

FEBRUARY 27, 2009



Report of the Healthy Food Retail Study Group: Recommendations for a Louisiana Healthy Food Retail Financing Program



STUDY GROUP MEMBERS

Senator Ann Duplessis, Chairwoman Louisiana State Senate, Commerce, Consumer Protection and International Affairs Committee	
Senator Willie Mount Louisiana State Senate, Health and Welfare Committee	J.H. Campbell, Jr., JD Associated Grocers, Inc.
Senator Michael "Mike" Michot Louisiana State Senate, Finance Committee	Carrie Castille, PhD Louisiana Department of Agriculture and Forestry
Representative Rosalind Jones, JD Louisiana House of Representatives, District 17	Jessica Elliot, JD Louisiana Retailers Association
Commissioner Mike Strain, DVM Louisiana Department of Agriculture and Forestry	Thomas Farley, MD, MPH Tulane University School of Public Health and Tropical Medicine
Secretary Stephen Moret, MBA Louisiana Department of Economic Development	Charles Flanagan, PhD Louisiana Office of Community Development
Assistant Secretary M. Rony Francois, MD, PhD Louisiana Department of Health and Hospitals, Office of Public Health	Bobby Fletcher, Jr., PhD Louisiana State University Agricultural Center
Charles Allen, III, MPH Holy Cross Neighborhood Association	Chris Gillott Office of the Governor, Economic Policy Advisor
Copper Alvarez Big River Economic and Agricultural Development Alliance	David Harsha, PhD Pennington Biomedical Research Center
Eric Baumgartner, MD, MPH Louisiana Public Health Institute	Natalie Jayroe Louisiana Food Bank Association
Brian Bernard Associated Grocers, Inc.	Pamela Romero, RD, LDN, CDE Louisiana Council on Obesity Prevention and Management
Ella Bogan Women on Assignment Inc.	Tenney Sibley Louisiana Department of Health and Hospitals, Office of Public Health
Kevin Boyd Old South Baton Rouge Partnership, Inc.	Gary Williams Enterprise Corporation of the Delta/ Hope Community Credit Union

Coordination support for the Study Group and the preparation of this report were provided by the Prevention Research Center at Tulane University.

The Prevention Research Center at Tulane University is a member of the Prevention Research Centers Program, supported by the Centers for Disease Control and Prevention, under cooperative agreement #1-U48-DP-000047. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Centers for Disease Control and Prevention.



TABLE OF CONTENTS

Executive Summary	3
Introduction	5
How to Recognize Healthy Food	5
Background of the Healthy Food Retail Study Group	6
Why Access to Healthy Food Retail Matters	7
Understanding the Issue of Food Access	7
Food, Diet, and Health in Louisiana	8
Healthy Food Access is Vital to Combat Obesity and Promote Health	9
Community and Economic Impact of Healthy Food Retail	10
Addressing the Barriers to Investment in Underserved Communities	11
Research Findings: Underserved Communities in Louisiana	14
Rural Louisiana and the Lower Mississippi Delta	14
Southeastern Louisiana	16
New Orleans	17
Recommendations for a Healthy Food Retail Financing Program	19
Create a LA Financing Program for Healthy Food Retail Development	19
The Pennsylvania Fresh Food Financing Initiative: A Successful Model	20
Central Goals of the Program	21
Program Structure and Administration	21
Healthy Food Retail Projects	23
Financial Products	24
Healthy Food Retailers Financed through the Pennsylvania FFFI	25
Applicant Eligibility and Selection	26
Coordination with Complementary Nutrition Programs	27
Program Oversight and Project Monitoring	28
Fiscal Investment by the State of Louisiana	29
Conclusion	30
Appendixes	31
References	35

EXECUTIVE SUMMARY

In accordance with Senate Resolution 112 of the 2008 Regular Session of the Louisiana Legislature, the Healthy Food Retail Study Group has prepared a report with two central aims. First, we characterize how limited access to fresh healthy foods affects certain rural and urban communities in Louisiana. Second, as a practical strategy to address this problem, we provide recommendations for the creation of a statewide financing program to bring quality, healthy food retailers into communities that need them.

Healthy Food Retail is Vital to Health and Economic Opportunity. Improving access to affordable healthy food in underserved communities is very likely to improve the diets, and therefore the health, of the families who live there. This is critical to reversing the epidemic of obesity among adults and children. People with better access to supermarkets and other retailers that sell fresh fruits and vegetables tend to have healthier diets and lower levels of obesity. Developing quality food retail also creates jobs, encourages additional investment, expands markets for Louisiana grown produce, and helps make a community a good place to live.

Poor Access to Healthy Food Affects Louisiana Communities Statewide. In Louisiana and nationwide, residents of low-income, minority, and rural communities are most often affected by poor access to supermarkets and affordable healthy food. In these *underserved communities*, it is easy to buy soda or fast food while it is hard to find fresh fruits and vegetables. This lack of healthy choices contributes to poor diets, rising obesity rates, and serious health problems. Research shows that citizens statewide face similar challenges:

- Access to supermarkets is limited in the rural Lower Mississippi Delta (LMD) region, while fresh produce is much less available in the small grocery and convenience stores that are closer to residents' homes. Three out of four LMD adults do not eat enough vegetables, and more than two in three are overweight or obese.
- In New Orleans, greater access to supermarkets and limited access to convenience stores is linked with lower likelihood of obesity. But low-income residents surveyed in 2007 reported poor access to supermarkets and frequent trips to nearby corner stores; most said that they like fresh fruits and vegetables and would buy produce if it were sold in their neighborhood stores.
- In Southeastern Louisiana, predominantly African-American neighborhoods have fewer supermarkets, more small food stores, and lower average availability of fresh produce.

An Achievable Strategy to Increase Access. Targeted public policies can encourage healthy food retailers to operate in underserved rural and urban communities. The Pennsylvania Fresh Food Financing Initiative has an excellent track record of attracting supermarket investment by providing affordable financing and lowering operating barriers for quality food retailers in low-income communities. Louisiana would benefit from a similar program — a smart investment in the health and economic well being of the State and its citizens.

➤ ***Recommendations of the Healthy Food Retail Study Group.***

- **The State of Louisiana should create a statewide financing program that provides grants and loans to healthy food retail ventures that improve access to fresh fruits and vegetables and other affordable healthy food in underserved communities, particularly in low-income and rural areas.** This program should be structured and capitalized as a public-private partnership that creates a dedicated pool of financial capital for healthy food retail development.
- **The State of Louisiana should allocate \$5 million to capitalize this Healthy Food Retail Financing Program.** State resources should be used to leverage additional financial capital from sources including private sector financial institutions, operator equity, foundation and federal grants, and New Markets Tax Credits — and to capitalize a revolving loan fund.
- **The Program should advance health and economic opportunity, in particular these goals:** provide competitive financing for healthy food retail ventures in underserved communities; increase access to affordable healthy food to improve diets and health; promote the sale and consumption of fresh fruits and vegetables, particularly Louisiana grown; and support expanded economic opportunities in low-income and rural areas.
- **The Program should be established as a public-private partnership managed by the Louisiana Department of Agriculture and Forestry and implemented in cooperation with a community development lender and a nonprofit organization with expertise in food access and health.** The successful Pennsylvania Fresh Food Financing Initiative provides a strong model. Program partners should also coordinate with nutrition assistance and education programs, so that Louisiana citizens are both able and encouraged to make healthy food choices.
- **Diverse healthy food retail projects should be eligible for Program financing,** including: new supermarkets and grocery stores; store expansion and infrastructure upgrades; farmers' markets; food cooperatives; and mobile markets and delivery projects. The program must be comprehensive and sufficiently flexible to meet the needs of diverse underserved communities and projects. Similarly, the lending partner should work to meet the needs of the project and community when determining suitable financial products.
- **The Program should make one-time awards of grants and loans through a rolling, competitive selection process.** It should utilize a two-stage applicant review process that is both transparent and straightforward. *Eligibility* for financing should require all projects to: benefit an underserved community; demonstrate a meaningful commitment to sell fresh fruits and vegetables; accept Food Stamps and WIC; and be sustainable. *Financial awards* to eligible applicants should reflect the: viability of the project and operator; ability to repay debt; project and community need; promotion of fresh produce, particularly Louisiana grown; and expansion of economic opportunity.
- **Strong program oversight and project monitoring mechanisms** should ensure that State resources help finance quality, healthy food retail ventures that positively impact the health and economic well being of underserved communities statewide.

INTRODUCTION

Many rural and urban communities in Louisiana have high rates of obesity and diet-related chronic disease and experience limited access to food retailers selling affordable healthy food. At the request of the Louisiana State Senate, the Healthy Food Retail Study Group (the Study Group) has prepared a report which explores this problem and reviews its consequences and practical solutions.

This report first provides a succinct explanation of the importance of access to healthy food retail, as well as viable strategies to improve access in underserved communities. It then summarizes key findings from relevant scientific research conducted in Louisiana. The third section of the report contains the recommendations of the Study Group.

In brief, the Healthy Food Retail Study Group recommends that Louisiana establish a statewide financing program, similar to the successful Pennsylvania Fresh Food Financing Initiative, to provide grants and loans to supermarkets, grocery stores, farmers' markets, and other food retail ventures that improve access to healthy food in underserved rural and urban communities. It provides further guidance on the structure and implementation of this program.

How to Recognize Healthy Food

A healthy diet is rich in micronutrients, low in fat and salt (sodium), and balances the calories we eat with those we burn. Because we consume individual foods as part of an overall diet, it is important to consider both the quality and the quantity of what we eat.

In this report, we use the term “**healthy food**” to describe foods which are high in essential nutrients and low in sugar, salt, fat, and saturated fat. The most important foods to promoting health are fresh fruits and vegetables; additionally, this term includes whole grains, low- and non-fat dairy products, and seafood and lean meats. Healthy foods are also fresh or minimally processed. While processing allows us to purchase food that is convenient, shelf-stable, and sometimes cheaper, it often increases the amount of fat, sugar, or salt in the product.

“Unhealthy food” describes food that is high in calories, sugar, fat, or salt, with few other nutrients that contribute to health. This includes soft drinks, fast food, and sweet and salty snacks (candy, cookies, chips, etc.). Such foods are often characterized by high caloric density or high number of calories per unit of weight.

Background of the Healthy Food Retail Study Group

Senate Resolution 112 , introduced by Senator Ann Duplessis and passed in the 2008 Regular Session of the Louisiana Legislature, created the Healthy Food Retail Study Group “to investigate the lack of access to fresh healthy foods in certain rural and urban communities [in Louisiana] and to develop recommendations for the creation of a statewide financing program to provide grants and loans to bring fresh food retailers into areas in need of improved access to healthy food.”³⁵ The Study Group is a diverse group of individuals appointed from the public and private sectors, with expertise in economic and agricultural development, the grocery retail sector, public health, finance, and community food security. Members of the Study Group are listed on page one of this report.

The work of the Healthy Food Retail Study Group builds directly upon that of the Food Policy Advisory Committee, a committee of civic, business, and local government leaders which was formed in 2007 to identify practical ways to address the acute lack of access to healthy foods in New Orleans after Hurricane Katrina. This Committee recognized that many rural and urban communities statewide faced similar challenges. Moreover, policy action could be taken effectively at the state level. Members of the Food Policy Advisory Committee therefore presented their report, which called for the creation of a statewide financing program for fresh food retail development, to state legislators and agency decision makers. The proposal received strong interest. With the leadership of Senator Duplessis, the Healthy Food Retail Study Group was convened to further research this issue and develop recommendations.

The Healthy Food Retail Study Group also drew upon detailed studies of the relationship between food access and diet by researchers at Tulane University, and on findings of the Delta Obesity Prevention Research Program, a consortium that includes Pennington Biomedical Research Center and Southern University and A&M College. In addition, the Study Group benefited from the external expertise of professionals with The Food Trust and The Reinvestment Fund; these nongovernmental organizations have partnered with the State of Pennsylvania to administer the nationally recognized Fresh Food Financing Initiative. The Study Group was coordinated by staff of the Commerce Committee of the Louisiana State Senate and the Prevention Research Center at Tulane University, with additional support from The Food Trust.

The Study Group met in October 2008, November 2008, and January 2009. It considered testimony from the regional and national experts listed in Appendix A. Meeting minutes, presentation materials, and background materials that comprise the basis for this report are available by contacting the Senate Commerce Committee of the Louisiana Legislature.

WHY ACCESS TO HEALTHY FOOD RETAIL MATTERS

Understanding the Issue of Food Access

Individuals make choices about their eating habits, but their choices are shaped by the environments in which they live. The **“food environment”** describes the types and prices of foods that are easily accessible to a particular community. In the United States, the proliferation of convenience stores and fast food outlets ensure that some type of food is accessible to almost all Americans. But in many rural and urban neighborhoods, it is easy to buy soda or fast food while it is hard to find fresh fruits and vegetables. This limited access to affordable *healthy foods* – particularly in low-income communities that lack supermarkets – contributes to rising obesity rates and related health problems.

In this report we use the term **“underserved community”** to describe a low-income community that has limited access to supermarkets and other sources of affordable healthy foods such as fresh fruits and vegetables. These areas are also called **“food deserts.”**

A useful starting point for considering the challenges faced by residents of underserved communities is the U.S. Department of Agriculture (USDA) definition of **“food security – access by all people at all times to enough nutritious food for an active, healthy life.”*** This concept includes the ready availability of nutritious and safe foods, and the ability to acquire food in socially acceptable ways. It further encompasses both geographic access (location of food stores) and economic access (affordability) to healthy food.¹⁻²

Conversely, the **lack of access to healthy food** means that people face distance or economic barriers that prevent them from consistently accessing enough nutritious food. For example:

- There are not enough food outlets selling healthy food in a particular area. Cameron Parish, Red River Parish, and Tensas Parish have only one full-service grocery store in the parish.
- Healthy foods, particularly fresh fruits and vegetables, are not available or affordable. Many communities depend on convenience stores which carry little to no fresh produce and charge higher prices for milk, bread, and other staple foods.
- Food outlets are not accessible via existing transportation networks, especially for seniors and families who don't own an automobile. At the Acadiana Community Food Security Conference convened in 2008 by Second Harvest Food Bank, participating nonprofit, business, and government stakeholders ranked the lack of public transportation to grocery stores for seniors and other vulnerable residents as their top concern regarding food access.

* “Community food security” is a broader idea that promotes comprehensive responses to local food, farm, and nutrition issues. Because of the complexity of community food security issues, we focus on one aspect – improving access to healthy food retail outlets– though related considerations inform our recommendations.

Food, Diet, and Health in Louisiana

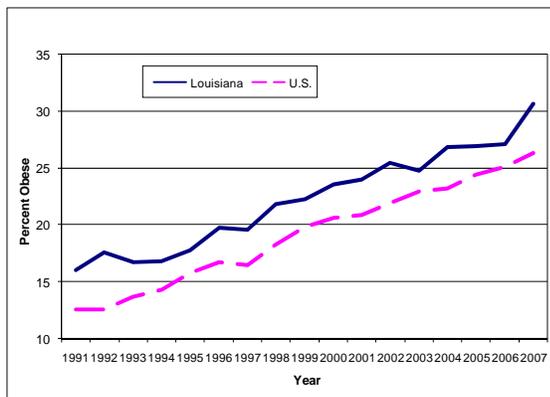
Louisiana was ranked the *least healthy state* by the United Health Foundation's 2008 America's Health Rankings report, though it spends as much for health care as the national average.³ A major part of the reason why Louisiana residents are unhealthy is because their diets are unhealthy, leading to obesity and related chronic diseases.⁴

Obesity is a rapidly growing epidemic in the United States, and Louisiana has the 4th highest rate of obesity nationwide.⁵ In Louisiana, two out of three adults (65%)⁵ and more than one-third of children and youth (36%)⁶ are overweight or obese. Moreover, the prevalence of obesity is greater for Louisiana children from poor families than for children from middle class families, and is higher among African American as compared to White youth. Since these data are based on self-reported measurements, actual obesity rates are likely to be higher. A recent study conducted by the Pennington Biomedical Research Center found that nearly half (45%) of the rural, mostly low-income Louisiana youth sampled were at an unhealthy weight.⁶

Obesity increases the risk of developing many serious health problems including diabetes, heart disease, certain cancers, high blood pressure, stroke, and depression. In fact, obesity is now the second leading cause of preventable death in the United States.

The costs of obesity are steep and are expected to rise. Louisiana spends an estimated \$1.3 billion annually on direct medical costs related to obesity; indirect economic costs are nearly as high.^{7,8}

These statistics do not capture how obesity and poor health impact quality of life measures. At the most basic level, obesity results from people consuming more calories than they expend. Our society has tended to view obesity as an *individual* problem, requiring people to eat less and move more. However, this simplistic view ignores the major role that our social and physical environments play in shaping the choices individuals make on a daily basis.



Trends in Obesity: Louisiana and U.S. 1991-2006

This graph shows trends in adult obesity over a 15-year period. Louisiana's rate of obesity exceeds the national rate. Data was collected through telephone interviews and represent self-reported measurements, which underestimate weight. Actual obesity rates are higher than represented on this graph.

Data source: Centers for Disease Control and Prevention (2007). *Behavioral Risk Factor Surveillance System Survey Data*.⁵

Healthy Food Access is Vital to Combat Obesity and Promote Health

Reversing the obesity epidemic requires action to make it easier for all Louisiana residents to make healthy food choices. Since the health impacts of diet are so significant and costly, this is a smart investment for Louisiana to make.

Improving access to healthy food is likely to significantly improve the diets, and therefore the health, of Louisiana residents. The fact that people make purchases at food retailers based on what's available and most prominently displayed is well known. Research demonstrates that people with better access to supermarkets, farmers' markets, and other retailers that sell fresh produce tend to eat more fruits and vegetables and have healthier diets.⁹⁻¹¹ Moreover, studies show that better access to supermarkets is related to reduced risk for obesity and overweight among adults^{12,13} and adolescents¹⁴; conversely, greater access to convenience stores is related to increased risk for obesity.^{9, 12-14} This association has been found in research in Louisiana, as summarized below.

Nutrition assistance and education programs – such as Food Stamps, WIC, the Senior Farmers' Market Nutrition Program, and others – are widely recognized as important government policies to support food security and healthier diets, particularly among families and seniors with limited resources. For Americans who live in rural and urban neighborhoods that are underserved by supermarkets, however, healthy foods are significantly less available than unhealthy foods, while the prices of staple foods are often higher. This can reduce the effectiveness of nutrition programs, a point emphasized by former USDA Secretary Dan Glickman:

“ Limited [food] access undermines the [USDA 's] ability to promote health through nutrition, because if prices are too high, there is not enough bang for the buck for Food Stamps and WIC, or if choices are limited ... [Americans] can 't make the choices that nutrition education efforts encourage them to make. ”¹⁵

To combat obesity and promote health, there is a clear need for public policies that support better and more equitable access to healthy food retail as a complement to robust nutrition assistance and education programs.

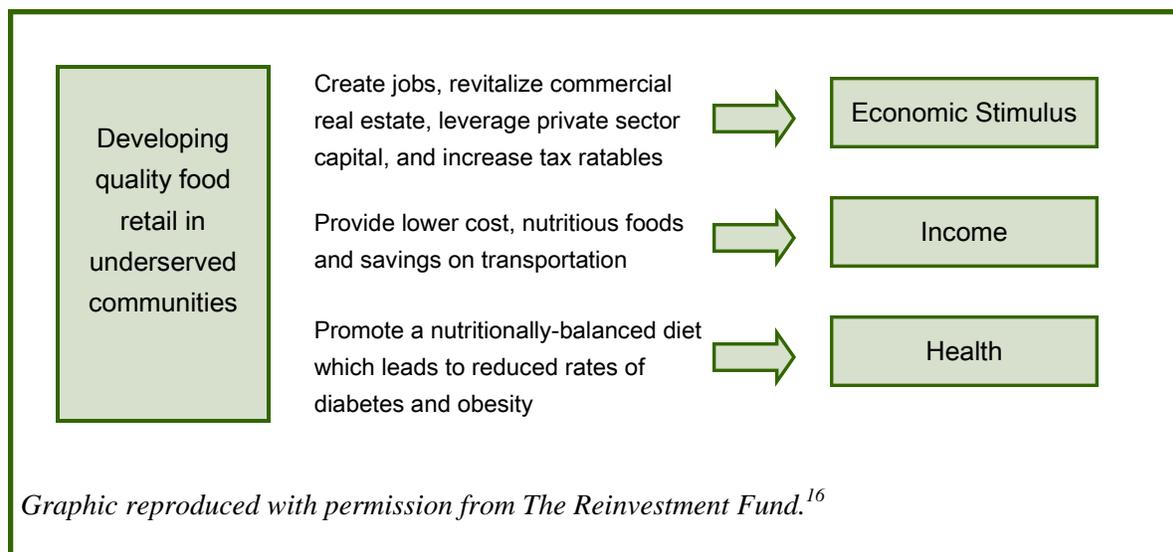
Community and Economic Impact of Healthy Food Retail

In addition to the health benefits that they bring to communities, supermarkets, grocery stores, and farmers' markets contribute to the economic vitality of neighborhoods. Yet food retailers cite particular challenges to locating in low-income areas. Targeted policies and incentives can encourage private sector investment in healthy food retail in underserved communities.

Supermarkets and grocery stores provide customers with a wide variety of fresh healthy foods at competitive prices. They create job opportunities and skills training for local residents; a large full service supermarket will create between 100 and 200 full- and part-time jobs. By serving as commercial anchors, supermarkets often contribute to the physical rehabilitation of a distressed area while catalyzing additional economic investment into the community.

Small food stores are a frequent point of food purchases in underserved communities. If these stores sell mostly alcohol, tobacco, and high-calorie snacks, they detract from the health of their surrounding neighborhoods. But if they stock ample amounts of healthy foods, particularly fresh fruits and vegetables, they can contribute to their communities in positive ways.

Farmers' markets offer another source of healthy food — notably locally grown fruits and vegetables — while building community and providing regional farmers with a viable source of income. Other models of farm-to-consumer sales are increasingly successful, such as community supported agriculture and “subscription” services that provide customers with weekly boxes of local produce, which may be sourced from multiple growers.



Addressing the Barriers to Investment in Underserved Communities

The modern supermarket industry is economically challenging, with average annual net profit margins at around one percent of sales.¹⁷ Supermarkets look to build stores in places where market studies indicate high sales and profitability, and where the financial risks are minimized. An area's demographics – particularly income levels, population density, and population trends – are foremost among the factors that retailers consider.¹⁸ Business decisions made on this basis, however, tend to put low-income communities in both rural and urban areas at a disadvantage. While demand for healthy food exists in these areas, they are perceived as more risky than affluent suburban markets; moreover, operators may face challenges such as acquiring a suitable site and training employees.

Even as market challenges are evident, it is equally clear that viable strategies do exist to improve access to healthy food retail in underserved communities, particularly through partnerships among the public, private, and civic sectors.^{15,16, 18-23} The charts that follow concisely review key challenges, and practical solutions, to attracting investment in familiar food retail outlets: urban supermarkets, small town and rural supermarkets, small food stores, and farmers markets.

Louisiana is also fortunate to have a strong network of independent full-service supermarkets, many of which are members of the Associated Grocers, Inc. retail cooperative. These retailers are an asset to the regional economy, and they are often more likely than chain supermarkets to pursue the market opportunities that exist in underserved areas.

According to the President of Associated Grocers, J.H. Campbell Jr., low-cost financing is the single most important incentive that the public sector can provide to stimulate grocery retail investment in underserved areas.¹⁸ Access to credit on competitive terms, combined with targeted grants in cases of particular need, can cause operators to reassess risk, overcome start-up barriers, and invest in an underserved community. Likewise, access to low-cost financing can enable existing retailers to make improvements in refrigeration and store infrastructure in order to lower operating costs (like energy bills) and to improve the quality, selection, and sales of healthy perishables.

In fact, communities nationwide have utilized public grants and loans to attract a needed grocery store or market into a once underserved neighborhood.^{15,21} Like in Louisiana, state and city leaders in California, New York, Chicago, Detroit, and elsewhere are now considering how to replicate the success of a more comprehensive program which has stimulated supermarket investment in rural and urban communities across Pennsylvania: the Fresh Food Financing Initiative (FFFI).

The Pennsylvania Fresh Food Financing Initiative is recognized nationally as an innovative public-private partnership that provides affordable financing to fresh food retailers operating in underserved communities (as described on page 20). It also assists retailers with key aspects of the development process, to minimize start-up and operating challenges while better serving the community.^{16,19,34}

Challenges to supermarket investment in low-income urban areas, which can be magnified in hurricane-affected areas, were cited by the Food Policy Advisory Committee in New Orleans.^{16, 20,21}

Challenge	Strategies to Address
Difficulty obtaining financing <ul style="list-style-type: none"> Projects viewed as risky have less access to credit and must pay more for it. 	This report recommends the creation of a financing program dedicated to healthy food retail ventures in underserved communities.
Higher start-up and operating costs, notably for workforce training and security <ul style="list-style-type: none"> In Pennsylvania, urban supermarkets spend nearly 7 times more to train employees at start up and 5 times more on security staff annually as compared to suburban stores.²⁴ 	Targeted incentives and workforce development programs can help stores to identify and train employees. The public sector and community groups can work with operators to ensure store and customer security.
Securing a site <ul style="list-style-type: none"> A site for a large store, parking, and access for delivery trucks may be hard to find in dense urban neighborhoods. 	Cities can market appropriate sites and minimize regulatory red tape, as is done through the Retail Chicago Initiative. Independent grocers are more likely to locate at unconventional sites.
Need for accurate market analysis to assess and serve a diverse customer base <ul style="list-style-type: none"> Hurricane-affected areas present a unique challenge for demographic estimates. 	Firms like Social Compact are developing better tools to assess the purchasing power that exists in low-income communities. Retailers that are successful in racially mixed neighborhoods make the effort to provide culturally appropriate foods.

Supermarkets and grocery stores in small towns and rural communities face a challenging economic climate, in large part due to competition from supercenters and low population densities.^{16, 22}

Challenge	Strategies to Address
Difficulty obtaining financing <ul style="list-style-type: none"> Community banks may not be able to meet the financing needs of the operator for expansion or store improvement. 	This report recommends the creation of a financing program dedicated to healthy food retail ventures in underserved communities.
Competing with supercenters <ul style="list-style-type: none"> Overall, independent grocers cannot match the prices at supercenters like Wal-Mart. 	Local grocery stores can build customer loyalty by offering high quality and value and supporting community groups. It is also important to keep the store infrastructure attractive and up to date.
Limited experience managing perishables <ul style="list-style-type: none"> Managing fresh produce requires a specific skill set that inexperienced operators are less likely to possess. 	Financing support can enable experienced operators to acquire additional stores and/or expand their existing business.
Limited access to fresh foods <ul style="list-style-type: none"> Current food distribution channels make it hard for smaller stores in remote areas to get frequent deliveries of fresh foods. 	Smaller stores can organize to make collective orders to a wholesale distributor, and may be able to buy produce directly from local farmers.

Small food stores fill the gap for low-income families in underserved rural and urban communities, but often lack the infrastructure and experience to sell fresh produce.^{16,21}

Challenge	Strategies to Address
Difficulty obtaining financing <ul style="list-style-type: none"> Small stores often cannot access credit or take on debt to make needed infrastructure upgrades, notably to sell fresh produce. 	This report recommends the creation of a financing program dedicated to healthy food retail ventures in underserved communities.
Higher prices than large retailers <ul style="list-style-type: none"> Small stores buy in smaller quantities, passing higher prices on to consumers. 	Ensure that small stores are authorized to accept Food Stamps and WIC. Stores also can make collective orders or buy from local farmers to obtain healthy foods at an affordable price.
Lack of experience managing perishables <ul style="list-style-type: none"> Managing fresh produce requires a specific skill set that many small stores lack. 	Couple financial and technical assistance, such as in handling and merchandizing fresh produce.
Perception of low customer demand <ul style="list-style-type: none"> Operators may be reluctant to take on the risk of introducing healthy perishables if they are unsure of customer demand. 	Lower risk for small stores by providing start-up financing. Couple in-store improvements with local nutrition education and promotion efforts.

Farmers' markets often have modest start up costs, but their successful operation requires significant staff time; it tends to be particularly hard to cover these expenses in low-income areas.^{21, 23}

Challenge	Strategies to Address
Financing start up and operating expenses <ul style="list-style-type: none"> To keep prices affordable while meeting expenses, markets in low-income areas may need government and foundation grants, in addition to in-kind community support. 	This report recommends the creation of a financing program dedicated to healthy food retail ventures in underserved communities.
Affordability <ul style="list-style-type: none"> Fresh, local produce must be affordable for low-income families—while ensuring that farmers get a fair price. 	Ensure that markets participate in the Senior Farmers Market Nutrition Program (FMNP) and expand the WIC FMNP in Louisiana. Help markets acquire Electronic Benefit Transfer (EBT) technology to accept Food Stamps.
Meeting customer demand <ul style="list-style-type: none"> In many urban areas, residents want to start a market but cannot find enough farmers to sell at it. 	Inform Louisiana farmers of opportunities available for marketing their products, and support strategies (like grower cooperatives) to reduce the cost of marketing and transportation.
Meeting demand in rural areas <ul style="list-style-type: none"> Markets in areas of low population density may be challenged by low sales volume. 	Finance innovative models that bring healthy foods to underserved areas with low population densities, such as mobile vendors.

RESEARCH FINDINGS: UNDERSERVED COMMUNITIES IN LOUISIANA

Studies in Louisiana and across the U.S. have found that residents of low-income, minority, and rural neighborhoods are most often affected by poor access to supermarkets and healthy food.⁹ Importantly, this means that people who already experience a high risk of obesity and other diet-related diseases face greater barriers to eating a good quality diet, precisely because healthy food is not easily available in their community.

To further examine these challenges in Louisiana, the Study Group reviewed findings from comprehensive studies conducted in several regions of the state. Additional research into Louisiana's "food deserts" is ongoing.

Rural Louisiana and the Lower Mississippi Delta

A well-known study of food access in rural America identified 17 parishes in Louisiana as "low-access" areas, or parishes in which at least one-half of the population lives more than 10 miles from a large supermarket or supercenter. These parishes are predominantly rural, including: Assumption, Beauregard, Bienville, Caldwell, Catahoula, Claiborne, Concordia, East Carroll, Jefferson Davis, LaSalle, Red River, Sabine, Tensas, Vernon, Washington, Webster, and West Carroll.²²

A more in depth look at food availability, diet, and health in the rural Lower Mississippi Delta (LMD) region of Louisiana, Arkansas, and Mississippi is provided by the Delta Obesity Prevention Research Program (formerly The Delta Nutrition Intervention Research Initiative) funded by the USDA Agricultural Research Service. This region is characterized by high rates of poverty and obesity. The research highlights the following challenges for residents:^{1,2,25}

- Access to supermarkets in the LMD region is limited, especially for low-income residents. There were fewer than 4 supermarkets in half of the parishes surveyed.^{1,2}
- Residents without access to reliable transportation or who cannot afford to purchase gasoline for frequent long trips may do most of their food shopping at small/medium grocery stores and convenience stores that are located closer to their homes. However, fresh produce is much less available in smaller food stores as compared to in supermarkets. Supermarkets also received higher overall ratings for food quality.^{1,2}
- Supermarkets carried nearly 100% of 44 fruits and vegetables included in a "market basket" survey. On average, small/medium grocery stores carried about 40% and convenience stores less than 17% of these produce items.^{1,2}
- "Fats and sweets" was the most available category of food surveyed in all food stores, including in supermarkets.^{1,2}

- Rates of food insecurity in the region are twice the national average, and LMD adults have significantly lower diet quality than adults nationwide. Three out of four LMD adults do not eat adequate amounts of vegetables and over four in five (84%) do not eat enough fruits.²⁵
- There is a high incidence of diet-related disease in the region. Over two in three LMD adults (68%) are overweight or obese. About half have been told by a doctor that they have one or more serious health problems, including: diabetes, high cholesterol, hypertension, stroke, and/or heart disease.²⁵

Given the limited number of supermarkets in the region and the clear need to improve residents' diets, researchers from the Delta Obesity Prevention Research Program recommend that **“community-based nutrition interventions should include partnerships with small/medium food retailers [to stock and sell more healthy foods] while trying to impact residents' food choices within those stores.”**¹

The Rolling Store: Delivering Fresh Produce to Consumers

The Rolling Store is one promising way to increase the consumption of healthy fruits and vegetables among residents of the rural Lower Mississippi Delta region. In this instance, food items are delivered to the consumer rather than having those individuals travel to a supermarket or other vendor.

Piloted in West Baton Rouge Parish and implemented as a component of the People United to Sustain Health (PUSH) study in the community of Winnsboro in Franklin Parish, the Rolling Store delivers food items including fresh fruits and vegetables in a research setting that gauges its impact on weight and blood pressure in a sample of adults living in and around Winnsboro.

The Rolling Store, in this case, is a pickup truck, converted with a camper top, which is driven to local food vendors, farmers markets, and other sources contracted to provide seasonally fresh produce for the study. A shopping list containing all available fruits and vegetables is provided by the vendors, and study coordinators select appropriate items to be delivered to study participants. Deliveries have been made to homes, church sites, and other convenient locations. PUSH is ongoing with the final data collections occurring in the summer of 2009. To date, approximately 100 individuals have participated in the program.

Southeastern Louisiana

Research in urban areas of Southeastern Louisiana – including the cities of New Orleans, Baton Rouge, and Lafayette – confirms that different types of food stores provide very different food choices to their customers. Researchers from Tulane University and the RAND Corporation measured the length of shelf space devoted to fruits and vegetables as compared to the length devoted to high-calorie snacks, sweets, and soda in a large sample of stores. They find that:^{26, 27}

- The availability and prominence of fresh fruits and vegetables is greatest at supermarkets and larger grocery stores. Small food stores carry limited fresh produce.^{26, 27}
- Convenience stores and drug stores offer the least healthy mix of foods, and most carry no fresh produce.²⁶
- Stores of *all* types devote more shelf space to unhealthy foods than to fruits and vegetables.²⁶
- Predominantly African-American neighborhoods (census tracts) have fewer supermarkets, more small food stores, and lower average availability of fresh fruits and vegetables.²⁷
- Stores in Southeastern Louisiana offer a less healthy mix of foods than stores in Los Angeles (as examined by the same methods over the same time period).²⁶

The researchers conclude that in order to improve access to healthy food, **policy-makers may design incentives “to increase the number of food stores of any size that meet criteria for the healthfulness of their mix of items.”** They suggest that a simple ratio of the shelf length of healthy items to the shelf length of unhealthy items is a practical way to summarize store contents and distinguish store types.²⁶

A comprehensive study of the food system of 23 parishes in South Louisiana is also underway, conducted by Second Harvest Food Bank of Greater New Orleans and Acadiana in collaboration with agriculture, health, and social service departments at five regional universities. This assessment explores food access “from farm to fork,” including the cost and availability of a healthy diet and culturally important foods, the dietary characteristics of high school students, the viability of local food production for farmers, and a gaps analysis of emergency food services. Detailed reports at the parish and regional levels will be available starting in mid 2009.

New Orleans

Many New Orleans neighborhoods lacked access to healthy food prior to Hurricane Katrina. Since the devastating floods, the problem has worsened. As of January 31, 2009, only 19 full-service supermarkets have reopened in New Orleans, half the number in business before Katrina. The number of residents per supermarket has increased from approximately 12,000 pre-Katrina to nearly 18,000 today – which is about twice the national average.²⁸ Moreover, most of the city’s supermarkets are located in wealthier areas, while one in five households do not own a car and public transportation routes remain limited.

Researchers at Tulane University are conducting detailed studies on how the neighborhood food environment affects the dietary patterns and weight of New Orleans residents. Results to date, based on demographic data and an inventory of open food retail outlets prior to Hurricane Katrina (2004-2005), **demonstrate that food access matters to diet and health:**

- In the low-income Central City neighborhood of New Orleans, greater availability of fresh vegetables is linked to increased consumption of vegetables by residents.¹¹
- Citywide, greater supermarket access is significantly associated with lower likelihood of obesity. Conversely, greater convenience store and fast food access is associated with higher obesity odds.¹³

A 2007 survey of low-income New Orleans residents conducted by Tulane University further shows that given their poor access to a supermarket, low-income residents frequently shop for food at neighborhood corner stores that carry almost no fresh produce and a limited amount of other healthy foods. The survey results strongly suggest that **residents would purchase healthy foods if they were easily available in their neighborhood.**²⁹

- The majority (59%) of low-income residents surveyed shop at a supermarket less than once per week (while Americans on average shop at a supermarket about twice weekly³⁰). Just 6% said that they live within “walking distance” of a supermarket; but only about half (58%) own a car.
- On average, respondents shop at corner stores over three times per week. Sixty-seven percent said they live within “walking distance” of a corner store.
- Residents surveyed like to eat fruits and vegetables as much or more than unhealthy foods (see box). Strong majorities (over 80% for popular foods) also said that they “would buy” or “might buy” a variety of fresh produce items if these foods were sold in their neighborhood stores.²⁹

Food	% “like a lot ”
Tomatoes	73%
<i>Fried Chicken</i>	73%
Lettuce	69%
Greens	69%
Green beans	68%
Oranges	66%
<i>French fries</i>	63%
<i>Hamburgers</i>	59%
Broccoli	58%

Tulane researchers are also taking part in an ongoing USDA-led study of “food deserts.” This national study was requested by Congress in the 2008 Farm Bill to consider the incidence of areas with limited access to affordable and nutritious food, and to identify strategies which can reduce their number and consequences.

Specifically, Tulane researchers were invited to contribute a paper which discusses how to conceptualize and measure “food deserts,” as well as policy implications. Through a descriptive case study of post-Katrina New Orleans, they illustrate that whether or not a given neighborhood is classified as a “food desert” depends to some extent on the specific definitions employed of “poor geographic access” and “economically disadvantaged area.”³¹

Nonetheless, **the researchers show that identifying areas of need can be useful at the local level to prioritize policy intervention, for example in awarding grants to retail food projects.** They suggest a two-tiered classification system. The first classification would indicate broad areas of need and be used to establish eligibility for financial assistance; in urban areas, this could mean census tracts with poverty rates greater than 20 percent and located more than 1 kilometer from a supermarket. The second classification would prioritize specific low-income areas that are particularly distant from retail food outlets; applications for food retail enhancement in these areas could be given priority, with the selection of grantees also based on other important criteria such as viability of the project and expected economic impacts.³¹

RECOMMENDATIONS FOR A HEALTHY FOOD RETAIL FINANCING PROGRAM

Create a Louisiana Financing Program for Healthy Food Retail Development

At the request of the Louisiana State Senate, the Study Group considered the creation of a statewide financing program to bring fresh food retailers into underserved communities, including whether such a program should be established and, if so, how it could be implemented.

There was broad consensus regarding the value of creating such a program, which is referred to as the Louisiana Healthy Food Retail Financing Program (the Program) in the remainder of this report. J.H. Campbell Jr., the President of Associated Grocers, stated that low-cost financing is the single most important “enhancer” (incentive) that the public sector could provide to stimulate grocery retail investment in underserved areas. In light of the significant health and economic benefits that healthy food retailers bring to communities, the Study Group agreed that this is a sound investment of public resources.

Additionally, there was strong support for modeling the Louisiana Healthy Food Retail Financing Program on the successful Fresh Food Financing Initiative in the state of Pennsylvania. The Study Group carefully examined the FFFI model and heard testimony from The Food Trust and The Reinvestment Fund, the nongovernmental organizations that implement the Initiative; this informed the recommendations that follow.

➤ **Recommendation:**

- **The State of Louisiana should create a statewide financing program that will provide grants and loans to healthy food retail ventures that improve access to fresh fruits and vegetables and other affordable healthy food in underserved communities across Louisiana, particularly in low-income and rural areas.**
- **This Louisiana Healthy Food Retail Financing Program should be structured and capitalized as a public-private partnership that creates a dedicated pool of financial capital for healthy food retail development.**

The Pennsylvania Fresh Food Financing Initiative: A Successful Model

To address a lack of fresh healthy food in its communities, in 2004 Pennsylvania created the Fresh Food Financing Initiative (FFFI). This statewide program provides grant and loan funding to fresh food retailers that operate in underserved communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions. It also helps retailers with many aspects of the store development process.^{16,19,34}

The Initiative makes available a \$120 million multi-faceted funding pool. The State legislature appropriated \$30 million over three years to create the FFFI. The Reinvestment Fund (TRF) , a community development intermediary, pledged to raise a total of \$90 million to match this State grant 3 to 1. TRF and its partners raised over \$82,683,000 in match as of December 31, 2008 , from sources including private sector banks, federal New Market Tax Credits, operator equity, foundation and federal grants, and the TRF core loan fund and fees.¹⁶

The Initiative is capitalized and administered through a public-private partnership. This structure enabled the initiative to launch quickly and to effectively meet the needs of food retail businesses and communities statewide. Each partner brings particular expertise:

- The PA Department of Community and Economic Development (DCED) is responsible for overall program management, publicity, and oversight.
- The Reinvestment Fund underwrites grants and loans, raises private capital, and administers the DCED grant.
- The Food Trust markets FFFI statewide, determines site eligibility, evaluates health impacts, and works with industry and community stakeholders to identify and support viable projects.
- The Greater Philadelphia Urban Affairs Coalition helps operators meet disadvantaged business and resident employment goals for stores in Philadelphia.

Benchmarks of Impact (as of December 31, 2008)¹⁶

FFFI has awarded \$58 million in grants and loans to 65 applicants (out of 170 applicants) , stimulating:

- \$164 million of investment in estimated total project costs
- 1.4 million square feet of fresh food retail in underserved communities
- 3,694 jobs created and retained
- Statewide impact: 24 projects in Philadelphia/Pittsburgh, 41 projects in other PA towns.

The Fresh Food Financing Initiative has been recognized nationally as an exemplary public program by the National Governor's Association Center for Best Practices, Harvard University's Kennedy School of Government, and the U.S. Environmental Protection Agency.

Central Goals of the Program

It is important to keep the goals of the Louisiana Healthy Food Retail Financing Program central to the program's structure and activities, the Study Group agreed. It emphasized that the program should promote healthy diets and support economic vitality in underserved communities. It further recognized the valuable contribution of Louisiana agriculture, and placed importance on making fresh locally grown produce more available while providing opportunities for Louisiana farmers.

➤ **Recommendation: The Program should advance the following goals and objectives:**

- Provide competitive financing for healthy food retail ventures operating in low-income communities in order to stimulate private sector investment in these ventures.
- Provide access to affordable healthy food which, together with complementary nutrition programs, will enable residents to improve their diets and health.
- Promote the sale and consumption of fresh fruits and vegetables, particularly Louisiana grown.
- Support expanded economic opportunities in low-income and rural areas, including job creation and workforce development.

Program Structure and Administration

The Study Group considered the main characteristics of the program's structure and administration. It began with a shared understanding of several key points. First, the Healthy Food Retail Financing Program is designed to make one-time awards (grants and loans) to eligible ventures on a competitive basis; it is not intended to provide ongoing funding or subsidies. Second, the program must be able to process requests for financial assistance at a pace which is in line with that of business, according to clear and transparent guidelines. Third, retailers that receive assistance are expected to provide healthy, high-quality foods at competitive prices; this standard should inform selection and monitoring, as discussed below.

➤ **Recommendation:**

- **The Program should make one-time awards of grants and loans through a rolling, competitive selection process according to transparent guidelines.** Requests for financial assistance should be processed at a pace that is in line with the pace of business.

After agreeing that the Healthy Food Retail Financing Program should be managed by a designated state agency, the Study Group determined that the Louisiana Department of Agriculture and Forestry (LDAF) is an excellent agency to assume this responsibility. LDAF administers federal and state food and nutrition programs; has strong working relationships with the state's grocery retailers, farmers' markets, and farmers; and works to promote Louisiana grown food and rural and community development. The Commissioner of Agriculture and Forestry, Dr. Mike Strain DMV, expressed his commitment and that of LDAF to support the proposed program. Similarly, the USDA is leading the federal government's efforts to better understand and address "food deserts" in order to provide children and low-income people with access to nutritious food and a healthful diet.

The Study Group further considered how key program elements would be implemented, including to market the program statewide, evaluate applicants, make award decisions and underwrite loans, and monitor compliance and impact. It evaluated several options, e.g.: LDAF staff could directly administer these program elements; an appointed board could have certain authorities; and/or a public-private partnership could be established to implement the program. Ultimately, the Study Group concluded that a public-private partnership is the preferred structure. This decision was informed by a review of both the Pennsylvania Fresh Food Financing Initiative and the Louisiana Business Recovery Grant and Loan Program. Both programs are managed by a state agency and implemented through community development intermediaries. The nongovernmental partners are responsible for providing outreach and information to potential applicants; determining applicant eligibility; performing loan underwriting, review, and closings; maintaining all pertinent records; monitoring activities; and regular reporting to the responsible state agency.^{16,19,32}

Important advantages of this public-private partnership model include the capacity to establish relationships with the pertinent business and local communities; expertise in specific industry sectors; the capacity to perform loan underwriting; and expanded geographic reach. Several additional benefits are evident in the FFFI program. First, this initiative is both *implemented and capitalized* in collaboration with the private sector; specifically, The Reinvestment Fund pledged to raise funds to match the State's investment on a 3-to-1 basis. Second, The Food Trust provides expertise with respect to food access and public health, reflecting core program goals. Third, communication is streamlined because the state works with two primary nongovernmental partners that have the capacity to assist businesses and communities statewide. The Study Group endorsed taking a very similar approach in Louisiana.

➤ **Recommendation:**

- **Establish the Program as a public-private partnership managed by the Louisiana Department of Agriculture and Forestry. LDAF should select two experienced partners that demonstrate the capacity to jointly implement the program statewide, specifically: (1) a community development lender and (2) a nonprofit organization with expertise in food access and health.**

Healthy Food Retail Projects

The Study Group emphasized that the Louisiana Healthy Food Retail Financing Program must be comprehensive and sufficiently flexible to meet the needs of diverse underserved communities, both rural and urban, and correspondingly diverse retail ventures. It characterized the types of projects and project costs that should be eligible for financing assistance. A major theme of discussion was that the program should be open to any viable retail project that will improve access to *healthy* food, from supermarkets and farmers' markets to less conventional models such as mobile vendors and food cooperatives. Conversely, the program should not finance stores whose majority of sales are made up of unhealthy foods, alcohol, and tobacco.

➤ Recommendation:

- **Ensure that the Program is comprehensive and sufficiently flexible to meet the needs of diverse underserved communities and healthy food retail ventures.** Guidelines should reflect the target projects but also include a procedure for handling creative approaches and exceptions to the rules.
- **Food retail projects that will improve access to healthy food should be eligible for financing,** including: new supermarket and grocery store development; store renovations, expansion, and equipment upgrades (especially to improve the availability and quality of fresh produce); farmers' markets; food cooperatives; mobile markets and delivery projects; and distribution projects that enable food retailers in rural and underserved urban communities to regularly obtain fresh produce.
- Accordingly, both for-profit and not-for-profit entities should be eligible, which may be a: sole proprietorship, partnership, limited liability company (LLC), corporation, non-profit organization, university, or cooperative.
- Eligible project costs should include: site acquisition and preparation; construction (builder overhead, labor, and materials); equipment and furnishings; workforce development; security; certain pre-development costs (market studies, appraisals); and working capital for first-time inventory and start-up costs.

Financial Products

The commitment and flexibility to meet the needs of a particular project and community should extend to the types of financial products that are offered through the program, the Study Group agreed. Furthermore, State resources should be used to attract additional funds, including from private sector financial institutions, operator equity, and federal and foundation programs.

The Study Group therefore expects that the program's community development lending partner (as per the public-private partnership structure recommended above) will utilize the public and private sector resources made available through this program to offer certain core financial products, including direct grants and loans. The lender will determine which products are best suited for each applicant, while specific loan terms and fees may vary by project.

In structuring the core financial products, State dollars may be used, for example, for direct grants and loans; for participation loans; to raise private capital for a dedicated loan fund; to offer more attractive and flexible financing to priority projects; and for program administration. A reasonable portion of available funds should be used to create a revolving loan fund, so that as the principle and interest on initial loans are repaid, these funds can be used to finance additional projects.

In most cases, applicants for program financing should also provide operator equity and/or take out loans from a private bank. In order to most effectively leverage State funds, the program partners should also assist applicants to utilize complementary grant and incentive programs, including New Markets Tax Credits, Community Development Block Grants, and others listed in Appendix C.

➤ Recommendation:

- **Core financial products should include both grants and loans. The lending partner should work to meet the needs of the project and community when determining which financial products are best suited for the applicant.**
- **State resources should be used to leverage additional funds from sources including private sector financial institutions, operator equity, foundation and federal grants, and New Markets Tax Credits.**

Healthy Food Retailers Financed through the PA Fresh Food Financing Initiative^{16,19,34}

- **ShopRite of Island Avenue** is a 57,000 square foot supermarket located in the Eastwick section of Philadelphia. It boasts fresh and affordable food and a strong connection to the community. Most of the 258 quality jobs created by the supermarket qualify for attractive employee benefits and are filled by local residents. The presence of the ShopRite in the neighborhood is also increasing local real estate values by stimulating additional development and job opportunities nearby. The ShopRite opened with a \$5 million loan financed using New Markets Tax Credits and a \$250,000 grant from FFFI to help with workforce training costs.
- **Sprinkle's Neighborhood Markets** are family-operated supermarkets located near Pittsburgh. Through FFFI, the Sprankles received loans totaling over \$1.2 million toward the purchase of two additional stores (both approximately 10,000 square feet in size) in the nearby towns of Vandergrift and Apollo, as well as for energy-efficient equipment and inventory. Both stores are the only full service supermarkets in their small towns.
- **Mastrorocco's Market** is a family-operated 12,000 square foot store located in Derry, PA (population 3,000). It is the only full service grocer in town and a major commercial anchor. FFFI provided a \$75,000 grant that helped the store to increase its sales space and product offerings, while making much-needed upgrades in a new HVAC unit, loading dock, and lighting.
- **Right by Nature** is a full-service 22,000 square foot natural foods store located in Pittsburgh's Lawrenceville Enterprise Zone. Specializing in *affordable* organic and local produce, a key feature of the store's business model is to buy produce directly from local farmers. FFFI provided a \$250,000 grant and a \$750,000 loan to help finance its opening.
- **Romano's Grocery** is a 2,400 square foot corner store located in Philadelphia. With a \$64,000 grant from FFFI, additional grants and loans from other sources, operator equity, and substantial technical assistance from The Food Trust, the store was completely renovated with energy-efficient refrigeration and lighting. Prior to the renovation the store carried mostly processed foods. The centerpiece of the store is now a large produce case. Not only are significant increases in sales of fresh produce evident at Romano's, but nearby corner stores have also begun to offer more fresh fruits and vegetables.

Applicant Eligibility and Selection

The Study Group stressed that all applicants must meet meaningful criteria for sales of fresh produce and accessibility to low-income residents, to ensure that the program meets the goal of improving access to healthy food in underserved communities. Knowledgeable reviewers should make an initial determination of whether each applicant meets these central program goals; in the public-private partnership structure recommended above, this role is appropriate for the nonprofit partner with expertise in food access and public health.

Once an applicant is found to be eligible for assistance, the program's lending partner should determine an appropriate grant and/or loan package based on a careful assessment of factors including the proposed project's financial viability and managerial experience, ability to repay loans, and anticipated social and economic impacts. Given the challenging nature of the supermarket industry, several experts who testified before the Study Group stressed the importance of financing experienced operators who have a track record of operating high quality stores.

The Pennsylvania FFFI program utilizes this method of a two-stage applicant review process, which is a straightforward and efficient approach for interested operators.

- **Recommendation: In order to be eligible for Program financing, an applicant should meet the following eligibility criteria (stage one review).**
- **The proposed project will benefit an underserved community.** Underserved community describes an area that has limited access to supermarkets and healthy food retail outlets *AND* has a low median income or severe or persistent poverty; or another community that is determined to have significant access limitations due to distance from food retail outlets.
 - **The applicant will demonstrate a meaningful commitment to sell fresh fruits and vegetables, according to a measurable standard.** For example, supermarkets should be required to meet the industry average of earning over 10% of total sales dollars from the produce department, and should be encouraged through program guidelines to exceed this target.³³ Retailers which lack the capacity to report sales figures should be required to dedicate at least 10% of shelf space to fresh produce, with preference given to stores that dedicate more shelf space to produce and less space to unhealthy foods.
 - **The applicant will accept Food Stamps (Supplemental Nutrition Assistance Program) and WIC (Special Supplemental Nutrition Program for Women, Infants and Children) benefits.** Exceptions may be made for nonconventional retail ventures that fall outside of the scope of these nutrition assistance programs.
 - **The applicant will demonstrate the capacity to implement and sustain the project.** This is more fully assessed in the second stage of applicant review, as discussed below.

- **Recommendation: For eligible applicants, the following factors should be analyzed in determining the grant and/or loan package awarded (stage two review).**
- **Viability of the project and operator.** This includes the strength of the business plan, the operator's industry and management experience, and market factors.
 - **Ability to repay debt.** This includes analysis of sales and cash flow projections, working capital, financial leverage, credit score, references from suppliers, and personal guarantees.
 - **Project and community need.** Applicants should briefly explain why the proposed project requires an investment of public funding to move forward, to create impact, or to be competitive with similar projects in the region. Communities that have extraordinary need for healthy food access, and great difficulty in attracting operators, should receive priority consideration. Where relevant, proximity of the project to mass transit lines that will increase access for underserved communities should also be taken into account.
 - **Promotion of fresh fruits and vegetables, particularly Louisiana grown.** Applicants should detail any strategies to meet this goal, for example: to exceed the required minimum of fresh produce sales; to promote fresh produce beyond simple availability, such as through product placement, marketing, and point-of-sale nutrition information; to participate in the Louisiana Buy Fresh Buy Local program; and to source and sell Louisiana grown produce from wholesalers or regional farmers.
 - **Expansion of economic opportunity.** Applicants should indicate the number and quality of jobs that will be created (or retained); any special efforts to hire locally and invest in workforce development; and any anticipated impacts on the surrounding community.

Coordination with Complementary Nutrition Programs

The Study Group recognized the importance of nutrition education and outreach, so that as stores are encouraged to stock and sell more fresh produce and other healthy perishables, community members are also encouraged to purchase these foods. It called upon the Louisiana Healthy Food Retail Financing Program to coordinate with complementary nutrition programs and education and marketing initiatives at the state and local levels, noting the resources summarized in Appendix C.

Federal nutrition programs such as Food Stamps, WIC, and the Farmers' Market Nutrition Programs enable eligible families and seniors to purchase healthy foods and provide a source of revenue for food stores and farmers' markets in low-income areas. Participants in these programs also receive nutrition education, which highlights ways to make healthy food choices within a limited budget. In Louisiana, this education is provided through the Office of Public Health and the Cooperative Extension Service of Louisiana State University (LSU) and Southern University and A&M College.

Community- and school-based nutrition education reaches additional families and children. Comprehensive statewide programs include the Expanded Food and Nutrition Education Program and the Smart Bodies program, both of which are implemented in partnership with the LSU AgCenter. The Louisiana Obesity Council recently conducted a survey of healthy eating and other obesity prevention programs statewide.

Point-of-sale marketing at the grocery store can further promote purchases of fresh produce and other healthy foods. This approach is part of the JumpStart Pierre Part healthy eating program, which is a partnership between Tulane medical students, the town's two doctors, and the local government, school, families, and grocery store in Pierre Part, LA. Shoppers in the town's one grocery store receive guidance from illustrated signs that signal the healthiest grocery items. These messages are reinforced by monthly nutrition seminars, articles in the local newspaper, and other educational activities. By tracking food purchasing patterns and sales trends at the grocery store, and the weights of the children in the community, Tulane students and the Louisiana Public Health Institute are monitoring JumpStart to evaluate the effectiveness of the program.

➤ **Recommendation:**

- **The Program partners should coordinate with complementary nutrition programs and education initiatives, so that Louisiana citizens are both able and encouraged to make healthy food choices.**

Program Oversight and Project Monitoring

The Study Group placed a high level of importance on establishing strong mechanisms for program oversight and project monitoring. Retailers that receive state assistance are expected to operate quality, healthy food retail ventures and should be held accountable for meeting related standards. Program partners should further document how State resources are invested in food retail projects to positively impact the health and economic well being of underserved communities statewide. The Study Group expressed a particular interest in obtaining data on produce sales from participating grocery stores in order to assess the extent to which making fresh produce items more available and prominent is linked to increases in the purchase and consumption of fruits and vegetables.

➤ **Recommendation:**

- **Establish strong program oversight.** Program oversight mechanisms may include benchmarks for geographic reach and annual number of projects supported; quarterly progress reports to the Commissioner of Agriculture and Forestry, with metrics on the number and characteristics of projects supported; regular financial reports on program expenditures and matching funds; and a program audit. Studies on economic and health impacts, including to measure increases in the sales of fresh fruits and vegetables at participating food retailers, are further encouraged. A program manual containing all program documentation and contact information is essential.
- **Establish strong project monitoring procedures.** Monitoring mechanisms for grants and loans may include periodic site visits as well as annual documentation over an established period to show that the project continues to meet the stated eligibility criteria (e.g., significant sales of fresh produce, acceptance of WIC) and financial requirements. Loan monitoring may further include, but is not limited to, the regular review of financial statements and projections and an annual financial audit. In general, funds should be disbursed to approved projects on a reimbursement basis and files should be monitored prior to funds being released. Acceptable proof of documentation for each requirement should be clearly stated.

Fiscal Investment by the State of Louisiana

As recommended in this report, the Healthy Food Retail Financing Program will create a dedicated pool of grant and loan funding for healthy food retail development, which is capitalized and implemented through a public-private partnership. The intent is to establish a program which has sufficient financial capital and organizational capacity to assist underserved communities and retail ventures statewide, as well as to aggressively attract private capital and federal, local, and foundation support for this purpose. The Study Group therefore considered what investment of state funds would be appropriate to establish an effective program as proposed. Ultimately, the Study Group recommended that the State of Louisiana allocate \$5 million in state funds this fiscal year (2009-2010) for the creation of the Healthy Food Retail Financing Program.

At a general level, the Study Group estimated reasonable administrative costs and benchmarks for the number and types of projects that could be stimulated by a state allocation of \$5 million that is matched by \$5 million raised by the Program's nongovernmental partners, as shown in Appendix B.

➤ **Recommendation:**

- **The State of Louisiana should allocate \$5 million to fund the creation of the Healthy Food Retail Financing Program.** The Study Group further expects that the nongovernmental intermediaries selected to implement the program will commit to raise at least \$5 million in match funds, and that the resources made available through the program will stimulate private sector investment in quality, healthy food retail ventures in underserved communities statewide.

CONCLUSION

In accordance with Senate Resolution 112 of the 2008 Regular Session of the Louisiana Legislature , the Healthy Food Retail Study Group has prepared a report which describes how the problem of limited access to fresh healthy foods affects certain rural and urban communities statewide. It further provides recommendations for the creation of a statewide financing program to attract quality, healthy food retailers into areas that need improved access to healthy food.

All Louisianans deserve healthy food choices in their community. Increasing access to affordable healthy food is a key strategy to improve diets and health among Louisiana families and children, and to reverse the costly epidemic of obesity. Developing quality food retail also creates jobs, encourages investment, expands markets for Louisiana grown produce, and helps make a community a good place to live. Fortunately, it is clear that targeted public policies and public-private partnerships can stimulate investment in healthy food retail in underserved communities.

Specifically, the Study Group recommends that the State of Louisiana establish a statewide financing program that provides grants and loans to supermarkets, grocery stores, farmers' markets, and other food retail ventures that improve access to fresh fruits and vegetables and other affordable healthy food in underserved communities, particularly in low-income and rural areas. This program should be structured and capitalized as a public-private partnership that creates a dedicated pool of financial capital for healthy food retail development.

The Study Group encourages our state leaders to work toward swift implementation of these recommendations for a Louisiana Healthy Food Retail Financing Program. This is a sound investment of public resources that will promote the health and economic well being of the State and citizens of Louisiana.

APPENDIX A: TESTIMONY AND MATERIALS CONSIDERED**October 21, 2008 Meeting of the Healthy Food Retail Study Group**

- Senator Ann Duplessis (Regular Session, 2008). *Senate Resolution No. 112*. Creates and provides for the Louisiana Healthy Food Retail Study Group. Baton Rouge, LA: Louisiana Legislature.
- J.H. Campbell Jr., JD. President and CEO of Associated Grocers, Inc., Baton Rouge, LA. “Healthy Food Retail Study Group: retail outlet location considerations.”
- Thomas A. Farley, MD MPH. Chair of the Department of Community Health Sciences and Director of the Prevention Research Center at Tulane University, New Orleans, LA. “Food and Health in Louisiana.”
- John Weidman, MA. Deputy Executive Director of The Food Trust, Philadelphia, PA. “Improving access to nutritious food: PA Fresh Food Financing Initiative.”
- Pennington Biomedical Research Center (2008). *Louisiana’s report card on physical activity & health for children and youth – 2008. Put active play in every child’s day*. Baton Rouge, LA: Pennington Biomedical Research Center, Louisiana State University System.
- Report by the New Orleans Food Policy Advisory Committee (2008). *Building healthy communities: expanding access to fresh food retail*. New Orleans, LA: The Prevention Research Center at Tulane University and The Food Trust.
- “Pennsylvania Fresh Food Financing Initiative: providing healthy food choices to Pennsylvania’s communities.” Handout made available by The Food Trust, Philadelphia, PA.

November 18, 2008 Meeting of the Healthy Food Retail Study Group

- David W. Harsha, PhD. Chief of Body Composition and Associate Professor at Pennington Biomedical Research Center, Louisiana State University System, Baton Rouge, LA. “Food availability and security: Lower Mississippi River Delta small town/ rural residents.”
- “Educational Outreach Opportunities.” Handout made available by Bobby H. Fletcher, Jr., PhD. Assistant Director for Louisiana Cooperative Extension Service Administration at the LSU AgCenter.
- “Discussion outline: LA ‘Healthy Food Retail’ Financing Program.” Handout prepared for the Healthy Food Retail Study Group.

January 30, 2009 Meeting of the Healthy Food Retail Study Group

- Patricia L. Smith, JD. Director of Special Initiatives at The Reinvestment Fund, Philadelphia, PA. “PA Fresh Food Financing Initiative.”
- Adrienne Celestine. Director of Business Recovery Services at Louisiana Economic Development. “Louisiana Business Recovery Grant and Loan Program.”

APPENDIX B: PROJECT ESTIMATES

The Healthy Food Retail Study Group considered the following estimates as a basis for discussion.

Potential projects (over approximately 3 years) if the proposed Louisiana Healthy Food Retail Financing Program is capitalized and implemented through a public-private partnership.

Assumptions:

- Total funds: \$5 million (State) + \$5 million (Nongovernmental partners match)
- Program delivery costs @ \$900,000 + \$100,000 contingency (over 3 years)
- \$9 million is available to provide grants and loans to healthy food retail projects

Projects: ~ \$9 million

Type of Store	# of Projects	Average Grant	Average Loan	Total Grant	Total Loan
Large Supermarket (New)	5	200,000	[Varies, NMTC may be utilized]	\$1 million	\$4 million
Medium Supermarket & Refresh Projects	8	100,000	350,000	\$800,000	\$2.8 million
Small Stores & Markets: Farmers, Mobile	7	30,000	[Varies, small loans if any]	\$210,000	\$200,000
All Projects	20	-	-	\$2.01 million	\$7 million (revolving loan fund)

Use of state funds:

\$1 million to program administration (over 3 years, for State agency and nongovernmental partners)

\$2 million to direct grants

\$2 million to capitalize revolving loan fund

APPENDIX C: COMPLEMENTARY PROGRAMS

Complimentary Financing and Incentive Opportunities		
Funding Opportunity	Program Scope	Website
New Markets Tax Credits (Treasury)	Permits taxpayers to receive tax credits for making qualified equity investments in designated Community Development Entities, which are in turn used to create investments in low-income urban and rural areas	www.cdfifund.gov
Community Development Block Grants (HUD)	Expanding economic opportunities, principally for persons of low- and moderate-income	www.hud.gov/offices/cpd/communitydevelopment/programs/
Rural Housing and Urban Development Program (HUD)	Economic development and innovative housing strategies in rural areas	www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/
Enterprise Zone (LED)	LA income and franchise tax credits to a business hiring a minimum number of net new employees in designated Enterprise Zones (high unemployment, low income or high percentage of residents receiving public assistance)	www.louisianaforward.com/come-to-louisiana/business-incentives/state-business-incentives/enterprise-zone.aspx
Renewal Communities Tax Credits (LED)	Stimulate economic development in the nation's most distressed communities via special federal income tax treatment and other incentives	www.louisianaforward.com/come-to-louisiana/business-incentives/federal-business-incentives/renewal-communities.aspx
Intermediary Relending Program (USDA)	Alleviate poverty and increase economic activity and employment in rural communities. Under IRP, loans are provided to local organizations (intermediaries) for the establishment of revolving loan funds	www.rurdev.usda.gov/rbs/busp/irp.htm
Community Food Projects Competitive Grants (USDA)	Fight food insecurity through developing community food projects that help promote the self-sufficiency of low-income communities	www.csrees.usda.gov/funding/cfp/cfp.html
Farmers ' Market Promotion Program grants (USDA)	Improve and expand domestic farmers ' markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer markets	www.ams.usda.gov/fmpp
US Small Business Administration	The Small Business Administration serves as guarantor of a variety of loans available to small businesses; it also provides services including counseling and legal assistance	www.sba.gov/

COMPLEMENTARY PROGRAMS (CONTINUED)

Complimentary Nutrition and Education Programs		
Nutrition Resource	Program Scope	Website
SNAP Nutrition Education (Supplemental Nutrition Assistance Program)	Works to improve the likelihood that SNAP (Food Stamp) participants and applicants will make healthy choices within a limited budget and choose active lifestyles	www.fns.usda.gov/fsp/nutrition_education/
WIC (Special supplemental Nutrition Program for Women, Infants and Children)	Provides nutritious foods; nutrition education and counseling; and referrals to other health and social services	www.dhh.louisiana.gov/offices/?ID=320 www.fns.usda.gov/wic/
Senior Farmers' Market Nutrition Program and WIC Farmers' Market Nutrition Program	Provides low-income seniors/ WIC participants with coupons that can be used for fresh local produce at farmers' markets, roadside stands, and community supported agriculture programs	www.fns.usda.gov/wic/SenioFMNP/SFMNPmenu.htm www.fns.usda.gov/wic/FMNP/FMNPfaqs.htm
Louisiana Commodity Supplemental Food Program	Provides low-income women, infants, children, and seniors with food packages and nutrition education	www.dhh.louisiana.gov/offices/page.asp?id=269&detail=6355
Expanded Food and Nutrition Education Program	Assists limited resource audiences in acquiring the knowledge, skills, attitudes, and changed-behavior necessary for nutritionally sound diets	www.crees.usda.gov/nea/food/efnep/efnep.html
Smart Bodies	Comprehensive nutrition education and physical activity 4-H school enrichment program for children in kindergarten through third grade	www.smartbodies.org
Louisiana Council on Obesity Prevention and Management	The Louisiana Obesity Council recently conducted a survey of healthy eating and other obesity prevention programs statewide. Council members from public and private sector organizations work in partnership to strengthen the alignment, development and implementation of programs, projects and research to respond to the public health challenge of obesity.	www.dhh.louisiana.gov/offices/?ID=270

REFERENCES

1. Connell CL, Yadrick MC, Simpson P, Gosset J, McGee BB, Bogle, ML (2007). Food supply adequacy in the Lower Mississippi Delta. *Journal of Nutrition Education and Behavior*, 39, 77-83.
2. Harsha DW (Nov 18, 2008). Food availability and security: Lower Mississippi River Delta small town/ rural residents. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
3. America's Health Rankings (2008). *A call to action for individuals and their communities*. St. Paul, MN: United Health Foundation. Accessed Feb 2009 from: www.americashealthrankings.org/2008/pdfs/2008.pdf.
4. Farley TA (Oct 21, 2008). Food and health in Louisiana. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
5. Centers for Disease Control and Prevention (2007). *Behavioral Risk Factor Surveillance System Survey Data*. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention. Accessed Feb 2009 from www.cdc.gov/bffss.
6. Pennington Biomedical Research Center (2008). *Louisiana's report card on physical activity & health for children and youth – 2008. Put active play in every child's day*. Baton Rouge, LA: Pennington Biomedical Research Center, Louisiana State University System.
7. Finkelstein EA, Fiebelkorn IC, Wang G (2004). State-level estimates of annual medical expenditures attributable to obesity. *Obesity Research*, 12(1), 18-24.
8. Finkelstein EA, Ruhm CJ, Kosa KM (2005). Economic causes and consequences of obesity. *Annual Review of Public Health*, 26, 239-257.
9. For a comprehensive review of research studies on disparities in access to food and linkages with dietary intake and obesity see: Larson NI, Story MT, Nelson, MC (2009). Neighborhood environments: disparities in access to healthy foods in the U.S. *American Journal of Preventative Medicine*, 36(1), 74-81.e10.
10. Morland K, Wing S, Diez Roux AV (2002). The contextual affect of the local food environment on residents' diets: the Atherosclerosis Risk in Communities Study. *American Journal of Public Health*, 92(11), 1761-1767.
11. Bodor JA, Rose D, Farley TA, Swalm C, Scott SK (2008). Neighborhood food and vegetable availability and consumption: the role of small food stores in an urban environment. *Public Health Nutrition*, 11, 413-420.
12. Morland K, Diez Roux AV, Wing S (2006). Supermarkets, other food stores, and obesity: the Atherosclerosis Risk in Communities Study. *American Journal of Preventative Medicine*. 30(4): 333-339.
13. Bodor JN, Rose D, Farley TA, Rice JC (Jan 8, 2009). Food store and fast food restaurant access and body weight outcomes. Presented at the Community Health Sciences Research Seminar, Tulane University School of Public Health and Tropical Medicine, New Orleans, LA.
14. Powell LM, Auld MC, Chaloupka FJ, O'Malley PM, Johnston LD (2007). Associations between access to food stores and adolescent Body Mass Index. *Am Journal of Preventative Medicine*, 33(4), Sup. 1: S301-S307.
15. As cited in Winne M (2008). Re-Storing America's food deserts. In *Closing the Food Gap*, pp. 85-109. Boston, MA: Beacon Press.
16. Smith PL (Jan 30, 2009). PA Fresh Food Financing Initiative. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
17. Food Marketing Institute (Aug 2008). Competition and profit. Arlington, VA: FMI. Accessed Feb 2009 from: www.fmi.org/docs/facts_figs/CompetitionandProfit.pdf.
18. Campbell JH (Oct 21, 2008). Healthy Food Retail Study Group: retail outlet location considerations. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
19. Weidman J (Oct 21, 2008). Improving access to nutritious food: PA Fresh Food Financing Initiative. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
20. Report by the New Orleans Food Policy Advisory Committee (2008). *Building healthy communities: expanding access to fresh food retail*. New Orleans, LA: The Prevention Research Center at Tulane University and The Food Trust.

21. Flournoy R and Treuhaft S (2005). *Healthy food, healthy communities: improving access and opportunities through food retailing*. Oakland, CA: PolicyLink.
22. Morton LW and Blanchard T (Feb 2007). Starved for access: life in rural America's food deserts. *Rural Realities*, 1(4), 1-10. Rural Sociological Society.
23. Fisher A (1999). *Hot peppers and parking lot peaches: evaluating farmers' markets in low income communities*. Venice, CA: Community Food Security Coalition.
24. The Reinvestment Fund. Access to supermarkets in inner-city communities. *Reinvestment Brief*, 5, 1-4. Philadelphia, PA: TRF.
25. McCabe Sellers BJ, Bowman S, Stuff JE, Champagne CM, Simpson PM, Bogle ML (2007). Assessment of the diet quality of US adults in the Lower Mississippi Delta. *American Journal of Clinical Nutrition*, 86(3), 679-706.
26. Farley TA, Rice J, Bodor JN, Cohen DA, Bluthenthal RN, Rose D (Under review). Measuring the food environment: shelf space of fruits, vegetables, and snack foods in stores.
27. Rose D, Bodor JA, Swalm C, Farley TA, Rice J, Cohen D (Nov 7, 2007). Disparities in access to fruits and vegetables: results from the Louisiana neighborhood environment and consumption survey. Presented at the Annual Meeting of the American Public Health Association, Washington, DC.
28. Ratios of residents per supermarket are derived. New Orleans population estimates are based on the U.S. Postal Delivery Statistics as presented by the Greater New Orleans Community Data Center (Dec 31, 2008); supermarket lists are maintained by the New Orleans Food Policy Advisory Committee. National estimates are based on data from the U.S. Census Bureau and the Food Marketing Institute, FMI Information Services.
29. Sokol R (April 2007). [Survey of 219 low-income persons in health and social service facilities in New Orleans.] Unpublished data, Tulane University, New Orleans, LA.
30. According to the Food Marketing Institute, in 2007 consumers made an average of 1.9 trips per week to the supermarket. See: Food Marketing Institute. FMI Industry Overview 2007. Arlington, VA: FMI. Accessed Feb. 2009 at: www.fmi.org/facts_figs/?fuseaction=superfact.
31. Rose D, Bodor JN, Swalm CM, Rice JC, Farley TA, Hutchinson PL (Under review). Deserts in New Orleans? Illustrations of urban food access and implications for policy. Prepared for the University of Michigan National Poverty Center/USDA Economic Research Service research grant: *Understanding the Economic Concepts and Characteristics of Food Access*.
32. Celestine A (Jan 30, 2009). Louisiana Business Recovery Grant and Loan Program. Presented at the Healthy Food Retail Study Group meeting, Louisiana Legislature, Baton Rouge, LA.
33. According to the Food Marketing Institute, on average 10.8% of total supermarket sales were from the produce department in 2007. See: FMI Information Service (Oct 2008). Supermarket sales by department — percent of total supermarket sales. *Key Industry Facts*. Arlington, VA: FMI. Accessed Feb 2009 at: http://www.fmi.org/docs/facts_figs/grocerydept.pdf.
34. The Reinvestment Fund. *Pennsylvania Fresh Food Financing Initiative: providing healthy food choices to Pennsylvania's communities*. Philadelphia, PA: TRF. Accessed Feb 2009 at: www.thefoodtrust.org/pdf/FFFI_Brief.pdf.
35. Senator Ann Duplessis (Regular Session, 2008). *Senate Resolution No. 112*. [Creates and provides for the Louisiana Healthy Food Retail Study Group.] Baton Rouge, LA: Louisiana Legislature. Accessed Feb 2009 at: <http://www.legis.state.la.us/billdata/byinst.asp?sessionid=08RS&billid=SR112>.