COMMUNITY DEVELOPMENT IN THE AGE OF NEOLIBERALISM:
The case of the Pennsylvania Fresh Food Financing Initiative

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A Dissertation submitted to the

Graduate School-New Brunswick

Rutgers, The State University of New Jersey

in partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

Graduate Program in Urban Planning and Policy Development

written under the direction of

Julia Sass Rubin

and approved by

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New Brunswick, New Jersey

May 2015

ABSTRACT OF THE DISSERTATION

COMMUNITY DEVELOPMENT IN THE AGE OF NEOLIBERALISM:

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Julia Sass Rubin

This dissertation examines the Pennsylvania Fresh Food Financing Initiative (PA FFFI), which supported the construction of 88 supermarkets in low-income communities with poor access to healthy fresh food, between 2004 and 2009. This program became the model for similar efforts in cities and states across the United States, as well as the Federal Healthy Food Financing Initiative.

The dissertation utilizes the PA FFFI case study to explore the impact that the neoliberal policy environment has had on community development. The neoliberal preference for limited government has led to reduced federal funding for low-income communities and a shift towards programs that leverage private capital to achieve social goals. This includes tax credits and

other funding mechanisms that preference larger, more market-oriented actors.

The PA FFFI case study suggests that, because of their size and financial acumen, community development financial institutions (CDFIs) appear to have an advantage in this new community development landscape, possibly at the expense of community development corporations and other more local actors.

Acknowledgement

In general, a doctoral dissertation represents the culmination of ones graduate studies, and the beginning of his or her professional career. In my case, I have taken a far more circuitous route to reach the completion of this research project, and need to acknowledge a far greater group that has enabled me to reach this milestone.

At the Bloustein School at Rutgers, a number of outstanding academics, some of whom have since moved on, have had a substantial impact on me, and the professional I have become: Richard Brail, Sean DiGiovanna, Susan Fainstein, Norm Glickman, David Guston, Donald Krueckeberg, Ann Markusen, Kathe Newman, and Frank Popper. Lisa Servon took me on as a graduate assistant in 1997, and introduced me to the world of community development finance. She taught me how to conduct field research and qualitative interviews, how to ask interesting questions, and how to go about answering them. When I returned to my graduate studies in 2011, she was there once again to help out. Julia Sass Rubin, my dissertation chair, took me on under the most difficult of circumstances, and guided me to the completion of this research. She forced me to think critically about my project, making this a far better dissertation than it otherwise would have been. For enabling me to finally complete my degree, I will be eternally grateful to her.

In 2004, I began working in the Department of Community and Regional Planning at Temple University, first as an adjunct instructor, and ultimately as a full-time professor. Thanks to my Rutgers colleague Kurt Paulsen for bringing me to Temple, and to Jeffrey Featherstone for hiring me. The CRP department supported me in my research over these many years, and I want to thank them all: Bill Cohen, Brad Flamm, Deborah Howe, Lynn Mandarano, and Mahbubur Meenar. I look forward to many more years working with all of you.

I would also like to thank all of my friends and family who have provided encouragement, support, (and the occasional nudge) to help me reach this goal. Special thanks to John Paxton who has been there through all of it. My three sons – Noah, Benjamin, and Samuel – weren't even around when I started graduate school, but they are the reason that I have finished.

Dedicated to

Sarah (z"l) who got me started down this road, and

Sharon who got me across the finish line.

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Chapter 1: Introduction

I have researched, taught and worked in community economic development for almost two decades. During this time, I witnessed a significant shift in the way community economic development is funded and the way it is practiced. The governments and foundations support that once covered overhead expenses for nonprofit community development corporations has become difficult to find. And funders increasingly are seeking quantifiable outcome measures, such as housing units constructed and jobs created, which can lead to programmatic decisions that favor building something.

Community development corporations, which historically were at the forefront of community development efforts, have lost some of their influence as the role of community development financial institutions (CDFIs) has grown. CDFIs include community development loan funds, banks, credit unions and venture capital funds. They constitute a significant industry in terms of both dollars under management and the range of fields that they finance. Increasingly, CDFIs -- particularly community development loan funds -- also shape public policy (Rubin, Caskey, Dickstein, & Zielenbach, 2008).

Unlike the regulated community development banks and credit unions, loan funds are unregulated entities, with the flexibility to take on a diverse set of projects and innovative funding structures. As a result of this flexibility, some community development loan funds have amassed significant financial resources. In 2005, for example, Self Help CDLF had over $1 billion under management (Rubin 2007); subsequent research suggests that likely doubled between 2005 and 2010 (Swack, Northrup, & Hangen, 2012).

I became intrigued by the role that community development loan funds were playing in community development practice and how they were impacting the broader community development field. Unfortunately, aggregate data on CDLFs are few. The CDFI Data Project collected aggregate data between 2001 and 2007 (CDFI Data Project, 2008). The CDFI Fund at the Department of Treasury also collects deal-level data as part of its Community Investment Impact System (CIIS). However, not all loan funds are certified by the CDFI Fund, other community development entities (CDEs) are also in the database, and only 350 of the 808 certified CDFIs submitted reports in FY 2012, which is the latest available data (Office of Financial Strategies and Research, 2014). More importantly, aggregate statistics do not provide the rich data needed to understand the role that CDLFs play in shaping community development practice and policy. To obtain that information, I needed to examine CDLFs in action.

In early 2012, I attended a local conference for nonprofit organizations, and was struck by the remarks of the keynote speaker, Marco Navarro. A program officer from the Robert Wood Johnson foundation, he spoke about the efforts of a Philadelphia-based CDLF called The Reinvestment Fund, to bring healthier food to low-income communities in New Jersey. Intrigued, I researched TRF and discovered that they had been integral in advancing the Pennsylvania Fresh Food Financing Initiative, which contributed to Philadelphia's transitioning from one of the worst places in the nation for food access to becoming a national model, in less than a decade.

This dissertation explores the story of how that transformation occurred to better understand the role that CDLFs play in community development practice and policy.

Findings

The PA FFFI case study suggests several broad trends within the community development field. First, CDFIs have become a central player in community development. The case study illustrates how the CDFI TRF engaged in place-based community development. TRF's ability to amass capital; its reputation as a financial institution; and its relationships with political actors enabled it to work directly with private developers on community development projects. This organizational capacity challenges the role that CDCs have been playing as the leaders of neighborhood-level community development (Fretz, 2011).

The PA FFFI case study also challenges the assumption that meaningful stakeholder participation must be a central goal of community development practice. The case study revealed that CDCs played almost no role in the Pennsylvania FFFI or in the Federal effort that followed. They were not partners in the supermarket projects, and I found no evidence that their lobbying arms took a leading role in advancing the Fresh Food Initiative at the federal level. The people who live in the communities most impacted by the Initiative also seemed to play no role. Public participation, visioning, or local planning did not appear to be part of what drove site selection. Instead, the organizations driving the initiative used mapping tools to identify low-income, low-access neighborhoods, and then worked to find developers for projects in those communities. Once a site was selected, TRF worked directly with the supermarket developers rather than through a CDC or other type of community organization.

Additionally, the reduction in federal and state subsidy has had a profound impact on the community development industry. The 1990s witnessed an explosion of CDCs in the United States, with somewhat slower growth rates in the early 2000s (Steinbach, 2005). Data on the current number of CDCs overall is difficult to obtain[1], but there is evidence to suggest that many have closed in recent years (von Hoffman, 2012, p. 50, note 41). The reduction in community development subsidies has been documented in the literature (Rubin 2007) and in interviews with community development practitioners, who lament the increased competitiveness for funding from federal, state, and local governments, foundations, and financial institutions. In this environment, CDLFs appear to be playing an increasingly important role in

[1] When the National Congress for Community Economic Development (NCCEED) dissolved in 2006, CDCs were left without a national organization to conduct an industry survey. The last estimate published by NCEED in 2006 claimed 4600 CDCs operating in the United States.

project development and financing. As one community development practitioner noted, because CDLFs are "where the money is at" (Strong, 2015).

CDLFs are at an advantage because the nature of Federal support in low-income communities has changed; it relies increasingly on tax credits for affordable housing (LIHTC) and commercial development (NMTC) (Lake, 2014). Tax credit deals are complicated and often require a CDFI's financial expertise and ability to access additional market-rate capital.

Finally, this dissertation reveals that the shift to CDFIs both reflects the change in community development to a more market orientation, and exacerbates that shift. While economics have always been at the heart of community development practice, CDCs often point to the failure of the market as to why they got started in the first place. CDFIs are lenders with a social mission, but they are lenders first and foremost. Return on investment is integral to their sustainability and drives most deals (Rubin 2015). As increasingly central players, CDFIs are bringing their market orientation to community development.

In the wake of reduced sources of subsidized capital, CDLFs have turned increasingly to market-rate investors (Rubin, 2008; Rubin, 2015). Those investors, and the competitive nature of the New Markets Tax Credit program, has encouraged CDLFs to focus their investments on larger geographies, potentially reducing their connection and ability to serve local communities (Rubin 2015). Furthermore, the kinds of projects that get built, even those driven from the grassroots, have to conform to a set of metrics (jobs created, return on investment, etc.) that may not be entirely consistent with the wishes of local communities.

Although the PA FFFI became a national model that involved numerous CDFIs, it is only one case study of a particularly industrial sector. It suggests broader trends within the community development field but cannot confirm those trends. That will require additional research that examines other types of community development projects.

Roadmap of the dissertation

The next section of this introductory chapter details my research methods. Chapter 2 provides the context for the formation of the Pennsylvania Fresh Food Financing Initiative. I trace the evolution of community development in the United States, noting the policies and actors that emerged through the neoliberal era. Understanding this context helps highlight the shift in community development practice that the PA FFFI case study illustrates.

In Chapter 3, I trace the history of the Pennsylvania Fresh Food Financing Initiative. I examine how hearings before a committee of the Philadelphia City Council in early 2002, which called for the creation of a Food Marketing Task Force, quickly evolved into an effort for a statewide program to address the issue of access to healthy food in low-income communities. I discuss how The Reinvestment Fund came to be involved with this effort and the role that it played in leveraging a $30 million public investment into a $120 million loan pool that facilitated the development of 88 supermarkets across the state. The chapter concludes by showing how this program moved into other cities and states.

The Federal response, the work to create the Healthy Food Financing Initiative based on the Pennsylvania model, is the subject of Chapter 4. I discuss the evolution of the Federal program, including the role that The Reinvestment Fund and the nonprofit PolicyLink played in making financing fresh food a priority for the Obama Administration. In Chapter 5, I examine the lessons learned from this case study. I find that the neoliberal context - the shift to using markets to achieve social objectives - has reshaped community development financing and practice. As highlighted by The Fresh Food Financing Initiative case study, non-neighborhood agents have taken a greater role in place-based community development and community development financial institutions have emerged as community development actors in their own right. I conclude with a discussion of paths for future research.

Research Methods

Robert Stake (2010) notes that, as a form of research, the case study is defined by interest in an individual case, not by the methods of inquiry used.

In an effort to ensure the construct validity of this dissertation research, I employed a number of different methods of data collection.

I interviewed 14 individuals. Most had firsthand knowledge of the Pennsylvania Fresh Food Financing Initiative or the federal Healthy Food Financing Initiative (please see Table 1-1). Several of these interviews began as informal conversations that were part of my initial exploration of potential dissertation research topics. Those initial conversations centered on general observations of changes to the community development field. In each of those early interviews, I employed a snowball sampling technique to identify other potential interviewees. On the basis of these initial exploratory conversations, I narrowed my research focus to the Pennsylvania Fresh Food Financing Initiative.

Table 1-1: Research interviews conducted, in alphabetical order[2]

Interview Subject	Affiliation
Christopher M. Brown*	Director of Legislative and Government Affairs, PolicyLink
Hannah Burton Laurison*	ChangeLab Solutions (former PA FFFI Program Manager at The Food Trust)
Hon Dwight Evans*	Pennsylvania State Representative
Andrew Frishkoff	Executive Director, Philadelphia LISC Prior: ACORN of PA, PA Low-income Housing Coalition, Greater Philadelphia Urban Affairs Coalition, City of Philadelphia
Rose Gray	Senior Vice President, Community & Economic Development, Asociacion Puertorriquenos en Marcha President, Philadelphia Association of Community Development Corporations
Donald Hinkle-Brown*	CEO, The Reinvestment Fund
Dede Myers	Community Affairs Officer, Federal Reserve Bank of Philadelphia (Retired)
Cheryl Neas*	Senior Vice President, Policy Development, Opportunity Finance Network
Mark Pinsky	President and CEO, Opportunity Finance Network
Betsy Pugh	CFO, LISC (Retired)
Sandy Salzman	Executive Director, New Kensington CDC Treasurer, Philadelphia Association of Community Development Corporations
Patricia Smith*	Senior Policy Advisor, The Reinvestment Fund (former director of Philadelphia Neighborhood Transformation Initiative)
Kira Strong	Vice President of Community and Economic Development, People's Emergency Center CDC Board, Philadelphia Association of Community Development Corporations
John Weidman*	Deputy Executive Director, The Food Trust

[2] The individuals indicated with an * next to their names were initially interviewed as part of an exploration of potential dissertation topics conducted prior to application to Rutgers University IRB for review. Therefore, these exploratory interviews were conducted without Rutgers IRB approval. These individuals were interviewed again after this research received IRB approval under Rutgers University IRB Protocol #: E15-458. The remaining interviews were conducted as part of this IRB Protocol.

Next, I conducted a literature review for secondary accounts of the initiative. I found that secondary sources were limited given the recent nature of the program. Additionally, most of the published articles about the PA FFFI were authored by those directly involved with the program, whose perspective I had captured through interviews.

I then reviewed primarily sources related to the initiative, starting with published newspaper and other contemporary accounts. I examined materials the CDFI Fund published about the initiative; reviewed transcripts from public meetings of the Philadelphia City Council, the Philadelphia Food Marketing Task Force, and several Congressional hearings related to the Health Food Financing Initiative; and reviewed media reports related to these public meetings and webinars and other training materials developed by The Reinvestment Fund and disseminated online by the CDFI Fund. Finally, to place these projects within their community context, I performed direct visual observations of the five supermarkets that the Pennsylvania Fresh Food Financing Initiative supported in and around Philadelphia.

After receiving IRB clearance, I conducted additional interviews with the individuals I had initially spoken with and with others whom I identified through these initial interviews and through primary and secondary sources. In-person interviews were conducted with Evans, Frishkoff, Gray, Hinkle-Brown, Myers, Salzman, and Strong; the balance were conducted by telephone. My interview protocol is available in Appendix 1. All interview subjects were given a consent form to sign, and made aware that I would directly attribute their remarks whenever possible.

In order to better understand how the PA FFFI fit into the broader Philadelphia community development context, I interviewed other community development practitioners in Philadelphia. I also interviewed national leaders in the CDFI industry, to understand how the case study reflected broader changes in the financing and practice of community development.

After completing all the interviews, I conducted an additional literature review for any sources that I had not captured in the initial review and that had become relevant in the course of the research.

The mix of methods I used is intended to triangulate the data, to ensure greater accuracy. However, my research design could not capture the experiences of every person involved in the creation and dissemination of the Fresh Food Financing Initiative and the resulting information may omit relevant perspectives.

Chapter 2: Community Development Context

Introduction

This chapter traces the history of community development in the United States, focusing on the creation and evolution of Community Development Corporations and Community Development Financial Institutions. Understanding this historical context helps highlight the apparent shift in the financing and execution of community development that is suggested by the Pennsylvania Fresh Food Financing Initiative case study.

Origins of the Community Development Movement

The modern community development movement often traces its roots to the 1960s and the establishment of the first Community Development Corporations: The Woodlawn Organization (T.W.O.) in Chicago was founded in 1960 and Bedford Stuyvesant Restoration Corporation in New York was started in 1967. However, the history of community-based organizations taking a leading role in improving the lives of low-income community residents can be traced back to the late 19th century and the efforts associated with the Progressive Area. These include the settlement movement in cities (Addams, 1912), the creation of land grant colleges (The Morrill Act of 1862, 7 U.S.C. § 301), and the system of agricultural extensions to assist poor rural communities (The Smith-Lever Act of 1914, 7 U.S.C. § 343). These progressive era reforms, led by community-based organizations and private philanthropic efforts, were focused on pushing the state to intervene when the free market failed to provide a “fair” allocation of resources (O'Connor, 1999).

The late 19th- and early 20th century was a period of great unrest, with wild cycles of economic booms and busts, the violent struggle for recognition of trade unions, and a general unwillingness for Federal policymakers to regulate anything that didn’t meet their strict definition of interstate commerce (O'Connor, 1999). But the seeds of the public sector playing a role in community development were sown during this time, with the emerging recognition that unfettered capitalism was unsustainable (Fishman, 1982; Hall, 1988; LeGates & Stout, 2011, Part 5).

The Keynesian Period (1930s-1970s)

The role of the nation state in addressing the crisis of the Great Depression marked a shift in the mix of actors involved in community development, in addressing the social needs of low-income communities, and in dealing with the excesses of unrestricted capitalism. In establishing the macroeconomic framework that demands state action to deal with the crisis of failing aggregate demand, Keynes (1936) noted how individual, rational, microeconomic decisions could prove insufficient to respond to a major economic shock.

Keynes argued that government needed to stimulate economic demand through direct spending, which would encourages firms to invest in equipment and increase hiring, placing more income in the hands of workers and stimulating even more aggregate demand. In this way, Government could help mediate the boom and bust cycles that had previously dominated the U.S. economy (Berger, 2001; Leys, 1996; Martinussen, 1997; Moore, 1995). This perspective guided the policies of Roosevelt's New Deal and played a dominant role in the subsequent forty years of sustained economic growth (E. C. Brown, 1956; Chandler, 1970; Krugman, 2008).

Planning and Community Development in the New Deal

The two New Deal programs that most directly impacted community development were the National Housing Act of 1934 (Pub. L.73-479), which created the Federal Housing Administration, and the United States Housing Act of 1937 (Pub. L 75-412), which provided Federal funds to local housing agencies in communities across the United States. Together, these laws addressed the failure of the private mortgage market, the lack of adequate and affordable housing, and the resulting need for the Federal government to play a role in housing markets (O'Connor, 1999; A. F. Schwartz, 2015).

The Federal Housing Administration (FHA) facilitated the creation of two key financial instruments. First, in creating a program for mortgage insurance, the FHA provided for the standardization of home mortgages into amortized 30-year fixed-rate instruments with monthly payments. This reliable income stream led to the financialization of mortgages, and the creation of mortgage backed securities and collateralized debt obligations (Peicuti, 2013).

The second, and perhaps more significant, was the FHA's 1937 creation of the Federal National Mortgage Association (Fannie Mae). The creation of a secondary market for home mortgages facilitated the availability of a significant amount of capital for re-lending (O'Connor, 1999). While some argue that this plays a small role in consumer behavior (Bourassa & Grigsby, 2000), taken together with the deductibility of home mortgage interest from personal income taxes, these Federal government initiatives greatly increased the availability of credit for home purchases, and increased the demand for home ownership (c.f. Fetter, 2013).

The 1937 Housing Act established, for the first time, that publicly owned and operated housing would become a permanent part of U.S. policy (Marcuse & Keating, 2006). The Act has been criticized for not being sufficiently progressive as a result of interference by the real estate lobby. However, its passage marked a substantial achievement for those advocating for the need for affordable rental housing in cities (Hunt, 2005).

It is important to note, however, that the Act was also seen as a jobs creation program (Dreier, 2006), to tackle substantial, persistent unemployment. This reflects the Keynesian approach; in hiring idle workers to construct housing, earned income would generate aggregate demand for consumer goods and services, and help further the economic recovery.

The early history of hunger relief in the US was largely led by private charities and faith-based organizations. But starting during this period, we observe a shift in the agents involved, just as was observed in other community development efforts. Milo Perkins, the administrator of the first food stamp program demonstration during the Great Depression put it this way: "We got a picture of a gorge, with farm surpluses on one cliff and under-nourished city folks with outstretched hands on the other. We set out to find a practical way to build a bridge across that chasm" (Food and Nutrition Service, USDA, 2013).

Just as the creation of the FHA sought to address the shortcomings of the private housing market, the Federal Surplus Relief Corporation, the National School Lunch Program, and later the Supplemental Nutrition Assistance Program (SNAP), attempted to do the same for the failed agricultural sector. These programs sought to stabilize agricultural prices, provide emergency food relief to millions of unemployed across the country, and address the greater issue of hunger.

Taken together, these public-sector interventions into a failed housing market and a failed agriculture sector illustrate the increasing role that the Federal government played in low-income communities. However, these federal efforts would prove to be insufficient. Community development corporations were started in many low-income communities to address their limitations.

The Emergence of Community Development Corporations

In the decades following the Second World War, a series of “urban renewal” programs sought to clear slums, build affordable housing, redevelop central business districts, and bolster local tax revenues (Teaford, 2000). These programs, along with the New Deal financing mechanisms discussed above, and the creation of a home loan program by the Veterans Administration in 1944, entrenched the federal role in correcting property market failures across the United States (O'Connor, 1999).

By the early 1960s, the pro-development and top-down nature of urban renewal programs were being called into question by those advocating for community interests (Avila & Rose, 2009; Zipp, 2013). Critics highlighted the disparate negative impact of such program on communities (Jacobs, 1961), particularly communities of color (Hock, 2013; Michney, 2011).

In 1964, President Johnson declared War on Poverty, launching a renewed effort to use the federal government to address inequality. Three years later, New York Senators Robert Kennedy and Jacob Javits amended the Economic Opportunity Act to create the Special Impact Program (SIP), which made a pool of federal funds available to community development corporations like the one Kennedy had helped to create in the Bedford-Stuyvesant neighborhood of Brooklyn (Edelman, 2006).

SIP was the War on Poverty program that arguably had the greatest impact on the field of community development by codifying the idea of community development corporations and providing operating support directly to those corporations. The model put forth in the SIP - community action and private investment, facilitated by Federal support - would become the model for community development for the next generation (S. E. Perry, 1973).

As Senator Robert Kennedy said at the announcement of the formation of the Bedford Stuyvesant Restoration Corporation, a SIP funding recipient, "The program for the development of Bedford Stuyvesant will combine the best of community action with the best of the private enterprise system. Neither by itself is enough, but in their combination lies our hope for the future" (Bedford Stuyvesant Restoration Corporation, 2009).

The CDCs that began their work in the late 1960s and early 1970s would follow this general pattern. Private philanthropy would augment the substantial operating support that the CDCs received from the Federal Office of Economic Opportunity (OEO). OEO was created under SIP to help CDCs, guided by the needs of their communities, build and rehabilitate housing and other neighborhood-level infrastructure (O'Connor, 1999).

This is how CDCs emerged by the early 1970s as the principal agent for the direction and implementation of community development. Financed by the Federal government and private philanthropy, community development corporations would participate and shape placed-based community development efforts for the next 25 years.

The Rise of Neoliberalism (1970s – 1990s)

In the 1970s, the United States saw the beginning of Neoliberalism. This theory of political economic practices "proposed that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade… In the neoliberal context, the role of the state is to create and preserve an institutional framework appropriate to such practices" (Harvey, 2005, p. 2).

Although Neoliberalism in the United States is most closely associated with the presidency of Ronald Reagan, it began to take root during the Richard Nixon Administration. In the realm of community development, Nixon ushered in market-based ideas with his 1973 announcement of a moratorium on the construction of new public housing. Three neoliberal solutions emerged alongside that decision: 1) housing voucher (starting in 1973); 2) the Community Development Block Grant (CDBG) program (1974) - and later the HOME housing block grant (1992) - that devolved control to state and local authorities and 3) the rise of financial intermediaries, LISC (1980), the

Enterprise Foundation (1982), and Neighborhood Reinvestment Corporation (NRC) (1979), which channeled financial support and technical assistance to community development entities (Orlebeke, 2000)[3].

Housing vouchers

The introduction of housing vouchers represented a shift in the role of the Federal government from the direct production of new housing units to subsidizing the already constructed (and vacant) units held by private real estate developers. Starting in the late 1960s, the national conversation started to move away from emphasizing production, as a number of reports argued that there was an adequate supply of housing, and that affordability was the greater challenge for low-income families (Orlebeke, 2000).

The idea of rental housing vouchers had been around for many years, but garnered more attention in the late 1960s, as part of the larger shift toward neoliberalism (Varady & Walker, 2003). Rather than pay for construction of new housing units, the underlying rationale behind vouchers is to cover the gap between what low-income families can afford to pay and the fair market rent in the private housing market. Vouchers also helped to support weak urban property markets.

[3] The 1986 creation of the Low Income Housing Tax Credit (LIHTC) also occurred during this period and is discussed more fully in a subsequent section that details the emergence of Community Development Financial Institutions.

Block grants

The elimination of some categorical programs, and the repackaging of resources as block grants is consistent with neoliberal efforts to shrink the size and power of the federal government by devolving authority to local and private sector actors. Under neoliberalism, states are expected to act like firms in a competitive marketplace, creating a better “product” than their rivals (Clarke & Gaile, 1992; Hanson, 1993; Reese, 2014; Taylor, 2012).

The Community Development Block Grant Program, which began in 1974, remains the single largest source of funding for community development activities in cities. CDBG funds have been used to construct housing, clear vacant or blighted land, and invest in infrastructure (Department of Housing and Urban Development, 2014).

Programs funded by CDBG must benefit low- and moderate-income families. The funding is allocated to state and local government units - either an urban city / urbanized county, which are designated entitlement communities, - or state governments, through the non-entitlement program. Community-based organizations apply to those local governments for funding to pay for activities that fall within the regulations of allowable activities. In this way, federal funds are directed by neighborhood-based organizations, working with city officials, with the intent of benefiting local communities within those officials’ jurisdictions. This grants power to mayors and other local officials, and allows them to shift these resources to meet their often pro-growth agendas (Fainstein, 2001; Stone, 1993).

Creation of financial intermediaries

The rise of the financial intermediaries LISC, the Enterprise Foundation, and the Neighborhood Reinvestment Corporation, which channel financial support and technical assistance to local community development entities, was precipitated by private philanthropic actors. Private charities have always played a role in community development activities. Initially, private foundations invested directly in community-based organizations, making grants as was consistent with each charity's mission (Liou & Stroh, 1998). For example, the Ford Foundation made its first grant to New York's Bedford-Stuyvesant Restoration Corporation in 1967, signaling an early commitment to supporting this new initiative in its home city. The Kresge Foundation has funded numerous programs in Detroit, the MacArthur Foundation has done so in Chicago, and the Knight Foundation in its eight "resident communities" across the United States. [4]

The philanthropic community wanted to provide additional support for the emerging CDC industry, including increasing capacity through training and technical assistance as well as the dissemination of best practices (Anglin &

[4] The resident communities are Akron, Ohio; Charlotte, N.C.; Detroit; Macon, Ga.; Miami; Philadelphia; San Jose/Silicon Valley, Calif.; and St Paul, Minn. Source: http://www.knightfoundation.org/what-we-fund/engaging-communities accessed 12 August 2014.

Montezemolo, 2004; Liou & Stroh, 1998; von Hoffman, 2012). Over the course of the 1970s, Ford and other foundations investigated innovative ways to support CDCs. A report, "Communities and Neighborhoods: A Possible Private Sector Initiative for the 1980s" detailed how a financial intermediary could be formed to accomplish the goals of providing financial support to make up for declining Federal funds, as well as programmatic support for these new organizations (Ford Foundation, 1979).

Three such national community development financial intermediaries were established by 1981: the Enterprise Foundation, Local Initiatives Support Corporation (LISC), and Neighborhood Reinvestment Corporation (NRC). As Vidal (1997) notes, "They have played a central role in expanding the base of financial, technical, and political support for the community development movement. Functioning as specialized community development "banks," the intermediaries receive grants and low-interest loans from foundations, banks, corporations, and the public sector, and use the resulting financial pool to provide grants, loans, and credit enhancements to CDCs." (p. 431).

Each of these organizations started in a slightly different manner. LISC was created by Ford and other foundations who wanted to expand their support of CDCs. The Enterprise Foundation was started by real estate developer James Rouse, and makes loans, grants, and equity investments, largely in Cleveland, to build or renovate homes, as well as programs to help individuals find jobs (McDermott, 2004). The idea for NRC came out of the grassroots. Community residents in the Central North Side neighborhood of Pittsburgh worked together to fix houses as a means to stabilize the neighborhood (Vidal, 1997). This idea spread to other cities, and a network of organizations evolved. In 1978 Congress created the Neighborhood Reinvestment Corporation to support the expansion of these efforts. Today, NeighborWorks America supports over 240 community organizations (NeighborWorks America, 2015).

These first intermediaries worked hard to nurture relationships with local CDCs; LISC had 19 local programs established within its first five years (LISC, 2010). Over the next twenty years, these and other intermediary organizations would play a key role in financing the activities of CDCs, providing technical assistance to CDC practitioners, and disseminating the best practices of this maturing industry.

These three approaches (vouchers, block grants, and financial intermediaries) all conformed to the neoliberal preference for private markets and funding sources. Vouchers supported private property developers that built rental housing, as opposed to publicly constructed and operated housing projects. Block grants moved control from the national to the local and state levels, where pro-growth regimes often dominated. Financial intermediaries channeled private sources of capital, to support community development in low-income communities. As Federal resources shifted, and other agents entered to fill the gap, a new community development infrastructure emerged in this early neoliberal period.

The Rise of Community Development Financial Institutions (1990s to present)

The federal response to the ongoing financial needs of low-income communities increasingly favored programs that used private capital to achieve social goals. In addition to the Community Reinvestment Act, three such programs – Low Income Housing Tax Credits, the CDFI Fund of the US Treasury, and New Market Tax Credits (NMTC) – were particularly important for the development of the Community Development Financial Institutions (CDFI) industry (Rubin 2007a).

Low-Income Housing Tax Credits

The Low Income Housing Tax Credit (LIHTC) program was created in 1986 through a revision of the tax code. The intent of the program was to encourage private investment in the development of low-income rental housing, to replace and augment public investment. LIHTC has been very successful in facilitating the construction of new housing and rehabilitation of existing housing as well as housing for the elderly and disabled. About 2,456,052 units in 39,287 projects have been built since 1987, with the overwhelming majority (87 percent) designated as low-income.[5] There now

[5] The entire database of LIHTC projects through 2012 is publicly available at http://lihtc.huduser.org Most recently accessed on 14 August 2014.

are twice as many LIHTC units as there are public housing projects in the United States (Schwartz, 2015).

Private real estate developers rarely have the ability to use the tax credits themselves. In most cases, they syndicate the credits by selling them to investors who are seeking to lower their tax liability. This enables the developer to raise the equity necessary to fund the project.

Most CDCs lack the capacity to syndicate the tax credits themselves and must pay a fee to a syndicator (either a CDFI or another third party), who finds buyers for the credits. The funds raised are then used by the CDC for the housing project. However, the tax credits are highly sought after by both for-profit and nonprofit developers, with financial service companies successfully dominating the tax credit allocations since the 1990s (A. F. Schwartz, 2015). Interviews conducted as part of this research confirm that the competition has reduced the ability of CDCs to use the LIHTC to subsidize their housing development work (Gray 2015; Strong 2015).

The CDFI Fund

CDFIs provide depository services and small loans for individuals and financing for affordable housing projects, commercial real estate projects, and

According to HUD, projects eligible for LIHTC must meet low-income occupancy threshold requirements. At a minimum, projects must either have at least 20 percent of the units occupied by households with incomes at or below 50 percent of the HUD-determined area median income, or at least 40 percent of the units occupied by households with incomes at or below 60 percent of the HUD-determined area median income (U.S. Department of Housing and Urban Development, 2014).

small businesses that benefit low-income communities. They also provide training and technical assistance to individuals, firms, and community-based non-profit organizations (Rubin, 2007).

The 1994 passage of the Riegle Community Development and Regulatory Improvement Act, (the CDFI Act) applied the broad label of community development financial institution (CDFI) to a number of community-focused financial entities. These include loan funds, banks, credit unions and venture capital funds. What bound these organizations together was a mission to work for the benefit of low- and moderate-income residents and communities (Benjamin, Rubin, & Zielenbach, 2004).

The CDFI Act also created the CDFI Fund for the "purpose of promoting economic revitalization and community development through investment in and assistance to community development financial institutions (CDFIs)" (CDFI Fund, 2012, np). The Fund certifies CDFIs, makes direct investments in them via a competitive annual grant program, and administers the New Markets Tax Credit program. The Fund also runs programs to encourage banks to make investment in CDFIs and in low-income communities, manages the Native Initiatives program with tribal nations, and supports research, training, technical assistance, and dissemination of best practices, to the entire CDFI industry (CDFI Fund, 2014).

Mark Pinsky, Executive Director of the Opportunity Finance Network, the largest CDFI trade association, who was instrumental in the passage of the legislation creating the CDFI Fund, argues that the CDFI Fund is the most important tool for community development.

> "The [NMTC and LIHTC] tax credits are important, but the constraints of them sometimes force a larger deal when a smaller project would be better. … [The Fund] makes very small expenditures, but it allows CDFIs to manage risk and get into markets they wouldn't otherwise be able to" The CDFI Fund does something no other federal program has ever done. It's extraordinary in what it does. It provides equity on an enterprise basis, not a project basis, in institutions. And, trusts in their ability, financial institutions, their ability to, intervene effectively in the market place. And to adapt their intervention when necessary because of changing market conditions. [That] doesn't exist anywhere else" (Pinsky, 2015).

New Markets Tax Credit

Congress established the New Markets Tax Credit Program (NMTC) in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. [6] Between 2000 and 2013, the NMTC program facilitated $55 billion of private capital investments in low-income communities, leveraged by $7 billion of public subsidy (Rapoza Associates, 2013).

[6] Despite its successes, the NMTC program is regularly under the threat of not being re-authorized by Congress. On January 3, 2013 President Obama signed the American Taxpayer Relief Act of 2012 which included an extension of the New Markets Tax Credit Program for 2012 and 2013. The tax credit allocation authority is $3.5 billion for each year. As of this writing, efforts are currently before Congress to make the NMTC a permanent part of the tax code (similar to the Low Income Housing Tax Credit), rather than relying upon annual appropriations.

The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making qualified equity investments (QEIs) in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period (CDFI Fund, 2014).

Projects that use NMTC investments are complicated transactions.[7] At the center of all NMTC transactions is a qualified Community Development Entity (CDE). All certified CDFIs are automatically considered CDEs, but so are a number of other community-based organizations. According to the Treasury Department's regulations, any organization that can "demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons" can qualify as a CDE (CDFI Fund, 2014). This definition leaves open the possibility that any number of community-based organizations may qualify, but the majority of CDEs

[7] As shown in Chapter 4, The Reinvestment Fund's use of NMTC funds in support of the Pennsylvania Fresh Food Financing Initiative was critical to the program's success, and its replicability in other states.

appear to be created either a CDFI, a commercial bank, or an area-wide collaboration between several financial institutions. [8]

Betsy Pugh, retired CFO of Local Initiatives Support Corporation (LISC), questioned the decision to allow CDEs to be created by "large commercial banks and other for-profit entities that ordinarily did not invest in blighted neighborhoods." This provided an additional tool for banks to meet their CRA requirements while, in theory, also encouraging development in lower income areas. The issue is it took a source of capital away from non-profits, who put the interests of the community first, and gave it to corporations which has other interests to protect.

> The thing that worries me is any perception that some funds might have been used incorrectly. There was some talk about investments being made in higher income neighborhoods than the ones intended by the government. This isn't to say that regulations were being broken. The way eligibility for investment was determined unintentionally made it possible for for-profit entities to invest in moderate income as opposed to low income neighborhoods in some areas -- neighborhoods they might have invested in anyway. In this "gotcha" media environment, those developments could give fodder to those who oppose extending the program. (Pugh, 2015).

Pugh's concerns are supported by other research. There is intense competition in the NMTC program, with demand by CDEs far outpacing the availability of credits. Between 2003 and 2013, CDEs requested nearly $282

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[8] A simple count of CDE type was conducted with data acquired on 11 August 2014 at http://www.cdfifund.gov/docs/nmtc/2014/FY%202013%20NMTC%20Public%20Data%20Release_Final.xls

billion in allocation while the CDFI Fund only awarded $36.6 billion in NMTC allocation (Rapoza Associates, 2014). The scoring system developed to make awards favors the largest institutions, specifically those that can self-finance for the tax credits. As a result, CDEs with a for-profit investor as a parent organization and some of the larger CDFIs have come to dominate the awards, often to the detriment of smaller and more community-oriented organizations (Rubin & Stankiewicz, 2005b). The complexity of NMTC transactions and the intense competition for the credits means that most CDCs cannot access or use the tax credits without the assistance of a larger CDFI or another financial intermediary.

The dominance by financial institutions, the intense competition for the tax credits, and the constraints of the program also impact the kinds of projects that get developed with the NMTC (Rubin and Stankiewicz 2005). Mark Pinsky of the Opportunity Finance Network agreed, arguing that reliance on tax credits (both New Markets and LIHTC) “takes away the flexibility in the kind of finance that we [CDFIs] can do. You can do real estate, but it’s really hard to do any small business loans. It pushes for a larger deal size when a lot of where the problem is in community development finance is in smaller deals” (Pinsky, 2015).

Conclusion

This brief history of community development is intended to help frame the case study presented in the next two chapters. This chapter detailed how the federal government and private philanthropy have played important roles in the creation of the current community development field, including the rise of community development corporations. This chapter further documented how the ascendancy of neoliberal ideas has led to a new set of policy solutions and actors. The case study presented in the following chapters suggests that these policies and actors are changing the practice of community development.

Chapter 3: The Pennsylvania Fresh Food Financing Initiative

In 2001, the Food Trust, a Pennsylvania nonprofit organization, published a report that stated that Philadelphia had the second-worst food access of any city in the country (Cotterill & Franklin, 1995; D. Perry, 2001). Less than a decade later, the Obama administration hailed the Philadelphia-based Pennsylvania Fresh Food Financing Initiative as a national model for increasing access to healthy fresh food in low-income communities (Obama, 2010; U.S. Department of Agriculture, 2010). What happened in such a short time to bring about this dramatic change?

In this chapter, I trace the history of the Pennsylvania Fresh Food Financing Initiative (FFFI), an innovative response that became a national model for addressing the problem of severely limited food access. The FFFI case study allows for a close examination of the role that community-based organizations and a community development financial institution played in this effort. The case study illustrates the evolution of the community development field in response to neoliberal changes in the external policy and funding environments and to the resulting changed perceptions of different community development actors.

Philadelphia's Food Environment

Beginning after World War II, Philadelphia experienced a long period of decline in its manufacturing sector, a shift of employment and population to the suburbs, and disinvestment (Adams et al., 1991; Adams, Bartlet, Elesh, &

Goldstein, 2008).[9] The city also lost many supermarkets and access to fresh food in low-income neighborhoods was severely curtailed (Cotterill & Franklin, 1995; D. Perry, 2001). Some grocery operators opened new locations to serve a suburban clientele; at the same time they closed stores in poor urban communities, starting in the late 1950s, reflecting both the population shift, and the overall disinvestment in poor communities during this period (Ambrose, 1979; Diesenhouse, 1993; Kaufman, MacDonald, Lutz, & Smallwood, 1997).

Some community-based organizations tried to address the lack of access to fresh food. LISC launched The Retail Initiative (also known as TRI-94LP) in 1994. LISC explained its efforts as defined by a need for urban retail and a lack of equity for supermarket development (Levine, 2012, p. 3). LISC brought some equity to local community-based organizations to do these development projects. Their objectives included increasing food access, creating jobs, revitalizing neighborhoods and engaging communities in retail development (Levine, 2012).

Supermarkets play a key role in anchoring retail shopping centers because developers recognize their importance in drawing customers (Levin Property Management, 2014). That is why many community development corporations

[9] Philadelphia's experience was part of a broader deindustrialization of the US economy that began in the 1970s and accelerated in the 1980s (c.f. Bluestone & Harrison, 1982) and eliminated jobs in northern and mid-western cities. New jobs during this period were more likely to be found in suburban office parks, whether in the service sector in the northeast, or in manufacturing in the southwest (Garreau, 1992).

have made supermarkets anchors in their retail development projects. For example, in 1999, the Abyssinian Development Corporation opened a Pathmark supermarket on 125th Street in Harlem, which became "the anchor for an $85 million commercial / retail complex called Harlem Center" (Proscio, 2006, p. 22).

In creating The Retail Initiative, LISC sought to support community-based organizations that wished to develop similar projects but lacked financial and technical capacity. The Retail Initiative raised $24 million in equity investments, attracted 9 investors, and placed $17 million in eight supermarket projects over a 10-year period. This initiative partnered with CDCs and used a combination of equity investments, loans, and grants to finance the developments. The CDC partnerships were an important part of the project: "CDC owners increased influence due to their role in developing and owning these shopping centers" (Levine, 2012, p. 11). TRI wound down after the investors were repaid.

With this program, LISC demonstrated the viability of this investment approach. Funding CDC-owned supermarket developments became something that LISC affiliates could continue to support individually (Proscio, 2006). In each of the TRI projects, LISC worked with a CDC, which owned and managed the supermarket-anchored retail development projects. As we will see in the next sections, the Pennsylvania Fresh Food Financing Initiative would take a different approach.

Even without LISC's help, other community organizations sought to develop supermarkets. Asociación Puertorriqueños en Marcha (APM), included a supermarket in their Borinquen Plaza development. Founded in 1970, APM, a CDC, works on community health, social service, housing, and community economic development in a largely Latino section of North Philadelphia.

Rose Gray, Senior Vice-President for Community & Economic Development at APM, recounted how local residents during an early-1990s planning effort articulated the need for a neighborhood supermarket that provided ethnically-appropriate food. The CDC also viewed the supermarket as necessary to their low-income ownership housing strategy (Gray, 2015). After funding its own market study, APM found that, despite adequate demand to support a supermarket, "none of the large chain stores were interested in anything other than a 'big box' location, which would never work in this neighborhood (Gray 2015).

Their Borinquen Plaza included a supermarket, bank, and a laundromat, which residents also identified as needed. APM assembled the land parcels from the city's redevelopment authority, convinced the city to close a one-block section of Germantown Avenue to make the site plan work, and identified project financing. It was a significant development project for this community development corporation, and it took several years from conception in the mid-1990s to when the stores opened for business in 1999. Reflecting on why the CDC decided to launch this ambitious project, Gray explained that “this is what we are supposed to do as a CDC. We listen to residents, and work on getting the project done” (Gray 2015).

The financing for Borinquen Plaza illustrates the complexity that community development corporations must manage to develop housing or commercial properties. Philadelphia city government donated the land which was valued at $1 million. The US Department of Health and Human Services provided a $550,000 grant to APM for workforce development. Other grants came from local foundations and the Fannie Mae American Communities Fund. Debt financing came from a local bank (Wilmington Trust of Pennsylvania) and the local LISC affiliate (Young, 1999).[10] Additionally, because this $4.9 million project was located within the Empowerment Zone, the operator received tax breaks (Gray, 2015).

[10] This project was financed by a 10 year, 5% loan and was not part of LISC’s Retail Initiative. (See Chapter 2 for more on the Retail Initiative).

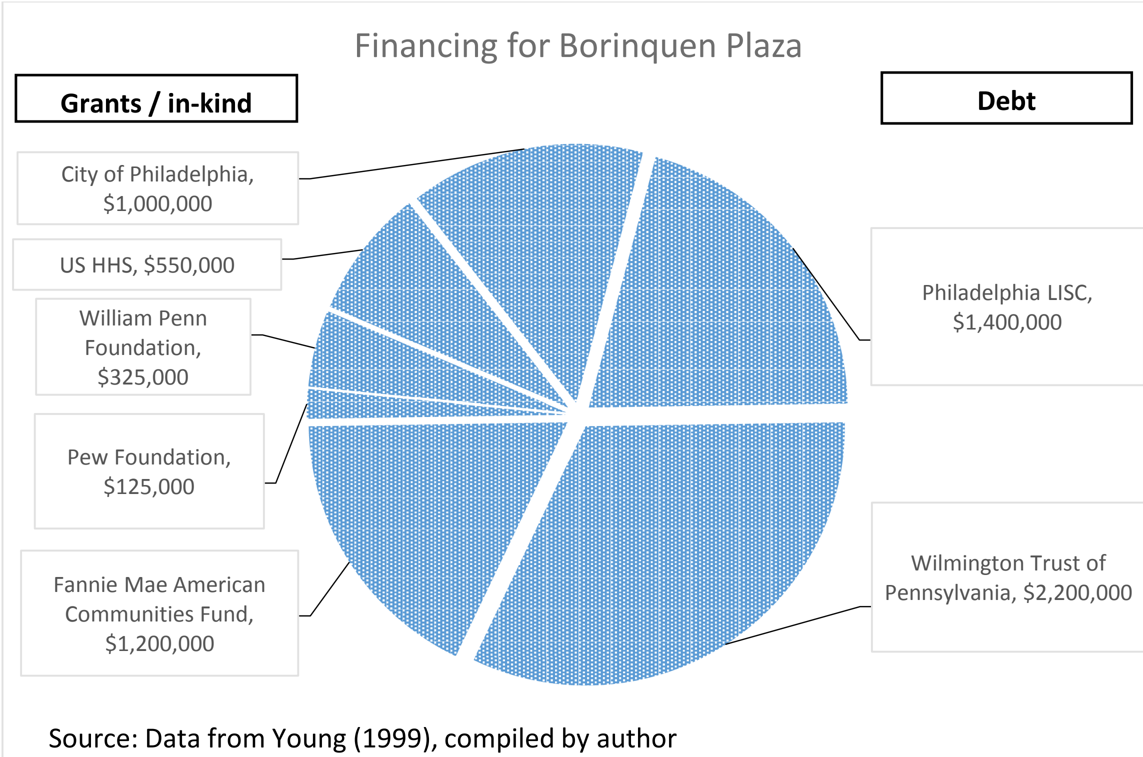

Figure 3-1: Financing for Borinquen Plaza

The opening of the supermarket at Borinquen Plaza was not without problems. Initially, APM had identified Steve Cousins as the operator for the store. Cousins was already running a successful supermarket in the Hunting Park neighborhood of North Philadelphia, and was seen as someone who could meet the needs of local residents. APM had also secured a 10-year commitment from Fleming Companies[11] to be the wholesale supplier to the store. Due to a dispute with local labor unions over the project, Cousins

[11] Fleming Companies filed for bankruptcy in 2003, and no longer operates in Philadelphia. The loss of this significant wholesale provider had an impact on future supermarket development in the city.

pulled out before the store opened. APM found another local operator, Steve Brown, who opened the supermarket in 1999 (Gray, 2015).

As Borinquen Plaza was nearing completion, the Philadelphia LISC affiliate advanced the idea of another supermarket funded through The Retail Initiative. The lead organization Triumph Baptist Church saw the supermarket as a needed catalyst for neighborhood redevelopment. The church bought the land, and invested $975,000 towards the $4.5 million project. Steve Brown was selected as the operator of this grocery store (a Safeway), in addition to the store at Borinquen. However, by early November 2000, Brown closed this store and the one at Borinquen Plaza “for business reasons” (Young, 2000).

Triumph Church quickly found a new operator for its store, Ernie Branch, and the store was reopened in a few weeks. Unfortunately, Branch was only able to keep the store running for about a year and it closed in the fall of 2001 (Fleming, 2002). APM meanwhile worked out a deal with the original operator, Steve Cousins. The resulting Cousins’ Supermarket has been in operation at Borinquen continuously since January 2001 and remains a significant asset to the community (Gray, 2015).

The experiences of the Retail Initiative, APM and Triumph Church are consistent with literature detailing the challenges of operating a grocery store in a low-income community (Ambrose, 1979; Bell & Burlin, 1993; Dunkley, Helling, & Sawicki, 2004; Kaufman et al., 1997; MacDonald & Nelson Jr., 1991). However, the ultimate success of the Borinquen supermarket also suggests that the environment in Philadelphia could be receptive to supermarket development.

Rose Gray, Senior Vice-President for Community & Economic Development at APM, believes that one of the reasons that Borinquen survived these challenges was APM's expertise as a CDC. "We have experience managing development projects in the neighborhood. We could absorb [the supermarket] going dark for a few months," she noted (Gray, 2015).

As these examples demonstrate, although Philadelphia witnessed a period of grocery store closings starting in the 1960s (similar to other cities across the country), there were some successful efforts to build new stores. The successes detailed here required both financial resources and developer programmatic capacity (Glickman & Servon, 1998).

The Food Trust and the Philadelphia Food Marketing Task Force

The Food Trust, a nonprofit created in 1992, also worked to address issues of inadequate food access. Its efforts were critical to facilitating the Pennsylvania Fresh Food Financing Initiative. The Food Trust began by offering nutrition education classes for inner-city children at Reading Terminal Market and running a weekly farmer's market at the Tasker Homes public housing project in the Grays Ferry neighborhood of South

Philadelphia. The organization subsequently expanded its programs to other public housing projects, becoming increasingly aware of the negative impact that the lack of food access was having on low-income communities (The Food Trust, 2014).

In 1999, The Food Trust reached out to the Philadelphia Department of Health to ask the Department to support a research study to measure the public health impacts of this problem (Giang, Karpyn, Laurison, Hillier, & Perry, 2008).[12] The resulting report, *Food for Every Child: The Need for More Supermarkets in Philadelphia* (2001) started where Cotterill & Franklin (1995) left off, with the idea that access to supermarkets was key to addressing the issues of hunger, obesity, and diet-related illness. It documented uneven food access across Philadelphia and the significantly worse public-health indicators related to diet-related diseases (heart disease, cancer, diabetes) in neighborhoods without supermarkets. Accompanying maps illustrated which areas of the city had the greatest need for access to fresh food.

The report, and a summary version The Food Trust distributed broadly, appear to have been the catalyst for action by the Philadelphia City Council. On February 28, 2002, the Council authorized its Committee on Public Health & Human Services to hold hearings, “regarding access to proper

[12] The Samuel S. Fels Fund, a Philadelphia-based foundation, also supported this research.

nutrition for low-income children and families in Philadelphia as well as to investigate potential solutions to this health threat" (Reynolds Brown, 2002). The City Council's resolution directing the committee to hold hearings referenced The Food Trust report in arguing that Philadelphia had the "2nd worst food access in the nation." That the Food Trust was the only non-profit mentioned in the resolution reflected the significant role that the organization was playing in raising policy-makers' awareness of food access concerns. Subsequent interviews confirmed the importance of their role.

The City Council held hearings on April 16, 2002, and many experts provided testimony. Physicians discussed the public health impacts of poor nutrition on Philadelphia residents, and community leaders spoke about existing nutrition programs that served low-income residents. A number of those providing testimony recounted supermarkets that had closed over the years and how that had negatively impacted public health (Tasco, 2002).

Pat Temple-West, from Nutritional Development Services (an organization supported by the Archdiocese of Philadelphia) was one of those who testified. He spoke of their 30-year-long mission to assist organizations that provide food to children and the poor. His testimony revealed that this was far from the first time that community residents had sought help in order to create an alternative to the corner store or remote supermarket. He noted that:

> In the 1970s and 1980s, NDS helped get started over 100 food-buying clubs, 25 farmers tailgate markets, and a revolving loan fund to assist

> the development of supermarkets in low-income areas. All of these efforts, while initially successful, ended for a variety of reasons; the single largest reason being lack of funding for administrative oversight and assistance. We have found that we can inspire, innovate, and initiate, but we are not equipped to sustain community and economic development over a long period of time, and these projects require a lot of time (Tasco, 2002, p 52).

A panel of three supermarket representatives that included ShopRite and Pathmark also provided testimony. They discussed the challenges of operating a supermarket in the city. These include increased costs for development and security; competition from non-supermarket stores like Wal-Mart; and the difficulty of getting approved to participate in the Women, Infants and Children (WIC) federal supplemental nutrition grants program. The chain supermarkets also testified to the challenge of needing larger facilities in the space-constrained urban environment.

Rich Savnor, the director of public affairs and government relations for Pathmark, testified about the reluctance of store operators to take on the more challenging urban locations because the margins in the industry are so small. “For an industry which averages making between a penny and two pennies on the dollar profit, there’s not a high margin of error when you make a decision to sign a 25-year lease beyond that, so you want to make as sure as you can when you do decide to operate that store” (Tasco, 2002, p 74). Addressing these challenges to opening and operating grocery stores in Philadelphia was the charge of the Food Marketing Task Force.

The Philadelphia Food Marketing Task Force

The Food Trust conceived the Philadelphia Food Marketing Task Force and the city provided $75,000 to fund it. Duane Perry, Executive Director of The Food Trust, requested this funding during the April 16, 2002 City Council hearing on food access. The Task Force had a two-part mission: identify ways to improve the quality and amount of affordable, nutritious food available in lower-income communities, and recommend short- and long-term public policies to improve the availability of affordable and nutritious food to Philadelphia areas with the greatest need (Tasco, 2002).

The Task Force was co-chaired by Christine James-Brown, President and CEO of the United Way of Southeastern Pennsylvania and Walter Rubel, Director of Government / Community Relations for Acme markets, a local supermarket chain. The 41 members of the Task Force included experts in planning and economic development, leaders from local non-profits, and representatives from a number of public agencies and departments. The taskforce membership also included three representatives from The Reinvestment Fund, a large CDFI that would eventually be chosen to manage the Pennsylvania Fresh Food Financing Initiative (Burton, 2004). The taskforce met four times. However, interviews with taskforce members Hannah Burton Laurison of The Food Trust and Patricia Smith, the director of Philadelphia's Neighborhood Transformation Initiative, reveal that much of the work happened outside of those four formal meetings.

The Food Trust had settled on supermarket construction as the preferred policy solution early on. "People kept coming back with farmer's markets, with education, with other ideas [during the Task Force meetings]," Burton Laurison noted. "And while they were all good, we knew that getting everyone behind grocery stores was going to be what was needed" (Burton, 2015).

It is unclear when The Food Trust decided that supermarkets were the solution. Donald Hinkle-Brown, taskforce member and Executive Director of TRF, confirmed that while TRF was not involved in the production of The Food Trust's 2001 report, once supermarkets were seen as the solution by taskforce participants, much of the work of the Task Force was coming up with the right kind of policy framework to make them happen (Hinkle-Brown, 2015).

In June 2004, the Philadelphia Food Marketing Taskforce issued its final report "*Stimulating Supermarket Development: A New Day for Philadelphia.*" The report's recommendations highlighted the need to use city and state resources to develop supermarkets in high-poverty neighborhoods (Burton, 2004, p 7).

1. “The City should adopt food retailing as a priority for comprehensive neighborhood development.
2. The City should employ innovative, data-driven market assessment techniques to highlight unmet market demand in urban neighborhoods.
3. The City should identify targeted areas for supermarket development and promote them to real estate developers and the supermarket industry.
4. The City should give priority to assembling land for supermarket development.
5. The City should reduce regulatory barriers to supermarket investment.
6. The City should market the available public incentives to maximize impact on supermarket site location decisions.
7. City and State economic development programs should be made available to the supermarket industry.
8. The Commonwealth of Pennsylvania should develop a business financing program to support local supermarket development projects.
9. The appropriate city, regional, and state transportation agencies should develop safe, cheap, and convenient transportation services for shoppers who do not have access to a full service supermarket.
10. The City should convene an advisory group of leaders from the supermarket industry and the civic sector to guide the implementation of these recommendations” (Burton, 2004, p 5).

The Task Force’s recommendations suggested that a comprehensive economic development approach, centered on supermarket construction, was the way to provide “food for every child”. It was this perspective that would be critical to developing the Pennsylvania Fresh Food Financing Initiative.

The Pennsylvania Fresh Food Financial Initiative

The Pennsylvania Fresh Food Financing Initiative (FFFI) was a public-private partnership between the PA Department of Community and Economic Development, The Food Trust, and The Reinvestment Fund (TRF). The Food Trust was responsible for defining eligibility requirements for operators, and identifying the locations with the most significant gaps in grocery store coverage. The Reinvestment Fund was in charge of working with identified developers on project financing. With initial funds provided by the state, and leveraged by TRF's other investors and with New Markets Tax Credits, 88 supermarkets were constructed across the state between 2004 and 2009 (Giang et al., 2008). Understanding how the PA FFFI was created helps explain why this was put forth as the solution to the problem of inadequate access to fresh food.

Before the Philadelphia Food Marketing Task Force began its work, The Food Trust's efforts to raise awareness of Philadelphia's food access problem had attracted the attention of some state lawmakers. Pennsylvania State Representatives Frank Oliver from Philadelphia and Jake Wheatley from Pittsburgh held hearings in the spring of 2003 on the 'grocery store gap' in the Pennsylvania House Committee on Health and Human Services. In December of that year, they issued a report that stated the gap had "an adverse impact on urban and rural communities statewide. The report called for a new partnership between government and industry to respond to the problem" (Giang et al., 2008, p. 275). The report primarily focused on how the state could help reduce the barriers to building and operating supermarkets (Barnes & Bureau, 2003). The Pennsylvania FFFI was created less than a year after the publication of the legislative report.

The creation of the FFFI was strongly facilitated by Pennsylvania House Appropriations Committee Chair Dwight Evans. Believing that new legislation to fund the FFFI was unlikely, Evans carved $25 million in funding for FFFI out of an existing Department of Community and Economic Development program (Evans, 2013). Evans, who represented a high-poverty Philadelphia community, saw FFFI as a way to address both the need for greater access to fresh food and for more economic development in his district. In fact, the potential of FFFI to create jobs for his constituents was a critical consideration for Evans.

> You asked me … when I first became aware of the supermarket issue. When I was a kid, living in North Philadelphia, then we moved to Germantown, and then to West Oak Lane, I was aware of supermarkets. They were part of the neighborhood. You're a kid, and you know that's just part of the routine, going to the grocery store. And people got jobs there; not a lot of money, but it taught you about getting to work, and earning a check. But then they started closing down *(Evans, 2015)*

Evans had met Duane Perry, the founder of The Food Trust, in 2000. At that time, The Food Trust was working primarily on farmer's markets, and Evans thought it would be a good idea to have one open to serve the needs of his district. However, a farmer's market did not address the need for jobs in the community. As Evans noted, "bringing in some trucks with food from Lancaster County is good, but it's just not the same as 200 jobs in a supermarket." (Evans, 2015). An additional limitation of farmers markets for Pennsylvania is their seasonal nature, reflecting the local food production cycles. Demand for fresh food, however, is year-round.

Evans saw supermarkets as a solution that addressed food access and provided jobs. The problem was finding funding to support the development of supermarkets in high-poverty communities. Private capital was reluctant to invest in commercial development in those neighborhoods. Traditional economic development programs in Pennsylvania supported affordable housing or larger scale commercial development projects. There were no dedicated funding sources to support supermarket construction in high-poverty communities (Pennsylvania Office of the Governor, 2004).

Representative Evans believed that what was needed was financing for supermarket construction that was willing to accept lower rates of return and a higher risk, in exchange for a social outcome. Evans had met Jeremy Novak, The Reinvestment Fund's CEO, while working on financing for a charter school in Evans' district. As Dwight Evans recalled:

> I just made one call, to Jeremy [Novak, The Reinvestment Fund CEO], and asked him, 'If I got you $25 million, could you do it?' Just one phone call. It was certainly a lot of trust to place in his organization, but I took a leap of faith because I knew this was what needed to be done (Evans, 2015).

Evans' relationships as chair of the Appropriations Committee would prove to be critical. Minutes from a February 6, 2004 meeting of the Food Marketing Task Force indicate that Evans had already submitted a proposal to then-Governor Rendell to "leverage a $25 million investment into a $98 million multi-faceted pool to stimulate supermarket investment in underserved communities" (Food Marketing Task Force, 2004, p 1).

Evans ultimately secured a larger $30 million commitment ($10 million each year over 3 years from 2004 through 2006) in the budget for the PA Department of Community and Economic Development, under the First Industries program. Matched at a 3:1 rate, this funding became the basis for the FFFI.

Evans then secured a no-bid contract for The Reinvestment Fund to manage this program from the Pennsylvania Department of Community and Economic Development, within the First Industries program (Pennsylvania Act 22 of 2004, PL 163).[13] The Reinvestment Fund, along with The Food Trust and a Philadelphia based non-profit, the Urban Affairs Coalition, also were charged with implementing FFFI (Evans, 2013).

Administration of the FFFI

The eligibility guidelines developed by The Food Trust and The Reinvestment Fund were drawn broadly, according to Hannah Burton Laurison, who was the FFFI program manager at The Food Trust. These guidelines recognized

[13] The First Industries Fund was created as one of 19 programs in the June 2004 economic stimulus package from PA Governor Ed Rendell. Of the $2.3 billion in total spending, $100 million was designated for agriculture projects that support agriculture and tourism throughout the state, through a number of loan and loan guarantee programs. These loan programs support small businesses, machinery and equipment, and provide resources for energy-related activities for production agriculture and agribusiness (Pennsylvania Office of the Governor, 2004). Funding guidelines for the Commonwealth Financing Authority delineate supermarkets as the place of sale for farm commodities (Pennsylvania Department of Community and Economic Development, 2005).

that grocery operators were initially reluctant to participate in this new program. She indicated that the failure of other supermarket projects in Philadelphia (and elsewhere) was one factor to overcome when convincing operators to open stores. She recalled that a fair amount of her time (and of her counterpart at The Reinvestment Fund) was spent on education and outreach to overcome misconceptions about building and operating supermarkets in low-income neighborhood (Burton, 2015).

Patricia Smith was a member of the Food Marketing Task Force, in her capacity as the director of the Neighborhood Transformation Initiative (NTI), the signature community development effort of mayor John Street. Currently, Smith is Senior Policy Advisor at The Reinvestment Fund, and directs their national efforts in fresh food financing. In describing the work she does, and how it related to her other experiences working in community development in Philadelphia, she noted that "TRF operates at the confluence of policy and finance. Engaged communities are the backbone of succeeding in economically challenged neighborhoods" (Smith, 2015). Smith felt that one of the key success drivers of the Fresh Food Financing Initiative was that it was run by a CDFI with experience developing commercial projects in low-income communities and not by the city. This helped "calm the concerns of the development community" by assuring operators that the Initiative had the capacity to structure the necessary deals (Smith, 2015).

One factor that initially positioned The Reinvestment Fund at the center of the FFFI was its experience with large-scale commercial projects in low-income neighborhoods in Philadelphia. And as a CDFI, The Reinvestment Fund was able to leverage the state's $30 million investment into a $120 million loan pool. They accomplished this by adding their own Core Loan Fund and using the Federal New Markets Tax Credit (NMTC). A discussion of how The Reinvestment Fund used each component in structuring a deal is instructive, especially when compared to a similar project undertaken by a CDCs, such as the Borinquen exampled discussed previously.

The first sources of funds were those directly from the FFFI, provided by the Pennsylvania Department of Community and Economic Development (DCED). Under the program's guidelines, loans and grants were available for the construction of supermarkets in underserved areas across the state. Grants were limited to $250,000 and could be used to cover costs associated with site control or land assembly, workforce training, security and energy efficiency measures. Furthermore, the proposed supermarket needed to be located in a low- to moderate-income census tract. The Food Trust, utilizing a database of current grocery store locations, also determined whether the trade area surrounding the proposed location was underserved by the existing food system (Burton, 2004; Giang et al., 2008).

In addition to grants, FFFI funds provided market-priced loans to supermarkets that were unable to secure financing from conventional lenders. Loans required demonstration that the project was in a low-income neighborhood. According to The Reinvestment Fund

> "Because FFFI grant and market-priced loan amounts are relatively small, the program does not attempt to subsidize supermarkets that are otherwise economically unfeasible, but rather provides an incentive that encourages viable supermarket operators and developers to select sites in underserved areas. The Reinvestment Fund and DCED view this strategy as a smarter form of subsidy; one that is adequate enough to attract new operators yet not excessive so as to artificially support an unsustainable operation in the long-term" (Goldstein, Loethen, Kako, & Califano, 2008, p. 14).

However, because they are a large community development loan fund, The Reinvestment Fund also had access to New Markets Tax Credits, a source of subsidy that is largely not available to non-CDFI community development corporations (Rubin & Stankiewicz, 2005b). The Reinvestment Fund has received over $400 million of New Markets Tax Credits since the program's inception. A portion of TRF's allocations in 2006 and 2008 was used for the FFFI; of the $75 million in TRF's 2006 allocation, one-third was devoted to "financing supermarkets in distressed communities" (Goldstein et al., 2008, p. 6). Funds were used for discounted loan rates, longer repayment schedules, and larger loan limits, which subsidized the projects, making them more attractive to private developers. Overall, the New Markets Tax Credit program was critical to the Fresh Food Financing Initiative's ability to bring investment into low-income communities.

Projects that utilize NMTC investments require fairly complicated transactions. As a large CDFI, TRF had developed an expertise in utilizing New Markets Tax Credits to fund projects. In an environment of decreasing direct operating subsidies, the ability to utilize this form of subsidy gives CDFIs an advantage relative to other community development actors.

The last financial component provided by The Reinvestment Fund was its own core loan fund, which TRF used to finance supermarkets that did not meet FFFI and NMTC program criteria. Even without the NMTC subsidy, loans made from TRF's core loan fund carried favorable terms for those wishing to construct a supermarket in a low-income neighborhood. Taken together, the FFFI, NMTC and The Reinvestment Fund Core Loan Fund supported the development of 88 fresh-food retail projects in 34 Pennsylvania counties, creating or preserving more than 5,023 jobs and, according to The Food Trust, improving access to healthy food for more than half a million people (Giang et al., 2008).

The first deal: Brown's Island Avenue ShopRite

According to John Weidman, Deputy Executive Director of The Food Trust, one factor that has made the Pennsylvania model so successful is The Reinvestment Fund's ability to put together the best deal for each project. In all cases, the individual developer contributes substantial financial resources, as well as experience in operating a supermarket. But TRF has the flexibility to determine the optimal combination of grants, loans, and NMTC financing for each deal (Weidman, 2015).

The first project financed under the FFFI was a ShopRite supermarket located on Island Avenue in the Eastwick section of Philadelphia, in the southwest part of the city, a mile north of the Philadelphia International Airport. The owner / operator is Jeff Brown[14], a "fourth generation grocer", who had been operating other ShopRite stores in the region since 1989. He noted:

> Abandoned by a national, corporate chain, the Island Avenue store was a dark location when I acquired it. There are many issues that factor into the cost disparity [as compared to his other stores], including employee training, security, store maintenance cost, and real estate taxes. I know that I would not have been able to grow my business without the support of the PA Fresh Food Financing Initiative. (The Reinvestment Fund, 2011, p 16).

In addition to $5 million of his own equity, the project was financed with a $5 million interest-only loan from TRF's NMTC allocation, which was used for the acquisition of the property, the fit-out of shelving, registers, equipment, signage, and other interior design elements, improvements to the physical facility, as well as initial inventory for the new supermarket. An additional $250,000 grant from FFFI was used for workforce development and training costs. The Reinvestment Fund reports that the 57,000-square-foot store,

[14] He is also the brother of Steve Brown, who was involved with the closed stores mentioned previously in this chapter.

which opened in 2005, now has 258 employees and annual revenues of $35 million (The Reinvestment Fund, 2011).

Beyond Pennsylvania

Once the program was up and running, The Food Trust and The Reinvestment Fund settled into distinct roles. The Food Trust was primarily responsible for marketing and outreach, explaining the program to grocers and communities, and performing eligibility assessments. The Reinvestment Fund was responsible for putting the funding together, and working with the developers on the details of bringing the project to completion (Burton, 2015).

As awareness of FFFI grew, so did efforts to replicate the model elsewhere. The Food Trust started hearing from other states about setting up their own programs as early as 2007. Illinois, New York, and the city of New Orleans all reached out to Weidman, seeking to copy the Pennsylvania Fresh Food Financing Initiative. He also heard from a number of non-profits with an interest in economic development, food security, or public health. “Part of this was from The Food Trust identifying partners. The Robert Wood Johnson Foundation was aware of our work here, and supported research that others read.” Weidman also felt that the process of working directly with the grocery industry “built relationships here with them, then in other places.” (Weidman, 2015). Awareness of the FFFI also grew after the Ash Institute for Democratic Governance and Innovation, part of the Kennedy School of Government at Harvard, recognized the Initiative in its 2006 Innovations in

American Government Awards competition (Pennsylvania Office of the Governor, 2006).

What was appealing about the Pennsylvania model, Weidman argued, was that it was a market-based approach, which relied upon the grocery operator coming up with an idea as to what might work. In contrast, traditional community development projects are undertaken after a need has been identified within the neighborhood. As seen in the Borinquen example, the CDC determined that the neighborhood wanted a supermarket, in a particular location, and then worked to find an operator and project financing. In contrast, the FFFI model was driven by the operator or real estate developer, someone propelled by the market, and those considerations drove the deal (Giang et al., 2008; Goldstein et al., 2008). In both cases, the economics of the project had to work, but the motivations, risk tolerance, and the financial performance expectations of the projects are likely different for private investors, for CDFIs, and for community development corporations.

From the perspective of The Reinvestment Fund, financing supermarket construction has evolved to become an important part of their larger development portfolio. After the 2010 expiration of their contract with the Pennsylvania Department of Community and Economic Development, The Reinvestment Fund continued to use its own Core Loan Fund and the New Market Tax Credit program to provide development financing for supermarket projects. According to Patricia Smith, the pace of projects in

Pennsylvania is much slower than it had been under the FFFI. Nevertheless, "food access is a core business of The Reinvestment Fund" (Smith, 2015).

Given the scope of their operations, The Reinvestment Fund was in a unique position to bring its expertise to other jurisdictions. When asked about the scope of these collaborations, Donald Hinkle-Brown was quick to point out that The Reinvestment Fund had no desire to extend its own lending activities beyond the mid-Atlantic region. Rather, in developing partnerships with other community-based organizations, they have been able to share their successes with other CDFIs beyond Pennsylvania, while still maintaining a strong presence in their traditional territory, financing healthy food retail projects throughout the mid-Atlantic region (Smith, 2015).

One such local partner-organization was the Robert Wood Johnson Foundation, which has a specific program targeting childhood obesity. The New Jersey Food Access Initiative is managed by The Reinvestment Fund, and leverages RWJ Foundation assets, a loan from the New Jersey Economic Development Authority, and other assets of The Reinvestment Fund. [15] The goal is to provide financing to supermarket operators and developers of supermarkets throughout the state, with a particular emphasis on the ten

[15] The announcement launching this program was made in front of The Fresh Grocer in New Brunswick, NJ. While not supported by the NJFAI, this store's sudden closure in 2014, owing $800k in back rent, raised concerns about future supermarket development projects (Amaral, 2014).

priority cities of Atlantic City, Camden, East Orange, Elizabeth, Jersey City, Newark, New Brunswick, Paterson, Trenton and Vineland (Portlock, 2012).

Programs that involve The Food Trust and CDFIs and are modeled on the Pennsylvania Fresh Food Financing Initiative also can be found beyond the mid-Atlantic region. For example, after documenting gaps in grocery coverage in several Chicago neighborhoods, The Food Trust worked with a number of local organizations to convene the Illinois Food Marketing Task Force. Recommendations from a report they authored, that is similar to the Pennsylvania report, led to the creation of the Illinois Fresh Food Fund. With $10 million from the state, it is run by IFF, a CDFI operating in Illinois, Indiana, Iowa, Missouri, and Wisconsin (Quinn, 2012).

The New York Healthy Food & Healthy Communities (HFHC) Fund is a $30 million public-private partnership that provides financing to build and expand food markets in neighborhoods with limited or no access to affordable, nutritious food. The HFHC Fund has provided $6 million in financing to create, enhance, or preserve over 100,000 square feet of food retail space to serve 36,000 low- to moderate-income New Yorkers. The lead administrator is a San Francisco-based CDFI, the Low Income Investment Fund. In addition to the Food Trust and The Reinvestment Fund, Empire State Development (ESD), the New York State Department of Agriculture & Markets, the Goldman Sachs Urban Investment Group, and the New York

State Health Foundation are also partners (Low Income Investment Fund, 2014).

In March 2011, the City of New Orleans launched the New Orleans Fresh Food Retailer Initiative, with the Food Trust providing screening and Hope Enterprise Corporation (a local CDFI serving Arkansas, Louisiana and Mississippi and the Greater Memphis area of Tennessee) providing the administration. Hope Enterprise Corporation matched $7 million of Disaster Community Development Block Grant funds to create the $14 million fund (City of New Orleans, Office of the Mayor, 2014).

The success of the Pennsylvania Fresh Food Financing Initiative was observed by two key partners who would bring this issue to the Federal level: PolicyLink, a California-based organization that works to raise awareness of policy innovations that promote economic and social equity, and the CDFI Fund of the US Treasury Department. FFFI program staff would soon be called upon to provide Congressional testimony, to meet with senior staff of the incoming Obama administration, and to organize a lobbying effort that placed the creation of a US Healthy Food Financing Initiative in the 2012 Farm Bill (C. Brown, 2015), as discussed more fully in Chapter 4.

Conclusions

The Pennsylvania Fresh Food Financing Initiative has been held up as a policy innovation for its work in building 88 supermarkets in low-income, low-access communities (Pennsylvania Office of the Governor, 2006). The history of FFFI's development and implementation highlights the significant role that both community-based organizations and a community development financial institution played in this effort. This case also illustrates how the community development field is responding to changes in the external policy and funding environments, driven by the shift to making markets work to achieve social objectives. In the next chapter, I explore how the PA FFFI was brought to the national stage.

Chapter 4: The Federal Response: Existing Programs and New Initiatives

In this chapter, I detail how the Pennsylvania Fresh Food Financing Initiative became the model for a federal program – The Healthy Food Financing Initiative – intended to address the lack of access to fresh food in high-poverty communities across the country. I also document the roles that The Reinvestment Fund and PolicyLink played in making financing fresh food through grocery store construction a priority for the Obama Administration.

Federal Food Policy

Hunger alleviation policy in the United States dates back to the mid-19th century, when hunger moved from "part of God's divine plan or the necessary sign of an individual's moral failure to learn the virtue of labor" (p.2) to a social problem reflecting the failure of economic systems and political policies (Vernon, 2007). Historically, such efforts have focused on emergency food relief and assistance. The Depression-era soup line was replaced by Food Stamps and SNAP, but the short-term nature of the response stayed consistent. Beginning in the 1990s, a qualitative shift occurred towards a more systemic approach to combating hunger.

Concurrently, the problem of hunger was reframed as the broader issue of food insecurity: "Food insecurity is defined as any lack of access by all people at all times through normal food channels to enough nutritionally adequate food for an active, healthy life" (US House of Representatives, Select

Committee on Hunger, 1990, p. 4). Recognizing the continued need for emergency assistance, the Committee's report recommended a long-term approach to document areas of food insecurity and to explore possible solutions.

The "Urban Grocery Store Gap" report, which had ranked Philadelphia as the second-worst large city in the nation for access to supermarkets, provided detailed information about food access for the largest 21 metropolitan areas of the United States, accounting for approximately 73 million people (Cotterill & Franklin, 1995). The report found that low-income consumers (especially those receiving public assistance) tend to live in areas that do not have supermarkets. A related finding was that these same people also tend not to have cars, making food access even more of a challenge.

This research, and related advocacy work by non-profit organizations focused on food-access, resulted in a provision of the Food, Conservation, and Energy Act of 2008 (P.L. 110-246, commonly known as the "Farm Bill") that directed USDA to conduct a "Food Desert" Study (Peterson, 2008). Specifically, $500,000 in discretionary funding was set aside for a one-year USDA-led study to identify the incidence of "food deserts," or areas with limited healthy and fresh food retail access, and strategies that can reduce the incidence of such deserts. The report, published in June 2009, concluded that access to a supermarket or large grocery store was only a problem for a small number of people (Economic Research Service, US Department of Agriculture, 2009). It found that only 2.2 percent (about 2.3 million) of all US households live more than a mile away from a supermarket and do not have easy access to transportation and that transportation limitations tended to be the dominant problem in rural area but not in cities. The authors also found that "The current state of research is insufficient to conclusively determine whether some areas with ***limited*** access have ***inadequate*** access" (p, vi), and recommended conducting in-depth research on a few local areas, to better conceptualize the problem. In other words, the problem of food security might be more complicated. For example, obesity rates might have less to do with access to food stores, and more to do with what kind of food local stores were selling or the purchasing choices made by consumers.

The Role of PolicyLink

Although the Food Desert Study highlighted the range of explanations in the literature regarding the state of food security in different communities, the Obama Administration policy to combat childhood obesity included an emphasis on the construction of supermarkets. Advocates, such as PolicyLink, played a role in advancing this particular policy solution. PolicyLink is also the organization that most directly brought the Pennsylvania Fresh Food Financing Initiative to the national stage.

Founded in 1999, PolicyLink's mission is to advance "economic and social equity by Lifting Up What Works®" (PolicyLink, 2012). In practice, that means identifying successful programs at the local level, and disseminating that information through print and online media, meetings with national leaders, and briefing policymakers (C. Brown, 2015).

According to Smith of The Reinvestment Fund, it was this mission that connected PolicyLink with the work of the Pennsylvania Fresh Food Financing Initiative. She noted that coming from a perspective of equity, access to fresh food has long been an issue for their organization (Smith, 2015). They also recognized the health disparities in communities of color, and sought solutions to obesity, diet-related disease, and other public health concerns. As early as 2005, they issued a report titled, "Healthy Food, Healthy Communities: Improving Access and Opportunities through Food Retailing" that documented successful local efforts across the nation (Flournoy & Treuhaft, 2005). To address this issue in California (where they are based) this report called for developing new grocery stores, improving existing small stores, and starting and sustaining farmer's markets. The report's conclusion made an explicit connection to the Pennsylvania FFFI:

> State government can take a leadership role in developing initiatives to address the "grocery gap" in underserved communities. California can create sources of low-cost financing, replicating Pennsylvania's innovative economic stimulus and healthy food retailing legislation (p. 40).

Following the release of this report, PolicyLink facilitated the creation of the Healthy Living Active Living Convergence Partnership. Formed with representatives from The California Endowment, Kaiser Permanente, Nemours, the Robert Wood Johnson Foundation, and the W.K. Kellogg Foundation, the goal was to change "policies and environments to better achieve the vision of healthy people living in healthy places." (Bell, 2008, p. 2). Over the next few years, the Convergence Partnership would become a vital vehicle for advancing that policy agenda beyond California, and PolicyLink would become the lead organization in the campaign to bring the Pennsylvania model to the Federal government.

Personal connections with members of the Obama Administration's 2008 transition team were critical to that effort. As Smith of The Reinvestment Fund recalls, "it was them [PolicyLink] working with The Food Trust and The Reinvestment Fund to begin a major campaign on this policy piece. It was: here's a problem, and here's a way to solve it, and here's how to replicate it nationally." (Smith, 2015).

A coordinated campaign at the Federal level

By 2008, PolicyLink had emerged as a strong advocate for increased food access in low-income communities of color. They were one of the organizations that worked during the spring of that year for inclusion of the "food desert" report in the 2008 Farm Bill discussed above. After the election of Barack Obama in November, PolicyLink founder Angela Glover Blackwell and executive director Judith Bell both served as advisors to the Obama-Biden transition team. Administration officials already knew that CDFIs would need additional training and technical assistance to provide credit counseling for dealing with the emerging foreclosure crisis. PolicyLink successfully argued that there also should be capacity building for those CDFIs wishing to work on food access and security.

Representative Dwight Evans also played a role in making the Obama Administration aware of the PA FFFI. Evans had 'bumped into' Michael Strautmanis, then Chief-of-Staff to Obama senior advisor Valerie Jarrett, while in Washington, DC, and had told him of the PA FFFI. Evans followed up by emailing information about the PA FFFI to Strautmanis, and setting up a meeting that included retailers, the non-profit partners, and other community-based organizations (Evans, 2015).

Whether it was Evans, PolicyLink, or both that made the connection, a March 2009 meeting was held with PolicyLink, Patricia Smith and Jeremy Nowak of The Reinvestment Fund; and Duane Perry, Yael Lehmann and John Weidman from The Food Trust. The goal was to formulate a plan to advance the issue of food security at the Federal level. In addition to The Food Trust and The Reinvestment Fund, PolicyLink also brought health-related foundations and organizations to the table for subsequent meetings, using the broad network formed by the Convergence Partnership. Some were concerned with equity and economic development; others were focused on the issue of childhood obesity (Smith, 2015).

The resulting strategy was what Smith called a “three-pronged campaign.” This included (1) building a broad base of support across various constituencies for addressing food access; (2) working with Congressional leadership to develop a new policy response based on the PA-FFFI model; and (3) aggressively using executive power to support Administration priorities through existing authorized programs and appropriations when Congress became reluctant to support new programs (Smith 2015).

According to Smith, “there is a big difference between these tracks. If you rely upon the Executive branch, then this is year-by-year in appropriations committees. If you want it to be permanent, it needs to be adopted as policy, in something like the Farm Bill” (Smith, 2015). She noted that the core principles behind the PA Fresh Food Financing Initiative resonate regardless of ‘what side of the aisle you are on’: a public-private partnership that is proven to create jobs, outcome-based metrics, and an ability to finance it.

This appears to be consistent with the approach taken in advancing other recent policy initiatives at the Federal level, the need to appeal both to the social mission important to Democrats while simultaneously utilizing a market-based mechanism important to Republicans to enable legislation to pass in a divided Congress and Executive Branch. Rubin and Stankiewicz (2005a) noted a similar approach taken by President Bill Clinton in the passage of the New Markets programs in 2000.

The Obama Administration

In June of 2009, this core group started meeting with members of the Obama Administration's Domestic Policy Council (DPC). As part of the Executive Office of the President, the DPC coordinates the domestic policy-making process in the White House and offers advice to the President. The DPC also supervises the execution of domestic policy and represents the President's priorities to Congress (White House, 2012). Martha Coven, Special Assistant to the President for Mobility and Opportunity, and Derek Douglas, Special Assistant to the President for Urban Affairs, were the DPC members tasked with the food access project (Smith, 2015).

The goal was to inform these domestic policy advisors of how the FFFI program could be scaled up to the Federal level. The Reinvestment Fund's Patricia Smith took the lead in working with members of the Convergence Partnership in drafting a series of memos to Douglas and Coven on that topic. The memos highlighted that the goal of supporting the development of supermarkets in low-income neighborhoods required that local CDFIs have access to a combination of debt financing, grant money, New Market Tax Credits and other financial instruments (such as loan loss reserves). According to Smith, the experience in Pennsylvania suggested that the supermarket operators could not get such financing from traditional lenders, and needed the tools that a CDFI had at its disposal. She further noted that CDFIs could use those tools to put together the financing borrowers needed while being responsive to local differences. TRF's Donald Hinkle-Brown, who also was involved in the national campaign, estimated that it would take "about $1 billion to sufficiently fund a Federal effort that would really tackle the issue of food access" (Smith, 2015; Hinkle-Brown, 2015).

All of these efforts to bring the issue to the attention of the Obama administration appear to have been successful. On February 19, 2010, having just announced her "Let's Move!" initiative to combat childhood obesity, First Lady Michelle Obama toured the Fresh Grocer on Broad Street in Philadelphia - a supermarket supported by the Pennsylvania Fresh Food Financing Initiative. At that appearance, she was joined by Treasury Secretary Tim Geithner and Agriculture Secretary Tom Vilsack, who announced the creation of the Healthy Food Financing Initiative, part of a $400 million campaign to "bring grocery stores and other healthy food retailers to underserved urban and rural communities across America" (U.S. Department of Agriculture, 2010).

According to the USDA press release, the three agencies involved bring "a particular expertise and set of resources to the Healthy Food Financing Initiative." The Treasury Department provided most of the funding, by authorizing $250 million in New Markets Tax Credits to "catalyze private sector investment" to build grocery stores in distressed urban and rural communities (U.S. Department of Agriculture, 2010). The press release mentioned how NMTC was used in the PA FFFI. The Department of

Agriculture continued and expanded its work in supporting farmer's markets and in connecting farmers to grocery stores. Finally, the Community Economic Development program at the Department of Health and Human Services would award grants to CDCs to support projects that finance grocery stores, farmer's markets, and other sources of fresh nutritious food (U.S. Department of Agriculture, 2010).

At this point, the challenge became securing appropriations for each of these three agencies. Even programs *authorized* under Federal law must still receive appropriation funding from Congress. This meant lobbying six different Congressional committees (House and Senate) to ensure that these programs would be financed in the Federal Budget in this and subsequent years. According to Smith, the focus was on making sure people knew about what they had done in Pennsylvania. Unfortunately, larger issues with the Federal budget made this very difficult.[16] Despite these challenges, three Notices of Funding Availability (NOFA) were issued once funding was secured: The CDFI Fund under Treasury, Economic Development program under HHS, and the Farmer's Market program under the USDA.

[16] The Federal budget for FY 2011 was funded by a series of continuing resolutions. (see http://thomas.loc.gov/home/approp/app11.html for legislative history), with final adoption of a budget in April 2011 (Public Law 112-10) which kept funding at 2010 funding levels for most Federal agencies.

Congressional Action

As noted previously, a second track to this campaign was to create legislation that would permanently create a Healthy Food Financing program. The program announced by Michelle Obama in February 2010 was created by executive order, under existing legislative authority. This meant that a change in Presidential administrations or a change in priorities could eliminate the program. Establishing permanent authority would help to protect the Healthy Food Financing program.

Even before meetings were held with the President's Domestic Policy Council, plans were made to develop a *markup bill* that could be incorporated into other legislation (like the Farm Bill). According to Smith, the key to the Congressional 'track' was to identify and work with key House and Senate people, to highlight the role that the Federal government could play, modeled on what worked in PA. Early in the process, Pennsylvania Senator Bob Casey (PA) was identified as a key point person not only because of his knowledge of the PA FFFI, but also because he was chairman of an Agriculture subcommittee (Production, Income Protection and Price Support).

PolicyLink, The Reinvestment Fund and The Food Trust, working with other allies in the Convergence Partnership, determined that the best agency to house this new program would be the US Department of Agriculture. USDA already had financing programs and farmer's market programs in place, and it seemed to be the logical home, according to those involved in those early meetings (Smith, 2015; Weidman, 2015). They acknowledged that this could also be accomplished within Treasury or Health & Human Services, or another agency.

Once the Convergence Partnership and legislative allies (such as Sen. Casey) determined their preference for USDA to be the lead agency, the leadership of relevant Congressional Agriculture committees was identified and engaged. Senator Kirsten Gillibrand (NY) joined Bob Casey in the Senate. In the House, Allyson Schwartz (PA-13), Earl Blumenauer (OR-3), and then-chair of the Agriculture committee Collin Peterson (MN-7) became advocates for a new Federal program, modeled on the PA FFFI. In statements made at the time, the appeals to these legislators highlighted the public health benefits as well as the community economic development impacts of the proposed HFFI program:

> "Obesity and diabetes rates are reaching crisis proportions in our country and it is time to take aggressive action. Millions of New Yorkers do not have access to fresh, healthy food. By building new grocery stores in underserved areas across the state we can give people the opportunity to live longer, healthier lives, save billions in health care costs, and create tens of thousands of good-paying jobs. I am proud to work with President Obama and First Lady Michele Obama on their efforts to combat obesity in America. We cannot back down from this fight." – Senator Kirsten Gillibrand (2010)

Impacts of realignment after the 2010 elections

The mid-term Congressional elections of 2010 brought about a shift in the composition of the House and the Senate. In the Senate, even though

Democrats retained a narrow majority, the loss of 6 seats essentially eliminated their ability to end a filibuster by invoking a cloture motion. Any substantial legislation would require some measure of bi-partisan support. In the House, control shifted to the Republican Party, with 63 seats picked up by the GOP. Committee composition changed, removing previous Congressional advocates for the HFFI from positions of leadership. In both chambers, many of those newly elected members campaigned on a platform of deficit control and a reduction in the size of the Federal Government.

Patricia Smith of The Reinvestment Fund thinks that they made a compelling case for the creation of a Federal Healthy Food Financing Initiative, but after the 2010 elections, it was clear that there would be no new programs authorized. Gillibrand and Schwartz both introduced the markup legislation during the lame-duck session of the 111th Congress, knowing that both bills would die as the 111th Congress closed.[17] As expected, the lame duck bills did not get approved.

According to Cheryl Neas, Senior Vice-President, Policy Development, at the Opportunity Finance Network, the issue now became one of accomplishing Administration goals without having to go through Congress for new

[17] On 11/30/2010, H.R. 6462 was introduced by Rep Schwartz and referred to the House Committee on Agriculture, and S.3986 was introduced by Sen. Gillibrand and referred to the Senate Committee on Agriculture, Nutrition, and Forestry. No further action on either measure is noted in the Congressional record accessed via http://www.congress.gov on 13 April 2015.

legislation. She characterized new legislation as, “difficult if not impossible… in the current political climate” (Neas, 2015).

Despite this, work continued on the markup bill for a Federal Healthy Food Financing Initiative. On November 30, 2011, a press release announced: “The Healthy Food Financing Initiative, H.R. 3525, introduced today by U.S. Reps. Allyson Schwartz (D-PA), Michael C. Burgess, M.D. (R-TX) and Earl Blumenauer (D-OR) encourages supermarkets and other fresh food retailers to open new stores or expand their fresh food offerings in underserved communities through flexible grant and loan financing. U.S. Sen. Kirsten Gillibrand (D-NY) introduced companion legislation in the Senate [S. 1926] today as well.” Schwartz noted the benefits to both public health and community development:

> “The Healthy Food Financing Initiative is a public-private solution to help address one of the most severe public health issues facing America, the growing obesity epidemic. […] By establishing healthier food options in underserved areas, millions of Americans will have the opportunity to live longer, healthier lives, saving billions in health care costs. This is a vitally needed effort from a public-health standpoint, and just as importantly from an economic perspective. This initiative would stimulate local economic development, strengthen and revitalize neighborhoods, and put tens of thousands of Americans to work.” (R. A. Schwartz, 2011)

The release quotes similar statements made by the other sponsors, in which they all focused on the public health and economic development advantages of the proposed Federal program.

The 2012 Farm Bill

As originally intended by those working on the coordinated campaign, the language of the markup bill made it into the 2012 Farm Bill, at least the version approved by the United States Senate. On May 24, 2012, S.3240 was reported out of the Committee on Agriculture, Nutrition, and Forestry, and approved by the full Senate on June 21st. In the approved bill, section 4206 creates a Healthy Food Financing Initiative within the US Department of Agriculture:

> (a) PURPOSE.—The purpose of this section is to enhance the authorities of the Secretary to support efforts to provide access to healthy food by establishing an initiative to improve access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low-income communities by providing loans and grants to eligible fresh, healthy food retailers to overcome the higher costs and initial barriers to entry in underserved areas (Stabenow, 2012).

The law also creates a "National Fund Manager" which must be a certified CDFI at the time of passage, to administer the HFFI, specifically "for purposes of (i) raising private capital; (ii) providing financial and technical assistance to partnerships; and (iii) funding eligible projects to attract fresh, healthy food retailers to underserved areas" (7 U.S.C. 6951, Sec 242 (b)(3)). When I asked him about this provision, Don Hinkle-Brown of TRF said that the PA program showed "why you needed a CDFI involved".

Also instructive is the language on priorities contained within the legislation, which includes a focus on employment as well as health. This is consistent with the emphasis on economic development that was present from the Pennsylvania FFFI's earliest stages.

> "PRIORITIES.—In carrying out the Initiative, priority shall be given to projects that are located in severely distressed low-income communities, as defined by the Community Development Financial Institutions Fund of the Department of Treasury; and include 1 or more of the following characteristics:
>
> - The project will create or retain quality jobs for low-income residents in the community.
> - The project supports regional food systems and locally grown foods, to the maximum extent practicable.
> - In areas served by public transit, the project is accessible by public transit.
> - The project involves women- or minority-owned businesses.
> - The project receives funding from other sources, including other Federal agencies.
> - The project otherwise advances the purpose of this section, as determined by the Secretary." (7 U.S.C. 6951, Sec 242 (C)(2)(b))

Neither this language, nor anything similar to it, appeared in the version of the Farm Bill passed by the House Committee on Agriculture on July 12, 2012 (Lucas & Peterson, 2012). When I interviewed him just four days later on July 16, PolicyLink's Director of Legislative Affairs Chris Brown was hopeful that some version of the Initiative might make it through the reconciliation process of the conference committee, assuming it got that far. His work at that point was shifting to the House side, lobbying for the Initiative to be included (C. Brown, 2015)

The full House of Representatives did not take up the legislation. Without passing a new Farm Bill, a number of price subsidies were set to expire at the end of the year (most notably the price of milk). A temporary extension of the 2008 Farm Bill was part of the last-minute negotiation at the end of the 112th Congress on January 1st, 2013. Taken up again in the 113th Congress, the Farm bill was passed by the US Senate on June 10th 2013; the House version failed a vote on June 20th. Over the next six months, negotiations continued, with final language reported out of the conference committee on January 27th, 2014. The House passed the legislation on January 29th; the Senate on February 4th, and President Obama signed The Agricultural Act of 2014 on February 7th, 2014, which included the creation of a Healthy Food Financing Initiative by the Department of Agriculture (Office of the Press Secretary, The White House, 2014).

Concluding thoughts

The legislation that created the Federal Healthy Food Financing Initiative took several years to pass, and substantial work by a number of different non-profits, including PolicyLink, The Food Trust, The Reinvestment Fund, numerous foundations, organizations of grocers, and others working to reduce childhood obesity. However, the case study also shows the significant and leading role a CDFI played in policy diffusion. In chapter five, I discuss more fully what the Pennsylvania FFFI and the Federal HFFI highlight about the changing nature of community development.

Chapter 5: Community Development in the Age of Neoliberalism

In this chapter, I examine the lessons learned from the PA FFFI case study. I find that the continued influence of neoliberalism has impacted the financing of community development projects and the practice of community development. I also discuss how non-neighborhood agents are playing a greater role in place-based community development. Community development financial institutions (CDFIs) in particular have emerged as community development actors in their own right, distinct from the financial intermediaries (LISC, Enterprise, and NDC) that were created to assist and providing financing for community development corporations and other community-based organizations.

The case study presented here focuses on the construction of supermarkets as a solution to inadequate access to fresh food in low-income communities. As discussed in Chapter 3, there were efforts to address this lack of supermarkets before the Pennsylvania Fresh Food Financing Initiative was created, and many of the stores built through those efforts still exist.

This dissertation documents the key difference between the PA FFFI and these earlier efforts. Under FFFI:

- The operator of the supermarket owns the project, rather than a neighborhood CDC;

- A CDFI takes the primary role in developing the project rather than playing a supporting role to a CDC;
- The selection of sites and operators is conducted by a statewide nonprofit (The Food Trust) rather than a CDC or other type of neighborhood-based organization that is responding to local demand.

I argue that these differences reflect a broader change in community development. The increasing dominance of neoliberal ideas and policies has led to a reduction in direct subsidy for community development and poverty alleviation. Many of the remaining subsidies are in the form of tax credits, which are sought after by CDCs, CDFIs, state and local governments, and profit-oriented organizations such as commercial banks and real estate firms. The size and financial acumen necessary to compete successfully for the tax credits has left most CDCs and even some CDFIs unable to access this form of subsidy without assistance from a higher capacity CDFI (Rubin and Stankiewicz 2003). In the PA FFFI case study, this change is having a significant impact on the community development field as larger, more market-oriented institutions have an advantage over more local community development actors.

In Chapter 2, I reviewed how the growth of neoliberal ideas has historically impacted the community development policy environment. In this chapter, I discuss what the FFFI case study suggests about the changing nature of community development in the era of neoliberalism.

Community development is relying increasingly on non-local actors.

As funding sources have changed to reflect the influence of neoliberal ideas about smaller government; more reliance on private capital and for-profit actors; and greater competition for the remaining sources of subsidy, the actors able to participate under these constraints have also changed. The PA FFFI case study suggests that community development projects are more likely to be "owned" by profit-oriented developers, rather than by non-profit community development actors. While such private investment into low-income communities can still be beneficial, it also can shift the power dynamics away from the community members. Under the PA FFFI, either the grocery operator or a private developer owned the supermarket development. CDCs did not play a role in site selection, stakeholder engagement, or management of the property.

The Food Trust is not tied a particular neighborhood. As part of the PA FFFI, it was not embedded within the specific communities where it proposed locating a supermarket. Rather, The Food Trust relied on data visualization tools to guide development decisions. As these kinds of larger organizations take the leading role in community development projects, there is less local control, and local actors can lose power.

In contrast, the scenario illustrated by the Borinquen example in Chapter 3 is one in which a CDC works with residents to envision and execute a project. The needs of the community are intended to drive that project. In this model, the CDC also provides a stabilizing force for the neighborhood. For example, when one supermarket operator did not work out, the APM CDC was able to find a replacement within a few months and that individual has been successfully running the APM grocery store for 13 years. While private developers also could have brought in a replacement store operator, the CDC's social objectives provide incentives beyond profits that make it more likely that the community will continue to be served.

CDFIs appear to have an advantage in community development practice, possibly at the expense of CDCs.

Mark Pinsky of OFN noted that:

> One of the most interesting conversations I was ever in was in 1992 when the CDC and the CDFI's came together. And the CDC's were the big guys then. You know, they had way more money than we did. Way more balance sheets than we did. They had way more political power. They had way more leverage. They had way more credibility. And, you know what? That moment was, in fact, a point of inflection, where [...] our paths crossed. And we were on the upswing, and they were on the downswing, in some ways, in terms of how this works. And there is a really interesting story to be told about that (Pinsky, 2015).

The FFFI case study suggests that the change Pinsky described is real. The case study also suggests that the ascendancy of CDFIs is being driven by the neoliberal reliance on profit-oriented investors, the growing complexity of the financial instruments used in community development transactions, and the intense and growing competition for subsidies. In the neoliberal environment, being a financial institution also gives CDFIs greater legitimacy, especially relative to CDCs, which have a primarily social objective. CDFIs like TRF appear to be perceived as better able to structure a deal, even though CDCs have been cobbling together public, private, and foundational funds for many years.

Part of what enabled the Pennsylvania Fresh Food Financing Initiative to move forward was the significant involvement of a large CDFI. Patricia Smith pointed out that a supermarket is “a commercial development project in a low-income neighborhood, and The Reinvestment Fund had experience doing these kinds of projects.” Smith also noted that, when the FFFI program was brought to federal officials, one of the key selling points was that it was not a government run program. She felt that having a CDFI as the intermediary also addressed the concerns of the development community (Smith, 2015). Many grocery operators communicated to her that they would not have participated otherwise. Dwight Evans went so far as to state that without The Reinvestment Fund “at the table ... the FFFI would not happen” (Evans, 2015).

The community development practitioners interviewed for this research spoke of the complexity that programs like NMTC involve and explained that they did not have the scale to use such mechanisms without a CDFI partner. One example is APM’s recently built Paseo Verde complex. Completed in 2013, it is a $31.3 million, 206,000 square foot mixed-income, mixed-use, transit-oriented development, which has earned LEED for Neighborhoods (ND) Platinum certification. It also is the first development in the nation (according to Rose Gray) to use both LIHTC and NMTC financing in a single project. When interviewed and asked about the financing for Paseo Verde, Gray was quick to add "and there is no way we could have pulled this off without TRF handling those pieces" (Gray, 2015).

Additional Findings and Future Research

The FFFI case study suggested several additional findings of interest. I discuss three of them here, as well as some potential research questions for future projects.

A possible shift in food policy

This case study documents the use of supermarket construction as a means to address the public health challenges of diet-related disease and spur community economic development in low-income neighborhoods with poor access to healthy food. In the interviews conducted for this research, as well as in the documentary evidence reviewed, the assertion was that constructing supermarkets was the best way to solve this problem. It was the starting point for the Food Marketing Task Force in Philadelphia, and became the basis of both the Pennsylvania Fresh Food Financing Initiative and the Federal Healthy Food Financing Initiative. As discussed in Chapters 3 and 4, the advantages of this "market-based" solution was noted by many interviewed for this research.

But this is just one way to address the issue of diet-related disease. School-based educational programs, community gardens, and public information campaigns have all been documented to have an impact on this public health issue (Larson, Story, & Nelson, 2009). Supermarket construction may have been attractive because it addressed food access while also creating construction and service jobs. It also is possible that the neoliberal policy framework may have given greater legitimacy to, and thus provided a preference for, such "market-based" solutions.

Community economic development is still all about jobs

In interviews throughout this project, stakeholders consistently cited the jobs-created statistics for the Pennsylvania Fresh Food Financing Initiative. Perhaps this is because public health indicators, like rates of childhood obesity, might take several years to reveal themselves in the data. Alternatively, perhaps this is yet another case where qualitative measures of community impact are crowded out by the quest towards quantification within social research.

Regardless of the explanation, the number of jobs created is a single statistic that stakeholders return to, without much of a discussion as to the level of wages paid, benefits provided, long-term career ladders, or other workforce development concerns. From our first conversation, Rep Dwight Evans said that his greatest concern in his district was the lack of jobs. As he wrote in his recently published memoir (Evans, 2013), "When a supermarket closes, a community like mine loses dozens of good paying jobs." (p. 155). It was a point that he often returned to throughout our interview and subsequent correspondence. A handbook prepared by The Food Trust as a tool for policymakers (Lang et al., 2013) discusses not only *healthier communities*, but also *stronger economies*, claiming that new supermarkets could generate 250 jobs per store, in addition to construction jobs. Stronger economies is simply understood as the total number of jobs created. The only evidence to the contrary that I found was in the final language of the 2014 Farm Bill, which also requires that 'quality jobs' be part of the program.

Overall, this suggests that part of what allowed for the earmark of economic development dollars that helped create the PA FFFI, and its extension to the Federal level as the Healthy Food Financing Initiative, was this specific means of articulating impact. The number of jobs created still is the metric that resonates with politicians, funders, and with the public. This allowed the PA FFFI to get the support of economic development, public health, and community development advocates, a far broader coalition than it would have had if its objectives focused only on reducing obesity or improving health and reducing health-related costs. The jobs created metric also is broadly used by CDFIs in documenting their impact, and, as has already been discussed, they are a critical part of the successful model within the neoliberal policy environment. As financial institutions, CDFIs have a balance sheet perspective, and jobs are something that can be counted to prove the value of an investment. This is reflected in the language of the 2014 Farm Bill that created the Federal Healthy Food Financing Initiative and has job creation as a central goal:

> SEC. 243. HEALTHY FOOD FINANCING INITIATIVE.
>
> (a) PURPOSE.—The purpose of this section is to enhance the authorities of the Secretary to support efforts to provide access to healthy food by establishing an initiative to improve access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low-income communities by providing loans and grants to eligible fresh, healthy food retailers to overcome the higher costs and initial barriers to entry in underserved areas. (H. R. 2642—176, SEC. 4206.)

A new way to make public policy: funding within existing authority

In interviews with Dwight Evans, Donald Hinkle-Brown, and Patricia Smith, an interesting observation emerged: the Pennsylvania Fresh Food Financing Initiative would never have happened without an earmark, and the Federal Healthy Food Financing Initiative had to be carved out of existing programs. All three indicated that a new program, one with specific legislative authority and dedicated appropriations, just would not make it through the legislative process. This has implications for future community development policy, and points to (perhaps) a new path for advocacy by the non-profit sector. This also parallels the findings of Rubin and Stankiewicz (2005a) about the development of the New Markets programs, in that creating a new program through the tax code, rather than a new on budget expense, was far more palatable in the current hyper-partisan legislative environment.

The initial adoption of the Healthy Food Financing Initiative at the Federal level followed this model as well. Despite efforts to pass legislation to create the HFFI, what got the effort off the ground was a decision of the Obama White House, not the action of Congress. The administration created the HFFI through existing authorization; community development programs at Health and Human Services; development programs at the Department of Agriculture; and the CDFI Fund and New Markets Tax Credit program administered by the Treasury Department. And while the 2014 Farm Bill does formally create a Healthy Food Financing Initiative, it still relies upon other administrative decisions to be implemented (i.e. the national fund manager must be a certified CDFI).

Future research

In this section, I identify future research questions suggested by this study.

(1) In what other ways can we document the impact of neoliberalism on community development? What are the impacts for the field?

One of the main questions underlying this dissertation is how neoliberalism has affected community development practice. The PA FFFI case study highlighted the changing role of local community development actors and the growing power of CDFIs. Additional research could address how a focus on "market-based" solutions further impacts the work of community development corporations? For example, has it alternated the decisions they make about which projects to pursue?

(2) Community development financial institutions have emerged as key actors in the past 15 years. In what ways have they impacted the practice of community development at the neighborhood level?

What is the ongoing role that CDFIs – specifically community development loan funds – have in the practice of community development? As lenders with a social mission, they choose to participate in different projects than commercial banks, and have a different expectation for returns on investments. However, they also operate in the highly competitive world of tax credit syndicators. There exists a wide variation across the entire CDLF industry, from older intermediaries like LISC, large regional CDLFs like The Reinvestment Fund, and smaller state-level CDLFs. How these different kinds of financial institutions work at the neighborhood level warrants further investigation.

(3) What has been the impact of non-neighborhood actors on the field of community development?

The PA FFFI case study highlights how The Food Trust and The Reinvestment Fund engaged in place-based community development projects, despite their focus on broader geographies. This is not to say that development projects don't regularly happen without meaningful community participation, but generally they are not carried out by organizations claiming to be doing community development. How can we distinguish between private development with a positive social benefit and neighborhood-led community development? Who gets to wear the badge of community development under this new landscape? Further research is warranted to explore what other organizations operate similarly across the United States, and their relationship with more traditionally-defined community-based organizations.

(4) What have been the actual impacts of the Pennsylvania Fresh Food Financing Initiative on local communities?

This research did not evaluate the social and economic impacts of the Pennsylvania Fresh Food Financing Initiative. However, such an evaluation would be very helpful. Reporting outcomes such as the number of stores built, jobs created, and residents who now have access to fresh food is just the first step. Economic and public health impacts will take time to manifest and should be evaluated in a few years.

(5) What have been the results of other programs modeled on the Pennsylvania initiative? Are there common successes or key differences?

As discussed in Chapter 3, a number of programs were modeled on the PA FFFI, including those in New Jersey, Illinois, New York, and New Orleans. My dissertation research focused on a single case study. Questions remain about how these FFFIs played out in different geographies. Especially given the creation of a Federal funding mechanism, looking at other state and local programs in order to identify and disseminate best practices will be critical to HFFI's success. Some of this work has been done by The Food Trust (Lang et al., 2013), but independent peer-reviewed research is also needed.

(6) What will be the outcomes of the Federal Healthy Food Financing Initiative?

The Healthy Food Financing Initiative, formally created as part of the 2014 Farm Bill, is based on the Pennsylvania FFFI, including the requirement that a certified CDFI be designated as the national fund manager. In five years, an evaluation of this program's effectiveness, especially as compared to what we observed in Pennsylvania, would certainly be warranted.

Conclusion

In this chapter, I discussed the key findings of this dissertation and laid out a path for future research. I find that the neoliberal policy environment has led to a reduction in direct subsidy for community development and an increased reliance on tax credits and other funding mechanisms that preference larger, more market-oriented actors. Because of their size and financial acumen, CDFIs appear to have an advantage in this new community development landscape. More generally, community development appears to rely increasingly on non-local actors. The PA FFFI case study is a good start to understanding these themes, but it is clear that there is substantial research yet to be done.

Appendix 1: Interview Questions

These are general interview questions, which will be personalized for each respondent. Interviews will follow the "guided conversation" approach to qualitative interviewing.

1. Clarify respondent's current position, title, job responsibilities. Ask if past experiences are relevant to the research questions.
2. Respondent's involvement: The PA Fresh Food Financing Initiative is one attempt to deal with hunger and high rates of diet-related illness in low-income communities with poor access to fresh food.
    a. Have you been involved with other programs that address these kinds of problems?
    b. How did you learn about the PA Fresh Food Financing Initiative?
    c. Did you have a role in that initiative?
    d. How would you compare your experiences with and/or knowledge of these other efforts to that of the PA FFFI?
    e. Were you involved in Federal efforts to create the Healthy Food Financing Initiative? Please tell me about it?
3. Do you think the construction of supermarkets in low-income, low access communities is an attractive policy solution to the problem of limited access to fresh foods? If so, why? What other options are also seen as attractive policy solutions? By whom?
4. The Food Trust:
    a. Internal: Why did the Food Trust advance this particular policy response?
    b. External: What is your impression of the role of The Food Trust in these efforts?
    c. Both: Do you see this as a change in food relief policy?
    d. Both: What other programs do you feel are successful in addressing the issue of food access?
5. The Reinvestment Fund:
    a. Internal: Why did TRF advance this particular policy response? External: What role do you believe The Reinvestment Fund played in advancing supermarket construction as a policy solution to the problems of limited access to fresh foods?
    b. Both: Was the role TRF played in the Fresh Food Financing Initiative different than the role it has played in other policy initiatives? Why or why not?

   c. Both: Was the role TRF played in the Fresh Food Financing Initiative different than the role is has played in other community development projects? Why or why not?
6. Who else do you feel was critical in getting this program started? PROBE for details
7. For non-TRF interviewees: Part of my research is exploring how this particular initiative is similar to, and different from, other community development efforts.
   a. How do you feel the PA FFFI fits in with other local community development programs that you have direct experience with?
   b. With other CD programs that you may have knowledge of?
8. CD Financing: Another aspect I am exploring is the nature of finance for community development activities over the past twenty years, and how this initiative may or may not be similar to those efforts. I would like your thoughts and observations as a (practitioner / funder / policymaker)
   a. As a (practitioner / funder / policymaker), have you observed new sources of funding for community development? Which sources have declined?
   b. Does this mix of funding sources impact the nature of projects that you (undertake / fund / observe)? Can you give specific examples?
   c. How do you feel that supermarket construction fits into the other community development activities (you engage in / you support / you observe)?
   d. How would you characterize the role of CDFIs in your work?
9. Policy diffusion: A third aspect I am exploring in this research is how new policy ideas move from one locale to another.
   a. Did the PA FFFI became a model for other programs across the country?
      i. What about at the Federal level.
   b. [For TRF / Food Trust participants]
      i. Based on your experience and observation, explain how the PA FFFI model was shared by (TRF / Food Trust) with other practitioners and policy makers?
      ii. What was your personal role in this?
      iii. Do you feel these efforts were successful? Why or why not?
   c. [For those involved with Federal policy]

i. Did the PA Fresh Food Financing Initiative serve as a model for similar national efforts? Which ones? In what ways?
ii. (If yes), how did the Initiative come to the attention of national actors?
iii. [PROBE: their personal role, observations about process, key actors, Obama administration, Congressional efforts]

10. Whom else should I speak with about these issues?

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