

Grocery Store Attraction Strategies

**A Resource Guide for
Community Activists
and Local Governments**

Sponsored by:

The California Endowment

LISC Commercial Markets
Advisory Service

Citibank

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Grocery Store Attraction Strategies

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Community Activists
and Local Governments**

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This document is a part of broader initiatives by PolicyLink and Bay Area Local Initiatives Support Corporation (LISC). PolicyLink, a national research and action institute advancing economic and social equity, is focused on increasing access to healthy foods for the residents of low-income communities and communities of color. LISC helps community-based organizations transform low-income neighborhoods into healthy communities of choice and opportunity. In addition to helping finance multiple grocery store developments around the country, LISC works with communities and local governments to determine neighborhood needs and bring healthy food opportunities to underserved areas. The two organizations joined together to organize a meeting held on November 1st, 2007 in San Francisco, California, to discuss key challenges and potential solutions for attracting more grocery stores to low-income communities. Present were local government representatives, community-based organizations, economic development experts, and other stakeholders. This manual grew out of that meeting. Desiree Sideroff, Bay Area LISC program officer, and Rebecca Flournoy, PolicyLink associate director took the lead on these efforts. PolicyLink and Bay Area LISC thank: consultants Rick Jacobus and Maureen Hickey for developing this publication; Katherine Daniel, Ariel Bierbaum, and Johnasies McGraw for providing additional research; The California Endowment, State Farm, Citibank, and LISC's Commercial Markets Advisory Services for supporting this work; and the many organizations who have worked to advance this issue.

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1. Introduction

Much has been written about the importance of food stores in lower income communities. Access to fresh food can be crucial to both the physical health of community residents and the economic health of the neighborhood itself.

Drawing new stores into historically underserved areas is challenging. Alongside research documenting the need for grocery stores, there has been considerable research that highlights the significant difficulties that communities face in grocery store attraction and development. Several interrelated challenges must be overcome to attract a new grocery store and to have it be successful.

Some communities have been successful—and with the right supports from government and community-based organizations, even more communities can succeed in the future. Published case studies highlight the ways that communities can successfully attract new stores and how the stores can be profitable, in spite of the many challenges that had to be overcome. In fact, a common theme in the profiles of successful projects is that stores in previously underserved areas often prove to be more profitable than the average grocery store.

While previous reports have clearly documented the need, the challenges, and the real economic potential for new grocery stores in underserved neighborhoods, there are relatively few resources available to community advocates and local governments that describe how to attract or develop a new store. This report provides nuts and bolts resources to help communities organize a coordinated strategy for grocery store attraction. Because there are so many related challenges to be addressed, a short report can only provide a starting point. Throughout the document, we list available resources that can be used to attract new grocery stores to underserved communities.

2. Developing a Coordinated Strategy for Grocery Store Attraction

For several decades the grocery industry has been focused on a primarily suburban model of development that has left many inner-city and rural locations without adequate access to healthy food at affordable prices. Grocery retailers are slowly awakening to the potential of these underserved neighborhoods, but they often need help discovering the hidden neighborhoods' spending power and finding appropriate development sites within a particular neighborhood.

There is no formula for attracting a full-service grocery store to an underserved neighborhood. However, coordinated strategies that bring together the resources and leadership of local government and local community-based organizations (CBOs) have been successful in attracting new stores in a wide range of communities across the country. Local governments and CBOs can work together to effectively balance financial and community concerns to bring about development that both supports the community and is profitable for the retailer.

Unfortunately, the process of improving access to healthy foods is likely to be long and challenging, but it is possible. Communities across the country have successfully attracted new full-service grocery stores into neighborhoods that previously had few if any food stores. Community advocates have played a key role in building consensus around the need for new stores. Local governments have been essential in encouraging new store development both by promoting opportunities and helping to reduce the financial risk that developers and retailers face in these neighborhoods. State governments also can make an important difference by providing resources to help overcome the many barriers to successful development. A coordinated grocery attraction effort, involving contributions from each of these entities can make development of new stores in underserved areas not only possible, but attractive to retailers and developers.

Ten Steps of a Coordinated Strategy

Identify and organize stakeholders. Improving access to healthy foods in underserved neighborhoods is no small task and it can't be done alone. Individual community members will be most effective working in a group towards this goal. Similarly, community-based organizations will also be more effective working together and working in partnership with local government. Community advocates should identify the other stakeholders and collaborate to address food access. More information on identifying stakeholders is provided on page 8.

Raise awareness of the problem. While it may be possible to organize a coalition of advocates for improved food access, the effort will be stronger with a diverse range of people and interests engaged. It is helpful to do some research to better understand the extent of the problem and use this information to recruit more supporters. Undertaking a community food assessment, gaining media attention, and passing a municipal resolution to address the issue are some concrete actions that can be taken to raise awareness. Each of these is addressed on page 9.

Understand the challenges. Real estate development is a complex, lengthy process and developing a new grocery store in underserved areas has specific challenges. Community advocates and local government must understand the basics of commercial real estate development and traditional supermarket formulas to be most effective in attracting a new store. These issues are discussed in more detail on page 11.

Consider the alternatives. Community advocates should think through the spectrum of options for improving access to healthy foods. While developing a new grocery store may ultimately be necessary, this will be a challenging process that is likely to take several years to come to fruition. Other options such as improving the selection of products at existing stores, creating farmers' markets, helping form food co-ops and other options should be seriously considered. The relative challenges and benefits of some alternatives are discussed on page 15.

Understand the retail market. While local politicians and community members may support new store development efforts because of access issues identified through the community food assessment, grocery retailers and commercial developers are interested in the market potential of the neighborhood. Community advocates or public agencies can help collect this information in a number of ways including surveying the community and contracting for a professional market analysis of the trade area. More information on assessing the retail market is provided on page 20.

Address the perception of the area. Grocery retailers and commercial developers are interested not only in the demographics and market potential of a neighborhood, but also in the feel of the area. If the target area has problems (actual or perceived) with crime or visual disinvestment, then community advocates and the local government might want to invest in improving the perception of the area. Strategies such as working with the police to improve safety and supporting commercial revitalization efforts are discussed in more detail on page 31.

Identify potential development sites. Developing new grocery stores usually requires multi-acre sites because the projects include buildings of at least 25,000 to 65,000 square feet and provide a significant number of parking spaces. Creative approaches (including designing smaller stores, rehabilitating existing buildings, or developing underground parking garages) have been used in dense, urban areas where large parcels are difficult to identify. Community advocates and municipal officials are well-positioned to identify and assemble parcels that are appropriate for grocery store development. A visual overview of grocery store sites is provided on page 17.

Research and offer incentives. One of the most commonly cited barriers to development in underserved, low-income areas is higher development and operating costs. Community groups and local governments can work together to identify incentives that could help entice developers and/or retailers to open a new grocery store in the target area. More information on potential incentives is provided on page 27.

Sell the opportunity. After sufficient research on the opportunity has been compiled, community advocates, working in partnership with the local government, can sell the opportunity to grocery retailers and commercial developers. This process involves developing relationships with interested parties and compiling a strong, succinct marketing package that includes relevant market data, site information, and available incentives. More information on effectively selling the opportunity is provided on page 32.

Secure community support and corporate accountability. Once a developer and retailer have been identified and a specific project is ready, it is important for community advocates and local government to engage the broader community in discussions about what the project should provide in order to win wide support. New grocery store projects will bring improved food access, but can also provide jobs for local residents, buildings and a site plan that enhance the environment, and/or a commitment to support local supply chains. Potential benefits from a project must be discussed by the community, negotiated with developers and retailers, and formalized in a community benefits agreement. More information on this process is provided on page 40.



3. Identifying and Organizing Stakeholders

A coalition of advocates to improve food access is likely to include a diverse range of organizations, individuals, and municipal departments. It is beneficial to cast the net broadly and connect with a diverse array of organizations initially. Types of organizations that are likely to be interested in food access advocacy might include:

- Community development corporations (CDCs)
- Food security organizations
- Food stamp and poverty advocates
- Neighborhood organizations
- Homeowners' associations
- Smart growth advocates
- Community-based organizations (CBOs)
- Children and family advocates
- Economic development organizations
- Faith-based organizations
- Workforce development organizations
- Merchant associations
- Commercial revitalization coalitions
- Business improvement district organizations
- Public health advocates
- City and regional planning organizations
- Public safety advocates
- Economic justice advocates

>> A report by the Public Health Institute, *Economic Development and Redevelopment: A Toolkit on Land Use and Health*, outlines some of the factors that motivate different organizations and individuals to support food access projects including: increasing tax revenue, creating jobs, improving the quality of life, supporting local business development, encouraging smart growth, removing blight, and developing vacant lots. www.healthyplanning.org

How to Start:

Community advocates can begin to organize a coalition by connecting with interested parties and taking a brief survey of each organization's motivations and efforts.

Sample questions include:

- *Is the organization concerned about the lack of access to healthy food in our neighborhood?*
- *Is the organization taking any steps to attract grocery retailers to the neighborhood?*
- *If so, how is the organization approaching the issue and what are the goals for the project?*
- *If not, is your organization interested in supporting other local organizations in their efforts to attract a grocery store?*

What other organizations are working on this issue?

After interested parties have been identified, it is valuable to set up an email list or a community blog so that research and updates on actions taken can easily be shared among the partners. For example, the West Oakland Food Collaborative (www.wofoodcollaborative.org), a project of the Environmental Justice Institute, brought together a variety of local organizations and individuals who are concerned about food security in the neighborhood.

It is also important for community advocates to ensure that they are working in partnership with the local government. Advocates should contact elected officials and municipal departments that might be already working to address the issue. Municipal departments/officials that may be interested in food access and new store development might include: the mayor, city council, planning department, community and/or economic development departments, and the public health department.

4. Raising Awareness of the Problem

If local government officials and community organizations are not already working on the issue or do not appear to be making improved food access a priority, then the food access coalition needs to raise awareness of the issue. Actions that might help to achieve this include: conducting a community food assessment, generating media coverage of the issue, and securing a formal political commitment to address the issue. Even if there are many local stakeholders who are interested and committed to improving food access, these actions can be helpful in generating additional support and helping coalition members develop ideas for moving the effort forward effectively.

- **Conduct a community food assessment.** Community food assessments are a good way to understand the needs in the neighborhood. A community process is used to examine food access opportunities, including retail type and product quality. A community food assessment often includes surveying local residents on where they get their food and their perceptions of the existing options. This information can be used to increase community awareness about the lack of access to healthy food. The data collected through such a process is useful as the collaborative creates recommendations on how to improve access to healthy food.

For example, the San Francisco Food Alliance (www.sffoodsystems.org) conducted the SF Collaborative Food System Assessment to understand the state of community food security in various neighborhoods throughout the city. This research helped the alliance to develop targeted strategies to address food access citywide.

>> For more information on how to conduct a community food assessment: The Food Security Learning Center has compiled resources at: www.worldhungeryear.org/fslc

>> The Community Food Security Coalition offers a clearinghouse of food assessment tools and resources at: www.foodsecurity.org/cfa_home.html

See Appendix C for a sample Food Access survey and related press release that were conducted in the Southeast Sector of San Francisco in 2007. This work had helped the city secure a grocery store in the Bayview neighborhood of San Francisco.

- **Generate publicity for the issue.** Publicizing the lack of food access will educate individuals, elected officials, community-based organizations, and potential funders about the extent of the problem and help build a broad base of support for the issue. Media outlets may respond to the findings from a community food assessment or other relevant research, or a community event that highlights the need to improve food access. Other ways to get media coverage are for community advocates to write opinion pieces or to encourage reporters to profile local families who have difficulty purchasing their food because of lack of access.
- **Secure formal political commitment to address food access.** It might also be worthwhile to try to get a local political body or public agency to adopt a non-binding agreement to formally consider food access problems and propose solutions. For example, in Los Angeles, City Council Member Jan Perry introduced an initiative that was passed by

the city council that requires city departments to identify ways they can help attract grocery retailers and sit-down restaurants selling fresh, whole foods to underserved areas. This includes local government agencies marketing these areas to businesses, identifying incentives that can be offered, identifying ways to streamline approval processes, and developing mechanisms for city departments to collaborate with one another. See www.healthyplanning.org for a model resolution that can be presented to a local redevelopment agency.

A bill being considered by the California state legislature in 2007/2008 (Senate Bill 48 - Alquist), would use a combination of public and private funds to establish an innovations investment fund to provide limited, one-time support to assist in the development or improvement of healthy food retail options, such as developing new grocery stores, helping corner stores sell healthy food, starting farmers' markets, or other innovative models for serving low-income communities. Business plan development, feasibility studies, refrigeration units, outside technical assistance, and other start-up costs could be covered by the fund. For more information: www.policylink.org/HealthandPlace/TakeAction.html.



5. Understanding the Challenges of New Store Development

Successfully advocating for new store development requires understanding the challenges that food retailers face. When confronted with the obvious disparities in access to fresh healthy food and the very considerable untapped spending power available in underserved neighborhoods, it might be tempting to assume that new food stores would automatically be successful. There are some stores that have opened in long neglected communities that are among the most profitable stores in their region. Overall, inner-city stores appear to outperform other stores.¹ However, there are also examples of communities where stores opened but did not succeed and many more neighborhoods where, in spite of years of effort, no retailer has committed to opening a store. Opening a successful food store in an underserved area requires simultaneously overcoming several significant barriers. While the benefits for the community (food access, economic revitalization, etc.) and for the retailer (profits) are worth the effort, it is important not to underestimate the challenges.

Much has been written about the challenges of grocery store development in underserved areas. Some of the most commonly cited barriers to development in underserved, urban markets include:²

- **Crime and/or the perception of crime are often reasons that developers and retailers shy away from locating in lower income neighborhoods.** Retailers find that neighborhood crime decreases their ability to attract workers and increases operating costs in the form of both additional

security and increased shrinkage, or loss of inventory. It is often a perception of crime and/or a history of crime, as opposed to current actual crime, that hinders development in underserved markets.

- **Traditional market data often misrepresents the economic potential and purchasing power in lower income neighborhoods.** Their models may not show an adequate concentration of consumers from their traditional target market, as defined by household demographics and income, and they then mistakenly assume that there is not a market for their stores.
- **Securing appropriate development sites is more challenging in urban areas than in suburban areas because of the lack of large parcels.** Traditional supermarket formulas require large parcels for both the building footprint and needed parking. Assembling a site of appropriate size from smaller parcels, held by multiple landowners, significantly increases the time and complexity of development. The relatively limited number of developable sites in urban areas also adds to the challenge of identifying an appropriate location. Additionally, the frequent need for environmental remediation and/or demolition of existing structures increases the cost and development time in urban markets. Overcoming these challenges add many years to the development process.
- **Increased development costs in the form of higher construction costs and cumbersome approval and permitting processes have been cited by a number of developers and retailers as a barrier to development in underserved urban markets.** A particular challenge is meeting local parking requirements in dense, urban neighborhoods.
- **Operating costs are frequently higher in urban, underserved markets.** Issues that contribute to increased operating costs include higher rents, increased security costs, increased real estate taxes, and smaller average purchases per trip, which creates the need for more check-out staff. Additional costs associated with recruitment and retention of personnel has been cited by a number of retailers as an additional operating expense. Experience has shown that these increased operating costs can be offset by the higher sales potential in these markets.

¹See *The Initiative for a Competitive Inner City: The Business Case for Pursuing Retail Opportunities in the Inner City* (Boston, MA: Initiative for a Competitive Inner City, 1998). The report stated that sales per square foot and sales per employee were higher in inner-city stores in six major markets than in the surrounding regions.

²See *The International Council of Shopping Centers and Business for Social Responsibility: Development in Underserved Retail Markets* (New York, NY: International Council of Shopping Centers and Business for Social Responsibility, 2002). Barriers were culled from the aforementioned document, as well as from *Healthy Food, Healthy Communities: Improving Access and Opportunities Through Food Retailing* (Oakland, CA: PolicyLink, 2005).

- Obtaining adequate financing can be a challenge because of the high level of development and operating capital needed.** Commercial banks may not be willing to provide enough debt financing because of the somewhat risky nature of these markets. Developing supermarkets in underserved markets often requires assembling financing from multiple public and private sources.
- Meeting the needs of diverse consumers in underserved, urban markets often requires**

that food retailers stray from their traditional models of serving relatively homogenous suburban communities. This shift can be difficult because of the lack of knowledge about consumer preferences in racially diverse markets. Additionally, many food retailers rely on supplier contracts that were developed to meet the consumer needs in suburban markets and there is fear that these products will not be well-received in diverse urban markets.

Some Solutions to Common Challenges

(Solutions are addressed in more depth later in this report.)

Challenges	Potential Solutions
Traditional market data underestimates spending potential of trade area.	<ul style="list-style-type: none"> Survey local residents directly to understand the market Secure market analysis from firms such as LISC Metroedge that include alternative data sources to accurately capture the market potential in underserved neighborhoods
Securing appropriate development sites can be difficult in areas with smaller parcels and multiple owners.	<ul style="list-style-type: none"> Identify surplus land owned by public agencies Assemble multiple parcels to create a site large enough for development Identify and provide zoning flexibility Consider rehabilitating existing building Work with retailers to modify merchandising mix to fit smaller, urban spaces
Increased development and operating costs makes it more difficult for both developers and retailers to finance new stores.	<ul style="list-style-type: none"> Offer incentives to lower costs Research and provide financing sources Develop relationships with financial institutions
Negative perceptions of the neighborhood are seen as a barrier to attracting both employees and customers.	<ul style="list-style-type: none"> Understand and communicate the difference between real safety problems and people’s perceptions Remove trash and blight Participate in broader commercial district revitalization efforts Support community policing strategies Design retail to meet Crime Prevention Through Environmental Design (CPTED) principles (see page 31) Use data to track changes in neighborhood crime Promote positive changes through the media

>> **Overcoming Obstacles to CDC Supermarket Development**, published by the National Congress for Community Economic Development, profiles 19 successful supermarket development projects in underserved communities. Each profile outlines the significant challenges faced by community development corporations that sponsored these projects and how they overcame these challenges. The primary barriers shared by most of the organizations profiled were obtaining predevelopment and development financing, identifying and acquiring appropriate development sites, finding appropriate project development partners and store operators, and building the necessary local political support for the project.

Understanding the Development Process

Developing a new grocery store is a challenging undertaking even under the best conditions because the real estate development process is often lengthy and complex. Commercial real estate development involves a number of steps and can be expected to take many years from the inception of the idea to the opening of the store.

The development process involves a number of varying interests. The primary actors include land owners, commercial developer(s), retailer(s), lenders, equity investors, market research, municipal planning department and/or building permit departments, architects, and local community members. There are four basic phases to development and each has a number of steps, which are outlined in the chart below.

Understanding the Food Retail Industry

In addition to understanding the real estate process, a basic grasp of the state of the grocery store industry is useful in understanding some of the challenges in working with the larger retailers. National and regional grocery retailers have historically been very formulaic in their approach to new store development. These formulas are largely based on autocentric suburbs that have large parcels of land available. Because grocery retailers operate on very slim profit margins, under 2 percent net profit after taxes,³ there is little financial

³See Food Marketing Institute, *Food Retailing in the 21st Century: Riding a Consumer Revolution*, retrieved from <http://www.fmi.org/media/bg/FoodRetailing.pdf>.

Common Steps in the Development Process

Site Acquisition	Pre-development	Construction	Occupancy
Assess project feasibility and constraints	Solicit community input and support	Contract for construction	Hire employees
Identify appropriate parcel	Create development concept	Build	Stock store
Achieve site control: negotiate an option to purchase a parcel or parcels	Prepare site layout and building design	Receive occupancy certification	Grand opening
	Secure development financing		Property and operations management
	Acquire property		
	Obtain land use and building permits		

>> **The Shopping Center Development Handbook** published by the Urban Land Institute provides a detailed overview of the retail development process. www.ULI.org

room to experiment with approaches that diverge from the successful “suburban” models. Additionally, many national retailers are publicly held corporations, meaning that they must show profits to shareholders quarterly, and compete efficiently with the rise of wholesale clubs, such as Costco. For these reasons, new supermarkets must be successful almost immediately. Some grocery retailers have been wary of sites that diverge from their proven models.

But grocery retailers are slowly beginning to realize that underserved markets represent an opportunity. Some are willing to consider flexibility in their development approach, including smaller store formats or renovating existing buildings. But, because of the slim profit margins industry-wide, any feasibility analysis of sites that require unconventional store design will most likely be more conservative, meaning that operators want to see even greater profit estimates than they would expect from a traditional store site.

>> **The Changing Models of Inner-City Grocery Retailing, published by the Initiative for a Competitive Inner City, offers insights into key strategies of operating inner-city supermarkets by profiling the experience of four inner-city grocery retailers. www.icic.org**

Typology of Stores and Ownership⁴

Food products are available to the community through a variety of different outlets. Below is an overview of the major kinds of stores and ownership structures.

Types of Store

Convenience stores sell a limited supply of food items, often including snacks, soft drinks, and alcoholic beverages. Some stores also sell a limited assortment of produce and dairy products. Typical stores range in size from less than 1,000 square feet to 5,000 square feet. Full-service grocery stores sell dry grocery, canned goods, produce, meat, and dairy products. This type of store may also sell a limited supply of household goods. These types of stores typically range in size from 10,000 to 35,000 square feet.

Conventional supermarkets sell a full line of groceries, meat, produce, and dairy products. These stores typically sell a line of at least 15,000 products, including general merchandise and health and beauty products. In addition, supermarkets usually include a deli and bakery. According to the Food Marketing Institute and Progressive Grocer, supermarkets generate more than \$2 million in annual sales. Supermarkets range from 30,000 to 45,000 square feet.

Superstores are a larger version of conventional supermarkets. They are stores of at least 40,000 square feet and offer at least 25,000 items. These usually offer a greater selection of non-food items.

Food and drug store combination supermarkets sell a full line of both supermarket products and drug store products in a single store. These stores include a pharmacy, and drug store products represent at least 15 percent of store sales and roughly one third of the retail area.

Wholesale buying clubs require that consumers purchase a membership. These stores offer a limited variety of food and non-food products for discounted prices. Grocery products are typically limited to large sizes and bulk sales. These stores usually have over 100,000 of retail space in a warehouse environment.

Type of Ownership

Independent operators are those with fewer than 11 different stores according to the Food Marketing Institute.

Chain Operators have 11 or more stores. A chain may be publicly or privately held.

A **privately held company** is owned exclusively by an individual, family, or a small group of related investors, and no investment shares are publicly traded.

A **publicly held company** is one for which investment stocks are issued and sold to the public through the major stock exchanges. Publicly held companies are beholden to shareholders to maximize the value of the company. A growing number of large chain operators—e.g., Whole Foods, Kroger’s, Albertson’s, and Safeway/VONS—are publicly held.

A **cooperative (co-op)** business is an entity owned and managed by its members. In most cases,

⁴See Food Marketing Institute, “Supermarket Facts: Industry Overview 2006,” retrieved from http://www.fmi.org/facts_fig/superfact.htm.

one does not need to be a member of the co-op to shop in these stores.

Consumer cooperatives are owned by the people who shop there. For example, PCC Natural Markets is a successful consumer cooperative that operates a chain of eight stores throughout the Seattle area. (www.pccnaturalmarkets.com). Shoppers join for a lifetime membership fee of \$60 and are then eligible for member discounts and able to elect the company's board of directors.

Worker cooperatives are owned by the people who work in the store. San Francisco's Rainbow Grocery is owned by the 200 people who work in the store. (www.rainbowgrocery.org)

6. Consider the Alternatives

Developing a new store is a complex, time-consuming undertaking and it is not the only way to improve access to healthy food in an underserved area. Communities that want to improve food access should carefully consider a range of options. Food access could be improved by helping existing retailers expand their selection of healthy food options or improve their business. Starting and sustaining local farmer's markets can also increase residents' access to fruits and vegetables as well as support local farmers.

>> More information on efforts to improve small neighborhood grocery stores is presented in a report produced by the California Food Policy Advocates entitled, *Neighborhood Groceries: New Access to Healthy Food in Low-Income Communities*, California Food Policy Advocates. The report is available at: <http://www.cfpa.net/Grocery.pdf>

Options for Increasing Access to Healthy Food: Key Differences

	Developing New Grocery Stores	Improving Existing Neighborhood Stores	Starting and Sustaining Farmers' Markets
Complexity / Time	Complex and time-consuming. Land must be identified and purchased. Significant financing must be accessed. Supermarket chains need to be convinced that the area can support a store. Regulatory processes such as zoning and the construction process also take time.	A significant challenge, but less complex and requires less time. Can see results sooner.	A significant challenge, but less complex and requires less time. Can see results sooner.
Land	The average supermarket is 44,000 square feet, and new stores are usually much larger. They require ample parking lots, and often anchor much larger developments that include other retail stores. Smaller grocery stores are typically 10,000 to 12,000 feet and may fit into existing sites.	Requires no new land since the stores already exist.	Only requires a parking lot, a blocked off street, or another public space that can be used for short periods of time.
Funding	New supermarkets require millions of dollars to construct and operate. Smaller grocery stores are less expensive but still cost over a million dollars.	Re-outfitting a corner store to sell fresh produce can cost less than \$100,000 in technical assistance, equipment, and initial inventory.	A reasonable first-year budget is approximately \$34,000, though markets can cost as little as \$2,000 or as much as \$150,000 per year.
Customer Base	Supermarkets require extremely high volume and so must draw shoppers from beyond a single immediate neighborhood. It's important to consider whether residents in adjacent neighborhoods would come to a new supermarket. Heavily trafficked roads can increase potential customer base. Smaller grocery stores can rely more on neighborhood customer bases.	It is helpful to demonstrate community interest in purchasing healthy foods so that storeowners know that they will be able to sell whatever produce they purchase and still make a profit.	Need enough customers to be worth the farmers' time at the market and transportation costs, as well as enough profit to pay for a market coordinator.

>> The PolicyLink report, *Healthy Food, Healthy Communities: Improving Access and Opportunities through Food Retailing*, includes the above matrix showing the relative challenges of these options as compared to developing a new grocery store. The report provides more information about various approaches to improving access to healthy foods and includes many success stories. www.policylink.org/Research/HealthyFood

Help Existing Full-Service Grocery Stores to Improve Their Service to Local Consumers

Another option is to help existing full-service grocery stores to improve their service to local consumers. It can be useful for community advocates or municipal officials to meet with existing supermarket operators to learn more about their perceptions of the benefits and challenges of operating within the municipality. Advocates may be able to collect ideas on what actions the city and community-based organizations can take to improve the climate for new grocery store development. What developers and retailers share in these conversations may be highly useful as the municipality considers what local incentives can be offered to support new store development. In conversation with operators who have existing stores in the municipality, it is also useful to find out where the most and least profitable stores are. If they have any struggling stores within the community, the municipality and community advocates may want to offer to work with the store owners to develop strategies to retain these stores and make them more profitable.

This process involves talking with the operator about their business and connecting them with local residents. In “Supermarket Access in Cambridge,” (available at www.ci.cambridge.ma.us/cdd/cp/zng/super/super.html), The Cambridge, Massachusetts, officials suggest “forming a small resident committee to work with the operator to receive complaints, monitor responses, and make suggestions.” This contact with the local neighborhood will help the operator better understand the demographics and shopping preferences of residents. The operator may then tailor product selection and hours of operation to better serve the local consumers. Additionally, operators may need help accessing financing for upgrades that could help improve service and the perception of the store.

Improve Access to Existing Grocery Stores

An effort which could be undertaken in addition to or as an alternative to new store development is to help improve access to existing grocery stores. Some community residents may lack access to healthy food because they do not own cars, and public transportation to existing stores is inefficient. Local governments and community advocates could partner with existing stores to improve transportation options.



7. Identifying and Assembling sites

Finding an appropriate development site can be one of the biggest challenges to developing new stores in highly built out areas because these developments typically require large sites. Requirements will depend on the type of development, i.e., stand-alone grocery or shopping center, and the store format. In addition to the size, important factors include good access, location on a major arterial, and strong sign visibility.

While sites meeting these criteria may be relatively easy to locate in suburban areas, securing appropriate development sites is far more challenging in dense urban areas. The relatively limited number of large, developable sites in urban areas is a significant challenge for supermarket attraction. Urban areas often have smaller parcels, with multiple land owners and the process of assembling a site of appropriate size significantly increases the time and complexity of development. This is one area where local government and community-based organizations can work to reduce the hurdle for developers and operators.

Local government and community organizations are well poised to identify and help assemble appropriate development sites. These entities can often put themselves in a position to have early notice of the sale or intended sale of a suitable development parcel and intervene to start negotiations with a grocery operator or retail developer. Alternatively, a city or community organization could work to assemble a set of smaller parcels that collectively provide the right development site. Assisting in negotiations with property owners can also provide a real benefit to the process. Ideally, a municipality will be able to identify a number of potential development sites that meet the basic criteria so that the developers and retailers have a range of options. (See page 35 for an example of this type of opportunity site list).

What Kind of Sites Do Grocery Stores Need?

Building a new grocery store usually requires large parcels of land to provide for both the building and the necessary parking. Each retailer and developer will have their own site requirements depending on the type of store and whether other retail will be included in the project. But in general, the large grocery retailers are looking to develop new stores in the range of 40,000 to 65,000 square feet.

Ideally, retailers also want roughly five, visible, surface parking spaces per 1,000 square feet of retail space, adding 50,000 to 80,000 square feet to the amount of land required. Other considerations include access roads, ideally a major arterial, to serve both customers and delivery trucks. Sufficient space for truck loading and unloading that does not interfere with customer parking is also needed.

A growing number of large retailers have begun bucking the trend toward ever larger store formats, instead developing more compact formats that fit more easily into urban communities. In the southeast, the Harris Teeter chain has developed a 20,000-foot Harris Teeter Express format for urban locations. In the Midwest, Sav-a-Lot operates 15,000-foot stores that carry a full line of products but reduce space requirements by offering fewer brand choices in each product category and relying heavily on house brand products. Recently, British retail giant Tesco has unveiled an aggressive plan to open hundreds of 10,000-square foot “Fresh and Easy” grocery stores throughout several western states. Some of the first Fresh and Easy stores will be located in several lower income urban areas.

Pages 18 through 19 provide a visual analysis of different types of developments that include a full-service grocery store.

Smaller Format Grocery Store

Example: Farmer Joe's Marketplace, Oakland, California

This small format full-service independent store sits on the corner of two busy streets. Customers can access the parking lot from entrances on either street.



Location: MacArthur Boulevard,
Oakland, California

Store Size: 6,000 square feet

Total Parking Spaces: 44

Total Lot Size: 1/2 acre

Supermarket within Community Shopping Center

Example: New Horizons Center, Bronx, New York



Location: Bronx, New York

Store Size: 48,500-square-foot Pathmark

Total Parking Spaces: 443

Total Lot Size: 10 acres

Total Retail: 131,000-square-foot
shopping center

Mixed-Use Development

There is a growing trend of mixed-use urban developments that include a supermarket on the ground floor. This spreads the land cost over multiple development types, easing the pressure on the supermarket to produce above average stores sales to make the investment profitable. According to Tom Gast, president of Del Rito Partners and a former executive of Ralph's Grocery Company, "within the past five to ten years, we've seen more of these unconventional types of mixed-use developments."⁵

- Mixed-use projects can be very difficult, particularly for developers who are accustomed to building for a single use, be it residential or commercial. Creating a workable design is a challenge; for example, supermarkets need such things as loading docks

⁵Supermarket News Staff. "Re-Gentrified: Supermarket operators are following consumers back into revitalized downtown areas." *Supermarket News*. March 12, 2007.

which can be used in the early morning or late night hours, which often conflicts with residential desires or relevant-noise ordinances. Additionally, even if the majority of parking is underground, many retailers want at least some "teaser" parking out front for customers.

- Permitting for mixed-use projects is an additional hurdle for this type of project. If part of your grocery store attraction strategy includes potential mixed-use sites, then it would be beneficial to consider the permitting and design challenges beforehand. In late 2005, the city of San Francisco held a forum to discuss challenges and opportunities of mixed-use development with a grocery store component. At this event, several developers commented that height restrictions, inconsistent zoning, affordable housing mandates, and delayed environmental approvals can be potential barriers to pursuing this type of development. Efforts to mitigate these restrictions and delays may help to attract supermarkets as part of a mixed-use development.

Mixed Use: Retail under Housing

Example: Fulton Market, San Francisco, California



From left to right:
Grocery storefront, Retail (bank),
parking entrance

Parking entrance with housing
above

Location: San Francisco, California
Store Size: 62,000-square-foot
 Lucky's supermarket brand (Food
 and Drug Store Combo)
Total Parking Spaces: 390
 underground
Total Lot Size: Approximately
 three acres
Total Retail: Includes three small
 retail spaces
Residential units: 134

8. Understanding the Retail Market

Often a lack of healthy food retail outlets in a community represents a market opportunity for a new store to succeed. Everyone spends money on food and every community needs places where that money can be spent. In many cities there are large neighborhoods with millions of dollars of spending power and no full service grocery stores. Other neighborhoods may have several small stores but not enough to meet the local demand.

Not every neighborhood that could benefit from increased access to healthy food has the spending power to support the development of new, large-scale, full-service stores. Community advocates and local governments need to understand the particular market conditions in the neighborhood, including both the demographics and spending power of local residents and the location and current sales of existing food retailers in and around the neighborhood. Some communities may choose to pursue other alternatives for increasing healthy food access (see page 15).

Potential grocery operators and developers want to see that there is a strong market opportunity so it is important to understand the existing and near-future market of the trade area. It is not enough to say that a neighborhood is underserved; the developers and retailers want to know the extent of the untapped potential. Before committing to opening a new store, retailers, particularly chain retailers, are likely to perform their own analysis of local market conditions. Communities can, however, improve their chances of attracting the attention of a retailer by compiling, analyzing, and even creating new market data. Some common steps include:

Surveys. Community advocates and/or local government can survey the community directly about their shopping habits and preferences with respect to grocery stores. Better data about where local consumers shop, why they shop there, and what they purchase can help retailers better understand local needs.

Demographic Analysis. Public demographic and spending data from the Census Bureau (www.census.gov) or private market data companies like Claritas (www.claritas.com) or ESRI (www.esri.com/bao) can provide a quick snapshot of who lives in the neighborhood and how much they earn as well as estimates of how they spend their money, including how much they likely spend in grocery stores. However, traditional market data sources often underestimate the retail opportunity in dense, lower income neighborhoods. Compiling customized market data from alternative sources can help to reveal an existing, but somewhat hidden, market opportunity. Companies such as LISC's MetroEdge (www.metro-edge.com) and Social Compact (www.socialcompact.org) specialize in analyzing the market potential of lower income, urban areas. Both firms have been helpful in identifying market opportunities in overlooked communities that led to the development of new stores.

>> For more information on the shortcomings of traditional data sources, see J. Pawasarat and L. M. Quinn's *Exposing Urban Legends: The Real Purchasing Power of Central City Neighborhoods*. www.knowledgeplex.org.

Market Studies. If initial market research indicates potential, then it may be worthwhile to contract for a professional retail market study. A well-designed market study will provide important information that can help guide the planning for a development project including the area's consumer spending power, an analysis of the competitive environment for any new store, and recommendations regarding the size and type of store that might be supportable given local market conditions. A professional market researcher may also be able to identify specific store operators to approach, given the assets and limitations of a given site.

Because these market studies can be expensive and economic data becomes dated very quickly, it is important to perform this kind of research at the right time. Many communities have wasted time and money on market studies that they were not prepared to put to use. On the other hand, a well-timed market study demonstrating significant untapped retail demand can help generate publicity and induce retailers to take another look at a neighborhood that they may have overlooked in the past.

Some Data Points That May Illustrate Market Potential

<p>Residential and Workforce Demographic Profile</p> <ul style="list-style-type: none"> Population (Individuals and Households) Age Race and ethnicity Educational attainment Housing tenure (rental versus ownership) <p>Real Estate Investment Activity</p> <ul style="list-style-type: none"> Number of residential housing permits Planned housing or mixed-use developments New commercial/retail development Median home sales price, positive change if applicable 	<p>Income Profile</p> <ul style="list-style-type: none"> Median income Household net worth Concentrated buying power, i.e., dollars per square mile <p>Grocery Retail Demand</p> <ul style="list-style-type: none"> Estimated expenditures Leakage dollars, by store type (supermarket v. convenience store) Location and size of competitors <p>Access information</p> <ul style="list-style-type: none"> Major roads and traffic counts Public transit service: number of bus lines, average ridership Cars per household
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>> **The Public Health Institute’s report, *Economic Development and Redevelopment: A Toolkit on Land Use and Health*, includes a sample Request for Proposals for a grocery store market study. www.healthyplanning.org.**

Grocery operators usually consider their trade area to be one to five miles in circumference, although some retailers define the trade area by drive time or other means.

Retailers are also particularly interested in the buying power of the trade area and specific leakage figures by retail type. For example, a supermarket may want to see the total grocery expenditures estimate for the trade area and separate estimates of the current revenues of full-service groceries and smaller convenience stores with some grocery items. Retailers may also be interested in estimated leakage—money being spent by residents outside the neighborhood—for drugstore and other expenditures. They will be interested in any data that

builds the case for unrealized potential to make a profit and increase their market share relative to other retailers.

It is difficult to say exactly which data points will illustrate an opportunity, as each retailer has their own preferences and, additionally, each community has its own unique assets. Evidence of significant plans for new residential development may be attractive to retailers, especially if the neighborhood is growing at a faster rate than other places in the city or region. If this is the case, then information to illustrate the relatively higher growth rates could entice retailers. A supermarket operator or developer might grow interested in a site from knowing more about the existing and planned retail in the trade area, particularly retailers who will draw a lot of traffic to the area. Other information that may illustrate a unique opportunity could be the high rate of homeownership in the neighborhood, majority of the population with a college education, increasing home values, decreasing crime rates, or public investment in infrastructure, especially transportation investments.

9. Financing New Store Development

Even after a strong market opportunity and an appropriate site have been identified another challenge will be for the developer to line up financing. While most commercial development projects have complex financing, grocery store development in underserved areas can be particularly difficult. Developers and grocery operators cite higher development and operating costs in these areas as compared to development in more suburban locations.

Each project combines a unique mix of private and public funds from a number of different sources. While some types of financing might be available to any grocery store development, a number of potential sources will only be available for projects with specific characteristics. It may be helpful for advocates of new grocery store development to build relationships with individuals who manage funding programs to help these managers understand the importance of attracting a new grocery store to the community. Barbara Abel's report, *Supermarket Development: CDCs and Inner-City Economic Development*, includes 16 detailed profiles of new grocery store developments, including information on each project's financing sources.

Why Is It So Hard to Finance New Stores?

While the following list includes a large number of financing sources potentially available to support development of a new grocery store, most of these sources are limited in their applicability. For example, Tax Increment Financing is only available for projects in designated redevelopment areas. The New Markets Tax Credits may only be realistic for larger scale projects. Historic tax credits would only apply to projects that were reusing historic buildings. In California, the CALREUSE program is only available for projects located on environmentally contaminated sites. Other programs have similar restrictions.

Each source has specific rules that limit the types of projects that can be financed, and none of the sources listed here were developed specifically to finance grocery store projects. As a result, in spite of the many potential sources, many important projects will still find that access to capital remains a key barrier to development. There is a need for additional financing resources specifically developed with the requirements of grocery store projects in mind. When Pennsylvania made state resources available specifically for financing food access projects (see below), it became possible to bring new stores into areas where stores would have previously not been feasible.

Pennsylvania's Fresh Food Financing Initiative

In 2004, the state of Pennsylvania allocated \$20 million to create the Fresh Food Financing Initiative (FFFI), a revolving loan fund that is available to finance supermarkets in underserved areas.⁶ The fund provides loans that can be used for predevelopment expenses, land acquisition, equipment financing, or construction costs for new store development and store rehabilitation in underserved areas. FFFI also makes grants to supermarket retailers planning to operate in underserved communities where credit needs cannot be met by conventional

financial institutions alone. The investments are managed by The Reinvestment Fund, a private, nonprofit community development financial institution.

The Reinvestment Fund has leveraged the \$20 million in state funding with an additional \$60 million in private financing and Federal New Markets Tax Credits (NMTC) to fund an \$80 million financing pool that serves as a one-stop shop for financing grocery stores in underserved areas. As of September 2006, the FFFI had committed \$21.9 million in grants and loans to 22 grocery stores across the state.⁷

⁶See The Food Trust, "Fresh Food Financing Initiative: Program Guidelines," retrieved from www.thefoodtrust.org/pdf/FFFI%20Program%20Guidelines%20with%20Applications.pdf.

⁷See The Reinvestment Fund, "Commercial Real Estate: Pennsylvania Fresh Food Financing Initiative," retrieved from www.trfund.com/financing/realestate/supermarkets.html.

Private Financing Sources

In many cases a significant portion of development financing for a grocery store project will be in the form of a loan or an equity investment (investment with an ownership stake) from a private institution. While all of these institutions will want to see evidence that the project will be able to cover annual debt payments, some financial institutions might be able to provide favorable terms in order to help a project that is important to the community move forward. Sources of private financing include:

- **Private banks** are generally interested in lending capital for development projects that can demonstrate the ability to earn enough revenue to comfortably make monthly loan payments. Additionally, all private banks are required by a federal law, the Community Reinvestment Act (CRA), to invest in the communities they serve, including moderate- and low-income neighborhoods within their service areas. The government evaluates each institution's performance in this effort periodically and rewards them for increasing their activities in economically distressed communities. Every major bank has a CRA officer to whom inquiries about the availability of CRA funds can be directed. In addition, community development banks are private, for-profit banks chartered specifically for the purpose of financing the revitalization of distressed or underserved communities.

>> **More information on community development banks:**
www.communitydevelopmentbanks.org

- **Community development financial institutions (CDFIs)** are socially motivated lenders that exist to provide financing for projects with clear social benefits that would find it difficult to access traditional financing. Most CDFIs offer lower interest rates and more flexible loan terms than traditional banks. CDFIs are frequently willing to provide loans that are "junior" to a traditional bank loan, meaning that in the event of financial problems, the CDFI is repaid only after the bank is paid off in full. There are a number of national nonprofit CDFIs that

provide financing and technical assistance to organizations working to improve their communities. The **Local Initiatives Support Corporation** (www.lisc.org) is the nation's largest nonprofit CDFI. Other national CDFIs include the **Enterprise Foundation** (www.enterprise.org), **The Low Income Investment Fund** (www.LIIF.org), and the **Nonprofit Finance Fund** (www.NFF.org). In addition, *Community Loan Funds* are generally local nonprofits that seek funds from socially motivated investors and lend the money to nonprofit sponsored projects in their local community.

>> **A list of local Community Loan Funds:**
www.communitycapital.org

- **Private equity funds purchase an ownership stake in the project, as opposed to providing a loan.** LISC's The Retail Initiative was an example of a private equity fund that specifically targeted food retail development projects. While that fund is no longer investing in new projects, other funds, such as those associated with the California Public Employees' Retirement System (CalPERS) or California State Teachers' Retirement System (CalSTRS), may be willing to help finance a new store development or support an independent grocery business expansion. It is important to note, however, that CalPERS and CalSTRS are private retirement funds, and therefore a maximum return on investment is required.
- **Charitable foundations may also be willing to provide some financing in the form of a grant or a loan for a smaller portion of the project.** For the most part, foundations don't solicit funding proposals for commercial real estate projects. Instead, a foundation may choose to provide funding for a project because of a long-standing relationship with the project sponsor (or sometimes a nonprofit tenant) and recognition of the impact that the project is likely to have on an issue that is important to the foundation. Foundations can provide outright capital grants to help pay development costs, grants for predevelopment expenses, or help pay for staffing or consultants to coordinate project development. Some foundations

Sample Financing Breakdown

New Horizons Center, Bronx, New York

The New Horizons Center in Bronx, New York, is a 131,000-square-foot shopping center that was developed by the MBD Housing Corporation, a local CDC, in partnership with The Retail Initiative, an equity fund operated by LISC from 1992 to 2000. The New Horizons Center opened in 2004 and includes a 48,500-square-foot Pathmark supermarket that is open 24 hours a day.

Total Development Cost: \$29,277,700

Sources of Funds:

Bank loan	\$18,600,000
Grants/MBD equity	\$4,140,000
LISC loan	\$3,470,000
The Retail Initiative equity	\$3,067,700
TOTAL	\$29,277,700

offer Program Related Investments (PRIs), which are generally very low-interest loans for projects that further the foundation’s program mission.

available to support grocery store development, but allocations from this source are very competitive in most communities.

>> For databases of foundations see:
 The Grantsmanship Center: www.tgci.com
 The Foundation Center: www.fdncenter.org

>> More information about CDBG: www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement.

Public Financing Sources

There are also several sources of public funds that may be available to support grocery store development in underserved areas. Most local governments administer programs to support community and economic development. Some of these programs are funded with local resources while others rely on federal grant money that is then allocated to individual projects by the local government.

- **Community Development Block Grants (CDBG) is a federal program administered by the U.S. Department of Housing and Urban Development (HUD) that provides funds to state and local agencies.** These agencies then identify local priorities and invest the funds accordingly. CDBG funds can be invested in a project as an outright grant or in the form of a loan. Some CDBG money may be

- **Section 108 Loan Program is a HUD program that helps local governments finance community development projects.** Local government can make a very low interest loan to a project developer that is guaranteed by the federal government. In the event that the loan is not repaid, HUD will recapture any losses from the local government’s annual allocation of CDBG funds.

>> More information about Section 108: www.hud.gov/offices/cpd/communitydevelopment/programs/108/.

- **Tax increment financing (TIF) is money that is generated in redevelopment areas.** This money is often used to finance community improvement projects and may be available to support development of a new grocery store. Contact your local

redevelopment agency to find out if there might be funding available to support grocery store development.

- **Empowerment Zone/Renewal Communities Incentives** is a federal program that provides substantial tax incentives to businesses that are located in designated areas.

>> See whether your community qualifies: www.hud.gov/offices/cpd/economicdevelopment/programs/rc/index.cfm.

In addition, the State of California has a program that makes low-cost bond financing available to support retailers and other services in a federally-designated Empowerment Zone. A small number of communities receive a federal designation based on their high unemployment and high poverty rates.

>> More information about Empowerment Zones in California and the program requirements and benefits www.treasurer.ca.gov/cidfac/ez.asp

- **Cal Recycle Underutilized Sites (CALREUSE) Loans** assist borrowers with the reuse and redevelopment of underutilized properties with real or perceived contamination issues (brownfields). The program provides a fixed rate, low-interest loan for site assessment, technical assistance, planning for remediation, and accessing privately held property to conduct assessment. CALREUSE is California-specific. However, most states have similar programs.

>> More information about CALREUSE www.treasurer.ca.gov/cpcf.

- **Office of Community Services**, a program of the U.S. Department of Health and Human Services, operates several grant and technical assistance programs that support community economic development projects. Their Urban and Rural Community Economic Development Program offers grants of up to \$700,000 for business development or commercial real estate projects that are likely to result in the creation of new jobs for low-income people.

>> More information on OCS grants: www.acf.hhs.gov/grants/grants_ocs.html

Tax Credits

Tax credits can also be used to provide equity investment or low interest loans for grocery store development projects. New Markets Tax Credits are the most likely to be useful for new store development, but Historic Tax Credits have also been used to help finance projects that include a supermarket. Shaker Square in the city of Cleveland used both NMTC and Historic Tax Credit equity to finance a mixed-use development that includes a 26,000-square-foot Dave's Supermarket.⁸

New Markets Tax Credits (NMTC) provide a federal tax benefit to private investors who invest in commercial ventures in qualified low-income areas. Eligible projects include commercial, industrial, or mixed-use real estate developments as well as manufacturing and service businesses. The Department of the Treasury allocates the tax credits to Community Development Entities (CDEs) through a competitive process. CDEs then raise money for a fund from private investors and use the money to finance qualifying projects. Investors claim tax credits, equal to 39 percent of the total equity investment, over a seven-year period. The value of the tax benefit makes up for a lower rate of return from the project relative to the level of risk, effectively generating an overall return that is comparable to alternative investments. The complex structure and costs of putting together a NMTC favor very large projects. The tax credits can be invested directly in a project or by using a leveraged structure to provide more capital to the project and more benefit to private investors.

>> More information about New Markets Tax Credits, including a list of CDEs by state: www.cdfifund.gov.

Historic tax credits allow developers to claim a federal tax credit worth either 10 percent of the cost of rehabilitation of buildings built before 1936 or 20

⁸See Enterprise Community Investment, "New Markets Tax Credits Portfolio," retrieved from www.enterprisecommunity.com/products_and_services/nmtc-portfolio-shaker-square.asp.

percent of the cost of buildings on the federal register of historic places. Credits are awarded through state historic preservation agencies. Intermediaries such as the National Equity Fund and the National Trust for Historic Preservation match developers with investment partners who can benefit from the credits.

>> **More information on Historic Tax Credits:**
www.nps.gov/history/hps/tps/tax.

Sample Financing Breakdown

Tangerine Plaza, St. Petersburg, Florida

Tangerine Plaza, a retail center in St. Petersburg, Florida, was developed by a local nonprofit development company—Urban Development Solutions—in partnership with the municipality. The development entity leveraged New Markets Tax Credits to finance the \$9.2 million project, which includes a 38,000-square-foot Sweetbay full-service grocery store as well as additional small retail spaces for local businesses. The city of St. Petersburg invested their grant into the NMTC fund to maximize its impact and also assembled the land and leased it to the developer at a deep discount.

An initial \$6,376,000 was invested in the project through the New Markets Support Company, an affiliate of LISC which used \$9.2 million of its NMTC allocation to attract \$2.8 million in equity capital from two private banks. A total of \$8.6 million in low-interest loans was provided to the development project. The additional capital that LISC was able to help leverage from the public investment allowed the developer to offer tenant improvements to attract local businesses.⁹



Sweetbay Supermarket

Initial Source of Funds:	
Private bank loan via FHLB of Atlanta	\$3,200,000
Loans including funds from:	\$3,176,000
City of St. Petersburg	
U.S. Office of Community Services	
Community loan fund	
Private foundation	
Subtotal	\$6,376,000
Total Development Cost:	\$9,200,000

⁹See *LISC NMTC Transactions Report 2006*. Also see Dave Goodwin, "Midtown's Tangerine Plaza Wins State Award," City of St. Petersburg, October 18, 2006. Retrieved from www.stpete.org/news/101806b.htm. Also see Sharon Bond, "Market, Sweet Market," *St. Petersburg Times*, October 30, 2005. Retrieved from www.sptimes.com/2005/10/30/Neighborhoodtimes/Market__sweet_market.shtml.

10. Offering Incentives

Even when developers and retailers are able to secure adequate financing, developing new stores in underserved locations is often a risky and expensive undertaking. Municipal governments that are eager to attract new stores to underserved areas should consider what incentives can be offered to improve the economic feasibility of the potential projects. At the same time, communities should be sure that any incentives offered are tied to clear economic needs and strong benefits for the community. See page 40 for more on identifying potential community benefits and holding developers accountable for delivering these benefits.

Below is an overview of various incentives—development and operational—that may help attract supermarket development. Research on these incentives includes review of relevant literature and past surveys of supermarket developments, and interviews with public and private sector professionals working on supermarket development in various cities nationally. This list primarily includes ideas for local incentives or locally-administered incentives, but a comprehensive review of incentives available in your community should be undertaken. This list is certainly not exhaustive and additional creative ideas to encourage development should be explored.

Development Incentives

Grocery store operators and developers are very concerned about the cumbersome and often protracted process of obtaining development approvals. One of the most desirable incentives is making the planning process transparent and predictable. Providing clear information about the process to retailers and developers as well as designating a specific municipal employee to shepherd the developers through the process can save a significant amount of time and money.

- **Streamlined coordination of planning process.** Municipalities can offer to fast-track the approvals and permitting process for grocery stores that meet certain community expectations. Additionally, if environmental review is needed, offers to expedite this process could be considered as a possible incentive. Some localities have appointed a staff

member to help the developer and retailer through the planning process.

- **Flexibility with zoning and development regulations.** As communities work to attract new development, it can be useful to review development regulations for selected sites and make any necessary adjustments so that a developer could easily build a new store without special reviews or permitting. Some examples of specific regulatory adjustments to consider include:
 - Reduce setback so that lots can accommodate traditional supermarket footprints
 - Assist with zoning for truck-loading
 - Allow flexible parking requirements
 - Adjust height restrictions to facilitate mixed-use development
 - Provide relief from mandates such as reducing or waiving linkage fees or affordable housing requirements
- **Waiving fees.** Permitting and impact fees for a large commercial development can often be substantial; a municipality may offer to waive those fees to encourage desirable development.
- **Discounted land.** Some municipalities have supported grocery store development by assembling developable parcels and then making this land available to developers of grocery retail for a discounted price for either sale or lease.
- **Site preparation assistance.** Additionally, if environmental review and/or remediation is necessary prior to developing a site, local government may offer to cleanup the site, or provide grants to defray the cost of the developer undertaking cleanup.
- **Sources of financing.** Local governments can compile and advertise financing sources that may be available to support new grocery development. See page 22 for more information on possible sources of financing. Some sources that have been successfully used to attract new grocery stores include: Community Development Block Grant funds, Section 108 loans, bond financing, and tax increment financing via redevelopment agencies.

>> **Tools to Revitalize California Communities provides information on a number of other funding sources from the state of California that could potentially be applied to grocery store development projects:**
www.treasurer.ca.gov/cdiac/reports/tools2006.pdf.

- **Local tax credits.** Local governments may also offer tax benefits such as property tax abatement.
- **Coordinate state and federal tax credits.** In addition to local tax benefits there are state and federal incentives available in certain designated areas. It can be an added incentive if a local government representative offers to assist developers and/or grocery retailers in accessing these credits or financing sources that benefit from these credits.
- **Public parking facilities.** Communities may offer to build or share public parking lots with a grocery retailer who may not have space for all the necessary parking on a specific site.
- **Invest in transportation infrastructure.** Public investment can improve access to the site, including streets, transit, and sidewalks.

Anatomy of an Incentive Package

In the early 1990s, the city of Richmond, California, succeeded in attracting a national discount grocery operator, Foods Co, to a site in the heart of downtown Richmond. The store serves as the anchor for an 80,000-square-foot retail center, developed by Bridge Housing and The Martin Group, in conjunction with adjacent affordable housing. In order to make the project happen the city committed or facilitated a number of incentives including:

Land write-down: The Richmond Redevelopment Agency sold land to the developer at reduced cost. That savings was passed along to the tenant in a below market lease of the space.

Federal Urban Development Action Grant: A grant of \$3.5 million provided subsidy for commercial development (this source is no longer available).

California Enterprise Zone Designation: Provided tax incentives, including a deduction equal to 50 percent of qualified wages. Thanks to an active first-source hiring program, these credits were claimed for jobs both during and after construction, and have been used by the retailer to reduce operating costs.

Environmental remediation: City assisted in negotiations with state regulatory agencies.

Offsite street improvements: City improved sidewalk and streetscape in immediate development area and made traffic signaling changes (for semi-truck delivery).

Design concessions: City gave concessions on design standards to the developer; city and community wanted pedestrian/downtown urban design, but developer insisted on a suburban model.

Operating Incentives

In addition to offering incentives to the developer, many municipalities also compile incentives that target grocery store operators. Operators frequently cite increased operating costs as a challenge to locating in underserved areas, so anything that a local community can offer to ease this burden may be attractive. Examples of potential incentives include:

- **The Enterprise Zone Program** targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of this program is to provide tax incentives to businesses and allow private sector market forces to revive the local economy. Enterprise Zone companies are eligible for substantial tax credits and benefits including: hiring tax credits, sales and use tax credits, business expense deductions, net operating loss deductions and carryover, and net interest deduction. Some municipalities also designate a municipal staff person or an organization to assist businesses in accessing these credits.

>> **More information on the Enterprise Zone program in California:** <http://www.hcd.ca.gov/facdbg/ez/>.

- **Coordinated job training and recruitment.** Grocery operators have identified attracting and retaining qualified employees as a specific challenge. Local governments and community organizations can provide funding and/or coordination of employee training and recruitment. This incentive could also be tied to a potential community benefit agreement to hire local residents for jobs with fair wages and benefits.
- **Streamlined occupancy permit process.** Operators want to know that they will be able to open the store according to their timeline. Sometimes occupancy permits can stall this effort. Local governments can commit to streamlining this process and designating a representative to shepherd the approvals process so that the store opening is not delayed.

- **Reduced public utilities and/or city services fees.** Providing discounted rates for energy, trash, recycling, and/or water and sewer charges may help entice a grocery operator to locate in an underserved community.
- **Designated Business Improvement District (BID or Community Benefits District (CBD).** A potential supermarket operator may be interested in knowing that a BID or CBD is operating on the commercial corridor. (CBDs and BIDs are organized by existing local business owners who commit to support maintenance and beautification, safety programs, promotional activities, and small-scale capital improvements through a nominal assessment.) The presence of a BID might help convince the supermarket owner that the community is committed to providing a safe and clean shopping environment in which to do business. Local governments and community advocates can support the creation of a CBD/BID and even potentially offer some initial funding. Most often a CBD/BID is created by petitioning the city, which sets the money raised aside and tracks how much is available for improvements.
- **U.S. Small Business Administration (SBA)** operates a number of programs designed to facilitate financing and provide technical assistance for small businesses. SBA provides loan guarantees that enable eligible businesses to borrow from local commercial banks on favorable terms. Communities can promote these programs and provide technical assistance to small business owners on how to use these programs to enhance or expand their grocery business.

>> **More information on SBA programs:** <http://www.sba.gov>.

- **Work Opportunity Tax Credit.** This federal tax credit is available to employers who hire employees who were previous welfare recipients. This may provide a substantial benefit to some supermarket employers depending on the location of the new store.

>> **More information on the Work Opportunity Tax Credit:** www.doleta.gov/business/Incentives/opptax/.



- **Marketing and promotions assistance:** The community can offer to assist the grocery operator with initial marketing and promotions of the store including helping to get positive media coverage of the store, handing out flyers, or co-sponsoring promotional events.

After all of the applicable incentives have been designed and compiled, this information should be

presented alongside the market data. And because some developers perceive the process of accessing tax credits and other incentives to be very difficult, it is helpful to appoint a local government liaison to assist the developer and operator to make the most of the available incentives. See page 38 for an example of a local government handout summarizing a menu of incentives for potential grocery developers.

11. Improving the Perception of the Neighborhood

Commercial developers and grocery retailers are interested in the feel and perception of the area as well as the market opportunity. Retailers want a clean, safe, well-lit location that will attract both consumers and employees alike. In some areas, real problems with crime, litter, graffiti, blighted buildings, and other environmental conditions contribute to negative perceptions. However in many cases, perceptions of lower income communities may be based as much on historical conditions as they are on current reality. Community advocates and local governments can invest in efforts to improve the perception of a neighborhood both by changing the physical conditions and by increasing awareness of changes that have already occurred.

Supporting Commercial Revitalization

Commercial revitalization coalitions work to improve the image of neighborhood commercial districts through clean and safe programs, new business attraction, façade improvement, and merchant organizing. These

efforts help to create a clean, thriving business district, which is more attractive to grocery retailers.

>> More information on commercial revitalization strategies: LISC's Commercial Markets Advisory Service, www.lisc.org/section/areas/sec1/commercial. National Trust for Historic Preservation's Main Street Center, www.mainstreet.org.

Addressing Crime and Safety

Community groups can work with the police to improve public safety and reduce crime. If efforts to reduce crime are successful, it is also important to make sure that these positive changes are widely communicated. Community groups can be effective not only in improving safety in the neighborhood, but also in creating positive perceptions about the neighborhood. LISC's Community Safety Initiative (www.lisc.org/section/areas/sec1/safety) provides resources and offers trainings for proactively addressing public safety. One such program is the SafeGrowth program, which introduces participants to means of minimizing the physical opportunity for crime and minimizing the site specific social conditions that generate crime opportunities based on Crime Prevention Through Environmental Design (CPTED) principles.



Sample neighborhood identity images from Commercial Corridor Program in San Francisco: Visitacion Valley Business Opportunities & Outreach for Merchants

CPTED is a philosophy made popular in the 1970s, espousing the view that thoughtful design of the built environment can help to reduce the incidence of crime and increase the perception of safety. The approach is based on three principles:¹⁰

Natural surveillance increases the threat of apprehension by taking steps to increase the perception that people can be seen. Natural surveillance occurs by designing the placement of physical features, activities, and people in such a way as to maximize visibility and foster positive social interaction among legitimate users of private and public space. Potential offenders feel increased scrutiny and limitations on their escape routes.

Natural access control limits the opportunity for crime by taking steps to clearly differentiate between public space and private space. By selectively placing entrances and exits, fencing, lighting, and landscape to limit access or control flow, natural access control occurs.

Natural territoriality promotes social control through increased definition of space and improved proprietary concern. An environment designed to clearly delineate private space does two things. First, it creates a sense of ownership. Owners have a vested interest and are more likely to challenge criminals or report them to the police. Second, the sense of owned space creates an environment where criminals stand out and are more easily identified. By using buildings, fences, pavement, signs, lighting, and landscape to express ownership and define public, semi-public, and private space, natural territorial reinforcement occurs.

>> **Additional information and links to consultants specializing in CPTED assessment is available through the International CPTED Association at www.cpted.net.**

¹⁰Descriptions adapted from Wikipedia.org.

12. Selling the Opportunity

An essential part of the supermarket attraction strategy is telling retailers and developers about the market opportunity that exists in the target areas. Collecting a comprehensive list of supermarket retailers working in the region is a first step. Community advocates and municipal officials should try to engage a wide range of retailers and developers in discussions about the opportunities in the target area. For large retail entities, the real estate department is most likely the desired point of contact. While regional supermarket brands will likely jump to mind first, independent grocery operators with one or two stores may also be interested in expanding their business to take advantage of emerging retail market opportunities. These companies have a lot to offer and may be more amenable to locating in underserved communities. Serious efforts should be made to engage them about the opportunities in the area.

Identifying Retailers and Developers to Engage

Industry trade associations such as the International Council of Shopping Centers (ICSC) and the National Association of Independent Grocers or comparable state organizations may be able to help you identify business owners with an interest in start-up or expansion. ICSC is the primary retail trade association. ICSC holds multiple conventions per year, in particular the Annual Leasing Convention, which is held each year in May in Las Vegas, attracts over 40,000 retail professionals, and is a great way to gain access to retailers and brokers who serve your area. Trade associations that might provide useful connections to retailers or developers include:

International Council of Shopping Centers
National Association of Independent Grocers
California Grocers Association
California Independent Grocers Association
Mexican-American Grocers Association
Progressive Grocer
National Cooperative Grocers Association
Food Marketing Institute

www.icsc.org
www.nationalgrocers.org
www.cagrocers.com
www.ciga.org
www.maga.org
www.progressivegrocer.com
www.ncga.coop
www.fmi.org



Community groups and municipal representatives are also in a good position to identify a developer, either nonprofit or for-profit, who has experience with commercial or mixed-use development and may be interested in undertaking a project that includes a grocery store. The best way to identify appropriate development firms is to talk with local real estate professionals or the municipal planning department.

>> For help finding for-profit developers or community development corporations that may be interested in undertaking a grocery store development project, contact:

The Urban Land Institute at www.uli.org or your city's local economic development corporation. (cceda.com in California)

Presenting the Information

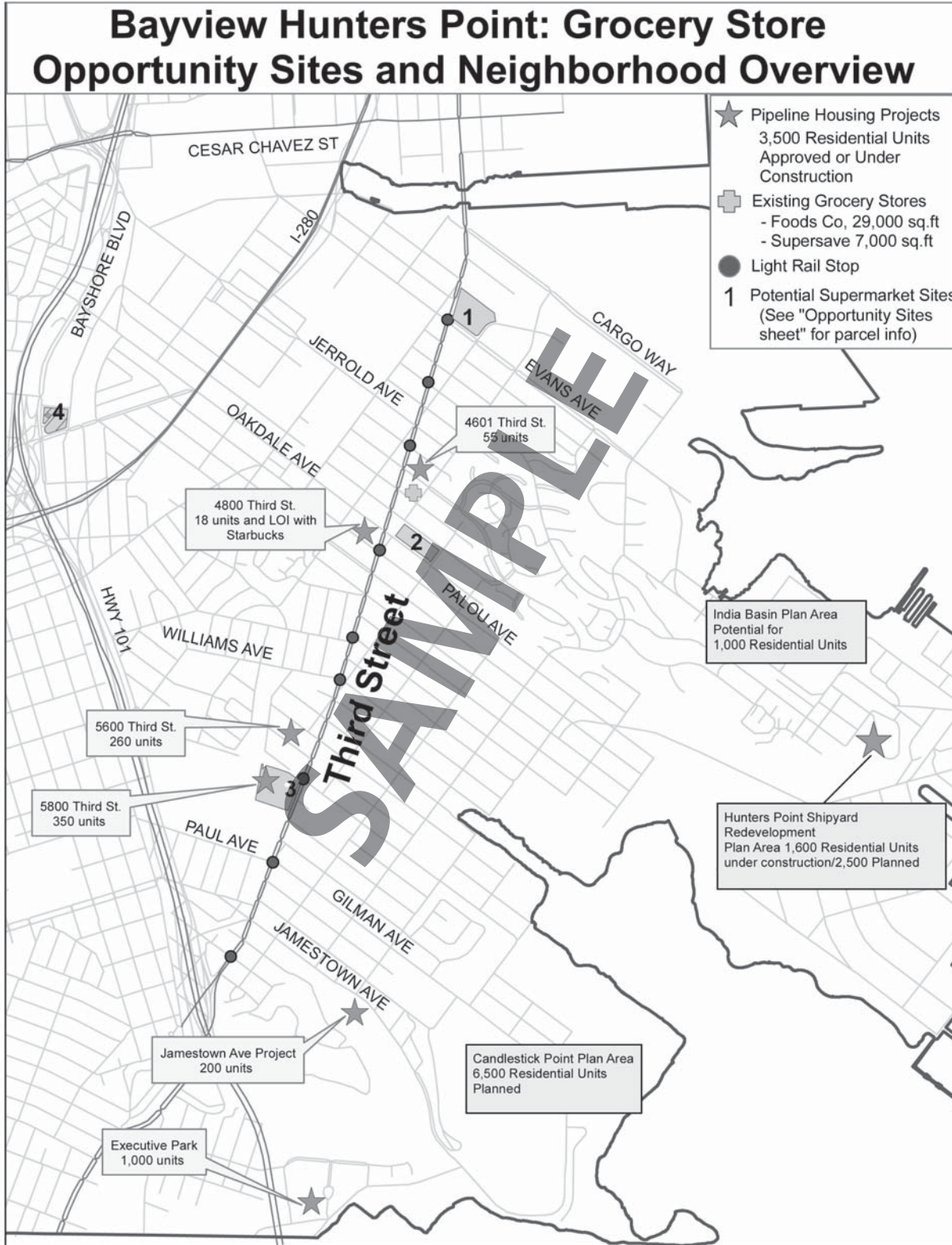
Community advocates and municipal officials need not present all of the data that has been collected to analyze the existing and future market opportunity. Rather it is preferable to put together a powerful

presentation of targeted data that most effectively conveys the potential for profit in the community to a potential supermarket operator. It will be helpful to develop both a formal presentation and succinct handouts to provide to developers and retailers after a meeting or at a conference. In addition to providing this information to individual retailers and developers, materials can also be distributed at events such as the Annual Leasing Convention of the International Council of Shopping Centers. Ideally, this information will be clearly displayed on the business attraction section of the municipality's website.

These market snapshots should be accompanied by maps of the trade area illustrating major retailers, planned development, traffic counts on major arterials, and public transit serving the area. Maps that show the competitors, or lack thereof, may also be useful. Neighborhood specific highlights that tell the story of change and opportunity should also be included. Examples of the marketing materials that the city of San Francisco prepared for discussion with retailers about opportunities in the Bayview Hunter's Point neighborhood are presented on the following pages.

Sample Information Package:

San Francisco, CA from April 2007



Sample Information Package: San Francisco, CA from April 2007

BAYVIEW NEIGHBORHOOD GROCERY STORE

BAYVIEW NEIGHBORHOOD GROCERY STORE OPPORTUNITY SITES

1. THIRD AND EVANS (330 Newhall and 1550 Evans)

This is a 4.68-acre lot located at the Northern gateway to the Bayview neighborhood. The property is currently on the market and the City is in the process of purchasing the site for a variety of possible uses. This location also borders Dogpatch and Mission Bay neighborhoods, which are growing extensively in both residential and commercial uses.

2. OAKDALE BETWEEN THIRD AND LANE (1520 Oakdale)

The City owns this block in the heart of the community. It is home to the historic Bayview Opera House and the Joe Lee Gym, currently under construction. The school behind the gym, approximately 120,000 square feet, is underutilized and could potentially be a grocery store. The vision for this block is to be a civic and commercial hub of the community, and the City has already invested in the improvement of the gym and is working on a renovation of the Opera House and public plaza.

3. THIRD AND CARROLL (5800 Third Street)

This is to be the site of a new, permitted, mixed-use development with 350 units, across from a park and recently-upgraded recreational facility and near other family- and senior-oriented housing developments. The developer has set aside approximately 15,000 square feet and parking for retail uses and would welcome a small grocery. This location is close to Visitacion Valley, an adjacent neighborhood that is also underserved by grocery stores.

4. BAYSHORE AND INDUSTRIAL (multiple parcels)

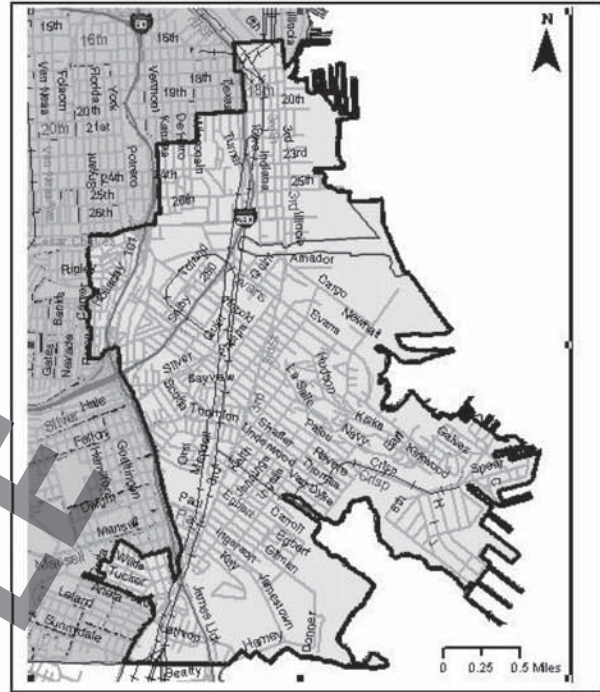
These parcels (2 parcels bordered, respectively, by Waterloo, Marengo and Bayshore and Marengo, Industrial and Loomis) on Bayshore Boulevard. The large lot is 62,000 square feet and the adjacent, suitable for parking, is 22,000 square feet. This location will become an active shopping hub on Bayshore, a regional destination located next to Highway 101 that already is home to several large retailers.

Sample Information Package: San Francisco, CA from April, 2007

BAYVIEW NEIGHBORHOOD GROCERY STORE TRADE AREA OVERVIEW

DEMOGRAPHICS

Population	50,545
Total Households	15,286
Race/Ethnicity:	
White	19.6%
Black	34.6%
Asian	29.0%
Hispanic	17.9%
Other	14.2%
Homeownership rate:	49%
Median Household Income	\$73,881
Median Home Sales Value:	\$651,294
Aggregate Neighborhood Net Worth:	\$1,181,671,438
Employees in Trade Area:	28,404



EXCESS GROCERY DEMAND

Total Grocery Expenditures: \$60,957,737

Full-service grocery stores in Trade Area

Foods Co	Revenue: \$21,242,000	Store Size: 29,000 s.f.	Employees: 86
Supersave	Revenue: \$ 1,976,000	Store Size: 7,000 s.f.	Employees: 8
	<i>Total Revenue: \$23,218,000</i>		

Total Trade Area Grocer Revenue: \$38,532,000 (27 total grocers, including the 2 full-service grocery stores)

Grocery Leakage using Full Service Grocer Revenue: \$38,000,000; Using All Grocer Revenue: \$22,000,000

NEIGHBORHOOD HIGHLIGHTS

- The Third St. Light Rail Train recently began service at 18 new surface stations. This route is expected to carry approximately 71,000 riders per day by 2015.
- The City has approved projects totaling 3,500 new housing units on or near Third Street (including Hunters Point Shipyard), and has certified plans accommodating 5,600 new units. An additional 7,500 residential units are in planning phase for the Shipyard and Candlestick developments, to be completed by 2020.
- The rate of new residential construction permits per 1000 households in the Bayview trade area is 13.4, versus the citywide rate of 3.6 per 1000 households.
- Third Street, the major north-south arterial in the Bayview, carries 13,000-22,000 vehicles/day. The neighborhood provides easy access to freeways 280 and 101.
- A Redevelopment Area was adopted in Bayview in 2006, making tax increment funding available for a range of community-serving projects beginning in 2007.
- Crime decreased in the trade area by 4% from 2003 -2005, but remained constant in the city over this period. Violent crime dropped 10% and property crime was down 7% in the trade area from 2003 - 2005.

Custom trade area for Bayview neighborhood, with demographic and retail demand figures provided by Social Compact.

Sample Information Package: San Francisco, CA from April, 2007

THIRD AND EVANS (330 Newhall and 1550 Evans)

OPPORTUNITY SITE PROFILE



This is a 4.68-acre lot located at the Northern gateway to the Bayview neighborhood. The property is currently on the market and the City is considering the acquisition of the site for a variety of possible uses. This location also borders Dogpatch and Mission Bay neighborhoods, which are growing extensively in both residential and commercial uses. Across Evans from the site is an office and retail plaza with a Wallgreen's, 2 banks and several restaurants.

1.5 MILE RADIUS DEMOGRAPHICS

Population	61,209
Total Households	19,617
Race/Ethnicity	
White	29%
Hispanic	28%
Asian	25%
Black	25%
Other	15%
Homeownership Rate	51%
Median Household Income	\$64,175
Employees in Trade Area	35,215

Demographics for 1.5 mile radius from 3rd and Evans, 2006, ESRI.

Sample Information Package: San Francisco, CA from April, 2007

Mayor's Office of Economic and Workforce Development

Grocery Store Attraction Incentives

Enterprise Zone Tax Credits

Target Area: Bay View Hunters Point/South Bayshore, Chinatown, Mission District, Mission Bay, Potrero Hill, South of Market, Tenderloin, and Western Addition

Businesses locating in the San Francisco's Enterprise Zone can claim a number of state tax benefits including:

- Hiring tax credit of up to \$31,605 per qualified employee,
- Sales or Use tax offset for machinery and equipment up to \$1,700,000.
- Business expense deduction for equipment up to \$20,000 per year
- Carryover of up to 100% of net operating losses for up to 15 years

More information: www.sftaxcredits.com

Enterprise Zone Payroll Tax Credit:

Businesses located in San Francisco's Enterprise zone can also claim a credit against the City's payroll tax for all new jobs. The credit can be claimed over a period of 10 years, with 100% reduction of the payroll tax in the first 2 years.

More information: www.sftaxcredits.com

Section 108 Loan Program

Target Area: Low income Census Tracts

The Mayor's Office of Community Development offers Section 108 Guaranteed Loans with below market interest rates. Section 108 loan funds have been set aside to assist with supermarket development projects in the Bayview neighborhood.

New Markets Tax Credits

Target Area: Low income Census Tracts

The Federal New Markets Tax Credit Program provides a 5-6% annual tax credit for the first seven years of new capital investment in qualified low-income areas. The Local Initiatives Support Corporation, one of the nation's largest New Markets Tax Credit intermediaries has earmarked a portion of its NMTC allocation for supermarket projects in San Francisco.

More Information: www.lisc.org

Expedited Planning Review

San Francisco offers Expedited Planning Review Process for development of grocery retail with gross floor areas of 15,000 square feet or more. The Mayor's Office of Workforce and Economic Development also offers technical assistance regarding community support and the permitting process for new stores.

Workforce Development

The *One Stop System*, a program of the Private Industry Council of San Francisco, integrates the services provided by a number of public, private and nonprofit agencies to connect employers to qualified job seekers as efficiently as possible. Services include:

- Recruitment of trained employees, both adult and youth, that qualify businesses for tax credits
- On-the-Job Training subsidies for new employees, paying up to 50% of wages for a training period of up to 490 hours
- Customized Training which can help employers train existing employees, recruit and develop new hires

More information: www.sftaxcredits.com

Renewal Community

Target Area: Tenderloin, and some parts of the Mission, Financial District, Chinatown, and South of Market

Firms can claim up to up to \$1,500 or 15 percent of an employee's salary up to \$10,000 for each employee who lives and works in the Renewal Community. Businesses located in the RC are also eligible for 0% tax on capital gains, accelerated depreciation through Commercial Revitalization Deductions, and other incentives.

More information: egis.hud.gov/egis/cpd/rcezec

Tax Increment Funding

The City, through its Redevelopment Agency, has the ability to utilize tax increment financing to assist in the development of high-priority community projects through public-private partnerships.

For More Information Contact:
Rich Hillis (415) 554 - 4082
Mayor's Office of Economic and Workforce Development

Retailer Tours

While San Francisco distributed this information at individual meetings with retailers, the city of Chicago, Illinois, markets its development opportunities through a program called Retail Chicago. Retail Chicago was founded by the city along with the Chicago LISC office and the Chicago Association of Neighborhood Development Organizations (CANDO) and is staffed by the city's Department of Planning and Development. The program provides a single point of contact for retailers and developers looking to bring new stores into Chicago's neighborhoods.

Retail Chicago works with neighborhood organizations to identify appropriate sites for retail development, manages a set of city sponsored incentive programs, and collects and distributes data on neighborhood retail demand. In addition, Retail Chicago organizes regular grocery expos that provide an opportunity for elected officials, including the mayor and city council representatives, to interact with retailers, brokers, and developers. The city presents information on available sites, and takes the participants on a tour of various neighborhoods to show new developments and improvements in the area. Each participant receives a copy of the Grocery Expo Book, which includes demographic information and neighborhood profile sheets with information on existing and proposed retail along with summaries of the city's incentive programs. Chicago has had much success from this program and believes that many deals have occurred because of the networking among developers, retailers, and brokers at these events.

>> Retail Chicago's 2007 Grocery Expo book can be found at:
egov.cityofchicago.org/webportal/cocwebportal/coc_editorial/grocery_book_net_07.pdf.

Requests for Proposals

Another way to attract the attention of retailers and developers is for the municipality to issue a Request for Proposals (RFP) for a specific site. This RFP should include information about the site, the demographics, the desired development, and any incentives that may be available. The city of Burlington, Vermont, issued an RFP for development of a downtown grocery store after first surveying the community, contracting for a market analysis, and working to assemble an appropriate development site. The city decided that it would own and provide a long-term lease to the retailer. The RFP asked submitters to propose a full-service supermarket of at least 10,000 square feet of space which would carry a full range of basic goods at competitive prices, affordable to the average consumer. The RFP required that the store offer a range of other items such as fish, produce, and a delicatessen. In response, the city received five proposals, which were evaluated based on community priorities, site design, retailer financial capacity, and selection and price of products to be made available. In the end, the community supermarket selection committee recommended that the city council support a proposal for expansion of the local Onion River Food Cooperative as the full-service downtown grocery store. Today, City Market in Burlington, Vermont, is the nation's second highest grossing food cooperative in the United States. It provides a range of fresh food and household items at affordable prices to the local community.

>>More information on Burlington's efforts to attract a grocery store is available at: www.cedo.ci.burlington.vt.us/legacy/strategies/05-org-supermarket-main.html.

13. Securing Community Buy-In and Corporate Accountability

Another important element that community advocates and local governments can facilitate is consistent community support for the project during both the development and operations phases. The new store attraction effort will be stronger if it includes a grass-roots advocacy component. In fact, a vocal community is most likely a prerequisite to obtaining the level of political leadership needed to bring these projects to fruition. Additionally, if one of the incentives being offered to developers and retailers is a streamlined permitting process, then it is important to try to address any community concerns early so that permitting will be smooth.

From the start of the attraction effort, community desires should be carefully considered, specifically with regards to choice of the operator and the physical design of the project. Some communities have surveyed local residents and organizations early on to better understand local priorities. Once a specific project is ready to move forward it is important to try to coordinate a broad base of the community around a list of community benefits that can be expected from the developer and retailer. While these projects can and should provide benefits to the community in addition to improved access to healthy food and household goods, it is wise to educate the community on the numerous challenges of grocery development so that expected benefits are realistic.

Communities should try to engage a broad range of stakeholders in discussions about what benefits can be expected from a new grocery store development. While there may be very strong advocates for a new store, other members of the community might vocally oppose a specific project that is set to move forward if they feel left out of the process. Community groups and local government representatives can help facilitate among

conflicting interests and help engage the developer and retailer in community events. A series of discussions and meetings with a diverse group of local residents and organizations will help sharpen community priorities and define a set of benefits to be requested from a project. Ability to negotiate for community benefits will be relative to the interest of potential developers and retailers in the site. If multiple parties are interested, then the community will be in a stronger position to advocate for benefits that address their concerns. If only a single retailer is interested and the community is united about the need for grocery retail in the neighborhood, additional community benefits will likely be less. What is reasonable will vary depending on the project and the incentives being offered by the municipality and local community groups. It can be helpful to have municipal representatives at the table when discussing community benefits since they will likely be offering incentives.

>> **The Urban and Environmental Policy Institute at Occidental College recently released *Shopping for a Market: Evaluating Tesco's Entry into the United States and Los Angeles*, which discusses, among other things, a range of community benefits that British retailer Tesco should be expected to provide to local communities as it opens stores here in the United States. Many of the suggestions are appropriate for other large grocery chains opening new stores. http://departments.oxy.edu/uepi/publications/tesco_report.pdf.**

It is also important to anticipate the potential negative consequences of success for communities that are able to attract new grocery stores. Advocates can work to identify strategies and programs to help stabilize existing merchants and avoid residential displacement.

>> **The PolicyLink Equitable Development Toolkit provides strategies that can help ensure that residents will benefit from new investment and development. www.policylink.org/EDTK.**

Examples of Potential Community Benefits

Health

A primary community benefit of new grocery store developments should be access to high quality, healthy foods at competitive prices. This might include discussion about selection of products, pricing, and quality. Additionally, some communities may be interested in a commitment from the retailer to purchase locally-grown produce.

- Provide a range of quality food products at competitive prices
- Adopt initiatives to purchase locally produced products

Employment

New store development will also bring new jobs to the area. Many communities will be interested in assuring that at least a portion of the new jobs benefit local residents and that these jobs provide fair wages and benefits. Employment related commitments might include:

- Offer employment opportunities to local residents (some communities set specific hiring targets for the percentage of the ultimate workforce that will come from the local community while others require the retailer to make a strong effort in this area and track their results)
- Financially support workforce training and development for local residents
- Provide fair wages and benefits, including affordable health care
- Formally allow employees to organize unions

Ideally, negotiated employment benefits will be required from the retailer, the developer, and any subcontractors. For example, Stop & Shop, the first supermarket in the Grove Hall section of Boston, Massachusetts, in twenty

years, committed to offer employment opportunities to neighborhood residents. The retailer will also partner with a local community based organization to conduct job fairs within the community.

At Market Creek Plaza in San Diego, the community negotiated with the new Food 4 Less and then the retailer's union to ensure local hiring. An arrangement was developed where local residents were hired, trained at other stores before the opening of the store, and then transferred to the store in time for its opening. In addition to local hiring, Market Creek Plaza organizers instituted other policies to promote community control and ownership of the retail plaza. Shares of stocks were sold to residents to increase their investment in the development quite literally, turning these stakeholders into stockholders.

>> PolicyLink has been documenting and identifying lessons from the Market Creek Plaza project. For more information, see: www.policylink.org/Projects/MarketCreek.

Community

- Establish mechanisms for community dialogue
- Support local community events and organizations

Environment

New grocery stores are real estate development projects that can be asked to provide environmental benefits to the community. Designing the project to blend well with the existing community with respect to scale and architectural elements is an obvious community benefit. Additional environmental benefits might include:

- Providing open space that can be used by the community
- Meeting green building standards such as including a green roof and permeable surfaces

14. Appendix A: Selected Retailers Contact List

SUPERMARKET CHAIN	# OF STORES	SQ. FT. PREF	CO-TENANTS	PHONE	FAX	WEBSITE
Albertsons, Inc. 250 Parkcenter Blvd. Boise, ID 83706	1370	50-55	Discount, outlet	208-395-6200	208-395-6888	www.albertsons.com
Andronico's 1109 Washington Ave. Albany, CA 94706	11	16-17	All considered	510-559-2800	510-524-3601	www.andronicos.com
Grocery Outlet, Inc. 2000 Fifth St. Berkeley, CA 94710	118	20	Discount, outlet	510-845-1999	510-644-9990	www.groceryoutlets.com
Lunardi's Supermarkets, Inc. 432 North Canal St. #22 South San Francisco, CA 94080	7	18-40	All considered	650-588-7507	650-588-0811	www.lunardis.com
Montoya Enterprises 860 South White Rd. San Jose, CA 95127	6	20	All considered	408-259-8430	408-259-6538	www.supermercadomexico.com
Nash Finch Company 7600 France Ave. South Minneapolis, MN 55435	83	20-55	All considered	952-832-0534	952-832-1234	www.nashfinch.com
New Leaf Community Markets 1121 Pacific Ave. Santa Cruz, CA 95060	5	8	All considered	831-466-9060	831-466-0925	www.newleaf.com
North State Grocery, Inc. 20803 Front Street Cottonwood, CA 96022	24	20	All considered	530-347-4791	530-347-3163	www.holidayqualityfoods.com
Raley's Supermarkets 500 West Capitol Ave. West Sacramento, CA 95605	135	58-65	All considered	916-373-3333	916-444-3733	www.raleys.com
Ralph's Grocery Company 1100 West Artesia Blvd. Compton, CA 90220	494	22-58	All considered	310-884-9000	310-884-2632	www.ralphs.com
Safeway, Inc. 5918 Stoneridge Mall Rd. Pleasanton, CA 94588	1197	46-62	All considered	925-467-3000	925-467-3323	www.safeway.com
Save Mart Supermarkets 1800 Standiford Ave. Modesto, CA 95350	121	45-55	All considered	209-577-1600	209-577-3857	
Smart and Final 600 Citadel Drive City of Commerce, CA 90040	231	17-20	Discount	323-869-7500	323-869-7659	www.smartandfinal.com
Stater Bros. Holding, Inc. 21700 Barton Rd. Colton, CA 92324	158	35-48	All considered	909-783-5000	909-783-9120	www.staterbros.com
Trader Joe's Co. Inc. 800 South Shamrock Ave. Monrovia, CA 91016	240	8-10	All considered	626-599-3700	626-599-3871	www.traderjoes.com
Whole Foods Market, Inc. 550 Bowie Street Austin, TX 78703	165	29-40	Upscale	512-477-4455	512-482-7000	www.wholefoods.com

15. Appendix B: Selected Grocery Store Consultants

Preliminary Consultants Database

Project Feasibility/Market Research

Bay Area Economics	www.bae1.com	(510) 547-9380	1285 66th Street	Emeryville	CA	94608	Janet Smith Heimer
Burlington Associates	www.rjacobus.com	(510) 653-2995	538 Chetwood St.	Oakland	CA	94610	Rick Jacobus
CBRE Consulting/Sedway Group	www.sedway.com	(415) 733-5321	5050 Montgomery Street, Ste 600	San Francisco	CA	94111	Lynn Sedway
DLC Urban Core	www.dlcurbancore.com	(914) 631-3131	580 White Plains Rd	Tarrytown	NY	10591	G. Lamont Blackstone
DJ Research	www.davidlivingston.com	(414) 520-2771	PO Box 742	Pewaukee	WI	53072	David Livingston
Fergan Industries, Inc	www.fergan.com	(206) 550-5028	PO Box 13705	Mill Creek	WA	98012	Pete Ferren
Jeff Green Partners	www.jeffgreenpartners.com	(415) 381-7922	1013 Erica Rd	Mill Valley	CA	94941	Jeff Green
Jeff Hershey Consulting	www.jeffhersheyconsulting.com	(248) 288-2214	708 West 13 Mile Road	Royal Oak	MI	48073	Jeff Hershey
JGSC Group, LLC	www.community-insights.com	(856) 661-0008	2845 Powell Avenue	Pennsauken	NJ	8110	Joe Getz
IMB Consulting	www.ncclif.org	(212) 794-0148	129 West 85th Street, Ste #4F	New York	NY	10024	Michael Berne
NCCIF	www.prowler.org	(415) 392-8215	870 Market St, Ste. 6777	San Francisco	CA	94102	Joshua Simon
Prowler Inc	www.prowler.org	(415) 554-0445	605 Market Street, ste 1107	San Francisco	CA	94105	David Prowler
Sean Lolee Consulting	www.strategieconomics.com	(510) 867-9224	2991 Shattuck Ave, #203	Berkeley	CA	94705	Sean Lolee
Strategic Economics	www.cluegroup.com	(510) 647-5291 x108	14 Roanoke Avenue	Boston	MA	2130	Dena Belzer
The CLUE Group	www.cluegroup.com	(617) 905-4824	5130 Bonita Rd, Ste B	Bonita	CA	91902	Josh Bloom
Urban-West Development Consultants		(619) 479-8363					Richard Juarez

Developers/Investors

A.F. Evans Development, Inc.	www.afevans.com	(510) 267-4678	1000 Broadway, Suite 300	Oakland	CA	94607	Steve Kuklin
Avalon Bay	www.avalonbay.com	(415) 551-5521	400 Race Street	San Francisco	CA	95126	Meg Spriggs
Emerald Fund	www.emeraldfund.com	(415) 489-1313	501 Second Street, #212	San Francisco	CA	94107	Marc Babsin
Forest City Developers	www.forestcity.net	(415) 836-5980	785 Market Street, 14th Fl	San Francisco	CA	94103	Susan Smartt
MacFarlane Partners	www.macfarlanepartners.com	(415) 356-2500	201 Spear Street, 12th Floor	San Francisco	CA	94105	Victor MacFarlane
Metrovation	www.metrovation.com	(510) 839-4000 x204	650 Fifth Street, ste 405	San Francisco	CA	94107	Christine Firstenberg
Portfolio Properties	www.portfoliopropertyinvestors.com	(510) 839-1744 x11	1814 Franklin Street, Ste 820	Oakland	CA	94612	Lori Alamania
ProLogis/Catellus Development Corp	www.catellus.com	(415) 974-4500	201 Mission St., 2nd Fl	San Francisco	CA	94105	Thomas Marshall
Signature Properties	www.jsco.net	(925) 463-1122	4670 Willow Road, Suite 200	Pleasanton	CA	94588	Mike Ghielm
The John Stewart Company	www.jsco.net	(415) 345-4400	1388 Sutter Street, 11th Floor	San Francisco	CA	94109	John Stewart
TMG Partners	www.tmgpartners.com	(415) 722-5900	100 Bush St, 26th Fl	San Francisco	CA	94104	Denis Pinkston

Consultants continued:

Preliminary Consultants Database - Continued

Brokers/Leasing Specialists

Pacific Retail Partners	www.pacret.com	(562) 431-8734	911 Studebaker Rd, Ste 205	Long Beach	CA	90815	Mark Shenouda
GVA Kidder Matthews	www.gvakm.com	(415) 229-8888	505 Sansome St, Ste 300	San Francisco	CA	94111	Tim Mason
Main Street Property Services, Inc.	www.mspsinc.com	(925) 299-8170 x 204	985 Moraga Road, Ste 202	Lafayette	CA	94549	Craig Semmelmeier
Marcus and Millichamp	www.marcusmillichamp.com	(415) 391-9220	750 Battery Street, 5th Fl	San Francisco	CA	94111	Bernard Haddigan
Retail West	www.retailwestinc.com	(415) 292-2681	2034 Union Street	San Francisco	CA	94123	Kent Despain
Sperry and Van Ness	www.svn.com	(415) 922-2900	1674 Post St, #1	San Francisco	CA	94115	Kevin Chin
Stephen S. Wooley Company	www.terranomics.com	(650) 343-8781	715 Laurel Avenue - 301	San Mateo	CA	94401	Stee Wooley
Terranomics	www.venturapartners.com	(650) 348-2400	1350 Bayshore Hwy, 9th Fl	Burlingame	CA	94010	Matthew Kircher
Ventura Partners		(415) 409-2904	456 Ellis Street	San Francisco	CA	94102	Kim Frenz

Design/Retail/Mixed-use Architects

ARC Inc	www.ARCIncArchitects.com	(707) 745-0502	940 Tyler Street, #23	Benecia	CA	94510	Thomas J Wilson
ArcPath Project Delivery, Inc	www.arcpathpd.com	(415) 362-4662	300 Montgomery Street, ste 631	San Francisco	CA	94104	Fred Ponce
Baldauf Catton Von Eckartsberg Architects	http://www.bcvarch.com	(415) 398-6538	1527 Stockton Street, 4th Floor	San Francisco	CA	94133	Hans Baldauf
BKBC Architects, Inc	www.bkbcarch.com	(925) 930-9700	1371 Okland Blvd	Walnut Creek CA		94596	Sanjiv Bhandari
Christiani Johnson Architects	www.cjarchs.com	(415) 243-9484	665 Third Street, Ste 350	San Francisco	CA	94107	Richard Christiani
David Baker and Associates	www.dbarchitect.com	(415) 896-6700 x101	461 Second Street	San Francisco	CA	94107	David Baker
Flynn, Craig & Grant Architects	www.craigandgrant.com	(925) 820-7585	301 Hartz Ave, Ste 213	Danville	CA	94526	Galen Grant/Rick Craig
Fuller Sears Architects	www.fullersears.com	(206) 682-6170	1411 Fourth Avenue, ste 1306	Seattle	WA	98101	Bill Fuller
MBH Architects	www.mbharchitects.com	(510) 865-8663	1115 Atlantic Avenue	Alameda	CA	94501	John McNulty
Skidmore, Owings, and Merrill	www.som.com	(415) 981-1555	1 Front Street	San Francisco	CA	94111	Brian Lee
SPGA Architecture and Planning		(415) 983-0131	200 Pine Street, #500	San Francisco	CA	94104	David James/Stuart Stoller

Financial Consulting

Equity Community Builders (ECB)	www.ecbsf.com	(415) 308-5711	PO Box 29585	San Francisco	CA	94129	Ben Golvin
iDeal Consultants	www.theidealconsultants.com	(410) 984-3106	PO Box 902	Owings Mills	MD	21117	Sam Deal
Nixon Peabody, LLP	www.nixonpeabody.com	(202) 585-8778	401 9th Street, NW, Ste 900	Washington	DC	20004	David Schron
Seifel Consulting	www.seifel.com	(415) 618-0700	221 Mian Street, Ste 420	San Francisco	CA	94105	Libby Seifel
Speer Consulting International	www.SpeerConsultingLLC.com	(619) 417-3685	600 Giorietta Blvd.	Coronado	CA	92118	Bill Speer

16. Appendix C: San Francisco Community Food Access Survey & Press Release

>> For the final report, see: <http://www.sfgov.org/site/uploadedfiles/shapeupsf/SEFASurveyReport-FINAL.pdf>.



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Southeast Food Access Working Group

Community Based Partners

- BVHP Farmer's Market
 - BVHP Foundation
 - CPMC Bayview Child Health Center
 - Hunter's Point Family
 - Literacy for Environmental Justice
 - Network for Elders
 - Quesada Gardens Initiative
 - Reachout for the Rainbow AfterSchool
 - San Francisco Food Bank
 - SF Wholesale Produce Market
- CCSF Partners**
- Department of the Environment
 - Department of Public Health
 - Department of Public Works
 - Mayor's Office of Community Development
 - Mayor's Office of Economic and Workforce Development
 - San Francisco Food Systems

IMMEDIATE RELEASE

October 29, 2007

**SEFA Releases Bayview-Hunters Point Food Preferences Survey Result
 Residents Want Food Options that Other Neighborhoods Take for Granted**

The Southeast Sector Food Access (SEFA) Working Group today released findings from a new survey that shows San Francisco's Bayview-Hunters Point (BVHP) residents view access to fresh and healthy food as an urgent issue. For over 20 years, BVHP residents have been asking for quality grocery stores in their neighborhood. Residents in the BVHP suffer from disproportionately higher rates of health problems associated with poor nutrition than other neighborhoods with more healthy food options.

The Southeast Sector Food Preferences Survey was created and administered by the SEFA Working Group to 562 residents who reflect the diversity of the neighborhood. **Ninety-four percent of those surveyed say they would actively support new food options in the Bayview-Hunters Point.**

Other Significant Survey Findings:

- Most residents buy their food outside of the neighborhood. Over half (58%) say they frequently buy their groceries at Safeways in other neighborhoods.
- Four out of five respondents say "freshness" is the most important factor when choosing a place to shop for food; far more than those who prioritize affordability and other factors.
- Survey respondents care about values associated with workers' rights and organic foods. A majority (58%) want a co-op market; and over half (53%) say it is "most important" that foods be free of pesticides and chemicals, and be grown by local farmers who treat farm workers fairly.

Related Statistics:

- The BVHP has the highest rate of all San Francisco neighborhoods in ambulatory hospitalizations for adult uncontrolled diabetes and congestive heart failure, and also accounts for a disproportionate share of deaths from hypertension/heart disease. [San Francisco Department of Public Health, 2004 Community Health Assessment.]
- Grocery sales leakage in the Bayview-Hunters Point has reached \$38 million and is getting worse. [MOEWD, 2007]

Mark Ghaly, SEFA Co-Chair and Southeast Health Center Director, said, "This survey makes clear how urgent it is that we find a way to provide Bayview-Hunters Point residents with convenient access to the same kinds of healthful foods available in any other San Francisco neighborhood. The disproportionate number of people here struggling with obesity, asthma, heart disease and other health issues demands that we do better."

The *Southeast Sector Food Preferences Survey* was administered in English, Spanish, and Chinese between June and September of 2007. SEFA is a working group of the Mayor's Shape Up SF Coalition, and is composed of city agencies and community based organization such as home delivery programs, corner store conversion projects, food banks and pantries, school and community food garden projects, and health care and community development initiatives.

Survey results are available at www.shapeupsf.org.



Southeast Food Access: SEFA Food Access Survey

Answer the survey to be eligible for a prize (by random drawing)

Dear Community Member,

Southeast Food Access (SEFA) is a collaboration of community-based organizations with support from City agencies. SEFA is working to improve fresh, healthy and sustainable food access in the Southeast part of SF. Please help us advise City agencies on what kind of grocery store you would like in the Bayview Hunters Point (BVHP) and Visitacion Valley (VV) by answering these questions:

Southeast Food Access Working Group

Community Based Partners

BVHP Farmer's Market

BVHP Foundation

CPMC Bayview Child Health Center

Hunter's Point Family

Literacy for Environmental Justice

Network for Elders

Quesada Gardens Initiative

Reachout for the Rainbow AfterSchool

SF Food Bank

SF Wholesale Produce Market

CCSF Partners

Department of the Environment

Department of Public Health

Department of Public Works

Mayor's Office of Community Development

Mayor's Office of Economic and Workforce Development

San Francisco Food Systems

San Francisco Redevelopment Agency

1. Please check where you live:

Bayview Hunters Point Visitacion Valley Other # of years: _____

2. If you work in the Southeast part of SF, please check where:

Bayview Hunters Point Visitacion Valley Retired Other

3. How many people do you shop for?

Circle one: 1 2-3 4-5 6-7 8+

How many children do you shop for?

Circle one: 0 1 2-3 4-5 6-7 8+

4. Are you a food stamp or WIC participant? YES NO

5. What is your racial/ethnic background? _____

6. How old are you? Circle one: under 18 18-24 25-35 36-45 46-55 56-65 65+

7. How often do you shop for food?

Circle one: 1x week 2-3x week every other week OTHER: _____

8. How do you get to the store?

Circle all that apply:

Car Bus/Muni Walk Bike Taxi Get a ride OTHER: _____

9. Where do you shop for food? Check all that apply:

- Alemany Farmers Market
- BVHP Farmers Market
- Corner Store (name) _____
- Foods Co
- Front Door Farms (home delivery)
- Good Life
- Rainbow
- Safeway
- Smart & Final
- Somethin Fresh (home delivery)
- Super Save
- Walgreens

OTHER: _____

10. If you don't shop at Super Save, why not? Check all that apply:

- Quality/Freshness of food
- Atmosphere
- Prices
- Location
- Safety

OTHER: _____

What would make you shop there? _____

11. If you don't shop at Foods Co, why not? Check all that apply:

- Quality/Freshness of food
- Atmosphere
- Prices
- Location
- Safety

OTHER: _____

What would make you shop there? _____

continue on other side →

Southeast Food Access: SEFA Food Access Survey continued...

12. If you don't shop on 3rd St., why not? _____

13. What fruits and vegetables do you eat or serve most often? *Circle all that apply:*

Apples Bananas Berries Cherries Grapes Kiwi Mangos
 Melons Oranges Peaches Pears Pineapple Plums

OTHER: _____

Avocado Bok Choy Broccoli Cabbage Carrots Cauliflower Corn
 Greens Green beans Lettuce Spinach Squash Peas Potatoes

OTHER: _____

14. Are there fruits or vegetables you like, but cannot buy in BVHP or VV? YES NO

If yes, what: _____

15. Please rank 1-4, (1= most important; 4= least important)

How important is it to you that the food provided by stores:

- ___ a) Is fresh
- ___ b) Is affordable
- ___ c) Includes healthy, prepared foods
- ___ d) Is free of chemicals/pesticides & grown by local farmers who treat farm workers fairly

Please add any additional comments: _____

16. There are different types of stores that sell groceries, which type of market would you prefer?

Please rank 1-3, (1= most preferred; 3= least preferred)

- ___ a) a Cooperative Full Service Market (worker or community owned, like Rainbow)
- ___ b) a Supermarket Chain store (like Safeway)
- ___ c) an independent grocery store (like Good Life or Super Save)

Please add any additional comments: _____

17. Other than produce, what services are important to you in a full service market or several smaller businesses? Please rank 1-5, (1= most important; 5= least important)

- ___ a) Bakery
- ___ b) Meat/Fish
- ___ c) Dry Goods
- ___ d) Flowers
- ___ e) Food stamp/WIC

OTHER: _____

18. What would be the best way to make sure there is fresh, healthy food in the BVHP or VV?

- Check one:* ___ one large grocery store
 ___ a couple of smaller businesses and/or full service grocery stores placed in different locations

Please add any additional comments: _____

19. Would you actively support and shop at new food markets in your neighborhood?

- YES NO

20. Are you interested in getting updates about the effort to bring healthy food options closer to you ?

- YES NO

Please provide a phone # or an e-mail address so that we may contact if you are a winner for a prize:

If you have any questions, please contact Frances Wong at SFDPH: Phone: 415-581-2427 Fax: 415-581-2490

17. Appendix D: Annotated Food Access Bibliography

Abell, Barbara. *Overcoming Obstacles to CDC Supermarket Development, a Guide*. Washington, D.C.: National Congress for Community Economic Development, 1998.

This guide to supermarket development includes a discussion of common obstacles, the role of various partners in successful development efforts, and ideas to reduce obstacles. Includes 19 basic case studies of successful developments across the United States.

Abell, Barbara. *Supermarket Development: CDC's and Inner City Economic Development*. Washington D.C.: National Congress for Community Economic Development, 1998.

This report profiles 16 successful supermarket development projects in which a local community development corporation played a role. Each profile provides details on the history of the project, the role of the city, CDC, and supermarket operator. It also includes information on the key issues of the project and sources of financing for each project.

Ambrose, David. M. "Retail Grocery Pricing: Inner City, Suburban, and Rural Comparisons." *The Journal of Business*, vol. 52, no.1. Chicago, IL: University of Chicago Press, 1979.

Compares grocery pricing by geographic type. The data collected indicates that people in rural areas are in the upper extreme of the price spectrum. Conversely, the inner city prices are decidedly lower than either suburban or rural grocery prices.

Blisard, Noel. *Food Spending in American Households, 1997-1998*, Washington, D.C: United States Department of Agriculture, 2001.

Provides data on food expenditures by demographic and socioeconomic characteristics. This report is compiled and published every few

years by USDA; this publication was updated in 2001 and is the most current version available.

Bolen, E., Hecht, K. *Neighborhood Groceries: New Access to Healthy Food in Low-Income Communities*. San Francisco, CA: California Food Policy Advocates, 2003.

Reviews the problem of access to healthy foods and provides evaluation of potential market-based solutions. This publication includes several case studies in California as well as public policy recommendations.

Boston Consulting Group and The Initiative for a Competitive City. *The Business Case for Pursuing Retail Opportunities in the Inner City*. Boston, MA: Initiative for a Competitive Inner City, 1998.

The summary of a national study of retail opportunities in the inner city, focusing primarily on Atlanta, Boston, Chicago, Harlem, Miami, and Oakland. Within each city, the study examined the retail potential in the following sectors: grocery, apparel, mass merchant, pharmacy, fast food, and other.

Burkholder, Mary. "Inner-City Grocery Stores Show Gains All Around." *Urban Land*, Washington, D.C.: The Urban Land Institute, January, 2007.

This article recounts several inner-city supermarket development initiatives in which LISC has worked to help create successful markets.

Chung, C., Meyers, S.J., "Do the Poor Pay More for Food?: An Analysis of Grocery Store Availability and Food Price Disparities." *The Journal of Consumer Affairs*, vol. 33, no.2 1999.

An empirical analysis of grocery store access and prices across inner-city and suburban communities within the Minneapolis and St. Paul metropolitan area. This study reveals that the biggest factor contributing to higher grocery costs in poor neighborhoods is that large chain stores, where prices tend to be lower, are not located in these neighborhoods.

Cotterill, R. W., Franklin, A.W. *The Urban Grocery Store Gap*. Storrs, CT: University of Connecticut, 1995.

This study uses zip code level demographic data from the 1990 Census and a complete census of all supermarkets in 21 of the nation's largest metropolitan areas to evaluate the absence of supermarkets in urban neighborhoods. It also examines demographic variable and urban grocery store services on a city by city basis.

The Department of Cambridge Community Development. *Supermarket Access in Cambridge*. Cambridge, MA: The Department of Cambridge Community Development, 1994.

This report to the Cambridge City Council reviews supermarket access in the city, strategies to support development of new stores, and alternative means of serving underserved households.

Eisenhauer, Elizabeth. "In Poor Health: Supermarket Redlining and Urban Nutrition." *GeoJournal*, vol.53, no 2. Springer, 2001.

This article examines the changes in urban retail food availability, the impact these changes have had on the health status of the urban poor, strategies utilized by the urban poor to address inadequate access to quality food sources, and the role of supermarkets in distressed communities.

Gross, Daniel. "First, the Beatles. Now, Tesco. The British invader that thinks it can beat Wal-Mart." *Slate.com*. See www.slate.com/id/2137211/, 2006.

Announcing the introduction of Tesco's smaller format grocery stores to the United States starting on the West coast.

Hall, B. F. "Neighborhood Differences in Retail Food Stores: Income versus Race and Age of Population." *Economic Geography* vol.59, no.3. Worcester, MA: Clark University, 1983.

Retail food stores may vary from one location to another in terms of the price and quality of products offered for sale, selection of products and sizes available, and cleanliness of the stores themselves. The effects of socioeconomic characteristics of the neighborhoods in which stores are located on a set of store and product characteristics are estimated, holding constant factors that affect costs of the stores. The major finding is that consumers in neighborhoods with high concentrations of black and elderly people face higher prices, lower levels of quality and cleanliness, and less variety of prices, brands, and sizes.

King, R., Leitbtag, E.S., Behl A.S. *Supermarket Characteristics and Operating Costs in Low-Income Areas*. Washington, D.C.: United States Department of Agriculture, 2004.

Stores serving low-income shoppers differ in important ways from stores that receive less of their revenues from food stamp redemptions. Stores with more revenues from food stamps are generally smaller and older, and offer relatively fewer convenience services for shoppers. They also offer a different mix of products, with a relatively high portion of sales coming from meat and private-label products. Metro stores with high food stamp redemption rates lag behind other stores in the adoption of progressive supply chain and human resources practices. Stores with the highest food stamp redemption rates have lower sales margins relative to other stores, but have significantly lower payroll costs as a percentage of sales. Overall, operating costs for stores with high food stamp redemption rates are not significantly different from those for stores with moderate food stamp redemption rates.

Lawson, W. *Opportunities for Small- to Mid-Sized Grocery Stores in Low-Income Communities*. Department of City and Regional Planning. Berkeley, California: University of California, 2005.

This report evaluates specific food store formats in different contexts in order to identify the physical, market, and operational characteristics that must exist to make medium-format grocery stores a viable use for ground-floor retail space in low-income communities.

McLinden, Steve. "Worth a Second Look: Nonprofits Reveal Urban Opportunities Missed by the U.S. Census." *Shopping Centers Today*, New York, NY: International Council of Shopping Centers, 2006.

Explores the importance of considering data sources in addition to the U.S. Census to evaluate the potential market in many urban neighborhoods. Discusses the work of Social Compact in revealing the true market potential. It also reports on recent successes LISC has had financing commercial and mixed-use projects, including supermarkets, in urban, lower income neighborhoods throughout the country.

Morganosky, M. A., Cude, B.A. "Expansion of Non-Traditional Food Retail Outlets: Effect on Consumer Welfare." *Food and Agricultural Marketing Consortium*. 1999.

Study analyses consumer cross patronage between supermarkets and non-traditional food retail channels, examined reasons for cross patronage, and made a preliminary assessment of consumer response to online food shopping. Of all the retail outlets examined in this study, online shopping appears to meet the specific needs of consumers in a way that is different from that of the other retail outlets. Implications for consumers, retailers, and public policymakers are discussed.

Pawasarat, J. Quinn, L.M. *Exposing Urban Legends: The Real Purchasing Power of Central City Neighborhoods*. Washington, D.C.: The Brookings Institution, 2001.

As an alternative to inadequate national data sources, this study provides a more precise description of neighborhood purchasing power in Milwaukee by zip code, block level, and specific address using a variety of local and state-level data sources. It thereby offers

a template for retrieving similar data and preparing commercial-district economic profiles elsewhere.

Porter, M., Watson, O. *The Changing Models of Inner-City Grocery Retailing*. Boston, MA: Initiative for a Competitive Inner City, 2002.

This report seeks to uncover key principles for grocery retailers to operate profitably in inner-city communities. It outlines the unique challenge and opportunities of inner-city markets and provides the experience of four grocery retailers serving inner-city communities.

Pothukuchi, K. "Attracting Supermarkets to Inner-City Neighborhoods: Economic Development Outside the Box." *Economic Development Quarterly*, vol 19, no. 3, 2005.

Based on a survey of planners in 32 communities, this article examines initiatives to encourage grocery retail investment, reasons for the existence or absence of initiatives, and factors in successful developments. This article also presents recommendations for community and economic development planners to increase grocery investment in underserved areas.

Shaffer, Amanda. *The Persistence of LA's Grocery Gap: The Need for a New Food Policy and Approach to Market Development*. Los Angeles, CA: Center for Food and Justice, Urban and Environmental Policy Institute, Occidental College, 2002.

This report chronicles the gap between the number of supermarkets located in low-income and inner-city communities versus middle and upper-income, and suburban communities in Los Angeles.

Shaffer, A., Gottlieb, R., Zajfen, V., Valliantos, M., Nyberg, B., Dreier, P. *Shopping for a Market: Evaluating Tesco's Entry into Los Angeles and the United States*. Los Angeles, CA: Center for Food and Justice, Urban and Environmental Policy Institute, Occidental College, 2007.

This report provides an introduction to Tesco, the United Kingdom's largest food retailer,

which is making its entry into the United States market. It includes a profile of the Tesco corporation, briefs on the company's roll out strategies, labor practices, and supply chain plans. It also includes a discussion of the importance of community-based agreements and accountability and a list of proposed store locations in Arizona, California, and Nevada.

Stewart, C., Morris, A., "Development in Underserved Retail Markets." ICSC Research Quarterly, vol. 8, no. 4.

New York, NY: International Council of Shopping Centers and Business for Social Responsibility, 2002.

Summary of a survey of retail development professionals about the barriers to development in currently underserved communities. Includes policy recommendations to major players in retail development on how to potentially overcome these challenges.



