PROGRAM OVERVIEW

FRESH Background

Launched in 2009, the Food Retail Expansion to Support Health (FRESH) program promotes the establishment and retention of full-service grocery stores in underserved communities. It does this by providing zoning and financial incentives to eligible grocery store operators and developers. FRESH is an interagency effort between the New York City Economic Development Corporation (NYCEDC), the New York City Department of City Planning (DCP), the New York City Department of Mental Health and Hygiene (DOHMH), and the Office of the Deputy Mayor for Health and Human Services. The program also works with additional stakeholders within New York City government, as well as community groups from across the city.

The impetus to create FRESH was rooted in a 2008 study commissioned by the Mayor’s Food Policy Task Force and produced by DOHMH, DCP, and NYCEDC. The study, titled Going to Market, found that the average citywide ratio of local grocery stores to people was half of the DCP standard of 30,000 square feet of grocery retail per 10,000 people. In 2008, only two of 59 community districts in New York City met this standard. Furthermore, DCP’s Supermarket Needs Index (SNI) demonstrated that three million New Yorkers across all five boroughs were living in areas designated as high need. The SNI identified need using a series of public health, food environment, and socioeconomic indicators, including obesity and diabetes rates, share of fresh food retail, car ownership rates, population density, trade area accommodation, and Community Development Block Grant eligibility. Low-income communities routinely fall under this high need designation, an issue made worse by the high incidence of store closures in these neighborhoods.

Going to Market and the subsequent NYC Full-service Grocery Store Analysis demonstrated that the citywide grocery retail shortage had severe community and economic development effects. In order to better understand the feasibility for new full-service grocery store development within select areas, the NYC Full-service Grocery Store Analysis included market analyses for 19 neighborhoods. It has been estimated that the city’s neighborhoods can support more than 1 million square feet of additional grocery retail, equivalent to approximately $1 billion in unmet grocery retail demand. The introduction or retention of grocery stores helps address unmet demand while potentially producing a number of local economic development and commercial revitalization benefits, including attracting and retaining businesses and residents, improving property values, creating jobs, expanding the tax base and providing retail anchors to increase foot traffic, reduce crime, and attract complementary retail. The addition of new grocery stores can also improve local economic conditions by increasing competition and reducing grocery costs.

FRESH BASICS

FRESH incentives are aimed at addressing key financial and regulatory challenges to entering underserved markets in New York City, including risk aversion to entering low income neighborhoods, parking regulations, the prohibition of stores larger than 10,000 square feet in light manufacturing areas, and the high costs of starting and operating stores in NYC. FRESH encourages the establishment and retention of healthy food retail in high need neighborhoods and reduces disparities in access to nutritious, affordable, fresh food. The FRESH program is made possible with a multi-year grant from the New York State Department of Health’s Healthy Eating and Active Living by Design (HEALD) with support from NYCEDC, DCP, DOHMH, and the Office of the Deputy Mayor for Health and Human Services.
The FRESH program is available to grocery store operators opening new locations, operators renovating or expanding existing retail space, and developers seeking to construct, renovate, or expand retail space that will be leased or purchased by a full-line grocery store operator. Stores that benefit from the program must be located within designated eligible areas and must meet the following criteria:

- A minimum of 6,000 square feet of retail space for a general line of food and nonfood grocery products intended for home preparation, consumption, and utilization
- At least 50% of retail space for a general line of food products intended for home preparation, consumption, and utilization
- At least 30% of retail space for perishable goods that may include dairy, fresh produce, fresh meats, poultry, fish, and frozen foods
- At least 500 square feet of retail space for fresh produce
COMMUNITY PARTNERSHIPS AND KEY COLLABORATIONS

Over the duration of this project, NYCEDC and the FRESH program established several significant partnerships with community-based organizations and local nonprofits. Partnerships are essential to understanding the work already happening in the city and to understanding the needs and assets around grocery retail. FRESH’s partnerships supply the program with community insight and assist in researching the capacity for additional grocery retail in specific locations. These partnerships include: Local Initiatives Support Corporation (LISC), City Harvest, Brownsville Partnership, BedStuy Restoration, Cypress Hills Local Development Corporation, Urban Upbound, South Bronx Overall Economic Development Corporation, Women’s Housing and Economic Development Corporation, Pratt Center for Community Development, NYU School of Medicine, and the Low Income Investment Fund. Through these partnerships, FRESH has refined its ability to more efficiently market the program to local business owners and developers.

Through collaborations with the New York City Department of Small Business Services (SBS) and the New York State Energy and Research Agency (NYSERDA), FRESH projects have received complementary services and incentives. Services offered through SBS include its New York City Business Acceleration (NYCBA) program, an initiative that makes it easier and faster for businesses to open their doors by streamlining the regulatory process, guiding business owners through government licensing, and permitting and helping resolve other problems that arise. Additionally, NYCEDC’s HireNYC and SBS’s Workforce1 coordinate to match both candidates and employers using recruitment expertise, industry knowledge, and skill-building workshops to strengthen candidates’ employment prospects.

NYSERDA offers FRESH participants access to energy efficiency benefits through its Commercial, FlexTech, New Construction andExisting Facilities Programs. NYSERDA’s programs provide technical assistance and financial incentives to increase energy efficiency and reduce energy costs for existing buildings and new construction.

<table>
<thead>
<tr>
<th>Financial Incentives</th>
<th>Zoning Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following financial incentives are available to eligible grocery store operators and developers through the New York City Industrial Development Agency (NYCIDA):</td>
<td>The following zoning incentives are available to eligible grocery store developers through the New York City Department of City Planning:</td>
</tr>
<tr>
<td><strong>Land Taxes</strong></td>
<td><strong>Additional Development Rights</strong></td>
</tr>
<tr>
<td>Abatement equal to $500 multiplied by each full-time employee or part-time equivalent at time of application may be abated for 25 years, or abatement equal to full value of land tax for project sites located within Empire and Empowerment Zones. A phase-out of the benefit begins in year 22 and continues through year 25 at 20% each year. In year 26, land taxes increase to full amount.</td>
<td>One additional square foot of floor area in mixed residential development and commercial buildings for every square foot provided for a grocery store, up to a 20,000 square foot limit.</td>
</tr>
<tr>
<td><strong>Building Taxes</strong></td>
<td><strong>Reduction in Required Parking</strong></td>
</tr>
<tr>
<td>Stabilization of building taxes based on pre-improvement assessed value for 25 years. A phase-out of the benefit begins in year 22 and continues through year 25 at 20% each year. In year 26, building taxes increase to full amount.</td>
<td>Stores up to 40,000 square feet in commercial districts that permit residential buildings with ground floor retail will not be required to provide parking. First 15,000 square feet exempt from parking in other Commercial and Light Manufacturing districts.</td>
</tr>
<tr>
<td><strong>Sales Tax Exemption</strong></td>
<td><strong>Larger As-Of-Right Stores in Light Manufacturing Districts</strong></td>
</tr>
<tr>
<td>An exemption from the 8.875% sales tax on materials to construct, renovate, or equip facilities.</td>
<td>Grocery stores up to 30,000 square feet permitted in M1 districts.</td>
</tr>
<tr>
<td><strong>Mortgage Recording Tax Deferral</strong></td>
<td></td>
</tr>
<tr>
<td>A one-time deferral of mortgage recording tax relating to the project’s financing, equal to 2.05% of the mortgage amount, for mortgages of $500,000 or less, and 2.80% for mortgages greater than $500,000.</td>
<td></td>
</tr>
</tbody>
</table>
THE FRESH IMPACT
Since launching in 2009, a total of 19 FRESH projects have been approved—four of which have been approved for zoning benefits and 16 of which have been approved for financial incentives. Nine stores have completed construction and opened, increasing the availability of full-service grocery retail in neighborhoods with high rates of poverty, unemployment and diet-related disease.

The FRESH approved grocery stores are expected to provide approximately 585,000 square feet of new or renovated space, and are estimated to retain more than 500 jobs, create more than 900 new jobs, and represent an investment of approximately $80 million.

Of the nine completed projects, four are located in the District Public Health Office (DPHO) areas, which were established by the New York City Health Department in 2002 to promote health equity and reduce health disparities. The program has far exceeded the original five-year New York State Department of Health goals of supporting six new stores in low income areas with disproportionate rates of diet-related disease.

In February 2015, to assess the impact of the program, FRESH collected survey data from local shoppers. FRESH staff surveyed customers about access to and consumption of fresh produce at five grocery stores participating in the program. Surveys were conducted with customers at three stores that were newly constructed and two existing stores that recently underwent renovations. Three of the stores were located within the boundaries of the NYC DPHO offices, specifically in the South Bronx and East/Central Harlem neighborhoods.
A total of 102 surveys were conducted across all five stores. Analysis of the data showed that respondents overwhelmingly agreed that the renovation or construction of their local grocery store increased access to affordable, fresh produce, and that they buy more fruits and vegetables as a result. When respondents were asked if they buy more fruits and vegetables now that this grocery store is open/ was renovated, 80.4% respondents stated they strongly agreed and agreed, and only 7.9% said they disagree and strongly disagree. Additionally, when customers were asked if the renovation or construction of the store made fresh produce more convenient for me to buy, 96.1% agreed and strongly agree and only 1% disagreed and strongly disagreed.

Lessons Learned
FRESH encountered two challenges in entering the grocery store industry community. The first and largest barrier when this program was launched in 2009 was the hesitation of uptake from developers and operators. Operators had deeply engrained perspectives on working with city government and did not readily apply for incentives. FRESH addressed this issue by conducting outreach and information sessions with community and industry stakeholders in the first year of the program. These sessions emphasized the capacity for many neighborhoods to accommodate additional grocery square footage and the potential depth of benefits available. Additionally, FRESH staff created key community partnerships that rooted FRESH into the community. FRESH is still relatively new in the grocery industry space and FRESH’s staff continues to actively promote the program to encourage additional applications.

Another challenge for the program is the densely built physical environment of New York City, which has meant that spaces of 6,000 square feet or more may not be available in some neighborhoods. To address this, FRESH has connected with other city agencies and departments within NYCEDC to identify sites for new stores. In the Fall 2015, the New York City Housing Authority (NYCHA) and FRESH will collaborate on an RFP involving NYCHA owned property in an effort to bring a FRESH store to an underserved area in Queens.

Summary
FRESH has been successful at encouraging the development and retention of full-service grocery stores in underserved neighborhoods with substantial rates of poverty and unemployment. The program has increased food retail options in neighborhoods that may have not seen grocery retail development, or development to the extent made possible through FRESH incentives. FRESH has been an interagency and cross-sectoral effort from the beginning and continues to leverage the knowledge, expertise, and complimentary services available through city agencies and community based organizations.
Super Fi Emporium
East Harlem | 1635 Lexington Avenue

**Interviewee:** Anthony Reynoso–Store Owner
**FRESH Store Opening Date:** June 2013
**Store Size:** 7,500 sq ft | **Total Number Employees:** 27

**The FRESH Benefit:** Before purchasing the location of the current Super Fi Emporium, the Reynoso family approached the New York City Industrial Development Agency in 2012 to discuss their plans for a newly improved store. The Reynosos formerly operated the grocery store under a chain banner and were considering re-launching the location as their first fully owned and operated store in East Harlem, a neighborhood in high need of additional grocery retail. Through the FRESH program, the Reynoso family received a comprehensive package of benefits, including a mortgage recording tax deferral, land tax abatement, building tax abatement, and sales tax exemption. In June 2013, approximately one year from submitting the FRESH application, the Reynoso family opened Super Fi Emporium. The FRESH savings have not only helped to grow and sustain Super Fi Emporium, but have also allowed the store to focus on customer service and create quality job opportunities. SuperFi Emporium works closely with Workforce1, a free service that matches candidates and employers by using recruitment expertise, industry knowledge, and skill-building workshops to strengthen candidates’ employment prospects.

**Why did you decide to participate in the FRESH program?**
I decided to participate in FRESH because of the benefits. We were considering leasing our building to a pharmacy. When FRESH became available it became obvious that it was more cost effective and profitable to open a full line grocery store. I also knew that if I could cut costs I would be in a better situation to be able to provide better pricing and service for my customers.

**How has the FRESH program affected your business?**
FRESH has benefited my business by helping me provide more for our customers and employees. We pay all of our employees above minimum wage. We’re committed to local hiring and half of our staff has been hired through Workforce1. We have been able to invest in our business in the form of a juice bar, full-service kitchen and deli, flower shop, price checkers throughout our store, ice machines, an elevator, and much more—all thanks to the FRESH financial incentives.

**How has your store impacted your customers and the neighborhood?**
Most local supermarkets you go to don’t have the feel or the vibe that we have here. Our employees take pride in what they do and where they work. That is important and should not be taken for granted. We are very proud when customers tell us how happy they are that we are here. We pass our savings onto our customers by offering lower priced grocery items and the store remains profitable due to the steady volume of sales. We are also committed to the community and regularly donate catered food and offer discounts to nearby community-based organizations.

**Would you be part of FRESH again?**
I would 100% do it again. I am very supportive of the FRESH program and encourage any small business like mine to do the same. We take pride in our brand. It was a struggle at first, but I believe the neighborhood has really taken to the name and our story.
ShopRite of Gateway Center  
East New York | 590 Gateway Drive

**Interviewee:** Irv Glass, Glass Gardens–Store Co-Owner  
**FRESH Store Opening Date:** September 2014  
**Store Size:** 90,000 sq ft | **Total Number Employees:** 350

**The FRESH Benefit:** The Glass Gardens family began working in the grocery business in 1938 when two brothers, Ben and Abe Glass, decided to start a produce business together. In 1955, they incorporated as Glass Gardens Inc., with their first store in Rochelle Park, New Jersey. Glass Gardens is currently owned and operated by Abe and Ben’s sons, Irv and Terry Glass, who both worked in the company as high school students and became business partners when they graduated from college. Recently Glass Gardens have built their family business up to nine ShopRite stores. Glass Gardens was approved for a FRESH land tax abatement, building tax abatement, and sales tax exemption in November 2013 and opened a new store to the East New York community in September 2014. The store prides itself in providing and promoting an unparalleled diversity of healthy and affordable food options for the neighborhood. The Gateway store is the 10th supermarket project developed by Glass Gardens affiliates.

Why did you decide to participate in the FRESH program?  
The FRESH program offers great benefits.

How has the FRESH program affected your business?  
FRESH has allowed the company to do things we might otherwise not be able to. The incentives benefit our pricing structure, sales, and product availability so that we’re able to provide better prices and experience high traffic sales. At the end of the day, we are a family business who needs to pay our bills – we need to be able to excel beyond only breaking even.

We are proud of what we do and know that we are doing something good for the world at large. We also know business pretty well and we want to be able to hand it off to next generation, so they have the option of deciding what to do.

How has your store impacted your customers and the neighborhood?  
We had a good running start with prospecting neighborhood vendors according to what the community thought we should carry. We sell a mountain of stuff—products we’ve never sold in New Jersey. We have fulfilled all product requests from local residents and we are certainly providing healthy, nutritious foods. We are offering customers the products they want.

Our store regularly participates in community events, including the East New York Restoration LDC Healthy Living Festival and the Far Rockaways Race. We also hold regular in store cooking demos catered to local cultures and host store tours for seniors, elected officials and other interested community members. Tours are given by 500 Men Making a Difference, a Brooklyn-based non-profit organization that engages young men in mentoring, community revitalization, tutoring and volunteering.

What is the best thing about your store?  
Our model affords us the ability to supply additional products. We’re able to procure and promote products for the specific neighborhood—we can fill a need that others might not be able to. We tailor our offerings to what the community needs and to what people actually want, at reasonable prices. We always buy the best produce available, much of which is regional or locally sourced.

Would you be part of FRESH over again?  
Absolutely.
1. Who manages the FRESH financial incentive and application process?

The FRESH financial incentives application process and financial incentives are directly managed by the New York City Industrial Development Agency (NYCIDA) at the New York City Economic Development Corporation (NYCEDC). For more information on the FRESH financial incentives application process, visit http://www.nycedc.com/nycida/application-process.

2. Who manages the FRESH zoning incentive and application process?

All projects seeking FRESH zoning incentives must meet the underlying eligibility requirements of the program. An application showing that program requirements are being met is required. This includes a site plan showing the FRESH grocery store and a commitment from a grocery store operator to occupy the designated grocery store space. The Chair of the City Planning Commission will review the application and certify to the Department of Buildings that the project complies with the program requirements. Grocery store operators and developers seeking zoning incentives should contact the Department of City Planning to confirm their eligibility and program requirements. For more information on the FRESH zoning incentives application process, visit http://www.nyc.gov/html/dcp/html/fresh/index.shtml.

3. How do the FRESH incentives work? Is there funding available?

FRESH encompasses two main types of incentives—financial incentives administered by the New York City Industrial Development Agency (NYCIDA) and zoning incentives administered by the New York City Department of City Planning (DCP). FRESH does not include any direct funding, such as grants or loans.

FRESH financial incentives apply only to the grocery retail portion of a development. They allow eligible operators or developers to access savings through a land tax abatement, building tax stabilization, sales tax exemption, and mortgage recording tax deferral. Eligible projects must be located within, or contiguous to census tracts that are considered “highly distressed,” as defined by Article 18-A of the New York State General Municipal Law.

FRESH zoning incentives allow eligible developers or operators to address land availability and cost barriers by allowing larger as of right stores in M1 districts, reducing parking requirements, and offering additional development rights for mixed use developments. Zoning incentives are applicable in designated areas shown on the “FRESH Program Eligibility Areas” map on page 3.

4. Are FRESH incentives as of right?

No, the FRESH financial incentives and all NYCIDA incentives are discretionary. Projects are assessed on a per-case basis for eligibility and are subject to a due diligence and background check, public review process, Board of Directors approval, and Mayoral Confirmation.

FRESH store zoning incentives including floor area exclusions, parking reductions and special permit use waivers are as-of-right. Projects are subject to a City Planning Commission Chair Zoning Certification. Height Waivers require City Planning Commission Zoning. All FRESH Zoning applications are referred to the local Community Board for review for up to 45 days.
5. **What is the FRESH application process?**

The FRESH financial incentives application process follows the same steps as the NYCIDA application process, which includes a preliminary assessment of eligibility, core application, application package, public notice, public hearing, Board of Directors review and vote, Tax Equity and Fiscal Responsibility Act ("TEFRA") and Mayoral Confirmation. If the Board approves benefits, the agreement is memorialized in a binding, multi-year contract executed by NYCIDA and the recipient. Contracts are drafted to ensure that recipients meet agreed-upon conditions to maintain benefits.

Transactions eligible for assistance that have financing commitments can typically complete the application and approval procedures within 90 days or less.

The NYCIDA application process has a non-refundable fee of $5,000 for companies that appear qualified to progress to the application stage. Fees due at closing include, the Agency financing, project counsel and first installment of the annual Agency fees, less the application fee.

Please visit the NYCIDA website for a list of Board Meetings and Public Hearings and agency fee schedules.

FRESH zoning incentives application processes include, at minimum, a pre-application meeting, submission of an application (including drawings), a 45 day Community Board review period and City Planning Chair Certification that the project is an eligible FRESH Food Store. FRESH Projects requesting additional height must receive approval from the City Planning Commission via the authorization process.

For project specific inquiries, call the relevant City Planning Borough office and request an informational meeting to discuss the potential FRESH project. At the meeting, a planner will detail application processes and project approval timeframes.

Information about City Planning Offices can be found here: http://www.nyc.gov/html/dcp/html/about/location.shtml#visit

6. **Can developers leasing spaces to operators apply for FRESH financial incentives? Do you provide suggested retailer lists?**

FRESH financial incentives are effective at tenancing grocery retail space and are open to operators making capital improvements to new or existing retail spaces. The NYCIDA does not provide suggested retailer lists for developers, but rather relies on developers to identify operators appropriate for their objectives. Operators interested in FRESH financial incentives can apply directly to the NYCIDA.

7. **What should I do if I have questions about FRESH?**

Please feel free to email us with any questions at fresh@edc.nyc.
**METH O DS**

During the month of February 2015, FRESH staff surveyed customers about access to and consumption of fresh produce at five grocery stores participating in the FRESH program (Table 1). Three of the stores were newly constructed and two were existing stores that underwent renovations. Three stores were also located within the boundaries of District Public Health Offices (DPHO), which were established by the Health Department in 2002 to promote health equity and reduce health disparities across New York City. There are currently three DPHOs in New York City, located in the South Bronx, East/Central Harlem, and North/Central Brooklyn. Two of the stores visited were within South Bronx DPHO boundaries and one store was in the East/Central Harlem DPHO boundaries.

<table>
<thead>
<tr>
<th>Table 1. Survey Locations and Dates</th>
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<tbody>
<tr>
<td><strong>Store</strong></td>
</tr>
<tr>
<td><strong>Location</strong></td>
</tr>
<tr>
<td><strong>Date</strong></td>
</tr>
<tr>
<td><strong>Time</strong></td>
</tr>
<tr>
<td><strong>New/Renovated</strong></td>
</tr>
<tr>
<td><strong>Respondents</strong></td>
</tr>
</tbody>
</table>

† Indicates location also within one of three DPHO boundaries.

The survey captured consumption data by asking respondents about their number of servings per day for both fruit and vegetables. Respondents provided retrospective answer on how many fruits and how many vegetables they consumed prior to the store’s renovation/construction, and how many they consume currently, now that the store has opened or been renovated. Changes in consumption were measured by calculating the average number of self-reported daily servings before the FRESH store’s construction or renovation for both fruits and vegetables and the average number of self-reported daily servings after the FRESH store was constructed or renovated. The percent change in average consumption was then calculated as the difference between the two numbers.
Appendix A: FRESH Consumer Survey February 2015 continued

<table>
<thead>
<tr>
<th>Table 2. Survey Responses to Likert Scale Questions</th>
<th>Strongly Agree (%)</th>
<th>Agree (%)</th>
<th>Don’t know (%)</th>
<th>Disagree (%)</th>
<th>Strongly Disagree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The construction/renovation of this grocery store has made fresh produce more convenient for me to buy.</td>
<td>36.3</td>
<td>59.8</td>
<td>2.9</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Fruits and vegetables at this grocery store are affordable.</td>
<td>14.7</td>
<td>75.5</td>
<td>3.9</td>
<td>5.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Fruits and vegetables in this store look fresh and appealing.</td>
<td>29.4</td>
<td>61.8</td>
<td>4.9</td>
<td>2.9</td>
<td>1.0</td>
</tr>
<tr>
<td>I buy more fruits and vegetables now that this grocery store has opened/ was renovated.</td>
<td>24.5</td>
<td>55.9</td>
<td>11.8</td>
<td>6.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Limitations
While the study yielded overwhelmingly positive results, there were limitations to its design.

i. Sample size was relatively small

ii. Statistical analysis software was not used to test for statistical significance of changes in consumption

iii. The single-group, retrospective evaluation did not include a non-treatment comparison group or pre-treatment assessment to establish baseline statistics. Consumption numbers consisted of retrospective, self-reported data, which can be subject to bias

Conclusions
The strongly positive feedback from respondents implies that the FRESH program is having a positive impact on New York City communities. The FRESH consumer survey results show that customers of FRESH participating stores feel that affordable, nutritious food is more available to them because of the existence of these local grocery stores.

For more information, please visit us at www.nycedc.com/fresh or contact fresh@nycedc.com