

BATON ROUGE'S HEALTHY FOOD RETAIL INITIATIVE PROGRAM SUMMARY

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PROGRAM OVERVIEW

The Baton Rouge Healthy Food Retail Initiative (HFRI), established by The City of Baton Rouge and Parish of East Baton Rouge in partnership with The Mayor's Healthy City Initiative, is an innovative financing program created to award low-interest loans to supermarkets, grocery stores, and other fresh food retailers that are located in or plan to locate in a low-to-moderate income area in East Baton Rouge Parish. These loans will enable operators to open, renovate, or expand retail outlets that stock and sell healthy food options, particularly fresh fruit and vegetables.

The goal is to increase access to affordable healthy foods; to make available other quality food items; and to promote the sale and consumption of fresh fruits and vegetables, particularly those that are Louisiana-grown, while keeping dollars circulating in the community.

This initiative was created in response to a lack of fresh, healthy foods in Baton Rouge Parishes and can also serve as a catalyst for revitalization in those areas.

PROGRAM PARTNERS

City of Baton Rouge and Parish of East Baton Rouge
Redevelopment Authority
The Mayor's Healthy City Initiative
The Food Trust
Hope Enterprise Corporation/Hope Credit Union
Baton Rouge Area Chamber
Together Baton Rouge
Baton Rouge North Economic Development District

DEMONSTRATED SUCCESS

Louisiana has seen many successful examples of healthy food financing initiatives. In 2011, the City of New Orleans partnered with HOPE and The Food Trust to launch the Fresh Food Retailer Initiative (FFRI). FFRI was designed to attract grocery stores, local markets, and other fresh food providers to lower income communities with limited access to fresh food after Hurricane Katrina. In addition, funding from the philanthropic community and the federal Healthy Food Financing Initiative (HFFI) has allowed these investments to expand to other geographic areas. Since 2012, HOPE has provided \$16.8 million in financing to 12 (twelve) fresh food retailers in food deserts, and leveraged an additional \$44.7 million.

PROGRAM ELIGIBILITY

APPLICANTS

Types of Entities

An applicant to the Baton Rouge Healthy Food Retail Initiative may have a for-profit or non-profit status and may be, but is not limited to, one of the following:

- National chain
- Regional grocery chain
- Singular grocery retail outlet
- Smaller neighborhood food store
- Real estate developers that will lease space to a grocery retail operator.
 - The applicant must have a designated fresh food retail operator.
 - Projects with multi-tenant uses may be eligible, if the development project is funded proportionately to grocery retailer's square footage, allowing the program award to focus only on the grocery retail tenant portion.

Purpose

To be eligible to participate in the program, the applicant must either:

- Plan to open or restore a self-service supermarket or other grocery retail outlet selling affordable fresh produce, seafood, meat, dairy, and other groceries.
- Improve an existing market's ability to stock and sell a variety of fresh fruits and vegetables, where fresh produce carrying capacity had previously been limited or nonexistent.

Experience

The applicant (or members of their management team) must demonstrate capacity and experience managing a grocery store or fresh food retail outlet that is similar to the proposed project. A minimum of five years of comparable management is recommended. A more comprehensive analysis of business plans and management capacity is undertaken during financial review/underwriting.

Ineligible Applicants

- Applicants that fail to demonstrate a commitment to offer fresh healthy foods in the judgment of program administrators
- Projects that are primarily restaurants, cafes, or bakeries
- Pharmacies with grocery sections
- Businesses with alcohol or tobacco retail sales as a primary source of revenue
- Alcohol sales must not exceed 25% utilization of total sales revenue

LOCATION

The applicant's business must be located:

- Within East Baton Rouge Parish
- In a location that meets Low-to-Moderate- Income (LMI) criterion (described below)
- In a location that meets underserved criterion (described below)

Low-to-Moderate Income (LMI) Criterion

Eligible projects must primarily serve a low- to moderate-income (LMI) community by:

- Locating in an LMI census tract, or
- Demonstrating that a significant number of customers reside in LMI areas.

FINANCING

The Baton Rouge HFRI provides flexible, customized financing for costs associated with opening or expanding businesses that bring healthy groceries to East Baton Rouge Parish residents. The amount and type of financing depends on the project size, the borrower's need, and the expected impact. Each eligible application will be underwritten and assessed for financial viability.

Financial Eligibility Requirements

- Projects that meet general HFRI program eligibility requirements
- FICO of 600 for principals
- No recent bankruptcies
- Personal guarantee where applicable
- LTV ratio of no more than 80% (Lower Cost or Market)
- Projected debt coverage ratio of 1.2x, defined as EBITDA / (interest payments + current maturities)
- Minimum combined grocery store management experience of the principals is to be five years, with a preference of eight or more years

Financing Uses

- Pre-development
- Site assembly
- Construction
- Equipment
- Staff training
- Security
- Inventory
- Working Capital

Collateral

- Strong preference for real estate collateral
- Will also accept other collateral including fixtures and equipment

All loans are subject to underwriting and approval by HOPE's Credit Committee.

HOW TO APPLY

To find out if you are eligible for the Baton Rouge HFRI, download the application from www.hopecu.org/brhfri. Complete the eligibility application and submit your form with attachments by email, fax, or mail to:

Hope Enterprise Corporation
1726 O.C. Haley Blvd.
New Orleans, LA 70113
Fax: 504-527-0691
brhfri@hopecu.org

For more information, email or call:

brhfri@hopecu.org
504-585-2860

Funding Provided by



Build Baton Rouge

