Healthy Food Financing

DC Food Policy Council Meeting
December 7, 2016
About Reinvestment Fund

- A certified Community Development Financial Institution (CDFI) - a specialized financial institution that works in markets that are underserved by traditional financial institutions. Certified by the US Treasury Department – assessed for our mission, financing activity and accountability.

- CDFI certification is a designation conferred by the US Treasury’s CDFI Fund and is a requirement for accessing financial and technical award assistance from the CDFI Fund.
$1.8 billion in community investments

$950 million of capital under management

850 individual & institutional investors

3,000 projects financed
Impacts of Food Retail

Economic
- New supermarkets can generate more than 250 jobs per store, plus additional construction jobs.
- Supermarkets have been shown to increase housing values in the surrounding neighborhoods and generate substantial tax revenues.
- For development projects, supermarkets can serve as a vital commercial anchor to attract other retailers to a specific location.

Health
- Supermarkets close to adolescents’ and children’s homes are associated with lower rates of being overweight.
- Communities without a supermarket have higher rates of diabetes and other diet-related diseases.
- Residents living in neighborhoods with at least one supermarket have been found to consume up to 32% more fruit and vegetables than those living in neighborhoods without a supermarket.
How We Work to Improve Access

- Financing
- Research & Analysis
- Capacity Building
- Public Policy

Healthy Food Access
Improving access to healthy, fresh food in low-income communities.
Challenges for Food Retail in Urban Settings

Food Retail Margin
- National average store net income = 1.0-2.0% of sales

Start-Up Costs
- Employee Training
- Real Estate Costs
- Security Costs

Operating Costs
- Ongoing staff training costs are higher for urban stores
- Maintenance costs are higher for urban stores

Reduced grocery gross profit*
- Lower penetration of high margin departments

*Most applicable to conventional grocery stores

Find more detailed information on our website:
www.reinvestment.com/research-publications/understanding-the-grocery-industry
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PA Fresh Food Financing Initiative

A public/partnership to increase access to fresh foods in underserved communities across Pennsylvania.
Financial Products & Eligible Uses

**Products:**
- Grants
- Loans
- New Market Tax Credits

**Uses:**
- Predevelopment & start-up costs
- Land acquisition
- Leasehold improvements & equipment
- Construction & permanent financing
- Energy efficiency and conservation measures
- Job training
- In-store dieticians

**Available to:**
- Developer
- Operator
Case Studies
Fare and Square - Nonprofit Grocery Store in a Food Desert

- 23,500 -sq.-ft., full-service grocery store in a USDA-defined Food Desert
- Total Project Costs: $7.3mm
- 40 – 50 grocery store staff jobs created, most of which filled by local residents
- Located in a USDA food desert and Reinvestment Fund designated limited supermarket access (LSA) area
- Offers access to a full range of food staples for purchase at a low cost, along with donated a percentage off of future purchases for members who qualify.
- Operated by Philabundance, a food bank organization that serves in and around southeast PA.

- 23,500 Square Feet of additional access to fresh, healthy, and affordable food
- 40+ permanent jobs created
- $1.3MM Bridge Loan
- $3MM New Markets Tax Credit Investment

Chester, PA
C-Town – Bethlehem, PA

- 12,335 -sq.-ft., full-service grocery store created with $1.9mm in acquisition and construction loans from Reinvestment Fund and $700K in equipment financing.

- Was an existing dark store of 3,500 square feet that was expanded as a result of financing.

- 20 FT and 10 PT jobs created, most of which filled by local residents

- Located in a Reinvestment Fund designated limited supermarket access (LSA) area

- Offers large perishable section with variety of international produce to reflect preferences of local customer base.

Philadelphia, PA

25 permanent jobs created

$2.6MM Financing provided
Mariposa Food Cooperative

- Expanded from 500 square feet to 2,500+ square feet in a low income community
- Provided $475K in acquisition and renovation financing
- Employment grew to 38 FTE from the 9 FTE before expansion
- Owned and operated by 1,550 members, so profits will stay in and be reinvested in this LIC

Philadelphia, PA
29 FTE permanent jobs created
$1.5MM Total Project Costs
$475,000 Financing Reinvestment Fund provided
New Beltline Kroger Marketplace in a Food Desert

- Portion of Business – QALICB
- Full-service supermarket, a pharmacy, health clinic, general merchandise and more
- Located in a USDA food desert and Reinvestment Fund designated limited supermarket access (LSA) area
- Located along the Beltline (TOD).
- Former brownfield site – project budget includes extensive site cleanup.
- Quality jobs – Kroger is committed to hiring approx. half of the store’s employees from the immediate LIC and estimates half will benefit from internal promotion w/in Kroger Co.

- **43,000** People with inadequate access to fresh food who live in the store’s trade area
- **215** permanent jobs created
- **50%** Commitment to Local and Low-Income persons hiring
- **$6.5MM** New Markets Tax Credit Investment

Atlanta, GA
Four New ALDI Supermarkets in Food Deserts

- 3 Non-metro stores: Brownwood, TX    Muskogee, OK    Waynesboro, VA
- 1 urban store: Lake City, FL
- Portion of NMTC Benefit used to fund grant initiatives with local health partners to promote healthy eating and living among community residents near each store location.
- Quality jobs – 40% or more above state minimum wage; most jobs are full-time and come with full benefits

106,000+ People with inadequate access to fresh food live in stores’ trade areas

44 permanent jobs created

$10MM New Markets Tax Credit Investment
Public Policy
Federal Healthy Food Financing Initiative (HFFI)

- CDFI Fund, U.S. Treasury
- Health and Human Services
- U.S. Department of Agriculture
Statewide Programs or Funds

9 statewide initiatives
- Alabama
- California
- Colorado
- Illinois
- Michigan
- New Jersey
- New York
- Ohio
- Pennsylvania
Profile: Portland Mercado

Portland Mercado, an innovative HFFI project which includes a Latino cultural space and public market, bringing fresh food and good jobs to the community.

What's New

Funding
The HFFI CDFI Program invests federal resources and private funding in CDFIs working to serve low-income and underserved people and communities. Applications due.

News & Events
Find the latest media coverage related to healthy food access and sign up for events.

Policy Efforts & Impacts
Capital Impact Partner's new Policy Brief examines HFFI and the innovative work of CDFIs to expand access to healthy foods in low-income communities.

Spotlight
Find Money
Search information by region
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