Across the country, local governments are developing and implementing a wide range of policies, programs, and projects to incentivize access to and purchase of healthy food for their residents. Community members, especially low-income residents and people of color, may face multiple barriers to accessing and purchasing healthy food, from a lack of healthy food retail outlets in their neighborhoods to affordability challenges for fresh foods. Local governments can take action to help overcome these access and economic barriers. In addition to improving residents’ health and quality of life, these actions can promote economic development and community revitalization within communities. Policies, programs, and projects that further the availability, purchase, and use of local food sources can boost local economic benefits and help build local food networks by connecting consumers to local farmers and food-related businesses, and increasing market demand for local products. By incentivizing access to and purchase of fresh, healthy, local food, local governments can make progress towards a number of social, health, and economic community goals.

Significance

A healthy food system is a cornerstone of a healthy society, but the U.S. food system faces challenges. More than one-third (34.9 percent, or 78.6 million) of U.S. adults and 17 percent (12.5 million) of U.S. children suffer from obesity, along with associated negative impacts to mental health and quality of life and increased risks of diet-related diseases, including heart disease, stroke, type 2 diabetes, and certain types of cancer. Community efforts to support healthy eating are key in combating the obesity epidemic. Getting enough to eat can also be a challenge. In 2014, 14 percent of U.S. households, including 7.9 million children, experienced food insecurity, with disproportionately higher rates among single-mother, black and Hispanic, and low-income households. Of these food-insecure households, 61 percent participated in one or more federal food and nutrition assistance programs, including the Supplemental Nutrition Assistance Program (SNAP; formerly the Food Stamp program) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Paradoxically, food insecurity has been linked to obesity, especially among women, as it exacerbates overconsumption of cheaper, energy-dense processed foods that are high in calories but low in nutrients. Lack of access to affordable fresh, healthy food is a growing part of this problem; in 2010, 29.7 million people lived in low-income areas more than one mile from a supermarket, up from 23.5 million in 2006.

The agriculture, food production and retail industries are likewise key to the economic health and growth of communities. Food retail outlets from supermarkets to bodegas provide multiple economic benefits to the neighborhoods they serve, generating jobs and income for residents, increasing property values of nearby homes, and acting as economic drivers in both urban and rural communities through direct employment, local taxes, charitable giving, and multiplier effects. Efforts to encourage corner stores to stock healthy, fresh foods have been shown to result in increased fresh food consumption by residents and higher profits and customer traffic for store owners. The production and sale of locally grown healthy food, through local sourcing by retail outlets or direct sales through farmers markets and Community Supported Agriculture, offers important economic, social, and recreational benefits to farmers, consumers, and communities.
By incentivizing access to and the sale of healthy food, local governments can support a wide range of community health, social, and economic goals. Financial and regulatory incentives can increase community-wide sources of healthy food and help offset the often-higher prices of those foods, making the healthier food choice an easier choice, especially among the most vulnerable and marginalized populations. Incentivizing healthy food retail in underserved areas brings associated economic benefits and can help spearhead community revitalization efforts through reinvestment in these areas. In addition, local government support of local sourcing of healthier foods can help meet economic development goals of supporting local farmers and food-related businesses, keeping food dollars spent within the community.

Promising Practices

Local governments across the country are increasingly exploring incentives to support access to and purchase of healthy — and, when possible, local — food for their employees, residents, and neighborhoods. Cities and counties can support the sale of both healthy and local foods to residents through several programmatic and regulatory approaches.

INCENTIVIZING THE SALE OF HEALTHY FOOD

One way that local governments can increase residents’ access to healthy foods is through offering financial and regulatory incentives to increase the number and reach of retail outlets that sell fresh, healthy foods. The federal government has recognized the important health and economic benefits that supermarkets can bring their neighborhoods through President Obama’s 2010 Healthy Food Financing Initiative (HFFI), which initially offered $400 million in funding to develop and equip grocery stores and other healthy food retailers to underserved urban and rural communities. Since 2011, HFFI financed more than 200 successful projects in over 30 states, created or retained more than 3,000 jobs, and leveraged over $1 billion in grants, loans, federal tax incentives, and investments from financial, health care and philanthropic institutions. HFFI is now included in the U.S. Farm Bill and housed within the United States Department of Agriculture.

Financial and Regulatory Incentives for Grocery Store Development

To further encourage the economic and community health benefits that result from grocery store development in underserved areas, several local governments have adopted their own incentive programs. In 2000, Washington, D.C. passed the Supermarket Tax Exemption Act (DC Law 13-166), which offers grocery stores located in designated Priority Development Areas ten-year waivers on real property taxes, business license fees, personal property taxes, and construction material sales and use taxes. Building on this, the Food, Environmental, and Economic Development in the District of Columbia (FEED) Act of 2010 created additional incentives and assistance for new grocery store developments and renovations in lower-income parts of the city: a competitive grant and loan process for eligible grocery store projects, a “grocery ambassador” in the planning and economic development office, fast-track permitting and review to help grocery stores through the development process, and density bonuses and other zoning flexibility for eligible grocery store developments. In New York City, the 2009 Food Retail Expansion to Support Health (FRESH) Program promotes the establishment and retention of neighborhood grocery stores in underserved communities throughout the city: the Department of City Planning offers zoning incentives, which include additional development rights, reductions in required parking, and by-right approval for larger stores in light manufacturing districts, and the city’s Industrial Development Agency offers financial incentives, including 25-year land tax abatement and building tax stabilization, a sales tax exemption for construction materials, and a partial deferral of mortgage recording taxes for project financing. Since launching, 19 FRESH projects have been approved and are expected to provide about 586,000 square feet of new or renovated space, retain more than 500 jobs, and create over 940 new jobs; this represents an investment of approximately $80 million across the city.

Direct Financial Support for Individual Grocery Store Development

In lieu of passing sweeping financial incentives to attract grocery store developers to underserved areas, several local governments have worked to support the development of individual grocery stores on a case-by-case basis. In Marquette, Michigan, the city commission approved a Commercial Rehabilitation Exemption Certificate for an organic food cooperative in 2014, which provided the coop with a five-year property tax abatement on store improvements as well as eligibility for additional state funding. In rural Lea County, New Mexico, the county commission provided the small town of Tatum with $50,000 to help refurbish a grocery store space within a town-owned building. The county’s economic development corporation helped the town find a new operator for the store, which opened in 2008; rural residents no longer have to drive 20 miles to do their grocery shopping.

Incentive Programs for Healthy Food Retail in Corner Stores

Besides promoting the development or expansion of grocery stores and supermarkets, local governments can provide financial, programmatic, and regulatory incentives to promote healthy food sales at corner stores. In Washington, D.C., the FEED Act described above also established the Healthy Food Retail Program, through which the District’s Department of Small and Local Business Development contracted with a local agency to deliver discounted fresh and healthy produce to 33 small corner-store retailers, along with free equipment, nutritional counseling, and business development and marketing assistance. In Minneapolis, the city’s Health Department launched the Healthy Corner Store Program in 2010 to combat low compliance rates with the 2008 Staple Food Ordinance (amended in 2014), which requires all grocery stores within the city to offer minimum quantities in ten different categories of fresh, healthy food items, including fruits and vegetables, meats and vegetable proteins, breads or cereals, and dairy products or
Incentivizing the Sale of Healthy and Local Food

Substitutes. Through the program, staff and a grocery consultant worked one-on-one with participating stores to offer trainings; marketing assistance and in-store promotional supplies worth $100; procurement coordination for fresh, healthy food sales; and low-interest loans for new coolers or mechanicals to stock healthy foods. In 2013, participating storeowners reported increasing their percentage of produce sales by 155 percent. 

In 2014, the Denver Department of Environmental Health launched the Healthy Corner Store Initiative pilot project. Staff worked with six corner stores to help them procure, market, handle, and price healthy foods, including fresh local produce. The department secured additional funding in 2015 and plans to have 50 stores enrolled in the program by 2017. Perhaps the most well-known of these initiatives is Philadelphia’s Healthy Corner Store program. Launched in 2004 by nonprofit organization The Food Trust, the program really took off after the city’s Public Health Department joined the program as a partner in 2010. By 2014, 660 corner stores in the city had joined the Philadelphia Healthy Corner Store Network, offering 25,000 healthy products to neighborhood customers. The program offers a range of incentives to participating store owners, including a $100 participation incentive for new healthy inventory changes, free marketing materials and trainings, and free shelving and refrigeration equipment for healthy products.

Incentives for Grocery Delivery to Underserved Residents

Local governments can also play a role in helping to get groceries delivered to residents. The Baltimarket program offers a Virtual Supermarket, run by the Baltimore City Health Department in partnership with grocery chain ShopRite, through which residents can order groceries online and have them delivered free of charge to designated public housing, low-income senior housing, or library sites. The program also offers a $10 bonus for participants to spend on healthy foods with initial order placement and on six holidays throughout the year.

Incentivizing the Sale of Healthy, Local Food

The programs and policies listed above can play an important role in helping to increase healthy food access to low-income communities and people of color, but local governments can go further in maximizing the impacts of their efforts. Policies and programs that pair healthy food access with local food sources not only improve community health by increasing the purchase of fresh, healthy food by residents, they also strengthen local food systems and support local farmers by expanding markets for local foods and increasing residents’ ability to purchase these products.

Incentive Programs for Farmers Markets

One approach that increases the sale of healthy food, while combatting food insecurity among low-income residents and directly benefits local farmers, is farmers market SNAP-based incentive programs that provide SNAP participants with matching funds to purchase SNAP-eligible food items. Private organizations have leveraged foundation and federal funding for such programs for years, with impressive results. For example, Michigan’s Double Up Food Bucks program was started in 2010 with funding from George Soros’s Open Society Foundations Special Fund for Poverty Alleviation in Michigan, and in 2015 received a $5.1 million grant from the USDA’s new Food Insecurity Nutrition Incentive (FINI) grants program. Offering a one-to-one match for SNAP recipients to purchase fruits and vegetables at farmers markets throughout the state, the pro-
gram has boosted SNAP dollars spent at farmers markets from $16,000 in 2007 to $1.6 million in 2014, supported the purchase of more than 4 million pounds of healthy food by low-income families since 2009, and increased sales and new customers for more than 500 Michigan farmers.28

With such positive results amply demonstrated by these privately and federally funded programs, local governments are starting to see the benefits of using public funds to invest in and sustain such programs to promote better health among their residents. Some are taking action. Seattle’s Fresh Bucks program, a collaboration of the Seattle Office of Sustainability and Environment, the Washington State Farmers Market Association, and Seattle’s farmers markets that launched in 2012, provides low-income residents with $10 in “Fresh Bucks” vouchers to purchase fruits and vegetables when they spend $10 in SNAP benefits at a farmers market or farm stand. The extra buying power increases fruit and vegetable purchases by food-assistance recipients and encourages their shopping at local farmers markets; local farmers benefit directly from increased sales. A 2013 evaluation found that more than 3,000 low-income shoppers benefitted from more than $74,000 in increased purchasing power for fruits and vegetables, including 1,144 shoppers who used SNAP benefits at a farmers market for the first time. Ninety percent of shoppers surveyed said they had increased their consumption of fruits and vegetables. Based on the USDA’s economic multipliers for SNAP, the Fresh Bucks program generated $270,290 in local stimulus to the economy.29

In 2014, more than $100,000 in Fresh Bucks were distributed to EBT shoppers at 16 farmers markets and 5 stands between May and December, benefitting local farmers by more than $245,000; the program became year-round in 2015.30 The program was launched with private funding, but the city now contributes $150,000 annually from its general fund along with staff time. The Seattle municipal government recognizes the value in subsidizing a system that both increases healthy food consumption and supports local farmers, and is looking for sustainable funding streams to fund the entire $200,000 program budget.31, 32

Encouraged by the Douglas County Health Department, LiveWell Lawrence, and the city’s Food Policy Council to address the issue of access to healthy food, local government officials in Lawrence-Douglas County, Kansas, launched the Market Match program in 2014. The program was started with funding from the City of Lawrence, Douglas County, and LiveWell Lawrence, a local community health coalition, and offers dollar-for-dollar matching of up to $25 for SNAP recipients to use at farmers markets. In the program’s first year, the city and county matched $9,000 in SNAP benefits at two farmers markets, equating to approximately $18,000 worth of sales for local farm vendors. Survey results showed that 80 percent of Market Match participants strongly agreed that the program influenced their decision to shop at the farmers market, and 100 percent of vendors agreed that the program positively influenced their farmers market revenues. In 2015, the program received $40,000 in funding support from the city government, the Kansas Health Foundation, and the Topeka Community Foundation, and is expanding to 5 additional markets in the region.33,34
Incentivizing the Sale of Healthy and Local Food

Growing Food Connections

Incentives for Community Supported Agriculture

There are other ways in which local governments can incentivize residents’ purchase of healthy foods while directly benefitting local farmers. In the Community Supported Agriculture (CSA) model, shareholders purchase a subscription from a farm and receive regular allotments of produce from that farm throughout the growing season. Farmers and consumers are seeing the benefits of using the workplace as a convenient frame within which to market and coordinate delivery of CSA shares to subscribers. Along these lines, in Lawrence, Kansas, the City’s employee health program (called CHAMP) partnered with area farms to offer a CSA drop-off site in two city buildings for employees who want access to fresh, locally produced fruits and vegetables. Though the city does not provide direct financial support for the program, it helps market the CSA to employees and offers the option to pay for the CSA share through payroll deductions over 20 weeks. Local governments can further promote the purchase of healthy food by offering financial incentives for these programs, as is the case in Baltimore. In 2014, the city negotiated with the Managerial and Professional Society of Baltimore (MAPS) union, a labor union representing City of Baltimore employees, to create the Homegrown Baltimore Employee Wellness CSA, the first program of its kind in the U.S. Union members may participate in a community supported agriculture program (CSA) or farm share as part of their wellness benefit, receiving a reimbursement of up to $250 of CSA share costs.

Local governments can also support programs that connect their residents with subscription shares of fresh, local food. In Seattle, the Good Food Bag program, a partnership between the city, Seattle Tilth, and the United Way of King County, subsidizes half the cost of weekly or biweekly bags of local organic produce for members of childcare programs in Southeast Seattle who have limited financial resources or inadequate access to food. The City of Staples, Minnesota, and the Todd County Health and Human Services Department partnered with community organizations for the Lakewood Health System’s 2014 Choose Health pilot program (administered by regional planning organization the Region 5 Development Commission), in which food-insecure families identified by hospital and clinic staff received a free CSA share from a local farm from June through October, along with pantry staples, kitchen tools, and cooking demonstrations. Program participants reported outcomes of increased fruit and vegetable consumption and better health.

Regulatory Incentives for Direct Retail of Local Food

Onerous regulations can inhibit direct sale of local food. Modifying these local regulations can increase access to healthy, local foods in low-income areas by making it easier and less expensive for farmers to sell fresh and affordable produce to these areas. In Minneapolis, the Mini-Market Project & Ordinance (2011-Or-095) amended the city’s Food Code to make it more flexible and streamlined for smaller farmers markets. The code introduced the concept of a “mini-market,” or Local Produce Market, to streamline permitting and eliminate business license requirements for smaller farmers markets with five or fewer vendors.
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Farmers selling their own produce in low-income neighborhoods, \(^44\), San Jose, California, followed Minneapolis’ lead, and in 2012 passed a zoning ordinance amendment to streamline permitting requirements for farmers markets within the city to support General Plan goals of increased access to healthy food. “Small Certified Farmers Markets” with 15 agricultural vendors and up to three nonagricultural vendors are now permitted by right in most zoning districts with a special use permit. \(^46\) In the community food market (previously known as “pocket market”) concept gaining popularity in Vancouver, British Columbia, nonprofit community organizations act as “brokers” to sell fresh and/or locally-prepared fruits and vegetables to the public in small, portable local food markets with 10 or less stalls or booths at community centers, churches, social service centers, provincial housing sites, and similar locations in underserved neighborhoods. \(^47\) The city’s Greener City 2020 Action Plan and Vancouver Food Strategy set a goal of increasing the number of farmers markets from 11 to 22 and community food markets from 14 to 20 by 2020. \(^48\) In 2014, the local government adopted a planning administrative by-law that allows community food markets meeting established criteria to operate without additional land-use approvals, supporting that planning goal. \(^49\)

Local governments can also amend their ordinances to make it easier for mobile vendors to sell fresh produce in underserved areas. In Pennsylvania, the Lighten Up Lancaster County coalition first worked with the City of Lancaster to make changes to the local vending ordinance, and then helped local farmers obtain Mobile Market Vendor Application approvals to sell fresh produce at three sites within low-income areas of the city. \(^50\), \(^51\) In Minneapolis, the city amended its business licensing regulations regarding mobile markets in 2014. Previously limited to prepackaged food sales in designated senior citizen high-rises, mobile food stores may now locate in the parking lots of commercial, industrial, or high-density residential properties and must sell at least 50 items of at least seven varieties of fresh fruits and vegetables. \(^52\) Several vendors were poised to begin selling fresh fruits and vegetables at low-income sites within the city following passage of the ordinance. \(^53\)

Recommendations

Local governments can choose from a wide range of programmatic, financial, and regulatory strategies to incentivize the sale of fresh, healthy, and/or local foods to residents, especially low-income populations or people of color disproportionately affected by diet-related health issues. Local governments can help expand healthy food retail options within their communities by offering incentives for grocery store and supermarket development in underserved areas, finding funds to support individual food retail outlets, and supporting corner stores in selling more healthy foods. They can also lower the costs of fresh local produce for low-income community members while boosting local farmers’ incomes through incentive programs that offer extra buying power for SNAP recipients at farmers markets or help to subsidize CSA shares for employees or families in need. In most cases, partnerships with community organizations or the private sector have been key in getting new programs and regulations off the ground, and in some cases implementation by the private sector or foundation work has paved the way for municipal efforts.

Local governments should be creative, flexible, and innovative in exploring the many ways in which they can reduce access and economic barriers to healthy food among their residents, especially those most in need, while at the same time increasing economic opportunities for local farmers and food producers. Encouraging healthier eating can help communities meet important social, health, and quality-of-life goals, and making connections to local farmers and food producers through policies that promote healthy and local foods can help meet economic development goals and grow markets for these businesses and entrepreneurs.

Method

The information contained in this brief was gathered through Growing Food Connections’ Communities of Innovation research, as well as additional research completed for the writing of this brief. For more information visit: http://growingfoodconnections.org/research/communities-of-innovation/.
Endnotes


17 District of Columbia Department of Small and Local Business Development. “Healthy Food Retail.” http://dslbd.dc.gov/service/healthy-food-retail


19 Minneapolis Health Department. “Staple Foods Ordinance.” www.minneapolismn.gov/health/living/eating/staple-foods

20 Minneapolis Health Department. “Healthy Corner Stores.” www.minneapolismn.gov/health/living/eating/new%20cornerstores


39 Eileen Horn, Sustainability Coordinator, Douglas County and City of Lawrence, Kansas. Telephone interview, February 4, 2014.
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