Food Deserts 2.0: Tools and Resources for Effective Healthy Food Financing Program Implementation

The Food Trust, Low Income Investment Fund, Hope Enterprise Corporation
October 17, 2013

Who we are

<table>
<thead>
<tr>
<th>The Food Trust</th>
<th>LIIF</th>
<th>HOPE</th>
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<tbody>
<tr>
<td>• National non-profit organization (based in PA)</td>
<td>• National CDFI</td>
<td>• CDFI with core markets in Arkansas, Louisiana, Mississippi, and Tennessee</td>
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<td>• Advocates for healthy food access at the local and federal level</td>
<td>• Fund manager for New York HFHC program</td>
<td>• Fund manager for New Orleans FFRI program</td>
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<td>• Manages or provides technical assistance to healthy food financing programs around the country, including PA, NY, NOLA</td>
<td>• HFFI recipient</td>
<td>• Assisted more than 400,000 families for over $1.7 billion in financing</td>
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<td>• $1.3 billion invested in communities</td>
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<td></td>
<td>• 1.4 million people served</td>
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<td>• $70 million in food retail and food security financing</td>
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Partnerships for Healthy Food Financing

More than 20 CDFI’s have received funding for healthy food financing from federal, state, local and philanthropic sources.

In the last year, over 100 new healthy food outlets planned, opened, or broke ground in underserved areas in at least 17 states across the country.

One billion dollar investment in Healthy Food Retail.
So you have $$$...now what?

Program Implementation and Fund Operation

1. Pipeline Development/Marketing and Outreach
2. Determining Eligibility
3. Financing Structures and Leverage
4. Case studies:
   - Whole Foods/Refresh, New Orleans, LA
   - Nojaim Bros. Supermarket, Syracuse, NY

Marketing and Outreach

Cultivating Healthy Food Retail Projects

<table>
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<tr>
<th>OUTREACH</th>
<th>APPLICANTS</th>
<th>PROJECTS</th>
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<tr>
<td>Outreach to grocers, community leaders and local government</td>
<td>Pipeline of applicants from rural and urban regions across the state</td>
<td>88 approved projects, 5000 jobs, improved access for 400,000 residents</td>
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Best Practices in Outreach to Grocers

- Keep it simple and clear >> Reputation of the program
- User-friendly terms and application process
- Relationships matter
- Time of year matters
- Opportunities to Connect:
  - One on one (store visit)
  - Grocers’ Association meetings
  - Wholesalers’ meetings
  - Real Estate Developers
  - Brokers/Consultants
Project Success Stories

The New York Healthy Food & Healthy Communities Fund (NYHF&HC) is a $350 million, national, multi-year initiative that provides grants for funds for capital projects for food markets located in underserved communities across the United States.

The NYHF&HC Fund is designed to drive investment in underserved communities to increase access to fresh, healthy food and spur economic development. The project stories below highlight projects supported by the NYHF&HC Fund and are providing affordable, healthy food, dining jobs and ambitious communities.

**Project: Mount Vernon, NY**

Mount Vernon, NY is a haven for residents with low income and elderly populations. The Mount Vernon Community Development Corporation used a grant from the NYHF&HC Fund to create the East Side-Garfield Community Center, a multi-purpose space that helps residents access healthy food. The center includes a community kitchen, a food hub, and access to fresh food and educational programs.

**Project: Richmond, VA**

Richmond is a city with a long history of food insecurity, especially in its East End neighborhood. The Richmond Community Foundation used a grant from the NYHF&HC Fund to build a community-led food hub that provides fresh produce, educational programs, and job training opportunities. The hub works to increase access to fresh, healthy food and promote economic development in the area.

**Project: Buffalo, NY**

Buffalo is a city known for its strong food culture and diverse communities. The Buffalo Opportunity Fund used a grant from the NYHF&HC Fund to support the creation of The Market on the 6th, a community-led food hub that provides fresh produce and educational programs. The hub works to increase access to fresh, healthy food and promote economic development in the area.

**Project: Portland, OR**

Portland is a city with a strong commitment to public health and community development. The Portland Housing Authority used a grant from the NYHF&HC Fund to support the development of the New York Avenue Public Market, a multi-purpose space that provides access to fresh food and educational programs. The market is designed to increase access to fresh, healthy food and promote economic development in the area.

Contact Information:

New York Healthy Food & Healthy Communities Fund, 101 East 41st Street, Suite 210, New York, NY 10017

For more information, visit www.nyhfhc.org

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Location, Location, Location

Median household income in 2009 by county

Food Desert Locator

Limited Supermarket Access (LSA) status, as of 2011.

New York Healthy Food & Healthy Communities Fund, New York, NY

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New York Healthy Food & Healthy Communities Fund, New York, NY
Determining Eligibility

FRESH FOOD FINANCING INITIATIVE
ELIGIBILITY CRITERIA

Income: In a Low to Moderate Income (LMI) census tract or serving residents of an LMI area

Underserved: In a community with limited or no fresh food retail

Community Fit: Meets community needs and expectations

Community Fit

★ Quality of Existing Stores
★ Operator Experience
★ Commitment to sale of produce/fresh foods
★ Community Support
★ Job creation
★ Access to transport
Mapping Tools

PolicyMap

USDA Food Access Research Atlas

Local verification

- Is there existing food retail within the trade area? What kind?
- Are stores correctly labeled and represented in databases?
- How far are residents traveling to the nearest grocery store?
- Is there an undocumented low-income population?
- Is there significant grocery retail leakage in the trade area?
**Data Source** | **Related Criteria**
---|---
Census, American Community Survey | Income
HUD | Income
CDFI Fund | Income
Trade Dimensions | Underserved
Google Maps | Underserved
USDA Food Access Research Atlas | Income, Underserved
TRF Limited Supermarket Access Study | Underserved
Local Grocers Association/Wholesalers | Community Fit, Underserved
Site Visit | Community Fit, Underserved
Store Calls | Underserved
Local Market Data | Underserved

**New York Healthy Food & Healthy Communities Fund**

- $30 million public-private fund for food market capital projects, created to facilitate improved access to healthy food in NY state.
- Affordable financing available to fund costs associated with real estate acquisition, predevelopment, construction or rehabilitation, and equipment.
- Program Impacts:
  - $26.6MM (89% of fund) closed or committed to date.
  - Fund projected to be fully deployed by 12/31/13, one year ahead of schedule.
  - Project types: Farmer’s markets, mobile markets, independent supermarket operators, and large scale urban developments.
New Orleans
Fresh Food Retailer Initiative

- $14 million program to attract grocery store development in low-income, underserved communities.
- Administered by HOPE and The Food Trust in partnership with the City of New Orleans
- Partially funded by the City’s Disaster Community Development Block Grants (D-CDBG). HOPE is providing a 1:1 match.
- Financing to open, renovate, or expand retail outlets that commits to sell fresh fruits and vegetables.
- Repayable and non repayable loans, up to $1,000,000 per store of which, forgivable loans may not exceed $500,000.

The Money...
Financing Structures and Leverage

- Making Funds attractive to grocers
- Difference in real estate/business operations lending
- Assessing candidates for financial viability
- Leveraging Funds/Match requirements
- Structuring deals with numerous partners
ReFresh/ Whole Foods, New Orleans

- 60,000 sq ft mixed-used development to include: Whole Foods (smaller sq ft with focus on value), Liberty Kitchen (culinary training at risk youth), Tulane University (medical teaching kitchen)

- Total Project Costs of $19,000,000
  - Uses of Funds: Acquisition, Hard/Soft Costs, Developer Fee
  - Sources of Funds:
    - FFR (forgivable + interest loan) $1,000,000
    - Newman's Own (forgivable) $250,000
    - FFLA $500,000
    - Goldman Loan $3,000,000
    - LIIF Loan $1,500,000
    - NORA Loan $1,000,000
    - NMTC Equity $5,500,000
    - Whole Foods Equity $5,300,000
    - Deferred Developer Equity $1,000,000

ReFresh: Before and After
Nojaim Brothers Supermarket - Syracuse, NY

- $2.25 million in HFHC financing
- Renovation and expansion of a 93 year old family-owned supermarket
- 3,000 sq ft of new retail space to be created in a low-income neighborhood with limited healthy food access
- Project will also receive tax incentives through Syracuse Industrial Development Agency, a grant from the Empire State Development Corp., and a grant from the County of Onondaga

Thank you!!

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Gary Williams, Hope Enterprise, gwilliams@hope-ec.org
Food Deserts 2.0: Tools and Resources

2013 Opportunity Finance Network Annual Conference
October 15, 2013

About LIIF

Our Vision & Mission
LIIF is dedicated to creating pathways of opportunity for low income people. Serving the poorest of the poor, LIIF is a steward for capital invested in community building initiatives.

Our Strategy
LIIF provides innovative capital solutions to support healthy families and communities.
New York Healthy Food & Healthy Communities Fund

$30 million public-private fund for food market capital projects, established to facilitate improved access to healthy food in underserved communities throughout the state of New York

Fund Objectives

- Attract $20 million in private capital to the food retail financing market
- Create, enhance or preserve 740,000 square feet of food retail space containing fresh, healthy food options
- Increase or preserve the availability of healthy food for 117,000 low and moderate income individuals living in underserved communities throughout the state of New York
- Create or preserve 3,075 direct jobs and 382 construction jobs as a result of project activity
Project Examples

Foodtown – Mount Vernon, NY
- $1.60 million in HFHC financing
- Renovation and expansion of full-service supermarket serving densely-populated, low-income downtown neighborhood
- 15,000 sq ft retail space enhanced; 3,000 sq ft new retail space created; estimated 6,000 people served

Key Food – Staten Island, NY
- $3.78 million in HFHC financing
- Establishment of brand new full-service supermarket in community with few existing food retail options
- 9,000 sq ft new retail space created; estimated 3,000 people served
- Project also received tax incentives through New York City’s FRESH program

ReFresh: $1.5MM Loan
- $18MM NMTC Transaction (Goldman & JPM)
- Food Hub (compliments mixed-income housing)
  - New format Whole Foods (small + low cost)
  - Liberty Kitchen (SE training at risk youth)
  - Tulane University Medical Culinary Center
  - CMO with food focus
- LIIF Role
  - TA Capital Structure
  - $1.5MM loan to fill gap (long term, low rate)
Contact

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