



Impact Investing in Action: Pre-Development Capital is Key to Accelerate the Pace of Impact Investment Activity

*Interview with Jeff Schwartz of Broad Community Connections
(Profile of Foundation for Louisiana – Urban Advisors)*



BroadCommunityConnections.org

Broad Refresh Overview

The Broad Refresh Project is a New Orleans, LA based re-development initiative, which completed its grand opening on February 1, 2014. The project represents an adaptive reuse of a former 60,000 square foot grocery store building in an underserved New Orleans community. It is in a culturally-vibrant area of the city, but one that has not seen any real investment in four or five decades. The redeveloped building was previously a grocery store, a local Schwegmann's, which went out of business in 2001. The owners of the building decided they wanted to redevelop the property prior to Katrina. Despite previous redevelopment efforts, the area has been without a grocery store for almost a decade. The Refresh project is designed to bring goods and services back to the area, creating an investment in a way that is deliberate and driven by community need. A major focus of the project will be to create a vision of what this area of town can become.

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Initially, the project will serve as a grocery store, but will extend services beyond food. The mission of the project is to 1) create a fresh foods hub in the middle of an underserved community and 2) to be an economic development anchor to help support the small businesses that are still in the corridor, and help them grow and expand services. The project consists of a Whole Foods Market, which might seem somewhat counterintuitive, given that this is an area that is not considered affluent. Whole Foods is developing a more affordably formatted grocery store. With this model for affordable fresh food, Whole Foods expressed interest in being the anchor tenant in the project. The other tenant is Liberty's Kitchen, a non-profit that works with at-risk youth--16-24 year olds that are out of work and school. The non-profit mission is to teach youth life and employment skills in a culinary setting. Although a non-profit, Liberty's Kitchen is modeled after a social enterprise and has a dual social purpose; working with young people through fresh food preparation and supporting local public schools by providing them daily fresh, healthy food. The third tenant, an enterprise called the Tulane Goldring Center for Culinary Medicine, is the first of its kind in the country. It is a teaching kitchen run out of Tulane's medical school. It is also the first medical school in the country that has required students to complete a culinary/nutrition curriculum as a part of their rotation, completing their rotation at the site. As a service, they will also offer free cooking classes for local community members. The idea is rooted in the premise that doctors, nurses, and dieticians can live up to the mantra that "food is the best medicine." Given the rise in chronic obesity, diabetes, and other diseases in New Orleans, the kitchen would be viewed as a center to address prevalent health ailments. There are other tenants; a charter school operator, FirstLine schools that will lease offices in building. FirstLine considers fresh food and food in general as core to its curriculum. The Broad Community Connections offices will be headquartered in the new commercial development. Broad Community Connections is hoping to create a model for how to improve community health and how community revitalization is rooted in the health of the community members. The idea is that there is literature and recognition of food deserts, including Michelle Obama's various initiatives. It is exciting that food deserts in underserved communities are recognized as a phenomenon that urban policy needs to address. Broad Community



Connections also recognizes that just putting a grocery store in an under-served community without wraparound services, programming or sustained engagement is not going to change health outcomes. We also plan to create a community farm on a on-site green space called Food Bank 2nd Harvest.

Broad Refresh Impact Question – The Community is considered a Food Desert, with no healthy food options. How were the local residents addressing their local day-to-day grocery shopping needs?

Prior to implementation, we were able to engage the Tulane Prevention Research Center out of the School of Public Health at Tulane University to conduct a baseline analysis. We were able to treat this as an experiment by comparing what happens to a community when you go from not having any reliable fresh food access, to having a grocery store or other outlet. We were able to get Tulane to do a survey before the grocery store opened. They conducted 900 surveys, about half in the neighborhoods around the proposed Refresh grocery store location. The other half were conducted in other under-served communities. We think this will be the first time in the country where a baseline analysis was done prior to program implementation. We will be able to drill into what changes need to occur, what works well, and develop a long-term follow up plan.

All that is to say, we know that community members were going to the nearest grocery store, which is approximately three miles round trip. New Orleans is a very dense city particularly in these neighborhoods, and three miles is quite a distance to travel. Some people were taking at least two city buses, and spending several hours traveling to and from to access fresh foods. We know that they were travelling outside of the neighborhood, and we also have some data from the survey on what stores they were actually going to. The local fresh food issue is in line with the national literature that people will pass up nearby options to find quality grocery stores that meet their needs. Also, the corner stores do not meet the fresh food access needs of local residents.



Broad Community Connections is a revitalization organization that was started five years ago. I, Jeff Schwartz, am the founding Executive Director of Broad Community Connections and the board is made up of residents, community members and business owners, as well as some educational stakeholders. From the beginning our organization grew out of a community-based model. It was about recognizing a need in and around this Broad Street corridor, a group of residents and business owners coming together, and being fortunate enough to be in the right place at the right time. From the beginning the organization was built from the ground up and it has grown over time. We did an initial strategic plan in 2007-2008 and found that in inner-city urban communities that haven't seen a lot of investment, you hear about food access being a number one concern or challenge facing these communities. Particularly post-Katrina, food access was one deciding factors of whether or not people were going to move home or rebuild in a given area. This was in line with access to adequate schools and emergency services. Oftentimes we heard people express that they wanted Broad Community Connections to focus on the issue of grocery stores. This emerged out of our strategic plan and we didn't know how we were going to tackle it, and it was several years before were in a position to do so. We started from day one, knowing that our success was predicated on community engagement. Throughout the development process it was sometimes difficult to get individual perspectives, but we knew we had to essentially get something accomplished.

A significant portion of work associated with the project including, acting as interim developer, securing the option on the building, structuring a seller financing option, assisting in the financial modeling/financing and the overall community development process, was placed on David Sharp of Urban Advisors. Also, we were focused on staying close to all of our partners and key organizations throughout the pre-development and development process.



Discuss the role of Foundation for Louisiana, funder, and Urban Advisors, consultant, in helping to accelerate Broad Refresh impact investment opportunity

The work of Foundation for Louisiana and Urban Advisors is a great example of how I would hope a foundation and financial consultant would work collaboratively on a given project. They were there every step of the way from the time of inception, when you have an idea and say "this could be a reality." We got the property under contract because Foundation for Louisiana took a chance on us. The Foundation provided us grant money to complete initial pre-development activities, such as getting the building under contract and obtaining financing. It was from that day forward, David Sharp of Urban Advisors and his counterpart Christy Wallace Slater from FFL, who helped us with key investments. Not just financial, but personal and expertise that was crucial to advancing the project. Their expertise included securing the building and initial pre-development work. Additionally, there was a 2nd grant that helped get us to the finish line by closing on the real estate property. Then there was a final investment, which was a low interest Program Related Investment (PRI) that was crucial to closing the final gap in the financing. Throughout the life of the project, they were there every step of the way.

The most important thing about the project was that we almost lost the deal. It's one of those ideal story lines and an ideal trajectory. If there is something to gleam from the process that is relevant to a much wider audience, particularly in philanthropy and socially- motivated investing, it is how important the soft skills and hand holding is. A concrete example of this was that the owners grew tired of negotiations, and it took significant time to be able to actually purchase the building. We kept it under contract a very long time, longer than anyone had hoped or expected while we secured the financing for the project. At one very critical juncture in the winter of 2011, the project was in jeopardy and it was David Sharp of Urban Advisors who helped the organization figure out a way to keep the owners in negotiations.



It was simple, without a building, we didn't have a project. Ultimately, we didn't go the route Urban Advisors and Broad Community Connections pitched to the owners, but it enabled us to keep the project alive until we were able to secure financing to acquire the property. We were able to collectively figure out another solution, buy the building and move forward with the project. My main lesson learned is that it is important to have capacity, both financial and technical to successfully bring a project to completion.