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**Healthy Fresh Food Financing Initiative Webinar  
Participant Q & A  
August 5, 2010**

**Is the private sector also responding, given all the interest in healing some of the food deserts?**

Pat: When we first fashioned the Pennsylvania Fresh Food Financing Initiative, we worked very closely with the grocery industry and they were part of the task force that made a series of recommendations. With respect to the Healthy Food Financing Initiative, both the National Grocers Association as well as the Food Marketing Institute, which are the largest trade associations for supermarket operators, have endorsed the Initiative and have been active in advocating for support and funding.

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**Have there been any Healthy Food Financing Initiatives focused on rural access and if so in what states?**

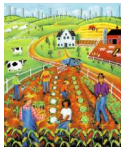
Pat: In Pennsylvania, our program was a statewide program. While Philadelphia and Pittsburgh are fairly large metropolitan communities, the overwhelming majority of the state is comprised of small towns and the cities most of them under 50,000 in population and rural communities. We were able to identify and finance operators in those communities. On the whole, I would say most rural communities with existing grocers are family-owned businesses, sometimes multigenerational, and often the type of funding they need is to upgrade their stores and remain competitive. As an example, the ability to finance new refrigeration equipment that's more energy efficient helps them stay in business and remain competitive.

Rebecca: The national Healthy Food Financing Initiative is being designed so that it will be able to address issues in both urban and rural communities.

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**What can we do to open commercial markets in our areas to local production? As it stands now, people with large acreage aren't willing to go into commercial production without a local retail market they can sell to. This has stopped large, local commercial production. How do we convince large retailers to buy local, such as Wal-Mart and Albertson's?**

Pat: One of the things that the commonwealth of Pennsylvania has in place is a number



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of programs and incentives, and New York is similar in this regard, which give incentives to buy local. Our program is called [Pennsylvania Preferred](#), and a lot of retailers do buy locally from within the region. One of the things that The Reinvestment Fund research group hopes to do is to be able to take our stores that we've been able to finance and dig a little deeper like we did on economic impact and get more detail on the percentage of sales that are going into the local food systems. Again, we're not only financing large retailers, but an important retail enterprise within the food system is farmers markets as well as food cooperatives. So the fact that we were able to lend assistance to those types of business formats is also contributing to supporting the regional food economy.

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### **Is The Food Trust conducting an assessment in Atlanta, Georgia?**

Tracey: The Food Trust just recently launched an advocacy effort in Georgia. We are in the very early stages of this work, but we are in the process right now of trying to get the supermarket access picture in Atlanta and across the state of Georgia. So we hope that in the next couple of months that we may have additional data with our findings and we'll hope to issue a report. Some of the preliminary research that we have done, we see that there are pockets of need in Atlanta as well across the state.

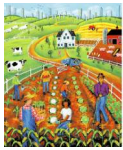
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**A large part of the funding that Congress is considering is the New Markets Tax Credit. I am working in a very small, rural community that is eligible for NMTCs, but the project we are working on, although large by our standards, is far too small for interest by NMTC brokers. How can we ensure that this funding is available for small-scale projects on the order of \$70,000-500,000 and up?**

Rebecca: At the national level, it looks like at this point in terms of the committees and what's appropriated between \$75 and 85 million could be in the form of loans or grants, and then the NMTCs. In Pennsylvania they were able to do some pretty impressive leveraging. The current census is realistically maybe better to think of as a one to one match, but it would probably go up even from what's initially appropriated. Also, the first lady has talked some about this as a seven-year initiative. This is really designed to be one time funding to help get these projects, but it may be that it's rolled out initially and then particularly if success can be demonstrated that it would be then funded for some limited number of years. The hope is that it could support larger scale projects but also a lot of smaller scale projects and certainly in a lot of the examples that Pat gave you can certainly see examples of smaller scale projects that do get funding.

Pat: NMTC is difficult to use on smaller projects, particularly the size of project that you have mentioned. What we have done and what we have been advocating for is a couple

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of things. First, that's why we have three or four different pots of money to make sure we have different types of financing tools available so that we can serve both your smaller projects as well as your larger projects. And then second, there is awareness of some of the impediments of using NMTCs in rural communities because of the project's size. And there is strong interest I believe on the Administration side both at the CDFI and at USDA of thinking about what types of things can we do if not eliminate them hopefully lower some of those barriers. In fact, in a recent conversation with a person whose appointed on this with the Department of Treasury, she has invited people, and if we have any ideas please send to me, about how you can make NMTCs work better for smaller projects, whether or not there are any type of what she called "technical adjustments" that could be made.

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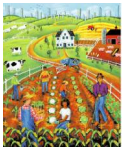
**In the experience of setting the structure for the Pennsylvania initiative, what was the best way to approach local, private financial institutions and gain interest in supporting loan programs?**

Pat: Again, because TRF has been in the business of raising private capital from our local banks and national banks, they were comfortable putting together a loan pool because of our expertise around underwriting projects in communities which traditional or main street financial institutions do not work in at eye level. The second thing is that we also came up and designed a program with taking some of the state grant money and essentially created a loan loss reserve that was part of that bank pool. Some people call it credit enhancement mechanism, and then that to them from the bank's perspective, that kind of lowered what might have been perceived as risk in making these types of loans. So that was another way that we were able to get them to the table. I think because we've been so successful and of the \$72 million that we have lent out, there's only been one trouble project that defaulted on a loan, I think our five-year track record will also make it easier to continue to bring the bank to the table as these programs roll out nationally if its funded.

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**What kind of parameters are being explored to leverage public investment in new grocery stores, local sourcing, or local ownership?**

Rebecca: In terms of the legislation there are some different priorities that are set up to try and make sure that some of the more innovative projects move to the top of the list in terms of potential funding, and certainly connection with the local, regional food system is one of those criteria, so this is one thing to emphasize. The legislation is different from the budget process, but we know that the agencies are looking at the legislation as they think through what implementation would look like if this does go



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forward and get fully funded through the budget process.

Pat: One of the factors that TRF takes into consideration when we're underwriting a project that came through the Pennsylvania program was whether or not there was going to be a measurable impact on the local economy for the wellbeing of a neighborhood, community, or region in which the store was located. That was one way that we could look at this not just from a financial lens but from a community capital building lens.

Rebecca: In terms of different criteria, there are quite a few of them. Other criteria that are being explored are criteria around quality jobs and making sure that wages and benefits and so forth are high relative to region. Another criteria is giving priority for women- and minority-owned businesses.

Tracey: In Pennsylvania we have a partner who helped administer this public-private partnership called the [Greater Philadelphia Urban Affairs Coalition](#), and they were really responsible for ensuring that there were opportunities for some of the projects for minority-owned businesses and other disadvantaged individuals.

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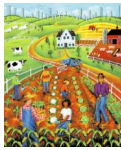
**Is there a requirement to include local, organic produce as part of the grant and loan funding or any wage requirements?**

Pat: In the Pennsylvania program again those weren't requirements or mandates but I think a lot of our operators are quality operators, are big urban operators in particular, are union shops, so their wages are negotiated. In fact we just announced funding for a project in Pittsburgh where the [United Commercial and Food Workers](#) were part of the team to help identify an operator for a site in a very low-income community. And then there is the [Pennsylvania Preferred](#) – if you talk to a lot of our operators, they think it makes good business sense to really buy locally – a lot of customers are demanding produce and want to know the source of origin. But it was not a mandate.

Tracey: In New York, with the [New York Healthy Communities/Healthy Food](#) program, which is about to launch, there is in essence a component included in the program that encourages operators to participate in the Pride New York program, which is the equivalent of the PA Preferred program that Pat mentioned, which is a state agricultural program.

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**Is HFFI limited to retail or can financing be provided for distribution, manufacturing, and/or production projects that would help increase access in low access areas?**



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Rebecca: At this point it is really about retail. In terms of the process and moving things through the political process, retail makes a lot of sense as a first step, but there is certainly a lot of room for some innovation and some ways to think about other initiatives that could be combined with the Healthy Food Financing Initiative to address some of those issues.

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**How will these resources reach farmers markets and indoor public markets? Will it be through a grant program from USDA?**

Rebecca: PolicyLink, The Food Trust, and the Reinvestment Fund have been having these conversations with the various agencies that are going to be implementing HFFI. Furthermore, the three agencies are definitely having conversations and figuring out how they would coordinate things. We know that there is still a lot that they are working through. Thus, there is no answer to right now, but we do know that they are focusing on exactly how this will be implemented and how they will coordinate well together to make sure the needs of these different communities and these different types of projects are being met to the greatest extent possible.

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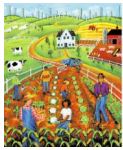
**We are in rural Georgia and are beginning this work. Can you cite a specific model we can look to for our learning?**

Pat: PolicyLink has put out a number of publications, which talk about best practices throughout the nation.

Rebecca: I would recommend going to our website, [www.policylink.org](http://www.policylink.org) - [Healthy Food, Healthy Communities](#) is one, [The Grocery Gap](#) is another, [Grocery Store Attraction Strategies](#) is another, and [Designed for Disease](#) which is a research study. If you go to our website and click on the Center for Place and Health, you will get many different publications that may be helpful. And as part of it, I think it may be helpful for challenges in rural areas.

Tracey: [Kansas State University's Center for Engagement and Community Development](#) has begun to start looking at the rural grocery issue and just a few months ago they held their second annual conference. It's a conference that's every two years. There is increasingly more information that's coming out about this. I understand there was just today some sort of press conference on a rural grocery store in Kansas that you might want to take a look at as well.

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**We are a landscaping company in Colorado with a food producing focus in our work and a keen interest in expanding our range of activities, especially in educational consulting and food system issues. This is a growing trend in landscaping businesses but it is difficult to see ourselves in the private sector as you describe and funding is also difficult to conceptualize. Can any of you speak to that?**

Rebecca: Thank you for the question, it's really helpful to hear from folks about the work you are doing and the needs you are seeing. The Healthy Food Financing Initiative it sounds like is not exactly a fit for what you're describing but I think that it does tap back into these issues and this may be a first step and there could be other steps that could be next that would be helpful in terms of expanding food access and expanding out into some of these areas in terms of production and distribution and figuring out what those connections might be and what those policies might look like that would then complement a Healthy Food Financing Initiative.

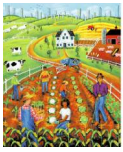
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**Can you discuss more on how impact is measured in terms of demonstrating that customers of these stores are actually making better purchasing choices thanks to improved access? For example, buying the right food such as fresh products and not processed snack foods.**

Rebecca: PolicyLink and The Food Trust joined together to produce a report that was mentioned in the presentation called *The Grocery Gap*, and in that report we looked at 130 different studies that have been conducted on this issue of healthy food access. Certainly one of the findings was that healthy food access is a problem in a lot of rural communities, low-income communities, and communities of color, but there are also findings on the health side and there are lots of studies that find that when people have access to healthier food, they are making better choices. Then there are also some studies beginning to look at the connection to obesity and diabetes. Of course lots of things affect obesity and diabetes rates, but it does seem that there is a connection there, that when people have access, they are making healthier choices.

Tracey: In addition to that literature, there is an ongoing study right now that's underway to look at the Fresh Food Financing Initiative and how fruit and vegetable consumption and other health outcomes are being impacted by the opening of the new food store. That is an NIH funded study that really will be the first of its kind. The baseline data has been collected and it's in the process of getting post-followup data. The results of that study will be out sometime in the near future. That's a study that The Food Trust was involved with. The Principal Investigator is out of Penn State University and it's a partnership between Penn State University, University of London, and





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Michigan University. I would also add that Helen did a great job earlier in the presentation in identifying the fact that a lot of the leading public health experts like Institute of Medicine, the Centers for Disease Control and Prevention, American Heart Association, American Public Health Association have all independently issued policy statements that basically speak to the fact that if we want to really address obesity issues there needs to be a comprehensive strategy and a part of that needs to be increasing access to fresh food retail in one's local environment.

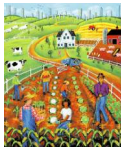
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**Can any of you speak to any complementary initiatives happening on a systemic level that you're aware of?**

Tracey: The Food Trust works on the supply side, the access side, and also on the demand side, really doing a lot of work, doing the nutrition education work in schools and in communities. We have actually found that that is an important component but that alone is how we got into this work because we were doing that work early on in the organization's existence and we were telling kids to eat healthy and to try fresh fruits and vegetables and were bringing in fresh fruits and vegetables for them to taste test in the classroom setting and they were really excited and going home and telling their parents to purchase these things and to make them into snacks and meals and we were getting feedback from the parents that this was so exciting, that their kids were so excited about eating healthy, but the reality was that they really didn't have anywhere to access these fresh fruits and vegetables in the community. That said, there's a balance between the access side and the nutrition education and demand side. What we've found is that our projects have started to evolve over time. One of our projects that has been funded through the Fresh Food Financing Initiative, we have worked with the operator to actually do store tours and nutrition education mini lessons in the grocery setting, which has been really successful. There's a lot of interests in ways to expand on this with some of the other operators that we're working with as well. So there are opportunities for both.

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**To what extent does the Pennsylvania Initiative or will the national Healthy Food Financing Initiative emphasize entrepreneurial skills development for ownership by the communities that the new or refreshed stores are designed to serve? For example,**



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## **ownership by residents of low-income communities.**

Pat: Here in Pennsylvania we for the most part did work with established operators. One of our operators in particular works very closely with the African American community in which his store is located, identifying entrepreneurs who can supply him with certain products that speaks to that community. Or buying baked goods from smaller entrepreneurs. We did not as a rule finance startup businesses with the source of capital that we had. There are other programs in Pennsylvania that are more geared towards startup businesses.

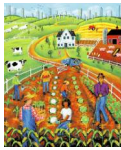
Tracey: We have funded different types of coops in Pennsylvania through the Fresh Food Financing Initiative, so coop models are a possibility and could be also with the Healthy Food Financing Initiative as well.

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**My guess would be that many new or smaller businesses, especially in rural areas, would have little knowledge of these programs. What type of outreach is needed to connect potential grantees with funding opportunities available to them? Also, what type of support and from whom would be available to them as they went through the application process?**

Tracey: The Food Trust role in this public-private partnership was to really do a lot of the work upfront to do the outreach and marketing work to make sure that this program was known to all the communities across the state – supermarkets, grocery operators, developers, and other key stakeholders that would be benefiting from the program somehow. The Food Trust did a lot of work to reach into all the corners of the state through a variety of methods. We met directly with industry and convened meetings, we presented at conferences and trade shows, there were media advertisements about the program, we also made sure to connect with economic development officials and developers as well, and wholesalers. We used a multi-prong outreach effort to ensure that this information about the program was getting out there widely. Then, one of the things that worked well here in Pennsylvania was that there was more or less almost like a single point of entry into the system and The Food Trust was oftentimes kind of the first point of contact for any interested applicant, which kind of streamlined things a little so that people knew where to go if they had any questions or wanted to learn more or get additional information. The application process was pretty straightforward – there was a pretty simple two-part application where there was an initial eligibility determination and check so that applicants could fill out the necessary information but not delve too deeply into all the financing aspects of the project if they were not even eligible to begin with. And then once applicants were deemed eligible they were moved the second application stage where they completed the financing application so that The





reinvestment Fund could see their due diligence. Setting it up that way was really helpful as well.

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**In the Pennsylvania initiative, can you speak a little more to what criteria was used to select which existing stores would receive assistance and how was their success evaluated and tracked throughout the process?**

Pat: In underwriting a store that was already in place, we looked at first of all at the financial viability of the store, the quality and extent of the fresh produce and perishable foods that they already offered, would this help enable that store through improved refrigeration and energy efficiency techniques the ability to continue to offer fresh foods and produce. Then on the monitoring side our staff periodically does site visits and we also monitor reports on loans the financial side of the store.

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**Do you find that these initiatives have been more successful for more traditional grocery store models or are there additional incentives or success stories for projects that focus on local, regional products?**

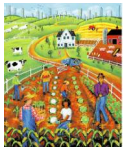
Pat: Yes, we have a couple. I think the most exciting one is we gave a small recoverable grant (intended to be paid back or revolve to a degree) to a CSA that is actually based in Philadelphia. It is an urban farm in a very low-income community, the farm is called [Greensgrow](#). What they were interested in doing was developing a mechanism where they could sell to the neighborhood residents on an installment basis. If you signed up for the CSA instead of paying \$500 upfront, they were working out a monthly payment of like \$50, but they needed the working capital for their business. We in a sense gave them working capital that allows them to reach out and begin to really educate and engage neighborhood residents as CSA members.

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**Have there been any positive feedback or examples in establishing food markets in mobile stores as opposed to stationary buildings?**

Tracey: In the experience of Pennsylvania, we haven't funded any mobile projects, so we can't speak too much about that. There is a lot of interest throughout the country about mobile markets. There was one model in CA that used a mobile market, I just don't know how successful it was and how sustainable it was.

Rebecca: There was one and they are now pursuing other models instead, but I would highlight the [Green Carts](#) model that New York City has taken on – they had lots of folks



that wanted permits to sell food as street vendors so there's a long line, so they said if you get one of these Green Cart permits then we'll bump you up on the list and you'll get a permit quickly but you have to sell healthy food rather than hot dogs and chips and whatever else that is more typically sold. They've had lots of people take advantage of it and so far is that it's been pretty successful. It's pretty early, but it's an interesting model to check out.

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**I am in New Orleans and even though the city has experienced new business growth since Hurricane Katrina, there still seems to be an avoidance of creating new grocery business in low-income areas and areas with a decreased population. Do you have any advice or success stories for gaining support from retailers in an area in which they may be hesitant to operate or wary or the population being able to support their business?**

Tracey: The Food Trust with the Tulane Prevention Center and many partners convened a taskforce a number of years ago to specifically look at the grocery store development barriers in New Orleans and elsewhere in the state and from that work the city created a program called the Fresh Food Retail Incentive Program, which was seeded with some federal recovery dollars, Katrina dollars. That program is going to be launched very shortly. Our hope is with some financial incentives and financing assistance through grant funding and loan funding that this will help to address some of the higher upfront costs that some of these operators might face and which might make them a little hesitant to locate in some of these underserved communities.

Pat: Hopefully in the next year we will be well under way with a new program up and running. I believe the city is in the process of negotiating with a local CDFI with whom TRF is going to provide some technical advice on supermarket attraction strategies.

Rebecca: I encourage you to go to the [www.policylink.org](http://www.policylink.org) website and email your legislators. It would be really great for all of them to hear from you from across the country about the need you see in your own communities and your own ideas and your own hopes for this.