

The Pennsylvania Fresh Food Financing Initiative

Funding & Impacts

\$30 million

Seeded by the Department of Community and Economic Development

\$145 million

Leveraged by The Reinvestment Fund (CDFI)

206 applications

Received from rural and urban areas across PA

88 projects

Approved for financing

5,000 jobs

Created or preserved

400,000 residents

With improved access to healthy food

1.67 million sq ft

Of fresh food retail



The Pennsylvania Fresh Food Financing Initiative (FFFI), the nation's first statewide healthy food financing program, launched in 2004. Seeded with \$30 million in state funds over three years (and leveraging an additional \$145 million of investment), the FFFI provided one-time grants and loans to grocers and other healthy food retailers to build or renovate markets in lower-income, underserved urban and rural communities across Pennsylvania.

The FFFI was born from the Philadelphia Food Marketing Task Force, which The Food Trust convened after recognizing that many neighborhoods across Philadelphia lacked access to healthy food. Task force members represented diverse fields, including the grocery industry, government, public health, economic development and the civic sector. The group identified barriers to healthy food retail development, and recommended that to overcome those barriers, Pennsylvania should create a statewide, public-private business-financing program to support healthy food retail in low-income, underserved urban and rural communities.

In partnership with the state, The Food Trust, The Reinvestment Fund and the Urban Affairs Coalition launched the FFFI in 2004. The program has been celebrated for its flexibility and impact, and named a top government innovation by Harvard and a Pioneering Innovation by the Centers for Disease Control and Prevention. Projects financed through the FFFI ranged from large, full-service supermarkets in urban neighborhoods, to small stores in rural areas, to non-traditional retail including farmers markets. The program concluded in 2010 when state funds were fully deployed.

The FFFI proved that, with public sector incentives, grocers can overcome the higher costs associated with operating in underserved areas. The program did not subsidize supermarkets that were economically infeasible, but rather provided incentives that encouraged viable grocers and developers to open or renovate stores in areas that truly needed them.

The success of the Pennsylvania model has influenced the creation of similar programs in many other states, including Alabama, California, Colorado, Illinois, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio and Texas. The U.S. Departments of Treasury, Agriculture, and Health and Human Services launched the Healthy Food Financing Initiative at the federal level as well, to support fresh food retail across the country.

Examples of projects funded by the PA FFFI:

Fresh Grocer at Progress Plaza



Progress Plaza in North Philadelphia is the nation's oldest African-American owned and operated shopping center. After its anchor supermarket left, the plaza declined over the course of a decade. FFFI financing allowed for the construction of a new Fresh Grocer, which opened in 2009. The supermarket has

not only increased fresh food access for residents, but also revitalized the shopping center and served as an economic boon to the neighborhood, creating jobs and sparking retail nearby.

FFFI Financing: \$1.8 million loan for equipment, \$1 million grant (\$250,000 to shopping center; \$750,000 to grocer)

Fresh Food Retail Space: 46,000 square feet

Jobs: 233 created and 45 retained

Kennie's Market

Kennie's Market is a family-and-employee-owned supermarket company in south central Pennsylvania and northern Maryland. A full-service Kennie's Market has served Gettysburg since 1948, and when a large chain left the city in 1998, Kennie's was the only supermarket remaining in the area. To meet growing demand, the store needed to expand and increase its parking spaces, but its location was landlocked and buying a new building was cost-prohibitive. A grant from the FFFI made the project possible by covering predevelopment costs and significantly offsetting the higher construction and development costs associated with downtown construction. In 2007, the store opened its much-needed new store, built next to its outdated existing facility.

FFFI Financing: \$250,000 grant for predevelopment costs

Fresh Food Retail Space: 32,000 square feet

Jobs: 50 created and 50 retained

Boyer's Food Markets



Boyer's Food Markets, Inc. is a family owned and operated business with 18 stores throughout central and northeastern, rural areas of Pennsylvania. Founded in 1950, the company has grown by purchasing independent grocery stores in need of

investment and renovating them, offering expanded product variety, providing education and training to employees to better assist customers, and creating more customer-friendly layouts. The company has reported higher sales, including higher produce sales, since receiving FFFI funding.

FFFI Financing: \$500,000 grant used for energy-efficient equipment, furniture and fixtures, leasehold and tenant improvements, and employee training. The company also received funding through TRF's loan and energy funds.

Fresh Food Retail Space: Stores range from 9,500 to 32,000 square feet

Program Partners

The PA Department of Community and Economic Development:

- Oversaw implementation
- Disbursed program funds

The Food Trust

Food Access Organization

- Developed program guidelines and materials (with TRF)
- Conducted outreach to develop pipeline of applications
- Determined applicant's eligibility based on program criteria
- Advocated for community fit

The Reinvestment Fund

Community Development Financial Institution (CDFI)

- Administered funds and raised capital for projects
- Determined applicant's financial eligibility
- Originated and underwrote projects for grants and loans
- Reported program impacts (with The Food Trust)

Urban Affairs Coalition

Worked to increase opportunities for women and minorities to be involved with the construction, operation and ownership of funded stores