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**CALIFORNIA HEALTHY FOOD FINANCING INITIATIVE COUNCIL (CHFFIC)**

**MEMORANDUM**

**Date:** November 19, 2012

**To:** Council Members

**From:** Najia Rosales, Acting Executive Director

**Subject:** **Agenda Item 5: California FreshWorks Fund Update (Information Item)**

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**SUMMARY**

This agenda item provides the California Healthy Food Financing Initiative Council (CHFFIC) an overview of the California FreshWorks Fund (CAFWF). CAFWF is a private-public partnership loan fund that has raised \$264 million to invest in bringing grocery stores and other forms of healthy food retailers to underserved communities. Presenters to include Tina N. Castro, Director, Impact Investing, The California Endowment; Charles Fields, Regional Program Manager, The California Endowment; and Scott Spote, Chief Lending Officer, NCB Capital Impact.

**ATTACHMENT**

Attachment 1: Memo from the California FreshWorks Fund

Attachment 2: PowerPoint presentation to be provided under separate cover



# MEMO

To: California Healthy Food Financing Initiative Council

From: Tina Castro, Director, Impact Investing, The California Endowment  
Charles Fields, Senior Program Manager, The California Endowment  
Scott Spote, Chief Lending Officer, NCB Capital Impact

Date: December 4, 2012

Re: The California FreshWorks Fund

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## INTRODUCTION & OVERVIEW

The California FreshWorks Fund (CAFWF) has contributed to strengthening community environments that support health, community economic vitality, and social justice by helping to improve access to affordable, quality and nutritious foods, by providing high quality jobs for community members that are linked to the health of the community, and by providing community members an opportunity to participate in the capitalization of the fund.

The California FreshWorks Fund (CAFWF) is a public-private partnership loan fund that finances grocery stores and other forms of healthy food retail and distribution in underserved communities throughout CA. It is modeled after the successful Pennsylvania Fresh Food Financing Initiative and developed to align with the National Healthy Food Financing Initiative.

The fund provides a combination of loan and grant financing to eligible healthy food retailers and/or distributors to overcome the higher costs and initial barriers to entry in many underserved urban and rural areas. The CAFWF also supports renovation and expansion of existing stores as well as innovations in healthy food retailing and distribution.

Nutritious eating is a strong indicator of and closely linked to the reduction of risk for chronic disease, specifically diabetes, cardiovascular diseases and cancers. Further, the availability of healthy foods where we live has been shown to influence what we choose to eat as well as the prevalence of obesity and diabetes. Research has found that the presence of a supermarket in a neighborhood is linked to higher fruit and vegetable consumption; for each additional supermarket, the likelihood of residents meeting nutritional guidelines increases by 33%.

Unfortunately, low-income communities of color and low-income rural areas are most affected by limited access to healthy food. Studies have consistently shown that there are fewer supermarkets and other retail outlets selling affordable, nutritious food in low-income communities than in wealthier ones, and fewer supermarkets and other retail outlets selling affordable, nutritious food in predominantly African American and Latino neighborhoods than in predominantly white neighborhoods. One nationwide study found that low-income zip codes have 25% fewer chain supermarkets than middle-income zip codes. Compared to predominantly

white zip codes, majority African American zip codes have about 50% as many supermarkets and mostly Latino zip codes have approximately 33% as many.<sup>1</sup> The problem goes beyond health; poor communities are cut off from the economic development opportunities that arise from a local grocery store including the creation of jobs, the attraction of other small businesses, and the support of surrounding residential real estate values.

The challenges of developing supermarkets in these communities include crime and/or the perception of crime, data that misrepresents the economic potential and purchasing power in the community, securing appropriate development sites, higher development costs in the form of higher construction costs and cumbersome approval and permitting processes, higher operating costs, difficulty obtaining adequate financing, and product selection to meet the needs of diverse consumers in these communities. The CAFWF provides a tested, scalable solution to increasing access to healthy food throughout California that will improve health, spark economic development, and help transform underserved communities into communities of opportunity.

#### **California FreshWorks Fund Update**

The California FreshWorks Fund currently has \$272 million committed from a variety of investors and funders including banks, foundations, health systems and others. To date, approximately \$18 million in capital has been deployed to 9 projects that have increased access to healthy food for over 360,000 Californians and have created 444 jobs.

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<sup>1</sup> PolicyLink, “Healthy Food Healthy Communities: Source Promising Strategies to Improve Access to Fresh Healthy Food and Transform Communities.”