Attracting Neighborhood Services Retail to Underserved Communities in East Baton Rouge Parish: An Examination of Best Recruiting Practices, the New Markets Tax Credit, and Fresh Food Financing for Stirling Properties.

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Executive Summary

In his motivating 1995 *Harvard Business Review* article concerning the economic plight of distressed neighborhoods, “The Competitive Advantage of the Inner City,” Michael Porter proposes, “Past [revitalization] efforts have been guided by the social model built around meeting the needs of individuals…Time has come to recognize the revitalizing the inner city will require a radically different approach… A sustainable economic base can be created in the inner city, but only if it has been created elsewhere: through private, for-profit initiative and investment based on economic self-interest and genuine competitive advantage – not through artificial inducements, charity, or government mandates.”

Located in Covington, LA, Stirling Properties is a full service, commercial real estate firm servicing Louisiana and the Gulf South. On March 20, 2012, Stirling Properties broke ground on Mid-City Market – a $38 million, 107,000 SF infill retail center at 401 N. Carrolton Ave. in New Orleans, LA. Mid-City Market will feature a 53,000 SF Winn Dixie concept store and has sustainable aspects including the reuse of abandoned retail site and integration with the future $7 million Lafitte Greenway. Senior Vice President and recent Partner, Jeffery Marshall challenged the author to examine similar opportunities for Stirling Properties in Baton Rouge, LA.

Recent data from the 2010 US Census reveals that – while East Baton Rouge Parish has grown 6% in population since 2000 (fueled in part by forced relocations following Hurricane Katrina) – the official city limits only saw a 0.7% increase in population. Also, the City of Baton Rouge is majority African-American at 54% while East Baton Rouge Parish is almost evenly split at 48% Caucasian and 45% African-American. Most shockingly, 25.5% of persons are below the poverty line in the City of Baton Rouge.

To spur economic development, Congress established the New Markets Tax Credit (NMTC) Program within the Community Renewal Tax Relief Act of 2000 during the Clinton Administration. A jobs creation program, the purpose of New Market Tax Credits is to compensate investors for risk, real and perceived, from operating within or serving low-income communities. NTMC is a 39% credit on Federal income tax liability, claimed over 7 years, for investors who make Qualified Equity Investments (QEIs) to Community Development Entities (CDEs) which, in turn, select Qualified Low-Income Community Investments (QLICIs) to Qualified Low-Income Community Businesses (QLICBs.) A leveraged structure has evolved for real estate transactions, based on successful models with the Low Income Housing Tax Credit.

In February 2010, First Lady Michelle Obama announced the *Let’s Move!* campaign to end childhood obesity. One of the five pillars of the campaign is “improving access to affordable, healthy foods.” In conjunction with *Let’s Move!* and a join as a join effort among the Departments of Treasury, Agriculture, and Health and Human Services!, the Obama originally proposed establishing a $400 million Health Food Financing Initiative (HFFI) to encourage development of supermarkets in “food deserts.” Food deserts are low-income census tracts where 500 persons or over 33% of total population live over 1 mile from a supermarket or large grocery store. A victim of the budgetary process, only $77 million has been allocated for the HFFI to date. The Fiscal 2013 Budget calls for a $285 million increase, which includes a $250 million dedication to food financing within the NMTC Program. Also, while not officially stated in the CDFI Fund’s last allocation round in February 2012, 53 of the 70 (71%) allocates indicated an estimated $461 million in health food financing efforts.
The national HFFI is based on the success of Pennsylvania’s Fresh Food Financing Initiative (FFFI). Leveraging $30 million of state allocations, FFFI is a $120 million pool of funds aimed at supporting increased access to healthy foods at a variety of scales. The FFFI has 4 financing components: FFFI Grants, a $40.5 million bank-syndicated loan fund, a mission-driven Core Loan Fund, and $278.5 million NMTC financing through allocation awards to the FFFI’s administrator, The Reinvestment Fund. In March 2011, Mayor Mitch Landreau announced the New Orleans Fresh Food Retailer Initiative, a $14 million program using $7 million D-CDBG funds and a matching amount from HOPE Enterprise Corporation.

National retailers are joining the fight against food deserts as well. In a July 2011 announcement with First Lady Michelle Obama, Walgreens, Wal-Mart, and SUPERVALU committed to opening stores in food deserts or altering their operations at stores already located within food deserts. Walgreens pledged to create 1000 “food oasis” stores with an increased grocery and fresh food selection, atypical of their usual merchandising. Wal-Mart pledged to opening or expanding food choices in 275 – 300 stores by 2016. SUPERVALU pledged to open 250 Sav-A-Lot concept stores in food deserts by 2016. The company also plans to increase its overall brand portfolio from 1,200 to 2,400.

In Baton Rouge, many of the NMTC eligible census tracts are located in North Baton Rouge between Florida Blvd. and the Baton Rouge Regional Airport. There is also a very large food desert to the west-northwest of the airport in a community called Scotlandville. The only supermarkets in North Baton Rouge are three Piggly Wiggly stores in rundown retail centers on the eastern side of town. For Scotlandville residents, the closest Piggly Wiggly is at least 2.1 miles away due east and on the other side of the airport. Luckily, Scotlandville is adjacent to Southern University, a historically African-American university and a possible economic engine. In 2010, the newly formed East Baton Rouge Redevelopment Authority, through a charrette process, created 5 Community Improvement Plans and targeted the Scotlandville Gateway as one area of interest. Just outside from the stadiums and the main gates of campus, at the intersection of Harding Blvd. and Scenic Highway, is a abandoned parcel where a gas station and stand-alone restaurant sit adjacent to a new 4th District BRPD station. In Scotlandville’s Community Improvement Plans announced by the East Baton Rouge Redevelopment Authority, the vacant parcel features a strip retail center with two small, 15,000 SF anchor units.

For Stirling Properties, fresh food financing is a macro trend that has national and local traction. Perhaps a national retailer with outstanding media commitments and corporate goals like SUPERVALU would be interested in reducing a food desert in a state capital? With its unique business model and 1/3 smaller size, a Sav-a-Lot store could fit with the Redevelopment Authority’s plan.

Moving forward, Stirling Properties needs to continue to grow its relationship with the East Baton Rouge Redevelopment Authority. The firm also needs to investigate the various CDEs with interests in fresh food financing and infill retail development. The firm also could participate in shaping a state food financing program if it appears on the horizon. Stirling Properties should work to identify health and nutrition professionals and programs at LSU and Southern University as they could be valuable champions for future projects. Overall, NMTC eligible tracts also extend into Downtown Baton Rouge so opportunities may also exist there, giving the increase in residential development. Real estate activity has also picked up on Nicholson Drive corridor between Downtown LSU, and the corridor is also available for NMTC financing.
Introduction

Following World War II, metropolitan growth in the United States has largely followed a pattern of auto-centric, low density sprawl with retail and office development usually following populations (and their money) to the fringes of metropolitan areas. Add disreputable practices like insurance redlining, racial discrimination, and ghettoization; and many inner city (and usually more urban) areas have fallen into a slow pattern of disinvestment. Development has typically overlooked these areas with their perceived low spending ability, lack of development ready sites, protracted city approval processes, entrenched neighborhood organizations, and voting homeowners. Now, even first generation suburbs are displaying traits of the urban core with immigrant populations, increased demand for public services, and an aging housing stock. However, some factors are emerging that may alleviate this trend of increasing sprawl and disinvestment at the center. These changes are complex, but they could provide opportunity for developers.

First, the United States will continue exhibit a high rate of population growth in the 21st Century. Lang and Alfonzo elaborate:

*Growth become even more significant when you consider that the United States is the only developed nation in the world projected to make major population gains to mid-century. The United States reached a population of 300 million residents in 2006 and is on track to reach 400 million in 2039. To put this growth in context, consider that not even*
China will add 100 million residents by that date. Only India and Pakistan are expected to add more people than the United States by mid-century.¹

However, with globalization and world-wide competition for resources, the cost of extending infrastructure to ever expanding suburbs will be expensive. Also, many metropolitan areas are reaching their size limits either through physical barriers (mountains, water bodies, natural preservations, etc.) and/or through action by smart growth municipalities or environmentalists. The rising cost of energy and commuting costs are also pressuring suburban residents for the long distances between metropolitan economic centers and fringe housing. Also, lifestyle choices have young professionals and empty nesters seeking the cultural and entertainment amenities, the benefits of amalgamation on their work and creative endeavors, and the vitality/walkability that urban areas can provide.

These population, macroeconomic, and lifestyle trends have not gone unnoticed by the business community, and some have recognized the potential of central areas. In his motivating 1995 *Harvard Business Review* article concerning the economic plight of distressed neighborhoods, “The Competitive Advantage of the Inner City,” Michael Porter proposes, “Past [revitalization] efforts have been guided by the social model built around meeting the needs of individuals...Time has come to recognize the revitalizing

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the inner city will require a radically different approach… A sustainable economic base can be created in the inner city, but only if it has been created elsewhere: through private, for-profit initiative and investment based on economic self-interest and genuine competitive advantage – not through artificial inducements, charity, or government mandates.”

Since that time, government policy makers and inner city leaders have worked to create incentives that attempt to compensate business for the additional risk (perceived or actual) for entering the inner city and infill sites. This research paper will discuss best practice for business recruitment to infill sites, the New Markets Tax Credits, and the emerging trend of fresh food financing which aims to increase the development of supermarkets in low-income communities. This information will be applied to Baton Rouge, LA where Stirling Properties – a successful, Louisiana-based retail and office development firm – has challenged the author to consider for new opportunities.

**About Stirling Properties**

**Background**

Headquartered in Covington, Louisiana, Stirling Properties is a full service real estate organization with activity in asset management, commercial brokerage, development / redevelopment, and property management. To date, Stirling Properties

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has “developed, redeveloped, or acquired over 9 million SF of retail and office space
equaling over $1 billion in development volume” and manages nearly 12 million SF of
income producing properties.³

In 1975, two LSU graduates Jimmy Maurin and Roger Ogden founded Maurin-
Ogden in New Orleans, and in 1976 Chip Songy joined the firm to create the
commercial management arm as President of Southern States Management.⁴ Also in
1976, Maurin-Ogden developed The Boulevard, its first retail center in Lafayette, LA.
Based on strong, personal relationships with grocer Delchamps and drug store chain
K&B (Katz and Besthoff), the firm developed 20 grocery anchored centers between 1976
and 1985.⁵⁶ In 1986, Stirling Properties’s current President and CEO Marty Mayer
joined the company as an executive vice president at Southern States Management.
Curiously, since his brokerage company’s name was already featured on the contact
signs of most of Ogden-Maurin’s development projects, Lewis Stirling was convinced to
merge Stirling & Associates with Maurin-Ogden in 1988. In 1990, the company’s
corporate headquarters was relocated from Hammond to Covington, LA as a
compromise on the commute between the partners’ homes in New Orleans and

⁴ Stirling Properties, “Stirling Properties: Historical Timeline,” Stirling Properties,
⁵ Jeffrey Marshall, Senior Vice President of Acquisitions, Development & Finance – Stirling Properties, interview by
⁶ . Unless otherwise noted, the following facts stated in this section about Stirling Properties were taken from the
interview or timeline cited above.

Through the 1980s, 1990s, and early 2000s, Stirling Properties continued to grow by continuing retail center acquisitions, building relationships with Target Corporation and Walgreens, entering the commercial office market, and even developing a golf-course community in Baton Rouge, University Club Plantation. On the financial side through the years, Stirling Properties was entwined with Bell Atlantic Pension Fund and considered (and ultimately abandoned) becoming a Real Estate Investment Trust (REIT) in the early 1990s. In 2000, Stirling Properties restructured with Jimmy Maurin named Chairman of the Board, Marty Mayer named President and CEO, and Chip Songy and Lewis Stirling becoming Executive Vice Presidents.

In 2005, Hurricane Katrina and Hurricane Rita impacted all of Stirling Properties’ operating markets in Louisiana, Mississippi, and Alabama. In a bold move shortly afterwards in 2006, the Stirling Properties acquired the Hammond Square Mall for redevelopment, making this transaction the largest redevelopment in the company’s history. The new Hammond Square opened in 2009. In 2010, construction began on River Chase, a master-planned mixed use community in western St. Tammany Parish. The company states, “When completed, the development will consist of over one million square feet of office space, one million square feet of retail space, 240
apartments, 250 plus condos, two hotels, numerous restaurants and other retail uses. “7

Also, Stirling Properties made a splash in the New Orleans office market when it
acquired in the Pan-American Life Center at 601 Poydras Street (at Saint Charles
Avenue) from Equastone LLC for $60.9 million in early 2011.8

Recently, Stirling Properties has made some strategic moves within the
organization as well. In an effort to return to its core competencies, Stirling Properties
sold its residential division, ERA Stirling Properties, in 2011.9 In January 2012, Stirling
Properties acquired Avant Properties in northwest Louisiana. According to the
company’s press release on the acquisition, “[t]he combined portfolio of over 14 million
square feet makes Stirling Properties the largest management and brokerage firm in the
Shreveport/Bossier City region.”10

There have been significant ownership changes with Stirling Properties recently
as well. In 2007, partners Mayer, Stirling, and Songy acquired the Maurin and Ogden
interests in the firm and added a fourth partner, Grady Brame. In 2011, the company
bought out Chip Songy’s interest, the last of the Maurin-Ogden interest; and in 2012, the
company named 4 senior managers as partners: Donna Taylor, Jeffery Marshall,

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7 “Stirling Properties Announces Plans for River Chase Development,” Stirling Properties press release, April 21,
8 Rebecca Mowbray, “Pan American Life Center in New Orleans is Bought by Stirling Properties,” The Times-
(accessed April 11, 2011).
9 Rebecca Mowbray, “Latter & Blum Acquiring ERA Stirling Properties,” The Times-Picayune, January 18, 2011,
2012).
Townsend Underhill, and Paul Masko. Stirling Properties now moves forward with seven partners.

**New Orleans Mid-City Market**

On March 20, 2012, Stirling Properties broke ground Mid-City Market, an urban infill retail project in New Orleans, LA. A $38 million project, Mid-City Market is a 107,000 SF retail anchored by a 53,000 SF prototype Winn-Dixie grocery store. Based on its location, the development was able to utilize New Markets Tax Credit.

![Figure 1 - Artist Rendering of Mid-City Market.](image1)

![Figure 2 - Mid-City Market site plan.](image2)
Credits which will be discussed later in this paper.\footnote{Marshall, interview by author.} Mid-City Market is also adjacent to the Lafitte Greenway Project, a $7 million civic pathway that will extend from Armstrong Park to Canal Boulevard.\footnote{Frank Donze, “Work on Mid-City Market is Slated to Begin,” \textit{The Times-Picayune}, February 20, 2012, \href{http://www.nola.com/politics/index.ssf/2012/02/work_on_mid-city_market_is sla.html}{http://www.nola.com/politics/index.ssf/2012/02/work_on_mid-city_market_is_sla.html}, (accessed March 30, 2012)} This project demonstrates the challenges (city regulations, neighborhood relations, etc.) of infill development yet offers a potential showcase for retail development opportunities in the 21\textsuperscript{st} Century.

\textbf{Characteristics for Sustainability at Stirling Properties}

Sustainable practices can occur at any scale of development and within any size of organization. Several traits within Stirling Properties lend themselves to adoption of sustainable practices. Foremost, Stirling Properties often takes long-term hold position with its acquisitions and developments. Currently, the company holds 48 shopping centers in its retail portfolio, many for several decades now. This long-term prerogative is very compatible to sustainable practices like life-cycle costing and integrated design. Secondly, with a major in-house property management division and in-house brokerage arm, the company can see the benefits and payback of utility reduction much more transparently and can attempt to negotiate away from Triple Net leases with tenants. Also, as cities continue to increase their disclosure and reduction mandates for commercial buildings regarding energy use and stormwater management, having an in-house management division can help catalog the data that these public mandates require.
with minimal friction between ownership and facility management. Third, Stirling Properties has experience redeveloping existing assets in the marketplace like the Hammond Square Mall. This experience should continue to prove useful as many communities are looking to redevelop “grayfields” into lifestyle centers, mixed use communities with senior and workforce housing, and transit-oriented developments. Lastly, as a major retail developer in the region, Stirling Properties can leverage its development experience, industry relationships, and financial strength towards the challenge of infill development as increased commuting costs, smart growth policies, and environmental regulations reduce the availability of greenfield sites.

**Current Challenges**

According to Mr. Jeffery Marshall, Senior Vice President of Acquisition, Development, and Finance at Stirling Properties, financing deals remains the biggest challenge in the current environment. Since each deal in Stirling Properties’ portfolio is capitalized individually, the transfer of the company’s financial strength into new underwriting has been difficult. Currently, lenders are demanding recourse level underwriting (**i.e.** sponsorship) for traditionally non-recourse deals. Also, for retail development especially in low-income areas, the challenge for a developer is to craft a compelling story why a retailer needs to be in a particular area. In the end, the developer creates the space; but the retailer is the one who has to operate there day-in and day-out. However, Mr. Marshall feels the opportunity exists in the marketplace for
leaders to create a roadmap to take retailers from today’s condition, formulas, and expectations to a more sustainable situation.¹³

**Baton Rouge and East Baton Rouge Parish**

East Baton Rouge Parish is a U.S. county in south-southern Louisiana and is home to the state’s capital city, Baton Rouge, as well as the cities of Zachary and Baker¹⁴. East Baton Rouge Parish is also part of the larger Baton Rouge, LA Metropolitan Statistical Area (MSA), which includes the additional urban centers of Gonzales.

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¹³ Marshall, interview by author.
(Ascension Parish) and Denham Springs (Livingston Parish.) In 2010, the total population in the Baton Rouge, LA MSA was 802,484 residents.\(^\text{15}\) This number makes the Baton Rouge MSA the 2\(^{\text{nd}}\) largest MSA in the state behind the New Orleans—Metairie—Kenner MSA and 65\(^{\text{th}}\) largest MSA in the nation\(^\text{16}\). This paper is concerned the City of Baton Rouge which follows a City – Parish Government model, whereby the municipal body oversees the unincorporated, industrial, or rural areas in East Baton Rouge Parish. Unless otherwise noted, the term Baton Rouge refers to the City of Baton Rouge. Table 1 features some recent demographic information from the 2010 Census.\(^\text{17}\)

Upon review, some interesting statistics emerge about the City of Baton Rouge and East Baton Rouge Parish. In the last decade, the Parish has seen a rapid 6.6% population growth, relative to the 1.4% overall growth for the state. This fact is attributed to the forced relocation of many residents to East Baton Rouge Parish from Orleans, Jefferson, St. Bernard, St. Tammany, and Plaquemines Parishes following Hurricane Katrina. Baton Rouge is also a majority African-American city reporting 54.5% black persons to 39.4% white persons. There is a higher concentration of multifamily housing units, 36.1%, relative to the state’s distribution of 17.8%. The


poverty level is also more concentrated in Baton Rouge at 25.4% relative to the East Baton Rouge Parish and Louisiana’s level of roughly 18%.

<table>
<thead>
<tr>
<th>People QuickFacts</th>
<th>Baton Rouge</th>
<th>East Baton Rouge Parish</th>
<th>Louisiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, 2010</td>
<td>729,493</td>
<td>540,171</td>
<td>4,533,372</td>
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<td>Population, 2000</td>
<td>727,818</td>
<td>412,852</td>
<td>4,468,976</td>
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<td>Persons under 5 years, percent, 2010</td>
<td>6.5%</td>
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<td>Persons under 18 years, percent, 2010</td>
<td>22.4%</td>
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<td>24.7%</td>
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<td>Persons 65 years and over, percent, 2010</td>
<td>11.2%</td>
<td>10.9%</td>
<td>12.3%</td>
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<tr>
<td>Female persons, percent, 2010</td>
<td>51.9%</td>
<td>52.0%</td>
<td>51.0%</td>
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<td>Race &amp; Ethnicity</td>
<td>Baton Rouge</td>
<td>East Baton Rouge Parish</td>
<td>Louisiana</td>
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<td>White persons, percent, 2010 (a)</td>
<td>39.4%</td>
<td>48.8%</td>
<td>62.6%</td>
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<td>Black persons, percent, 2010 (a)</td>
<td>54.5%</td>
<td>45.3%</td>
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<td>American Indian and Alaska Native persons, percent, 2010 (a)</td>
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<td>Asian persons, percent, 2010 (a)</td>
<td>3.3%</td>
<td>2.8%</td>
<td>1.5%</td>
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<td>Persons reporting two or more races, percent, 2010</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.6%</td>
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<td>Persons of Hispanic or Latino origin, percent, 2010 (b)</td>
<td>3.3%</td>
<td>3.7%</td>
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<td>White persons not Hispanic, percent, 2010</td>
<td>37.8%</td>
<td>47.0%</td>
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<td>Education</td>
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<td>High school graduates, percent of persons age 25+, 2006-2010</td>
<td>84.2%</td>
<td>87.3%</td>
<td>83.0%</td>
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<tr>
<td>Bachelor’s degree or higher, pct of persons age 25+, 2006-2010</td>
<td>32.0%</td>
<td>32.9%</td>
<td>30.9%</td>
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<td>Housing units, 2010</td>
<td>100,801</td>
<td>187,353</td>
<td>1,964,981</td>
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<td>Homeownership rate, 2006-2010</td>
<td>51.3%</td>
<td>61.6%</td>
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<td>Housing units in multi-unit structures, percent, 2006-2010</td>
<td>36.1%</td>
<td>29.1%</td>
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<td>Median value of owner-occupied housing units, 2006-2010</td>
<td>$144,900</td>
<td>$156,100</td>
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<td>Households, 2006-2010</td>
<td>166,543</td>
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<td>1,641,165</td>
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<td>Persons per household, 2006-2010</td>
<td>2.45</td>
<td>2.55</td>
<td>2.68</td>
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<td>Per capita money income in past 12 months (2010 dollars) 2006-2010</td>
<td>$23,195</td>
<td>$27,260</td>
<td>$33,094</td>
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<tr>
<td>Median household income 2006-2010</td>
<td>$36,964</td>
<td>$46,179</td>
<td>$43,445</td>
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<tr>
<td>Persons below poverty level, percent, 2006-2010</td>
<td>25.5%</td>
<td>18.4%</td>
<td>18.1%</td>
</tr>
</tbody>
</table>

Table 1 - City, County and State Quickfacts from U. S. Census Bureau’s 2010 Census (cells highlighted by author).17

Given the nation’s history of discrimination and disinvestment in traditionally African-American communities including racial segregation, insurance redlining, block busting, etc. during the 19th and 20th Centuries, governmental social welfare policy, mostly at the Federal level, is looking to encourage investment by retailers and employers towards these areas. One example, New Markets Tax Credits were created
in 2000 as a vehicle to attract investment capital to low-income neighborhoods that had been left behind by the traditional private marketplace. Given these demographics facts of Baton Rouge, some opportunities may exist for Stirling Properties to create a successful commercial real estate development, reduce risk, and help its tenants reach a new market.

**Strategies for Successful Retail Infill Development**

**DC USA / Grid Properties, Inc. – A Case Study**

In 2008, a landmark retail development, DC USA (http://www.shopdcusa.com), opened in Washington, D.C., another majority African-American city. Grid Properties, Inc. and Gotham Organization, Inc. jointly developed a 890,000 SF urban retail project anchored by Target, Best Buy, Bed Bath & Beyond, and Marshalls.18 A $145 million complex, DC USA is located on 5 acres in the Columbia Park Neighborhood, a neighborhood that suffered from over 30 years of neglect following the 1968 race riots.19 For supporting traffic counts, DC USA is located adjacent to the Columbia Park Station for DC Metro’s Yellow and Green lines and features 1,000 underground parking spaces on 2 levels. DC USA is the largest retail development in Washington, and it was also the first urban infill location for Target Corporation.20

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20 Development Corporation of Columbia Heights, “DC USA Updates.”
An immediate success, DC USA, like its predecessor, Harlem USA in 2000, have helped prove to large-scale, big-box retailers like Target that markets exist in urban areas where their standard, suburban-oriented statistical demand models fall short. In fact, as wealth and population trends accelerate towards urban settings, retailers are beginning to roll out smaller, customized versions of their standard stores. Wal-Mart plans to open 30+ Wal-Mart Express stores, a 30,000 SF concept focused on groceries and reduced general merchandise, in 2012. Target Corporation has unveiled its CityTarget concept, 60 – 100,000 sf. stores in settings where 50,000 or more people are within a 2 mile radius.  

**Urban Land Institute’s Strategies**

So how can an established urban area like Baton Rouge attract retail to its existing urban corridors and underserved neighborhoods? The Urban Land Institute (ULI) compiled “Ten Principles for Rebuilding Neighborhood Retail” in 2005:

1. Great Streets Need Great Champions
2. It Takes a Vision
3. Think Residential
4. Honor the Pedestrian
5. Parking is Power
6. Merchandise and Lease Proactively
7. Make It Happen
8. Be Clean Safe, and Friendly
9. Extend Day into Night

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10. Manage for Change\textsuperscript{22}

For the current stage of Stirling Properties’ investigation of the Baton Rouge market, principle #1 and #2 are the foundation for successful infill project. As the project developer, Stirling Properties has a vested interest to champion an idea; but for success, a “by-right” site is not enough. Partnerships are essential. Beyard, Pawlukiewicz, and Bond explain the first principle:

In some quarters, neighborhood revitalization efforts are seen as inherently public responsibilities that should be led exclusively by public representatives, because the private sector is often seen as unwilling, uninterested, or unable to do the job itself. Others believe that if a market exists, the private sector will find it and, without government help, lead the way through its own entrepreneurial efforts. ULI believes that, in most cases, neither extreme is an effective approach.

Long-term success will come only when public/private partnerships are created that marry the public’s planning, coordination, infrastructure, and public financing tools with the private sector’s entrepreneurial savvy, development expertise, retailing know-how, and private capital. When new retail markets are just being formed, neither sector can achieve its goals without aggressive assistance from the other.\textsuperscript{23}

They discuss the championing process:

The champion can be a group or an individual. Possible group champions include a business improvement district (BID), corporation or partnership of businesses, community development group, financial institution, or neighborhood anchor such as a hospital or university.

\textsuperscript{22} Michael D. Beyard, Michael Pawlukiewicz, and Alex Bond, \textit{Ten Principles for Rebuilding Neighborhood Retail}, (Washington, D.C.: ULI–the Urban Land Institute, 2003), 1.

\textsuperscript{23} Beyard, Pawlukiewicz, and Bond, 2 – 3.
An individual champion can be a resident, a business or community group leader, an elected official such as a mayor or councilperson, a property owner, a retailer, or a city staff person.

The champion should pull together a core group of involved stakeholders to form a public/private partnership entity to guide the rebuilding effort.24

Luckily, in Baton Rouge, Stirling Properties could form partnerships with a number of champions. The East Baton Rouge Redevelopment Authority is logical, but other champions may exist. The state’s flagship research university, LSU, and a historically black college, Southern University, reside in the city. These institutions may have departments, research objectives, and/or leadership goals that may champion or anchor developments. Baton Rouge is also the state capital, so state agencies may be looking for a demonstrable project “in their backyard” to show off as a success. As always, in the modern real estate development process, a proposal often finds it difficult to move forward without the support of local political leadership and impacted neighborhood associations. In the immediate future, Stirling Properties needs to consider creating partnerships, official and/or casual, with groups that can champion an infill project. In the current economic climate, it will likely be difficult for Stirling Properties to acquire a site location strictly “by right” and a support of a strong partner will likely be needed to drive the traffic counts and customer expenditures to satisfy tenants.

24 Beyard, Pawlukiewicz, and Bond, 3.
Attracting Anchor Tenants for Grocer-based, Neighborhood Services

Retail Development

Since the economic downturn of 2008, retail development on the whole has been stagnant. According to the International Council of Shopping Centers (ICSC), no new enclosed malls have opened in the U.S. since 2006.\textsuperscript{25} Ironically that same year, in a presentation to the Virginia Municipal League, customer analytics firm Buxton reported that in their most recent survey that 80\% of communities feel underserved by retail.\textsuperscript{26} Communities desire infill projects – in order to stop close to home, to increase sales tax revenue, and to reduce leakage to other jurisdictions. In the current economy, with stagnant metrics for new regional malls or power centers, communities logically target the smaller, neighborhood services center – usually anchored by a grocer – as an economic development strategy. For developers, neighborhood centers are less volatile investments than regional centers. Neighborhood centers, with their focus on necessities and frequent visits by customers, are more resilient to macro-economic swings than luxury, specialty item (e.g. electronics), apparel, and recreational retailers.

In 2009, California based, Public Health Law & Policy identified six challenges to attracting and developing healthy food retail in cities: lack of viable sites; cost of land

and development; lengthy approval processes; negative perception of the neighborhood; lack of political will; and perceived lack of spending power.\textsuperscript{27} For engaged residents, community planners, and elected officials, Public Health Law & Policy offers ten “key steps for attracting grocery stores:”

1. Designate a main point of contact at the city.
2. Engage elected officials, who have the power to influence city priorities and get things done—and they sometimes have separate pots of funding to distribute at their discretion.
3. Learn about the grocery industry. Find out what issues are facing the industry in general and, more specifically, stores in your city.
4. Identify obstacles deterring retailers from locating in target neighborhoods, and begin to develop strategies and data to address them.
5. Assess possible sites, including buildings that may soon become vacant when a lease expires or the business owner retires.
6. Work with the community to identify desired retailers, and learn more specifically what these stores require.
7. Develop marketing materials and a preliminary incentive package to sell the retailer on the neighborhood and any available sites.
8. Negotiate a community benefits agreement, a contract with a developer that details the benefits a community will see from a development project. In general, the kinds of “benefits” garnered depend on how much leverage the community has with the developer and how much profit the project will generate. Because the supermarket industry operates on a tight profit margin, some developers argue that the grocery store is itself a community benefit.
9. Expedite the development process by working with the retailer and developer to overcome obstacles. A designated city staffer can help shepherd key projects through the pipeline, offering fast-track review of plans and permit requests. Reducing the uncertainty in the permitting process is a very attractive incentive for developers.
10. Ensure the store’s survival and growth by maintaining a long-term collaboration with the retailer. Consider forming workforce

\textsuperscript{27} Public Health Law & Policy, \textit{Getting to Grocery: Tools for Attracting Healthy Food Retail to Underserved Neighborhoods} (Oakland, CA: Public Health Law & Policy, 2009), 1.
development partnerships to prepare community residents for employment at the store. Partner with local police department to ensure adequate levels of community policing.\(^{28}\)

What can Stirling Properties’ role be in infill retail development? As the one of the largest retail developers in Louisiana, Stirling Properties can act as a translator between underserved communities and retailers. In relation to communities and elected officials, Stirling Properties can leverage its experience and industry network to help an underserved retail communities like Baton Rouge frame their expectations on what retail options are available and what improvements to a community would have the greatest impact for attracting a retailer. For retailers, Stirling Properties can help communities advocate for proposed sites and new partnerships to retailers, in the retailer’s own language and using the retailer’s own real estate and growth goals.

**Incentive Tools for Infill Development**

Given the numerous challenges and risk, real and perceived, with infill development, some interesting tools have emerged in the past decade to incentivize investment, especially in low-income, urban, and underserved areas.

**New Markets Tax Credit**

Congress established the New Markets Tax Credit (NMTC) Program within the Community Renewal Tax Relief Act of 2000 during the Clinton Administration.

Whereas the purpose of the Federal Historic Tax Credit is preservation of historic

structures within communities, the overall goal of the NMTC Program is job creation. The tax credits attempt to compensate investors/businesses for the risk, actual and perceived, associated with operating/investing in low-income communities.

Listed in Internal Revenue Code Section 45D, the U.S. Department of the Treasury mostly administers the program through the arm of its Community Development Financial Institution Fund or CDFI Fund for short, not through the Internal Revenue Service.\(^29\) To summarize, “[t]he NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.”\(^30\) Table 2 charts the distribution of the 39% over the 7 year period.

The popularity and success of the NMTC Program has led to a very competitive process by CDFI Fund certified CDEs. CDEs do not compete for tax credits directly,

rather for awards by the CDFI Fund for “allocation authority” to raise capital investments. Unlike low income housing tax credits, the NMTC program must be renewed each year by Congress. While Congressional support appears strong, the credit was allowed to expire on 12/31/2011. Passage of a formal extension through the New Markets Tax Credit Extension Act of 2011 (S. 996 and H.R. 2655) has not yet happened. As the New Markets Tax Credit Coalition reports, “The New Markets Tax Credit Extension Act of 2011 (S. 996 and H.R. 2655) would extend the NMTC program for 5 years, through 2016, with $5 billion in annual Credit allocations. The legislation would also provide NMTC investors an exemption from the Alternative Minimum Tax (AMT). This exemption is currently available to other, similar tax credits including Low Income Housing Tax Credits, Historic Tax Credits, and Renewable Energy Credits.”

NMTC Basic Terms

In order to understand the program, there are several basic terms that the CDFI Fund defines:

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Community Development Entity (CDE)

As mentioned previously, CDFI Fund can award allocation authority amounts to CDEs that then seek out equity investments from tax credit investors to structure as new investments (usually loans and equity, not grants) to eligible business. CDFI Fund defines a CDE as follows:

Under IRC §45D(c)(1), any domestic corporation or partnership if:
(1) The primary mission of the entity is serving, or providing investment capital for, Low-Income Communities or Low-Income Persons;
(2) The entity maintains accountability to residents of Low-Income Communities through their representation on any governing board of the entity or on any advisory board to the entity; and
(3) The entity is certified by the Fund as a CDE. 

Specialized Small Business Investment Companies (SSBICs), and Fund certified Community Development Financial Institutions (CDFIs) will be deemed to be CDEs. 

Low Income Community (LIC)

Under IRC §45D(e)(1), any population census tract if:

(1) The poverty rate for such tract is at least 20 percent, or
(2) (a) In the case of a tract not located within a Metropolitan Area, the median family income for such tract does not exceed 80 percent of statewide median family income, or (b) in the case of a tract located within a Metropolitan Area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the Metropolitan Area median family income.

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With respect to IRC §45D(e)(1)(B), possession-wide median family income shall be used (in lieu of statewide income) in assessing the status of census tracts located within a possession of the United States.

Upon application by an entity for certification as a CDE, the Fund may designate under IRC §45D(e)(2) an area within a census tract as a Low-Income Community if:
(1) The boundary of the area is continuous;
(2) The area would otherwise meet the definition of a Low-Income Community under IRC §45D(e)(1) if it were a census tract; and
(3) There is inadequate access to investment capital in the area (as demonstrated by studies, surveys, or other analyses provided by the applicant).

Under IRC §45D(e)(3), in the case of an area that is not tracted for population census tracts, the equivalent county divisions (as defined by the Bureau of the Census for purposes of determining poverty areas) shall be used for purposes of defining poverty rates and median family incomes.33

Low-Income Person

Any individual having an income, adjusted for family size, of not more than:

(1) For non-Metropolitan Areas, 80 percent of the statewide median family income; and
(2) For Metropolitan Areas, the greater of (a) 80 percent of the statewide median family income or (b) 80 percent of the Metropolitan Area median family income.34

Qualified Equity Investment (QEI)

Under IRC §45D(b)(1), any Equity Investment in a CDE if:

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33 U.S. Department of Treasury, Community Development Financial Institutions Fund, New Markets Tax Credit: CDE Certification Glossary of Terms, 4.
34 Ibid., 4.
(1) Such investment is acquired by the investor at its original issue (directly or through an underwriter) solely in exchange for cash; 
(2) Substantially all of such cash is used by the CDE to make Qualified Low-Income Community Investments; and 
(3) The investment is designated by the CDE as a Qualified Equity Investment. A QEI also includes an Equity Investment purchased from a prior holder, to the extent provided in IRC §45D(b)(4).

Qualified Equity Investment does not include any Equity Investment issued by a CDE more than five years after the date the CDE receives a NMTC allocation.35

Qualified Low-Income Investment (QLICI)

Under IRC §45D(d)(1), a Qualified Low-Income Community investment is:
(1) Any capital or Equity Investment in, or loan to, any Qualified Active Low-Income Community Business (as defined in IRC §45D(d)(2));
(2) The purchase from a CDE of any loan made by such entity that is a Qualified Low-Income Community Investment;
(3) Financial Counseling and Other Services to businesses located in, and residents of, Low-Income Communities; and
(4) Any Equity Investment in, or loan to, any CDE.

Please refer to the IRS Final Regulations at 26 CFR 1.45-1T(d)(1) for more information.36

Qualified Low-Income Community Business (QLICB)

Under IRC §45D(d)(2), any corporation (including a nonprofit corporation) or partnership if, for any taxable year:

(1) At least 50 percent of total gross income of such entity is derived from the active conduct of qualified business within any Low-Income Community;
(2) A substantial portion of the use of the tangible property of such entity (whether owned or leased) is within any Low-Income Community;
(3) A substantial portion of the services performed for such entity by its employees are performed in any Low-Income Community;

35 Ibid., 5. 
36 Ibid., 5.
(4) Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in IRC § 408 (m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business; and
(5) Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity (as defined in IRC § 1397C(e)) is attributable to nonqualified financial property.

Please refer to the *IRS Final Regulations* at 26 CFR 1.45-1T(d)(4) for more information.\(^{37}\)

**“Substantially All” Test**

The U.S. Government Accountability Office (GAO) explains, “‘Substantially all’ means that CDEs must use (within 12 months) at least 85 percent of investor proceeds in years 1 through 6 and 75 percent in year 7 of the investment. CDEs can satisfy this requirement by two methods: (1) direct tracing of investments to specific qualified low-income community investments or (2) showing that at least 85 percent of their aggregate gross assets are invested in qualified low-income community investments.” \(^{38}\)

Figure 4 shows a conceptual organization of the NMTC structure, keeping in mind that QALICB must be located or serve at Low-Income Community.\(^{39}\)

\[^{37}\] Ibid., 5.
Figure 4 - Simplified Diagram of NMTC Structure.  

Figure 5 - Leveraged NMTC Structure
QALICBs typically fall into two types of categories, operating businesses or commercial real estate ventures. Well, what if an investor/developer/QALICB is interested in a business concept, does not have all the means to raise 100% direct equity investment(s), and wishes to take out a loan as a capital source? NMTC deals typically fall into a “direct investment model” or “leveraged investment model.” 40 In regards to commercial real estate ventures, the leveraged model is the most frequently used model. Figure 5 shows how the actual closing structure varies from the conceptual diagram shown previously.41 In a leveraged structure, the QALICB is usually a limited liability company (LLC) that the developer forms for the ownership/operation of the future asset. Like a standard real estate deal, the developer then seeks out debt and equity partners, especially a tax credit investor. The debt partner is referred as a “leveraged lender” and contributes funds typically in the form of an interest-bearing loan. What differs from a standard deal is that the all partners and the sponsoring CDE form another entity, usually a LLC. Within this entity, all the debt and equity contributions are lumped into an “investment fund” and deposited as a QEI into a subordinate CDE (sub-CDE) set up by the sponsoring CDE.

The sub-CDE makes a QLICI to the project/QALICB to finance the hard and soft costs of the project. Often, the subordinate CDE issues its project QLICI two, interest-

40 U.S. Government Accountability Office, New Markets Tax Credit Appears to Increase Investment by Investors in Low-Income Communities, but Opportunities Exist to Better Monitor Compliance, 18.
only loans. QLICI LOAN A is usually near the amount of the leverage lender’s loan, less the fee structure of the sub-CDE. QLICI LOAN B is usually near the amount of the equity contribution by the tax credit investor, less any fees. During the 7 year compliance period, interest payments to QLICI LOAN A pass through the subordinate CDE to the investment LLC and ultimately onto the leveraged lender. The interest payments for QLICI LOAN B (usually around 1%) are passed through the sub-CDE to the sponsoring CDE as a management fee. The sub-CDE issues the tax credits to the investment LLC from which the tax credit investor ultimately benefits.42 For the amount of equity provided by tax credit investor to the investment fund, Dan Martin writes, “the tax credit investor purchases the federal tax credits at a discounted rate … [o]ver the last year, the purchase price for NMTC has ranged from $0.68 to $0.72 ” per $1.00 of tax credit.43

After the 7 year compliance period, the leverage structure terminates. The U.S Government Accountability Office summarizes the collapse nicely:

The QALICB is responsible for repaying the interest (and sometimes limited principal) on both loans during the 7-year period, however, the QALICB generally has the option of purchasing the tax credit equity from the CDE through a “put” option for a nominal fee. The original tax credit investor does not general get their original investment back because they obtain a sufficient return on their investment from the initial sale of the tax credit equity to the CDE. The QALICB should then generally be able to use the remaining equity generated from the sale of the tax credit to help

43 Ibid.

The interest rate on LOAN B is usually 1\% during the compliance period (usually taken by the CDE as a management fee and not passed onto the tax credit investor.) Often in real estate transactions as opposed to investment in operating businesses, the principle from QLICI LOAN B has been used for construction so little cash is on hand from the QALICB, the development project. In this case, the loan is forgiven, and the nominal amount of the put option is negotiated at closing and can be as low as $1,000.00, depending on the deal.

\textbf{NMTC – Louisiana Program}

In 2007, Senate Bill 188 of the Regular Session enacted a piggyback NMTC program through the Louisiana Department of Revenue. The state NMTC is a 25\% LA income tax credit for a qualified equity investment in a Federally-qualified CDE: 10\% in Year 1 and Year 2, 5\% in Year 3, and the same 7 year compliance period as the Federal credit applies. The cap on the program was $50 million in allocating authority, and no single business may contribute QEIs more than $15 million.\footnote{Louisiana Department of Revenue, Policy Services Division, “Notice of Intent: New Markets Tax Credit (LAC 61:1.1911),” \url{http://www.revenue.louisiana.gov/forms/lawpolicies/1911PublishedVersion.pdf} (accessed April 14, 2012).} The state program was very successful; however, due to the state budget cuts, no additional funding has been carved out in foreseeable future.
NMTC – Qualified Census Tracts in Baton Rouge, LA

Figure 6 shows the distribution in Baton Rouge of qualified census tracts that designate a “Low-Income Community” by the CDFI Fund’s definition. Upon inspection, one quickly notices that the low-income communities are concentrated in the north side of the city and also along the Mississippi River. Census tracts to the east and south of the historic core generally do not qualify for NMTCs.

As with many towns and cities in the Southern US, Baton Rouge continues to display a highly segregated city based on unfortunate historical precedents and natural racial/ethnic residential clustering preferences. For a rule of thumb, the major dividing artery in Baton Rouge is Florida Boulevard (also US Hwy 190) – a large, 8 lane divided highway that runs east-west through roughly the center of Baton Rouge. As demonstrated on the Reznick Group map, neighborhoods north of Florida Blvd are historically African-American and have shouldered economic hardship through the 20th and now 21st Century. Communities south of Florida Blvd are historically Caucasian and have stable economic conditions.

Food Deserts and Their Locations in Baton Rouge, LA

An emerging concept in public policy is the food desert. The concept has strong ties to the First Lady Michelle Obama’s *Let’s Move!* initiative which is dedicated to
solving the problem of childhood obesity within a generation

(http://www.letsmove.gov). There are five pillars to the Let’s Move! initiative:

1. Creating a healthy start for children
2. Empowering parents and caregivers
3. Providing healthy food in schools
4. Improving access to healthy, affordable foods
5. Increasing physical activity\(^{47}\)

Food deserts are part of the fourth pillar – improving access to healthy, affordable foods. Food deserts are areas, often found in low-income communities, where residents with limited access to supermarkets. Frequently these areas are serviced only by fast food restaurants and convenience stores with little or no healthy foods.

Officially, the U.S. Department of Agriculture defines a food desert as “a low-income census tract where either a substantial number or share of residents has low access to a supermarket or large grocery store. ‘Low income’ tracts are defined as those where at least 20 percent of the people have income at or below the federal poverty levels for family size, or where median family income for the tract is at or below 80 percent of the surrounding area’s median family income. Tracts qualify as ‘low access’ tracts if at least 500 persons or 33 percent of their population live more than a mile from a supermarket or large grocery store (for rural census tracts, the distance is more than 10 miles).”\(^{48}\)


On May 2, 2011 the USDA’s Economic Research Service (ERS) launched the Food Desert Locator (http://www.ers.usda.gov/data/fooddesert), an Internet-based mapping tool to help leaders identify areas where residents have limited access to health food options.

Figure 7 – Food Deserts in Baton Rouge, LA according to USDA’s Food Desert Locator Database.49

Figure 7 is a snapshot of Baton Rouge according to the Food Desert Locator.49 A quick analysis shows some interesting concentrations. There is a food desert just north of the Capitol and downtown, and 2 food deserts exist within close proximity to large universities. One food desert is located just north of LSU between Interstate 10 and campus. The other large desert is located in far northern Baton Rouge in the

Scotlandville area, near Southern University and the Baton Rouge Metropolitan Airport. Comparing the food desert locator and the eligible NMTC census tracts, significant overlap exists, as most NMTC zones are concentrated along the Mississippi River and in the northern half of Baton Rouge.

With the strong emphasis on healthy food access by the Federal Government, a developer like Stirling Properties could use this momentum to help finance infill retail development, particularly grocery-anchored neighborhood services retail centers. By partnering with the public health sector, a retail developer could leverage the professional credentials and high community regard of health professionals to help champion a new retail project to the greater community and political leadership. In Baton Rouge, programs, research centers and/or departments may exist at LSU and Southern University whose goals include healthy food access. These programs may open new channels for financial assistance to anchor tenants and/or master developers. Also, if state groups like the Louisiana Department of Health and Hospitals and its Center for Community and Preventive Health decide to get in line with Federal funding policy about food deserts, state policy leaders would be looking for a demonstrable project to showcase within a short distance from the Capitol.

**NMTC – Health Fresh Foods Initiative**

The correlation between food deserts and qualified NMTC investment census has not escaped the eye of policy makers in Washington. On February 19, 2010 in
Philadelphia, the Obama Administration first announced a national Healthy Food Financing Initiative (HFFI). Budgeted at $400 million in the proposed 2011 budget, the HFFI is a coordinated effort between the Departments of Treasury, Agriculture, and Health and Human Services. According to the press release at the time, “Through the joint initiative, which was included in the President’s Budget for 2011, Treasury, USDA, and HHS would make available more than $400 million in financial and technical assistance to community development financial institutions, other nonprofits, and businesses with sound strategies for addressing the healthy food needs of communities. The initiative will make available a mix of federal tax credits, below-market rate loans, loan guarantees, and grants to attract private sector capital that will more than double the total investment. Federal funds will support projects ranging from the construction or expansion of a grocery store to smaller-scale interventions such as placing refrigerated units stocked with fresh produce in convenience stores.”  

The budget battles between Congress and the Obama Administration have adjusted the scope of the original proposal, but the policy’s sponsors – PolicyLink, The Food Trust, and The Reinvestment Fund – have continued to make progress to create a national Health Food Finance Initiative. As PolicyLink explains, “Since its launch, $77 million has been allocated for the HFFI. The fiscal year 2012 budget approved $32

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million for HFFI through Treasury ($22 million) and HHS ($10 million). USDA may use resources to increase access to healthy food. The President’s fiscal year 2013 budget requests $285 million for the HFFI through Treasury ($25 million), HHS ($10 million) and a $250 million set-aside within the $7 billion New Markets Tax Credit program. Legislation introduced in the U.S. Senate by Senator Gillibrand and in the House by Representative Schwartz (S. 1926, H.R. 3525) would establish HFFI at the USDA.”

This year on February 23, 2012, the CDFI Fund announced its allocations for 2011 New Markets Tax Credit Program (Ninth Round). An analysis of the CDFI Fund’s prerogative towards the HFFI offers insight as well. For this round, 70 CDEs (or 22% of the applicant pool) received a record $3.6 billion of allocation awards. Regarding healthy food financing activities and CDFI Fund’s selection process, the CDFI Fund states outright:

While there was no specific set-aside of tax credits for healthy food financing in the 2011 NMTC allocation round, applicants were asked to indicate the percentage of their allocation that they intend to devote to Healthy Food Financing activities. Please note that these figures do not represent commitments, but reflect the allocatees’ projected financing activities.

- Fifty of the 70 allocatees (or 71 percent) indicate that they intend to devote some portion of their NMTC allocation to Healthy Food Financing activities. After taking into account CDE administrative

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expenses, these groups anticipate investing almost $461 million in HFFI activities.

- Twenty-two of these groups intend to devote at least 20% of their activities to Healthy Food Financing.\(^53\)

With 71% of successful CDE applicants including healthy food financing in their proposals, there will be pressure in the coming years to implement these investment strategies regardless of the progress of a national initiative. Stirling Properties should begin dialogues with these CDEs and begin to ascertain which CDEs are interested in food access investment in Louisiana.

**Best Practice in Health Food Access – Pennsylvania’s Fresh Food Financing Initiative**

Since a national healthy food financing initiative is based on successful state program in Pennsylvania, it is prudent to examine the program and how it contributes to financing an individual project. Starting after WWII, grocers were quick to follow residents to the suburbs where cheaper land, larger stores and merchandise offerings, higher spending per customer, and lower operating costs appealed to the grocery industry and its razor thin profit margins. By the late 1990s, Philadelphia had the second lowest amount of supermarkets per capita for major cities.\(^54\)

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Recognizing the problem, the Pennsylvania’s Fresh Food Financing Initiative (FFFI) was started as a partnership between the Pennsylvania Department of Community and Economic Development (DCED), The Reinvestment Fund (TRF), and The Food Trust. In 2004, the first allocation of $10 million of state funds occurred. Two more allocations occurred in 2005 and 2006, bringing the Commonwealth of Pennsylvania’s contribution to $30 million total. The Reinvestment Fund leverage this $30 million grant with private sources to create a $120 million financing pool for grocery stores and supermarkets.\footnote{The Reinvestment Fund, \textit{Pennsylvania Fresh Food Financing Initiative} (Philadelphia: The Reinvestment Fund, 2010) \url{http://www.trfund.com/resource/downloads/Fresh_Food_Financing_Initiative_Comprehensive.pdf} (accessed April 2, 2012), 2.} The breakdown of the pool follows:

The State’s $30 million grant was allocated over five years as follows:
- $13.1 million for loan capital and credit loss reserves;
- $12 million as direct grants to store operators;
- $3.1 million to support the NMTC financing; and
- $1.8 million for program administration.

To date, TRF has matched state allocations as follows:
- $8.1 million in state funds matched with $32.4 million in TRF’s bank-syndicated loan fund;
- $5 million in state funds matched with $1.4 million from TRF’s Core Loan Fund;
- $12 million in state funds in direct grants to operators/developers matched with $26.5 million in contributions from store operators/developers;
- $3.1 million in state funds into the NMTC fund matched with $56.5 million in private resources; and
- $8.4 million was raised as a match from federal, local and philanthropic resources.\footnote{The Reinvestment Fund, \textit{Pennsylvania Fresh Food Financing Initiative}, 2.}
The bank-syndicated loan fund is $40.5 million and is credit enhanced by the state’s $8.1 million contribution. It was managed by JPMorgan Chase Bank, with investments from Wachovia, PNC Bank, Merrill Lynch CDC, HSBC, and Citizens Bank.\textsuperscript{57}

The Reinvestment Fund states that the program “has four components: a bank-syndicated supermarket loan fund, the federal New Markets Tax Credit (NMTC) program, TRF’s own Core Loan Fund, and direct grants to operators/developers. Each of these components offers unique benefits and flexibility, and TRF works with applicants to determine which source of funds best fits a project’s needs.”\textsuperscript{58} The direct grants only are applied to projects in low-to-moderate income census tracts or underserved trade areas. The Core Loan Fund is much more mission based and works where the bank-syndicated fund does not fit such as smaller projects or projects with special or uncertain terms. The largest portion of the FFFI is to assist applicants with the Federal NMTC program. As of June 2010, TRF received $278.5 million in allocations from the CDFI Fund in Washington, D.C. TRF states that supermarkets are “one of three priority project-types for this financing. Though the NMTC program has complex structural and reporting requirements, its flexible terms and long-term tax advantages have enabled TRF to provide attractive financing, including equity, to several larger store projects. TRF has used almost $53 million in NMTC for supermarkets to date.”\textsuperscript{59}

\textsuperscript{57} Ibid., 2.
\textsuperscript{58} Ibid., 2.
\textsuperscript{59} Ibid., 3.
FFFI funds are flexible and can be used by “qualified supermarkets and fresh food retailers for predevelopment, acquisition, equipment and construction costs, as well as for start-up costs such as employee recruitment and training.”\textsuperscript{60} According to TRF, “FFFI has attracted 206 applications from across Pennsylvania, with 93 applications approved for funding as of June 2010. In total, more than $73.2 million in loans and $12.1 million in grants have been approved. Projects approved for financing are expected to bring 5,023 jobs and 1.67 million square feet of commercial space.”\textsuperscript{61} Currently in 2012, Pennsylvania’s state budget is constrained; and FFFI has ceased outreach in anticipation of the FFFI funds being fully committed. However, The Food Trust continues to receive applications; and supporters hope for the FFFI to be under consideration for expansion should conditions improve. Pennsylvania’s FFFI was a national success story, and one can understand how the Obama Administration picked up the program as a precursor to a national Healthy Food Financing Initiative.

**Recent Local Efforts – New Orleans Fresh Food Retailers Initiative,**

**March 2011**

The success of FFFI in Pennsylvania has spurred on other groups to adopt their own version of the model. On March 15, 2011, Mayor Mitch Landreau announced the

\textsuperscript{60} Ibid, 3.
\textsuperscript{61} Ibid, 2.
New Orleans Fresh Food Retailers Initiative.\textsuperscript{62} Currently, it is a $14 million financing program to “to increase the number of supermarkets, grocery stores, and other fresh food markets in low-income, underserved communities across Orleans Parish. The intent of the program is to enable operators to open, renovate, or expand retail outlets that sell fresh fruits and vegetables.”\textsuperscript{63} The Food Trust is also sponsoring the program; and it is administered jointly with HOPE Enterprise Corporation, a CDFI that provides financial services in Louisiana, Mississippi, Arkansas, and the Greater Memphis Area of Tennessee. As HOPE explains:

Under the FFRI program, HOPE will provide a combination of interest-bearing and/or forgivable loans for predevelopment, site assembly and improvement, construction and rehabilitation, equipment installation and upgrades, staff training, security, and inventory and working capital for start-up costs. The City has provided $7,000,000 in Disaster Community Development Block Grant (D-CDBG) funds toward the program, which will be matched 1:1 by HOPE. The Food Trust will evaluate applications to determine eligibility for the program.\textsuperscript{64} 

Direct financing from the program cannot exceed $1,000,000 per store and no more than $500,000 of forgivable loans per store. To be eligible, a store must dedicate 15% of its current/future shelf space or 24 linear feet (whichever is greater) dedicated to the sale of fresh fruits and vegetables. For financial eligibility, the applicant must have a beacon


\textsuperscript{64}Ibid.
credit score greater than 550, a projected debt service coverage ratio of 1.2x (defined as EBITDA / [interest payments + current maturities]), no prior history of bankruptcy for the business or recent bankruptcy for the principals (with last 7 years), and a minimum of 5 years grocery store management experience. HOPE states that loan rates “will generally range from the Wall Street Journal (WSJ) Prime Rate to the WSJ Prime Rate plus 3%” and that loan term will depend on the needs of the borrower.65

For Stirling Properties, the announcement shows that policy makers and activists are active in the state of Louisiana on the topic of fresh food financing and food deserts. Once it gets going, this New Orleans program can be used by Stirling Properties and local advocates in Baton Rouge to help draft a local initiative for East Baton Rouge Parish or to help influence the creation of a state program. Also, since much action is still pending on this issue, Stirling Properties may have an opportunity to help craft the program and provide input to policy makers on the structure and delivery of various types of assistance.

Retailer’s Commitments to Fighting Food Deserts

Policy makers are not alone in their commitment to fighting food deserts as well. On July 20, 2011, executives from Wal-Mart, Walgreens, and SUPERVALU joined Michelle Obama and The Partnership for a Healthier America to announce their pledges.

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to open or expand in communities facing food deserts. Wal-Mart pledged to open
expand food sections in 275 to 300 stores in food deserts by 2016. With a high
percentage of stores already located in food deserts, Walgreens pledged to turn 1,000
locations into “food oasis stores” with an increased selection of fresh foods and
groceries that the company typically does not stock. SUPERVALU, a large supermarket
chain with brands like Albertson’s and Jewel-Osco, pledged to open 250 new Sav-A-Lot
stores within food deserts by 2016.66

According to SUPERVALU’s own press release regarding the July 2011
announcement, the company feels strongly that the Sav-A-Lot concept is well suited for
urban infill projects. They state:

Save-A-Lot is uniquely positioned to help address the food desert issue as
its stores feature a limited assortment of high-quality foods, including
fresh fruits, vegetables, meats and dairy, at savings of up to 40 percent,
compared with traditional grocery stores. Today’s agreement means that a
portion of the new Save-A-Lot stores SUPERVALU is planning to build as
part of its previously announced strategy to expand Save-A-Lot to more
than 2,400 locations by 2015 will be targeted for food deserts.67

Speaking to CNN’s online foodie community, Eatocracy, SUPERVALU’s CEO Craig
Herkert speaks further to their rationale:

"We have 400 Save-A-Lot stores in food deserts, and the business model
works for us. It’s the definition of a mom ’n pop operation. Most of the

67 “SUPERVALU® and Save-A-Lot ® Join First Lady Michelle Obama to Announce Agreement with the Partnership for
a Healthier America on Access to Healthy Foods,” SUPERVALU, Inc. press release, July 20, 2011,
(accessed March 16, 2012).
stores are independently owned, and these people put their life savings into a store that serves their community. It’s not a fill-in store, even though it’s one third the size of a traditional grocery store. It offers privately labeled goods and fresh produce at 40% less than the usual retail, and while this won’t solve the problem, it’s a start.”

To date, no other new retailers have officially pledged with the Let’s Move! campaign, and participating retailers have yet to release progress reports on their efforts.

From Stirling Properties perspective, this announcement is a positive development. It signifies that some retailers are actively looking to operate in urban areas and low income communities. Also, as SUPervalu’s Craig Herkert stated, some retailers have business models that work well in low income communities and are comfortable operating in that environment. For a developer, a possible strategy would be to support, uplift, and modify the practices of a retailer who wants to be in a certain market, rather than convince and alter the practices of a retailer who is reluctant to operate in a certain market.

**East Baton Rouge Redevelopment Authority’s Community Improvement Plans and Scotlandville Neighborhood**

In 2007, the East Baton Rouge Redevelopment Authority (RDA) was created by the Louisiana Legislature and began operations in 2009. The RDA’s mission is “[t]o transform the quality of life for all citizens who live, work and play in East Baton Rouge

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Parish by returning blighted properties to productive use, fostering redevelopment through facilitating partnerships, and creating a vibrant, globally competitive community while preserving character of place.”

The RDA is led by its CEO, Mr. Walter Monsour, a former aide to Mayor Kip Holden. The RDA has 4 current programs: coordinating several community improvement programs, gap financing for affordable housing (GAP-A) and for commercial development (GAP-C), land banking, and a small business façade improvement grant program. The RDA also manages the East Baton Rouge Community Development Entity, LCC a certified CDE with the CDFI Fund and received an allocation authority of $60 million in December 2009.

Early in its operations, the RDA identified five districts to launch its community improvement plans: Northdale, Choctow Corridor, Melrose East, Zion City, and Scotlandville Gateway. Figure 8 shows the five districts

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and their relative location to downtown and within North Baton Rouge.\textsuperscript{71} This paper will focus on Scotlandville Gateway as it is lies within a USDA food desert and is located adjacent to a large institution, Southern University. Figure 9 shows a profile of the large, trapezoidal food desert located in Scotlandville and north of the Baton Rouge Regional Airport.\textsuperscript{72}

\begin{figure}[ht]
\centering
\includegraphics[width=\textwidth]{usda_food_deserts_baton_rouge.png}
\caption{USDA's Food Deserts in North Baton Rouge.\textsuperscript{72}}
\end{figure}


\textsuperscript{72}U.S. Department of Agriculture, “Food Desert Locator.”
Currently, no major grocer exists on the west side of the airport; only small, corner-type stores and converted residential buildings offer “groceries” along with the usual array of vices. Healthy food options are limited at best in Scotlandville. The closest supermarket grocer in North Baton Rouge is Piggly Wiggly with 3 stores to the east and south of airport. All 3 Piggly Wiggly stores are located in auto-oriented, 1960s strip centers with multiple vacant spaces and visible signs of gross neglect by ownership. The closest Piggly Wiggly is located at 8158 Plank Road and is 2.1 miles down Harding Blvd. from the gateway to the community. Perhaps a trade area for a motivated retailer like Sav-A-Lot exists on the west side of the airport?

Figure 10 - Possible Development Intersection, Harding Blvd. and Scenic Hwy., in Scotlandville. (Parcel located in center, right of photo.)

On April 13, 2012, the author visited Scotlandville and noticed an intriguing site on the corner of Harding Blvd. and Scenic Highway. Harding Blvd. is the main entry road into Southern University and features an elevated railroad crossing. In a 2008
traffic study by the RDA, the intersection averaged 19,000 daily vehicle trips. In the northwest corner of the intersection are an abandoned gas station and an abandoned textbook store (originally a bar/restaurant) which are adjacent to a brand new Fourth District police station. Also, a newer apartment complex that appears to be targeting Southern University students has sprung up just across the intersection to the south. Figure 10 shows the site in the middle of the snapshot as two concrete pads with a wooded property adjacent to the west.

This location has not escaped the RDA either. Through their 2010 charrette process with the Scotlandville community, the RDA features commercial retail development on this corner in their plans as well. Figure 11 shows the final product of the RDA’s catalyst plan. In their plan, the previously mentioned site is at the bottom of Figure XXX and features two 15,000 SF standalone units and two smaller strip retail buildings with units varying from 1,500 SF to 2,500 SF. Currently, the parcels are zoned M-1, light industrial, or C-AB-2, commercial with alcoholic beverage (bar/lounge). The

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corner parcel where the gas station existed is a brownfield site and likely has several tanks to remove.\(^ {77} \)

For Stirling Properties, infill development in Scotlandville would be an investment in a sizeable food desert. The project could be a political gain for local and state politicians and could receive favorable treatment through the entitlement process. For a tenant with a corporate mandate like SUPERVALU, the project could help real estate managers achieve growth targets (and receive their bonuses) and gain favorable national press for addressing a sizeable food desert in

urban area. SUPERVALU’s Sav-A-Lot concept could be a better fit for a smaller site like the Harding Blvd. and Scenic Hwy. site. Of course, as the developer, market surveys and significant demand for the center’s trade area must exist in order to move forward. The fact that the new police station is next door should be viewed as an asset, and arrangements could be made for BRPD to assist in the security of the center. Also, over the long term, investment in an amenity like a new retail strip center may help facilitate the development of more multi-family near Southern University and reinforce the sales of the center. If commuting costs continue to rise, Incrementally, Scotlandville could become the supportive college zone it has the potential to be.

**Areas of Further Research and Emerging Critical Research**

The topics of infill retail strategies in low income neighborhoods, in general, and access to healthy food choices and healthy food financing, in particular, are complex and broad in scope. The topics involve trends and practices in public policy, construction, statistics, economics, market analysis, finance, leasing, sociology, psychology, and public health. The author concedes that some aspects of the issue have fallen outside the reach of this research paper. The author wishes to highlight a few issues that deserve additional research by interest parties. Also, the author wishes to mention some recent studies that have begun to challenge the base assumptions linking low income communities, obesity rates, and access to healthy food choices.
Leasing strategies, landlord techniques with tenants (covenants, incentives, memorandums of understanding, etc.) to foster positive behavior, and operational practices of infill retail centers is a major area that warrents further research. For example, a local celebrity actor, Wendell Pierce, has partnered with Troy Henry and James Hatchett to tackle food deserts and community services in New Orleans with a new startup of supermarkets, Sterling Farms, and reasonably-priced convenience stores, Sterling Express. In a recent feature on Wendell Pierce and Sterling Farms, *The New York Times*’ Jane Black touches on this area, “How will Sterling Farms make it in neighborhoods where other grocery stores fear to tread? … The depressed city’s low real estate costs will help, Mr. Henry said. In the Marrero store, instead of a fixed monthly rent, the company will pay 2 percent of sales that exceed $9 million annually, allowing it to build the business.” Operationally, his new supermarket will also feature a shuttle service for customers that spend $50 or more. This service is an attempt to build brand loyalty for poor, local residents who typically would have to lug their bags onto a bus or taxicab. Realistically, a brand new, conventional strip retail center cannot drop into a poor neighborhood “out of the sky” and expect to operate under normal arrangements or as a Disneyland on its own island. Increased maintenance, enhanced security, policing strategies, and community buy-in lead by

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moral leaders all need consideration as well. This section is indeed fertile ground for more research.

Also, two recent studies have been published that question the empirical evidence for fresh food advocates. As *Slate* reports:

One study from the nonpartisan Public Policy Institute of California found that poor neighborhoods had nearly twice the amount of convenient stores and fast food restaurants as wealthier areas. While that finding may not come as a surprise, the study also found that the poor neighborhoods also had access to more large supermarkets and chain grocery stores per square mile. ... In a separate study for the RAND corporation, Dr. Roland Sturm found that children’s proximity to food had no bearing on their health, despite what food desert activists had previously suggested. In his research, students’ weight and the types of food they ate were unaffected by the supermarkets or restaurants around them."

A more detailed inspection of these two studies would also shed insight into the issue of food access and obesity levels and building supermarkets as public policy. As An and Sturm state, “The present study found no evidence to support the hypotheses that improved access to supermarkets, or less exposure to fast-food restaurants or convenience stores within walking distance, improves diet quality or reduces [Body Mass Index] among Californian youth.”

Upon a brief review, the author believes that these reports serve as caution for developers like Stirling Properties to vet their proposed sites and market studies and to

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keep on eye of public health policy strategies toward obesity. While supporting the building of new supermarkets in food deserts remains the focus of public policy, other factors could be influencing obesity rates and also the profitability of supermarkets. Many poor residents borrow or share access to cars and then travel to supercenters to make large quantity purchases, usually passing a traditional supermarket along the way. Also, since low-income residents devote a larger portion of their spending towards food, purchasing pressure exists for a high calorie return given the price. Other socioeconomic factors, cultural differences, racial/ethnic genetics, parental influence, and exposure to cooking principles contribute to obesity levels as well. Regarding the Public Policy Institute of California report on the quantity of supermarkets in poor neighborhoods, the author feels that the researches are discounting the fact the many middle and upper income neighborhoods often restrict commercial zoning and that residents there typically have reliable transportation to reach shopping choices. Also, the researchers concede that their national data set may not illuminate community markers of disadvantage or segregation, and they suggest that problems may exist between not lack of access but ease of access. Again, density, auto ownership rates, and transportation opinions available to residents are elements that Stirling Properties will need to examine closely during its market study.

Recommendations for Exploratory Action by Stirling Properties

As Stirling Properties has recently experienced, infill retail projects like the Mid-City Market are complex transactions that have increased public and private requirements attached to them. The author concedes that investing in projects in food deserts and low income areas may involve a commitment to “community development” that the firm may not have the capacity, timeline, or investor patience to engage in at the time of this research paper. However, the author hopes to shed some light on a current trend within the public sector and potential funding sources for a project, particularly in the current environment of restrictive private lending.

There are several courses of action that the author recommends that Stirling Properties consider:

- **Stirling Properties should build a continued relationship with the East Baton Rouge Redevelopment Authority.** The Redevelopment Authority has invested significant energy in engaging multiple neighborhoods in Baton Rouge and may act as a bridge to community pillars and political leaders. Also, even though their $60 million NMTC tax credit allocations are currently committed to projects, it does that necessarily mean that those projects might not stall or dissolve. Also, the Redevelopment Authority could easily receive additional allocations for the CDFI Fund in future rounds. The Redevelopment Authority is
attempting to implement several farmers markets across low income areas to
Baton Rouge to demonstrate potential demand. Perhaps sponsorship
opportunities exist with the farmers markets to help generate the supporting
data and build good will for Stirling Properties among knowledgeable and
influential parties partnering on the project.

- Healthy Food Financing will remain a priority for future NMTC allocation
  rounds. With Lousiana CDEs receiving a Top 5 distribution of allocation
  authority in the last round, Stirling Properties should investigate the capacities
  and motivations of the various CDEs to see if interests could be aligned for
  future projects.

- If food desert eradication remains a popular trend in the public sector, policy
  makers and political officials will be looking for a demonstrative project to
  showcase with a short drive from the state capitol. Stirling should identify policy
  makers, fresh food advocates, and health professionals working on the issue
  and remain in contact. With selective input, Stirling Properties may be able to
  advise policy makers on incentives that better paced for the concerns of private
  enterprise implementing public policy.

- New Markets Tax Credit census tracts extend into Downtown Baton Rouge.
  Downtown Baton Rouge has experience similar lifestyle trends as Downtown
  New Orleans just on a different scale, with an influx of new residents, state office
buildings, and creative companies. Stirling Properties should consider retail opportunities that could serve the changing demographics of downtown.

- North Baton Rouge is not the only area of town with food deserts, though they are the largest. Another food desert exists in Old South Baton Rouge. This disinvested neighborhood sits between two major economic drivers, Downtown Baton Rouge and Louisiana State University, and is off of Interstate 10. Organizations like the Baton Rouge’s Center For Planning Excellence (CPEX) and Baton Rouge Area Foundation (BRAF) have promoted the idea of streetcar service between the two areas. The City Parish Planning Commission’s recent East Baton Rouge Comprehensive Plan entitled “FutureBR” has incorporated this idea. Also, the Nickelson Drive area did see an uptick in muti-family and condo investment before the real estate slowdown. Stirling Properties should initiate conversations with recent developers and other interested parties to determine if a critical mass is forming along that corridor as well. Joint ventures and/or consulting services on future TOD and mixed-use project may exist, and standalone retail may become feasible in the near future.

**Conclusion**

Doing infill real estate projects is difficult, intense, and shifting process with increased scrutiny from the public sector and established residential communities.
Homeowners are especially vocal in the process as they look to protect their largest financial asset, their homes, and wrestle with the specter of change. Doing retail projects in disinvested and low income communities becomes even more challenging. Standard demand modeling may not show the proper traffic counts, the frequency of shopper visits, cash economies, or leakages out to other areas. Safety, inventory shrinkage, and increased maintenance and management costs are legitimate concerns as well. However, as national retailers saturate the suburban landscape, as commuting cost continue to raise for consumers, as cash-strapped municipalities push infrastructure costs onto developers, and as environmental, legal, planning, and policy battles limit the availability of developable land, retailers are beginning to see value in existing and underserved markets.

With the evolution of the New Markets Tax Credit in 2000, tax policy has been adapted to push social policy by encouraging investment and job creation in low income and urban areas. Through Michelle Obama’s Let’s Move! campaign to fight childhood obesity and new tools like the USDA’s Food Desert Locator and the Healthy Food Financing Initiative, the Obama administration is steering the NMTC program to focus on strategies to bring more access to fresh foods in underserved communities. These Federal strategies are based on Pennsylvania’s successful Fresh Food Financing Initiative which took $30 million of state funds and leveraged that investment into a $120 million program. That program has supported over 90 projects, created over 1.5
million SF of new retail space, and has brought new supermarkets to residents in the barren urban core of Philadelphia, previously one of the least serviced cities in the United States. Fresh food financing as public policy has arrived in Louisiana with the New Orleans Fresh Food Retailers Initiative. This initiative is similar to the Pennsylvania plan with $7 million of Disaster-CBDG funds to be leveraged into a $14 million program for Orleans Parish.

Stirling Properties, a successful retail and office development firm located in Covington, LA, recently closed on a NMTC financed infill project, Mid-City Market, in New Orleans. Stirling Properties asked the author to evaluate Baton Rouge, LA. The north side and downtown of Baton Rouge are eligible for NMTC financing, and several food deserts exist in the city. Of particular curiosity is a large food desert in the northwest section of Baton Rouge near the airport in a community called Scotlandville. Scotlandville is adjacent to an economic asset in Southern University and could offer some potential. In addition, the East Baton Rouge Redevelopment Authority conducted a community visioning process in 2010. Their final recommendations include a retail development at the intersection of Harding Blvd. and Scenic Hwy.

As a public policy trend, fresh food financing activities do not appear to be slowing down in the near future. National retailers like SUPervalu and Wal-Mart have pledged putting additional stores in food deserts. The national Health Food Financing Initiative appears on track for increased funding, and the CDFI Fund is
positioned to emphasize fresh food financing activities in upcoming NMTC allocation rounds. It would be wise for a developer like Stirling Properties to remain educated on this trend. Perhaps through thoughtful action, a project in Baton Rouge can come along that can be profitable for Stirling Properties, satisfy the expansion goals of an anchor tenant, and become a showcase for successful public policy and political leadership. In a larger sense, the project would hopefully provide a valuable amenity to a neighborhood long ignored, would begin to reverse a history of disinvestment for a community, and be well positioned for the energy challenges and population trends of the 21st Century.


Louisiana Department of Revenue, Policy Services Division. “Notice of Intent: New Markets Tax Credit (LAC 61:I.1911).”  


Reznick Group, P.C. “New Markets Credit Mapping Tool.” Reznick Group, P.C.  


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---. “New Markets Tax Credit Program,” under “What We Do -> Programs -> New Markets Tax Credit (NMTC).”


