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# LOUISIANA'S HEALTHY FOOD RETAIL PROGRAM PROGRAM SUMMARY

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## PROGRAM OVERVIEW

Louisiana's Healthy Food Retail Program (HFRP) was established by the Louisiana Legislature to provide flexible financing for healthy food retailers operating or expanding in underserved communities in Louisiana affected by Hurricanes Gustav and Ike, in both urban and rural areas. The program provides flexible financing to enable operators to open, renovate, or expand retail outlets that sell healthy food. The goals are to increase access to affordable, healthy food so as to improve diets and health; to promote the sale and consumption of fresh fruits and vegetables, particularly those that are Louisiana-grown; and to support expanded economic opportunities in low-income and rural communities by meeting the financing needs of food market operators in communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions.

## PROGRAM PARTNERS

- The Louisiana Agricultural Finance Authority (LAFA) is a board within the Department of Agriculture and Forestry (LDAF), responsible for exercising all functions of the state relating to the promotion, protection, and advancement of agriculture.
- Hope Enterprise Corporation (HOPE) is a community development financial institution that provides affordable financial services and leverages private, public and philanthropic resources to fulfill its mission of strengthening communities, building assets, and improving lives in economically distressed parts of the Deep South.
- Market Umbrella (MU) is a non-profit organization with the stated mission of encouraging public markets for public good. MU has provided technical assistance to farmers markets, food incubators, and food enterprises in Louisiana and beyond since its inception in 1995.
- The Food Trust (TFT) is a national non-profit organization that has been working since 1992 to ensure that everyone has access to affordable, nutritious food and information to make healthy decisions. The organization has been working with local partners in Louisiana on efforts to increase grocery access since 2007.

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## DEMONSTRATED SUCCESS

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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.

### *Legends Market, Grambling, LA*

In 2017, Hope partnered with a Baton Rouge based commercial developer for the Legends Market project, a grocery store with a pharmacy located in Grambling, LA. Legends Market has been an economic stimulus and is the city's only grocery store and pharmacy, giving the residents of Grambling adequate access to fresh produce, meat, a deli with fresh cooked food, and other grocery items.

## PROGRAM ELIGIBILITY

### Types of Entities

An applicant to the Healthy Food Retail Program may have a for-profit or non-profit status, and can be a national chain, regional grocery chain, single retail outlet or smaller neighborhood food store. Financing may be used for the development, renovation, or expansion of an eligible business. All potential applicants must be in good standing with the Louisiana Secretary of State.

Types of eligible businesses include:

- Grocery stores
- Corner stores
- Food co-ops that are open to the public
- Farmers markets and mobile markets
- Food hubs and other infrastructure for gathering, preparing and distributing healthy food for retail in areas that are low-and-moderate income (LMI) and underserved.
- Real estate developers that will lease space to a grocery retail tenant
  - 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 square footage, allowing the program award to focus only on the grocery retail tenant portion.

### Eligibility Criteria

The applicant's project 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
- Be considered underserved, defined as no comparable fresh food markets or full-service grocery stores within an applicant's trade area.

Projects will also be assessed in terms of business experience, affordability, fresh food offerings, and community engagement. Projects that have a clear connection to Louisiana farmers will be prioritized.

## FINANCING

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

### Financial Eligibility Requirements

- Project meets general program eligibility requirements
- Beacon credit score > 600 for all principals and guarantors
- Projected debt coverage ratio of 1.2x, defined as EBITDA / (interest payments + current maturities)
- Personal guarantee, where applicable
- No prior history of bankruptcy at any time with the business or recent bankruptcy (within the last seven years) for the principals
- With security for the loan calculated at the lower of cost or market, no LTV ratios above 85% will be accepted
- Minimum combined grocery store management experience of the principals is to be 5 years, with a preference for 8 or more years

### Financing Uses

- Pre-development
- Site assembly and improvement
- Construction and rehabilitation
- Equipment
- Staff training
- Security
- Inventory and working capital

### Collateral

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

### Fees

- Up to 1.5% of loan amount plus legal fees

### Personal Guarantees

- Required from all significant owners (generally those with a 20% and above ownership interest in the borrower).

***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 Healthy Food Retail Program, download the application from [www.hopecu.org/hfrp](http://www.hopecu.org/hfrp). 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  
[hfrp@hopecu.org](mailto:hfrp@hopecu.org)

### Application Process

Program partners will review your eligibility application to determine whether it meets program criteria and schedule a phone interview with you. You will be notified within 2-4 weeks as to whether you are invited to move onto the financing part of the application process. Applications will be evaluated on a rolling basis while funds remain available.

For more information, email or call:

[hfrp@hopecu.org](mailto:hfrp@hopecu.org)  
504-585-2860



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