



## Healthy Food Financing Policy Statement October 2012

### **AHA Position:**

Providing access to healthy foods in all communities across the United States is a priority for the American Heart Association. Several policy strategies attempt to accomplish this important goal, including healthy food financing. In 2009, the US Department of Agriculture mapped out the nation's access to supermarkets and grocery stores and found that about 2.3 million households are in areas considered "food deserts."<sup>1</sup> Healthy food financing addresses this issue and is the effort to bring full-service grocery stores or supermarkets to rural and urban communities to provide equitable access to healthy foods such as fruits and vegetables, low-fat dairy, whole grains, seafood, and lean meats. Led by Pennsylvania's Fresh Food Financing Initiative that began as a result of public/private funding in 2004, other states and cities are now pursuing these programs. The economic impact and community development resulting from these projects has been significant. Since the efforts are relatively new, evidence on the health impact is still accumulating. Several larger cross sectional studies have found that greater accessibility to neighborhood supermarkets is associated with more healthful dietary habits and lower body weight.<sup>2,3,4,5,6,7,8,9,10,11,12</sup> However, some studies have not found an impact on obesity or other health factors.<sup>13,14,15,16,17</sup> Further analysis of the health impact of these initiatives should be incorporated into evaluation of healthy food financing projects.

The AHA supports Healthy Food Financing initiatives at the federal, state and local level, especially those that integrate in-store and out of store marketing tactics and strategies to help shoppers choose more nutritious foods once the stores are built or renovated. These marketing techniques incorporate product, pricing, placement, and promotion<sup>18</sup> and would include healthy products placed at eye level, limiting unhealthy options at checkout aisles,<sup>19</sup> promoting quality, affordable, fruits and vegetables and other healthy foods in prominent locations, creating store atmospherics that promote healthy choices, developing consumer familiarity and trust, effective supermarket layout, in-store activities such as cooking demonstrations or tours with a registered dietitian for healthy shopping, menu labeling for ready-to-eat foods, as well as out-of-store shopper marketing for healthy foods, such as coupons, advertisements, and digital and social media. Community residents, including youth and low-income, multicultural shoppers should be engaged in developing these healthy, affordable in-store and out-of store healthy food marketing strategies.

### **Background:**

Urban and community planning are important areas for public health advocacy. Several studies have found that the way communities are designed and developed impacts access to healthy foods and physical activity opportunities and correlates with obesity. There is a disparate prevalence of urban corner stores in low-income and high-minority communities and purchases from these stores contribute significantly to higher energy intake and consumption of less healthy foods and beverages by urban school children.<sup>20</sup> Projects such as farmers' markets, community gardens, promotion of culturally specific foods for ethnic minorities and Native Americans, local food production and promotion, and youth agricultural and

culinary training programs are all important means to address healthy food access, affordability, and behavior choices in communities. Better neighborhood resources such as safe sidewalks, green spaces, parks, public transportation, and ready access to fruits and vegetables leads to as much as 38% less risk for developing diabetes when these communities are compared with those that do not have these resources.<sup>21</sup>

According to the Food Marketing Institute, there are about 65,000 supermarkets and other grocery stores in the United States with a combined annual revenue of approximately \$550 billion, positioning retailers as potential leaders in addressing the nation's obesity epidemic, especially for underserved communities. Supermarkets and supercenters make up less than a quarter of the Supplemental Nutrition Assistance Program (SNAP) retailers, however more than 83 percent of SNAP benefits are spent in these stores making them a critical resource for low-income shoppers.<sup>22</sup>

Full-service supermarkets and grocery stores may offer economic development, jobs, and a large variety of healthier foods to local communities and neighborhoods. The Pennsylvania Fresh Food Financing Initiative (FFFI) is a public private partnership and designed to meet the financing needs of supermarket operators who want to operate in underserved communities, where infrastructure costs and credit needs are often higher and unmet by conventional financial institutions. FFFI provides grants and loans to qualified food retail enterprises for predevelopment costs including, but not limited to, land acquisition financing, equipment financing, capital grants for project funding gaps, construction and permanent finance, and workforce development.<sup>23</sup>

As of January 2007, FFFI had committed nearly \$38.9 million in grants and loans to 50 stores across the state, ranging in size from 900 to 69,000 square feet. In total, these projects brought 3,723 jobs and over 1.2 million square feet of fresh food retail across Pennsylvania.<sup>18</sup> These supermarkets have served as retail anchors, and provided access to nutritious food at affordable prices. The initiative has helped new supermarkets get off the ground and existing ones refurbish and replace old capital to improve efficiency and lower costs. The FFFI is a program of Pennsylvania's Department of Community and Economic Development, managed by The Reinvestment Fund, The Food Trust, and the Greater Philadelphia Urban Affairs Coalition, and is anticipated to become a \$120 million effort for financing fresh food retailers in underserved areas.

Since Pennsylvania's program was initiated, several other states including New York, Louisiana, Illinois, Arizona, Georgia, Maryland, Massachusetts, New Jersey, Tennessee, Texas, Mississippi, and Minnesota, have developed or are working to establish fresh food financing programs. At the same time, there is a Healthy Food Financing Initiative (HFFI) at the federal level led by Policy Link and the Food Trust and supported by many national, state, and local organizations and the First Lady's Let's Move Campaign. Since HFFI's launch, \$77 million has been allocated from the Treasury Department, the Department of Health and Human Services, and other agencies and federal initiatives to provide critical loan and grant financing to help fresh food retailers overcome the higher initial barriers to entry into underserved, low-income urban, and rural communities. The initiative also supports renovation and expansion of existing stores to provide healthy foods. They are one-time grants and loans so it is important that there is a plan for sustainability once the initial funding is spent. Members of Congress have become interested in this issue, introducing it in either stand-alone bills or in existing legislation.

Like all businesses, supermarkets and grocery stores must adapt to consumer preferences and trends so an increasing demand for healthier products will drive their business strategies. The Food Marketing Institute's 2010 *US Grocery Shopper Trends* report<sup>24</sup> highlights several trends that show consumers are asking for healthier foods. Shoppers believe that eating at home is a healthier choice and also saves them money. Their top three reasons for choosing a supermarket or grocery store are price, high-quality fruits and vegetables and items on sale or money-saving specials. Supermarkets are positioned to help

consumers save money and make healthier choices. However many current practices contradict this leadership opportunity: a plethora of soda, candy and chips at strategic high visibility locations in the store with healthy foods toward the back, a predominance of advertisements and marketing for less healthy foods, unhealthy foods displayed in check out aisles, product advertisements on equipment, and a lack of healthy food promotions and signage in produce areas.<sup>25</sup> Several researchers (e.g. RAND, The University of Pennsylvania, Temple University's Center for Obesity Research and Education) are currently doing studies trying to identify the best ways to shift shoppers' behavior toward buying healthier foods in the real-life setting of the store with all the corresponding demands on their time and personal resources. This research will continue to inform retailers' marketing efforts and help shoppers make healthier purchases.

### **Conclusion:**

The American Heart Association supports healthy food financing initiatives at the local, state, and federal level especially those that integrate in-store and out of store marketing strategies to increase the availability and affordability of healthy foods once stores are built or renovated in order to help shoppers choose healthy foods. Members of the community should be involved in creating these marketing strategies. Plans for sustainability should be in place since HFFI projects are typically one-time grants or loans. Evaluation should be incorporated into these initiatives to assess not only economic impact and community revitalization, but also the health impact and consumer purchasing behavior in communities, especially for disparate populations.

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