

Commentary: A Note to Impact Investors - Turning Good Food Investment into Good Health Outcomes

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Photo Source: Avivar Capital

What do we know about LA's Good Food Supply? The LAFPC's Food System Dashboard is reporting positive indicators around overall food availability, reduction in disparities of food access, and growing healthy food options in both retail models and store inventory. These are all good signs, and in some part due to the concentrated efforts of many champions investing in healthy food retail infrastructure within the region.

However a number of anticipated social consequences, like better eating habits and reduced diet-related health problems, remain static in the dashboard indicators. What are we to make of the mixed data, and how are we to move the needle? Let's review what we know.

What do we know about investment in Healthy Food Infrastructure?

First and foremost, we know the need for more healthy food infrastructure persists. Whether by the 2017 proprietary Nielsen Food Desert model depicted below, or the 2015 CHIS data underlying metrics of the dashboard, healthy food access remains a chronic problem across large swaths of Los Angeles that are home to hundreds of thousands of residents. And we know that lack of access correlates to poor health indicators.

Second, we know that a multitude of food enterprises can bring additional healthy food to low access areas, and alleviate structural disparities. The dominant commercial enterprise for bringing large volumes of healthy food into communities is the supermarket, and good policy should be developed to attract responsible grocers into underserved neighborhoods. But in areas that do not easily attract quality supermarkets, a variety of alternative healthy food enterprises can exist to fill in the gaps: mobile markets and grocery delivery, community-supported agriculture, farm stands and farmers markets can complement food hubs, nonprofit distributors, gleaners, and incubators to build a healthier and more localized food system. Food infrastructure can be developed in many forms.

Third, investment needs to be made in these food enterprises to help them grow and expand in low access areas. Policy reform can help level the playing field, but financial resources are required to expand healthy food infrastructure and spur innovation. Useful capital must meet enterprises where they are, and the capital needs of healthy food enterprises vary according to their size, stage, and model. Larger Los Angeles retailers and distributors, for example, may be more suited to New Markets Tax Credit financing for expansion into distressed markets. Middle-market and smaller retailers and

distributors may be better suited to lending from community, industry, and CDFI lenders who take interest in mission. Alternative, micro, and disruptive enterprises may require small-dollar loans, equity-like grants, and subsidized technical assistance to grow.

Given the data, one can conclude that continued opportunity exists for both public and private players to invest in healthy food infrastructure. That infrastructure can support multiple policy goals: access to good food for all; an improved relationship with food and the food system; and healthy, vibrant communities supported by a good food economy.

So given some progress on the retail infrastructure front, why does the dashboard show such mixed results? I would posit two reasons.



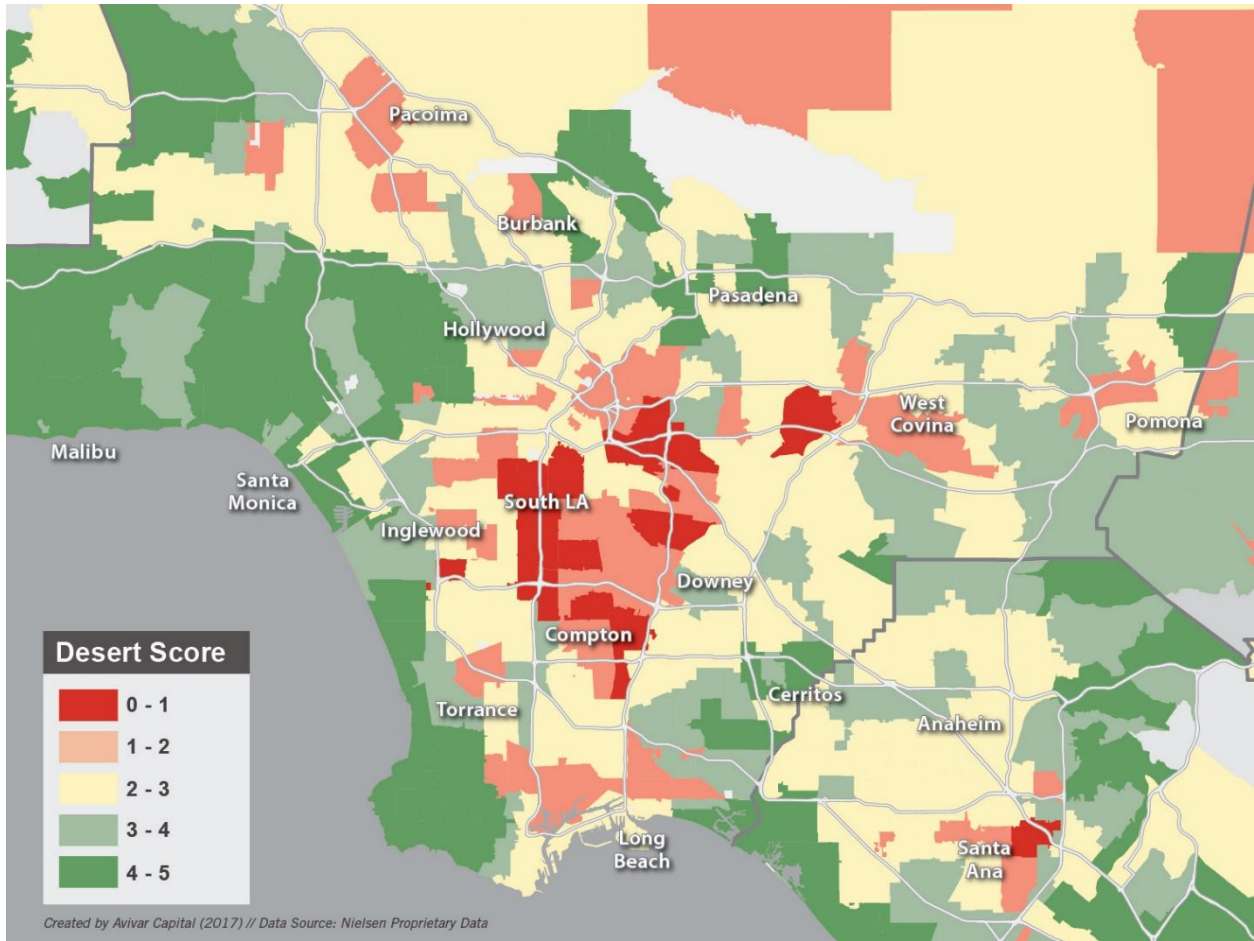
Photo Source: Flickr

One, the causal chain from food investment to public health outcomes is complicated and long. While we can state “but for” access to healthy food populations cannot eat healthier, that is far from a predictive assertion that healthy food infrastructure drives good eating behaviors and better health. As detailed in the evaluations of the FreshWorks Fund I, there are statistical links between the availability and marketing of healthy foods and increased consumption of those foods. However, further correlations to public health metrics in ever-evolving neighborhoods have not yet been established. The theory of change is a credible thesis, that good food makes healthy communities, but stakeholders must continue to invest and study in order to validate our social impact.

Two, investment in healthy food infrastructure is a supply-side intervention. Demand-side interventions, such as nutrition education and price incentives, are equally important. Such interventions, intended to stimulate greater demand for healthier foods among consumers, have typically been supported by public health departments, health systems, and health-focused philanthropy at the community level. Demand-side interventions complement supply-side interventions such as new supermarkets, farmers markets, alternative retailers, or healthier options at existing stores. Food investors must be cognizant of successful models and look to integrate their investments into existing demand drivers, of which several are being successfully implemented in Los Angeles. By marrying supply and demand, a superior social outcome can be expected.

How do we turn good food investment into good health outcomes? Continue to invest, patiently and responsibly with an eye to the entrepreneur, and connect our food investments to the policy and consumer demand drivers that already exist in Los Angeles.

FOOD DESERTS IN LOS ANGELES



Created by Avivar Capital (2017) // Data Source: Nielsen Proprietary Data