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TRANSFORMING 'FOOD DESERTS'

By Joel Groover

As head of urban development for General Growth Properties, Lyneir Richardson worked to bring retail to underserved neighborhoods in major cities. He never imagined, though, that the job would turn him into a crusader for fresh food. "As I went around the country, one of the common themes was always that there weren't enough supermarkets and grocery stores," he said. "The first project I completed at General Growth involved a shopping center with a new grocery store on one end and Baltimore's first Target on the other. That fueled my interest in the whole discussion about the lack of fresh-food opportunities in cities. It became a goal of mine to find out how to get more grocery stores into urban communities."

Today Richardson is head of economic development for the city of Newark, N.J., where he works closely with Mayor Cory Booker on efforts to eliminate so-called food deserts: neighborhoods where people have little or no access to nutritious food. As part of that effort, Richardson attended RECon this year, where he extolled Newark's virtues to the likes of Aldi, Pathmark, Sav-A-Lot and ShopRite.

New and redeveloped food stores can boost the tax base, create jobs and drive traffic to existing retail, but Richardson's commitment to fresh food is also about safeguarding public health. Some 23 million Americans lack access to nutritious and affordable food and are more likely to be obese and suffer from diet-related diseases as a result, according to White House data. The food-desert problem, however, is hardly limited to the U.S. The term actually originated in Europe, where lack of access to fresh food has emerged as a problem in several major cities. In Canada, too, academics and bureaucrats are now targeting the issue in population centers such as Toronto and London, Ontario.

Thanks in part to the publicity stirred by First Lady Michelle Obama's campaign against childhood obesity, food deserts are attracting attention as never before, says Laura Kettel Khan, a senior scientist in the nutrition, physical activity and obesity division of the Centers for Disease Control and Prevention. This growing awareness is translating into new opportunities for retailers and developers as governments and nonprofits create incentives to fight the problem, Kettel Khan says. President Obama's proposed 2011 budget sets aside \$400 million to finance new grocery stores, revamp bodegas and fund farmer's markets in underserved areas. The initiative appears to have widespread support in Congress, Kettel Khan says. "The likelihood of this coming off the books is pretty small," she said. "There are even rumors that some senators want to bump it up to \$1 billion."

The pool of available funds for food-related retail also appears to be growing at the state and local levels. Newark, a city of about 300,000, is served by only three full-size grocery stores. But thanks to such incentives as low-cost subordinate financing, redevelopment grants, and assistance with site-identification and assembly, access to fresh food is improving in the city, Richardson says. In addition to providing grants of up to \$40,000 to help bodegas buy coolers and remake themselves into fresh-food outlets, Newark is now working with Aldi, Sav-A-Lot, Chicago-based Tucker Development Corp. and an independent grocer, among others, on projects in various stages of development. "Over the next 12 to 18 months, our goal is to have five to 10 additional grocery store openings," Richardson said.

Meanwhile, Detroit's Green Grocer Project, which aims to recapture the estimated \$277 million to \$340 million a year that citizens of that city spend at food stores outside the city limits, has received startup funding from the city, Bank of America, the Detroit Investment Fund and The Kresge Foundation. New York and Illinois have each funded \$10 million initiatives aimed at improving food access in those states, while New Orleans officials have set aside \$7 million in federal recovery funds in that city, which lost half its groceries in Hurricane Katrina. These three initiatives are based in part on a public-private model created by The Food Trust, a Philadelphia-based nonprofit that promotes access to healthy food. "They are being structured and created now," said program manager Caroline Harries. "We expect them to be up and running within a year or so."

This is good news, but developers and retailers should be clear-eyed about the challenges that can come with doing business in tough neighborhoods, says Richard F. Dube, president of Westchester, Ill.-based Tri-Land Properties, which specializes in redeveloping distressed retail properties. In the 1970s Dube headed Jewel Food Stores' expansion efforts in inner-city Chicago. The term "food deserts" might be fairly new, but the problem itself is decades old, he says. "The basic challenges faced by these socioeconomic areas that lack goods and services, including decent food alternatives, have been around for a long time," he said.

Lack of transportation is chief among these challenges, particularly in neighborhoods where car ownership is rare and annual household incomes are below \$30,000, Dube says. As developers and retailers scout such areas, they should pay careful attention to proximity to mass transit, highways and bus routes.

Collaboration with municipalities on access improvements is a must. Even after Dube worked with local officials to put a bus stop inside a grocery-anchored center near Highway 40 on the outskirts of Baltimore, he noticed that getting to and from the store was an iffy proposition for some shoppers.

"You had to get on the bus with a couple of bags of groceries and then go home and walk through some of those neighborhoods," he said. Often, shoppers relied on such solutions as piling into a taxi with their neighbors and splitting the fare.

Security can be a problem too, but Jewel Food Stores learned some valuable lessons in the 1970s, Dube says. The Chicago store at 87th Street and the Dan Ryan Expressway straddled a working-class neighborhood on one side and a truly depressed area on the other. But being in a mixed-income area made for better store security. "It was

located in a better market but also served what we would today call a food desert," Dube said.

In the toughest of neighborhoods, however, retailers and developers can counter loitering, shoplifting and robberies by working with police to have a sub-precinct set up in the parking lot, Dube says. "Another concept that Jewel Food Stores used for years in the city of Chicago was to build bigger stores and put them in rezoned industrial pockets," he said. "The strategy was to have a big-enough piece of property that the store felt safer and more open."

For those who doubt the viability of countering food deserts, Harries points to the success of Pennsylvania's program. Since 2004, when the state allocated \$30 million to improve access to healthy food, The Food Trust has worked with public and private entities in Pennsylvania to fund 83 projects across the state. The Reinvestment Fund, a community-development instrument backed by the Treasury Department, has been a key partner. "They have expertise in lending to underserved communities," Harries said. "They leveraged the state's investment of \$30 million [at] 3-to-1, so that the total program is now about \$120 million."

Financing comes in the form of low-interest loans as well as outright grants, Harries says. "The financing is flexible," she said. "Funded projects include everything from brand-new 70,000-square-foot supermarkets to small co-ops and corner-store renovations to rural country markets." The program has given 500,000 people access to fresh food, created 5,000 jobs and helped developers and retailers create or retain 1.6 million square feet of space, Harries says. "The impact has been tremendous."

Community support for retailers such as The Fresh Grocer, which now operates eight stores in former food deserts in Philadelphia, has been strong, Kettel Khan says. In fact, Pennsylvania's public-private program has been so successful that it is the model for similar efforts in several states and has also inspired the nascent federal plan.

As Richardson works to court food retailers, he is heartened by the interest that such chains as Aldi and Sav-A-Lot are showing in Newark. Their attractive, smaller-format stores can be a perfect fit for underserved areas. But city officials are open to any solution, so long as it works. "We get up every morning thinking about a comprehensive approach to solving these issues," Richardson said. "This is development that can get done, even in our current financial climate."