

## Pennsylvania Fresh Food Financing Initiative (FFFI)

The Food Trust in partnership with  
The Reinvestment Fund and  
The Greater Philadelphia Urban Affairs Coalition

### INTENT OF THE INTERVENTION

The Pennsylvania Fresh Food Financing Initiative (FFFI) is a policy-level intervention designed to increase access to affordable, quality healthful foods in underserved areas of the state. The program provides critical one-time loans and grants for the development, expansion or renovation of fresh food retail establishments, such as supermarkets or grocery stores. The FFFI also creates steady jobs for community members living in economically distressed areas.

FFFI is a community-level policy and environmental-change intervention.

### OVERVIEW

**Policy Developer:** The Food Trust, Philadelphia PA, in partnership with The Reinvestment Fund and The Greater Philadelphia Urban Affairs Coalition

**Main Stakeholders:** Supermarket operators and other fresh food retail establishments, communities and residents without a supermarket, Pennsylvania Department of Community and Economic Development (provides program oversight), The Food Trust (provides program outreach and evaluation), The Reinvestment Fund (supports the financing) and the Greater Philadelphia Urban Affairs Coalition (GPUAC) (ensures diversity among Initiative recipients).

**Eligible to participate:** Food retail operators 1) operating or planning to operate in low-income, underserved communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions, and 2) providing a full selection of fresh produce. The Initiative funds a range of operators from regional chains and independents to renovated corner stores to cooperative models.

**Intended population:** Underserved communities defined as low- or moderate-income census tracts, areas of below average supermarket density or an area having a supermarket customer base with more than 50% living in a low-income census tract or in other areas demonstrated to have significant access limitations to supermarkets due to travel distance.

**Setting:** Urban, suburban and rural underserved areas in Pennsylvania

*“We hadn’t had a real policy about food access that was coherent, and the big challenges are the issue of obesity, the generation of jobs, and community transformation,”*

*– PA State Representative Dwight Evans*

**How long in field:** The Food Trust began to formally address the issue in 1999, and the Pennsylvania Fresh Food Financing Initiative was established as part of the state’s 2004 economic stimulus package.

**What does the policy do:** The Fresh Food Financing Initiative was born out of Governor Rendell’s \$150 million state stimulus package, which provided resources to a First Industries

Program. That program established revolving loan program accounts, including a program account to provide financial assistance for projects related to agriculture. The definition of agriculture includes “the sale of farm commodities at retail by urban and rural supermarkets located or to be located in underserved areas.”

1. The legislation funds planning grants for the costs of predevelopment activities and feasibility studies for supermarket projects.
2. The legislation provides for funding and mechanisms to finance loans to construct supermarket projects.

With the support of State Representative Dwight Evans and other key legislators, the state appropriated \$30 million over three years (2004, 2005 and 2006) that was then matched 3:1 by The Reinvestment Fund, to create the Fresh Food Financing Initiative. Similar legislation was established in Illinois (2009), New York (2009) New Orleans (2008) and Louisiana (2009).

## CORE ELEMENTS

*This section outlines the aspects of an intervention that are central to its theory and logic and that are thought to be responsible for the intervention’s effectiveness. Core elements are critical features of the intervention’s intent and design and should be kept intact when the intervention is implemented or adapted.*

### **1. Partner with a Food Access Organization.**

The Food Trust originated the supermarket campaign model, which is the name given to the process by which the Fresh Food Financing Initiative (FFFI) was formed. An organization focused on the issue of food access is needed to cultivate critical stakeholders and ultimately unite leaders from diverse sectors around the problem.

### **2. Use GIS mapping to build an evidence base to make the case for change.**

Policymakers and other key stakeholders need current, relevant data to understand the scope and severity of the food access problem. The Food Trust’s approach is to generate GIS maps and issue a report at the state or regional level (or both) that shows the following: 1) locations of existing supermarkets, 2) volume of supermarket sales per capita, 3) distribution of household income, and 4) rates of diet-related death. Local academic institutions have been contracted to generate the GIS maps.

### **3. Create a Task Force.**

The role of the task force is to examine the barriers to supermarket development and to generate policy recommendations. In Pennsylvania, The Food Trust led the development of the task force, while, in other states the effort was undertaken by both The Food Trust and a second local agency. The partner agencies convened the task force, but co-chairs, not affiliated with these agencies, were selected to moderate the meetings and provide strategic guidance to the process. One co-chair was selected to represent the supermarket industry (e.g., a Grocery Association leader) and a second to represent the civic sector (e.g., executive director of the local United Way). Task force members were carefully selected to include strong representation from executive level decision-makers from the supermarket industry, along with local health and children’s advocates, economic development officials, and community leaders. In 12 months, four task force meetings were held.

### **4. Generate a broad base of support for the supermarket program among diverse stakeholders.**

The initiative addresses: a) **public health advocates’** concerns over ways to increase consumption of fresh produce and limit diet-related disease in populations with limited access to

fresh foods; b) **community and economic development leaders'** concerns regarding stimulating economic development, increasing business in distressed neighborhoods, and countering the growing epidemic of childhood obesity and its associated health care costs; c) **supermarket industry's** interest in financial incentives to support operators' expansion into underserved neighborhoods where their stores will be profitable; and d) **communities'** desire to attract nearby, high quality supermarkets. Community buy-in and support is critical to build new stores in underserved areas.

#### **5. Educate elected officials.**

City and state-level hearings help make the case for urgent action and present an opportunity to educate elected officials about the issue and about the success in Pennsylvania. Identify program champions who can help move the policy through the political process, secure funding appropriations, and, when task force reports are released, invite the media.

#### **6. Create a public-private partnership to manage the program.**

The public-private partnership should include: a) a financial intermediary or Community Development Financial Institution (CDFI) (e.g., The Reinvestment Fund) to aggregate private capital and to finance projects and b) a public health advocacy organization (e.g., The Food Trust), knowledgeable about food access issues in low-income communities. The administration of the fund by a financial intermediary enables the partnership to leverage the public allocation with private sector funds to maximize the program's impact.

#### **7. Ensure program flexibility.**

The PA FFFI has been able to support a broad range of fresh food retail projects including supermarkets, small grocery stores, and farmers markets due to the flexibility of program funds. Grants and loans can be used for a variety of purposes including acquisition, construction, equipment, workforce training, and security costs to meet the needs of a diverse applicant base. CDFIs, like The Reinvestment Fund, are able to react quickly to changes or needs in the marketplace and are critical for the management of program funding.

#### **8. Market the program to experienced operators, wholesalers, and community leaders.**

After legislation is passed, local communities and industry representatives will need to be educated about the availability of funds and to have access to technical assistance to complete applications. Experienced operators are sought to ensure markets enjoy strong management and long term profitability. Owners of smaller stores are provided assistance as needed in the completion of detailed financial and eligibility applications.

### **RESOURCES REQUIRED**

#### **Staff:**

- Initiating a program will require two FTE staff to lay the groundwork for the campaign, contact stakeholders, organize and support the task force efforts.
- When a fund is established, the program will require one staff person with financial expertise to manage funding and one staff person with expertise in food access to provide outreach, eligibility information and technical assistance.
- Consultation, as needed, from a public health advocacy organization and a financial intermediary is also suggested.
- New initiatives should also consider studying the impacts of the program and requiring funded stores to report data on fruit and vegetable accessibility, sales or related metrics, in addition to job creation and square footage of retail space developed.

**Materials:** Standard meeting materials (nametags, invitations, food etc.) for task force meetings, GIS maps/needs report (cost between \$15,000 and \$25,000 depending on data acquisition costs).

**Costs:** Initially, funds are needed to support the task force process and to educate policymakers about the problem. This includes staff time and materials, program advocacy and development. Costs vary between \$100,000 and \$200,000 per location per year and the task force process averages 2.5 years to complete. Funds to support the policy itself can come from multiple sources, including public and private entities. The Pennsylvania General Assembly initially allocated \$10 million in funding for each of three years, totaling \$30 million. State funds were matched 3:1 by private dollars and leveraged funding included New Market Tax Credits to generate a final \$120 million fund.

The Reinvestment Fund (TRF), a non-profit Community Development Financial Institution (CDFI), manages the supermarket grant and loan fund. Designation as a CDFI qualifies TRF to receive New Market Tax Credits. TRF manages the financing needs of supermarket operators that want to locate within an underserved area.

## IMPLEMENTATION

**How It Works:** The Fresh Food Financing Initiative (FFFI) policy intervention is best described in two stages. Stage 1) is the *advocacy process* that builds the political will necessary to secure funding and create policy change (in PA called the Supermarket Campaign). It consists of steps that build on each other, but are not necessarily linear and serves as the formative work for the implementation stage. Stage 2) is the *implementation of policy* (in PA called the Fresh Food Financing Initiative), resulting in the development of supermarkets in underserved areas.

### **Stage 1: Formative Work or Advocacy Campaign**

#### ***Step 1 – Prepare & Inform***

*Develop and market an evidence-based report, including GIS color-coded maps, to build the case for policy change. Initial stakeholder research also occurs during this early phase.*

The Food Trust created GIS color-coded maps (see Core element #2) by:

- Purchasing information about the locations of supermarkets and grocery stores from Trade Dimensions, an industry data source.
- Deriving income data and population density information from the census.
- Working with the Department of Public Health and university-based researchers to code citywide mortality data into deaths related to diet and then locating the deaths on maps by residence.
- Showing the various layers of data together on a map to identify areas of greatest need where low-income residents were suffering from higher rates of diet-related deaths and had limited access to supermarkets.

The GIS color-coded maps became a compelling tool to communicate the extent of the grocery store gap to policymakers. In addition to the maps, a report was released and disseminated to the city council and other public officials describing the degree of access across the city.

## **Step 2 – Empower**

*Engage a broad base of local stakeholders and key leaders.*

This step involves connecting with and uniting leaders from diverse sectors with the common goal of increasing the health of children and families by increasing access to supermarkets. Leaders include children's advocates, public health advocates, economic development practitioners, and supermarket industry executives. Partnering organizations include academic institutions and community-based organizations.

## **Step 3 – Strategize**

*Convene a multi-sector task force to identify the barriers and identify solutions.*

The Food Trust convenes a task force of leaders from the supermarket industry, government, public health, children's advocacy, economic development, financial, and civic sectors. The task force meets four times over one year to examine the barriers to supermarket development and issues policy recommendations. Task force co-chairs include one leader from the supermarket industry to provide a grounded connection to the challenges faced in locating markets in underserved areas and one civic sector leader to ensure the community perspective is heard. Recommendations may include the development of a fresh food financing program as well as other financial, regulatory, or zoning incentives.

## **Step 4 – Change Policy**

We expect policy development to vary from state to state according to the governing body involved in enacting a policy. Once Step 1 is complete, the evidence base is in place and shared with the community, political buy-in should follow with community leaders helping to move the policy forward.

This template describes the political process that produced legislation to fund the FFFI. (To learn how other states approached policy development, see **Potential Public Health Impact – Adoption** on page 8.) In Pennsylvania, the advocacy campaign included Philadelphia City Council public hearings, a food marketing task force, committee hearings in the state House of Representatives, a political champion, and media advocacy.

## **Stage 2: Implementation of Program Components**

The Fresh Food Financing Initiative (FFFI) is a public-private partnership overseen by the Pennsylvania Department of Community and Economic Development. The initiative is managed jointly by The Food Trust (provides program outreach and evaluation), The Reinvestment Fund (supports the financing of FFFI), and the Greater Philadelphia Urban Affairs Coalition (ensures diversity among FFFI recipients and provides workforce development assistance). Supermarket and other fresh food retail operators build and manage stores in communities in need.

### **1. Marketing and Outreach to Communities and Store Operators**

Outreach is needed to promote the program to communities and operators. Relationships with community-based organizations, industry groups, and grocery wholesalers and distributors are essential to the success of the project. The Food Trust markets the FFFI program extensively to solicit applications from qualified operators and to develop an understanding of the need in communities across the state. Communities often assist with land assembly. The size of a proposed site determines which operators can use the space. Markets are more successful if the community is committed to working with operators and is willing to deal with logistical obstacles, such as zoning codes.

## **2. Application Process for Funding**

Potential store operators submit applications for eligibility and for financing (see **Intervention Materials**). The applications are evaluated for site and operator eligibility by The Food Trust. Once an application is approved, The Food Trust enlists The Reinvestment Fund to review the financial aspects of the project, determine an appropriate financing package, and provide grants and loans to qualified applicants.

## **3. Providing Funds**

After projects are approved for funding, grant and loan funds are distributed and managed by The Reinvestment Fund, a Community Development Financing Institution with extensive experience in lending to businesses in low-income settings. The Reinvestment Fund is responsible for the on-going monitoring of funded projects to ensure the proper use of program funds.

To be eligible for FFFI funding, a store must offer a full selection of fresh fruits and vegetables or use funds to increase fresh food offerings. Beyond this baseline requirement, The Food Trust does not specify which products the operator must sell or avoid.

## **4. Providing Technical Assistance**

The Reinvestment Fund

- offers rates and terms that are more flexible and generous than those from commercial lenders.
- has the flexibility to provide grants and loans at various stages of development and for a variety of purposes, including pre-development, land acquisition, construction, equipment purchases, workforce training and security costs.

The Food Trust

- determines the eligibility of project locations.
- promotes the program to communities and operators.

Greater Philadelphia Urban Affairs Coalition (GPUAC)

- mobilizes community commitment to deal with hurdles, such as obtaining zoning variances.
- provides workforce development, including aid in hiring workers from surrounding communities.

### **Keys to Success:**

- Ensure a *flexible program* structure that enables fresh food retail projects of all sizes and types to be funded to meet the needs of diverse communities and applicants
- *Target experienced supermarket operators*. Markets opened by experienced operators have a greater chance of maintaining long term profitability.
- Locate *natural allies* and *strategic allies*. Natural allies are people who already work in the supermarket industry, public health, agriculture, planning, and economic development, especially people who may have worked on previous food access efforts. Strategic allies are officials in the governor's office, committee heads, etc.
- Adopt *targeted eligibility criteria* focused on increasing access to fresh fruits and vegetables in underserved areas.
- Maintain *political neutrality*.

### Barriers to Implementation:

- Finding accessible data sources can be time-consuming and can take longer than expected; e.g., getting approval from the Institutional Review Board and waiting for data requests to be filled.
- Currently, there is no clear consensus on how to define diet-related death.
- Historically, it has taken a multi-year time commitment before policy enactment.
- Once stores are operational, additional operating costs, like security, must find a new funding source.

## EVIDENCE REVIEW SUMMARY

### Underlying Logic:

Research has shown that the presence of retail outlets offering healthier food and beverage choices is associated with increased consumption of fruits and vegetables and lower BMIs. FFFI aims to improve the food environment. It is believed that this change in environment will directly lead to a change in dietary behavior and ultimately, improved health.

**Strategies Used<sup>1</sup>:** FFFI encompasses the following evidence-based strategies for healthy eating:

- **Increasing geographic access to healthy foods** by providing loans/grants to store operators to renovate or construct supermarkets in underserved areas
- **Increasing availability of healthy foods** by increasing the selection of and decreasing the prices of fresh foods at these supermarkets

### Evaluation Outcomes:

FFFI was developed and evaluated in the field as a policy. The Center TRT reviewed the policy for outcomes leading to: 1) **environmental change** and 2) **public and organizational policy change** with the potential to improve dietary behaviors. Outcome data related to dietary behavior change was not available at the time of this review.

Data provided by The Food Trust and The Reinvestment Fund demonstrate: total number of loans/grants made, dollar amount, square footage of stores and number of supermarkets that have been built/renovated due to the FFFI.

As of June 2009, the FFFI achieved the following environmental change outcomes:

- 69 new or improved supermarkets have opened and are currently operating in underserved areas in Pennsylvania
  - 23 in Philadelphia; 46 in rural areas
  - 5 approved projects have gone out of business, which can be considered a relatively low failure rate
  - FFFI-funded supermarkets provide a larger selection of fresh foods at lower prices than neighborhood convenience stores and restaurants, which often make up the majority of existing food sources in underserved areas. (This information was provided by The Food Trust; however, no direct data was available.)

At the time of the review, purchase/consumption data was not available, thus one cannot conclude that the FFFI has resulted in improved dietary behaviors or health, at this point. Data

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<sup>1</sup> A full description of the *intervention strategies* used can be found on [www.center-trt.org](http://www.center-trt.org) with references to the sources of evidence to support the strategies.

is currently being collected on dietary behavior patterns in residents within FFFI-geographic areas.

The FFFI has also created jobs for community members—at the time of the evidence review, 3,700 jobs have been created or retained in economically distressed areas due to this initiative.

## POTENTIAL PUBLIC HEALTH IMPACT

FFFI has a potential for high public health impact.

**Reach:** This program has the potential to efficiently reach a large number of the low- to moderate-income populations as it aims to increase the geographic access and availability of healthy foods in underserved areas in both urban and rural parts of Pennsylvania.

**Effectiveness:** Data available at the time of the review show that 69 stores in both urban and rural parts of Pennsylvania have been built/renovated due to the FFFI. This has resulted in increased access to and a variety of affordable fresh produce.

**Adoption:** Other states (New York, Louisiana, Illinois, and New Jersey) have adopted similar policies. Illinois and New York have each invested \$10 million to create statewide fresh food retail financing programs modeled on the Pennsylvania FFFI; they are the Illinois Fresh Food Fund and the New York Healthy Food, Healthy Communities Program. The city of New Orleans has invested \$7 million of federal Community Development Block Grant recovery funds to create the Fresh Food Retail Incentive Program. These recently created programs are expected to retain the core elements of the Pennsylvania model including a public-private partnership structure with a food access organization and a CDFI partner, a focus on fresh food retail development, and a flexible program structure. These programs are in the early stages of implementation in the various jurisdictions, and there may be some variation in the eligibility criteria and application processes.

**Implementation:** Strong public-private partnerships are needed to assist with the formative work, advocacy and enactment process, allocation and management of funds and implementation process.

While this initiative does require many years of committed efforts from multiple stakeholders, the policy could be implemented as intended (with fidelity) if funds are available and if strong collaborations across different groups and established networks within local communities exist.

**Maintenance:** The FFFI was created in 2004 and has been distributing loans/grants ever since. While the FFFI currently depends on state funding and does offer some grants, it was designed to be a sustainable program through the interest paid back on loans by store operators.

## INTERVENTION MATERIALS

Intervention materials, available for download from The Food Trust website include (see **Additional Information** for web link):

Fresh Food Financing Program Guidelines

FFFI Application for Eligibility

FFFI Application for Financing (All three documents are in one PDF file.)

## TRAINING AND TECHNICAL ASSISTANCE

Contact The Food Trust (see contact information below).

## ADDITIONAL INFORMATION

**Web links:** [www.thefoodtrust.org/php/programs/fffi.php](http://www.thefoodtrust.org/php/programs/fffi.php)

### Program Contact(s):

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### Related Resources:

Ver Ploeg M BV, Farrigan T, Hamrick K, Hopkins D, Kaufman P, Lin B, Nord M, Smith T, Williams R, Kinnison K, Olander C, Singh A, and Tuckermanty E. Access to Affordable and Nutritious Food—Measuring and Understanding Food Deserts and Their Consequences: Report to Congress: US Dept of Agriculture, Economic Research Service 2009 June Contract No.: Administrative Publication No. (AP-036).

Morland, K., A. V. Diez Roux, et al. (2006). "Supermarkets, other food stores, and obesity: the atherosclerosis risk in communities study." *Am J Prev Med* **30**(4): 333-339.

Powell, L. M., M. C. Auld, et al. (2007). "Associations between access to food stores and adolescent body mass index." *Am J Prev Med* **33**(4): S301-S307.

Truehaft S, Karpyn A. (2009). Who Has Access to Healthy Food, And Why Does it Matter? A Review of the Research, Policy Link & The Food Trust.

### Publications:

Giang, T et al. (2008). Closing the grocery gap in underserved communities: the creation of the Pennsylvania Fresh Food Financing Initiative. *J Public Health Management Practice* 14(3): 272-279.

The Food Trust (2008). "The Need for More Supermarkets in Chicago." Retrieved April, 2009, from <http://www.thefoodtrust.org/pdf/SupermarketsChicago.pdf>.

The Food Trust (2008). "The Need for More Grocery Stores in New York." Retrieved April, 2009, from <http://www.thefoodtrust.org/pdf/SupermarketsNewYork.pdf>.

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