

## **Testimony of Kate MacKenzie, Executive Director, NYC Mayor's Office of Food Policy**

### **Before the New York City Council's Committees on Oversight and Investigations and Economic Development**

#### **Oversight Hearing on Food Infrastructure and Cost and Quality of Produce**

**April 8, 2025**

#### **Introduction**

Good afternoon, Chair Brewer, Chair Farías, and members of the Committees on Oversight and Investigations and Economic Development. My name is Kate MacKenzie, and I serve as Executive Director of the New York City (NYC) Mayor's Office of Food Policy (MOFP). Joining me today is my colleague, Michele Lamberti, from the NYC Economic Development Corporation (NYCEDC). I welcome the opportunity to speak to you today about food infrastructure and the cost and quality of produce.

At MOFP, our mission is to advance the City's efforts to increase food security, promote access to and consumption of healthy foods, and support economic and environmental sustainability across the food system. Our work is guided by *Food Forward NYC*, the City's 10-year food policy plan, which lays out a comprehensive goal framework to reach a more equitable, sustainable, and healthy food system by 2031.

*Food Forward NYC* emphasizes the importance of equity and choice—enabling a food system where everyone is able to access nutritious, high-quality foods that are culturally relevant and affordable. The plan also highlights the ways in which the City is committed to supporting both our food workers and our food businesses, strengthening the sustainability and resiliency of our food system, rethinking our food infrastructure, and deepening our connections with the region.

A key focus of *Food Forward NYC* is the need to develop infrastructure that supports sustainable and equitable food production and distribution. This includes reinforcing the City's own food infrastructure while also strengthening regional partnerships to create a more resilient and interconnected food system. Another way of saying this is that through advancing the plan, we are improving food system infrastructure across urban and regional levels, including the infrastructure for managing the flows of food through primary and secondary processors and distributors serving wholesale and retail markets, the emergency food system, and city institutional food service. By taking this type of integrated approach, we achieve economic efficiency and build appropriate food supply redundancy and resilience.

When *Food Forward NYC* was released in 2021, it responded to lessons learned during the early days of the COVID-19 pandemic. Our food supply chains—and the infrastructure to support them—weren't yet ready to withstand major disruptions, limiting our ability to transport and store perishable foods and guarantee their quality.

Supply chain disruptions and labor shortages during the pandemic spurred widespread price volatility. While some of those immediate shocks have subsided, food prices continue to rise, straining household budgets across the country.

For example, since 2022, food prices have increased by about 2.6% annually across the United States. Between January 2024 and January 2025, grocery prices rose by nearly 2%, and restaurant prices climbed 3.4%. Notably, the cost of eggs has reached record highs, increasing by over 10% in February 2025 and 60% over the past year.

These rising prices impact the food and nutrition security of New Yorkers. A 2024 No Kid Hungry New York poll found that nearly four in five New Yorkers said that affording groceries has become more difficult, and 85% reported that rising costs of food have outpaced their incomes. According to the USDA, in 2023, the typical U.S. household spent \$75 per person per week on food—\$5 more than the previous year, and \$25 more than pre-pandemic in 2019. Overall, food prices are anticipated to increase by another 3.4% this year.

## **NYC Food System**

Before diving into the causes and implications of food price volatility, it is important to understand them in the context of NYC's food system and the critical role of strong infrastructure. Approximately 19 billion pounds of food flow through NYC every year. This flow is the product of a complex mix of regional, national, and global supply chains that grow, process, and distribute food, and a rich local food economy that prepares food for purchase and disposes of food waste. The workings of these supply chains affect the daily life of every New Yorker.

Yet, unlike NYC's other essential systems—our road, water, and electrical networks, for example—our food system has no centralized design or management. Our food system is a “distributed” system, made up of tens of thousands of large and small businesses and nonprofit organizations—local, regional, national, and global—and millions of consumers, interacting largely independently to match food supply and demand.

NYC's food system is unique in two major ways. First, our city's ethnic diversity necessitates multiple complex supply chains that source products from across the region and the globe to cater to the distinct tastes and needs of New Yorkers. Second and relatedly, the majority of food businesses, from grocery stores to restaurants to distributors, are small-scale and independently owned, rather than national operations. This varied and nimble business landscape is well-suited to serve NYC's unique needs and supports both economic opportunity and food system resilience, but it also poses risks, including coordination challenges and the general vulnerability associated with small-scale, independent businesses.

With that in mind, NYC's food infrastructure is similarly varied and complex. Our infrastructure spans multiple phases of the food system and includes both physical spaces—such as warehouses, storage, and storefronts—as well as networks of transportation and market systems,

from farmers markets to online retail access to emergency food providers. Across these settings, the City has made significant investments to improve our infrastructure.

### **Hunts Point**

As you know, the Hunts Point Food Distribution Center is the largest food distribution hub in the country, distributing over 2.5 billion pounds of produce annually. However, having opened in 1967, the existing Hunts Point Produce Market (HPPM) facility is beyond its useful life. It no longer adequately serves the space and operational needs of the cooperative. The existing refrigerated warehouse buildings do not have enough capacity to meet market needs and must rely on idling trucks to serve as additional warehouse storage. Infrastructure deficiencies have also created problems, leading to persistent intermodal traffic conflicts, delays, congestion, and idling. Taken together, the existing conditions result in operational inefficiencies, increased costs, and increased diesel emissions.

As part of Hunts Point Forward, a 2022 report that includes over 70 recommendations for investment in the peninsula, EDC and SBS has been redeveloping and modernizing the HPMM. To strengthen NYC's food infrastructure and increase storage capacity, NYC has dedicated \$130 million in addition to state and federal monies that will amount to approximately \$630 million in total. The project will replace the existing HPPM facility with a modern, state-of-the-art intermodal facility. It includes the replacement of all existing buildings with two new refrigerated warehouse buildings, a new administrative building, a waste management building, and a maintenance facility, totaling approximately 916,000 square feet. The new facility will expand HPPM's current capacity, increase operational efficiency, eliminate the need for the diesel-powered transport refrigeration units currently operating on the site, and keep jobs in the Bronx. The project will meet the space and operational needs of the cooperative at HPPM's current location while improving traffic patterns and sitewide circulation, addressing intermodal traffic conflicts, and encouraging rail usage.

### **GrowNYC Regional Food Hub**

In addition to HPPM renovations, after nearly 10 years, GrowNYC's Regional Food Hub, located in the Hunt's Point Neighborhood, is set to open in May. The new 60,000 square foot food distribution hub will quadruple GrowNYC's aggregation and distribution square footage, allowing them to expand their food distribution capacity to 20 million pounds per year, a significant increase from the organization's current capacity of 5 million pounds per year. The hub will support mid-sized regional farms by connecting New York City's wholesale buyers with high-quality farm products, while ensuring all New Yorkers have access to these fresh, nutritious foods. The facility has seven produce coolers and a freezer, a biodigester onsite to reduce food waste, a grey water system, green and blue roof featuring drought tolerant plants and a rainwater collection system, permeable pavement, and EV charging stations. The facility will distribute to the current 370 food partners in NYC.

New York State produces enormous quantities of diverse food products, the majority of which are marketed nationally and internationally. With demand rising for local and regional food for urban public and private markets, there is new attention to the infrastructure gaps that limit the quantity of New York and neighboring state food supply to both public and private markets in the City.

Recent and ongoing research for and investment in infrastructure to scale up volumes of regional food supply to City markets—including public agencies serving schools, hospitals, senior and early childhood feeding and correction facilities—has resulted in State and federal investments in regional infrastructure. These projects are going forward and New York City is supportive of these investments in regional food infrastructure.

### **Blue Highways**

Another key aspect of food distribution is transportation itself. Nearly 90% of goods in NYC are transported by truck—and roughly half of the city's food supply moves through just four major bridges and two tunnels—making the City's food distribution system vulnerable to traffic congestion and infrastructure strain. Instead of viewing our island geography as a limiting factor, we're working to capitalize on the waterways that surround us.

In 2023, DOT and EDC announced the Blue Highways initiative to shift more freight transport from congested roadways to the city's waterways. Marine transportation has the potential to reduce transportation costs, decrease roadway wear-and-tear, streamline delivery routes, and ensure more reliable distribution in the face of emergencies or road closures.

Hunts Point's proximity to the water and its position as a critical city food distribution node provide an opportunity to utilize the Blue Highways network in connection with the Brooklyn Marine Terminal. The redevelopment of the Brooklyn Marine Terminal (BMT) will invest in the site and operational upgrades to make it more efficient and competitive, allowing the marine terminal to attract more business. A Hunts Point Marine Terminal would enable the barging of perishable food into the Bronx and the nearby Hunts Point Food Distribution Center from BMT, decreasing truck traffic in the city, adding resiliency and making NYC more competitive in the food distribution supply chain as food distribution companies consider where to locate their warehouses, distribution centers, and, ultimately, where they create jobs.

By investing in infrastructure to improve port operations at Hunts Point, Brooklyn Marine Terminal, and other sites along the East River, we're increasing resiliency to ensure NYC is better equipped to move food in and around the city during times of emergency.

### **Cold Storage Infrastructure**

Nearly half of the food distributed citywide is refrigerated or frozen, requiring specialized storage and transportation. Cold storage maintains the quality and freshness of items like

produce. However, the finite supply of real estate makes it difficult to expand or establish large-scale cold storage facilities, something we became increasingly aware of during COVID. In response, the City is exploring avenues to expand its cold storage infrastructure.

### **Access Infrastructure**

Cold storage makes fresh produce access possible. Multiple access points to healthy and affordable food is the focus of Goal 1 of Food Forward—whether through traditional supermarkets, farmers markets, bodegas, street vendors, or through the City’s emergency food network. 2,000 stores across the city participate in Shop Healthy NYC!, which increases nutritious options in neighborhoods that other have little access to healthy foods. The Food Retail Expansion Program to Support Health (FRESH) program supports the development of full-service grocery stores in low-income areas by providing zoning and tax incentives to property owners and supermarket operators. The FRESH tax incentive program is administered by the NYC Industrial Development Agency (NYCIDA) and the FRESH zoning benefit program is administered by the NYC Department of City Planning (DCP). To qualify for NYCIDA benefits, supermarkets must make capital investments into new or existing space; dedicate 30 percent of retail space to perishable goods; and devote at least 500 square feet of retail space to fresh produce. Currently, there are 43 NYCIDA and DCP FRESH-incentivized supermarkets open, and 17 more in development.

Through zoning, we can attract supermarkets as well as other food business. Recent zoning changes through *City of Yes for Economic Opportunity* allow food production and processing in storefront space for the first time. These new regulations could facilitate multi-use food spaces. *City of Yes* is building on increasing commercial vitality. According to a DCP report last November, more than 70% of neighborhoods across the city have seen an increase in food and drink businesses since 2020, providing more options where New Yorkers can eat.

Our city’s soft infrastructure provides additional food access points. The network of 132 farmers markets serve as access points for regionally-sourced fresh fruits and vegetables. And, the network of more than 1,000 emergency food providers creates an essential safety net of support that connects some of our most vulnerable neighbors to quality, healthy food.

Given the complexity of access and affordability, MOFP launched a Food Access and Affordability workgroup last June, which convened City agencies, academic institutions, public health foundations, and community partners to coordinate information-sharing. A report later this Spring from this workgroup will outline immediate priorities. This effort is part of the Health Department’s Chronic Disease Prevention Plan and will shed light into how food pricing, retail environments, and choices and behaviors influence New Yorkers’ ability to purchase healthy food.

### **Factors Influencing the Price of Food**

With this understanding of the City's food system and infrastructure, I will now briefly address some of the causes of rising food prices, their impacts on City agencies, and how the City can help New Yorkers stretch their food budgets.

The rise in food prices is a complex issue that involves a mix of domestic and global factors. In the last two decades, there have been food system shocks affecting food prices and supply volatility from terrorism (e.g., 911), hurricanes (e.g., Irene and Sandy in particular), the COVID-19 pandemic, global conflict, and now trade tariffs. Drought, avian flu, and access to undocumented labor are contributing factors.

Climate change and extreme weather events pose additional challenges to affordability by impacting food production, storage, and distribution. Increasingly unpredictable and extreme weather conditions can both raise production costs for farmers—for irrigation, pesticides, and fertilizers—and reduce crop yields. Extreme weather events can disrupt food distribution networks and further limit the supply of fresh and available produce—all of which lead to higher food costs borne by New Yorkers. Food prices are also influenced by ripple effects from these shocks, including labor shortages, supply chain disruptions, and inflationary costs impacting every stage of food supply chains. It's often not just one factor but a combination that pushes food prices higher over time.

Generally, City policy and programs cannot address the primary drivers for price volatility, which besides the larger system shocks, are also influenced by the production and manufacturing decisions of supply chain actors, consumer demand, and by speculation in financial markets. At the City level, we do not have the ability to mitigate the impact of these costs, with the exception of the authority held by Department of Consumer and Worker Protections during a State of Emergency to enforce against price gouging. DCWP's ability to address price gouging complaints applies to a subset of products that are deemed essential, such as milk, eggs, and bread.

Nonetheless, policy and programs that improve efficiency, expand storage capacity, and provide alternative distribution channels can have a price mitigating effect.

### **Agency Impacts**

To turn back to the impacts of rising food prices, MOFP has been in close touch with agencies to assess the impact on meals served and their clients. While agencies are committed to maintaining their menu items, these rising food prices, especially for eggs, require staff to explore alternative solutions, including temporarily removing them from the menu.

Agencies' food contracts account for more than food prices—they also cover logistics, labor, and meal delivery costs, all of which have risen and have put pressure on existing contracts. For example, following negotiations with its distributor, the Office of Food and Nutrition Services (OFNS) approved an updated food distribution contract that includes a higher delivery mark-up to account for rising costs.

That said, agencies are committed to serving meals that consistently meet nutritional requirements and are closely monitoring this evolving situation to maintain the quality of meals being served.

### **City Programs to Support Food Budgets**

While the City cannot control prices, we do administer programs that help food budgets stretch further. The NYC Health Department runs several nutrition security programs to lower barriers to fresh, quality produce for New Yorkers with low incomes. Get the Good Stuff and Groceries to Go provide discounts on fruits and vegetables at grocery stores and bodegas, and Health Bucks enable SNAP participants to access more fresh produce at all NYC farmers markets.

When New Yorkers need additional support to feed their families, they turn to the emergency food network. In FY 22, the NYC Department of Social Services transformed its 30-year-old Emergency Food Assistance Program, relaunching it as “Community Food Connection” and introducing fresh produce for the first time. In FY 24, nearly 700 food pantries and soup kitchens participated in the program, which saw more than 35 million visits and allocated more than \$43 million dollars in fresh fruits, vegetables, beans, and other staple foods.

And of course, the SNAP program, which serves roughly 1.8M New Yorkers, is the largest safety net program to provide income assistance to eligible families.

### **Conclusion**

Rising food prices continue to pose significant challenges for food and nutrition security in NYC, making it more difficult for many residents to access fresh, healthy, and affordable food. The City remains committed to strengthening its food infrastructure and emergency food network, providing essential nutrition security programs, and serving healthy foods. That said, fluctuations in food prices are multifaceted and beyond the City’s control, largely influenced by geopolitical factors, supply chain disruptions, and local challenges and constraints. Nonetheless, we welcome this discussion and look forward to identifying opportunities for collaboration and advocacy.

Thank you for the opportunity to speak. We welcome your questions.