

# Executive Summary

## STUDY PURPOSE

The Federal Reserve Bank of Minneapolis and Wilder Research undertook a multifaceted, mixed-methods study to provide new information for practitioners and other stakeholders interested in improving Minnesota's food retail environment. Results, which offer a common foundation for groups to act:

- Shed light on barriers related to healthy food access, consumption, and retail expansion for Minnesota;
- Provide an objective picture of the relationship between healthy food retail access and diet-related health outcomes; and
- Offer insight on the outcomes of existing healthy food financing initiatives in the United States and on important factors for successful operation.

## WHAT DID THE STUDY FIND?

The number(s) in parentheses correspond to information sources that are listed under “How Was the Study Conducted?” on page 3.

### Healthy food access

1. About 1.6 million Minnesotans (about 30 percent) have low retail access to healthy food, based on their distance to a full-service grocery store. (2)
2. When compared to other states, Minnesota's total share of residents with low retail access ranks among the ten highest. (2)
3. Both price and distance create barriers to healthy food access, but price constitutes a more significant barrier. (1) An estimated 341,000 Minnesotans face both income and distance barriers to purchasing healthy food. (2)
4. Key practitioners knowledgeable about the food system in Minnesota stated that certain residents have lower access to healthy food in their service areas than others: rural residents, low-income residents, senior residents, and residents of color. (3)
5. About 16 percent of Minnesota's census tracts qualify as federally designated food deserts—areas with a high proportion of residents who live far from a full-service grocery store and a high proportion of residents who are low- to moderate-income. Counties in rural Minnesota have a disproportionate number of food deserts relative to their total population and geographic area. (2)
6. Differences in transportation mode have little effect on the types of stores used. Ninety percent of Supplemental Nutrition Assistance Program participants and poor nonparticipants use a full-service grocery store or supercenter as their primary store. (1)

### Healthy food consumption and health outcomes

1. Price is the most significant barrier to healthy food consumption for low- to moderate-income households. (1)
2. Store type can affect food purchases; overall, supercenters are associated with less healthy purchases than grocery stores. (2)
3. Poor health outcomes are more strongly linked to poverty than to distance to healthy food retail. (1)
4. Although retail access is a necessary factor in healthy food purchases, the addition or expansion of healthy food retail alone is unlikely to increase fruit and vegetable consumption without simultaneous health interventions that target consumers' eating behaviors. (1 and 4)

### Healthy food retail expansion

1. Between 2007 and 2012, most Minnesota counties either lost full-service grocery stores or experienced no net change. (2)
2. Current demand for healthy food financing in Minnesota exceeds existing supply of resources. (3)
3. Technical assistance is a critical ingredient in the financing and long-term success of healthy food retail; current training and assistance needs among food retail business owners in Minnesota remain large and varied. (3)
4. Some current food regulations and licensing requirements present hurdles that could be reduced through policy changes that promote increased efficiency. (3)
5. Rural communities in Minnesota face added barriers to healthy food retail expansion, including low population density and limited infrastructure. (3)
6. Entrepreneurs of color in Minnesota might play a key role in expanding healthy food retail, including the provision of culturally preferred items, but sometimes face added barriers to accessing capital. (3)

### Healthy food financing initiatives

This study explored healthy food financing initiatives (HFFIs)—one possible solution for expanding healthy food access in underserved communities. HFFIs are public-private funds that offer flexible capital in the form of loans and grants to developers and operators of food retail businesses. Interviews with managers of existing funds throughout the United States reveal that:

1. Seed money, including funds for planning and administration, is important for a successful launch. (4)
2. To date, the majority of HFFI dollars have gone to support already established business owners. (4)
3. Many healthy food projects are not equipped to take on debt. Grants or forgivable loans are needed in order to produce additional healthy food outlets, especially in areas that, from a business standpoint, would be considered unprofitable. (4)
4. Flexible sources of capital are critical for maximum deployment of funds, and project requirements should not be overly restrictive. (4)
5. HFFI-funded projects have helped to create jobs, expand healthy food retail, and eliminate food deserts. In some neighborhoods, these projects also spurred additional community revitalization. (4)

6. There are several cases of HFFI loan recipients partnering with other organizations, including community clinics, medical schools, and fitness facilities, to improve resident health. According to managers of HFFI funds, retail outlets need to be rooted in the community in order to be successful. To that end, business owners can play an important role in supporting population health improvement goals. (4)

## Conclusion

Multiple strategies will be needed in order to increase healthy food access and healthy food consumption in Minnesota, including initiatives that address affordability, purchasing decisions, and transportation needs among consumers, and also initiatives that address financing, technical assistance, and regulatory needs among developers and operators. Cross-sector partnerships that leverage the strengths of public, private, and government entities can play a key role in helping to meet these needs.

## HOW WAS THE STUDY CONDUCTED?

The Federal Reserve Bank of Minneapolis and Wilder Research partnered to conduct this study. Reported findings come from four sources:

1. Themes discovered through a literature review of national and local studies on food access and dietary behavior;
2. Social, demographic, and economic data from the U.S. Census Bureau, the U.S. Department of Agriculture Economic Research Service, County Health Rankings and Roadmaps, and Minnesota Compass;
3. Interviews with entrepreneurs and intermediary organizations who provide financing, technical assistance, advocacy, or services to food retailers and who have knowledge of Minnesota's food landscape; and
4. Interviews with fund managers and key partners of HFFIs, along with online data from their respective websites.

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**Wilder Research**