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NMTCs Offer Fresh Start for Healthy Food Hub

By Teresa Garcia, Staff Writer, Novogradac & Company LLP

Residents of New Orleans' Mid-City neighborhood will soon have better access to fresh, affordable food. Local nonprofit Broad Community Connections (BCC) and New York-based L+M Development Partners hosted a groundbreaking ceremony May 9 for the ReFresh Project, anchored by a grocery store, a nonprofit food service provider and a teaching kitchen that will promote healthy food choices in the Big Easy's Broad Street corridor.

"New Orleans has become an inspiring and dynamic center for innovation in the community development field. It's a city of tremendous diversity, vibrancy and history with a strong set of local public and private players — it's a great place to invest with impact," said Rachel Diller, vice president of

Goldman Sachs' Urban Investment Group (UIG), a ReFresh Project partner.

Background

BCC has been an accredited organization of the National Trust for Historic Preservation's Main Street program since 2009. It initially focused on promoting existing businesses and properties in the area with events, technical assistance and funding support. After a few years, BCC decided to spearhead its own development project. BCC drafted plans to bring nutritious food and encourage healthy living practices in the neighborhood by building a healthy food center.



Rendering: Courtesy of Courtesy of MetroStudio

Broad Community Connections and L+M Development Partners are using new markets tax credits to build the ReRefresh Project, a 60,000-square-foot healthy food hub for the Mid-City neighborhood in New Orleans.

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Photo: Courtesy of Bill Haber

New Orleans Mayor Mitch Landrieu (center) joins partners of the ReFresh Project to plant ceremonial orange trees as a symbol of sustainable community development at the project's May 9 groundbreaking ceremony.

The \$18.9 million ReFresh Project is a gut rehabilitation of a 60,000-square-foot formerly vacant supermarket building. The area surrounding ReFresh had suffered economic decline and underinvestment and Hurricane Katrina brought those problems to national attention when it hit the area in 2005.

"Even though Broad Community Connections was founded after Katrina, a lot of the problems we're working on have been there for decades, decades of disinvestment and marginalization of inner-city neighborhoods," said Jeffrey Schwartz, BCC's executive director.

BCC had planned to build ReFresh with another developer, but teamed up with L+M Development when plans with the original developer fell through. L+M Development was working on the Faubourg Lafitte mixed-income residential property three blocks from the ReFresh site. The L+M Development team saw the ReFresh Project as a way to create jobs and further develop the neighborhood resources around Faubourg Lafitte, said Robin Zimble, senior project manager for L+M Development.

The ReFresh Project

The ReFresh Project will promote a holistic approach to community nutrition through products and services offered by its three main tenants: Whole Foods Market, local nonprofit Liberty's Kitchen and Tulane University School of Medicine's Goldring Center for Culinary Medicine.

"The unique aspect [of ReFresh] is the relationships between the three tenants in creating a fresh food hub where they're all working together to promote nutrition and access to fresh, affordable, quality food," said Zimble.

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Photo: Courtesy of Bill Haber
Jeffrey Schwartz, executive director of Broad Community Connections, attended the groundbreaking ceremony for the ReFresh Project in May.

Whole Foods Market will serve as the anchor tenant, with a 25,000-square-foot grocery store. The store will offer fresh fruits and vegetables, full-service seafood and meat counters, an artisan bakery, prepared foods, beer and wine. The market will focus on affordability by offering products from the 365 Everyday Value line, its value-priced brand.

Liberty's Kitchen will lease 10,000 square feet for a kitchen and café. The New-Orleans-based organization will provide job training for at-risk local youth and will offer healthy school lunches for local public school children. Liberty's Kitchen will also prepare food for the adjacent Whole Foods Market.

The Goldring Center for Culinary Medicine will open a 4,600-square-foot teaching kitchen at ReFresh that will offer nutrition education to medical students, doctors, patients and the local community.

Schwartz said that the complementary and collaborative efforts of ReFresh's three main tenants will be the key to encouraging healthy choices in a neighborhood where many residents haven't had ready access to fresh food options.

Schwartz said planned integrated services include Goldring Center's health care experts giving Whole Foods' shoppers guided market tours. The tours will include tips on choosing healthy food options, with customized tips for those with special dietary needs.

Customers could then take their groceries to the Goldring Center's teaching kitchen for a cooking lesson.

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“There’s increasing literature that says just putting a grocery store in a neighborhood isn’t sufficient,” said Schwartz. “Training and education will help folks actually make positive changes in their lives.”

The ReFresh Project will also house office space. BCC will move its headquarters to the site. FirstLine Schools Inc., a local charter school management company using a healthy food curriculum, will be another office space tenant.

Indoor and outdoor space will be available for community programs that promote health and wellness, such as gardening, fitness and education classes.

Financing

Developers say ReFresh Project’s biggest challenge was arranging the financing. “New markets financing transactions are always very complicated, but this one had nine funding sources,” said Zimble. “Typically, you might have two or more community development entities, but only one investor. But here, Chase is providing equity as an investor and so is Goldman Sachs.”

Goldman Sachs, a partner in L+M Development’s Faubourg Lafitte residential development, became interested in funding ReFresh as part of its focus on comprehensive neighborhood development. Since 2008, UIG has invested \$159 million in New Orleans through partnerships that are financing affordable housing, schools, hospitals and small businesses.

“We were particularly interested in ReFresh’s proximity to Lafitte. We’re interested in investing holistically in neighborhood revitalization as opposed to one-off projects,” said Diller. Goldman Sachs provided \$10 million in NMTCs and is the equity investor in those credits, and provided a \$3 million senior loan to the project.

Chase, another Faubourg Lafitte partner, provided an additional \$8 million NMTC allocation and a \$2.6 million equity investment for the ReFresh Project. Since Hurricane Katrina, Chase has donated more than \$30 million to nonprofits working in Louisiana and provided more than \$300 million in financing for affordable housing and other community projects throughout the state.

“The ReFresh Project is a transformative investment bringing job creation and economic development to the area. It is precisely the creative collaboration driving the economic renaissance in New Orleans,” said Wanda Clark, vice president of Chase’s NMTC group.

The Low Income Investment Fund (LIIF) used half of its \$3 million allocation from the Community Development Financial Institutions (CDFI) Fund’s Healthy Food Finance Initiative to provide ReFresh with a \$1.5 million subordinate leverage loan.

The ReFresh Project aligns well with LIIF’s goal to support healthy families and healthy communities, said Kirsten Shaw, senior loan officer at LIIF. “We saw an opportunity to support a project that had a holistic approach to fresh food, health and education,” said Shaw. “We believe this project will be transformative for the neighborhood, both economically and for the health of its residents.”

Other funding sources for ReFresh include \$500,000 from the Foundation for Louisiana, \$900,000 from the New Orleans Redevelopment Authority’s Commercial Corridor Revitalization program, a \$1 million loan with a forgivable amount of up to \$500,000 from the city’s Fresh Food Retailer Initiative and \$250,000 from Newman’s Own Foundation.

Raza Development Fund provided an acquisitions loan of \$1.8 million. L+M Development provided a bridge loan and equity. BCC also provided equity.

Revitalizing a Neighborhood

The ReFresh Project is part of a larger effort to revitalize the neighborhood. A 1.6 million-square-foot Veterans Affairs hospital will serve more than 70,000 enrolled veterans beginning in 2016. Louisiana State University is building a \$1.2 billion teaching hospital that will provide comprehensive treatment and trauma services and graduate medical education programs, once it opens later this year. Private and public residential developments are also being built in the area. “There are over 1,100 units of private mixed-income development and 2,400 Choice Neighborhoods units being built within a one mile radius of our [ReFresh] site,” said Schwartz. “Our project ties everything together in improving the quality of life here.”

Whole Foods is scheduled to open in December, with the rest of ReFresh’s tenants expected to open in 2014. ❖

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