

SPECIAL REPORT



Stimulating Supermarket Development: A New Day for New York



food for every child

ACKNOWLEDGEMENTS:

This report by The Food Trust was prepared by Brian Lang and Miriam Manon with assistance from Duane Perry; it was released in April 2009. Members of the New York Supermarket Commission, the Food Industry Alliance of New York State, and officials from the City and State of New York provided valuable input. The New York City Council and the Gerald J. and Dorothy R. Friedman Foundation provided support to The Food Trust for this project.



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

DAVID A. PATERSON
GOVERNOR

Dear New Yorkers,

Childhood obesity has become a public health epidemic. One out of every four New Yorkers under the age of 18 is obese. In many high-poverty areas, the rate is closer to one out of three. We must move urgently to reduce these rates.

Obesity causes serious health problems, including type 2 diabetes, high blood pressure and high cholesterol. Furthermore, obesity puts children at greater risk for life-threatening conditions such as heart attacks, stroke, limb loss, and cancer, and it places an enormous strain on our healthcare system. Last year our state spent \$6.1 billion to treat obesity-related health problems, the second highest expenditure in the nation.

We know that obesity is preventable and I believe we can ultimately curb this epidemic the same way we curbed smoking: through smart public policy.

For example, there are too few supermarkets in urban and rural communities throughout New York State. The lack of affordable, nutritious food is impeding the revitalization of our communities, and negatively impacting the health of our neighbors, especially children.

Research shows that the presence of supermarkets in communities helps people maintain a healthy weight, and eat more fruits and vegetables. Developing supermarkets in underserved communities is a critical public policy goal in our fight against childhood obesity.

I strongly support public policies that encourage the development of supermarkets in underserved communities, connect New Yorkers to local food grown right here in New York, and create opportunities to build environmentally sustainable supermarkets. Good policies like these will help us reduce the incidence of childhood obesity and promote New York State agriculture.

The recommendations presented by the New York Supermarket Commission are an important step toward these goals.

I thank New York City Mayor Michael Bloomberg, the Food Industry Alliance of New York, the New York City Council, the Food Bank for New York City, The Food Trust and the United Way of New York City for their leadership in convening the New York Supermarket Commission. I would also like to thank the Gerald J. and Dorothy R. Friedman Foundation for their support of this work. Most importantly, I thank the commission members for their help in ensuring the health of our children.



Sincerely,

David A. Paterson

David A. Paterson



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

Dear Friends:

The twin epidemics of obesity and diabetes are major public health problems facing New York City and State. Nearly half of all elementary school children in New York City are overweight or obese, putting them at risk of serious consequences like hypertension, heart disease, and strokes. These trends are significantly worse in low-income communities: where rates of poverty are high, so are rates of obesity and diabetes. These are also the communities with the least access to supermarkets and other healthy food retailers.

Research shows that residents of communities well-served by supermarkets are more likely to maintain a healthy weight and avoid the health problems associated with obesity and diabetes. That's why New York City's Food Policy Task Force—which our administration worked with the City Council to create in 2006—has focused on making nutritious foods like fruits, vegetables, whole grains, and low-fat products more readily available in communities around our city. Our efforts include the expansion of the Greenmarket program and the creation of the Healthy Bodegas and Green Cart programs. We also strongly support policies designed to attract and retain supermarkets in underserved communities.

The recommendations presented by the New York Supermarket Commission will do more than promote the health of our communities and bring good jobs to local residents—they also mark an important step in our efforts to build partnerships between city and state government, the supermarket industry, and the nonprofit sector. On behalf of the City of New York, I thank Governor Paterson, New York City Council Speaker Christine Quinn, The Food Trust, the Food Industry Alliance of New York, and United Way of New York City for the important leadership role they have played in the commission. I also thank the Gerald J. and Dorothy R. Friedman Foundation for supporting the commission's work, and all the commission members for providing their invaluable assistance and expertise. Working together, we can build a stronger, healthier future for all the residents of New York State.



Sincerely,

A handwritten signature in black ink that reads "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor



Dear Neighbor,

As co-chairs of the New York Supermarket Commission, we are very pleased to present this report containing the recommendations of commission members on how city and state officials can increase the availability of nutritious, affordable food in communities throughout New York.

The commission convened more than 40 experts from the private, public, and civic sectors who build and operate supermarkets, plan and finance the development of supermarkets, and work with communities and families who deserve better access to food. Over a six-month period, these experts met and developed nine policy recommendations that the city and state could implement to stimulate supermarket development and promote renovations that will help preserve existing stores in underserved areas in New York.

The recommendations require changes but are built on the work that city and state officials have begun. For instance, the City of New York's Department of City Planning and the Economic Development Corporation are working closely with supermarkets interested in developing urban stores to identify sites.

Supermarkets are not the answer for every community, but they provide the greatest variety of fresh, affordable, and nutritious food. The success of new supermarkets in New York City and elsewhere has demonstrated that there is substantial untapped demand for food retail. Taking advantage of this opportunity makes good business sense, will create new jobs and will contribute to the vitality of New York's neighborhoods.

Implementing the recommendations outlined in this report will require strong private, public, and civic sector leadership to market and attract new supermarkets to New York. There is a growing body of evidence that an increased presence of supermarkets in underserved communities helps people live healthier lives. We deeply appreciate the hard work and commitment of the New York Supermarket Commission and Mayor Bloomberg's policy initiative that led to the formation of the commission. Together, our work now begins in earnest, to ensure that there is fresh and nutritious food for every child.

Sincerely,

Jennifer Jones Austin
Senior Vice President
Community Investment
United Way of New York City

Nicholas D'Agostino, III
President & COO
D'Agostino Supermarkets, Inc.

NEW YORK SUPERMARKET COMMISSION

Mindy A. Bockstein

Chairperson & Executive Director
New York State
Consumer Protection Board

Bruce Both

President
United Food and Commercial
Workers Union; Local 1500

Amanda Burden

Chairwoman
City of New York
Department of City Planning

Dr. Lucy Cabrera

President & CEO
Food Bank for New York City

John Catsimatidis

Chairman & CEO
Gristedes

Jerry Cesaro

Senior Vice President, Sales & Marketing
Key Food Stores Cooperative, Inc.

Greg Collins

Senior Manager of Government Affairs
The Penn Traffic Company

Nicholas D'Agostino, III

President & COO
D'Agostino Supermarkets, Inc.

Judith Enck

Deputy Secretary for the Environment
Office of Governor David A. Paterson

Thomas Frieden

Commissioner
City of New York Department of
Health and Mental Hygiene

Alicia Glen

Managing Director,
Urban Investment Group
Goldman Sachs

Dan Glickberg

Executive Vice President
Fairway Market

Patrick Hooker

Commissioner
New York State Department
of Agriculture and Markets

Jennifer Jones Austin

Senior Vice President,
Community Investment
United Way of New York City

Leora Jontef

Director of Policy and Operations
City of New York
Department of Housing
Preservation and Development

Francisco Jorge

Owner
Compare Foods

Judith Kende

Director, New York Region
Low Income Investment Fund

Mitch Klein

Vice President of Government Relations
Krasdale Foods

Jennifer March-Joly

Executive Director
Citizen's Committee for Children

Jennifer Marino Rojas

Deputy Director
Children's Defense Fund of New York

Richard Matwes

Senior Real Estate Representative
WakeFern/ShopRite

Jonathan Mintz

Commissioner
City of New York
Department of Consumer Affairs

Carin Mirowitz

Senior Policy Analyst
New York City Council
Speaker Christine Quinn
Appointee (Ex-Officio)

C. Warren Moses

CEO
Children's Aid Society

William E. Rapfogel

CEO
Metropolitan Council
on Jewish Poverty

Jim Ried

President & CEO
Olean Wholesale Grocery Cooperative

Jim Rogers

President & CEO
Food Industry Alliance of
New York State, Inc.

L. Nicolas Ronderos

Senior Planner
Regional Plan Association

Denise Scott

Managing Director
Local Initiatives Support Corporation,
New York

Tokumbo Shobowale

Chief Operating Officer
New York City Economic
Development Corporation

Abby Sigal

Director
Enterprise Community Partners,
New York

Ben Thomases

Food Policy Coordinator
City of New York, Office of the Mayor

Robert Volosin

Senior Director of Real Estate
A & P

Jack Zumba

Senior Vice President
White Rose Food





SUMMARY OF RECOMMENDATIONS

To protect the health of children and families by ensuring access to affordable nutritious food, the city and state should ensure a healthy balance of food retail as a priority for the comprehensive development of communities. The following recommendations describe critical steps toward achieving that goal:

Recommendation #1: State and local economic development programs and public incentives should be targeted to the supermarket industry to maximize their impact on supermarket site location decisions.

Recommendation #2: The State of New York should develop a business financing program to support local supermarket development, renovation, and expansion projects.

Recommendation #3: State and local governments should streamline the development process to make opening a supermarket more efficient and provide assistance to operators to negotiate the approval process.

Recommendation #4: Local governments should give priority to assembling land for supermarket development and make city- and state-owned property available to the industry. Governments should identify targeted areas for investment and promote them to real estate developers and the supermarket industry.

Recommendation #5: City, state, and regional transportation agencies should develop transportation services for shoppers without convenient access to a full-service supermarket.

Recommendation #6: State and local governments should employ up-to-date and data-driven market information that highlights unmet market demand for food to the supermarket industry and real estate developers.

Recommendation #7: The State of New York and the City of New York should promote green supermarket development and renovation by providing incentives for energy-efficient equipment and systems, and environmentally sustainable building materials.

Recommendation #8: The State of New York should require that all projects receiving assistance through a state financing program enroll in the Pride of New York Program. Stores should be encouraged to carry products from farms within 300 miles of their location.

Recommendation #9: State and local governments should engage leaders from the industry and civic sector to guide the implementation of these recommendations.

INTRODUCTION

The New York Supermarket Commission, a group of leaders from the supermarket industry, government, and civic sector, believes that this list of nine recommendations supports New York's commitment to protecting the health and welfare of its families and children. With strong leadership and dedicated resources from New York State and City, new supermarkets and quality food stores can improve people's health, create jobs, and contribute to community revitalization.

The Food Trust, a nationally recognized nonprofit organization, issued a special report entitled "The Need for More Supermarkets in New York City" as part of an initiative to provide food for every child. The research study concluded the following:

- New York City has too few supermarkets in low-income areas of the city;
- low-income New York citizens suffer from diabetes-related and other diet-related diseases at rates significantly higher than the general population;
- access to fresh, affordable, nutritious food must be improved if the health and well being of New York citizens is to improve.

In November 2006 Mayor Michael R. Bloomberg and City Council Speaker Christine C. Quinn began a concerted effort to increase access to healthy foods in low-income communities by creating a Food Policy Task Force and the position of Food Policy Coordinator. This effort is part of the Center for Economic Opportunity, the innovative anti-poverty initiative created by Mayor Bloomberg in 2006 and overseen by Deputy Mayor Linda Gibbs.

The Food Policy Task Force created a working group focused on food retailing that began to examine barriers to supermarket investment in New York City. This work was rooted in a growing body of evidence that increasing retail access to healthy foods, particularly fruits and vegetables will increase consumption and improve health outcomes. After researching successful initiatives to encourage supermarket investment across the country, the Food Policy Coordinator requested that The Food Trust and the Food Bank for New York City work together to document the lack of access to supermarkets in New York, with funding from New York City Council.

Following that research, the Food Policy Coordinator, City Council, Food Bank, and Food Industry Alliance, with the funding from the Friedman Foundation, asked The Food Trust to assemble the New York Supermarket Commission to educate the public, policy makers, and business leaders about the need for more supermarkets and to develop public policy recommendations intended to reverse the documented diet and health problems. The commission, co-chaired by Jennifer Jones Austin of the United Way of New York City and Nicholas D'Agostino, III of D'Agostino Supermarkets, met to craft a plan for supermarket development in New York. With the advice and consultation of commission members, nine recommendations are presented for action to the City and State of New York.

New York Supermarket Commission members and The Food Trust directors and staff will continue to advocate for better access to nutritious, affordable food for families, nutrition education in schools, and programs that deliver wholesome food for every child in the implementation of these recommendations and through other activities.





State and local economic development programs and public incentives should be targeted to the supermarket industry to maximize their impact on supermarket site location decisions.

The food retail industry needs public support to overcome the costs of urban development, which are on average 30 percent higher than in the suburbs. Existing economic development financing programs are often not available to, or not marketed to, food retailers. Supermarkets and food retailers have not traditionally been viewed as drivers of economic growth. Retailers have often been specifically excluded from economic development programs. Food access is too important to be left solely to market forces. Public financing and tax credit programs should be reconfigured so that they can be made available for supermarket investments. These investments should include new stores and existing stores looking to expand their offerings.

Example:

Cities across the country have successfully utilized economic development subsidies to bring supermarkets into select areas. Examples include a Shaw's in New Haven, an Albertsons in San Diego, a ShopRite in Philadelphia, and the East Harlem Pathmark here in New York City.

Anchored by a 56,000-square-foot Shaw's supermarket, the Dwight Place development in New Haven, CT, brought a much-needed supermarket to the heart of city. The project was made possible with funding from a variety of public and private sources including the Office of Community Services-U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development; \$3 million in financing from Local Initiatives Support Corporation's The Retail Initiative (TRI); and a \$1 million grant from the state of Connecticut. The project also received additional assistance from the city of New Haven and Yale University. With this development, Shaw's became the first major supermarket to locate within the city of New Haven in decades, improving fresh food access for the city's residents and creating over 200 jobs.

Tax exemptions can encourage developers to include supermarkets over other competing retail uses. In Washington, DC, the Department of Planning and Economic Development approved the Supermarket Tax Exemption Act in 2000. This act is part of a citywide supermarket attraction and retention effort which has resulted in several new store openings and expansions in targeted areas throughout the city. New stores include Giant, Safeway, and Harris Teeter supermarkets. In addition to benefiting from the tax exemption, the new developments received additional incentives from the city, including Community Development Block Grant funding.

While these successes speak to the potential for public incentives to influence supermarket development and help close the financing gap, a comprehensive program is needed to stimulate supermarket development in neighborhoods throughout New York.





2

The State of New York should develop a business financing program to support local supermarket development projects.

The State of New York should dedicate funds to stimulate the development, renovation, and expansion of supermarkets in underserved communities, in the form of grants and loans to fund soft costs, including feasibility and marketing studies, as well as to offset development and construction costs.

The state should assure that all funded stores participate in food assistance programs. The Food Stamp Program provides additional food purchasing power to more than 2 million low-income New York State residents, including working families, the elderly, and the disabled. The program can be a substantial source of revenue to supermarkets in underserved communities.

Example:

In 2004, the Pennsylvania legislature enacted a nationally significant economic stimulus package (SB 1026) containing provisions supporting the development of supermarkets in underserved communities throughout Pennsylvania. Promoted by Governor Edward G. Rendell and an alliance of food and farming interests, this legislation positions Pennsylvania as a national leader in developing supermarkets in underserved communities and promoting the sale of Pennsylvania farm products at farmers' markets.

The state appropriated \$30 million over three years to create the Fresh Food Financing Initiative (FFFI). State funding was leveraged by The Reinvestment Fund, a Community Development Financial Institution, to create a flexible financing pool that provides grants and loans to supermarkets investing in underserved communities.

FFFI is an innovative program designed to meet the financing needs of supermarket operators that want to operate in these communities, where infrastructure costs and credit needs are often higher and unmet by conventional financial institutions. The initiative helps new supermarkets get off the ground and existing ones to refurbish and replace old capital to improve efficiency and lower costs. FFFI provides grants and loans to qualified food retail enterprises for predevelopment costs including, but not limited to, land acquisition financing, equipment financing, capital grants for project funding gaps, construction and permanent finance, and workforce development. To be eligible, stores must be located in low- to moderate-income areas that are currently underserved and must also provide a full selection of fresh foods.

In just four years, the Fresh Food Financing Initiative has funded over 60 projects across Pennsylvania, resulting in the creation or retention of approximately 3,500 jobs and 1.4 million square feet of food retail space. These projects have included major national chains and stores of up to 69,000 square feet, as well as smaller local, independently operated stores. The initiative was named one of the top 15 Innovations in American Government for 2008 by Harvard University's John F. Kennedy School of Government.

One of the first projects financed by FFFI was the ShopRite of Island Avenue, a 57,000-square-foot supermarket located in the Eastwick section of Philadelphia. The supermarket received a \$5 million loan for construction and renovation of the store and \$250,000 in grant funding to help with workforce development training costs. The supermarket has created 258 quality jobs in the community, most of which qualify for attractive employee benefits. To date, the program has also benefited 31 existing stores, providing them with financing for renovations and/or expansions.





3 **State and local governments should streamline the development process to make opening a supermarket faster and more efficient and provide assistance to operators to negotiate the approval process.**

State and local government approval processes can add several years and substantial cost to a supermarket project in an underserved area. Government can show preference to development it wants to encourage by expediting approval processes, thereby reducing project costs. Creating a single point of access for interacting with government would help supermarket operators navigate the complex process of developing a supermarket in underserved communities. Codes should be reviewed with consideration given to shortening the length of time it takes to develop a supermarket.

Example:

Local governments can expedite the permitting approval process for development they want to encourage. The Chicago Department of Buildings (DOB) has developed an expedited permit process for projects that incorporate innovative green building strategies, and similar strategies could be used for supermarket development in underserved communities. The DOB Green Permit Program provides developers and owners with an incentive to build green by streamlining the permit process timeline for their projects. Projects accepted into the Green Permit Program can receive permits in less than 30 business days or in as little as 15 business days, a significant improvement over standard processing times. The number of green building elements included in the project plans and project complexity determines the length of the timeline. The more green building elements, the shorter the timeline to obtain a permit. Applicants that demonstrate an extraordinary level of green strategy implementation may have consultant code review fees waived. Similar strategies could be employed to encourage real estate developments that plan for a supermarket.





Local governments should give priority to assembling land for supermarket development and make city- and state-owned property available to the industry. Governments should identify targeted areas for investment and promote them to real estate developers and the supermarket industry.

Adequate sites to accommodate supermarkets near areas where they are needed most are difficult to identify and assemble. New York should give priority to acquiring, assembling, and conveying land for new supermarket development. In addition, local governments should offer density bonuses or other preferences in their zoning codes for projects that include a supermarket.

Example:

St. Petersburg, FL, assisted in assembling 32 parcels of land to develop the Tangerine Plaza shopping center in an economically distressed area. This 47,000-square-foot neighborhood shopping center is anchored by Sweetbay Supermarket, the first full-service grocery store and pharmacy in the neighborhood. The city bought the land, cleared the liens and other encumbrances against the properties, and rezoned the site for neighborhood commercial development. Once the land was ready for construction, the city leased the property to the developer for 99 years for an annual payment of \$5. Since opening its doors, the Sweetbay Supermarket in Midtown has set sales records for the Florida-based company. In addition, the property tax revenue for the city increased from \$6,000 to over \$110,000 per year.



City, state, and regional transportation agencies should develop transportation services for shoppers without convenient access to a full-service supermarket.

Low-income households are six to seven times less likely than other households to own a car – and also less likely to live in a neighborhood with a supermarket. Many low-income families, as well as the elderly, disabled, and other transit-dependent consumers, have to take multiple bus rides to access the nearest supermarket. Lack of convenient and affordable transportation makes it difficult for these shoppers to purchase fresh, healthy foods. Transportation expenses can contribute an additional \$400 per year to household budgets; this represents an increase of nearly 20 percent of the annual household food budget for the lowest income families. In rural areas, additional transportation costs exact an even greater toll on household food budgets.

To benefit existing stores, a transportation needs assessment should be conducted to explore transportation barriers in neighborhoods that lack a full-service supermarket. Neighborhood shuttles represent a short-term strategy to address the problem of poor food access.

Example:

An extensive study of store-operated shuttle services in low-income communities in California showed that these programs have the potential to improve the fiscal health of urban stores by strengthening customer loyalty and winning new customers.

A number of innovative grant-funded food transportation programs and public-private partnerships have been tried in recent years. For instance, Knoxville (Tennessee) Area Transit developed the highly successful Shop & Ride program, which provides shoppers who spend a minimum of \$10 at a number of participating supermarkets a free one-way ticket on any city bus. The city provides the bus service and bills the stores each month for the fares. Businesses appreciate the program because it brings in more shoppers, while shoppers benefit from having a convenient ride home from the store.

Some cities have developed incentives for businesses to locate along public transportation routes. For instance, Massachusetts offers Smart Growth tax breaks, financing, and “as of right” zoning incentives to developments locating near transit stations. Other cities, such as Portland, OR, require pedestrian-friendly development along major transit routes, with parking located behind the store.





6

State and local governments should employ up-to-date and data-driven market information to highlight unmet market demand for food to the supermarket industry and real estate developers.

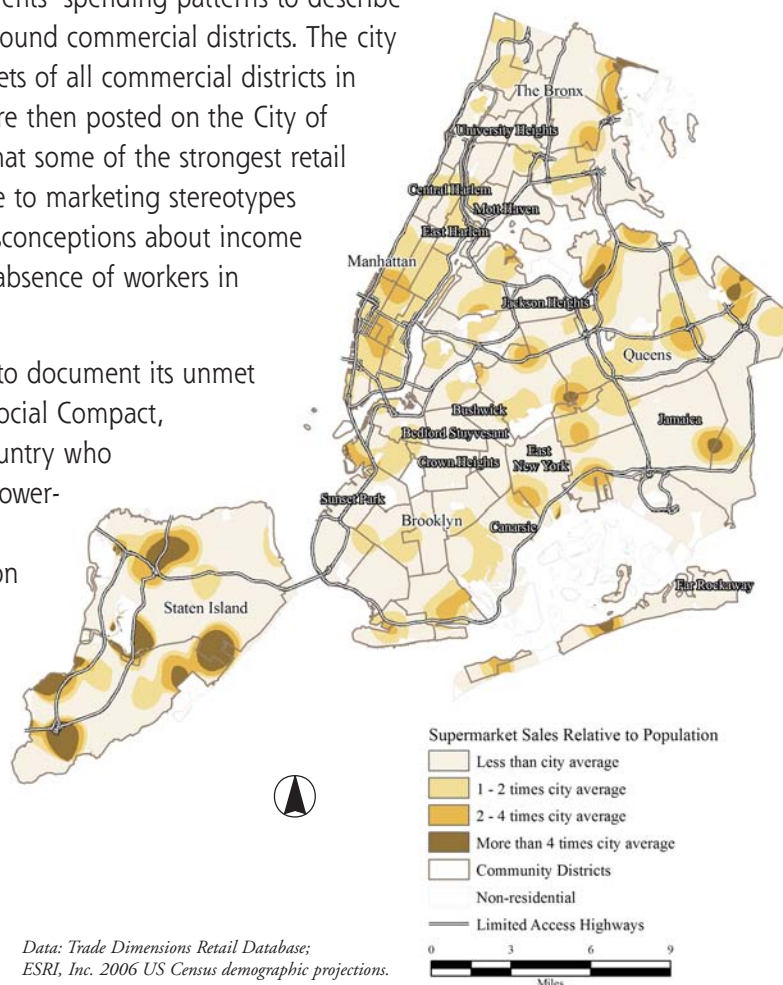
Accurate information about the underlying market potential of city neighborhoods is crucial to attracting new food retail investment. New York City should follow the lead of other major cities by funding and disseminating an innovative retail analysis of its neighborhoods.

In the last ten years, a new consensus has emerged that urban retailers have underestimated the potential of emerging markets in inner city areas. New data-driven market analysis techniques have shown that many national market analysis consulting firms undercount city residents, make generalizations, and do not include local data in trend analysis. These models often miss many positive developments in today's dynamic, diverse metropolitan economy. Using new, more accurate data sources, metrics, and modeling techniques can reveal the unmet demand for food retail in urban areas.

Example:

The City of Milwaukee's Department of City Development has successfully used independent data analysis to attract new supermarket chains to the city. Milwaukee utilized a state-of-the-art methodology relating detailed income tax filing data and other current information on residents' spending patterns to describe the income concentration and spending power around commercial districts. The city mapped the purchasing power and economic assets of all commercial districts in the city. The purchasing power profile reports were then posted on the City of Milwaukee's website. Milwaukee's data showed that some of the strongest retail markets in the city have been ignored in part due to marketing stereotypes promulgated by commercial marketing firms, misconceptions about income status, and persistent "urban legends" about the absence of workers in inner-city neighborhoods.

The City of Baltimore is using similar techniques to document its unmet demand for food. Recent research compiled by Social Compact, a coalition of business leaders from across the country who are promoting successful business investment in lower-income communities for the benefit of current residents, indicated that an estimated \$217 million in grocery leakage could support an additional 633,000 square feet of grocery retail space in Baltimore. The analysis uses information similar to that used by the City of Milwaukee, including local tax assessments, building permits, consumer credit bureaus, and utility bill payment data.



Data: Trade Dimensions Retail Database; ESRI, Inc. 2006 US Census demographic projections.

7 The State of New York and the City of New York should promote green supermarket development and renovation by providing incentives for energy-efficient equipment and systems, and environmentally sustainable building materials.

Both existing and newly developed stores would benefit from a targeted incentive program designed to meet the energy-efficient, green building priorities of New York. The cost of energy for supermarkets is second only to labor. For both new and existing supermarkets in underserved communities, the costs of operating with inefficient, antiquated mechanical systems and infrastructure place additional pressure on the balance sheet, eroding an already razor-thin profit margin.

The public sector should play an important role in providing incentives for energy-efficient equipment and systems, and environmentally sustainable building materials. This support will make it possible for grocery store operators to realize energy savings today that will provide access to affordable, nutritious food in communities for years to come.

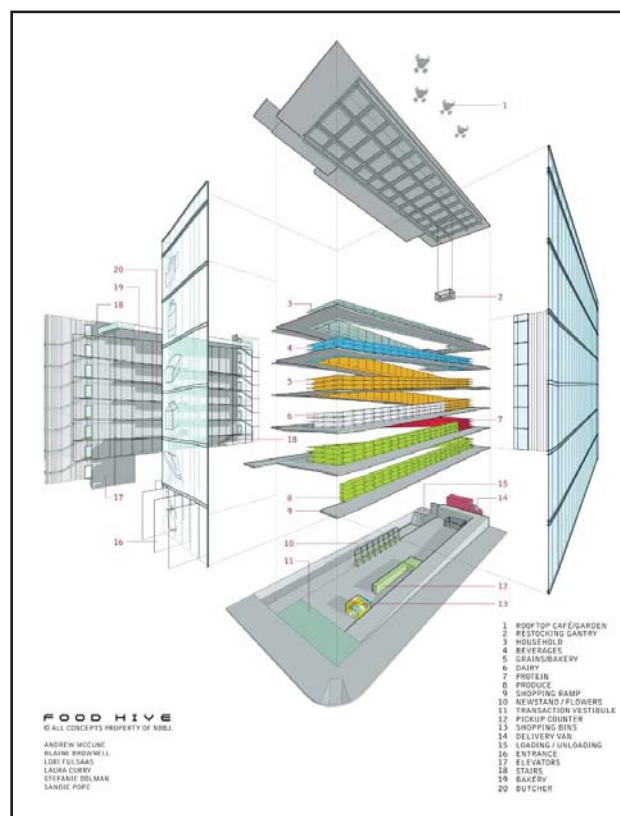
Example:

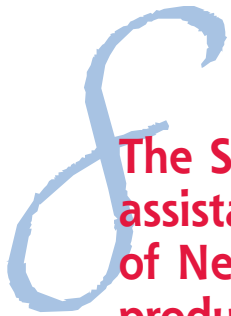
Since 1999, the New York State Energy Research and Development Authority (NYSERDA) has given more than \$92 million in federal and state funds to provide assistance for projects affecting more than 137 million square feet of building space in New York State. NYSERDA encourages green building by providing a variety of services to help design teams make new and rehabilitated commercial, industrial, and institutional buildings green.



Supermarket operator Price Chopper recently broke ground on a new 69,000-square-foot store in Colonie, NY, that plans to seek silver LEED certification. Price Chopper partnered with NYSERDA throughout the planning of the project. The state-of-the-art store will serve as a prototype for future Price Chopper supermarkets that will implement green building improvements. NYSERDA will provide incentives through the New Construction Program for green building which will enhance the economic and environmental performance of the building.

The new store will have a fuel cell that will efficiently, quietly, and with little-to-no emissions provide electricity and heat. It will be built of precast concrete panels to reduce construction waste. Colored concrete floors will allow Price Chopper to avoid using harsh chemicals while cleaning. To encourage more of this type of innovative development, the city and state should more aggressively market assistance from NYSERDA to supermarkets and package it with other incentives discussed earlier in this report.





The State of New York should require that all projects receiving assistance through a state financing program enroll in the Pride of New York Program. Stores should be encouraged to carry products from farms within 300 miles of their location.

Selling locally grown and produced products helps to sustain local farms, promotes a vibrant regional economy, and makes good business sense. Surveys repeatedly show that U.S. consumers believe fresh and locally grown products are tastier and healthier than their packaged counterparts.

The Pride of New York Program was developed to promote and support the sale of agricultural products grown and food products processed within New York State. The program's growing membership now includes supermarkets, farmers and processors, distributors, restaurants, and related culinary and support associations – all working together to bring consumers wholesome, quality New York State products.

In 2008, the Pride of New York retail program assisted over 500 supermarkets in sourcing local products and incorporating the "buy local" message into their marketing campaigns. Pride staff worked with store and produce managers, distributors, and other partners in the food supply chain to develop a variety of customized point-of-sale materials that emphasized participating stores' "buy local" efforts with New York farmers. As a result, over a dozen new partnerships between supermarket chains and the Pride were developed across the state – from Long Island to Buffalo – and interest continues to grow.





9 State and local governments should engage leaders from the industry and civic sector to guide the implementation of these recommendations.

Lessons from other cities and states show that leadership from the supermarket industry, public officials, and the civic sector is crucial to the redevelopment of supermarkets in urban and rural areas. The complementary strengths of the public and private sectors should continue to guide the implementation of these recommendations.

Example:

Closing the financing gap faced by many supermarket developments will take visionary leadership from both the public and private sector. In San Francisco, a Local Initiatives Support Corporation (LISC) was critical to fulfilling Mayor Gavin Newsom's promise to bring a new full-service grocery store to Bayview-Hunters Point, a predominately low-income neighborhood. Even after the mayor's Office of Economic and Workforce Development (OEWD) connected Fresh & Easy, a company of U.K.-based Tesco, with the developer of housing units in the neighborhood, financing for the deal still fell short. Fortunately, the LISC stepped in to provide New Markets Tax Credits to help close the gap in the project. The New Market Tax Credit program, run by the U.S. Department of Treasury, is designed to stimulate investment and economic growth in low-income urban neighborhoods. Additional city support has helped to expedite the necessary zoning and traffic approvals, and the store is scheduled to open later in 2009, a flagship in broader efforts to support the revitalization of the neighborhood.

Public leadership has also proved critical to the development of supermarkets in low-income neighborhoods. In Rochester, NY, the mayor ran his re-election campaign promising a new supermarket in a low-income neighborhood called Upper Falls. Despite several overtures from city planners, local retailers showed little interest in the neighborhood. Tops Markets, Inc., the region's second-ranked supermarket chain, wanted to develop multiple stores in Rochester to counter a competitor's expansion into its home base in Buffalo, NY. The city utilized the Federal Enterprise Community Zone program, the CDBG program, the Urban Renewal Trust Fund, and the HUD 108 program to help Tops develop four stores and expand another.



SELECTED RESOURCES

- City and County of San Francisco. Office of the Mayor. http://www.sfgov.org/site/mayor_index.asp
- City of Chicago. Department of Buildings. <http://egov.cityofchicago.org/city>
- City of Milwaukee. Department of City Development. <http://www.mkedcd.org/PurchasingPower>
- City of Rochester. Rochester Economic Development Corporation. <http://redco.net>
- Commonwealth of Massachusetts. Massachusetts Smart Growth Energy Toolkit. http://www.mass.gov/envir/smart_growth_toolkit
- Cotterill, R.W. and Franklin, A.W. (1995). *The Urban Grocery Store Gap*. Storrs, CT: Food Marketing Policy Center, University of Connecticut.
- Gottlieb, R. and Fisher, A. et al. (1996). *Homeward Bound: Food-Related Transportation Strategies for Low Income and Transit Dependent Communities*. Los Angeles, CA: University of California Transportation Center.
- Fitzgerald, K. (1995). *Access Denied: An Analysis of the Problems Facing East Austin Residents in the Attempts to Obtain Nutritious Food*. Austin, TX: The Sustainable Food Center.
- Hamer, J. (2007). "Shopping Plaza Sparks Renaissance in Florida Community." *Partners in Community and Economic Development*, 17(3). Atlanta, GA: Federal Reserve Bank of Atlanta.
- Hartford Advisory Commission on Food Policy (1998). *The Bus Stops Here: Challenges to Food Security in Hartford*. Hartford, CT: The Hartford Food System.
- Institute for a Competitive Inner City (1998). *The Business Case for Pursuing Retail Opportunities in the Inner City*. Boston, MA: ICIC.
- Kaufman, P. et al. (1997). *Do the Poor Pay More for Food? Item Selection and Price Differences Affect Low-Income Household Food Costs*. Washington, DC: USDA, Economic Research Service. Agricultural Economics Report No. 759.
- Moran, J. (2001). *Incentives for Supermarket Development*. Hartford, CT: Connecticut General Assembly, Office of Legislative Research.
- Morland, K. et al. (2002). "The Contextual Effect of the Local Food Environment on Residents' Diets: the Atherosclerosis Risk in Communities Study." *American Journal of Public Health*, 92(11), 1761-1767.
- New York State Energy Research and Development Authority. <http://www.nyserda.org>
- Pawsarat, J. and Quin, L.M. (2001). *Exposing Urban Legends: The Real Purchasing Power of Central City Neighborhoods*. Washington, DC: The Brookings Institute.
- Pennsylvania Department of Community and Economic Development. <http://www.newpa.com>
- Policy Link and Bay Area LISC (2008). *Grocery Store Attraction Strategies: A Resource Guide for Community Activists and Local Governments*. San Francisco, CA: Policy Link.
- Pothukuchi, K. (2005). "Attracting Supermarkets to Inner-City Neighborhoods: Economic Development Outside the Box." *Economic Development Quarterly*, 19, 232-44.
- Pride of New York, New York Department of Agriculture and Markets. http://www.agmkt.state.ny.us/AP/PrideOfNY/pride_index.html
- Progressive Grocer (2008). *Price Chopper Breaks Ground on Green Store*. <http://www.progressivegrocer.com>
- Shenot, C. (2006). *Community Health and Food Access: the Local Government Role*. Washington, D.C.: ICMA Press.
- Social Compact, Inc. (2008). *Baltimore Neighborhood Market DrillDown: Catalyzing Business Investment in Inner City Neighborhoods*. Washington, DC: Social Compact, Inc.
- The Food Trust (2008). *Special Report: The Need for More Supermarkets in New York City*. Philadelphia, PA: The Food Trust.
- Vallianatos, M. (2006). *Transportation and Food: the Importance of Access*. Los Angeles, CA: Center for Food Justice, Urban Environmental Policy Institute, Occidental College.
- Weinberg, Z. (1995). *No Place to Shop: The Lack of Supermarkets in Low-Income Neighborhoods*. Washington, DC: Public Voice for Food and Health Policy.



BUILDING STRONG COMMUNITIES THROUGH HEALTHY FOOD

The Food Trust, a nonprofit organization based in Philadelphia, was founded in 1992 in response to the critical need for stable, nutritious, and non-emergency food supplies in urban neighborhoods. Now in its second decade, the Trust is a national leader in the increasingly active dialogue concerning the diet-related health problems that are endemic in America's lower-income communities.

With partners at The Reinvestment Fund and the Greater Philadelphia Urban Affairs Coalition, the Trust manages the Fresh Food Financing Initiative (FFFI), a public/private partnership that works to increase supermarkets and healthy corner stores in economically disadvantaged communities throughout Pennsylvania. To date, the FFFI has financed more than 60 supermarket projects in low-income communities across Pennsylvania, which will create or retain more than 3,500 jobs and 1.4 million square feet of retail space. The initiative was named one of the top 15 Innovations in American Government for 2008.

The Trust works in Philadelphia-area schools and recreation centers, teaching and motivating youth in grades K-12 to adopt healthier lifestyles, including choosing more nutritious foods and getting regular physical activity. In addition, the Trust developed and implements the Kindergarten Initiative, an innovative school-based program that teaches young children about healthy eating by providing nutrition education and fresh fruit-and-vegetable snacks in the classroom as well as field trips to local farms. Trust educational programs are geared to children and families from economically disadvantaged communities in which culturally diverse, minority populations predominate. The Kindergarten Initiative was chosen as the model for a statewide initiative in Pennsylvania, which provides grants to schools across the state to start similar programs.

As the Regional Lead Agency for the Mid-Atlantic Farm to School Network, The Food Trust promotes and provides technical assistance to farm-to-school projects in the five-state area (Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, and Washington, DC). The Trust also operates 30 regional farmers' markets with community partners and advocates for public policies that promote good nutrition in schools and communities.

For more information, or to order additional copies of this report, visit thefoodtrust.org or contact The Food Trust at:

THE FOOD TRUST

One Penn Center, Suite 900

1617 John F. Kennedy Blvd.

Philadelphia, PA 19103

Phone: 215-575-0444

Fax: 215-575-0466

Email: contact@thefoodtrust.org

Website: thefoodtrust.org



food for every child



One Penn Center, Suite 900 • 1617 John F. Kennedy Blvd. • Philadelphia, PA 19103 • 215-575-0444 • 215-575-0466 FAX
Email: contact@thefoodtrust.org • Website: www.thefoodtrust.org