporate and private, in hopes of raising additional grants. At this time, there are no government funds in the program. California Assembly Speaker John Perez has introduced Assembly Bill 581, which would create a California Healthy Food Financing Initiative that could complement and work in parallel with the California FreshWorks Fund.

The CAFWF is modeled after the successful Pennsylvania Fresh Food Financing Initiative and was developed to align with the national Healthy Food Financing Initiative (HFFI).

Details on how to access the fund and apply for resources will be available soon. For additional information, please see www.ncbcapitalimpact.org/healthyfoods.
A Growing Movement

State and city governments, private funders, and community developers can provide financial support for a wide range of healthy food access projects in underserved communities through loans, grants, and tax incentives. Efforts are underway in states such as Illinois, New York, California, New Jersey, Louisiana, and Pennsylvania, and cities such as Chicago, New Orleans, New York City, Detroit, and Washington, DC have adopted such policies. The Pennsylvania Fresh Food Financing Initiative was the first such effort, creating 88 new healthy food retail outlets in its first six years.

There is growing momentum to create a national Healthy Food Financing Initiative (see pages 30-31) that would take these efforts to the federal scale and allow a national response to the nationwide problem of lack of access to healthy foods.
Conclusion

Improving access to healthy food in underserved communities is not easy, but success is possible. Advocates and community leaders are using innovative strategies and policies at the local, state, and federal level to make a difference. Their efforts are improving access to healthy foods, while also creating jobs and sparking neighborhood revitalization. Several lessons emerge from the efforts highlighted in this report:

• **Community participation is critical.** There is no one-size-fits-all strategy. Residents must determine what is best for their community. On page 24, we highlighted some of the considerations—complexity, time, land, funding, and customer base—that must be part of launching any successful food retail effort. There will be additional considerations that will make some possibilities seem more desirable than others, such as: the types, prices, and quality of foods offered; local hiring; community ownership; farm and retailer labor practices; environmental impact; responsiveness to community needs; feasibility; and long-term sustainability.

Residents will know what works best for them. Opinions may differ about which strategy to pursue, however, and there may even be several “right” strategies that will serve the community’s needs and are feasible. Any successful strategy will have a high level of community engagement.

• **Putting it all together takes time, innovation, and resources.** Long-term costs, and the steps needed to ensure long-term viability, will differ depending on the chosen strategy. For grocery store development, multilayered public/private financing will likely be necessary. For grocery store development, as well as other strategies, a variety of policy interventions may be needed. For example, there may be a need for requirements to inventory and provide land for farming or policies to ensure that EBT cards and WIC vouchers can be used at farmers’ markets and corner stores. Other policy interventions such as zoning or other policy “fixes” may also be needed. Persistence, commitment, and innovation can lead to success.

• **Collaboration helps ensure success.** Residents, retailers, and farmers can benefit from collaboration. At its core, there are a few simple ingredients to collaboration. Community residents want access to healthy foods. Retailers and farmers need customers for revenue to sustain their businesses.

Communicating and working together is more likely to bring results. Retailers can seek to better understand local market opportunities. They can reach out to residents to better understand product preferences based on cultural and ethnic tastes, and residents can provide ongoing feedback. For store owners, being seen as a community-supporting institution increases customer loyalty and reduces problems such as theft. Farmers can benefit from broadening their customer base by choosing to serve underserved low-income communities in new farmers’ markets. Residents can shop at farmers’ markets and encourage their family, friends, and neighbors to join them.

Store owners can benefit from collaborating with one another to increase their collective buying power. Farmers can benefit from collaborating on transportation, storage facilities, and marketing. These collaborations help ensure the long-term success of healthy food retail strategies.
• **Government can play an important role.** Government leaders can provide technical assistance to retailers and farmers, offer land for markets or farming, promote communities as viable business locations, streamline permit processes, and provide one-time start-up assistance to stores and markets. Policymakers can also increase consumer spending power through programs such as EBT and WIC and help ensure that these benefits can be used at retail locations, including farmers’ markets.

• **Broad-based coalitions can increase impact.** There may also be opportunities for healthy food access advocates to advance their efforts by reaching out to other constituencies. In recent years there has been increasing attention to regional food systems and methods of food production. Scholars, journalists, chefs, organic and artisanal food producers, environmentalists, and farmers are all working to build a food movement that incorporates concerns about the healthfulness of food and production methods.

The challenge is to ensure that this growing movement does not fail to address access to healthy food for underserved, low-income populations. There are opportunities for different constituencies to share knowledge and resources, and combine efforts to advocate for a more just food system. Leaders from low-income communities of color need to be fully included in all aspects of these efforts.

Improved access to healthy foods can improve the health of local residents, reduce health disparities, create and retain jobs, improve local economic development, and generate increased tax revenue. More generally, and just as importantly, these efforts can help transform underserved communities into communities of choice and opportunity.

Efforts are underway to implement state and local healthy food financing efforts and to pass a national Healthy Food Financing Initiative. Local governments are providing land and other support to farmers, offering technical assistance to corner store owners stocking healthy food, streamlining development processes for potential grocery stores, and providing additional forms of assistance. Community-based organizations are implementing a range of other innovative solutions to address the problem of limited access to healthy food and local, state, and federal officials are looking for ways to support and scale up these efforts.

All communities should have ready access to high-quality, affordable, healthy food. Sustained and strategic focus from community leaders, advocates, policymakers, and other stakeholders has brought our nation closer to this goal than we have ever been. Now is the time to actually reach it.
Notes


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66 Mark Winne, author of *Closing the Food Gap: Resetting the Table in the Land of Plenty*, interviewed August 2009.


68 Community Supported Agriculture consists of a community of individuals who pledge support to a farm operation so that the farmland becomes, either legally or spiritually, the community’s farm, with the growers and consumers providing mutual support and sharing the risks and benefits of food production,” United States Department of Agriculture National Agricultural Library, “Community Supported Agriculture,” available from http://www.nal.usda.gov/afsic/pubs/csa/csa.shtml.


A CSA can start with as little as 5 members on ½ acre of land for close to $1,500 in the first year. A more established farmer
can begin a larger CSA with 80 members for approximately $100,000 in the first year. From conversations with JP Organics and People’s Grocery. J&P Organics, interview, June 25, 2009; and People’s Grocery, interview, June 29, 2009.


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