



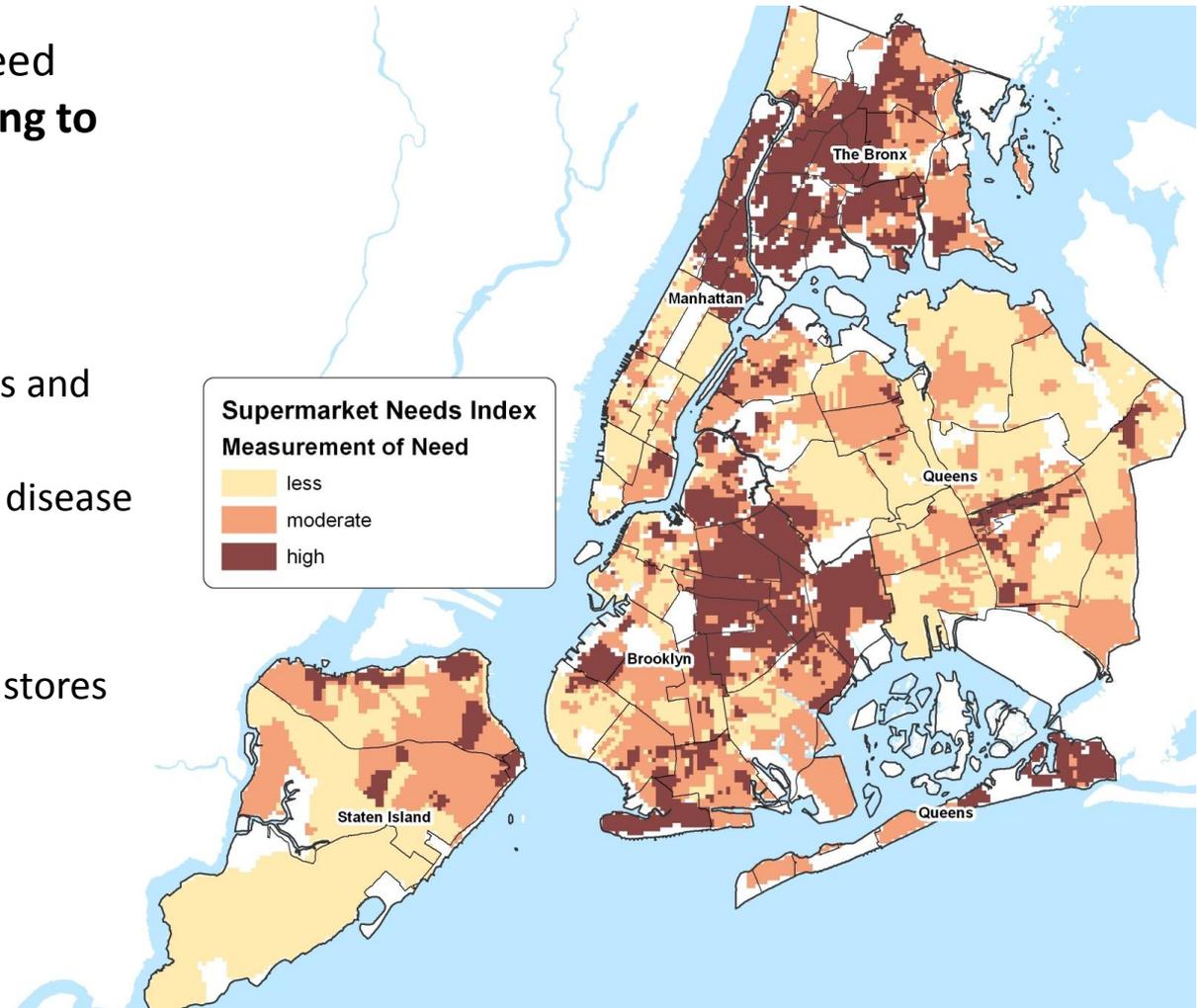
Joanna Frank | Director, FRESH Program | September 2011

Supermarket Needs Index (SNI) – 2009

Identifies Neighborhoods Lacking Healthy Food Supply

Characteristics of High-Need Areas identified in **Going to Market Study**:

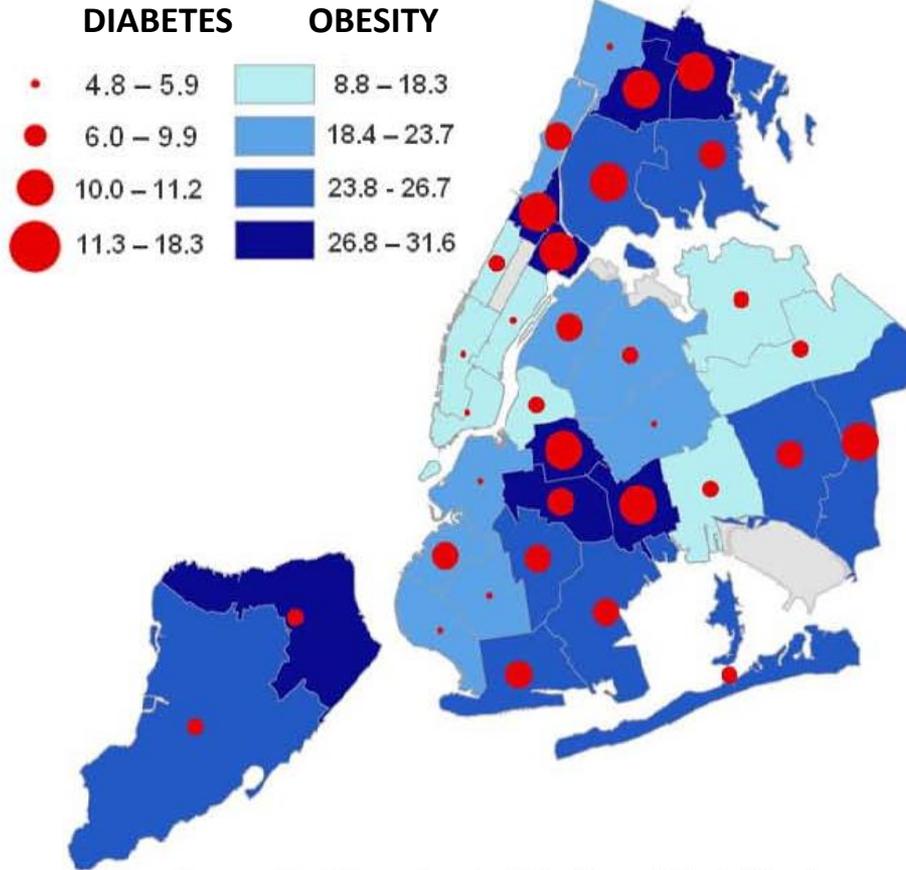
- Poor fresh food access
- Low car ownership
- Low consumption of fruits and vegetables
- High rates of diet-related disease
- Low household incomes
- High population density
- Capacity for new grocery stores



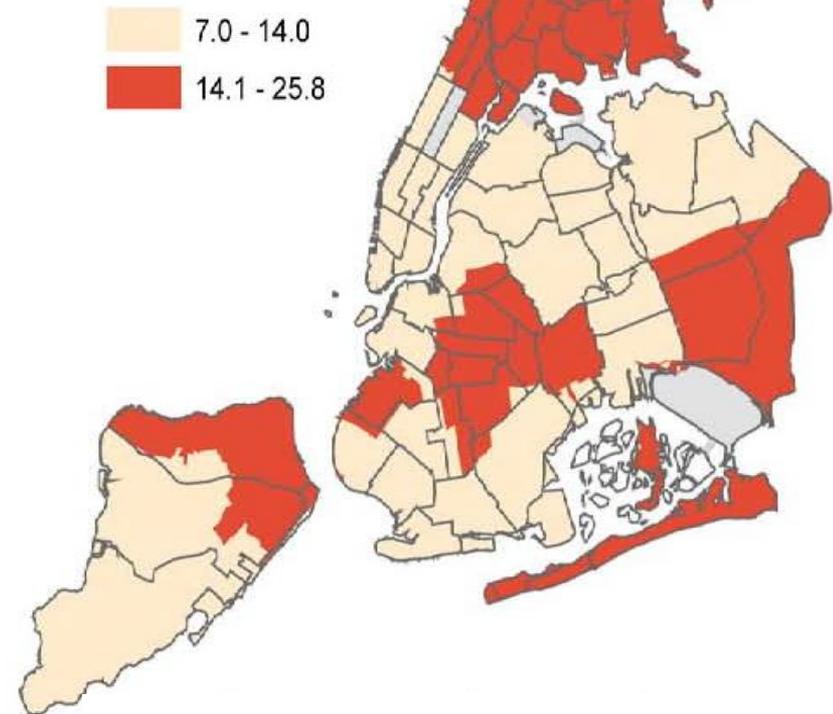
Source: New York City
Department of City Planning

Lack of Healthy Food Access Correlates with Higher Rates of Obesity and Diabetes

Percent residents with:



Percent residents reporting that in the previous day they ate no fruits or vegetables :



Source: NYC Department of Health and Mental Hygiene

Challenges to Creating Supermarkets in Underserved Areas

Challenge

1. Supermarkets generally pay lower rent than other retailers of comparable size

2. Supermarkets require large, contiguous space on the ground floor

3. Supermarket space has specific requirements that effect the design of a building

4. Supermarket Use has a higher parking requirement than other retail, adding expense to a project

Solution

1. ***Lower overall monthly expenses to support high rents*** - tax incentives

2. ***Provide incentives to make the supermarket use the highest value use to a developer*** - zoning incentives

3. ***Facilitate connections between supermarket industry and developers*** in underserved neighborhoods at design phase

4. ***Equalize or reduce parking requirement for supermarkets*** when car ownership rates are low – zoning incentive

Challenges to Creating Supermarkets in Underserved Areas

Challenge

Solution

5. Supermarket industry nationally requires large parking area based on a suburban business model



5. ***Provide car ownership rates and cases studies to support limited or no parking at a new store location*** – multi-agency analysis

6. Supermarkets require long term lease or right to purchase space due to high cost of set up.



6. ***Provide incentives to developers that require a long term commitment to the supermarket use*** – zoning incentive

7. Supermarket Industry uses national data to choose locations for new stores or investment creating a challenge to lower income neighborhoods



7. ***Provide location specific data to prove the demand and retail gap, engage local elected officials to advocate for their district*** – multi- agency analysis

8. Ensure Supermarkets carry large quantities of perishable goods and fresh produce

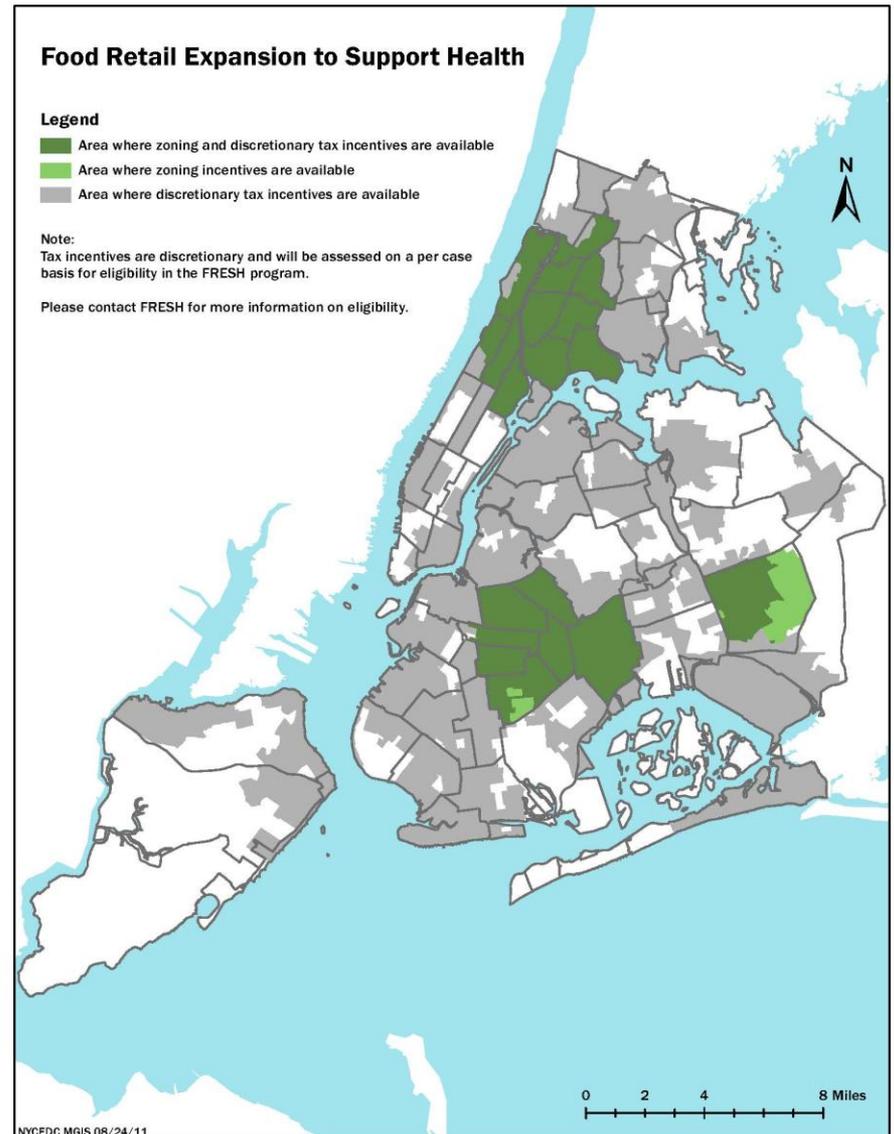


8. ***Require minimum percentage or floor space devoted to perishable good and fresh produce*** – all incentives

FRESH

FRESH created to address challenges
In creating supermarkets in underserved
neighborhoods by:

- Targeting high need neighborhoods identified in Supermarket Need Index
- Zoning incentives to address parking requirement, size of space and long term commitment to supermarket use
- Discretionary Tax incentives created to benefit the supermarket operators by reducing initial costs of construction and equipment and monthly costs by reducing building taxes
- Full Service Grocery Store Analysis – coordinated by FRESH using AECOM, providing neighborhood specific data to support business case for supermarket development
- Outreach conducted by FRESH to facilitate connection between supermarket industry and developers



FRESH Incentives

Zoning Incentives –

Department of City Planning

Additional Development Rights

One additional SF of residential floor area for every SF provided for a grocery store, up to a 20,000 square foot limit

Reduction in Required Parking

Stores up to 40,000 SF in commercial districts that permit residential buildings with ground floor retail will not be required to provide parking

First 15,000 SF exempt from parking in other Commercial and Light Manufacturing districts

Larger As-Of-Right Stores in Light Manufacturing Districts

Grocery stores up to 30,000 SF permitted in M1 districts

Financial Incentives

Economic Development Corporation

Real Estate Tax Reductions (25 years)

Land tax abatement equal to \$500 multiplied by each FTE, or full value of land tax for projects located in Empowerment or Empire Zones
Stabilization of building taxes at pre-improvement assessed value

Sales Tax Exemption

Exemption from sales tax on materials to construct, renovate or equip facilities

Mortgage Recording Tax Deferral

A deferral of mortgage recording tax relating to the project's financing



NYC Full Service Grocery Store Analysis – AECOM Report

FRESH provides data to supermarket industry and development communities to support the business case for supermarket development in a given location

Demographics data

- Population
- Household size

Economic indicator data

- Buying Power
- Neighborhood Investment

Grocery retail potential

- Competitive Context
- Full Service Grocery Store Demand



CONCLUSION

➡ **Retail demand in study area could support as much as 1.1 million additional square feet of full service grocery store space.**

➡ **AECOM estimates sales productivity of \$548 per square foot for grocery stores based on 2002 Census for New York State, adjusted for inflation**

FRESH Outreach

FRESH facilitates connections between developers and the supermarket industry at the design phase of a project

Example: Neighborhood Grocery Retail Potential

- 21,148 sq ft of additional supermarket space supported by study area of **0.25** radius miles from project location
- Supermarket opportunity gap: \$11,589,636 , according to Claritas, 2010



First FRESH store opening in August 2011

FRESH Program Goal of 6 Stores in 5 Years has been exceeded



Lessons Learned

1. ***Early engagement of stakeholders in creation of the program:*** Multiple city agencies, the supermarket industry, community groups, developers and local elected officials
2. ***Creating the FRESH Program incentives to address the specific challenges*** identified by stakeholders
3. ***Establishing the need for additional supermarkets*** with a clearly defined set of criteria – Supermarket Need Index
4. ***Continued facilitation by FRESH program between city agencies, supermarket industry, community groups and elected officials*** to create new supermarkets
5. ***Garnering positive press attention*** to increase public awareness and solidify the support of stakeholders
6. ***Identifying and coordinating with other relevant incentives programs*** to maximize the benefit available to a project

FRESH has Developed Partnerships with all other Applicable Incentive Programs

NY STATE New York Healthy Food and Healthy Communities Fund

- \$30 million fund provides pre-development grants and loans, acquisition loans, equipment financing, and construction and permanent loans to eligible grocery store operators and developers in underserved areas throughout New York state.

NY STATE NYSERDA Programs for Energy Efficiency

- Financial incentives and technical assistance are available for new and existing stores.

FEDERAL New Markets Tax Credit Program

- FRESH program areas include many New Markets Tax Credit eligible census tracts.

FEDERAL Empowerment Zone Benefits

- Upper Manhattan and South Bronx Empowerment Zones fall within FRESH program

CITY HireNYC

- Targeted hiring and workforce development program can assist grocery store operators.

CITY New Business Acceleration Team

- Mayor's team will help expedite permitting and inspections for grocery store operators.

LOCAL Community and Non Profit Groups



