FOOD, MARKETS, AND HEALTHY COMMUNITIES

How food stores accelerate local development and enrich residents’ lives
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- loans, grants, and equity investments
- technical and management assistance
- local, statewide, and national policy support.

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How food stores accelerate local development and enrich residents’ lives

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Photo above: The Northeast Louisiana Delta Community Development Corporation’s farmers market in Tallulah, La.
The first measure of quality for any community is how well it provides for life’s necessities, beginning with shelter and food. Other factors matter greatly: safety, job opportunities, education, public services, green space. But even before these, the fundamentals of a sustainable community — and, for that matter, of a healthy and satisfying life for each resident in it — start with a suitable place to live and a reliable, affordable source of food for a balanced diet.

The presence of a quality food source influences nearly every calculation of value in a neighborhood or rural community. In the most literal sense, a full-service food market raises the economic value of surrounding property and businesses by making the area more convenient as a place to live and shop. It offers an important source of jobs, both at entry level and beyond. It helps to draw customer traffic to the commercial district, which in turn boosts both neighboring shops and general safety on the streets. But even beyond these economic development benefits, food stores affect the quality of life for individual residents — not only their health and nutrition, but a key element of their daily cost of living.

That is why, in many developing neighborhoods and rural communities, once their housing stock is adequate or improving, local leaders next look for ways to improve the quality of their food markets. And that is why LISC is working with more and more community development organizations to plan, acquire, and develop sites, recruit strong retailers, and bring large-scale, quality food stores to low-income communities. Although these projects are usually far more complicated and painstaking than most residential developments, and demand a greater degree of experience from the organizations that sponsor them, their importance to both individual residents and the overall economy is generally more than enough to justify the effort. As of the end of 2005, LISC has supported 44 food-market projects around the country, and the demand for such projects has been steadily rising.

One way to assess the importance of high-quality grocery stores to the health of a community is to consider the alternative — places where sources of food are few, expensive, distant, of poor quality, or some combination of these. That is, in fact, the norm in most low-income communities, and has been for roughly the past half-century. The modern supermarket, with its reliance on suburban
Reaching as far back as the mid-1960s, a stream of research has shown that, as the title of one seminal study summed it up, “the poor pay more” for a much narrower, less nutritious range of food choices than is common in more upscale neighborhoods. More recent studies have demonstrated that in the stores that do serve low-income neighborhoods, produce tends to be scarcer and less fresh than in other places. These stores are considerably smaller and more thinly capitalized than the spacious, brand-name supermarkets typical elsewhere. Partly because of their small size and fragile economics, the small neighborhood delis and convenience stores tend to devote much more of their shelf space to less-healthy snacks and prepared foods. (This is not a matter of ill intent; the longer shelf-life of these products makes them a safer bet for retailers who do a low-volume business). Overall, the number of food stores in poor neighborhoods is nearly one-third lower than in wealthier areas, and the quality of these stores — their size and physical condition, the range and nutritional content of their merchandise — tends to be poorer.

A series of recent public-health studies has shown that low-income families eat better when the available food is more nutritious and affordable. One especially well-circulated report, from the American Journal of Public Health, found a striking correlation between the presence of a supermarket and the consumption of fresh produce: For every additional supermarket in a census tract, African American residents consumed 32 percent more fruits and vegetables. The effect was smaller, but still significant, for white families, at 11 percent. (Interestingly, the authors speculate that a reason for this racial difference may be that African American families are less likely to own a car, and thus have fewer alternatives if supermarkets are absent or distant.)

But the effect of better food stores goes beyond individual health. The development of a quality food market often makes a decisive improvement in the health of the community as a whole — in the presence of people on the streets and sidewalks, the additional security that such traffic brings, and the perception of the community as an attractive place to live and do business. As with the other factors, there is research to support these “public activity” effects as well, though
in this case the point hardly seems to need much academic reinforcement. Healthy streets are well used; empty ones are forbidding.

Before a grocery store was built on the distressed north side of Kalamazoo, Michigan, the head of the local community organization, Mattie Jordan-Woods, says that “someone with four or five kids had to drag them on a bus to get groceries or pay a cab $20.” Faced with that choice, some families inevitably found it better, at least some of the time, to settle for high-sodium packaged foods from a neighborhood convenience store — lunch meats, microwave snacks, chips — rather than endure the delay and expense of a trip to the market.

Yet the lack of a good, nearby food market is not a necessary fact of life. Large supermarkets and grocery stores can and do thrive in low-income communities, as a growing number of pioneer companies have by now amply demonstrated. In recent years, the research of economists such as Harvard’s Michael Porter and his Initiative for a Competitive Inner City have made an increasingly well-publicized case that the density of many poor neighborhoods makes their aggregate purchasing power far greater than the incomes of individual families might suggest. A second factor, besides density, is that low-income residents spend a much higher percentage of their income on basic necessities like groceries.

Admittedly, making this case to retailers can be challenging (though not as much as in past years). Even when the companies are persuaded, siting and building the stores, raising the capital, and navigating local politics can present more than the usual obstacles. That is where community development organizations become crucial to the story: Their mastery of local market information, their persistence in overcoming opposition and practical hurdles, and their credibility with other local merchants, who sometimes fear competition from larger markets, all have proven indispensable to the creation of quality, healthy food stores in low-income areas.

The coming pages tell of three cases where community organizations, LISC, local government, and, in two cases, prominent retailers came together to create successful inner-city markets. The three examples were chosen to illustrate the wide variety of solutions available to communities of various sizes, market strengths, and stages of development. One describes the creation of a large supermarket in a dense big-city neighborhood; another the development of a mid-size grocery store in a less populous urban area; and the third the operation of a part-time farmers market as a step in a longer-term retail development plan. The details of each story are tellingly different, but the principles underlying them are nearly universal — or at a minimum, are equally applicable in thousands of communities where low-income people today lack one of the fundamental components of a secure and healthy life.
Though in recent years parts of Harlem have experienced a well-publicized renaissance, much of the upper Manhattan neighborhood remains intensely poor. In East Harlem, the area north of 96th street and east of Fifth Avenue, the median household income in 2000 was $21,500 a year, barely over half the city’s overall median income. Thirty-seven percent of the population lived below the poverty line. For all its hard-won progress, the neighborhood at the end of the 20th century was both a concentrated center of New York City poverty and a vexingly difficult place to buy food for a healthy diet. One documented example suggests the wider dimensions of East Harlem’s food problem:

A 2004 study looked for a basic list of foods recommended for people with diabetes — a disease especially prevalent among Latinos and African Americans, and thus a serious public health problem in Harlem. Researchers found far fewer sources of these foods in East Harlem than in the more affluent Upper East Side, which lies immediately to the south. Predictably, a critical factor in whether a family could find the recommended foods was whether they lived near a large grocery store. Olga Hayes, an East Harlem resident, told The New York Times that before 1999, her weekly grocery shopping consisted of crossing the East River into the Bronx and traveling to a supermarket several miles outside her neighborhood. Darren Walker, now an executive at the Rockefeller Foundation who lived and worked in Harlem in these years, recalls having “to get on a subway and go downtown and get my groceries and haul them back on the subway or try to get a taxi to take me back up” to East Harlem.

At the time, Walker was the chief operating officer of one of New York City’s premier community development groups, the Abyssinian Development Corporation, which was responsible for many of the investments contributing to Harlem’s rebound. In 1996, New York City government had reached an impasse in what was then a five-year-long effort to bring a supermarket to East Harlem, and turned to LISC for help in finding and supporting a credible developer. LISC in turn began working with Abyssinian and a nearby organization called Community Association of

It has become the anchor for an $85 million commercial/retail complex.

PATHMARK SUPERMARKET

Abyssinian Development Corporation and Community Association of East Harlem Triangle

Harlem, New York
East Harlem Triangle to get the project moving. LISC provided $2.4 million in grant and loan funds to the project. In 1999, after three years of complications, Walker and his neighbors finally stepped into a new 53,000-square-foot Pathmark supermarket that the Times described as “almost breathtaking in its spaciousness.”

But the route to that achievement was long and difficult, which is why New York’s city government came to rely on LISC and community developers to lead the effort. Supermarket companies were far from eager to wager a big investment on an untested and, to some eyes, unsettling market. Meanwhile, small but politically influential shopkeepers on 125th Street, many of them recent immigrants, felt threatened by the prospect of a large new competitor. A handful of civic and political leaders took up their cause, raising a series of obstacles that took the nonprofit developers years to dislodge. (In the end, says Sheena Wright, Abyssinian’s current chief executive, most small shopkeepers did not suffer from the competition, but actually benefited from the improved commercial environment that Pathmark helped create.)

When the saga was over, the consequences were swift and dramatic. Not only did Olga Hayes and her neighbors have a huge new source of food, but now, as Sheena Wright points out, “other stores, both national chains and local businesses, value 125th Street as a viable and vibrant market.” Since the Pathmark opened, it has become the anchor for an $85 million commercial/retail complex called Harlem Center, and has drawn other retail giants to what is now a busy shopping hub on both sides of the street and stretching for several blocks.

As a matter of pure business, Pathmark’s bet has paid off handsomely. Six years after the store’s grand opening, Pathmark’s senior vice president for retail development, Harvey Gutman, says it remains one of the chain’s highest-grossing supermarkets. Some 275 people work at the 125th Street store, 85 percent of whom are Harlem residents. Gutman also adds that “part of our service to the community is providing … services such as health fairs, informational sessions with pharmacists, and general health information throughout the store,” including three blood-pressure monitors.

Before 1999, says Darren Walker, the absence of a decent supermarket “sent a message about who we were, about our life — everything from the value of our health and nutrition to our place in the broader society. Our community was a leftover place for leftover people. That was Harlem before Pathmark.” He’s quick to add: “That’s not to say that Pathmark solved all of that. But on the specific question of access to decent, reasonably priced food — about as basic a question as there is — there was hardly any. And now there’s a lot.”
Between 40 and 50 percent of the residents of Kalamazoo’s Northside neighborhood live below the poverty line. More than one-quarter are unemployed, and fewer than half the families in the neighborhood have a car. Yet until 2003, the great majority of residents had no stores in easy walking distance — not only no grocery stores, but no convenience stores, no banks, no dry cleaners or pharmacies, no retail at all. Those who did live near the one convenience store on the fringe of the neighborhood had an experience similar to that in Harlem: high prices, small selection, low quality.

Every survey of the neighborhood, whether by the local community organization, called the Northside Association for Community Development (NACD), or by Kalamazoo’s city government, turned up the same No. 1 priority among the overwhelming majority of residents: a large, clean, affordable source of quality food. Yet finding a grocery-store operator willing even to consider investing in the community took the Northside Association nearly eight years.

During those years, the ghost-town quality of Northside’s commercial streets, combined with a perception of high crime and low disposable income, had frightened away nearly a dozen

The grocery store single-handedly added 50 new jobs to the neighborhood’s tiny employment base.
prospective companies that NACD had approached in three states. The neighborhood’s comparatively small population (roughly 8,000 in the last census) made it too small for a full-scale supermarket, even when combined with the buying power of two relatively higher-income neighborhoods that adjoin Northside. To make matters worse, the site that NACD hoped to develop was vacant industrial property, part of which had environmental contamination that would have to be cleaned up. In looking back at these early explorations, the *Kalamazoo Gazette* noted that at least a few business and civic leaders had quietly advised “that if such a venture were truly profitable, someone in the private sector would be doing it now.”

Only after a planning grant and technical assistance from LISC did “someone in the private sector” finally respond to NACD’s overtures: the 19-store Felpausch Food Center chain, headquartered in Hastings, Michigan. Though smaller than a standard supermarket (25,000 square feet, just over half the size of most new supermarkets), the typical Felpausch grocery store is large enough to offer fresh produce and meat departments, a wide variety of packaged foods, a deli, bakery, and pharmacy. With research by a LISC-funded consultant, NACD made a successful case to the company that pent-up demand in Northside and its neighboring communities would add up to a profitable business for Felpausch.

Yet even with the company on board, there followed another three years of legal wrangling to rescue the site from bankruptcy court, cure the underlying contamination, plan the building, and negotiate other details with Felpausch. The City of Kalamazoo, LISC, and the Kalamazoo Community Foundation helped with much of the preparation, as did a local financing program for redeveloping brownfields. LISC provided nearly $1.5 million in loans and grants, the state of Michigan provided $1 million for infrastructure improvements, and the federal Office of Community Services granted $300,000 for predevelopment and technical consultants. By the time the store opened in 2002 — with additional space for a locally owned beauty supply store — more than 270 contributors, from individuals to small churches to the pharmacy giant Pharmacia (now part of Pfizer, Inc.), had given money to bring the project to life.

A year after it opened, a front-page story in the *Kalamazoo Gazette* declared the $4 million North Park Street Plaza “not only thriving, but

“It’s a place where you can invest, and your investment will make money.”
… a hub for redevelopment in Kalamazoo’s Northside.” The grocery store single-handedly added 50 new jobs to the neighborhood’s tiny employment base. Better still, almost as soon as the market opened, other developments began to spring up on the surrounding blocks. By the first anniversary, a pizza franchise was under development and a new discount store was being planned across the street, both of them virtually unsubsidized, and another community-owned retail plaza was starting predevelopment work two blocks away. NACD was meanwhile starting work on an adjoining property containing a child-care center, a job-training program, and community offices.

“We’re talking about a neighborhood that had zero neighborhood retail services,” says LISC Senior Program Director Chuck Vliek, “and now all of a sudden, since the grocery store, they’re popping up all over. The rise in land values there is a good indicator that people perceive there’s value in the neighborhood — there are customers, and demand for goods and services far beyond what’s now available. It’s no longer seen as just a target for subsidies and charitable donations. It’s a place where you can invest, and your investment will make money.”

In developing food markets and recruiting companies to operate them, small low-income neighborhoods like Northside face different, sometimes steeper challenges than do large, high-density neighborhoods like Harlem. Besides being smaller than suburban superstores, food markets in less densely populated communities normally need to draw from a wider area than a single neighborhood. And it helps if at least some of these other neighborhoods have either higher densities or higher incomes per household, or both, to provide a sufficient customer base for the retailer. Pittsburgh’s East Liberty neighborhood, for example, attracted the organic grocery Whole Foods into a new retail development based on an income mix that included both poorer and wealthier neighborhoods around the very low-income East Liberty. The 32,000-square-foot store offers fresh, often organically grown fruits and vegetables that appeal to all income levels, and its store brands provide an affordable source of quality merchandise for customers on tight budgets. The East Liberty store is Whole Foods’ No. 1 seller through Pennsylvania’s food stamp program.

Surveying the projects now under way outside her Kalamazoo office, NACD’s executive director, Mattie Jordan-Woods, sees a surge in value that transcends purely financial investment and return. “You can measure the visible impact — the new stores and new construction and jobs and property values. But you can’t measure the impact on community life, and on individuals in their relationship to their community. This was something people really needed, something that makes the difference between a good place to live and a place you’d rather get out of.”
The sprawling, ambitious redevelopment around the transit hub in Oakland’s Fruitvale neighborhood has become a nationally known case study of large-scale community revitalization. Besides creating an innovative Transit Village at the core of the project — containing mixed-income housing, retail, services, and parking around a central plaza — the nonprofit Unity Council also has helped strengthen existing businesses on the adjoining commercial strips. Alongside these two longstanding efforts, a newer and less well known project by the Unity Council illustrates another way of bringing high-quality fresh produce into a community where such foods are scarce and demand is high.

At the time this is written, the Fruitvale Farmers Market remains just a first step toward a larger vision of a Public Market in Fruitvale: a small-business incubator and retail complex of food, arts, and crafts shops catering to neighborhood residents, visitors, and commuters. For now, while the Public Market is under development, farmers sell fresh produce one day a week, on Sundays, in a bustling open-air bazaar that has become a weekly event in Fruitvale. LISC provided a $580,000 loan to the Unity Council to support the acquisition of one key portion of the market site. The Sunday market combines food sales with activities for children, live performances, and the general atmosphere of a neighborhood festival. Across the street, where St. Elizabeth’s Church draws close to 1,200 mostly Latino families a week, parishioners have come to regard the farmers market as part of the Sunday ritual — a way of stocking up on fruits and vegetables for the week, spending time with neighbors, and discovering new foods.
Besides a regular following of Latino customers, many of whom have few other sources of traditional ethnic foods like fresh plantains, yucca, and chilies, the market is attracting a regular Asian clientele as well — for the same reason, and sometimes even for the same foods. “All our communities really like fresh produce,” says Marsha Murrington, the Unity Council’s vice president for programs, “and when they start coming to the farmers market they really see the difference. Because we have made a point of selecting Asian and Latino farmers, they tend to know what their customers want, they can speak the customers’ languages, and there’s an interesting exchange going on.”

Farmers markets, even as elaborate and popular as the one in Fruitvale, don’t have all of the economic spillover benefits of a large supermarket or even a mid-size grocery store. But they do have advantages as part of an economic development program. In Fruitvale, as in other popular farmers markets, even brief hours of operation tend to draw customers into a business district they might not otherwise have visited. The new visitors then present a promotional opportunity for local businesses and merchants’ associations. The market fills a critical gap for low-income residents, too: A significant share of the farmers’ sales come from Food Stamps, grocery vouchers for the elderly, and WIC, the federal nutritional program for Women, Infants, and Children.

Most of all, though, the farmers market is a means of providing high-quality, nutritious food to people whose choices would otherwise be far more limited. “We have a high rate of childhood obesity and diabetes,” Murrington points out, “and just a high rate of health problems overall in our community. Not all of that, but a lot of it, is related to an unhealthy diet. … The farmers market helps us promote incorporating fresh fruits and vegetables in daily life, and makes those foods seem really appealing.”

The farmers market is a part of the Sunday ritual – a way of stocking up on fruits and vegetables and spending time with neighbors.
From the earliest years of the community development movement — though much more emphatically in the past decade — community organizations have placed food-retail projects high on their list of priorities. That is partly because they calculate a huge economic development benefit from a successful food store: attracting customers to the commercial strip, sparking further retail development, providing employment opportunities for residents, and keeping residents’ disposable income circulating within the community. But the popularity of these projects derives even more from the sheer power of local will: residents consistently cite these stores as their No. 1 necessity.

Admittedly, such projects demand patience and staying power — which is precisely why community development organizations tend to be the most effective way of pursuing the goal. “To get impossible projects done,” says Kalamazoo’s Mattie Jordan-Woods, “you have to get people who know what they want and believe in what they want, and have the persistence to stay with it. Then, of course, you have to have expertise too — it can’t be just grassroots. That’s where LISC has come in for us.”

It is becoming increasingly clear that the value of neighborhood food market projects more than justifies their political, financial, and logistical complexity. Their economic development value is measurable in rising property values, increased local expenditures, and greater business investment. But many benefits, including the availability of healthy food as a counterweight to burgers and convenience-store snacks, are harder to calculate. The human value that a good food market generates contributes not only to individual and family health, but to the vitality, appeal, and worth of the whole community.

As Darren Walker, a leader in the Harlem Pathmark development, puts it: “The isolation of poor people in neighborhoods where the free market isn’t working, where investment and commercial activity are absent — that translates into a premium on being poor. You pay a price for living in a poor neighborhood, and that price comes not only from paying more for basic necessities, but from the drain on your time and energies, having to go farther and work harder to meet your ordinary needs.” The presence of a sizable, well-stocked, affordable food store not only lowers that price, it constitutes a major step in restoring the community to a full participation in the functioning marketplace that most Americans rightly take for granted.

Jane Kolodinsky and Michele Cranwell survey the relevant literature in “The Poor Pay More? Now They Don’t Even Have a Store to Choose From: Bringing a Supermarket Back to the City,” Consumer Interests Annual, vol. 46, 2000, pp. 24-29.


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