Healthy Food Financing Initiatives:

Increasing Access to Fresh Foods in Underserved Markets

By Matthew Soursourian

The limited availability of full-service supermarkets in lower-income neighborhoods makes it a challenge to find affordable healthy food, exacerbating health disparities related to obesity and diet-related diseases that already disproportionately impact low-income and minority communities.[1] Given the time and cost constraints of traveling outside their neighborhoods to find less expensive healthy food, many residents end up shopping at small corner stores whose shelves are predominantly stocked with high-fat and sugary processed foods.

Recognizing the important health implications of food access, quality, and cost in low-income neighborhoods, the community development field has begun to address these interrelated issues. Pennsylvania has led the way with its innovative Fresh Food Financing Initiative (FFFI), now a model for national replication. The FFFI serves the financing needs of supermarket operators that plan to operate in underserved communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions.[2]

History of the Fresh Food Financing Initiative

The Food Trust, a nonprofit organization in Philadelphia, was established in 1992 and began its work by providing nutritional education classes for children at a local farmers' market. After expanding their scope to include establishing farmers' markets in underserved areas, the Food Trust recognized the lack of affordable healthy food in low-income neighborhoods. In 1999, the Food Trust partnered with the Philadelphia Department of Public Health and researchers at University of Pennsylvania to conduct a study on the interrelated issues of food access, income,

Photo Credit: Daquella Manera

and diet-related health problems. The report concluded that low-income residents are less likely to live near a full-service supermarket and more likely to suffer from diet-related diseases.[3]

The findings galvanized support for the cause and caught the attention of various public and private actors, including the Philadelphia City Council. The City Council requested that the Food Trust form a working group to address the issues raised in the reports. In 2004, the working group released another report, which generated more attention throughout the state. After several hearings at the Pennsylvania General Assembly, the State allocated $30 million over three years to create the FFFI, designed to help lower the costs associated with opening and operating grocery stores in urban areas. The Reinvestment Fund (TRF), a Philadelphia-based community development financial institution, leveraged the State's investment with private funds and tax credits to build a $120 million fund.

Success through Partnerships

FFFI is a collaboration between TRF, the Food Trust, and the Greater Philadelphia Urban Affairs Coalition, with each organization playing a critical role tailored to its own strengths. TRF manages the financing and grant program, distributing funds that can be used for pre-development costs, land assembly and other capital expenses, preopening and soft costs, and construction expenditures. Applicants are eligible if their project demonstrates a benefit for an underserved area (defined as a low or moderate income census tract), an area with supermarket density that is below average, or an area with a supermarket customer base with more than 50 percent living in a low-income census tract.

The Food Trust coordinates with supermarket developers to match community needs with FFFI resources and promotes the fund through a statewide marketing campaign. The Greater Philadelphia Urban Affairs Coalition works with supermarket developers to enhance contracting opportunities for minority and women-owned businesses and to ensure that women, minorities, and local residents have access to employment in the new supermarkets.

As of June 2010, FFFI has approved 93 applications for funding, totaling $73.2 million in loans and $12.1 million in grants since its inception in 2004.[4] In addition to increasing access to healthy and fresh foods at affordable prices, the new and expanded stores have a substantial economic impact on their neighborhoods. The funded projects will create or retain over 5,000 jobs and develop 1.67 million square feet of commercial space. Jeremy Nowak, President and CEO of TRF, explains, "These markets provide economic anchors for communities across Pennsylvania, attracting jobs to the community. These investments can drive the health and economic vitality of these communities, particularly during difficult economic times."[5]

Taking the Model to Scale

The FFFI has generated national policy interest, particularly as the costs of obesity are becoming increasingly apparent. California-based PolicyLink, along with TRF and the Food Trust, is leading a campaign for a national-scale Healthy Food Financing Initiative (HFFI). The campaign found its first major success when President Obama included over $400 million in his 2011 budget proposal for a national HFFI and in October 2010, the Treasury Department announced a Notice of Funds Availability (NOFA) for part of HFFI. While additional steps are necessary to ensure that HFFI is funded, including Congressional appropriations, the NOFA from Treasury signals that support for a national program is strengthening.

At the same time that Washington is turning its attention to food scarcity, researchers continue to explore the ways that policy and capital can be harnessed to address the challenge of supermarket access. Most recently, TRF and the Brookings Institution released an online mapping tool that displays demographic and economic information for areas that are underserved by full-service supermarkets. The maps focus on ten metro areas and are available online at www.trfund.com through TRF's PolicyMap platform.

While the FFFI financing model is gaining traction across the country, it should be noted that grocery stores are not a panacea for poor health outcomes in low-income communities. Demand-side issues also play into the market for fresh healthy food. A recent study by the USDA recognized the merits of a financing initiative like FFFI but pointed out that "if consumer demand factors, such as inadequate knowledge of the nutritional benefits of specific foods, contribute to differences in access by reducing demand, then a public health campaign may be a preferred strategy."[6] As such, a comprehensive strategy that addresses demand- as well as supply-side concerns may have the most impact on the public health and community development issues that first drew attention to fresh food scarcity in low-income neighborhoods. CI

Endnotes

Making Up for Lost Time: Forging New Connections between Health and Community Development

1. Poverty Kills 300,000 Babies Yearly. (1915, February 7). *New York Times*. Report of a study by the Children's Bureau of the Department of Labor.
2. Centers for Disease Control and Prevention/National Center for Health Statistics. Life expectancy by age, race, and sex, 1900 to 2006. Available at: http://www.cdc.gov/nchs/fastats/lifexpec.htm
3. Institute of Medicine and National Research Council. (2009). *The public health effects of food deserts: Workshop summary.* Washington, DC: The National Academies Press.
4. U.S. Department of Health and Human Services. (February 19, 2010). Obama Administration Details Healthy Food Financing Initiative. Retrieved from http://www.hhs.gov/news/press/2010pres/02/20100219a.html
5. PolicyLink. (2002). *Reducing health disparities through a focus on communities.* Oakland, CA: PolicyLink.
6. For example, see "Place Matters," a national initiative of the Joint Center for Political and Economic Studies, Health Policy Institute at: www.jointcenter.org/hpi/pages/place-matters.
7. King County. (2010). King County Equity and Social Justice Initiative. Retrieved from www.kingcounty.gov/exec/equity.
8. For more information on the series, visit http://www.pbs.org/unnatural-causes/
9. World Health Organization. (2001). *Macroeconomics and Health: Investing in Health for Economic Development.* Geneva: World Health Organization.
10. Centers for Disease Control and Prevention. *The Guide to Community Preventive Services.* Available at: www.thecommunityguide.org
11. Krieger, J.K., Takaro, T.K., Song, L., and Weaver, M. (2005). The Seattle-King County Healthy Homes Project: A Randomized, Controlled Trial of a Community Health Worker Intervention to Decrease Exposure to Indoor Asthma Triggers. *American Journal of Public Health,* 95:652–659.
12. Drexler, Madeline. (2006). The People's Epidemiologists. *Harvard Magazine,* March-April 2006. http://harvardmagazine.com/2006/03/the-peoples-epidemiologi.html
13. The "Moving to Opportunity" evaluation showed mixed results on economic evaluation measures but participants had improved health outcomes.

Healthy Food Financing Initiatives: Increasing Access to Fresh Foods in Underserved Markets

1. Mikkelsen, L., Cohen, L., Bhattacharyya, K.,Valenzuela, I., Davis, R., & Gantz, T. (2001). *Eliminating Health Disparities: The Role of Primary Prevention.* Oakland, CA: Prevention Institute.
2. The Food Trust. (2004). Pennsylvania Fresh Food Financing Initiative. Retrieved from http://www.thefoodtrust.org/php/programs/fffi.php
3. Giang, T. et al. (2008). Closing the Grocery Gap in Underserved Communities: The Creation of the Pennsylvania Fresh Food Financing Initiative. *Journal of Public Health Management & Practice,* 14(3), 272-279.
4. The Reinvestment Fund. (2010). Pennsylvania Fresh Food Financing Initiative. Available online at http://www.trfund.com/resource/downloads/Fresh_Food_Financing_Initiative_Comprehensive.pdf
5. The Food Trust. (2010). Obama's Budget Funds National Healthy Food Financing Initiative. http://www.thefoodtrust.org/pdf/Healthy%20Food%20Financing%20Release.pdf
6. Ver Ploeg, Michele et al. (2009). Access to Affordable and Nutritious Food – Measuring and Understanding Food Deserts and Their Consequences: Report to Congress. Economic Research Service, USDA.

Community-based Strategies for Improving Health and Well-being

1. Grossman, Jean Baldwin and Vang, Zoua M. (2009). The case for school-based integration of services: Changing the ways students, families and communities engage with their schools. Public/Private Ventures. Available online at http://www.ppv.org/ppv/publications/assets/267_publication.pdf
2. Alameda County Public Health Department. (2008). *Life & Death from Unnatural Causes: Health & Social Inequity in Alameda County.* Available online at http://www.acphd.org/user/services/AtoZ_PrgDtls.asp?PrgId=90
3. Center for Community Health and Evaluation. (2008). *Alameda County Public Health Department: Pioneering Equity in Public Health Practice.* Available online at http://www.cche.org/conference/2008/publications/cche-publication_Alameda_Case_Study.pdf
4. Alameda County Public Health Department. (2008). *Life & Death from Unnatural Causes: Health & Social Inequity in Alameda County.* Available online at http://www.acphd.org/user/services/AtoZ_PrgDtls.asp?PrgId=90
5. For more on place-based initiatives, see the Spring 2010 issue of *Community Investments,* available online at http://www.frbsf.org/publications/community/investments/1005/index.html

Banking Conditions in the 12th District: Has the Recovery Taken Hold?

1. For regulatory purposes, capital is divided into two segments, Tier 1 (core capital) and Tier 2 (supplemental capital). Tier 1 (or core capital) includes: common equity, surplus, and undivided profits (retained earnings); qualifying non perpetual preferred stock; and minority interest in the equity accounts of consolidated subsidiaries; less any amounts of goodwill, other intangible assets, interest only strip receivables and non financial equity investments that are required to be deducted, and unrealized losses on Available for Sale investment equity portfolio, as well as any investments in subsidiaries that the Federal Reserve determines should be deducted from Tier 1 capital. Tier 2 capital consists of a limited amount of the allowance for loan and lease losses; perpetual preferred stock that does not qualify for inclusion in Tier 1 capital; certain other hybrid capital instruments; mandatory convertible securities; long-term preferred stock with an original term of 20 years or more; and limited amounts of term subordinated debt, intermediate term preferred stock, including related surplus, and unrealized holding gains on qualifying equity securities.

Addressing the Financing Needs of Small Businesses

1. Laderman, Elizabeth & Reid, Carolina. (2010). The Community Reinvestment Act and Small Business Lending in Low- and Moderate-Income Neighborhoods during the Financial Crisis. Federal Reserve Bank of San Francisco Working Paper No. 2010-05. Available online at http://www.frbsf.org/publications/community/wpapers/2010/wp2010-05-The-Community-Reinvestment-Act-and-Small%20Business%20Lending%20in%20Low-%20and%20Moderate-Income-Neighborhoods-during-the-Financial-Crisis.cfm.
2. Chairman Bernanke addressed the challenges facing small businesses, and the Federal Reserve's response, in his Semiannual Monetary Policy Report to the Congress on July 21, 2010, available at http://www.federalreserve.gov/newsevents/testimony/bernanke20100721a.htm