

# Healthy Food Financing

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DC Food Policy Council Meeting  
December 7, 2016



# About Reinvestment Fund

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- A certified **Community Development Financial Institution (CDFI)** - a specialized financial institution that works in markets that are underserved by traditional financial institutions. Certified by the US Treasury Department – assessed for our mission, financing activity and accountability.
- CDFI certification is a designation conferred by the US Treasury's CDFI Fund and is a requirement for accessing financial and technical award assistance from the CDFI Fund.

# Reinvestment Fund

**\$1.8 billion** in community investments

**\$950 million** of capital under management

**850** individual & institutional investors

**3,000** projects financed

STANDARD & POOR'S  
RATINGS SERVICES

**S&P**  
**AA**

**AERIS**  
**RATED**

**AAA + 1**

powered by **CARS**®



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# Impacts of Food Retail

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## Economic

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

## Health

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

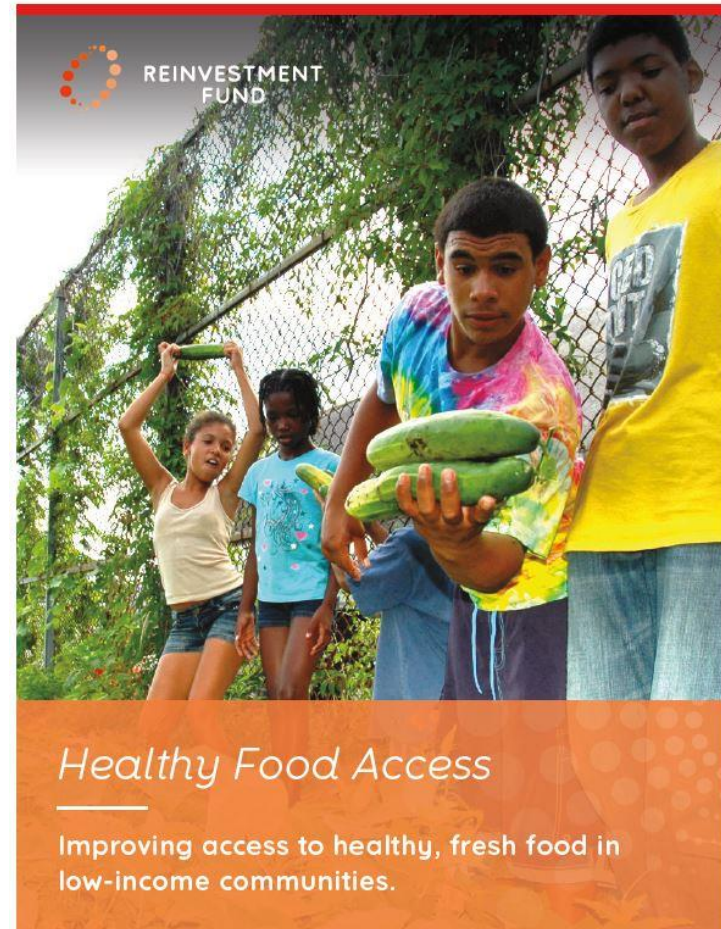
# How We Work to Improve Access

Financing

Research & Analysis

Capacity Building

Public Policy





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# Financing

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# Challenges for Food Retail in Urban Settings

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## Food Retail Margin

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

## Start-Up Costs

- Employee Training
- Real Estate Costs
- Security Costs

## Operating Costs

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

## Reduced grocery gross profit\*

- Lower penetration of high margin departments

*\*Most applicable to conventional grocery stores*

*Find more detailed information on our website:*

[www.reinvestment.com/research-publications/understanding-the-grocery-industry](http://www.reinvestment.com/research-publications/understanding-the-grocery-industry)

	<u>Traditional Store</u>	<u>Natural/Organic</u>	<u>Limited Assortment</u>
Sales:	\$100.00		
Cost of Goods:	\$72.00		
Gross Profit:	<b>\$28.00</b>		
Personnel:	\$12.50		
Operating Expenses: (rent, utilities, supplies, etc.)	\$16.00		
NOI:	<b>(\$.50)</b>		
Other Income:	\$1.70		
Net Income:	<b>\$1.20</b>		



	<u>Traditional Store</u>	<u>Natural/Organic</u>	<u>Limited Assortment</u>
Sales:	\$100.00	\$100.00	
Cost of Goods:	\$72.00	\$63.00	
Gross Profit:	<b>\$28.00</b>	<b>\$37.00</b>	
Personnel:	\$12.50	\$19.00	
Operating Expenses: (rent, utilities, supplies, etc.)	\$16.00	\$16.00	
NOI:	<b>(\$.50)</b>	<b>\$2.00</b>	
Other Income:	\$1.70	\$.50	
Net Income:	<b>\$1.20</b>	<b>\$2.50</b>	



	<u>Traditional Store</u>	<u>Natural/Organic</u>	<u>Limited Assortment</u>
Sales:	\$100.00	\$100.00	\$100.00
Cost of Goods:	\$72.00	\$63.00	\$80.50
Gross Profit:	<b>\$28.00</b>	<b>\$37.00</b>	<b>\$19.50</b>
Personnel:	\$12.50	\$19.00	\$8.50
Operating Expenses: (rent, utilities, supplies, etc.)	\$16.00	\$16.00	\$12.00
NOI:	<b>(\$.50)</b>	<b>\$2.00</b>	<b>(\$1.00)</b>
Other Income:	\$1.70	\$.50	\$1.30
Net Income:	<b>\$1.20</b>	<b>\$2.50</b>	<b>\$0.30</b>



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Net Income:	<b>\$1.20</b>	<b>\$2.50</b>	<b>\$0.30</b>

# PA Fresh Food Financing Initiative

A public/partnership to increase access to fresh foods in underserved communities across Pennsylvania.



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# Financial Products & Eligible Uses

## Products:

- Grants
- Loans
- New Market Tax Credits



## Uses:

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

## Available to:

- Developer
- Operator



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# Case Studies

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# Fare and Square - Nonprofit Grocery Store in a Food Desert

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



Chester, PA

23,500

Square Feet of additional access to fresh, healthy, and affordable food

40+

permanent jobs created

\$1.3MM

Bridge Loan

\$3MM

New Markets Tax Credit Investment

# C-Town – Bethlehem, PA

- 12,335 -sq.-ft., full-service grocery store created with \$1.9mm in acquisition and construction loans from Reinvestment Fund and \$700K in equipment financing.
- Was an existing dark store of 3,500 square feet that was expanded as a result of financing.
- 20 FT and 10 PT jobs created, most of which filled by local residents
- Located in a Reinvestment Fund designated limited supermarket access (LSA) area
- Offers large perishable section with variety of international produce to reflect preferences of local customer base.



Bethlehem, PA

25

permanent jobs created

\$2.6MM

Financing provided



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# Mariposa Food Cooperative

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



29 FTE

permanent jobs created

\$1.5MM

Total Project Costs

\$475,000

Financing Reinvestment Fund  
provided



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# New Beltline Kroger Marketplace in a Food Desert

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



43,000

People with inadequate access to fresh food who live in the store's trade area

215

permanent jobs created

50%

Commitment to Local and Low-Income persons hiring

\$6.5MM

New Markets Tax Credit Investment

# Four New ALDI Supermarkets in Food Deserts

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



**106,000+**

People with inadequate  
access to fresh food live in  
stores' trade areas

**44**

permanent jobs created

**\$10MM**

New Markets Tax Credit  
Investment



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# Public Policy

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# Improving Access: A National Movement

## Federal Healthy Food Financing Initiative (HFFI)

- CDFI Fund, U.S. Treasury
- Health and Human Services
- U.S. Department of Agriculture





# Healthy Food Access Portal

## Healthy Food Access Portal

PolicyLink



Get Started

Resources

Policy Efforts & Impacts

Funding

Retail Strategies

News & Events

Search



### Profile: Portland Mercado

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

Read more



Perspectives

▼  
Portland Mercado  
Profile

Mapping Tool

Webinar Archive



### What's New



#### Funding

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



#### News & Events

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



#### Policy Efforts & Impacts

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

### Spotlight

Find Money



Search information by  
region



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