

A REPORT TO CITY COUNCIL

CINCINNATI FRESH FOOD RETAIL FINANCING FUND: Proposed Elements

SEPTEMBER 10, 2012

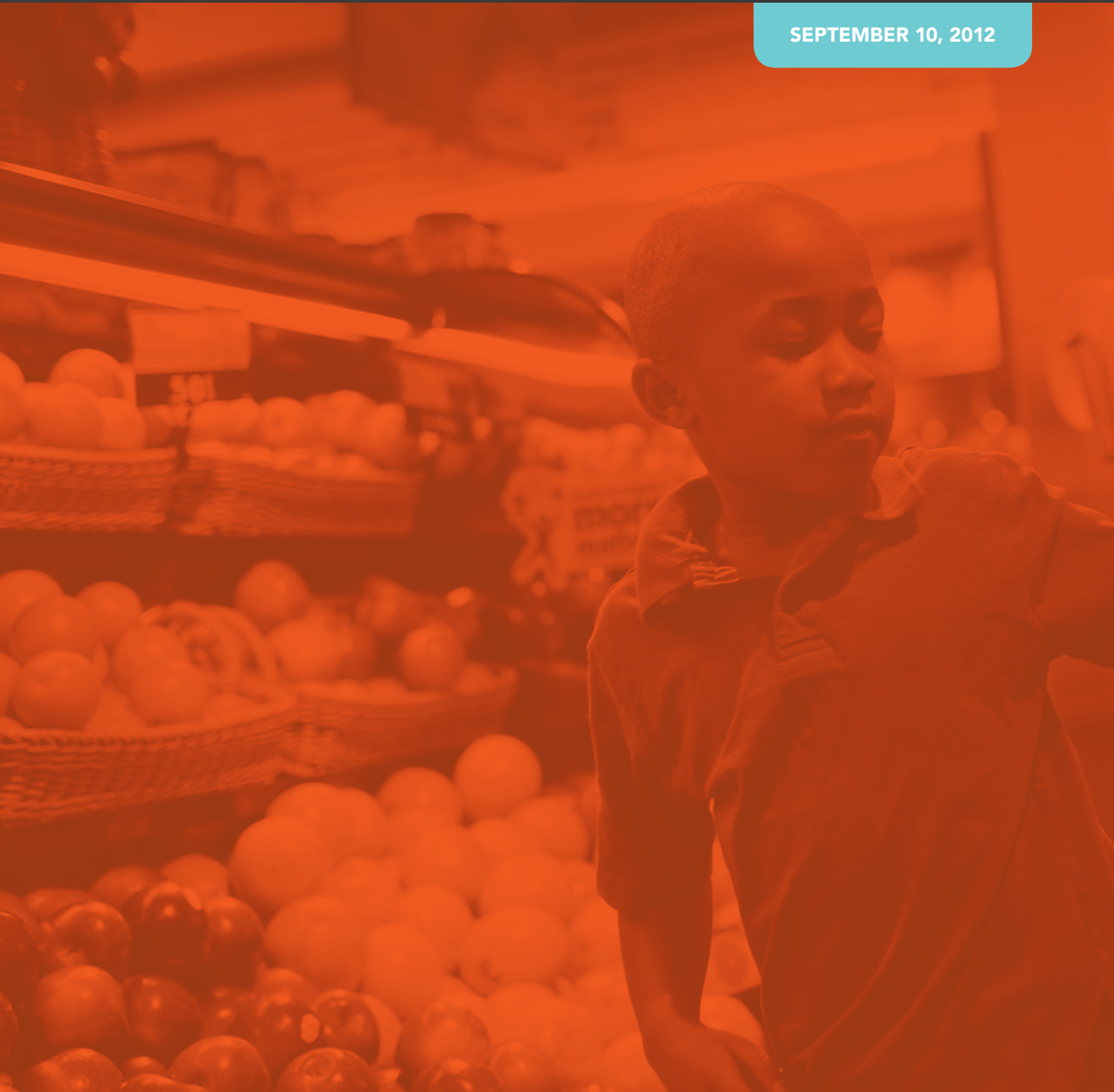


TABLE OF CONTENTS

Executive Summary 3
Rationale: Why a Fund? 6
Cincinnati Maps: Supermarket Sales, Income and Health 8
Structuring a Fund 14
Funds in Other States 18
Funding: How Much is Needed? 19
Additional Recommendations 20
Conclusion 21
Endnotes 23



EXECUTIVE SUMMARY

Access to healthy and nutritious food is a fundamental need for healthy people and healthy communities. Recent research has highlighted the existence of food deserts—geographic areas with low access to affordable, healthy food—within the City of Cincinnati.

Communities need permanent, everyday access to healthy, affordable food and Cincinnati is in the unique position to not only help reduce or eliminate food deserts but also create jobs and economic opportunities through the development or expansion of supermarkets in underserved communities. A program that urges or motivates and assists businesses to fill this void is not only good for the health of the people of Cincinnati, but also the health of the economy.

In February 2012, the expanded City Food Access Task Force was asked to study ways to establish financing mechanisms in order to incentivize new retail food establishments that will offer healthy and nutritious food to residents of Cincinnati's food deserts. This was a result of the 2009 task force which was purposed to address the disparity that exists between lower-income communities and higher-income communities regarding access to quality and healthy food supplies. Specifically the task force's main objectives were to (1) assess the needs of low-income communities related to the disparity in access to healthy foods, (2) identify innovative solutions and national best practices currently deployed against the problem, and (3) make policy recommendations to City Council that redress disparities in access to healthy foods. Based on these findings, the Task Force has developed an implementation strategy for a retail model with a financing mechanism with assistance from The Center for Closing the Health Gap, The Food Trust, The Ohio Grocer's Association, and the Cincinnati Development Fund.

The task force has created this report that explains why a financing fund is crucial to help eradicate the food deserts in Cincinnati, highlights areas of greatest need, identifies a proposal to structure the investment fund to consist of loans and grants, establishes clear financial investments from the City, and provides additional recommendations to assist retailers to overcome specific barriers.

Rationale: Why a Fund?

Research provides clear evidence that our diets and our health are influenced by the foods available in our neighborhoods. A significant part of this problem is due to the fact that many residents do not have adequate access to healthy food options. This problem impacts residents of urban and rural areas alike—especially those living in lower-income and minority communities. When compared with higher-income areas, lower-income communities have fewer supermarkets and other retail outlets that provide a wide selection of affordable, nutritious foods. Instead, they are typically dominated by convenience stores and fast-food restaurants. Stores in these communities are less likely to stock healthy foods than those in higher-income communities. In contrast, when people live closer to a supermarket, they eat more fruits and vegetables, and are more likely to maintain a healthy weight. Leading health experts, including the Centers for Disease Control and Prevention and the American Heart Association, have independently recommended that increasing the number of supermarkets in lower-income neighborhoods would help reduce obesity rates in the United States. They also suggest that state and local governments should create incentive programs to attract supermarkets to these neglected neighborhoods. In addition to increasing families' access to healthy foods, new and improved supermarkets and grocery stores can help revitalize lower-income neighborhoods because they generate foot traffic and attract complementary services and stores, such as banks, pharmacies and restaurants.

Many areas in Cincinnati are underserved by supermarkets. As a result, lower-income residents have to rely on expensive and limited corner stores, or travel long distances to shop for affordable food. At the same time, the incidence of diet-related diseases is extremely high, especially in inner-city neighborhoods.

Structuring a Fund

The Cincinnati Fresh Food Retail Financing Fund (The Fund) is based on the Pennsylvania Fresh Food Financing Initiative, a public-private partnership jointly managed by The Reinvestment Fund and The Food Trust. Established in 2004 to encourage supermarket development in underserved neighborhoods, the program is designed to accommodate the diverse needs of large chain supermarkets, family-owned grocery stores, farmers' markets, and other fresh food retailers, whether located in high-density cities, small towns or rural communities.

Today, Cincinnati has 10 fewer stores than the national average, an average which is recognized for leaving 24.5 million US residents without a place to shop for healthy foods.

The Fund will be an innovative new financing program created to increase the number of supermarkets, grocery stores, and other fresh food markets in low-income, underserved communities across Ohio. The intent of the program is to enable operators to open, renovate, or expand retail outlets that sell fresh fruits and vegetables. It is the recommendation of the Cincinnati Supermarket Task Force that The Fund be operated by the Cincinnati Development Fund (CDF) and the Center for Closing the Health Gap (CCHG).

The goals of the Cincinnati Fresh Food Retail Financing Fund are to: (1) increase access to fresh foods in traditionally underserved communities, (2) provide quality employment opportunities in these neighborhoods and (3) serve as a catalyst for neighborhood revitalization.

How much is needed

According to the U.S. Department of Agriculture (USDA), the national average of supermarkets/grocery stores per 100,000 residents is 11.6. According to the 2011 Census Bureau estimate, the Cincinnati metropolitan area had a population of 2,138,038. A study by The Food Trust shows there are currently 24 supermarkets in the Cincinnati metropolitan area, putting them below the national average by approximately 10 supermarkets/grocery stores.

Past experiences show that financing programs typically offer support in the range of \$500,000 for smaller scale projects and renovations to upwards of \$1–3 million (grants and loans) for larger scale projects. Based on these projections, the Task Force is asking that the City of Cincinnati make an initial investment of \$15 million (\$5 million/year over the next three years) to seed the fund. These funds will be managed by CDF and leveraged at a ratio of 2:1, ultimately yielding a \$45 million dollar program for the city. CCHG will be responsible for marketing the program for grocers and determining applicant eligibility according to program requirements. This includes reviewing applications to ensure that the new store or store renovation will serve an area of significant need.

In addition to the recommendation to establish a fund, a number of other recommendations to stimulate supermarket development have also been made, and are explained in this report. These include:

1. Prioritize food retailing in the city by facilitating permitting and inquiry responses for this sector.
2. Create and aggressively market economic development programs designed for the grocery retail industry in identified high-need areas.
3. Take steps to promote safe, affordable and efficient transportation services for neighborhoods lacking healthy food retailers.
4. Give priority to assembling land for supermarket development and make city- and state-owned property available to the industry.

RATIONALE: WHY A FUND?

According to the 2010 report “F as in Fat: How Obesity Threatens America’s Future” Ohio has the 13th highest rate of adult obesity at 26.9% and the 12th highest rate of youth obesity at 12.5%.¹ Research provides clear evidence that our diets and our health are influenced by the foods available in our neighborhoods.

According to the U.S. Department of Agriculture, and researchers nationwide, more than 23 million Americans live in communities where it is hard to find healthy affordable foods². A significant part of this problem is due to the fact that many residents do not have adequate access to healthy food options. This problem impacts residents of urban and rural areas alike—especially those living in lower-income and minority communities. When compared with higher-income areas, lower-income communities have fewer supermarkets and other retail outlets that provide a wide selection of affordable, nutritious foods. Instead, they are typically dominated by convenience stores and fast-food restaurants. Stores in these communities are less likely to stock healthy foods than those in higher-income communities.

In partnership with PolicyLink, a national research and advocacy organization, The Food Trust conducted a comprehensive review of more than 120 studies that examine the relationship between the availability of healthy food and diet, health outcomes, and economic revitalization³. This review found that studies overwhelmingly indicate that people who live farther away from a supermarket suffer from disproportionately high rates of obesity, diabetes, and other related health issues. In contrast, when people live closer to a supermarket, they eat more fruits and vegetables, and are more likely to maintain a healthy weight. Leading health experts, including the Centers for Disease Control and Prevention and the American Heart Association, have independently recommended that increasing the number of supermarkets in lower-income neighborhoods would help reduce obesity rates in the United States. They also suggest that state and local governments should create incentive programs to attract supermarkets to these neglected neighborhoods.

In addition to increasing families’ access to healthy foods, new and improved supermarkets and grocery stores can help revitalize lower-income neighborhoods because they generate foot traffic and attract complementary services and stores, such as banks, pharmacies and restaurants. A 2008 study by The Reinvestment Fund found that employees at urban supermarkets in distressed areas tended to live nearby. By employing local residents, grocery stores create jobs for those who need them most and help create a virtuous cycle, which enables local residents to increase economic activity within their community⁴.

Growing awareness of the need for more supermarkets in many lower-income communities has sparked interest around the country. A number of states, in addition to the federal government, are initiating projects modeled on the Pennsylvania Fresh Food Financing Initiative. The Pennsylvania Fresh Food Financing Initiative (FFFI) is an innovative program that increases the number of supermarkets and grocery stores in underserved communities across the state.

A number of studies demonstrate that residents with supermarkets in their neighborhoods are more likely than those lacking supermarkets nearby to eat more fruit and vegetables, to have a healthy body weight, and to have a longer life span.

FFFI is 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.⁵ The rationale for this campaign and its expansion stemmed from two sources: first, a growing base of evidence that showed disparities in the location of supermarkets based on income and race; and second, a concern about growing rates of obesity, heart disease, cancer, and other diet-related diseases.

Research shows that consumers without ready access to supermarkets have more difficulty finding fruits and vegetables in their neighborhoods and pay more for these and other basic food items, compared with consumers who have access to supermarkets. Furthermore, a number of studies demonstrate that residents with supermarkets in their neighborhoods are more likely than those lacking supermarkets nearby

to eat more fruit and vegetables, to have a healthy body weight, and to have a longer life span. Recommendations by the Centers for Disease Control and Prevention (CDC) and the Institute of Medicine (IOM) support the development of supermarkets in underserved areas to prevent childhood obesity and related health problems and to stimulate economic revitalization. A 2009 study by the U.S. Department of Agriculture (USDA) found that 23.5 million people living in low-income areas lack access to a supermarket within a mile of their home and that 68 percent of low-income residents live in areas with limited or no supermarket access. For these reasons we propose that the City of Cincinnati implement a healthy food retail investment fund.

While working with the Center for Closing the Health Gap, The Food Trust engaged the assistance of a Geographic Information Systems Specialist. The geographical and technological expertise of this specialist allowed him to conduct spatial analysis of environmental trends at a highly sophisticated level for research and decision-making purposes. Following is the work he produced which includes maps of supermarket sales and income, income and diet-related deaths, and areas of greatest need.

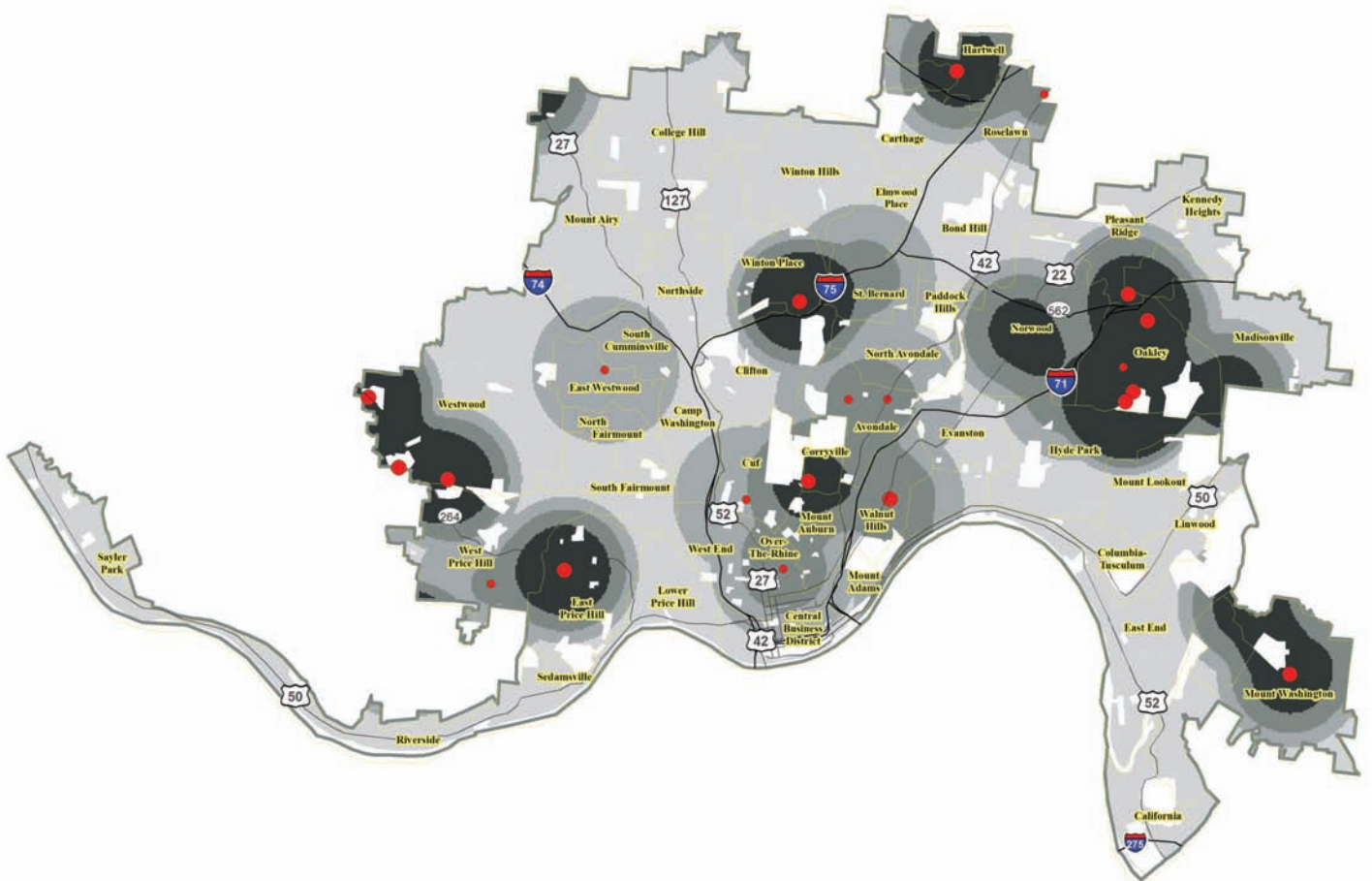


CINCINNATI MAPS: SUPERMARKET SALES, INCOME AND HEALTH

Weekly Sales Volume for Supermarkets

This map shows the location of 24 supermarkets throughout Cincinnati, with an aggregate weekly sales volume of \$10,273,000. The smaller red circles represent lower weekly sales volume, the larger red circles represent higher weekly sales volume.

MAP 1



Supermarkets by Weekly Sales Volume

- Less than \$150,000
- \$150,000 to \$1,675,000

Weekly Sales Density for Supermarkets

- No Sales
- Less than \$64,600
- \$64,600 to \$258,500
- \$258,500 to \$2,354,300

- Highways
- Neighborhoods
- Park, Forest or Non-Residential
- Cincinnati Boundary

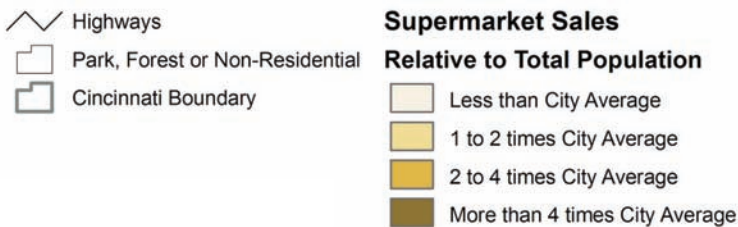
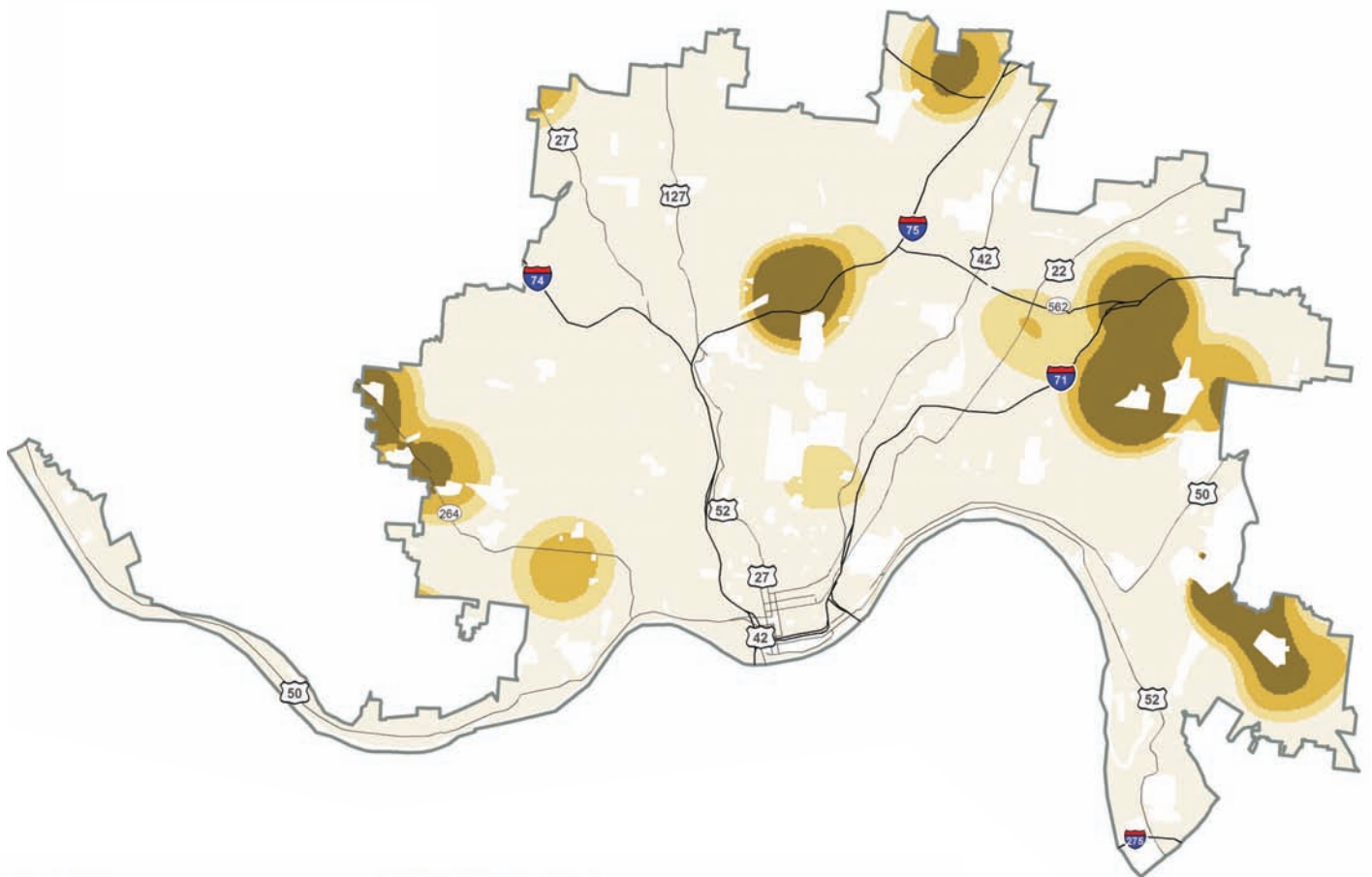
Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.



Supermarket Sales and Total Population

This map shows that the location of supermarket sales does not appear to be associated with total population. The map plots the density of supermarket sales by the density of population. Communities with greater than average per capita supermarket sales are shown in yellow and brown tones. In these communities, people are spending more than average in supermarkets, as might be the case in higher-income communities, or more people are buying food in these communities than the number of people who live there, indicating that people are travelling from outside the area to shop there. As a result, areas like (name the names of the areas in dark) are relatively over-served by supermarkets whereas areas in the lighter shades have many fewer markets per-capita.

MAP 2



*Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.*

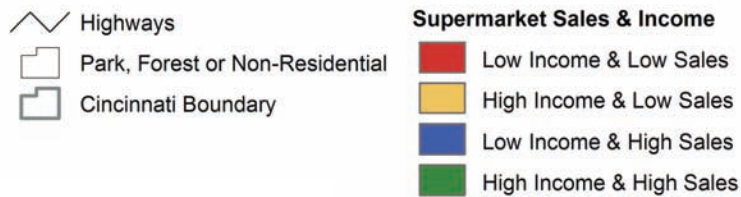
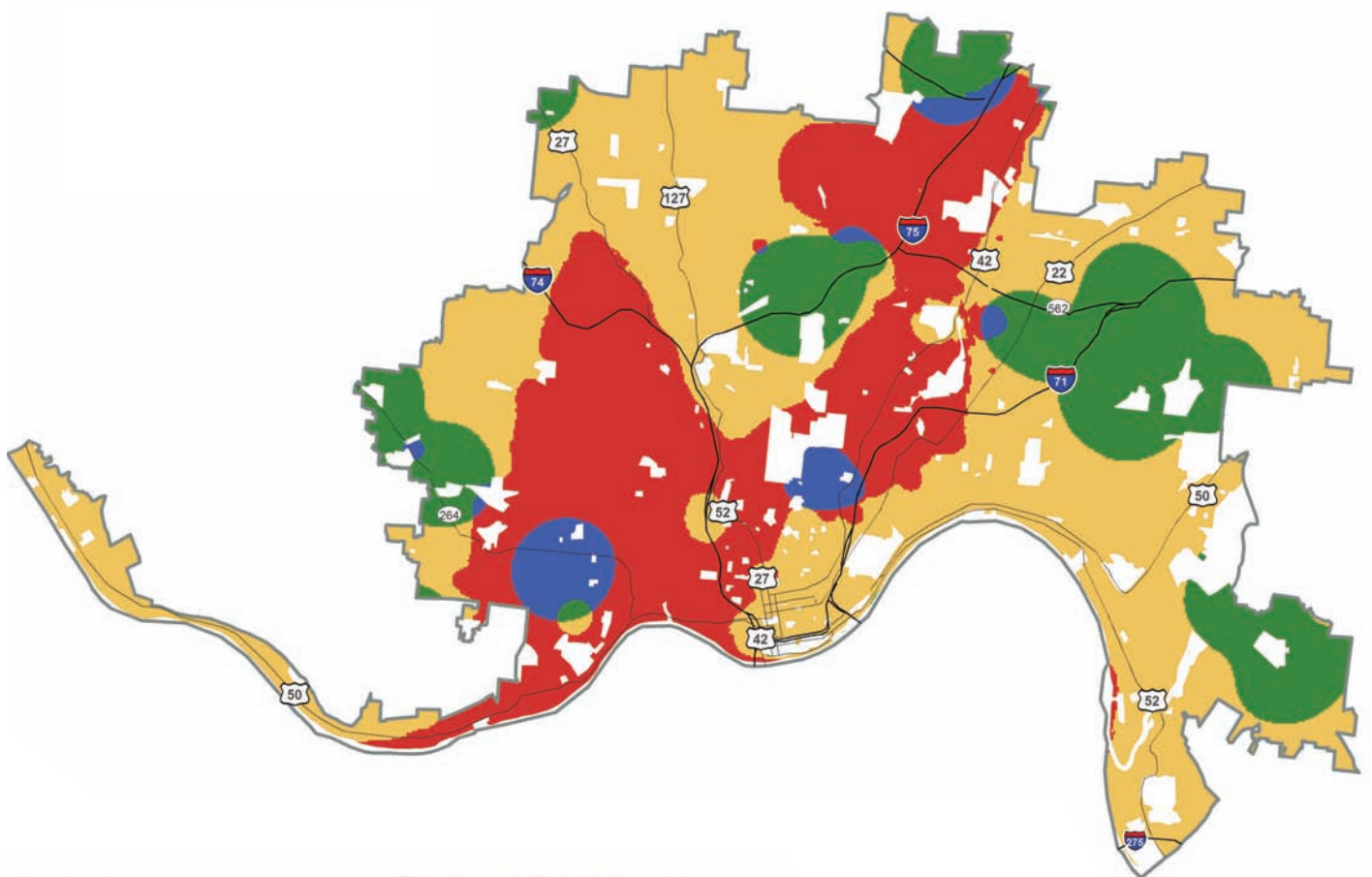


Supermarket Sales and Income

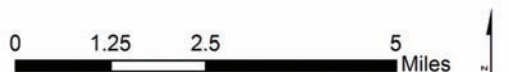
This map shows the distribution of supermarket sales and the distribution of income throughout Cincinnati. Higher-income areas with higher supermarket sales have the best access to food resources and are indicated by the green areas of the map. In some lower-income areas, there are supermarkets and higher supermarket sales, as highlighted in blue.

Residents in the areas shown in yellow have fewer supermarkets in their community. However, these communities are higher-income and often have high auto ownership rates, allowing residents to drive to supermarkets. The red areas represent low-income neighborhoods that are not adequately served by supermarkets, and would be well served by incentive programs to locate new stores.

MAP 3



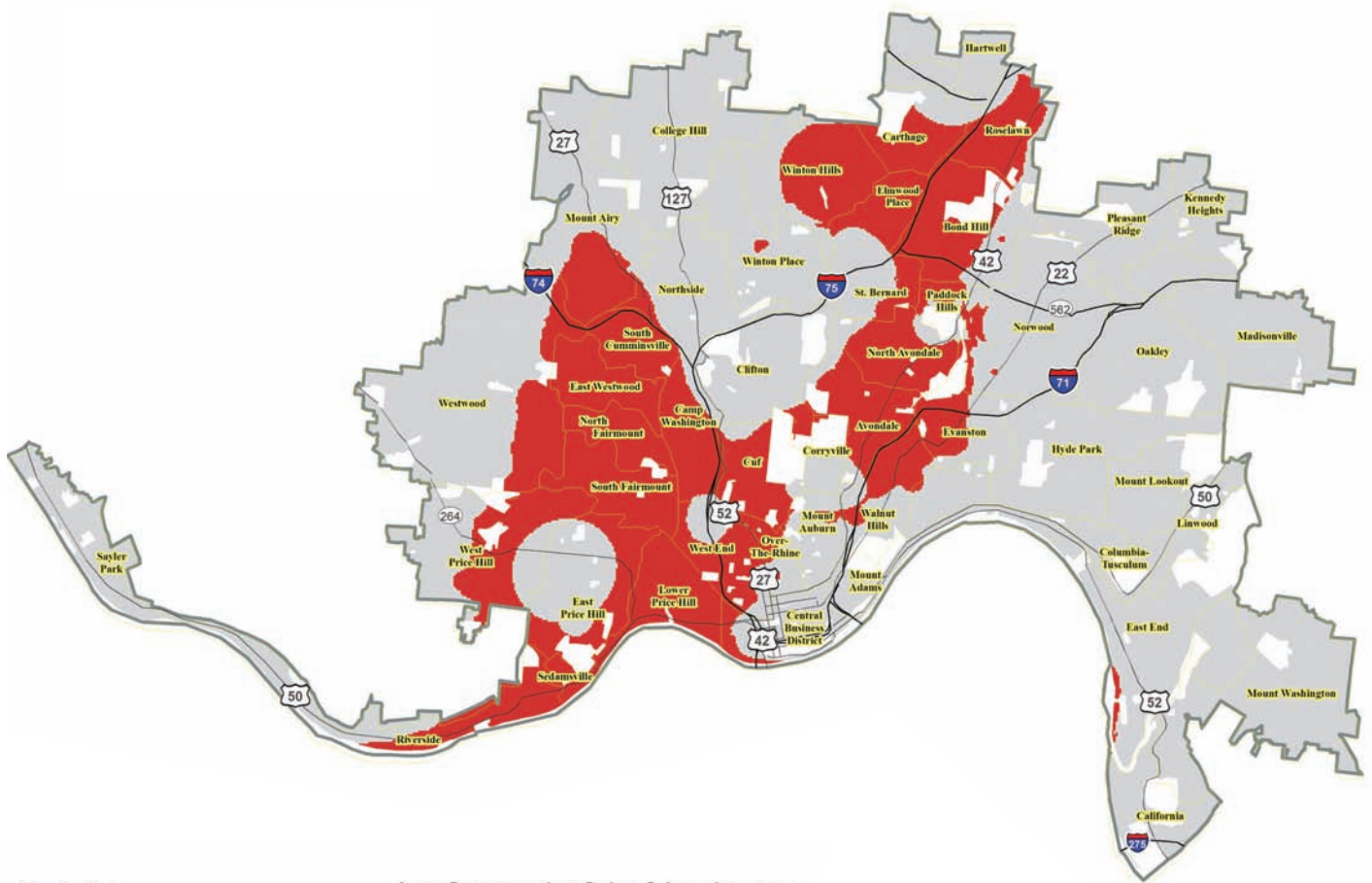
*Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.*









Low Supermarket Sales and Low Income

The areas of red are areas where there are residents of relatively lower incomes and where there are very few supermarkets doing business—areas of high need for incentive programs to locate new stores. Neighborhoods include Avondale, Bond Hill, South Cumminsville, and Camp Washington, among others.

MAP 4



 Highways	Low Supermarket Sales & Low Income
 Neighborhoods	 Low Income & Low Sales
 Park, Forest or Non-Residential	 Not Low Income & Low Sales
 Cincinnati Boundary	

*Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.*

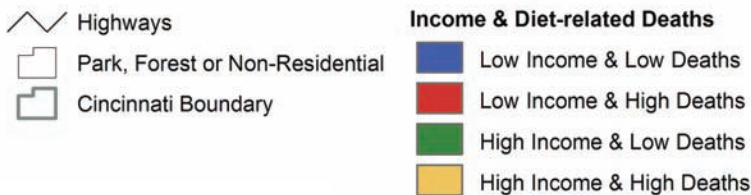
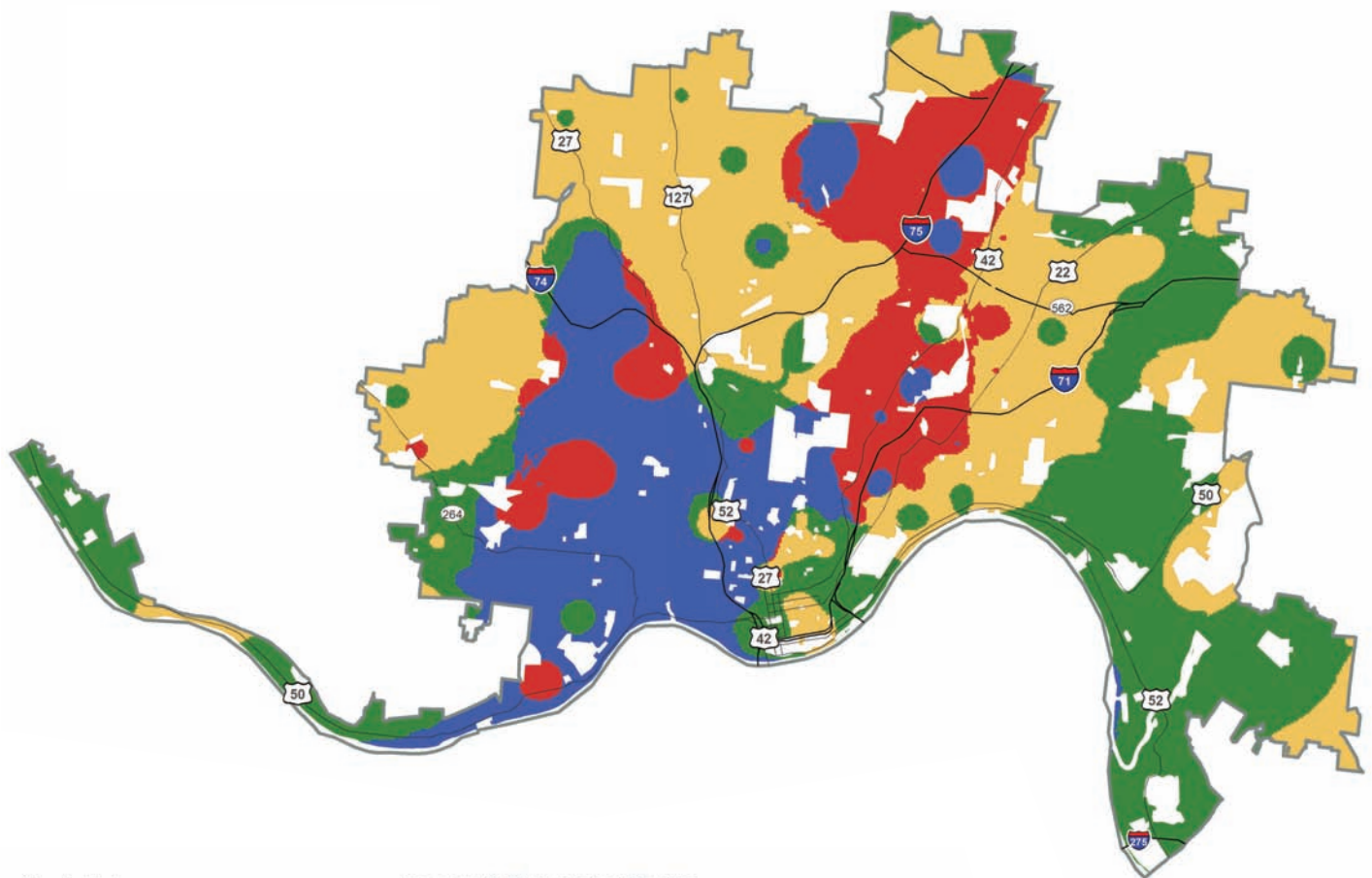


Income and Diet-Related Deaths

In addition to economic development, supermarkets are an important element in the fight against obesity and diet-related diseases. This map shows mortality data by income in Cincinnati, for the following diet-related causes of death: neoplasms (stomach, other digestive organs, breast); endocrine, nutritional, and immunity disorders (diabetes mellitus); and diseases of circulatory systems (hypertension, myocardial infarction, heart disease). The red areas indicate the lower income neighborhoods where diet-related deaths are highest.

Diet-related diseases create untold suffering and expense in communities. Diet-related deaths are associated with many factors, one of them being the ability to procure a nutritionally adequate diet. For lower-income neighborhoods, the lack of a supermarket negatively impacts people's ability to obtain a nutritionally adequate diet.

MAP 5



Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.

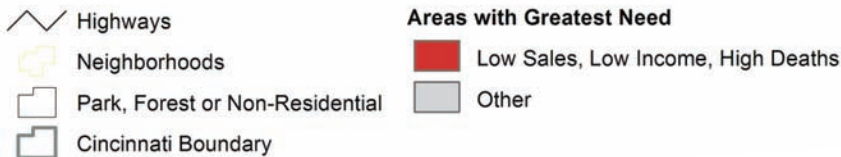
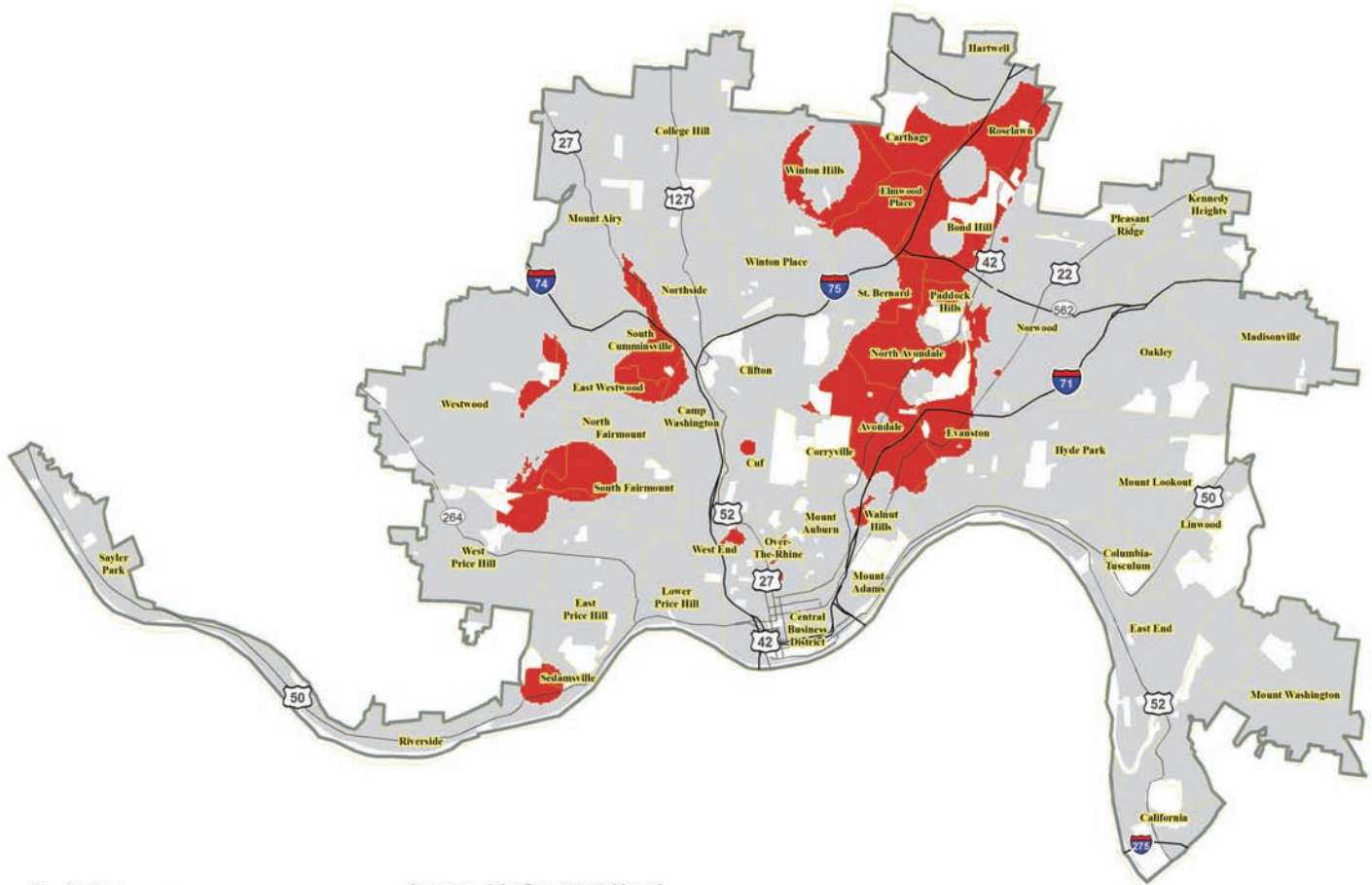


Areas with Greatest Need

As this map demonstrates, many areas in Cincinnati are underserved by supermarkets. As a result, lower-income residents have to rely on expensive and limited corner stores, or travel long distances to shop for affordable food. At the same time, the incidence of diet-related diseases is extremely high, especially in inner-city neighborhoods.

Specifically, this map shows lower-income communities in Cincinnati where there are low supermarket sales because few to no supermarkets are located there AND a high number of deaths due to diet-related diseases. These areas have the greatest need for more supermarkets and should be generally considered priority areas for the city.

MAP 6



Data: TradeDimensions Retail Database, 2009;
Ohio Department of Health, 2007-2009; Zillow.com, 2011;
US Census, American Community Survey, 2005-2009.



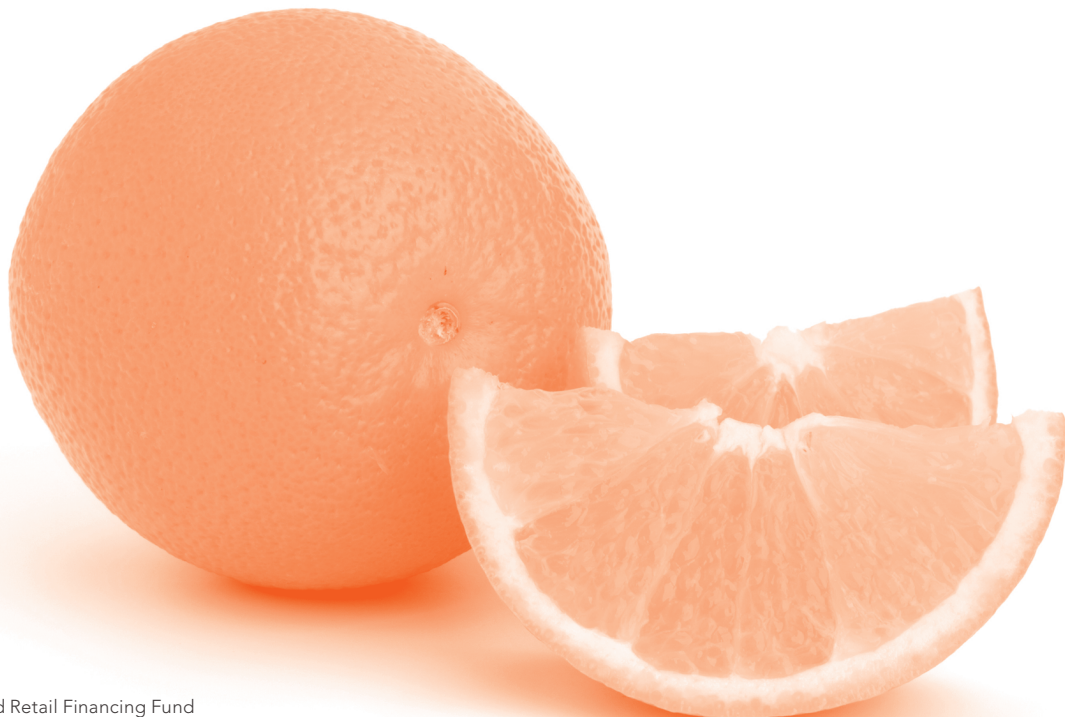
STRUCTURING A FUND

The Cincinnati Fresh Food Retail Financing Fund (The Fund) is based on the Pennsylvania Fresh Food Financing Initiative, a public-private partnership managed by The Reinvestment Fund.

Established in 2004 to encourage supermarket development in underserved neighborhoods, the program is designed to accommodate the diverse needs of large chain supermarkets, family-owned grocery stores, farmers' markets, and other fresh food retailers, whether located in high-density cities, small towns or rural communities. Seeded with \$30 million from the state, The Reinvestment Fund leveraged significant private investment to create a robust financing program offering grants and loans to supermarket and grocery store operators locating or expanding in underserved communities.

The program had tremendous impact in PA, supporting over 90 fresh food retail projects, representing more than 5,000 jobs and 1.67 million square feet of commercial space, as well as improving access to healthy foods for over 500,000 PA residents. In the first five years of the program, The Food Trust partnered with The Reinvestment Fund to market the program throughout the state and evaluated applications to assess eligibility for funding. In June 2010, the grant portion of the Fresh Food Financing Initiative formally ended with the exhaustion of available funds. The Reinvestment Fund continues to manage the loan portion of the program as the fund was intended to be revolving in nature.

It is the recommendation of the Cincinnati Supermarket Task Force that The Fund also be a public-private partnership, developed to serve the financing needs of operators located or locating in communities where infrastructure costs and credit needs are not met by conventional financial institutions. The initiative will use market analysis, leveraged capital, and public policy to stimulate supermarket development and increase the availability of fresh food in low-income neighborhoods.



The goals of the Cincinnati Fresh Food Retail Financing Fund are to:

- **Increase access to fresh foods in traditionally underserved communities**, which will lead to increased health among families living in the targeted communities. There is an increasing amount of evidence that supermarket accessibility reduces the risk of developing diet-related diseases such as obesity, heart disease and diabetes.⁶
- **Provide quality employment opportunities in these neighborhoods.** As new supermarkets are brought into neighborhoods and as existing retailers expand their fresh food provision, new, high quality jobs will be created and expanded. These jobs will likely be in the communities in which the stores are located, contributing to the local economies. In addition, the stores will increase expenditures to equip and operate the stores, which may result in jobs created at the supplying companies.
- **Serve as a catalyst for neighborhood revitalization.** Bringing supermarkets and other fresh food retailers back into Ohio's neighborhoods will make these communities more desirable places to live, which will in turn increase property values and encourage additional development. According to a study of the Pennsylvania Fresh Food Financing Initiative, the introduction of new supermarkets to underserved neighborhoods results in increased appreciation of home prices near the new store. The study found that a typical homeowner in Philadelphia, PA who owns a \$50,000 home within 0.25–0.5 miles of the new supermarket will experience an increase in home value of \$1,500. In addition, opening of a supermarket in an underserved neighborhood appears to largely mitigate the downward trend in local property values that was occurring prior to the opening.⁷

The Fund will be an innovative new financing program created to increase the number of supermarkets, grocery stores, and other fresh food markets in low-income, underserved communities across Ohio. The intent of the program is to enable operators to open, renovate, or expand retail outlets that sell fresh fruits and vegetables. It is the recommendation of the Cincinnati Supermarket Task Force that The Fund be operated by the Cincinnati Development Fund (CDF) and the Center for Closing the Health Gap (CCHG).

Partnerships

CDF and CCHG will be the primary partners providing services for The Fund. The two organizations will work closely together, taking the lead in providing services in which it has expertise. In other states, agencies have taken on roles such as:

Non-Profit Organization (CCHG):

- Develop the program guidelines and finalize the program's structure
- Devise eligibility guidelines
- Create marketing and application materials in coordination with CDF
- Create a framework for tracking the health, economic and community development impact of The Fund in coordination with CDF
- Provide services around outreach and marketing, eligibility assessment and project viability
- Work with supermarket developers and communities to determine how they can best use the resources available through The Fund
- Conduct analyses to identify untapped markets
- Evaluate applicants to determine if the project is located in an underserved area and meets eligibility guidelines

CDFI (CDF):

- Finalize eligibility and other program guidelines
- Develop marketing strategies and materials in coordination with CCHG
- Create systems for tracking program benchmarks and outcomes in coordination with CCHG
- Confirm applicant eligibility based on program requirements
- Oversee the provision of financing and technical assistance

The partnership would also work closely with groups such as the Ohio Grocers Association and other supermarket contacts, as well as local Chamber of Commerce institutions to build awareness and interest in funding opportunities through The Fund, and to identify possible project applicants. It will also work closely with community leaders, neighborhood associations, and community-based groups to identify areas that are underserved by fresh food retail development. The qualifying CDFI's relationships with financial institutions will be critical to leveraging permanent financing from lenders to match with the forgivable and low cost loans that will be provided with The Fund.

TYPES OF GRANT* PRODUCTS THAT CAN BE OFFERED

Capital Grants can range in size from \$5,000 to \$500,000. They include:

- **Land Assembly Grants:** May be used to pay for relocation, demolition, environmental remediation, unstable foundations and soil conditions, among other costs related to land assembly.
- **Infrastructure Grants:** May be used to pay for infrastructure improvements, including energy-related investments such as retrofitting existing fluorescent fixtures, installing ENERGY STAR lighting or refrigeration equipment, implementing waste heat recovery systems and more.
- **Real Estate Grants:** May be used to pay for construction costs, including general conditions, builder overhead and profit, labor, materials and contingency funding.
- **Equipment Grants:** May be used to pay for equipment associated with providing fresh food, including refrigeration and storage.

**Grants will not be provided as a stand-alone source of funding. A match from the applicant, private lenders or a loan from the fund itself will be required.*

In addition, Predevelopment Grants can range in size from \$5,000 to \$200,000 and may be used to pay for the early costs associated with project feasibility including professional fees, market studies, appraisals, and deposits on land and buildings and other holding costs.

Evaluation of Fresh Food Retail Applicants:

CCHG will evaluate applicants to determine if the project is located in an underserved area and meets eligibility guidelines. CDF will evaluate the financial readiness of the applicant to be able to service the debt, implement the business plan, and to repay the loan in accordance with program requirements.

The organizations will conduct in depth analysis of the proposals to assess project scope and community impact, accessibility of the site location to disadvantaged populations, and local support for the proposed project. As part of this assessment, CCHG may conduct interviews with applicants, local community leaders, economic development authorities, and other key stakeholders and review all available project materials, such as site plan and photographs. Using mapping and other forms of market research, including phone calls to local contacts and site visits as necessary, CCHG may also examine the quality and accessibility of local competition, site geography, and demographic profile of the Census tract in which the site is located. The qualitative assessment examines the following:

- The presence of community support in terms of store quality, affordability and location;
- A demonstrable impact on the community or region where the project is located;
- Demonstrated need for public funding to move forward, to create impact, or to be competitive with similar projects in the region;
- Adherence to sound land use principles (including such things as locating near public transportation, mixed land uses, building design, walkability, etc.);
- Coordination with a local community plan and community development programs.

Provision of Financing:

CDF will be responsible for administering all loans and grants. This will include determining the appropriate combination of loans and grants for each project, underwriting all loans in accordance with agreed upon underwriting guidelines, re-confirming eligibility with program requirements prior to each loan closing, and executing loan documents and closings in accordance with program requirements.

Technical Assistance:

Business planning and other technical assistance support for business is often a critical support mechanism for young business. Technical assistance that should be considered as part of this effort includes:

- Developing and updating business plans;
- Budgeting, developing pro formas, and other financial assistance;
- Developing and implementing marketing strategies;
- Skills to manage fresh produce;
- Assistance acquiring Electronic Benefit Transfer (EBT) technology to accept Food Stamps and WIC; and
- Referrals to suppliers, including local farmers markets.

Other areas of expertise that should be considered, and which CCHG could provide, includes skills related to community outreach and nutrition education, support for minority and disadvantaged businesses and strategies for the promotion of healthy food among community residents.

Research shows that consumers without ready access to supermarkets have more difficulty finding fruits and vegetables in their neighborhoods and pay more for these and other basic food items.

Monitoring and Reporting: Partners should work together to ensure thorough monitoring and reporting. The organizations will need to track project development from project application to completion and conduct subsequent follow-up with operators and community contacts. Evaluation may also include analysis of funded projects to track trends in community need for fresh food retail and project characteristics, and to ensure that projects are reaching areas of greatest need. Case studies of funded projects can also be used as a mechanism for communicating impacts. The CDFI should monitor the project to ensure that award funds are used only for the purposes stated in the approved project applications that each project meets established benchmarks and time frames. The CDFI should also be responsible for providing regular financial reports on program expenditures and leveraging funds.

FUNDS IN OTHER STATES

STATE	PROGRAM	PARTNERS	AMOUNT	HOW FUNDED	FUNDING STRUCTURE
NJ	New Jersey Food Access Initiative	New Jersey Economic Development Authority (NJEDA) and The Reinvestment Fund (TRF)	\$19 million (still in development)	To date, NJFAI financial partners include: NJEDA (\$4 million credit facility), Living Cities (\$2 million credit facility), and Robert Wood Johnson (\$10 million PRI). Additional funds are pending. TRF received a \$3 million Healthy Food Financing Initiative award from the CDFI Fund in 2011.	<p>Loans: Range in size from \$200,000 to \$4,500,000 or larger for New Markets Tax Credit transactions.</p> <p>Grants: In some cases, loans may be paired with a predevelopment or capital grant, which range in size from \$5,000 to \$125,000.</p> <p>Recoverable Grants: NJFAI provides early-stage financing with no-interest loans, typically repaid by construction financing.</p>
PA	Pennsylvania Fresh Food Financing Initiative	Department of Community and Economic Development, The Food Trust, TRF and the Greater Philadelphia Urban Affairs Coalition	\$30 million (Leveraged to over \$120 million in investments)	Seeded with \$30 million from state's Department of Community and Economic Development. Matched 3:1 by TRF.	<p>Loans: Maximum loan amount is subject to TRF's current lending exposure policies.</p> <p>Grants: up to \$250,000 per store and \$750,000 in total for one operator. Extraordinary Grants of up to \$1 million were made available for projects with high potential serving areas of extreme need.</p>
LA	New Orleans Fresh Food Retailer Initiative Program	City of New Orleans, HOPE Enterprise Corporation (HOPE) and The Food Trust	\$14 million	Seeded with federal Disaster Community Development Block Grant funds. Matched 1:1 with HOPE investment.	<p>Loans and Grants: may not exceed \$1,000,000 per store.</p>
NY	New York Healthy Food & Healthy Communities Fund	Low Income Investment Fund*, The Reinvestment Fund and The Food Trust	\$30 million	<p>The initiative includes a \$10 million commitment from the state's Empire State Development Corporation and a \$20 million leveraged (2:1) commitment from The Goldman Sachs Group, Inc.</p> <p>*Low Income Investment Fund received a \$3 million Healthy Food Financing Initiative award from the CDFI Fund in 2011.</p>	<p>Loans: Range in size from \$250,000 to \$5,000,000 or larger for New Markets Tax Credit transactions.</p> <p>Grants: Range in size from \$5,000 to \$500,000 for Capital Grants and \$5,000 to \$200,000 for Predevelopment Grants.</p>

How will site eligibility be determined?

The two main criteria that are commonly used to determine project eligibility are:

1. Income criterion: The site must be in a low or moderate income (LMI)** census tract and/or block group.
2. Supermarket density criterion: There are no grocery stores of comparable size that provide a range of fresh produce within the applicant's determined trade area.

**Though definitions of LMI vary by government agency, a widely accepted definition is an income at or below 80% of the area median income (AMI).

Projects that meet both the income and underserved criteria will be eligible to apply for grant and loan funding, while those that meet only either the income or underserved criteria will be eligible for loans only.

FUNDING: HOW MUCH IS NEEDED?

According to the U.S. Department of Agriculture (USDA), the national average of supermarkets/grocery stores per 100,000 residents is 11.6. According to the 2011 Census Bureau estimate, the Cincinnati metropolitan area had a population of 2,138,038. A study by The Food Trust shows there are currently 24 supermarkets in the Cincinnati metropolitan area, putting them below the national average by approximately 10 supermarkets/grocery stores.

Past experiences show that financing programs typically offer support in the range of \$500,000 for smaller scale projects and renovations to upwards of \$1–3 million (grants and loans) for larger scale projects.

Based on these projections, the Task Force is asking that the City of Cincinnati make an initial investment of \$15 million (\$5 million/year over the next three years) to seed the fund. These funds can be used as loans and/or forgivable loans to assist with carrying accounts receivable and providing working capital such as inventory. Funds will be granted to CDF which will leverage these dollars 2:1 bringing the initial total of the fund to \$45 million over the next three years. CDF will leverage these funds by accessing new and existing capital. For example, in Philadelphia the financial institution was able to match the \$5 million from HFFI with \$1.4 million from their core Loan Fund. In addition they were able to match \$3.1 million New Market Tax Credits with \$56.5 million in private resources and \$8.4 million was raised as match from federal, local and philanthropic resources.

Similarly, the Cincinnati Fresh Food Retail Financing Fund will be used to provide a combination of forgivable and interest-bearing loans for predevelopment, site assembly and improvement, construction and rehabilitation, equipment installation and upgrades, staff training, security, and inventory and working capital for start-up costs. CCHG will evaluate applications to determine eligibility for the program. For example, the financing package for a new supermarket may include:

- \$500,000 in forgivable loans from The Fund;
- \$500,000 in low interest loans from The Fund;
- \$3 million in private financing from a local bank or credit union.



ADDITIONAL RECOMMENDATIONS

1. We recommend that in partnership with the task force, the Greater Cincinnati Metropolitan Area prioritize food retailing, work with grocers to navigate the development review process and explore ways to expedite the opening of new stores.
2. With support from Cincinnati's philanthropic community, we recommend that local economic development agencies (such as CDF within the Greater Cincinnati Metropolitan Area) employ innovative, data-driven market assessment techniques to identify unmet market demand in Cincinnati's neighborhoods and to highlight information that would support successful grocery retail projects in underserved areas. Such research should also gather input from communities around the city advocating for better access to healthy, affordable food.
3. Greater Cincinnati Metropolitan Area employ up-to-date and data-driven market information that highlights unmet market demand for food to the supermarket industry and real estate developers.
4. In partnership with the leadership of the city's economic and community development agencies, we recommend that the Greater Cincinnati Metropolitan Area create and aggressively market economic development programs designed for the grocery retail industry in identified high-need areas.
5. In partnership with local transit agencies, we recommend that the Greater Cincinnati Metropolitan Area take steps to promote safe, affordable and efficient transportation services for neighborhoods lacking healthy food retailers.
6. The Greater Cincinnati Metropolitan Area give priority to assembling land for supermarket development and make city- and state-owned property available to the industry.
7. The Greater Cincinnati Metropolitan Area encourage green supermarket development and renovation by providing incentives for energy-efficient equipment and systems, and environmentally sustainable building materials.
8. The Greater Cincinnati Metropolitan Area establishes a single point of contact for the grocery retail industry that coordinates city departments and services for grocery retail development. It is our suggestion that this point of contact be an entity such as the Center for Closing the Health Gap and not a person. This point of contact will:
 - a. Engage leaders from the industry and civic sector.
 - b. Create and aggressively market economic development programs designed for the grocery retail industry in identified high-need areas.
 - c. Streamline the development process to make opening a supermarket more efficient.
 - d. Provide technical assistance to small grocers and independent operators.
9. Convene an advisory group of leaders from the industry and civic sector to guide the implementation of these recommendations.

CONCLUSION

For millions of Americans, particularly those living in lower-income neighborhoods, communities of color, and rural areas, accessing healthy foods is a challenge. Through advocacy work, communities can encourage the development of supermarkets and grocery stores that bring healthy foods and create jobs in the areas that need them most.

The Food Trust has developed an approach to developing state and local policies to support supermarket investment that has resulted in changes to public policy and brought new and improved grocery stores to cities and states across the country. In Pennsylvania, the Fresh Food Financing Initiative resulted in more than 90 new and expanded stores that serve an estimated half a million of the state's most vulnerable residents. The stores built through the program continue to thrive, and make the case that after an initial infusion of funds, profitable supermarkets and grocery stores can be operated in lower-income urban and rural areas. As a further testament to the merits of Pennsylvania's program and the advocacy approach, numerous cities and states have developed comparable responses to their food access problems.

To provide affordable and nutritious food in neighborhoods, Cincinnati should target new supermarket development to low-income areas where there are high rates of diet-related diseases and few supermarkets.

Increasing availability of nutritious and affordable food in neighborhoods with high rates of diet-related disease does not guarantee a reduction in the incidence of these diseases. However, by removing this as a barrier to healthy eating, we can better focus on helping people improve their diets and health.



The goals of the Cincinnati Fresh Food Retail Financing Fund are to: increase access to fresh foods in traditionally underserved communities, provide quality employment opportunities in these neighborhoods and serve as a catalyst for neighborhood revitalization.

ENDNOTES

- ¹ 1F as in Fat: How Obesity Threatens America's Future 2011, <http://healthyamericans.org/report/88/>
- ² Powell LM, Auld C, Chaloupka FJ, O'Malley PM and Johnston LD. Associations between access to food stores and adolescent body mass index," *Am J Preventive Medicine*, 2007;33 (4) Supplement 1: S301–S307.
- ³ Treuhaft S, Karpyn A. *The Grocery Gap: Who Has Access to Healthy Food and Why It Matters*. Oakland (CA): PolicyLink and the Food Trust, 2010.
- ⁴ "Pennsylvania Fresh Food Financing Initiative, Providing Healthy Food Choices to Pennsylvania's Communities." Philadelphia: The Food Trust, www.thefoodtrust.org/php/programs/fffi.php
- ⁵ Bringing supermarkets to underserved communities. Philadelphia: The Reinvestment Fund, 2009, www.trfund.com/stories/supermarkets.html
- ⁶ "The Economic Impacts of Supermarkets on their Surrounding Communities," The Reinvestment Fund, <http://www.trfund.com/resource/downloads/policypubs/supermarkets.pdf>
- ⁷ Ibid.

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