



July 2010

Food Desert to Food Oasis

Promoting Grocery Store Development in South Los Angeles

CHC

Community Health Councils, Inc.



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Acknowledgments

Our thanks to the many organizations and individuals who contributed to this project.
Their cumulative efforts made this publication possible.

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We are particularly appreciative of the groundwork Heili Kim, formerly CHC Policy Analyst for Community Health & Education, established for this publication by coordinating the Food Desert to Food Oasis Symposium.

Community Health Councils is a non-profit, community-based health advocacy, policy and educational organization. Established in 1992, our mission is to improve health and increase access to quality healthcare for uninsured, under-resourced and underserved populations.

The Food Resource Development Workgroup grew out of the Food Desert to Food Oasis Symposium sponsored by LISC, PolicyLink, and Community Health Councils held in Los Angeles in April 2009. The Task Force analyzed the barriers to grocery store development in South Los Angeles and formulated the policy solutions that culminated in this report.

This publication is part of the REACH U.S. project supported with funding from the Centers for Disease Control and Prevention (CDC). Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the Centers for Disease Control and Prevention.

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Executive Summary

Ready access to healthy food and food security are taken for granted in most neighborhoods. Unfortunately, the residents of South Los Angeles do not have the opportunities to make healthy food choices like Angelinos in other areas of the County. As in many inner-city communities where lower-income and racial or ethnic minority individuals reside, South LA has suffered from a dearth of private investment and the inequitable distribution of public resources. Home to over 1.3 million people, the area's 60 full-service grocery stores average 22,156 residents in contrast to the 57 stores in West LA that average only 11,150 residents. Limited access to supermarkets with affordable, nutritious food creates a "food desert" and significant barriers to healthful eating that are too high for many individuals and families to overcome.

Efforts to improve the health of South LA and eliminate disparities must include increasing access to full-service grocery stores as part of a broader strategy to achieve health equity. Maintaining a healthy diet—one that follows the Dietary Guidelines for Americans and emphasizes nutrient-dense foods, such as fruits, vegetables, whole grains, low-fat milk and lean meats¹—is a principal way to reduce obesity and the risk of developing diet-related chronic diseases, such as cardiovascular disease and diabetes.²⁻⁵ However, the ability to eat healthily depends upon the food resources available in a community.⁶⁻⁸ Because they offer a larger selection of healthy foods at lower prices compared with corner grocery and convenience stores, which saturate the South LA food resource landscape, full-service grocery stores have been shown to increase the ability to eat healthily.^{9,10}

This brief is the first in a series of reports on how policymakers, the grocery industry and community members can change the South LA food retail environment by increasing access to full-service grocery stores and other healthy food outlets and preventing the further proliferation of unhealthy food outlets. *Food Desert to Food Oasis* provides recommendations on policy and system changes the City of Los Angeles and Los Angeles County can adopt to attract healthy food retail to the South LA community and includes case studies of successful strategies from across the country. It focuses on the development of new full-service grocery stores in underserved neighborhoods, and paints a picture of the current food resource environment in South LA and the area's market potential. Full-service stores are defined as stores of at least 10,000 square feet (including supermarkets that are generally greater than 45,000 square feet) that offer a variety of healthy foods and beverages, such as fresh produce, lean meats, whole grains, 100 percent fruit juice, non-fat/low-fat milk, and other dairy products. The recommendations are based on the advice of a variety of stakeholders on how to overcome the main barriers to new grocery store development in South LA.



The recommendations advanced include the following:

- 1.** Identify access to full-service grocery stores as a top priority for comprehensive neighborhood development in South LA, give responsibility for food retail attraction and development to a specific government agency, and create a strategic plan to coordinate economic development initiatives with neighborhood needs.
- 2.** Establish Fresh and Healthy Food Enterprise Zones in high-need neighborhoods and include them in South LA Community Plan and General Plan Updates. These zones include:
 - a. A package of zoning and financial incentives for the development of new full-service grocery stores.
 - b. An aggressive marketing campaign that includes research into the unmet market demand in Healthy Food Enterprise Zones and targets outreach efforts to grocery retailers whose business models have a better chance of success in inner-city markets.
 - c. Help with identifying opportunity sites for grocery store development and creating a strategy for recovering vacant and under-utilized land from absent owners.
 - d. Expedited review of plans and permit requests and a single point of access for information.
- 3.** Partner with job training and placement programs to increase food retail vocational training and promote grocery jobs at stores located in Healthy Food Enterprise Zones.
- 4.** Facilitate the development of a food hub in South LA that would serve as a central distribution point for fresh foods, provide coordination, and link local and regional farmers to inner-city stores.
- 5.** Support the creation of new Federal and State funding initiatives.
- 6.** Develop a public education campaign that teaches residents of South LA the importance of healthy eating, the health risks associated with a diet high in calories and fat, how to afford high-quality healthy foods on a limited budget and how to cook healthily with limited time.
- 7.** Maximize enrollment of people who are eligible for the Federal Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children (WIC) Program, and encourage State policymakers to reform SNAP recertification requirements to increase residents' ability to purchase nutritious food and sustain new and existing full-service grocery stores.
- 8.** Integrate access to full-service grocery stores into other policies, such as improving safety by applying crime prevention through environmental design principles to landscapes and streetscapes, and making public transit, walking and bicycling more viable transportation options between residential areas and new and existing full-service grocery stores.
- 9.** Assess policies for their impact on grocery store development in underserved areas and avoid policies that create additional barriers or costs.
- 10.** Monitor potential displacement, strengthen eviction and vacancy controls, and target homeownership assistance to residents who are found to be at risk for potential displacement.
- 11.** Supplement food-resource needs by supporting the development of healthy corner stores, farmers' markets and mobile produce vendors.

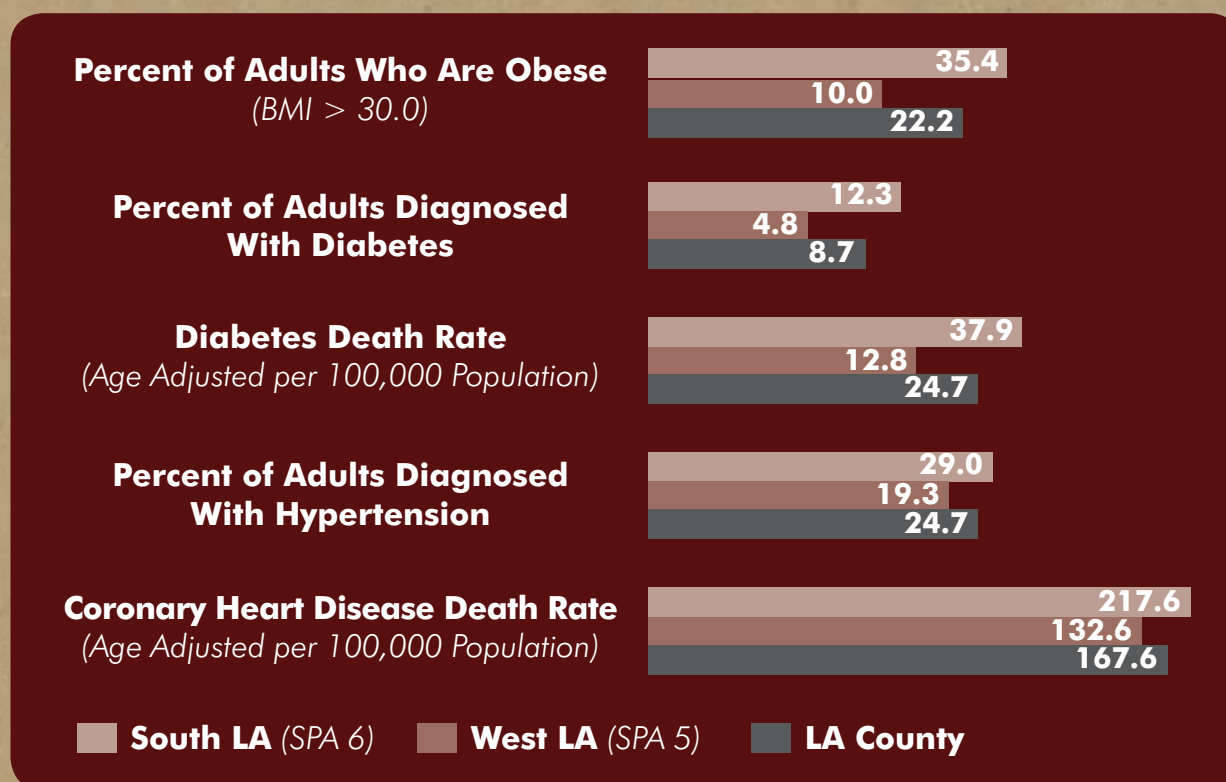




Obesity and Diet-Related Chronic Disease in South LA

South LA experiences disproportionately high rates of obesity and diet-related chronic disease compared with West LA and the County overall. Obesity has been diagnosed in 35.4 percent of adults in South LA compared with only 10 percent of adults in nearby West LA and 22.2 percent of adults Countywide. This represents a 40 percent increase from 25.3 percent of adult obesity since 1997. Diet-related chronic diseases, like diabetes and cardiovascular disease, are also more prevalent in South LA and have higher death rates (see Table 1).¹¹ With the cost of obesity to the County at over \$3.6 billion in healthcare expenses and \$2.3 billion in lost productivity in 2006,¹² efforts to reduce and prevent obesity should be a top policy priority.

TABLE 1. Health Outcomes by Geographic Area



Source: Los Angeles County Department of Public Health, Office of Health Assessment and Epidemiology.
Key Indicators of Health by Service Planning Area; June 2009



Introduction

Communities across the country are developing innovative and effective strategies to overcome barriers to grocery store development that can succeed in food deserts in other locales and at different scales. Beginning in October 2007, Community Health Councils (CHC), a non-profit health policy and advocacy organization located in South LA, brought together various stakeholders for monthly meetings to open a dialogue and build a knowledge base on the barriers to grocery store development specific to the South LA community with the goal of developing best strategies for attracting new retailers. Participants in this advisory “think tank” included representatives of community-based health and economic development organizations, national policy advocates, local neighborhood advisory councils, the grocery industry, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA), the Los Angeles City Departments of Planning and Development, and South Los Angeles delegates to the City, County and State legislatures. CHC organized presentations by grocery developers, conducted focus groups with grocery retailers, and held a summit to understand obstacles and existing incentives for grocery store development in South LA. As the scope of the challenges became apparent, so did the need for a larger and more inclusive forum to devise specific recommendations for policymakers, the grocery industry and community members to succeed in establishing new full-service grocery stores in underserved neighborhoods.

In partnership with PolicyLink and Local Initiatives Support Corporation (LISC)—Los Angeles, CHC organized a two-day Food Desert to Food Oasis symposium in April 2009 on revitalizing South LA through grocery store development. Unprecedented for Southern California, participants included the above stakeholders, representatives of financial institutions, universities, faith-based organizations, public policy organizations and health centers. The majority of participants either lived or worked in South LA.

Five moderated discussions helped educate participants on the issues and provoke deliberation. The first looked at examples of successful efforts to attract new grocery stores to underserved communities, including a commitment by Tesco (an international food retailer and parent company to Fresh & Easy Neighborhood Markets) to establish outlets in this community and efforts in Pennsylvania and Chicago to improve the food resource environment through dedicated funding and policy reform. The second panel examined the concerns of community members and labor advocates related to new development, including the importance of community input, benefits to the community, and participation in unions. In the third dialogue, grocery industry representatives and development consultants discussed their perspectives and the creative solutions being employed across the country to attract grocery stores to underserved urban communities. The fourth panel focused on the real and perceived barriers to grocery store development in South LA and creative ways to overcome them. The final panel explored potential methods to bring grocery retailers to South LA using two specific opportunity locations as case studies.

A subset of participants joined with the advisory think tank and agreed to form the Food Resource Development Workgroup. The purpose of the Workgroup was to guide the writing of *Food Desert to Food Oasis*, ensuring that it reflects the wealth of information and ideas elevated at the symposium and represents, where possible, a consensus of the broad cross-section of stakeholders who were involved throughout the input-gathering process. This report focuses on the barriers to new grocery store development identified in South LA and provides policy recommendations for the City of Los Angeles and Los Angeles County.

Food Desert to Food Oasis is the first in a series of reports on how policymakers, the grocery industry and community members can change the South LA food retail environment by increasing access to full-service grocery stores and other healthy food outlets and curbing the further proliferation of unhealthy food outlets. The second report will provide policy recommendations to limit the development of fast food restaurants and promote the establishment of restaurants that serve healthy meals. Policy is needed to create a better balance between access to nutritious food and nutrient-deficient food in South LA. The third report will address the important role community members can play as advocates for policy changes, researchers in assessing the needs and strengths of their neighborhoods, and marketers of their neighborhoods to potential healthy food retailers and developers. It also will provide recommendations to help those interested in locating in South LA be responsive to the market needs of each neighborhood.

Study Area

South LA is an imprecise geographic area. In this policy report, South LA refers to the 94 square-mile area made up of the following 26 zip codes:

90001 – Florence	90016 – Baldwin Village Mid-City	90062 – Vermont Square
90002 – Watts		90220 – Compton
90003 – Broadway-Manchester Green Meadows Vermont Slauson Vermont Vista	90018 – West Adams Jefferson Park	90221 – Rancho Dominguez
90007 – University Park	90037 – Exposition Park	90222 – Rosewood
90008 – Baldwin Hills Leimert Park	90043 – Hyde Park	90250 – Hawthorne
90011 – Historic South Central South Park Central-Alameda	90044 – Vermont Knolls Athens	90262 – Lynwood
	90047 – Chesterfield Square	90301 – Inglewood
	90059 – Green Meadows Watts	90302 – Inglewood
	90061 – West Compton	90303 – Inglewood
		90304 – Lennox
		90305 – Inglewood
		90723 – Paramount

For analytical purposes, studies are referenced that define the geographic boundaries differently, such as by different zip codes, County Service Planning Areas (SPAs) and Bureau of the Census tracts. Comparisons are made with the area of West LA,ⁱ where resources are more abundant and health outcomes are more favorable. Both areas are also compared with the whole of LA County, which serves as a baseline.

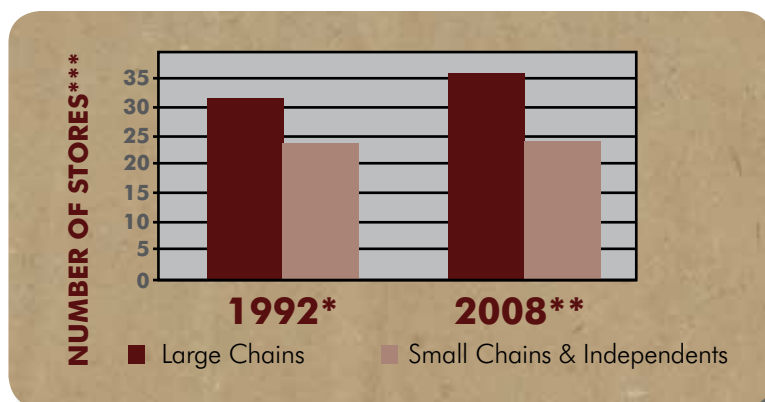
ⁱ West LA is defined by the following 25 zip codes: 90024, 90025, 90034, 90035, 90045, 90049, 90056, 90064, 90066, 90067, 90077, 90210, 90211, 90212, 90230, 90232, 90272, 90291, 90292, 90293, 90401, 90402, 90403, 90404 and 90405.

Background

Supermarket flight from inner cities occurred nationwide with the move of middle- and higher-income, generally white residents away from urban centers in the 1960s and 1970s. Supermarket retailers moved along with these residents, attracted to larger and less expensive tracts of land, simplified and business-friendly zoning and other regulations, more homogenous consumer preferences, and less crime.¹³ Left with predominantly lower-income residents and declining tax revenues, inner cities were unable to maintain basic public infrastructure and services, resulting in more middle-class flight and lower property values. The change in demographics led banks to reduce lending in the area and rendered a situation very difficult to turn around. This phenomenon, known as supermarket redlining, has disproportionately affected communities like South LA and left food deserts in its wake.

Following the civil unrest in 1992, the City of Los Angeles made efforts to increase investment in underserved lower-income areas and prioritized bringing supermarkets to communities like South LA. The Rebuild LA (RLA) initiative solicited private and public sector investments with the idea that business, government and the community would work together to establish new businesses, provide job training, and improve access to capital. Supermarket development was prioritized after an RLA study in 1995 found that a store in South LA typically served 16,571 people compared with 7,795 people in greater Los Angeles. In addition, residents overwhelmingly identified supermarkets as essential to South LA's renewal.¹⁴ Three supermarket chains — Vons, Smart & Final and Ralphs/Food 4 Less — made commitments to establish as many as 32 new stores. By 1997, the year the initiative disbanded, 16 new full-service grocery stores had opened in the RLA target area and six more sites were in development. Unfortunately, several stores have since closed and the target area has experienced a net gain of only five full-service grocery stores (see Figure 1). According to *The Next Los Angeles: The Struggle for a Livable City*, the initiative failed to create sustained development partially because its agenda focused on private sector interest without establishing a public policy agenda or engaging the community. Moreover, RLA concentrated on job creation to the exclusion of other community issues, such as food security, public health and housing.¹⁵

FIGURE 1. Change in Full-Service Grocery Stores in South LA: 1992 – 2008



*Source: Shaffer A. The Persistence of L.A.'s Grocery Gap. 2002.

**Source: California Nutrition Network. 2008. Available at: www.cnnngis.org. [Accessed December 2009].

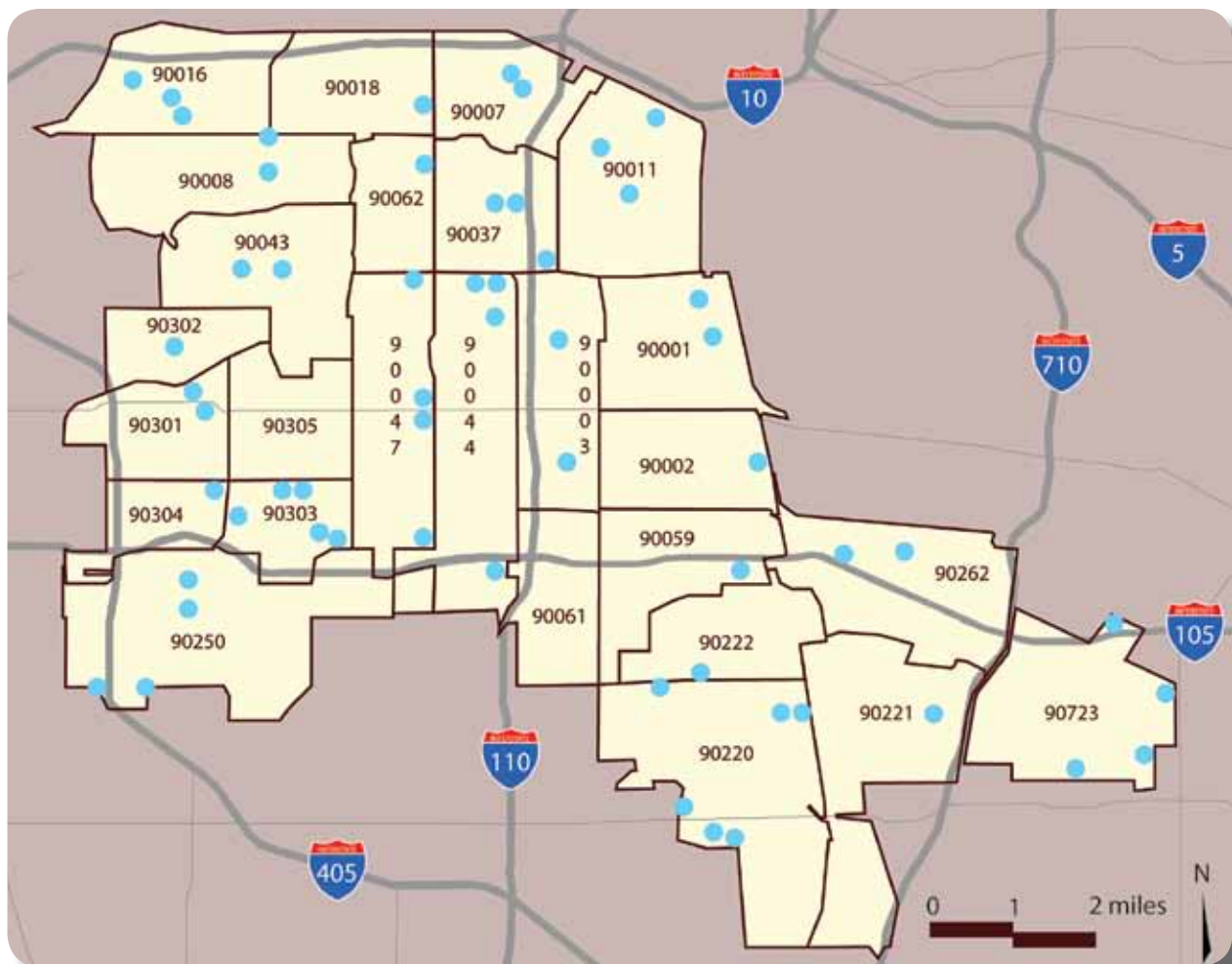
***Includes full-service grocery stores that are at least 10,000 square feet.



Current Food Resource Environment

South LA has one of the poorest food resource environments in LA County. Home to over 1.3 million people, the area's 60 full-service grocery stores serve an average of 22,156 residents (see Figure 2). In contrast, West LA has 651,000 residents and 57 stores, each of which serves only 11,150 residents. Moreover, the availability, variety and quality of fresh foods found in all food outlets in South LA is inferior to that found in other areas of Los Angeles. A previous study conducted by CHC found that fresh produce, nonfat milk, meat, and low-fat snacks are less often available in South LA food retail outlets compared with those in West LA. Only three-quarters of all food retail outlets in South LA sold fresh fruits and vegetables compared to over 90 percent of those in West LA. In addition, South LA food retail outlets had only about half of the selection of fruits and vegetables, and they were more likely to be damaged or spoiled.¹⁶ Not surprisingly, the Los Angeles County Department of Public Health recently reported that the percentage of adults who consume five or more servings of fruits and vegetables a day is significantly lower in South LA (12.7 percent) than in West LA (22.7 percent) and LA County (14.7 percent). In addition, only 27.6 percent of adults in South LA rate the quality of the fresh fruits and vegetables where they shop as high, compared to 51.6 percent in West LA and 36 percent in the County overall.¹⁷

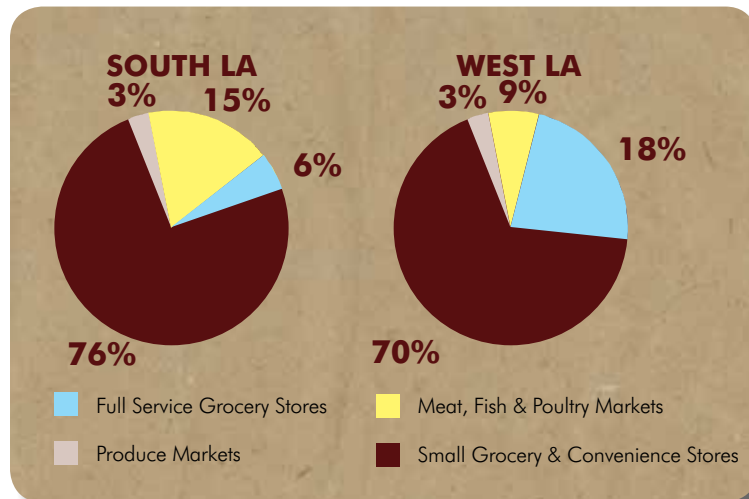
FIGURE 2. Map of South LA Study Area and Full-Service Grocery Stores



Map by Bryce C. Lowery, Doctoral Student, University of Southern California, School of Policy, Planning, and Development. Data from the California Nutrition Network; 2008. Available at www.cnnngis.org [accessed December 2009].

Corner and convenience stores have filled the void left by supermarkets and have become abundant throughout South LA. These stores, along with specialty stores, comprise 94 percent of food retail outlets in South LA, compared with only 82 percent of food retail outlets in West LA (see Figure 3).¹⁸ These stores have few fresh foods and other healthy options¹⁹ that often cost more.²⁰

FIGURE 3. Breakdown of Food Retail Outlets in South LA and West LA



Analysis of data from the California Nutrition Network; 2008. Available at: www.cnngis.org [accessed December 2009].

When healthy food options are not available in a community, residents must travel to buy the foods they need. To reach their preferred store, five times as many residents of South LA (16 percent of shoppers) have to travel at least 20 minutes compared with residents of West LA (3 percent of shoppers).²¹ Travel can be challenging for people who lack access to private transportation and are thus more reliant on the food resources available in their neighborhoods, including lower-income people, immigrants, seniors, and the disabled. Moreover, residents who travel to shop for groceries are often divesting the area of much needed tax revenue, economic development and local jobs that provide a living wage and decent benefits.

South LA's Market Potential

The development of new full-service grocery stores in South LA is a sustainable, long-term strategy to improve healthy living while also catalyzing commercial revitalization in the community. Contrary to common perceptions, South LA represents sizable untapped market potential and advantages, including convenient central commercial corridors, few retail competitors and a high population density. In similar lower-income and inner-city communities across the country, new full-service stores have opened and proven to be among the most profitable in their region²² or at least have sales volumes that surpassed retailers' expectations.²³

Case Study: Pathmark Supermarket, East Harlem

In 1996, New York City partnered with LIHC and community developers to bring a supermarket to East Harlem. After three years and over \$2.4 million in stop gap financing, a 53,000 square foot Pathmark supermarket opened. Six years after opening, Pathmark's senior vice president for retail development, Harvey Gutman, said the East Harlem store was one of the chain's highest-grossing supermarkets. The store employs about 275 people, 85 percent of whom are Harlem residents. Moreover, the store has become the anchor for an \$85 million commercial and retail complex called the Harlem Center that has revitalized local businesses and drawn other large retailers to what is now a busy shopping hub stretching for several blocks.²⁴

Significant evidence exists indicating that South LA has the buying power necessary to support the development of new full-service grocery stores. While households in South LA have on-average lower incomes and disposable incomes than households in West LA and the County overall, food retailers will not necessarily experience lower sales volumes. South LA's high population density translates to an income density of over \$180 million per square mile, which is two-thirds that of West LA and almost 3 times that of LA County. South LA residents are estimated to spend almost \$1.2 billion on food for the home (see Table 2).²⁵

TABLE 2. Demographics of the South LA Study Area

	SOUTH LA	WEST LA	LA COUNTY
Total Population	1,329,348	635,575	10,266,841
Hispanic	64%	21%	51%
African American	30%	7%	8%
White	2%	52%	24%
Asian and Pacific Islander	2%	14%	13%
Other	<2%	9%	3%
Total Households	359,632	286,807	3,294,806
Aggregate Household Income	\$17,111,847,909	\$31,490,389,563	\$250,173,156,258
Average Household Income	\$48,098	\$120,701	\$75,931
Average Disposable Income	\$40,083	\$91,641	\$60,731
Population Density	14,136 people/sq.mi.	5,512 people/sq.mi.	2,528 people/sq.mi.
Income Density	\$181,963,503/sq.mi.	\$273,829,474/sq.mi.	\$61,603,830/sq.mi.
Total Food Spending	\$2,000,701,120	\$3,428,268,731	\$28,048,461,056
Food at Home	\$1,173,474,962	\$1,955,372,826	\$16,281,791,593
Food away from Home	\$827,226,159	\$1,472,895,906	\$11,766,669,462
Fruits and Vegetables	\$213,340,279	\$351,594,803	\$2,956,260,079

Source: ESRI Business Analyst Online. Available at: <http://baa.esri.com/> [accessed January 2010].

An analysis conducted by Social Compact, Inc.ⁱⁱ on the market potential of certain neighborhoods in South LA found that five of the seven neighborhoods studied — Crenshaw/Baldwin Village, Hyde Park, Jefferson Park, Vernon Central, and Watts — could support new full-service grocery stores or expansions of existing stores.ⁱⁱⁱ Most notably, Vernon Central loses almost \$82 million to grocery leakage and could support an estimated 238,160 square feet of new full-service grocery retail. The development potential in Hyde Park is the second highest, with \$19.5 million lost to grocery leakage and an estimated 56,741 square feet of potential new full-service retail. Watts, Jefferson Park and Crenshaw/Baldwin Village respectively lose \$12.2 million, \$11.9 million and \$5.5 million to grocery leakage and could support an estimated 35,515 square feet, 34,821 square feet and 15,978 square feet of new full-service grocery retail.^{26, iv}

ⁱⁱ Social Compact, Inc. is a non-profit corporation that seeks to strengthen neighborhoods by stimulating private market investment in underserved and undervalued communities. It uses the Neighborhood Market DrillDown analytic tool to accurately measure community economic indicators. For more information, visit www.socialcompact.org.

ⁱⁱⁱ The other two neighborhoods included in the study, Leimert Park and West Adams, do not experience grocery leakage and are not expected to be able to support additional full-service grocery stores.

^{iv} It should be noted that this study did not analyze the market potential of other neighborhoods in South LA and is therefore not a comprehensive assessment of grocery leakage or market potential for the entire area.



Development Initiatives in South LA

To close the gap between the food retail needs of South LA residents and the existing food resource environment, the City of Los Angeles in partnership with CRA/LA developed the Grocery Store and Sit-Down Restaurant Incentive Package in October 2006. This South LA-specific initiative seeks to attract new grocery stores of at least 12,000 square feet; produce marts that dedicate at least 80 percent of floor space to the sale of fresh fruits and vegetables; and restaurants with seating capacity for at least 30 patrons. CRA/LA has taken the lead on marketing the program. It serves as a point of contact for food retailers and developers interested in investing in South LA. CRA/LA can help developers determine the financial incentives they are eligible for across government agencies, including loans, grants, tax credits, and breaks on utility services. CRA/LA can also provide redevelopment funding for locating in one of nine South LA Redevelopment Project Areas, which are located along major commercial corridors and cover just over eight square miles. In addition, the program offers assistance in identifying and assembling potential sites, expedited review by the City Planning Department and Building and Safety Department, and assistance in identifying qualified employees. The incentives and services are available on a project by project basis, as appropriate for each plan's needs and qualifications.

CRA/LA's marketing strategy to date has included crafting and disseminating a brochure, advertising in trade publications, participating in outreach events, and one-on-one meetings with targeted retailers. These efforts have successfully attracted four grocery store development projects. One is the Central Village Apartments mixed-use project at 2000 South Central Avenue, which includes a Superior grocery store that opened in September 2009. This \$26 million project included a \$3 million investment from the City. Another project is a mixed-use development at 1011 East Adams Boulevard where a Fresh & Easy Neighborhood Market opened in February 2010. The City invested \$5 million of the \$42 million total development costs in this project. The City is still working on an 80,000 square foot retail plaza at the corner of E. Slauson Ave. and S. Central Ave that will include a full-service, 45,000 square foot Northgate Gonzales Market, as well as space for a sit-down restaurant. The City is investing \$6 million of the \$26 million in total development costs. Finally, the City is facilitating approval of a 14,000 square foot stand alone Fresh & Easy Neighborhood Market at 5301 South Crenshaw Boulevard, although this project does not include a public financial investment.

To enhance its research and marketing efforts, CRA/LA sought additional assistance from an outside consultant. In August 2009, CRA/LA received City Council approval to enter into a \$50,000 contract with Emerging Markets, Inc. to refine the marketing strategy for the grocery store piece of the food retailer incentive program. Emerging Markets, a consulting firm that assists supermarkets and financial institutions to pursue opportunities in lower-income areas of Los Angeles, will assist CRA/LA in building its knowledge of the industry by producing an in-depth sector analysis and company profiles for City staff to utilize. It will also assist in revising CRA/LA's marketing materials, identifying grocers most likely to be interested in locating in South LA, and conducting direct outreach to grocery chains in collaboration with CRA/LA. Emerging Markets will also help create financial simulations to let CRA/LA evaluate incentive packages for grocers on a deal-by-deal basis.²⁷

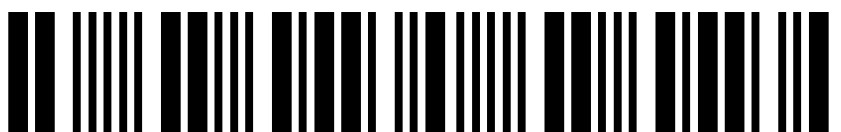
South LA Initiative

South LA is also the focus of a collaboration of numerous City departments and agencies on economic and community development called the South LA Initiative. In 2008, Mayor Villaraigosa and City Council Members Bernard Parks (eighth district), Jan Perry (ninth district), Herb Wesson (tenth district), and Janice Hahn (fifteenth district) launched a five-year strategic plan to revitalize South LA. The Initiative brings together relevant City departments and agencies, as well as residents and other stakeholders, to further a common agenda, improve coordination and information sharing on key projects, and increase accountability by reporting on progress towards meeting defined goals.

These projects include:

1. Increasing the supply of housing
2. Expanding retail development
3. Utilizing and retaining industrial land
4. Securing grant funding for infrastructure improvements
5. Removing barriers to development and maximizing public resources
6. Creating living wage jobs by improving education and placement opportunities
7. Marketing existing financial incentives like State Enterprise Zones and Community Development Block Grant funds
8. Increasing enrollment in career training and higher education programs
9. Completing the three community plan updates that guide land use planning in South LA
10. Conducting outreach to the community to communicate the City's achievements and accomplishments.

CRA/LA's food retail development program is a focus of the retail development initiative, which includes collaboration with the Mayor's Office, Community Development Department, Planning Department, and the four Council District Offices. In 2010, the third year of the strategic plan, the initiative has a goal of meeting with three regional grocers regarding expansion, rehabilitation or relocation of stores to South LA.²⁸





Barriers to Grocery Store Development

The CHC Food Resource Development Workgroup isolated six key barriers to establishing full-service grocery stores in South Los Angeles.

Difficulty Identifying Viable Sites

Full-service grocery stores range in size from about 10,000 square feet to supercenters that can be as big as 150,000 square feet. Most supermarket chains have adopted a store model that requires an average of 48,000 square feet of retail space, over 200 parking spaces, and almost two acres of land. However, developers usually prefer to build a supermarket as part of a shopping center that requires an even larger site size. While supermarkets operate on low profit margins and cannot afford high rents, other retailers will pay a high premium to locate next to a supermarket because they draw large numbers of consumers. A shopping center with a supermarket anchor generally requires 65,000 to 150,000 square feet of retail space and five to ten acres of land.²⁹

South LA's urban landscape makes finding an adequate site for a new traditional grocery store one of the biggest challenges. Most vacant lots are small and odd-shaped. A large enough parcel of land for a full-service grocery store may need to be assembled from multiple smaller parcels, which can take years to accomplish and adds to development costs. Environmental contamination that must be cleaned up, existing structures that must be demolished, or businesses or residents that must be relocated add additional costs to the redevelopment of many lots. Compounding the problem are the many owners of vacant lots in South LA who do not want to sell or lease their property, or who believe their property is worth more than the developer is able or willing to pay.

Costly Infrastructure Requirements

Land use and infrastructure requirements create additional start-up costs that add to the difficulty of opening a grocery store in South LA. Regulations that require grocery store developers to include a certain number of parking spaces can make development on a smaller parcel difficult and may not be necessary in mixed-use developments, transit-oriented districts and other areas where residents could walk, bicycle and use public transportation. Other land use regulations, such as landscaping and layout, can also pose barriers that may not be as urgent and could instead be negotiated with developers. In addition, regulations requiring developers to upgrade utilities such as sewer and power lines are often too costly for developers to assume.

Lengthy Approval Process

Another deterrent to grocery store development is the City of Los Angeles' lengthy and cumbersome approval process. New projects require the review and approval of 12 different City departments. According to the South LA Initiative's 2010 report, many of their development projects, including food retail, have been in existence for three to 10 or more years, far longer than is typical or necessary for the successful development of a project.³⁰ Meanwhile, developers must bear the cost of navigating the approval process and holding property that is not producing a profit.

Lack of Skilled Workers

The retail food industry requires a skilled workforce to ensure food safety, customer service and efficiency. Labor costs account for more than 60 percent of business operating expenses.³¹ Unfortunately, the public education system in South LA is not graduating a high percentage of its students, thus significantly limiting the employment opportunities of residents. Forty-three percent of South LA residents over the age of 25 do not possess a high school diploma compared with only 25 percent Countywide. Only 32 percent obtain a higher education beyond high school.³² This significant gap in educational attainment affects employers' willingness to locate in this area because skilled labor is lacking.

Presumed Lack of Spending Power

Another challenge is overcoming the presumption that South LA lacks the spending power to support new full-service grocery stores. Public demographic data commonly used by retailers to evaluate market potential tends to under-represent both the size of the population and the spending power of lower-income neighborhoods. The US Census is known to undercount the population of lower-income communities, especially when there are large immigrant populations. In addition, data on household incomes do not include undocumented earnings by some lower-income households in an informal economy.

Negative Perceptions of the Neighborhood

The stigma of high crime rates and urban decay associated with South LA has undoubtedly affected the area's ability to attract full-service grocery stores. Potential grocery store developers are deterred by the perception that the cost of operating a store in South LA is higher due to theft and increased security needs. Retailers may also fear that customers will not shop at stores located in areas that are considered unsafe. However, South LA has experienced dramatic decreases in crime over the last decade. Part 1 offenses, which include violent and property crimes, in South LA are only slightly higher (19.0 crimes per 1,000 population) than rates in West LA (16.8) and LA County (17.5). In fact, West LA has higher rates of property crime at 30.1 per 1,000 population compared to South LA (26.2) and LA County (28.4). Violent crime in South LA is higher at 11.9 per 1,000 population than in West LA (3.6) and the County overall (6.6).³³

Case Study: *Pennsylvania FFFI*

In 2004, Pennsylvania established the nation's first statewide program to increase supermarket development in lower-income underserved neighborhoods as part of an economic stimulus package.³⁴ The Fresh Food Financing Initiative (FFFI) is managed through a partnership with three nonprofit organizations: The Food Trust (a national nutrition advocacy organization), The Reinvestment Fund (a community development financial institution) and the Greater Philadelphia Urban Affairs Coalition, GPUAC (a community-based organization in Philadelphia). The Reinvestment Fund leveraged the State's initial investment of \$30 million over three years into an additional \$90 million in private funding and New Market Tax Credits. This allows the Fund to offer a full spectrum of financing to supermarkets and fresh food retailers who face higher infrastructure costs and credit needs unmet by conventional financial institutions but are willing to locate in lower-income, underserved neighborhoods. A combination of grants and loans mitigate higher start-up costs, reduce investment risk and improve a new store's odds of succeeding. The Food Trust conducts outreach and coordination, and provides technical assistance to retailers and developers. Finally, GPUAC works to ensure projects backed by the initiative in Philadelphia have support from the community and provide employment and contracting opportunities for local residents, including women and minorities.

As of December 2009, FFFI has helped finance 83 full-service grocery store projects in 34 urban and rural counties, ranging in size from 900 to 69,000 square feet. The program created more than 1.6 million square feet of healthy food retail.³⁵ As a result, nearly 500,000 residents have better access to healthy food. The program resulted in the creation or retention of approximately 5,000 jobs, the majority of new jobs being filled by local residents living within three miles of their workplace. It has indirectly contributed to additional retail jobs by improving economic stability and catalyzing growth.³⁶ Projects include many independent grocers that are often a better fit for diverse, low-income and inner-city areas because they can tailor their store format and product mix to the demands of local neighborhoods. However, large supermarket chains have also received support. For example, FFFI provided a \$5 million loan for the construction and renovation of a 57,000 square foot ShopRite supermarket in the Eastwick section of Philadelphia and \$250,000 in grant funding to develop a customized workforce training program. The store now supports 258 quality jobs in the community.

A strong advocacy campaign led by The Food Trust beginning in 2001 made FFFI possible. Early support from the public and the Philadelphia City Council in 2002 led to the establishment of the Food Marketing Task Force that in 2004 identified policy changes to increase the number of supermarkets in the City. The task force consisted of over 40 experts from city planning and economic development agencies, the supermarket industry and the civic sector. Meanwhile, interest grew among State representatives. All these efforts, and the leadership of State Representative Dwight Evans from Philadelphia, led to the State's \$10 million investment to create FFFI in the spring of 2004. Additional allocations of \$10 million were provided in June 2005 and in 2006.³⁷ The establishment of this successful initiative has positioned Pennsylvania as a national leader in addressing food deserts using innovative strategies that can be replicated throughout the country.

In 2009, Illinois, Louisiana and New York established initiatives modeled after the Pennsylvania FFFI that include a public-private partnership structure, a focus on fresh food retail development, and a flexible program structure. Illinois established the Illinois Fresh Food Fund and approved a \$10 million investment to leverage an additional \$20 million from philanthropic organizations. Louisiana adopted the Healthy Food Retail Act to create the structure for a statewide financing program. The State did not allocate any funds, but is looking at Federal and private sector funding sources. In addition, the City of New Orleans created its own Fresh Food Retail Incentive Program and invested \$7 million in Federal Community Development Block Grant recovery funds. New York invested \$10 million to create the statewide Healthy Food, Healthy Communities Initiative and New York City established its own Food Retail Expansion to Support Health (FRESH) Program. All of these programs are in the early stages of implementation.

Case Study: New York State & New York City

In May 2009, New York Governor David A. Paterson announced a new Healthy Food, Healthy Communities Initiative and a \$10 million investment to establish a revolving loan fund program, expected to leverage an additional \$20 million in private funding, to provide grants and loans for the construction of fresh food markets throughout the State. The program will be administered by the Low Income Investment Fund (a community development financial institution) and The Reinvestment Fund. They will partner with The Food Trust to analyze market opportunities in underserved neighborhoods, recruit potential retailers and developers, provide information on available incentives, and research and evaluate program outcomes. The Healthy Food, Healthy Communities Initiative will also provide low-cost insurance for subsidized projects, preference to affordable housing projects that include grocery stores, a permanent farmers' market grant program, and financial incentives for grocery stores to be green and energy efficient.

Also in May 2009, New York City Mayor Michael R. Bloomberg and City Council Speaker Christine C. Quinn unveiled the FRESH Program as part of the City's Five Borough Economic Opportunity Plan. FRESH was passed by the Council in December 2009 to become the first program in the nation combining zoning and financial incentives to attract grocery store development in underserved neighborhoods.³⁸ Zoning incentives include density bonuses for developers with a grocery store on the ground floor of their buildings, relaxed parking requirements for stores smaller than 40,000 square feet, and permitting large grocery stores in light manufacturing districts "as of right"^v to expedite land use and environmental reviews. Financial incentives are funneled through the New York City Industrial Development Agency (NYCIDA) within the City's Economic Development Corporation. They include real estate tax abatements, mortgage recording tax waivers, sales tax exemptions, and existing

financial incentive programs. The City also received funding from the State to hire a Healthy Food and Fitness Business Development Coordinator to conduct outreach, assist with marketing analyses and identify sites for new grocery stores.



In February 2010, NYCIDA announced the approval of the first two tax incentive packages to help develop two new supermarkets in the Bronx. The City is investing approximately \$3 million to help Foodtown construct a new 11,000 square foot market for which the company will invest approximately \$3.7 million. The City also is providing nearly \$5.6 million in benefits to Western Beef, while the company invests approximately \$11.5 million to construct a 35,000 square foot supermarket with a 20,000 square foot warehouse and 33,000 square feet of parking. The two markets will retain 90 existing jobs and create about 65 new ones.³⁹

This unified State and City response builds upon the Pennsylvania FFFI model, the work of the City's Food Policy Task Force to make improving access to healthy foods a top priority, and the recommendations of the New York Supermarket Commission convened by The Food Trust in 2008 to bring grocery stores to underserved lower-income neighborhoods. The commission includes representatives from City and State governments, labor and public health groups, the supermarket industry, and financial institutions. In addition, these initiatives are part of a Citywide comprehensive strategy that has already instituted a ban on trans fats at restaurants, deploys mobile produce vendors to underserved neighborhoods, and encourages corner bodegas to sell fresh produce and low-fat milk.

^v "As of right" refers to those uses that are automatically allowed by the zoning code.



Recommendations for Policy Action

Food access is too important to be left to market forces. The public sector has a responsibility to ensure access to healthy foods and beverages in underserved communities. Policymakers must lay the groundwork to increase opportunities for developing new healthy food retail. Evidence supports and encourages strategies that create incentives for grocery store development in underserved areas to address nutrition, obesity and diet-related chronic diseases, including studies by the Institutes of Medicine,⁴⁰ Centers for Disease Control and Prevention,⁴¹ US Department of Agriculture⁴² and White House Task Force for Child Obesity.⁴³ Even under a tight budget and difficult economic times, many recommendations are viable for the City of Los Angeles and Los Angeles County and provide a return on investment in the long term.

Prioritize Grocery Store Development

Access to affordable, healthy foods and beverages is a basic necessity and an essential component of a livable neighborhood. Strong and visible leadership from prominent public figures has been essential in establishing effective policy and system changes to transform food deserts in Pennsylvania and New York. This leadership also demonstrates to the grocery industry the public sector's willingness and commitment to see projects through to completion. *The Mayor of Los Angeles and City Council must explicitly adopt access to full-service grocery stores in South LA and other underserved areas as a top priority for comprehensive neighborhood development, establish a strategic plan to coordinate economic development initiatives with neighborhood needs and give responsibility for grocery store attraction and development to specific government agencies such as CRA/LA and the Community Development Department.* The County Board of Supervisors also should prioritize grocery store development in unincorporated areas of South LA.

Establish Fresh and Healthy Food Enterprise Zones

The regulatory framework in which the local food system operates, particularly for land use and zoning issues, must be reformed to attract healthy food retail to underserved communities like South LA. Targeting limited resources and incentives first to high-need neighborhoods is more effective than spreading the same level of resources thinly across a large region. *The City and County of Los Angeles should establish Fresh and Healthy Food Enterprise Zones and include them in Community Plan and General Plan Updates.* Modeled after State Enterprise Zones, Healthy Food Enterprise Zones will prioritize grocery store development in underserved areas by giving zoning and financial incentives to encourage grocery store developers and retailers to locate within zone boundaries. Similarly, California's Enterprise Zone program prioritizes economic development and jobs creation in depressed areas by providing incentives to businesses that locate in zone boundaries.

The City of Los Angeles is in the process of updating Community Plans that guide the physical development of neighborhoods. Three of the plans refer to the South LA region: South LA, Southeast LA and West Adams-Baldwin Hills-Leimert. Los Angeles County is also updating the County General Plan and Community Plans that guide development in unincorporated County areas.

The Westmont/West Athens and Florence-Firestone Neighborhood Plans cover areas in South LA. Although Westmont/West Athens has been completed, the Florence-Firestone plan is still being updated. Currently, no City or County plans specifically address the food resource environment or prioritize grocery store development in areas with low access. The updating process is an opportunity to make grocery store development a top priority in land use and economic development policies by establishing Healthy Food Enterprise Zones.

Healthy Food Enterprise Zones should be established in areas identified as being “high-need neighborhoods.”

One way to quantify this concept is with the “Supermarket Need Index” New York City developed to measure the need for grocery stores. The Index was calculated using high population density, low access to a car at the household level, low household incomes, high rates of diabetes, high rates of obesity, low consumption of fresh fruits and vegetables, low share of fresh food retail, and capacity for new stores.⁴⁴ Stores should also be located on major commercial corridors, near public transit and as part of mixed-use development. Transit-oriented and mixed-use development increase residents’ likelihood of walking, bicycling and taking public transit, and pedestrian traffic is very attractive to potential grocery retailers.⁴⁵

A package of regulatory and financial incentives should be tied to grocery store development in Healthy Food Enterprise Zones that address grocery developers’ needs and challenges. The package should include relaxed zoning requirements to make it easier for full-service grocery stores to move into densely-populated urban areas; improvements to existing infrastructure, including roads, sidewalks, parking, lighting, building facades, waste water capacity, and the electrical grid; and restrictions on the issuance of alcohol sales permits to food retail outlets that sell fresh foods. Like CRA/LA’s Grocery Store and Sit-Down Restaurant Incentive Package, the City and County should maximize use of existing financial incentives offered across departments for grocery store development in Healthy Food Enterprise Zones. The City and County also should seek partnerships with private philanthropic foundations and support State and Federal efforts to create a food retail innovation fund that can offer potential developers a full spectrum of financing similar to the Pennsylvania FFFI. However, zoning decisions and public subsidies should be proportional to the expected benefit that the community will realize from a new grocery store. In addition, financial incentives should not artificially subsidize a store over the long term as it should be able to establish financial sustainability and achieve profitability. Emerging Markets’ analysis of the public assistance necessary to develop different grocery store models can help ensure that public dollars are spent effectively.

Bolster marketing efforts. Grocery retailers and developers conduct sophisticated market research on specific sites before deciding the location for a new store. However, data on inner-city neighborhoods often under-represent their true market potential, leaving retailers and developers seeking alternative data.⁴⁶ Developing evidence of market demand in underserved neighborhoods and aggressively marketing opportunity-development sites to potential retailers are pillars of the Retail Chicago program.^{vi} Following this effective model, *the City of LA, in partnership with LA County, should develop a campaign to aggressively market Healthy Food Enterprise Zones and related incentives to grocery store developers and retailers.* In addition, the Mayor of Los Angeles, City Council and County Board of Supervisors should help promote the program and increase its visibility.

While the campaign can build upon the marketing materials created by the City’s Grocery Store and Sit-Down Restaurant Initiative and Social Compact’s analysis on the market potential of some South LA neighborhoods, additional research is needed. *The City of LA should conduct research on the unmet market demand in Healthy Food Enterprise Zones using innovative market assessment techniques* that take into account population and income densities, access to nutrition assistance monies and income generated from the underground economy to provide a true picture of a neighborhood’s buying power and dispel perceptions about its economic vitality.

^{vi} See Case Study: Retail Chicago, page 20.

The analysis should also account for the existing competitive landscape; estimates of grocery sales leakage; where residents currently shop and why; pedestrian and vehicle traffic; expected demographic changes; and future growth and development plans. Involving retailers and community leaders in the process of defining research needs will ensure all the necessary data are collected and the area's true market potential is demonstrated.

Despite the national trend toward larger store sizes, some supermarket chains are opening limited-selection stores that are only 10,000-20,000 square feet. Many smaller chains and independent markets are succeeding in smaller formats that may better fit the South LA landscape. Retailers also continue to improve their business models as they gain a better understanding of the complexities of the urban market and how to make a profit given lower-income residents' reliance on low-priced products that often have narrow profit margins,⁴⁷ as well as increasing demand for ethnic and locally-grown foods. *The City and County should reach out to residents and community-based organizations to assess the business models, store layouts and product mix desired by future customers. They should then identify and target outreach efforts to grocery retailers that have a business model with a better chance of success in inner-city markets who offer healthy foods at competitive prices*, including domestic and international supermarket chains, small grocery chains and independent grocery owners. They also should make sure potential retailers are aware that they are not the only possible option in order to foster competition and pressure retailers to move quickly.

Assist in site identification and acquisition. Most grocery store developers require predevelopment assistance with identifying and acquiring an adequate site. *The City and County should identify vacant and poorly used land located in Healthy Food Enterprise Zones that are adequate for a full-service grocery store* and give priority to acquiring and assembling parcels for grocery store development. This would include assistance in negotiating with property owners and providing financial and legal resources for site preparation and environmental clean-up. Publicly-owned property should also be considered for grocery store development. Additionally, the City and County should adopt policies to ensure that recently closed grocery stores can be replaced by another one as quickly as possible.

The City and County should create a strategy for recovering vacant land from absent owners that holds them accountable to the needs and demands of the community and allows for the redevelopment of blighted sites. The City has spent years trying to work with property owners who do not want to sell or lease their property, and on occasion has resorted to using eminent domain. Creating an advisory board made up of property owners, residents, retailers, developers, and other stakeholders would help guide the development of the strategy, achieve the highest level of consensus, and ensure an open and transparent process.

The opportunity sites that the City and County identify should be a focal point for market research and should be highlighted and profiled in outreach materials. These profiles should identify the specific challenges to development on each site, the financial incentives each site is eligible for, and what those incentives mean for a developer and retailer's bottom line.

Case Study: Tangerine Plaza, St. Petersburg, FL

The City of St. Petersburg assisted in assembling 32 parcels of land to develop a 47,000 square foot shopping center in an economically-distressed area. Tangerine Plaza is anchored by Sweetbay Supermarket, which is the first full-service grocery store to locate in the neighborhood. The City bought the land, cleared the liens and re-zoned the site for neighborhood commercial development. The City then leased the property to a developer for 99 years for an annual payment of \$5. Sweetbay Supermarket has been highly successful, setting sales records for the Florida-based company and increasing property tax revenue for the City from \$6,000 to over \$110,000 per year.⁴⁸

Expedite the approval process. Grocery store development projects in Healthy Food Enterprise Zones cannot languish in a long and complicated approval process. The City's lengthy approval process hampers economic development in all industries, not just grocery. In 2008, Mayor Antonio Villaraigosa and Council President Eric Garcetti promised to reduce from 12 to two the number of departments that developers must contact to secure approval for new construction. The plan was to streamline requirements to the Planning Department for entitlements and the Building and Safety Department for permits. Each new project would be assigned a case planner to see the project through the approval process and serve as the liaison with all 12 city departments. In December 2009, after languishing for almost two years, Villaraigosa renewed his pledge to streamline the permitting process as part of a Citywide focus on economic development and jobs creation. While this effort is notable, grocery store development projects in South LA cannot wait for the major reorganization of authority and processes necessary to implement the 12-to-2 plan.

Like the City's Grocery Store and Sit-Down Restaurant Incentive Package, *the City and County should expedite review of plans and permit requests for new grocery store development projects in Healthy Food Enterprise Zones and provide a single point of access for information. Case managers should be appointed to shepherd projects through the entitlement and permitting processes.* These efforts will reduce the cost of navigating approvals and holding unprofitable property. They will also ensure that those responsible for entitlement and permitting decisions are identified and held accountable.

Case Study: Retail Chicago

In 1994, the City of Chicago, in partnership with LISC and the Chicago Association of Neighborhood Development Organizations, launched an aggressive outreach program to attract economic development to the City. Retail Chicago serves as a "one-stop-shop" to assist retailers, brokers and developers during their site selection process. It provides a single point of access for information about retail development opportunities, including site planning, permitting and access to incentive programs. It also helps attract needed retail to targeted underserved inner-city neighborhoods by producing customized market information showing a neighborhood's hidden economic potential and appropriate sites for development. Finally, the program manages a strategic plan for retail development in the City in order to better align economic development projects and neighborhood needs. Retail Chicago has been very successful in attracting many retailers, including several supermarkets, to targeted inner-city neighborhoods. This new development has yielded dramatic increases in local sales tax revenues and created living wage jobs for many residents.^{49,50}

Develop a Skilled Workforce

Finding skilled labor is difficult in South LA because of the barriers to obtaining basic skills and education beyond high school. *The City and County should partner with job training and placement programs to meet the labor demands of the food retail industry by increasing food retail vocational training and promoting grocery jobs at stores located in Healthy Food Enterprise Zones.* Industry-specific training and placement programs not only help workers gain critical skills, they also make possible career advancements, improved retention and productivity, and greater workforce diversity. These efforts will also ensure potential developers are able to take advantage of Federal and State incentive programs that require local hiring, such as Empowerment Zone, Renewal Community, and State Enterprise Zone tax credits. In the long-term, South LA will continue to have difficulty attracting employers to the area who provide quality jobs — in food retail and other industries — unless efforts are made to improve the public education system and empower residents with the skills to hold economically rewarding jobs.

Develop a Food Hub to Facilitate Food Distribution

For small chains and independent grocers, identifying a distributor for fresh food is vitally important and often one of the biggest challenges. A study by Bay Area Economics found that for neighborhood grocery stores to offer customers prices comparable to full-service supermarkets, the combined buying power and security of at least 50 stores is needed to reduce distribution costs.⁵¹ *The City and County should facilitate the development of a food hub in South LA that would serve as a central distribution point for fresh foods, provide coordination, and link local and regional farmers to inner-city stores.* A food hub could be established through a public/private partnership and would require support with site identification and funding, as well as input on its design from public, private and nonprofit stakeholders.

Support the Creation of New Funding Initiatives

Existing economic development financing programs do not prioritize and are often not available for food retail development. New funding sources are needed to boost financial incentives and other economic development tools available to attract new grocery stores and healthy food retail to underserved communities like South LA. The success of the Pennsylvania FFFI demonstrates that public investment can leverage significant private funds and dramatically improve healthy food access. This model has been replicated in New York, and other replication efforts are underway in other states and at the Federal level. *The City and County should support Federal and State proposals by conveying to policymakers the critical need for such financing initiatives to address limited healthy food access in South LA and other underserved communities and pass a resolution of support for any legislation introduced.* Additionally, adopting the recommendations in this report would help the City and County compete for funding if legislation is passed.

Momentum has been building for the Federal government to establish a program to fund the development of healthy food retail in food deserts nationwide. In December 2009, a bipartisan group of 39 Congressional members introduced a resolution in the House of Representatives recognizing the need for a national fresh food financing initiative to improve access to healthy food in underserved communities. In February 2010, President Barack Obama released his fiscal year 2011 budget, which proposes more than \$400 million to establish a national Healthy Food Financing Initiative. First Lady Michelle Obama identified this initiative as a key component of her Let's Move! campaign to reduce childhood obesity. On April 12, 2010, Sen. Kirsten Gillibrand (D-NY) and Rep. Nydia Velazquez (D-NY) announced that they were introducing Federal legislation to establish a national Healthy Food Financing Initiative that will include \$1 billion to provide loans and grants to an estimated 2,100 new grocery stores in high need areas and create 200,000 new jobs.⁵²

State legislators also have shown an interest in establishing a California-wide initiative. In 2006 and 2007, State Senator Elaine Alquist (D-District 13) introduced the Access to Healthy Food Act (S.B. 1329 and S.B. 48, respectively), for which the City issued a resolution of support (Council File: 07-0002-S97). The bill would have leveraged public and private dollars to create a Healthy Food Retail Innovations Fund to help communities develop economically sustainable models to meet their food access needs, encouraged retail innovation in underserved areas and provided grants to finance start-up costs.

Although the bill died, similar legislation could be introduced again to make the State more competitive to receive Federal funding and attract philanthropic funding. In fact, A.B. 2720, introduced by Assembly Member, now Speaker, John Perez and then Speaker Karen Bass on February 19, 2010, is a step at developing such legislation. It requires the Department of Food and Agriculture to coordinate efforts to maximize the funding opportunities provided by a federal Healthy Food Financing Initiative. It also positions California to better qualify for federal funding for the State's Healthy Purchase Pilot Program that offers food stamp recipients incentives to purchase fresh fruits and vegetables. The legislation passed the Assembly on June 2, 2010 and is awaiting consideration in the Senate.

Promote Public Education

Creating a healthier food environment must be complemented with a robust public education campaign to change people's eating habits, ensure adequate demand for healthy food outlets, and combat the influence of marketing by the junk food and sweetened beverage industries. *The City and County should develop a public education strategy to teach residents of underserved areas like South LA about the importance of healthy eating, the health risks associated with a diet high in calories and fat, how to afford high-quality healthy foods on a limited budget, and how to cook healthy meals with limited time.* This strategy could include a public education campaign led by the County Department of Public Health, partnerships with nonprofit community-based organizations that conduct health education, and partnerships with schools to include healthy eating as part of their curriculum. It could also incorporate a brand or logo to help residents recognize healthy foods stores, which could be defined as stores that dedicate a certain percentage of their floor space to the sale of fresh and healthy foods and beverages.

Maximize Food Assistance

Maximizing enrollment in the Federal SNAP (also called food stamps), WIC^{vii} and other nutrition assistance programs would increase eligible individuals' and families' ability to purchase nutritious food and sustain new and existing full-service grocery stores. Even though the Federal government fully funds SNAP benefits and 50 percent of administrative costs (with the State and County contributing the remaining 35 percent and 15 percent), California has the lowest rate of SNAP participation in the country.⁵³ In Los Angeles County, of the 1,577,564 people who are eligible for the program, only 620,402 people — less than 40 percent — participate. More than 950,000 eligible individuals are foregoing over \$100 per month in benefits or over \$1.3 billion annually. Moreover, every dollar in SNAP expenditures generates \$1.84 in economic activity because beneficiaries spend this income on other goods and services. This translates into \$2.4 billion in lost economic activity and nearly \$15 million in lost sales tax revenue for the County.⁵⁴

WIC also increases families' food purchasing power. South LA has over 108,000 WIC participants⁵⁵ who receive an average of \$62 a month to purchase specific nutritious foods and beverages, including fruits and vegetables, low-fat milk and whole grains.⁵⁶ In 2009, WIC restructured its vouchers to better support a nutritious diet as defined in Federal nutrition guidelines. *The City and County should actively seek to enroll people eligible for WIC and SNAP by increasing outreach and targeting people who use emergency food services and other supplemental assistance programs.* They should work with the State government to stagger benefit issuances throughout the month to spread the distribution of shoppers and ensure grocery stores can properly serve customers in areas with a high percentage of SNAP and WIC beneficiaries. The City and County should also expedite the process for certifying grocery stores located in Healthy Food Enterprise Zones to participate in the programs.

The City and County can also work with the State to overcome barriers to participation in SNAP caused by unnecessarily burdensome certification requirements. California is the only state that requires participants to recertify their eligibility every three months, causing many recipients to fall through the cracks and increasing the administrative burden. The State also requires fingerprinting, a barrier for people who have trouble getting to a welfare office because of work or disability or who associate fingerprinting with criminal activity. Additionally, California requires individuals convicted of a drug possession felony to enroll in a drug recovery program before being eligible for SNAP, and those who are convicted of a drug sales or manufacturing felony are banned for life from participating in SNAP. These individuals could significantly benefit from nutrition assistance to re-enter the mainstream economy after incarceration. *The City and County should educate State policymakers on the critical need to reform SNAP certification and eligibility requirements and pass a resolution of support for any legislation introduced.*

^{vii} WIC provides Federal grants to States for supplemental foods, healthcare referrals and nutrition education for low-income pregnant and postpartum women, and to infants and children up to age five who are found to be at nutritional risk (for example, having anemia, being underweight or having a poor diet).

Integrate Access to Full-Service Grocery Stores into Other Policies

Successful approaches to improving the food retail environment must involve a variety of sectors, including law enforcement, transportation, agriculture, and housing. Public agencies should integrate promoting access to full-service grocery stores and healthy living into their regular services. This will ensure new and existing stores have the best opportunities to survive and grow over the long term.

For example, a new store's prospects for long-term survival can be improved if the area is perceived as safe and attractive. This is especially important for larger stores that often have to draw customers from more than one neighborhood. The Los Angeles Police Department has made great strides increasing community policing and improving feelings of safety. However, only 57 percent of adults in South LA believe their neighborhood is safe from crime.⁵⁷ In addition to continuing efforts to increase policing and address gang-related crime, *the City and County should provide infrastructure improvements that apply crime prevention through environmental design principles to landscapes and streetscapes*. Improving lighting, avoiding blind spots and creating pedestrian-friendly sidewalks that maximize visibility and natural surveillance deter crime and foster social interaction. The City should also rehabilitate vacant properties and clean up gang graffiti and debris.

In addition, because many South LA residents lack access to private transportation,⁵⁸ *the City and County should make public transit, walking and bicycling more viable transportation options between residential areas and new and existing full-service grocery stores*. The County operates three light rail lines that pass through South LA (the blue, green and silver lines) and is in the process of constructing a fourth along Exposition Boulevard. Various bus routes also operate throughout the community. Discussions are underway to improve mobility in the Crenshaw Transit Corridor and connect existing lines. A transportation needs assessment should be conducted to analyze whether existing and proposed transit lines ensure convenient access between neighborhoods and full-service grocery stores. Improvements to routes, schedules and stops should be explored to maximize transit access to grocery stores. To fill gaps in the system, the City and County should establish a grocery shuttle or vanpool program. The County is also in the process of improving bicycle and pedestrian planning in the General Plan Update, including creating a Bicycle Master Plan. Access to full-service grocery stores should be a priority in these plans and in infrastructure improvements that enhance connectivity and safety. A walkability and bikability audit between residential areas and full-service grocery stores can help identify places for improvement. Adopting a complete streets policy would also help by ensuring roadways include sidewalks, bicycle lanes, traffic signals, pedestrian signals, crosswalks, streetscaping, and other features that make them safe for everyone. These policies encourage physical activity and reduce automobile use.

Assess City Policies for Their Impact on Grocery Store Sustainability

The City and County should assess policies for their impact on grocery store development in underserved areas and avoid policies that create additional barriers or costs. For example, in 2006 the City of Los Angeles adopted a Grocery Worker Retention Ordinance. The ordinance stipulates that if a grocery store is sold, the new owner must retain workers at the same rate of pay for at least 90 days.⁵⁹ While the ordinance was meant to ensure a new store has the experienced workers necessary to maintain health and safety standards, it also effectively stopped the sale of grocery stores and deterred new development. The California Grocers Association filed a lawsuit claiming that the ordinance was discriminatory because it applied only to larger store formats and exempted companies with collective bargaining agreements. The ordinance was ruled unconstitutional by the Los Angeles County Superior Court in 2008 and the Second District Court of Appeal upheld that decision in 2009. It becomes void unless the City decides to appeal to the California Supreme Court.

Another example is the City's efforts to address abandoned shopping carts because they are a visual blight and can be a safety hazard.⁶⁰ While no comprehensive policies have been adopted, in 2010 the Council is considering an abandoned shopping cart fee and adopting a policy similar to one in the City of Glendale that requires stores to contain all shopping carts on their premises using bollards, wheel locking or stopping systems on carts and other approved systems.⁶¹ While some stores already have these systems in place, this requirement could add significant costs to existing and new grocery stores that may be too high for them to afford. Additionally, many residents who walk or take public transportation to grocery stores rely on shopping carts to carry their groceries home. Before adopting such a policy, the City should assess the effect it could have on grocery store development and sustainability in underserved communities like South LA, as well as residents who do not have access to private means of transportation.

Furthermore, the City should be very cautious in adopting policies that require new grocery stores to provide employees a living wage or allow for unionization. While these policies are well intentioned to ensure employees receive sufficient compensation to afford life in Los Angeles, they also pose higher labor costs that prospective new grocery retailers may not be able to afford, especially when taking on other risks associated with locating in South LA. Research into the benefits and costs of requiring living wages and unionization is needed to address this sensitive issue. Collaboration between retailers, government and community leaders is necessary to develop creative and flexible solutions that address the needs of all stakeholders.

Prevent Displacement

Policymakers should be conscious that development can harm lower-income households. Economic development often increases property values, which development and redevelopment agencies usually view as favorable because they help pay for other public services (like parks and schools). However, increased property values can also lead to higher rents and displace low-income households. While a new full-service grocery store is unlikely to lead to rapid changes in property values, the City and County should monitor potential displacement, and strengthen eviction and vacancy controls to make it harder for property-owners to evict tenants. The City and County could also target homeownership assistance to residents who are found to be at risk for potential displacement.





Strategies to Supplement Food Resource Needs

Although grocery store development is most effective at improving access to affordable, nutritious food, healthy corner stores, farmers' markets, community gardens, and mobile produce vendors are valuable ways to supplement food resource needs. However, these healthy food outlets have important limitations and do not supplant the need for full-service grocery stores.

Corner Store Conversions

In many South LA neighborhoods that lack access to full-service grocery stores, residents (particularly those without private transportation) rely on corner stores to feed their families. Corner stores are generally less than 5,000 square feet and sell primarily prepackaged foods, liquor and cigarettes; few offer fresh produce. A corner store conversion program can transform these stores to dedicate a significant amount of highly visible space to the sale of fresh produce and other healthy foods. Because many residents already frequent these stores, adding healthy foods makes it easy for people to make healthier choices without changing their shopping habits. While these stores cannot compete with full-service grocery stores in offering a variety of healthy products at the most affordable prices, they can improve access in areas where grocery store development is especially difficult and in high-traffic areas near schools, parks and public transit.

To be successful, a corner store conversion program must identify storeowners who are motivated and willing to take real financial risks and spend valuable time learning how to handle and sell produce. Policymakers should develop a program that provides a package of financial incentives, such as grants and micro-loans for the purchase of refrigerated display cases, façade improvements, and other necessary equipment and infrastructure upgrades. The program should also help stores identify a distributor and ensure the needs of healthy corner stores are considered in the development of a new food hub. Finally, the program should help healthy corner stores promote their new food options by providing technical assistance on store design, as well as developing a South LA-wide marketing and branding campaign, which could include a poster or seal for participating stores to display. However, support from the City should be conditional on storeowners accepting SNAP and WIC benefits as a form of payment, and the City should help storeowners obtain the necessary equipment and authorization to accept SNAP and WIC benefits. The program should consider encouraging storeowners to limit the marketing of unhealthy foods, particularly if they are located near schools and parks.

Several of these recommendations are part of CRA/LA's new Community Market Conversion Program. On March 19, 2010, CRA/LA obtained a \$240,000 RENEW (Renewing Environments for Nutrition, Exercise and Wellness) Grant from the County Department of Public Health to implement the program in South LA and the Downtown region. The RENEW grant is part of a two-year \$32 million Federal grant the County received through the stimulus program Communities Putting Prevention to Work. The Community Market Conversion Program will provide up to \$150,000 per store to fund interior and exterior renovations. CRA/LA is partnering with Healthy Eating Active Communities (HEAC), a project of The California Endowment (TCE), to coordinate the program.

With joint funding from TCE, the program will provide nutrition education to community members, lead a youth engagement program, and help stores incorporate WIC and SNAP. HEAC also will develop policy language to limit the proliferation of convenience stores that lack healthy food options for inclusion in the Community Plan Updates. CRA/LA is also partnering with the Los Angeles Neighborhood Initiative (LANI) to serve as the project manager for the store conversions. Finally, CRA/LA is partnering with Nathan Cheng Consulting to provide participating stores with technical assistance on identifying local sources of produce, how to inventory fresh produce, and how to encourage the purchase of nutritious foods through product placement.

Case Study: *Healthy Bodegas, New York City*

In 2008, New York City launched the Healthy Bodegas program to improve healthy food offerings at small grocery stores called bodegas. The Department of Health and Mental Hygiene has worked with over 1,000 stores to increase the availability and quality of fresh produce and low-fat milk and enhance promotion of healthy foods. The initiative has seen significant increases in sales of fruits, vegetables and low-fat milk. Healthy Bodegas has also encountered several challenges, including insufficient staff to conduct outreach to storeowners or community residents, difficulty working with haphazard distribution systems, limited infrastructure in many bodegas (refrigerators and storage), and little knowledge among storeowners of how to handle and promote fresh and healthy foods. The department has made important improvements to the program that Los Angeles can build upon. Each public health officer now works with only 20 bodegas to make more sustainable and substantive changes. These stores are chosen strategically to ensure that all residents are within walking distance of at least one healthy bodega. The department has also increased collaboration with other city agencies and organizations, including milk distributors, produce distribution sites, micro-lenders, and permitting centers.

Farmers' Markets

Farmers' markets offer another inexpensive way to make high-quality fresh, local, and affordable produce available in South LA neighborhoods. The relatively low start-up cost makes these food outlets easy experiments; they can be organized in a parking lot or in a street that is closed for the market. Farmers' markets also serve as vibrant community gathering places, provide economic benefits to small farmers and connect urban consumers with regional agriculture. Farmers' markets are limited in that they are open on select days and times and primarily sell produce, not the full range of food products necessary for a healthy diet.

South LA has only six farmers' markets compared to 16 in West LA.⁶² Policymakers should pursue establishing new farmers' markets throughout neighborhoods that lack other healthy food outlets. This could be accomplished through a program that provides incentives for farmers' markets in underserved areas, including grants and subsidies that aid their development, operation and aggressive promotion, particularly to lower-income families. The program could partner with community-based organizations to help interested farmers match the products they offer to local demands, identify appropriate locations that are safe and convenient for residents, and connect farmers to institutional customers like restaurants and small produce distributors (including any newly created distribution cooperative) that can also create the customer base necessary to sustain a market. Finally, the program can ensure that markets accept SNAP and WIC participants by providing EBT machines and transaction services at no cost. Some cities have gone a step further by giving food stamp recipients special incentives to purchase fresh produce at farmers' markets. For example, New York City's Health Bucks Program gives a \$2 Health Buck coupon to anyone who spends \$5 worth of SNAP benefits at a farmers' market. Private organizations are also spearheading similar initiatives. These include Wholesome Wave Foundation's Double Value Coupon Program that doubles SNAP and WIC benefits when beneficiaries use them to purchase produce at farmers' markets across the country.

Mobile Produce Vendors

Because the food choices people make are limited by the foods that are available and convenient, another way to supplement the nutrition needs of underserved South LA residents is by developing a mobile produce vendor program. Mobile food vendors, which usually sell snacks, could be transformed into fresh produce vendors. Although Los Angeles does not regulate mobile food vendors, the County could develop a program that issues permits to vendors who sell fresh produce in order to provide them legal recognition and ensure they meet food safety standards. The City and County could offer grants for mobile refrigeration units, traffic provisions that make it easier for mobile sales (e.g. designated curbside locations and access to restricted parking areas), and develop a promotional campaign to increase awareness about the program.

Case Studies: *Oakland and New York City*

Oakland legalized street food vending after a group of about 30 vendors of fresh fruits and vegetables developed a partnership with the County public health department, a community-based nonprofit organization and the University of California at Berkeley School of Public Health to advocate for an ordinance. Through this partnership, these vendors obtained the right to operate legitimately under City code, ensured that their equipment and food handling practices were safe, and increased the availability of their products. New York City, which has had a formal mobile vending licensing program for years, recently launched the Green Cart Program that issued 1,000 permits to fresh produce vendors who operate in underserved boroughs, creating a low-cost and very rapid strategy to increase fresh produce in some of its food deserts.





Conclusion

The health, economic, environmental, and political implications of food security are evident in a wide spectrum of issues. The inhumanity of hunger, the questionable ethics of food production, the unintended consequences of Federal food policy, and the inequity of urban and rural food deserts are palpable manifestations of food insecurity. These complex issues cannot be resolved without new public policies initiated at the local level. The availability of affordable, healthy foods in communities such as South LA does not guarantee that residents will make healthier choices. Nevertheless, improving access to full-service grocery stores and other healthy food outlets must be included in a comprehensive strategy to improve food security, promote healthy eating, and prevent obesity and diet-related chronic diseases. Improving the food resource environment is a long-term strategy — changes in health outcomes should not be expected in the short term.

While the structure of government in the City of Los Angeles and Los Angeles County might differ from the jurisdictions profiled in this report, a great deal can be taken from lessons learned and adapted to address the historical barriers and conditions that stymie responsible development in Los Angeles. The element of health must be incorporated into the City and County's planning codes and standards, and artificial barriers and silos among public agencies must be replaced with policies and performance standards that require coordination and efficiency. The Los Angeles County Public Health Department must play a larger role in assessing, monitoring and guiding policy development and implementation across jurisdictions and disciplines. The City and County Planning and Development Departments should serve as vehicles for building sustainable, healthy communities.

The long-term impact of access to healthy food and the implementation of these recommendations must be understood from a public health and economic perspective. It is through the development and adoption of these policy and system changes that we can both invigorate the local economy and the physical health of our City.

Transforming the food desert to a food oasis must include the active participation of community residents, local community development corporations, government, the food industry and foundations working together. Community participation cannot be a secondary consideration but must be an integral component at every stage of the project, including development, monitoring and evaluation. Public and private funding must be pooled and leveraged to support grocery store development in food deserts. This must be coupled with a long-term commitment to sustain investment and community benefits that contribute to both the long-term economic growth and health of the community.

While this policy report is specific to the issues and challenges facing South Los Angeles, it is intended to speak to the need to develop a larger national agenda for the elimination of food deserts across the country. While the nuances of each community may differ, the development and sustainability of new partnerships and a change in the balance of the power relationship between residents in under-resourced communities and the public and private sectors are the foundation for success.

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