



Healthy eating oasis

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Innovative retailers, wholesalers and developers are working with local and federal governments to eradicate food deserts.

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What do people living in quaint clapboard houses on the Kansas prairie, Southside Chicago tenements, shotgun houses in New Orleans' Ninth Ward and the battered row houses of gritty North Philadelphia have in common?

They are all living in the desert. Not the arid kind with cacti, poisonous snakes, vultures, scorpions and tumbleweeds, but one possibly even more harrowing—the food desert. Want to buy some fresh greens and meat for dinner? In Philadelphia that may mean an hour trek on a trolley and two buses to reach the nearest Pathmark. Need gluten-free bread as part of your diet? In Kansas that might necessitate a 50-mile round trip to find a Dillon's.

"If I want to go to a big supermarket, like Dillon's, I have to drive to Salina, which is 25 miles away, or McPherson, which is 20 miles away," says Kansas heritage turkey farmer Frank Reese, Jr., proprietor of Good Shepherd Turkey Ranch, located midway between the towns of Marquette (population 500) and Lindsborg (population 3,500). "There are all kinds of little towns out here where there are no stores. Every town used to have at least one and now that is all gone. In some of these towns all that is left is a grain elevator, bank and post office and now they are threatening to take away a lot of the post offices."

True, Marquette has a tiny Piper's IGA, while Lindsborg has a slightly larger Scott's, specializing in Swedish food. "They have meat and produce in limited capacity," Reese says of the local stores. "It is not like going to a big supermarket but I try to support the local businesses where possible. But if I want something specific, like almond butter, vegan cheese or health foods, I have to go to Salina."

The U.S. Department of Agriculture (USDA) defines a food desert as "a low-income census tract where a substantial number or share of residents has low access to a supermarket or large grocery store." In a city, low-access is defined as more than one mile from a supermarket or large grocery store; in a rural area it is more than 10.

"There were 6,500 census tracts where they had a substantial number or share of people who were far from a grocery store out of a total of 60,000 tracts, so it is about 10% of the country," says Michele Ver Ploeg, an economist with the Economic Research Service Division of the USDA in Washington, D.C.

"Food deserts are a real issue," says Neill Crowley, adjunct professor of food marketing and food marketing fellow at St. Joseph's University in Philadelphia. Crowley says St. Joseph's has been given a grant by the USDA to develop "modules" addressing the issue in its coursework. "Food deserts are now of such importance that we feel we have to have lectures devoted in certain courses in our food marketing program to elements of food deserts."

The original USDA Food Desert Locator was developed in 2006 based on a list of stores in the country and 2000 Census data, Ver Ploeg says. "We're in the process of updating that with a 2010 list of stores and data from both the 2010 Census and the 2005-2009 American Community Survey, which gives us income and vehicle ownership data." The update is due to come out in September 2012.

Chances are that updated list will be dramatically different, say observers. While the recession and declining populations may have caused stores to close in areas such as Detroit and the rural plains, full-service supermarkets and limited assortment stores are beginning to blossom in cities such as Philadelphia.

Uplifting solutions

Jeff Brown, president of Westville, N.J.-based Brown's Super Stores, saw the need to service the food desert before the term was even coined. Eight years ago he opened a pioneering ShopRite store in inner city Philadelphia as part of a state initiative called the Pennsylvania Fresh Food Financing Initiative. "I was the first retailer that thought there could be a way to make this work," he says. Brown now operates 10 ShopRites—five of which are in food deserts. A sixth urban store is being built on the site of the former TastyKake plant in North Philadelphia and is scheduled to open next fall.

Opening an inner city store is usually much more difficult than a suburban location, Brown says. "There are grocers who would like to open food desert stores, but there is almost always a financial gap," he says. "You do your pro forma and you are coming up at a loss." That gap can be narrowed or closed with tax credits and public/private partnerships, he says.

"About three years ago I set up a nonprofit called Uplift Solutions to address these issues nationally," Brown says. "We have business around the country now working for government nonprofits with the grocery industry, or with the grocery industry to try to use what we've learned over the years in solving this problem. We help people figure out the jigsaw puzzle of what is available and what can be done. Public incentives give you a fighting chance and then you have to become an entrepreneur and innovate and come up with ideas to serve the customers better and make the business more viable."

Operating in the city is harder because retailers face many obstacles, including crime, high dropout rates and illiteracy, Brown says. "You sort of have to know how cities work, what the challenges are, and come up with ways to address that." "You have to be more aware in operating a store in a food desert," says Patrick Burns, president and CEO of The Fresh Grocer, a Drexel Hill, Pa.-based operator of seven Fresh Grocer and five Save-A-Lot stores. "We try to make people feel safe by having a pretty extensive camera system as well as security in the stores so that people feel safe while they are shopping. That is a little bit different than a suburban store."

Also different is the focus on employee training.

"We take an extra two and a half to three months training people for positions because we hire 90% of the employees from our neighborhoods, which is good because now they are customers but sometimes they are not familiar with the retail trade and we have to teach them the skill sets," Burns says. "You can't just drop them into a job and say 'run this cash register.' A lot of times you have to teach people to smile, say hello and thank-you, and things that young people today in general are lacking."

Recommendations are also another recruiting route. "We depend a lot on the community groups and churches in the area because we want to be a part of the fabric of the community," Burns says. "We ask them for their recommendations of good people that want jobs and are highly motivated, and that has been a big help."

The Fresh Grocer has been so successful in helping to revitalize its Philadelphia neighborhoods that expansion is in the works, with stores on tap for Howard University in Washington, D.C., and in a new transit hub being built adjacent to the train station in downtown New Brunswick, N.J. that will also include a Wellness Center operated by Robert Wood Johnson Medical Center.

"Our property actually falls between two food deserts, so while our exact location is not a food desert, The Fresh Grocer will help alleviate some of the lack of fresh produce in the adjoining food deserts," says David Shafer, executive vice president of WNC & Associates, the Irvine, Calif.-based investor that is helping develop the New Brunswick site in conjunction with developers Penn Rose and Devco. Because the project will be connected to the train station by a bridge, it is expected to serve New York City commuters as well as office workers in the nearby Johnson & Johnson corporate headquarters who take the train to work.

Originally dealing strictly in sponsoring affordable housing developments, WNC broadened its focus to include commercial projects when Congress passed the New Market Tax Credit in 2002. "New Market Tax Credits are used to invest in communities where businesses would not normally go without some sort of incentive," Shafer says.

Independent opportunity

While chains have made some efforts at opening food desert stores, it is often independents leading the charge. "There is a big opportunity for the independent grocer in both rural and urban communities to provide access to healthy affordable food where it does not exist today," says Peter Larkin, president and CEO of the Washington, D.C.-based National Grocers Association (NGA). To help its members best serve that population, last year NGA created a Healthy Task Force of about a dozen retailers and wholesalers who operate in food deserts to share their success stories and talk about obstacles to locating stores in food deserts.

"There are a lot of things that an independent operator has to understand and sometimes overcome to locate a store," Larkin says. "Putting together sufficient parcels of land can be difficult, particularly in an urban area. Very often zoning, permitting, and making sure if you are going to operate in a low-income area that you have a WIC license, SNAP license, and making sure there aren't any moratoriums or delays on getting those licenses are issues."

Larkin says independents are often better at adapting to specific neighborhood and ethnic needs than large chain operators. "We are members of the communities that we serve. We live there. We work there. We understand the community's needs so we can be more flexible and that is a big part of this issue and solving the problem," he says. "No two of these food deserts are exactly alike."

Often there isn't the population density or physical room for a 65,000-square-foot supercenter. That is where formats such as Supervalu's Save-A-Lot, which averages 15,000 square feet, come in.

"What is great about the Save-A-Lot model is that it can work in these different types of communities and successfully meet the needs of the populations that live there, so they can get a healthy diet at an affordable price," says Mike Erlandson, vice president, government affairs, at Supervalu, based in Eden Prairie, Minn. "About 60% of Save-A-Lot stores are licensed to individual operators, so you have local small businesses being supported by Supervalu as well."

The average store stocks some 3,500 SKUs. "We ensure that they carry items that may be unique to a specific ethnic community, including produce and fresh meat," says Mike Siemienas, a Supervalu spokesperson.

An added bonus is that very few locations are built from the ground up, with most being housed in former stores, car dealerships, factories and other buildings. "In general we try to open Save-A-Lots in brownfield locations," Siemienas says. "There is tremendous cost-savings involved and we can open in six months or less."

Supervalu currently operates more than 1,200 Save-A-Lots. "Over 400 of those are in areas that but for us being there would be food deserts," says Erlandson.

Still, many areas of the country continue to lack access to affordable groceries, perishables in particular.

"Overcoming the multiple hurdles inhibiting store development in areas deserving service requires the very best cooperative efforts of government, community and industry, and even then it takes time," says Leslie G. Sarasin, president and CEO of the Food Marketing Institute, based in Arlington, Va. "Meanwhile, many food retailers have responded to the magnitude and immediacy of this problem by thinking beyond brick and mortar solutions, offering imaginative ways to improve access to healthier food."

In Baltimore, for example, the city established a Virtual Supermarket Project at two public libraries in neighborhoods lacking supermarkets. Under the program, library patrons can order groceries online from the library's computers and pay with cash, credit or food stamps. Orders are filled by Santoni's, a local suburban supermarket, and delivered to the library the next day.

"In urban food deserts the majority of people do not have cars, and public transportation really isn't food friendly," notes Dr. Marty Meloche, associate professor of food marketing at St. Joseph's. "You don't want to be carrying a lot of frozen and refrigerated foods if you have two transfers on a bus."

Meloche sits on the board of Philabundance, the biggest wholesaler for food banks in the Philadelphia region. To address this issue, Philabundance started Fresh For All, a program where a truckload of produce is driven into 12 different neighborhoods each week and given away. "A person works the line and divides the amount of product given away by how many people there are," he says.

Philabundance also operates CFC (Community Food Cupboard) on 6th and Lehigh, a 1,000 square-foot store where items are given away free to the needy. "There is a limit on the number of items they can take and they go through a checkout, but we just weigh the food there and put it into a bag that the customer brings," Meloche says.

CFC and the trucks will likely continue to operate until more grocery stores open up in the area. "The idea of the truck is to provide produce for an area in which it is not provided," Meloche says. "If somebody came in and opened a store to service that area there are many, many other areas we can go to."

Once the industry is able to tackle the issue of supermarkets in the food desert, perhaps they can turn their attention to what Farmer Reese sees as another major problem in the Heartland: the lack of restaurants. "Restaurants are just gone," he says. "Marquette has a little restaurant, but it is only open two or three days a week. In Lindsborg, restaurants come and go like crazy. They just don't last."

One-stop review shop

Perhaps you can't fight city hall, but according to one developer, retailers seeking to build stores in urban food deserts should work closely with local governments and urge them to streamline the buildings approval process to facilitate the construction of new stores.

"Cities can do a number of things, like make grant money available and reset enterprise zones to give favorable tax treatments, otherwise known as Tax Incremental Funding, or TIF, programs," says John Connelly, a partner in Reading, Pa.-based MGM Realty. "They can work together with their representatives to encourage the states to issue or make available grant money for development in those blighted areas to help subsidize the high cost of construction that is more indicative of inner city development."

They can also ease up on the review process. "Cities can consolidate the review and approval process by implementing a one-stop shop program, whereby all city departments come together in one room and review the plans," Connelly says. "This way you don't have to go from one meeting to the next to the next. That can significantly cut that approval process in thirds or in some cases half."

Connelly knows from experience. He is redeveloping the old TastyKake plant in Philadelphia into Bakers Square, a project that includes a 71,000-square-foot ShopRite to be operated by Brown's Super Stores and has redeveloped a shopping center in Reading, Pa. that is anchored by a recently-expanded PriceRite, Wakefern Food Corp.'s low-price banner.

"It took us 30 days to get the approvals for the PriceRite expansion," Connelly says. "Bang. Done. And the people down in Philadelphia were shaking their heads going 'how the hell did you pull that off?' It's because the city of Reading has a one-stop shop program and Philadelphia doesn't. That's the difference."

High construction costs stemming from bureaucracy may be the greatest threat to force projects that seek to transform urban food deserts to dry up, Connelly says.

"There are a lot of stores interested in looking at the inner city," he says. "Some of the biggest hurdles and impediments of inner city development have been the cost associated with building. I can tell you that without the grants that we got from the governor and the state that the TastyKake project wouldn't have gotten off the ground because the numbers didn't work," Connelly says.

First Lady takes on food deserts

Sometimes it is best to have friends in high places. For those looking to banish food deserts in America, one cannot get much higher than First Lady Michelle Obama. She is trying to increase the presence of fresh produce, proteins and other nutritious foods across the country as part of her Let's Move campaign to eradicate childhood obesity, and held a press conference on July 21 with officials from Supervalu, Walgreens and others to talk about the problem.

The issue was brought to the forefront in 2010 when Jeff Brown, president of Brown's Super Stores and the nonprofit Uplift Solutions, both based in Westville, N.J., had a seat in the First Lady's box at the State of the Union Address. "They were recognizing me for the work I had done on food deserts," Brown says. "In the last couple of months I have been back at the White House. They recognized both my company and Uplift Solutions because now we are starting to bring our grocery clients to the White House and build that relationship as we are getting clients around the country to do this work."

The First Lady has established the Partnership for a Healthier America as a 501 (c) (3) organization to address obesity and food deserts.

"Last July we entered into an agreement with the First Lady and the Partnership for a Healthier America to address our nation's food deserts," says Mike Erlandson, vice president, government affairs, at Supervalu, based in Eden Prairie, Minn. "Craig Herkert, our CEO, pledged to her to build not less than 250 grocery stores in food deserts over the next five years. We're very excited about this partnership and have already opened 13 of these stores."

"Food desert stores have very strong growth potential, especially right now because of the push from Michelle Obama," says David Shafer, executive vice president, WNC & Associates, the Irvine, Calif.-based sponsor of affordable housing and other developments which is building a transit hub in downtown New Brunswick, N.J. that will be anchored by a branch of The Fresh Grocer. "She is obviously a very strong supporter of this and was instrumental in getting some of the legislation passed. I'm glad she did get involved because it really has heightened the need for fresh produce and other affordable foods into areas that don't have them."

In 2010 the First Lady visited The Fresh Grocer's Progress Plaza location in Philadelphia and was given a tour by Patrick Burns, president and CEO of the Drexel Hill, Pa.-based chain. "She has been a tremendous role model for America because what she has really brought to the forefront is childhood obesity, and also American obesity," Burns says. "What she has brought to the forefront is tremendous. She should be commended. She should get the Nobel Peace Prize."

Science project

Improved agricultural science may help green the food deserts, especially in rural areas where low population densities cause extensive shrinking in produce and other perishables, according to an industry expert.

"If you can extend the shelf life of produce for a week or two through different farming practices and methods, all of a sudden you are going to bring the price down and create availability and provide the opportunity for more people to access a wider range of healthy food choices," says Charlie Arnot, CEO of Center of Food Integrity, a Kansas City, Mo.-based non-profit that seeks to build trust and confidence in the food system.

"If you are not in a high-volume store, the likelihood of you having access to the variety of fruits and vegetables that you want is limited," Arnot says. "Being able to extend the shelf life and provide greater variety encourages people to make greater choices about food, which then supports the healthy diet with more balanced options."

Improved food science is needed to prevent widespread hunger from a global perspective, since the world welcomed its 7 billionth citizen in October, according to the United Nations. "We have to double food production by the middle of this century or we're not going to have enough food for 300 million people, which happens to be roughly the population of the United States today," Arnot says.