



## Closing the grocery gap in low-income areas

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For more than a decade, the residents of the Old North St. Louis neighborhood—41 percent of whom do not have a car—had to travel several miles to buy fresh food. Their neighborhood corner store stocked little more than snack foods and liquor. It's a common problem that the Obama administration wants to resolve with the [Healthy Food Financing Initiative](#), which aims to open grocery stores in underserved communities. While the legislation, introduced in 2010, won't be considered until later this year, many communities, like Missouri's Old North St. Louis, are getting a jump start.

This urban grocery desert came to life last July when the neighborhood opened its first community-run grocery, the [Old North Grocery Co-op](#). The former horseradish factory is now a sweet-smelling 1,500-square-foot store that sells fresh fruits, vegetables, dry goods and groceries, as well as meat from local farmers and ranchers.



The impetus for the co-op's creation came from a neighborhood nonprofit called the [Old North St. Louis Restoration Group](#), which created a community garden and a farmers' market. The nonprofit contacted the University of Missouri Extension office for help. "It was a new journey for both of us," says Kara Lubischer, a community development specialist with the [University of Missouri Extension](#). "Opening a neighborhood grocery seemed like a logical next step."

For a start-up, the store has strong financial bones thanks to \$400,000 in grant money from the [Missouri Foundation for Health](#) and [The Greater St. Louis Regional Empowerment Zone](#). "They have little to no debt because of the grants. When the grant money runs out, in late 2012, the goal is to be fully self-sufficient," says Lubischer. The co-op is open 20 hours a week and employs a full-time manager and two part-time workers. As of early October 2010, it had 52 members, although anyone can shop there.

## The Philadelphia model

The Old North St. Louis neighborhood was hardly alone in its problem. A 2009 study by the [U.S. Department of Agriculture](#) found that 23.5 million people live in low-income areas with no supermarket within a mile of their home. It's a disparity that hits minority communities the hardest. Most of these "food deserts" are found in economically distressed areas, served only by fast-food restaurants and convenience stores. It is well known that lack of access to fresh foods can lead to obesity and other diet-related disorders, such as diabetes, heart disease and cancer.

"There is a myth out there that supermarket owners cannot make money in low-income areas," says Yael Lehmann, executive director of [The Food Trust](#), a nonprofit formed in 1992 to address the shortage of healthy food options in Philadelphia's inner city.

“The truth, though, is that they can. But supermarkets operate on thin profit margins, and just opening the doors can be very expensive. It may be land is more expensive; it can be security concerns; it can be workforce training,” he says. “What our initiative does is say to supermarket owners: ‘Here is grant money, here is loan money; this can offset additional costs of opening your doors in the first place. If we can just help you open your doors, we know you’ll make money once you’re open.’”

A national study in 2000 found that Philadelphia had the second-lowest number of supermarkets per capita of major U.S. cities. In response, the state of Pennsylvania appropriated \$30 million in a three-year period, which was leveraged to create a \$120 million program called the Fresh Food Financing Initiative, run by The Food Trust and another nonprofit, [The Reinvestment Fund](#).

Since then, the initiative has supported 88 grocery projects (only seven of which have failed), bringing fresh food to nearly 500,000 people in 34 Pennsylvania counties. Copycat programs followed suit in New York, Illinois, Michigan, Louisiana and New Jersey. Harvard University named the initiative one of the nation’s most innovative government programs in 2008, and the Obama administration hopes The Food Trust will serve as a national model for building more robust communities. (See “The Obama healthy grocery cart initiative.”)

## Enter the big grocers

Small community co-ops and farmers’ markets are springing up nationwide, but chain grocers have also begun rethinking their big-box suburban business models, which typically rely on high-priced specialty items to meet their profit margins.

Founded in 1996, the [Fresh Grocer](#) is known for operating its eight stores in poor neighborhoods of Philadelphia and Wilmington, Del. The company’s goal is stated plainly on its website: to provide “high-quality perishables in an urban environment.”

Another urban grocery pioneer is New Jersey-based [Brown’s Super Stores](#). President and CEO Jeffrey Brown, a fourth-generation grocer, and his wife, Sandy, operate 10 ShopRite supermarkets, five in low-income urban areas. They became passionate about the food desert problem seven years ago, inspiring them to create a nonprofit in 2009 called UpLift Solutions.

[UpLift Solutions](#) strives not only to improve access to affordable healthy foods in urban areas, but also to assist the elderly by providing home delivery of groceries and medications. In addition, the nonprofit donates money to other community-betterment programs.

UpLift Solutions was recognized by President Obama and Michelle Obama during a State of the Union address for its work in helping get guns off the streets, as well as rehiring ex-convicts and providing job training. Brown’s Super Stores is now attempting to create an in-store health clinic, which the Browns hope will become a national model. In other words, the groceries’ mission is much larger than just selling food.

Though [ShopRite](#) is a mainstream chain, Jeffrey and Sandy Brown say smaller, independent grocers can play a big role in helping improve the health of urban communities. “The more ways we can tackle the problem, the better. Living in a place where the government is behind you, with funds for start-up costs and support for tax credits—that can be half the battle,” says Jeffrey Brown.

In its recent comprehensive report [The Grocery Gap](#), The Food Trust urges a similar diversified approach. “Successful policies and programs need to be replicated and brought to a greater scale to increase healthy food access,” the report concludes. “Now is the time for bold, nationwide efforts to ensure that healthy

food choices are available to all.”

## How big is the problem?

**20 percent** of rural U.S. counties are “food deserts”— where all residents live more than 10 miles from a supermarket or supercenter.

Nationally, low-income ZIP codes have **30 percent** more convenience stores—which tend to lack healthy items—than middle-income ZIP codes.

In Mississippi—which has the highest obesity rate of any state—more than **70 percent** of residents eligible for food stamps travel more than 30 miles to reach a supermarket.

In New Mexico, the same basket of groceries costs **\$85** for rural residents and **\$55** for urban residents.

8 percent of blacks live in a census tract (a metropolitan area or portion of a county) with a supermarket, compared with **31 percent** of whites.

For every additional supermarket in a census tract, produce consumption increases by **32 percent** for blacks and **11 percent** for whites.

### The Obama healthy grocery cart initiative

President Obama wants America to shop healthy. On Feb. 19, 2010, the administration announced a \$400 million investment in the Healthy Food Financing Initiative to bring groceries to the underserved. If passed in the 2011 budget, the initiative will be a joint effort by the U.S. Treasury, Agriculture, and Health and Human Services departments. To kick it off, first lady Michelle Obama visited Fresh Grocer, a \$15 million store that opened in North Philadelphia in December 2009. The impoverished neighborhood had not had a grocery store in 10 years.

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