



# CULTIVATING DEVELOPMENT

*Trends and Opportunities at the Intersection  
of Food and Real Estate*

*On the cover:* Investments in food-related enterprises within the context of real estate projects can support a developer's bottom line, while also advancing health and sustainability goals.  
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of Food and Real Estate*

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## ABOUT THE URBAN LAND INSTITUTE

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The Urban Land Institute is a nonprofit research and education organization whose mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Established in 1936, the Institute today has more than 39,000 members and associates from 82 countries, representing the entire spectrum of the land use and development disciplines. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute is recognized internationally as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

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## ABOUT THE BUILDING HEALTHY PLACES INITIATIVE

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Around the world, communities face pressing health challenges related to the built environment. Through the Building Healthy Places Initiative, launched in summer 2013, ULI is leveraging the power of ULI's global networks to shape projects and places in ways that improve the health of people and communities. Learn more and connect with Building Healthy Places: <http://www.uli.org/health>.

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The ULI Center for Sustainability is dedicated to creating healthy, resilient, and high-performance communities around the world. Through the work of ULI's Greenprint Center for Building Performance and Urban Resilience Program, the Center advances knowledge and catalyzes adoption of transformative market practices and policies that lead to improved energy performance and portfolio resilience while reducing risks caused by a changing climate.

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## ABOUT THIS REPORT

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*Cultivating Development: Trends and Opportunities at the Intersection of Food and Real Estate* explores the mutually beneficial relationship between food-based amenities—such as working farms, community gardens, food halls, restaurants, and grocery stores—and real estate. It highlights how the growing interest and awareness in fresh, local food is spurring innovation in development projects. Developers, owners, property managers, designers, investors, and others involved in real estate decision making can learn from the research, case studies, and food and development practitioner insights described in this report, thereby allowing them to create places that both support and leverage investments in food. In the process, they can create real estate value and advance economic, environmental, and public health goals.

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# INTRODUCTION

## *The Intersection of Food and Real Estate*

The integral role that food plays in social interaction and the creation of community ties has long been understood. More recently, the role that real estate plays in shaping the ways in which people access, purchase, and experience food has also begun to be recognized.

Across the United States, people have a growing interest in and awareness of the value of fresh, local products. The number of farmers markets throughout the country has grown rapidly, with five times the number in 2016 as in 1994.<sup>1</sup> New and revamped food halls and marketplaces, such as Grand Central Market in Los Angeles, the Ivywild School Marketplace in Colorado Springs, and the Midtown Global Market in Minneapolis, are becoming top tourism destinations and are providing economic opportunity for local entrepreneurs.

Green roofs at the Via Verde mixed-use development in the Bronx, New York, are used for growing fresh produce and provide open space for residents. *(Jonathan Rose Companies)*





Developers are learning that incorporating opportunities to grow, purchase, and consume food within the context of development projects can pay dividends. This focus on local food is spurring innovation in real estate and is providing a rich arena for creativity that can improve outcomes for people, the planet, and profits.

By creating high-quality, vibrant places where people dine together, purchase products directly from local food purveyors, or grow produce in community gardens, the real estate industry is using a variety of food-based strategies that can enhance project marketability and developer returns.

These strategies also support improvements to environmental sustainability, social equity, and public health. They reflect the popularity of activities such as growing produce at home or in community gardens, a practice that increased by 17 percent between 2008 and 2013 in the United States.<sup>2</sup>

Real estate decision makers—developers, owners, property managers, designers, investors, and public officials—are increasingly collaborating with an array of partners to leverage growing consumer interest in food. Partnerships with chefs, farmers, universities, private foundations, nonprofit organizations, and public health officials are supporting the creation of food-centric development projects that lead to multiple wins, including improved health outcomes, reduced pollution, and enhanced financial advantages for developers.

## Report Overview

ULI's Building Healthy Places Initiative and its Center for Sustainability undertook this project to explore how the real estate community is using innovative approaches to food in real estate projects that can translate into enhancements in health, sustainability, economic opportunity, food system security, community economic development, and real estate returns.

To explore these issues, ULI convened members and experts working in food, real estate development, local government, public health, and other related professions in 2016 for two inaugural food and real estate forums. Held in the food-centric city of New Orleans and at the Stone Barns Center for Food & Agriculture in Tarrytown, New York, the forums explored challenges, trends, and opportunities for real estate and development presented by food, with a focus on food access, food systems, food as a revitalization strategy, and food as an economic ladder.

This report includes lessons learned from presentations, site visits, and panel and group discussions at the two forums, as well as additional research conducted by ULI on issues and opportunities at the intersection of food and real estate.

The report profiles development projects that have food components at their core. These case studies, which were identified through input from a variety of ULI sources, span a range of



Growing produce at home or in community gardens continues to increase in popularity in the United States. (Donny Davis)

geographies within the United States and present innovations on how to effectively leverage food-based real estate investments to support developer goals and community enhancements.

## Types of Developments at the Intersection of Food and Real Estate

This report features a diverse range of development projects, many of which include multiple food-related innovations. Developments generally fall within the broad project types outlined below:

- **Agrihoods:** Single-family, multifamily, or mixed-use communities built with a working farm as a focus;
- **Food-centric residential developments:** Single-family or multifamily developments built around community gardens or restaurants, with a strong food identity;
- **Next-generation urban markets:** Food halls that are employing innovative food sourcing concepts to encourage food entrepreneurship, grow community, and support other components of mixed-use developments;
- **Food-centered retail and mixed-use development:** Mixed-use and retail projects with restaurants and food stores as central development components;
- **Food hubs and culinary incubators:** Regional processing and distribution centers that give food-based entrepreneurs access to commercial kitchen space, connect them to retail and institutional customers, or both; and
- **Innovations and innovators:** Policies, approaches, and investors that are promoting sustainability, healthy food access, and economic development.



Food halls, such as New York City's Chelsea Market, can generate retail traffic and anchor mixed-use projects. (Chelsea Market)

### Highlights from This Report

Common themes identified through an examination of profiled projects, research, and the ULI food forums include the following:





- Investments in food-related enterprises within the context of larger development projects can **support a developer's bottom line**, while also **addressing health and environmental goals**. Such developments require innovation, creativity, new business models, and inventive partnerships to be successful.
- Restaurants, food halls, markets, community gardens, and farms can serve to create a **sense of attachment** to development projects, **adding value** and fostering **stronger community social ties**.
- Truly successful food-centric development relies on **partnerships with established local institutions**. By working with existing neighborhood groups, nonprofit organizations, anchor businesses, and small food purveyors, developers have the opportunity to create authentic, culturally relevant projects that support local priorities.
- Partnerships among developers, nonprofit organizations, and public and private sector institutions can support the stacking of services within the context of a larger project, allowing **wellness clinics, food co-ops, and nutrition and cooking education programs** to be included in food-centric and mixed-use developments, with the goal of improving local health outcomes.
- Community **food-growing areas can be differentiating amenities** that add value to residential and mixed-use developments at little cost.
- The development community has an essential role in ensuring that places where food is grown, produced, and distributed can **adapt to the mounting challenges posed by climate change, high levels of food waste, and fossil fuel dependency**.
- Partnerships among the private, public, and nonprofit sectors can support targeted investments in local food production and provision that **mitigate negative externalities and allow food systems to absorb environmental stresses**.
- Many effective mixed-use development projects are including a blend of **national retailers and restaurants**, alongside **local food purveyors**.

- More retailers and restaurants with **healthy food options** are needed to operate in **low-income areas**. For these businesses to be economically viable, retailers may need support from community development financing institutions or government programs.
- **Transportation is an essential component of healthy food access.** Investments in safe, affordable, and healthy transportation options, such as public transportation, walking, and bicycling, can support food-centric development projects while expanding access to healthy food outlets for people of all ages, abilities, and income levels.
- The role of the **public sector** is essential in enabling innovative food-centric development. Public sector officials may need to consider **revisions to zoning codes** or incorporate **policies that increase food access** into new plans.
- Frequent dynamic **programming** centered on local food assets can foster community **social** and **economic ties**.



St. Roch Market in New Orleans provides opportunities for food-based entrepreneurs to expand their businesses. (Edmund Fountain/ULI)

## Real Estate's Role in the Local Food Supply Chain

 <b>PRODUCTION</b>	 <b>PROCESSING AND DISTRIBUTION</b>	 <b>CONSUMPTION</b>	 <b>DISPOSAL</b>
<p>The growing and harvesting of local food can be assisted by real estate developments that</p> <ul style="list-style-type: none"> <li>• Accommodate or financially support on-site <b>farming, greenhouses</b>, or other <b>commercial food-growing</b> operations;</li> <li>• Create <b>community food-growing</b> areas in residential or mixed-use projects; and</li> <li>• <b>Cluster walkable development</b> to preserve land for farming, open space, or both.</li> </ul>	<p>The processing and distribution of local food can be facilitated by developers through</p> <ul style="list-style-type: none"> <li>• Accommodating <b>culinary incubators</b> and <b>food hubs</b>—regional processing and distribution centers that give food-based entrepreneurs access to commercial kitchen space or connect them to retail and institutional customers—within projects; and</li> <li>• <b>Partnerships</b> with food producers, higher education, the public sector, and nonprofit organizations that work to expand access points for locally grown, healthy foods.</li> </ul>	<p>The market for local foods can be supported by real estate developments with</p> <ul style="list-style-type: none"> <li>• On-site <b>food halls</b> or <b>public markets</b>;</li> <li>• Access to local <b>farmers markets</b> (either on site or nearby);</li> <li>• <b>Restaurants</b> and <b>retail</b> establishments, including grocery stores, that offer local food projects; and</li> <li>• <b>Events</b> that celebrate locally grown food.</li> </ul>	<p>The negative environmental effects of disposing of food can be minimized through developments that</p> <ul style="list-style-type: none"> <li>• Accommodate <b>cold storage</b> and <b>transportation</b> solutions that reduce food spoilage;</li> <li>• Support <b>education</b> and <b>training</b> efforts that seek to <b>reduce food waste</b>, including for food-producing tenants; and</li> <li>• Accommodate on-site <b>composting</b>.</li> </ul>

# PEOPLE

## *Food, Health, Social Equity, and Real Estate*

What we eat and drink directly affects our health and well-being, but access to a wide range of culturally appropriate, healthy foods is lacking in many places throughout the United States. Even in places where nutritious foods are readily available, residents may have to overcome barriers to healthy eating, including food affordability, absence of reliable transportation, or lack of knowledge about nutrition and cooking.

Although significant challenges exist in ensuring adequate food access for all U.S. residents—touching on national, state, and local public policy issues—the real estate sector has a major role to play in this arena. Thoughtful integration of strategies that promote food access and education within development projects can bolster health while supporting the creation of vibrant and profitable projects.



Food halls, such as Washington, D.C.'s Union Market, can serve as "third places" and support opportunities for social interaction. (Vithaya Photography)

## LESSONS

- By forming creative partnerships, the real estate community has the opportunity to profitably build places that support access to healthy food.
- Grocery stores, community food-growing areas, and farmers markets are essential in supporting healthy food access, but community outreach and education programs may also be necessary in promoting behaviors that lead to improved health outcomes.
- A market exists for healthy food in low- and moderate-income areas, yet healthy food retailers may need support from financing institutions or government programs to overcome barriers around higher costs of developing stores in underserved areas.
- Food-based careers can provide upward mobility with limited barriers related to education, background, capital, or experience.
- Investments in safe, affordable, and healthy transportation, such as public transit, walking, and bicycling, can expand access to healthy food outlets for people who do not own a personal automobile.

## Obesity and Food Insecurity

Nearly 35 percent of U.S. adults—78.6 million people—are classified as obese in the United States.<sup>3</sup> In 2012, more than one in three children and adolescents were overweight or obese, and obesity has more than doubled in children and quadrupled in adolescents in the past 30 years.<sup>4</sup> Obesity-related conditions include heart disease, stroke, type 2 diabetes, and some types of cancer. The average U.S. resident is more than 24 pounds heavier today than in 1960, and obesity is closely associated with missing work, costing employers \$506 per obese employee per year.<sup>5</sup>

At the same time as obesity has been rising, hunger and malnutrition have remained pressing issues. According to the U.S. Department of Agriculture (USDA), as of 2014, more than 14 percent of U.S. households—17.4 million—were classified as “food insecure,” meaning their “access to adequate food and nutrition [is] limited due to cost, proximity and/or other reasons.” Food insecurity is particularly pronounced in households with incomes below or close to the federal poverty line.<sup>6</sup>

Food insecurity can lead to hunger, illness, psychological suffering, and stress.<sup>7</sup> The negative consequences of food insecurity for children include a higher likelihood of chronic health conditions and hospitalization, as well as difficulties engaging in daily activities such as school and social interactions.<sup>8</sup> Children who experience hunger in kindergarten have been shown to achieve lower test scores in reading and math by third grade.<sup>9</sup>

Households with limited resources tend to make changes in the quality of food eaten before they reduce the quantity of food

that is consumed. Families may get enough calories to avoid hunger but be poorly nourished at the same time.<sup>10</sup> Worldwide, 44 percent of countries are now experiencing “very serious levels” of both undernutrition and obesity.<sup>11</sup>

## The Built Environment and Health

Many places do not adequately support practices that sustain healthy living, and health outcomes can vary widely from one neighborhood to the next.

The Robert Wood Johnson Foundation (RWJF) found in 2013 that the life expectancy at birth for New Orleans residents varied by as much as 25 years by neighborhood, with residents of the Lakeview neighborhood expected to reach 80 years of age and Tremé residents expected to live to only 55 years.<sup>12</sup> Similar results were found in cities across the United States, where small distances between neighborhoods were correlated with stark differences in life expectancy at birth.

No single factor accounts for a lower life expectancy in a particular neighborhood, but the Commission to Build a Healthier America, a national group of leaders from both the public and private sectors that was convened by the RWJF, found that neighborhood features are linked with health and health-related behaviors in a number of ways, including the “density of convenience stores, liquor stores, and fast-food restaurants relative to grocery stores selling fresh foods.” Other factors included the concentration of poverty and access to transportation and places to exercise.<sup>13</sup>

## Lack of Access to Healthy Food

Clearly a lack of access to healthy food is one of a number of pressing health issues for communities across the country. According to the Urban Land Institute's report *America in 2015: A ULI Survey of Views on Housing, Transportation, and Community*, 16 percent of U.S. residents—including 28 percent of African Americans and 25 percent of Latinos—say that healthy food is not available in their communities.<sup>14</sup>

### GROCERY STORES

Overall, 25 million to 30 million U.S. residents, which is equal to 9 percent of the total population, are estimated to live in places that do not adequately offer access to healthy food retailers, such as grocery stores and supermarkets. People living in these communities, often referred to as “food deserts,” are more likely to have low incomes or to be people of color.<sup>15</sup>

Low-income communities are often particularly lacking in places to purchase a sufficient variety of high-quality fruits, vegetables, and whole grains, such as full-service grocery stores or farmers markets. Residents of such areas can be forced to shop at stores where fresh foods are not available.<sup>16</sup>

Further exacerbating the economic issues around food access, supermarkets and large grocery stores tend to have lower prices than many smaller stores,<sup>17</sup> meaning that people with limited options may spend a larger percentage of their income on lower-quality food.

Research shows that access to healthy food can be correlated to healthier eating habits and lower rates of obesity and type 2 diabetes,<sup>18</sup> and evidence shows that lack of access to grocery stores is linked to increased obesity rates.<sup>19</sup> Other studies have found that the mere presence of a grocery store does not necessarily lead to improved health outcomes and that policy changes and community outreach programs around food and health may also be necessary in order to increase consumption of foods that support health.<sup>20</sup>



Improving access to fresh, affordable food allows land use decision makers to promote health at all income levels. (Wholtone)

### FAST FOOD AND CORNER STORES

Neighborhoods with poor access to healthy food retailers are often home to a large number of fast-food restaurants and convenience stores that offer little to nothing in the way of fresh produce. For example, in Cleveland, access to fast food is 4.5 times higher than to large supermarkets, and only 21 percent of adults report that they consume adequate quantities of fruits and vegetables.<sup>21</sup> Evidence indicates that people who are the most exposed to fast food are almost twice as likely to be obese as those who are least exposed.<sup>22</sup>

Convenience stores and urban corner stores, which are often much more prevalent than full-service grocery stores in low-income communities, typically do not offer fresh fruits and vegetables and sell many foods, such as chips, soda, and candy, that can lead to poor nutrition. In Philadelphia, school-age youths were found to purchase more than 350 calories at convenience stores on an average visit, and 29 percent of them shopped at these stores at least twice a day, five days a week.<sup>23</sup>

### TRANSPORTATION AND FOOD ACCESS

The USDA has found that over 2.3 million households in the United States live more than a mile (1.6 km) from a supermarket and also lack access to a motor vehicle, which can constrain a consumer's ability to buy affordable and nutritious food.<sup>24</sup> Many communities also lack sidewalks, bike lanes, or multiuse trails, which can inhibit a resident's ability to safely reach healthy food retailers on foot or by bicycle, even if a grocery store is nearby.

Improving transportation systems, including investing in walking and biking accessibility, enhancing public transit services, and supporting shuttle services, car sharing, and carpooling can lead to reduced health disparities by increasing access to healthier food retail venues, as well as clinics and pharmacies.<sup>25</sup>

## Food, Careers, and Social Equity

Promoting access to food-based careers can support improved social equity outcomes. Careers in the food industry can provide upward mobility with limited barriers around education, background, capital, or experience. In particular, the market for restaurant jobs is strong. As of 2016, growth in this sector has led the employment growth in the overall economy for 16 years straight.<sup>26</sup>

Opportunities for budding chefs, farmers, and other entrepreneurs working throughout the food supply chain are also increasing. For example, the number of food hubs—local centers that connect farmers to food-using businesses and support local food production and distribution—increased 288 percent from 2007 to 2012.<sup>27</sup> Furthermore, community food and urban agriculture projects with USDA funding incubated more than 3,600 micro-businesses as of 2010,<sup>28</sup> and revenue from food



Community gardens offer opportunities to incorporate nutrition education services within development projects. (Matt Kleinman)

trucks—which have significantly lower failure rates for new entrepreneurs than full-service restaurants—was expected to increase 76 percent between 2014 and 2019.<sup>29</sup>

Food hubs, kitchen incubators, and culinary education programs can be incorporated into development projects and can reduce inequalities in food-based career advancement by providing shared access to kitchen equipment and distribution channels, while also fostering opportunities for networking among industry professionals at all experience levels.

## Development and Healthy Food Access

Improving access to healthy food allows those involved with land use decision making to promote health among all income levels and attract health-focused consumers.

Strategies for promoting access to healthy food in development projects and communities include accommodating a grocery store, hosting a farmers market, facilitating healthy food retail, and including on-site gardening and farming programs.<sup>30</sup> A number of projects go further, by actively accommodating programs and services that improve knowledge of health, nutrition, and cooking. These strategies promote improved public health outcomes while harnessing consumer demand for healthy food options, thereby supporting a project's overall financial success.

### GROCERY STORES IN LOW- AND MODERATE-INCOME AREAS

Studies show that purchasing power within lower-income communities is often underestimated.<sup>31</sup> A mismatch between a community's demand for healthy food and its assumed ability to pay can lead to missed opportunities for money to be spent locally.

Although a market exists for healthy food in low- and moderate-income areas, retailers may need support from financing intuitions or government programs to overcome barriers such as a higher cost of developing stores in underserved areas,

## BOSTON PUBLIC MARKET BOSTON, MASSACHUSETTS

### *Working to improve health and wellness through cooking classes and community programming*

The Boston Public Market is a year-round, indoor market that opened in 2015 in downtown Boston, featuring 35 vendors selling locally produced and sourced items. The market functions as a food hub and culinary incubator because of a partnership among the Boston Public Market Association, individual and corporate donors, foundations, the city of Boston, and the project's seed funder, the commonwealth of Massachusetts.

The partnership has led to the creation of a 3,200-square-foot (297 sq m) space called "the Kitchen." Programmed by the Trustees of Reservations, the Kitchen offers opportunities that include hands-on cooking demonstrations for aspiring chefs, lectures, family activities, exercise classes, trainings, and community events. The Kitchen is also home to a series of community outreach and health and wellness programs run by Blue Cross Blue Shield of Massachusetts, budget cooking classes run by the anti-hunger organization Project Bread, and workshops on diabetes prevention.

## ARBOR HOUSE BRONX, NEW YORK

### *Growing rooftop produce to promote healthy food access*

Located in the Bronx, New York, Arbor House is a 120,000-square-foot (11,148 sq m) building with 124 units of affordable housing, developed by Blue Sea Development Company. Arbor House is located in an area with disproportionately high rates of chronic diseases, such as diabetes and heart disease. The development includes a number of features to promote healthy living, including a hydroponic rooftop farm. At 10,000 square feet (929 sq m), the farm will allow residents to buy healthy produce grown on the farm, including fruits, vegetables, and herbs; 40 percent of the produce will be available in the surrounding area through school, hospital, and food market programs. In addition to the healthy food grown on the roof, Arbor House includes features to promote physical activity, including indoor and outdoor fitness areas and prominently placed stairs.

## THE PINEHILLS PLYMOUTH, MASSACHUSETTS

### *Including a grocery store with healthy food offerings within a new community*

The Pinehills is the newest “village center” in Plymouth, Massachusetts, yet it is designed to feel like a traditional New England town with a two-acre (0.8 ha) village green. Zoned for 1.3 million square feet (120,774 sq m) of mixed use and 3,065 homes on 3,243 acres (1,312 ha), the Village has a U.S. Post Office, an inn and spa, five restaurants, a liquor store, and a market, as well as a number of other shops and services. The Pinehills builds on only 30 percent of its land and approaches land and trees as historically and environmentally significant. The community has received acclaim for planning and design as the 2015 Community of the Year through the Best in American Living Awards.

The independent grocery at the Pinehills, the Market, has been named Plymouth’s first “Healthy Market” by the Massachusetts Department of Public Health and Beth Israel Hospital. The Market is within one-third mile (0.5 km), by walking paths, to more than 700 homes and apartments and carries a wide variety of fresh, local produce. Shoppers find “Healthy Market” signs near products identifying nutritious options. Nutrition information is displayed for many of the store’s prepared foods, so customers can evaluate their calorie, fat, protein, and sodium content. Two-thirds of the business at the Market comes from outside the Pinehills.



The Market is a full-service grocery store with healthy food options in the Pinehills, a “village center” in Plymouth, Massachusetts. (*The Pinehills*)

and zoning may need to be updated to allow projects that accommodate fresh food access.<sup>32</sup>

The Pennsylvania Fresh Food Financing Initiative, the first statewide healthy food financing program in the United States, is a successful example of a public sector program that gave one-time loans to grocery operators to establish or expand stores in underserved communities. Between 2004 and 2010, 88 retail projects were financed through the program, equal to 1.67 million square feet (155,148 sq m) of commercial space being developed, which led to improved access to healthy food for 400,000 people. The program’s success has led to the development of comparable programs in a number of other states.<sup>33</sup>

Similarly, in 2010, a national program known as the Healthy Food Financing Initiative was launched to bring healthy food retailers to underserved areas. The program awards competitive grants to community development corporations to aid in the creation of grocery stores, farmers markets, and other fresh-food outlets. As of 2015, over \$44.5 million has been awarded through this program.<sup>34</sup>

### FOOD ACCESS AND NUTRITION EDUCATION

A healthy diet can be made more accessible by incorporating community gardens and small farms within development projects. Urban agriculture has been shown to improve access to fresh produce, especially in low-income areas, and integration of public health programming can enhance knowledge and consumption of fruits and vegetables.<sup>35</sup>

Community gardens can serve as gathering and connection spaces for area residents, increasing opportunities for social interaction and the development of community ties, which are important ingredients for physical and mental health. Community gardens have been shown to directly contribute to reductions in chronic disease and depression, especially when local residents are involved in gardening.<sup>36</sup>

Farmers markets can also improve access to fresh produce in communities of various income levels. Farmers markets are increasingly accepting Supplemental Nutrition Assistance Program (SNAP) benefits—formerly known as food stamps—from low-income participants, thereby increasing access to fresh foods in many communities.<sup>37</sup>

A total of \$19.4 million in SNAP benefits was redeemed at farmers markets in the United States in 2015, which is four times higher than the rate in 2009. This increase is attributable to markets making investments in outreach, education, and incentive programs for low-income residents, as well as support from federal, state, and local governments.<sup>38</sup>



## MARIPOSA

DENVER, COLORADO

### *Incorporating healthy food growing and access within a mixed-income housing redevelopment project*

Mariposa is a mixed-income housing redevelopment project that is transforming a public housing complex southwest of downtown Denver. Developed by the Denver Housing Authority with a planned total of 800 residential units, the project encourages healthy living through design and programming.

Community gardens provide residents, including students at local schools, with the opportunity to grow and eat fresh produce in an area of Denver formerly considered to be a food desert. The on-site Osage Café offers healthy cooking classes and affordable, healthy meals made by area youth training for jobs in the culinary arts. A weekly farmers market is run by the Denver Botanic Gardens. To encourage active living, Mariposa includes an “active staircase,” funded by the Colorado Health Foundation, which is wider than standard stairs and includes buttons in the railings that trigger sounds and lights to make taking the stairs attractive to children. Mariposa also encourages healthy transportation options through an on-site bike-sharing program.



Mariposa, a mixed-income housing redevelopment project in Denver, features community gardens that increase access to fresh produce for residents. (Rachel MacCleery)

## MERCADO LA PALOMA

LOS ANGELES, CALIFORNIA

### *Incubating food-based entrepreneurship opportunities for first-time immigrant business owners*

Mercado la Paloma is a 34,000-square-foot (3,159 sq m) former garment factory in South Los Angeles that was transformed into a multicultural market and gathering space for first-time immigrant businesses and nonprofits by Esperanza Community Housing after a five-year community engagement process in 2001. As of 2014, 197 entrepreneurs, social service providers, and artisans receive full-time employment from el Mercado in a historically underserved community.

Mercado la Paloma provides startup capital, technical assistance, affordable retail opportunities, a drop-in health center, conference rooms, art galleries, and performance space. Mercado la Paloma features a 20-week business training program that has led to participants being able to open their own restaurants. Since 2009, el Mercado’s retailers

have pioneered La Salud Tiene Sabor, a menu-labeling and nutrition information program, to increase the availability of and raise awareness about healthy and culturally appropriate food in the marketplace. Its success has encouraged a neighborhood taquería and corner store to provide nutrition information.

Recognizing that many of its patrons get around by public transit, by bicycle, or on foot, el Mercado helped advance a plan for protected bike lanes, bus platforms, and dedicated bus lanes on the adjacent eight-lane Figueroa Corridor. Mercado la Paloma’s achievements as an economic development incubator have gained significant praise and have been lauded on the floor of the U.S. Congress.

# PLANET

## *The Links among Food, Real Estate, and the Environment*

We face daily choices in terms of what we eat—often without considering the consequences of these choices to the natural environment. Although activities associated with food production and consumption can lead to negative environmental impacts, the real estate community is uniquely suited to lessen these impacts by facilitating access to sustainably produced food.

By conserving farmland and accommodating local food within development projects, developers and their partners can support the responsible use of limited resources, while at the same time leveraging consumer demand for sustainable development outcomes.



Incorporating access to locally grown food within development projects can support a more sustainable food system. (Edmund Fountain/ULI)

## LESSONS

- The U.S. food system both contributes to and is threatened by high levels of greenhouse gas emissions, food waste, and the effects of climate change.
- Incorporating growing of and access to local food within development projects can leverage increased market interest in sustainably sourced products, which, in turn, supports real estate project success.
- Conserving farmland, accommodating local food within development projects, and creating programs that promote a reduction in tenant food waste can play a role in fostering the environmental health of the planet.
- Public policies can promote sustainable food production and consumption by streamlining permitting for farmers markets, encouraging community food growing, preserving agricultural areas, and incentivizing development that incorporates local food access.

## Agriculture and the Environment

In 2011, the worldwide agricultural sector was responsible for emitting 6 billion tons (5.4 billion metric tons) of greenhouse gases (GHGs), which is equivalent to 13 percent of all global emissions, second only to the energy sector. In addition, land use change and forestry—including deforestation to clear land for agriculture—caused 4 percent of global emissions in 2010.<sup>39</sup>

Climate change-causing GHG emissions lead to negative consequences for people and the planet, including rising sea levels, extreme weather events, increased risk of food-borne diseases, and damage to critical infrastructure.<sup>40</sup>

Transportation of food from farm to the plate causes additional GHG emissions. In the United States, “food miles,” or “the distance food travels from where it is grown to where it is ultimately consumed,” continue to increase, and today, the average prepared meal contains ingredients from at least five different foreign nations,<sup>41</sup> while the average piece of produce is shipped 1,500 miles (2,414 km) before it reaches the plate.<sup>42</sup> In 2005, over 70,000 tons (63,503 metric tons) of carbon dioxide—the equivalent of more than 12,000 cars on the road—was released into the atmosphere by flying fruits, nuts, and vegetables into California alone.<sup>43</sup>

Although transporting food over long distances can clearly lead to negative environmental impacts, studies have shown that it is not just *where* we produce and consume food, but also what we eat that affects the environment. The worldwide shift to diets that include more meat, especially beef, has led to reduced air quality,<sup>44</sup> because raising livestock accounts for 18 percent of worldwide GHG emissions—an amount greater than all forms of fossil fuel-reliant transportation combined.<sup>45</sup>



On-site food production can be integrated into development projects in numerous ways, including by accommodating small farms, greenhouses, or other commercial food-growing operations. (J Ashley Photography)

Areas dedicated to cattle grazing and to producing feed grain now constitute nearly 80 percent of all agricultural land worldwide, and one-third of all arable land is used to grow feed crops, such as corn and cereal grains.<sup>46</sup>

Agriculture also uses the vast majority of available fresh-water on the planet—including 80 percent of all water in the United States.<sup>47</sup> Runoff from the use of fertilizers in farming is a prime source of water pollution, leading to conditions such as the “dead zone” in the Gulf of Mexico—an area of low to no oxygen that can kill marine life<sup>48</sup>—and algae blooms in the Great Lakes, which are locations where algae that contains harmful toxins grows rapidly within a concentrated area.

## RANCHO MISSION VIEJO ORANGE COUNTY, CALIFORNIA

### *Preserving land for food production in a vast mixed-use development*

Rancho Mission Viejo is a new planned community on 23,000 acres (9,308 ha) that includes organic fruit orchards, vegetable farming areas, and cattle ranching. Nearly 17,000 acres (6,880 ha) of “the Ranch” are being preserved as open space, while 6,000 acres (2,428 ha) are being developed into residential and mixed-use villages. Ultimately, Rancho Mission Viejo will provide 14,000 homes, of which 6,000 will be reserved for people 55 years of age and older within intergenerational villages. The project will also offer sites for schools, parks, clubhouses, and other recreational amenities, as well as employment and retail centers.

The first village on the Ranch is Sendero, which includes two communal farms and 941 homes that are completely sold out. The second village is Esencia, which is now underway and includes a communal farm. Upon completion, Esencia is slated to include 2,537 homes for sale, including single-story homes for those 55 and older and 262 rental apartments. Currently, homes are priced from the high \$400,000s to over \$1 million. Each village on the Ranch is expected to encourage environmental sustainability by including a communal farm that produces food for residents to buy. It will also offer educational programs in farming, raising chickens, and organic food preparation.



Rancho Mission Viejo, in Orange County, California, sits on 23,000 acres, of which 17,000 are being preserved as open space. (Rancho Mission Viejo LLC)

## Benefits of Locally and Sustainably Produced Food

A combined focus on local food and sustainable farming practices can benefit the environment. Efforts to promote local food consumption often focus on eating seasonal foods that require less processing. These practices, in combination with transporting products over shorter distances, can lead to lower GHG emissions.<sup>49</sup>

Local foods are often produced using organic methods, which can also lower emissions associated with petroleum-based fertilizers.<sup>50</sup> According to the USDA, organic agriculture uses “methods that preserve the environment and avoid most synthetic materials, such as pesticides and antibiotics.”<sup>51</sup>

*“Developer-supported agriculture is especially powerful in that it can create access to land and capital, while also serving to train young farmers to grow both food and community.”*

Daron “Farmer D” Joffe, Director of Agricultural Innovation and Development, The Leichtag Foundation, and Founding Director, Coastal Roots Farm

Organic agriculture and biodynamic farming—which views the farm and soil as living organisms<sup>52</sup>—also help produce nutrient-rich soils, lower groundwater pollution caused by synthetic fertilizers and pesticides, and maintain ecosystems that promote the health of plants and animals.<sup>53</sup>

## Food Waste

Reducing food waste is essential in shepherding the environmental health of the planet. In the United States, 40 percent of all food is wasted.<sup>54</sup> This is equivalent to 20 pounds (9 kg) of food per person, per month, or \$165 billion per year. Food is lost at every step in the supply chain—growers often leave crops in the field if prices are too low to cover labor and transportation costs, perishables at grocery stores are frequently thrown out, and U.S. families discard 25 percent of all purchased foods and beverages.<sup>55</sup>

If food waste were a country, it would be the third-largest emitter of GHGs, after the nations of China and the United States.<sup>56</sup> Moreover, more water is used to produce food that is thrown away than the amount of water used by any single



Residential communities that host food-growing areas, such as Agritopia in Gilbert, Arizona, often include places to purchase produce that is grown on site. (Laura Segall/*New York Times*)

country,<sup>57</sup> and energy used to produce food that is never consumed leads to 3.6 billion tons (3.3 billion metric tons) of carbon dioxide being released into the atmosphere.<sup>58</sup>

Food waste is also the second-largest source of municipal solid waste in landfills in the United States, leading to significant GHG emissions from the methane that is produced when uneaten food decomposes. Methane contributes to global warming at a rate 21 times that of carbon dioxide.<sup>59</sup> By reducing waste by only 15 percent, sufficient food would be available to feed more than 25 million U.S. residents each year.<sup>60</sup>

## Extreme Weather and Food System Resilience

As the effects of climate change continue to mount, considering how residents can access food when supply chains become disrupted by extreme weather events is becoming increasingly important.

When Superstorm Sandy struck the New York City region in 2012, the vulnerability of the regional food system was exposed. If Sandy had reached the area a few hours earlier, at high tide, Hunts Point Food Distribution Center in the Bronx would likely have experienced major flooding and a loss of power,<sup>61</sup> because 28 percent of the site is in a flood plain.<sup>62</sup> Such an event would be extremely disruptive, since nearly 50 percent of the region's food is distributed through Hunts Point,<sup>63</sup> which serves a region of approximately 22 million people.<sup>64</sup>

Climate change also disproportionately affects agriculture, in terms of production and land values, and may fundamentally affect the economies of regions with substantial farmland. Farms in the U.S. Southwest, for example, are predicted to be acutely affected by rising temperatures and the increased frequency of droughts, making this land less valuable for agricultural uses.<sup>65</sup>

Agriculture currently accounts for roughly 51 percent of the U.S. land base, and adjustments in the value of farm real estate, which is the source of collateral for farm loans, can substantially affect an agricultural producer's ability to make a living.<sup>66</sup>

### FARMSCAPE

LOS ANGELES, CALIFORNIA

*An urban farming venture that creates cost-effective edible landscaping*

Farmscape is the largest urban farming venture in California. It has a mission to connect city dwellers with fresh, organic produce through a network of urban farms while creating living-wage jobs. Farmscape has installed gardens on corporate campuses, at restaurants, and in private residences, multifamily developments, centers for seniors, and schools since 2009. Farmscape's gardens are based on a design that uses raised beds and drip irrigation. Crops are grown using only organic methods, and produce is harvested for Farmscape's clients.

The organization has installed over 600 urban farms and currently maintains more than 200 of those plots, while other clients have "graduated" to being able to tend the gardens themselves. In most cases, Farmscape's growing areas cost no more to maintain than traditional landscaping, yet residents pay an average of \$7 more per month in rent, per unit, to live in multifamily buildings that include these gardens.

### AEROFARMS

NEWARK, NEW JERSEY

*Using former industrial space to grow food in an urban environment*

AeroFarms builds, owns, and operates indoor vertical farms along food distribution routes in and around large population centers. AeroFarms' headquarters in the Ironbound district of Newark, New Jersey, has 70,000 square feet (6,503 sq m) of growing space and is the world's largest indoor vertical farm. The company plans to harvest up to 2 million pounds (907,185 kg) of produce per year when it opens in September 2016.

The farm is housed in a former steel mill and is part of the RBH Group's Makers Village project, which is transforming a three-acre (1.2 ha) industrial site into a sustainable production district that employs local residents, uses on-site generated energy, and creates space for community food-based events. AeroFarms' methods allow produce to be grown throughout the year with 95 percent less water and 75 times higher annual yields than traditionally farmed foods.

## Food, Real Estate, and the Environment

As the risk of extreme weather continues to grow, investment in making our food system more resilient is all the more necessary, and developing projects that support the production and consumption of sustainably and locally produced foods is increasingly essential.

Those involved with land use decision making can rely on a variety of strategies to support a more sustainable food system. These include accommodating stores, markets, and restaurants that feature local food offerings, conserving farmland by clustering development, and incorporating food growing within development projects. Projects with community gardens and working farms can also present opportunities to support youth engagement programs or training, for example, for new farmers or aspiring chefs.

### SUPPORTING SUSTAINABLE FOOD PRODUCTION THROUGH DEVELOPMENT

On-site food production can be integrated into development projects in numerous ways, including by creating spaces to grow food on the roofs of buildings, in parking lots, or in other open spaces.<sup>67</sup>

Often the cost of maintaining food-growing areas is minimal compared to the benefits they produce, especially because they can be attractive amenities for potential tenants. Farmscape, an urban farming operation in California that has created hundreds



Gotham Greens' rooftop greenhouse in the Greenpoint neighborhood of Brooklyn, New York, produces over 100,000 pounds (45,359 kg) of produce annually. (Gotham Greens)

of rooftop gardens, notes that, on average, raised beds typically cost \$30 per square foot (\$323 per sq m) to create, which is comparable to the cost of traditional landscaping.<sup>68</sup>

Development projects can also accommodate farmers markets or incorporate food halls, restaurants, or grocery stores that feature local, sustainably produced agricultural products. These amenities are increasingly desirable, in part because the market for organic products is increasing. The U.S. organic industry saw sales of \$43.3 billion in 2015, up 11 percent over the previous year. The overall food market saw just 3 percent growth during the same period.<sup>69</sup>

## SUMMERS CORNER SUMMERVILLE, SOUTH CAROLINA

*Incorporating opportunities to learn about sustainable food-growing practices within a new residential community*



Summers Corner, in Summerville, South Carolina, includes a café as a main feature of its sales and information center. (Summers Corner)

Envisioned as a “community in a garden,” Summers Corner is a 6,435-acre (2,604 ha) master-planned community in Summerville, South Carolina. The development includes a walking and biking trail system near a network of lakes, demonstration gardens, and an outdoor market. The first five neighborhoods contain 400 homes.

Summers Corner's location in the Charleston area, which is known as a national food destination, led to the approach of using a community garden as a development amenity. The developer, WestRock Land and Development, worked with Clemson University to house its Extension Service–Master Gardener program at Summers Corner, which gives the public and residents the opportunity to learn about South Carolina gardening, food growing, and soil testing from certified Master Gardeners. The community fuses its sales information center with a café, the Corner House, which serves breakfast, lunch, and organic beer and wine. Many seasonal items come from the Kitchen Garden, which is planted and tended by the Master Gardeners.

## SUPPORTING SUSTAINABLE FOOD PRODUCTION THROUGH POLICY

The public sector has an important role to play in supporting enhancements to the sustainability of the food system. Twentieth-century land use policies and zoning codes supported automobile-dominated sprawl that resulted in the loss of farmland and restricted many forms of urban agriculture. A growing number of U.S. cities are working to update laws and zoning codes to accommodate food production.<sup>70</sup>

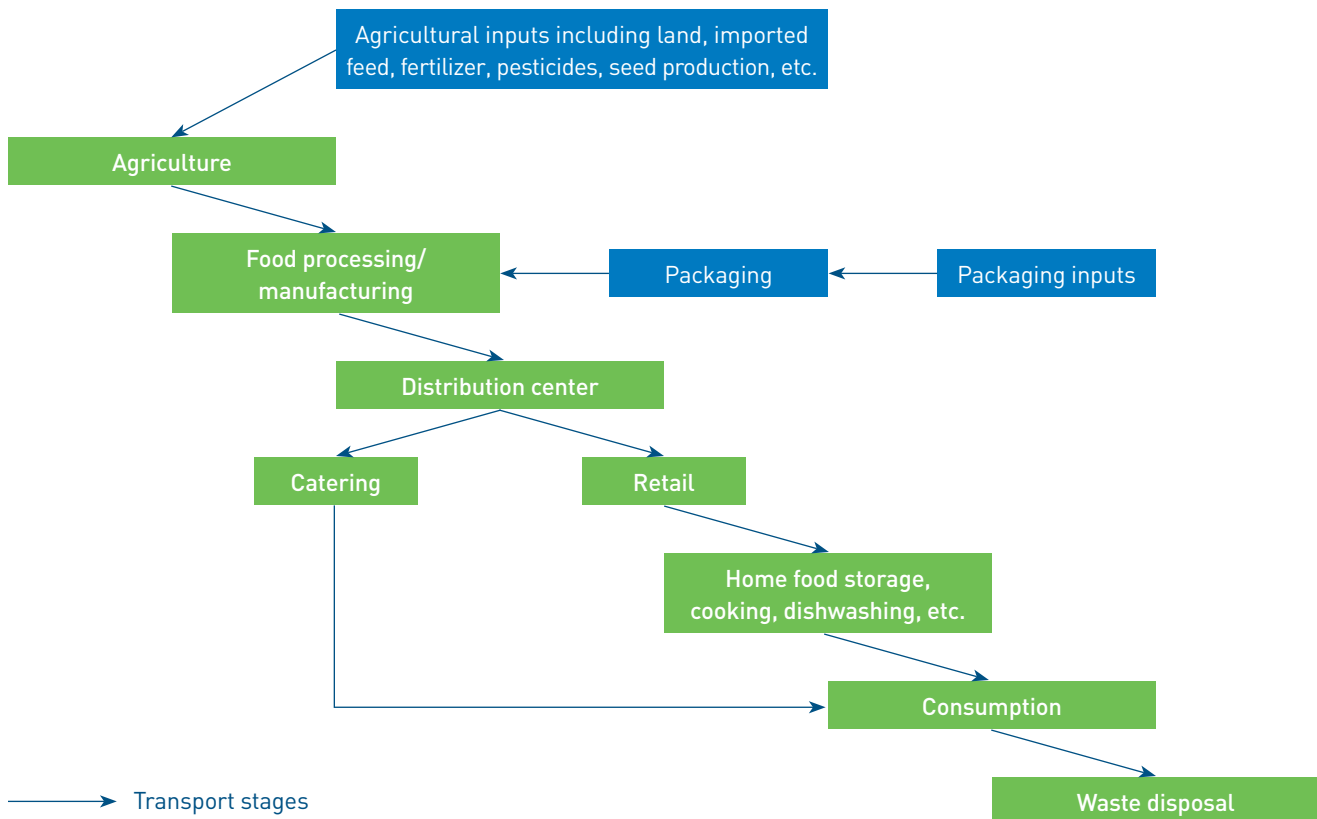
Austin, Texas, is one such city. In 2015, Austin developed a set of strategies to “create a connected, protected, community-integrated food system.” The strategies include creating incentives for the preservation of food-producing areas, converting industrial spaces for food production, requiring grocery stores in new subdivisions, and mandating the creation of “food access plans” for multifamily housing developments. The city is also working to permanently preserve farms and to create a land development code for farmers markets that eliminates permitting fees.<sup>71</sup>

## HARVEST ARGYLE/NORTHLAKE, TEXAS

### *Making an organic farm the centerpiece of a new community*

Harvest is a \$1 billion, 1,200-acre (486 ha) master-planned development in Argyle and Northlake, Texas, with a planned 3,200 single-family homes and 120 acres (49 ha) of mixed use and high-density residential. Developed by Hillwood Communities, the project features a professionally managed farm, two community crop areas—with food used for special gatherings—and raised garden beds for residents to rent for \$60 per year. Harvest’s farm sells produce to more than 30 restaurants in the Dallas–Fort Worth area, and homes sell for \$295,000 to over \$550,000.

## Simplified Diagram of Life-Cycle Stages in the Food Supply Chain



Adapted from: Tara Garnett. *Cooking Up a Storm: Food, Greenhouse Gas Emissions and our Changing Climate*. Food Climate Research Network, Centre for Environmental Strategy, University of Surrey, 2008. [www.fcrrn.org.uk/sites/default/files/CuaS\\_web.pdf](http://www.fcrrn.org.uk/sites/default/files/CuaS_web.pdf).

# PROFIT

## *Recognizing the Economic Value of Food in Real Estate Development*

In recent years, residents of the United States have shown increasing awareness of, and demand for, high-quality foods that are consistent with healthy lifestyles. This shift in preferences has consequences for the real estate industry because developers have an opportunity to leverage food as a development focus while addressing health and environmental goals.



Food halls and marketplaces across the country are becoming top tourism destinations and are spurring community economic development. (Chet Frohlich, 2015)



## LESSONS

- Investments in food-related enterprises within the context of larger development projects can support a developer's bottom line while addressing health and environmental goals. Such developments require innovation, creativity, new business models, and inventive partnerships to be successful.
- The real estate industry is including food halls, grocery stores, working farms, community food-growing areas, and local restaurants within development projects of all product types to leverage demand for healthy, local food options.
- Food retailers are experimenting with a variety of store sizes and formats in response to changes in shopping habits and the growth of urban neighborhoods and walkable development.
- Mutually supportive partnerships among actors throughout a local food supply chain can strengthen a region's economy.

## Consumer Demand for Healthy, Local Food

At the leading edge of food-related trends is the reemergence of "local food"—defined by the USDA as "food produced, processed, and distributed within a particular geographic boundary that consumers associate with their own community."<sup>72</sup> Local food is booming, with sales growing from \$5 billion in 2008 to \$12 billion in 2014. Sales are projected to reach \$20 billion by 2019.<sup>73</sup>

The Urban Land Institute's *America in 2015* national survey underscores this trend, showing that 73 percent of U.S. residents consider access to fresh, healthy foods to be a high or top priority.<sup>74</sup> In addition, the National Restaurant Association reports that 68 percent of consumers are more likely to visit a restaurant that offers locally produced food items,<sup>75</sup> and 1,600 professional chefs indicated locally sourced meats and seafood, locally grown produce, and environmental sustainability were the top three "menu trends" in 2016.<sup>76</sup>

Overall, a focus on local food can strengthen a regional economy. For example, the food system in Detroit is responsible for \$3.6 billion in revenue, directly employs more than 36,000 people, and is the third-largest industry in the city. If the percentage of consumers purchasing local food shifted by 30 percent, the food system would rise to the second-largest industry in Detroit.<sup>77</sup>

Detroit-area institutions with significant buying power, including the Detroit Public School system and the Henry Ford Health System, are leading the local food procurement movement. The Detroit Public School system now buys 22 percent of its produce from Michigan farms and works with local producers to build supply chain infrastructure, including by helping farmers learn how to package and market their products to large institutions.<sup>78</sup>

## Why Healthy? Why Local?

Research shows that nearly two-thirds of U.S. consumers now view food as medicine,<sup>79</sup> meaning they understand that what they eat plays a significant role in their overall health. This understanding translates to demand for local food: evidence shows that consumers increasingly appreciate that locally produced foods can have significant health benefits while supporting sustainability goals and leading to regional economic benefits.<sup>80</sup>

Millennials (the generation 22 to 37 years of age as of 2016) are a key demographic group supporting the shift toward health-focused consumption. Technomic, a research and consulting firm that services the food industry, reports that 47 percent of consumers in this age group say they considered ordering healthy options in the week before taking the survey, with 39 percent actually doing so.<sup>81</sup>



Increasing interest in locally grown food is leading to opportunities for developers to create projects that meet consumer demand by incorporating small farms and community food-growing areas. *(Sarah Roberson)*

## GOTHAM WEST NEW YORK, NEW YORK

### *Creating a neighborhood destination and driving residential value with a mix of local chefs and food producers*

A \$520 million mixed-use development, spearheaded by the Gotham Organization, Gotham West opened in 2013 in Manhattan's Hell's Kitchen neighborhood. The project includes 1,240 residential units and a food hall with a mix of small local restaurants and food and beverage producers, as well as a bike shop. Gotham West's location was not traditionally known as a retail or residential destination, but the food hall has helped bring residents and visitors to the area and has received significant media attention.

Chris Jaskiewicz, chief operating officer for the Gotham Organization, notes, "The food hall at Gotham West Market is

a central component in the success of our development; 96 percent of the project's residential units are leased, which is especially significant given that the development is on 11th Avenue, on the far west side of Manhattan." Jaskiewicz also notes that the development has buoyed local businesspeople, stating, "We have worked to support talented, innovative chefs and to incubate entrepreneurs, and are proud that each of the restaurants in Gotham West Market has opened a new restaurant or location since they started here."

Millennials also tend to prefer experiences, such as dining out, over purchasing items, with 52 percent reporting that their 2015 holiday spending would be on experiences, compared with a figure of just 39 percent for older consumers.<sup>82</sup> Millennials dine out 3.4 times per week on average, as opposed to 2.8 times per week for nonmillennials.<sup>83</sup>

## Trends in Food Production and Consumption

Consumer preferences for healthy, local foods are fundamentally changing how and where food is grown, produced, purchased, and consumed—with significant implications for the real estate industry. Examples of the scope of changes include the following:

- **A boom in "healthy fast-casual" restaurants:** Restaurants in the healthy fast-casual category serve a higher proportion of fresh produce than traditional fast-food restaurants; this restaurant segment has been outperforming fast food with sales of \$384 million in 2014, up 30 percent from the year before,<sup>84</sup> compared with only 2.4 percent growth in fast-food sales.<sup>85</sup> Developers and building owners have an opportunity to divide properties into multiple smaller spaces that are attractive to these restaurants, typically ranging from 1,500 to 2,000 square feet (139 to 186 sq m).<sup>86</sup>
- **Demand for upscale and local food in shopping centers:** Overall, upscale and local restaurants have been outperforming fast food in shopping centers around the world. Sales at restaurants in malls grew 4.3 percent in 2013, whereas mall fast-food outlets saw a 0.3 percent decline.<sup>87</sup> Shopping center operators can renovate and rebrand malls to include innovative, local restaurants that can activate underperforming spaces.
- **Increased interest in growing food at home or in a community garden:** As of 2013, 35 percent of all U.S. households

were growing food at home or in community gardens—an increase of 17 percent from 2008.<sup>88</sup> By including food-growing space in residential projects, developers can create an attractive amenity that appeals to potential tenants.

- **A proliferation in the number of farmers markets:** The United States had an estimated 8,669 farmers markets in 2016, a 2.3 percent increase over the year before and a nearly fivefold increase since 1994.<sup>89</sup> Developers can create projects near existing farmers markets or can accommodate a new market on site to leverage the growing demand for locally produced food.
- **Rise in the number of small farms:** After a 70-year decline, small farms have begun to make a comeback.<sup>90</sup> Small farms now constitute 88 percent of all farms, are responsible for 47 percent of the value of all farm real estate, and dominate 20 percent of agricultural sales.<sup>91</sup> Residential projects can include a working farm as a community centerpiece.
- **Growth in public sector support for local food:** Over \$900 million in funding has been granted to more than 29,100 local



Mixed-use and retail centers can create places where people want to spend time by including a mix of restaurants and open space. [CityCentre]

and regional food entrepreneurs, farms, and ranches by the USDA from 2009 to 2014.<sup>92</sup> Funding that supports local food entrepreneurs can enhance the financial viability of these ventures, which can be included in development projects.

## Food and Real Estate: Growing Together

Food has a unique ability to foster the creation of places in which people want to spend time. Food-based businesses, including restaurants, food halls, grocery stores, and farms are adding value to real estate development and supporting other components of development projects.

The Urban Land Institute and PwC's report *Emerging Trends in Real Estate 2016* notes that specialty restaurants are supporting shopping centers, generating retail traffic, and serving to increase the amount of time that customers spend at particular retail centers.<sup>93</sup> Restaurants accounted for only one-third of retail growth in the United States in 2008 and 2009, but since 2010, that figure has edged up to nearly 50 percent.<sup>94</sup>

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*“People want local food, products, and experiences. This desire continues to grow as the internet redefines the shopping experience.”*

Chris Bennett, Director of Development, LAB Holding

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A mix of local and national restaurant tenants can lead to a development's financial success. Local restaurants can reflect the culture of a particular neighborhood and differentiate a project from others on the market, while the overall performance history of national restaurants can support a project's financial stability.<sup>95</sup>

Certain restaurants can be so valuable at generating retail traffic that non-restaurant retailers demand to be located with them. The *Atlanta Business Journal* reports that a growing number of stores are requiring that “chef-driven” restaurants be placed alongside them. This trend of “chef-driven cotenancy” has been written into real estate deals, including a \$600 million mixed-use project in Alpharetta, Georgia, called Avalon.<sup>96</sup>

Changes in approaches to grocery shopping have also been affected by the continued preference for mixed-use, walkable neighborhoods. The dominant way of shopping over the past few decades—with one major weekly trip to the same grocery store—is becoming less common overall. Today, a consumer might not only make a major trip to a traditional supermarket every other week but also make “fill-in trips” to drugstores and convenience stores, as well as to organic food stores.<sup>97</sup>

## SPACE 24 TWENTY AUSTIN, TEXAS

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*Supporting commercial development by locating restaurants within retail space*

A 15,000-square-foot (1,394 sq m) retail and restaurant development in Austin, Texas, that opened in 2015, Space 24 Twenty features an Urban Outfitters store, two restaurants, a location for food trucks, courtyard space, and a music stage. The project is the third such “experience retail” complex that combines an Urban Outfitters store with restaurants and bars, with others in Brooklyn and Los Angeles. One of the restaurants in Space 24 Twenty is a pizza restaurant concept from Philadelphia chef Mark Vetri, who recently sold a majority stake in his restaurant empire to Urban Outfitters. The clothing company has an innovative strategy of combining experiences, such as dining, with retail operations and plans to open additional Vetri restaurants within and adjacent to its stores, as well as new stand-alone restaurants.

## WATERSIDE FORT WORTH, TEXAS

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*Advancing a new model for mixed-use development in a suburban area by actively seeking unique restaurant concepts*

Waterside is a mixed-use development on 63 acres (25 ha) that broke ground in 2014 in Fort Worth, Texas. Plans call for a walkable district with 200,000 square feet (18,581 sq m) of retail space, 800 multifamily residential units, and a hotel and office space.

As a strategy to differentiate the project from others on the market, project developer Trademark Property has launched a “micro-restaurant program,” which aims to attract unique restaurant concepts to the development. Trademark will provide three or four spaces ranging from 600 to 1,000 square feet (56 to 93 sq m) and market them to area food purveyors, offering local entrepreneurs smaller spaces with low startup costs and short-term leases. Trademark developed this concept after hearing in community-engagement sessions that area residents were looking for more local, high-quality food options. The development is also anchored by additional restaurants, shops, and a Whole Foods Market.

With more people living in urban areas and shopping for food more frequently, food retailers are experimenting with a mix of store sizes and formats, including smaller stores that can have a competitive advantage because they have lower operating costs than traditional grocery stores. About 25 percent of consumers now shop at small-format stores.<sup>98</sup>

At the same time, grocery operators have been able to find larger spaces in urban areas because of the high number of nongrocery retail stores that have recently closed.<sup>99</sup> Many grocery stores opening in urban areas are included on the ground floor of mixed-use projects, which helps spread the land cost over multiple development types and prevents food retailers from having to produce above-average sales to support the overall profitability of a development.<sup>100</sup>

Additional examples of economic considerations for the real estate industry related to food include the following:

- **Food halls generating traffic:** Ferry Terminal Market in San Francisco is one of the city's top-five visitor destinations, attracting 1 million annual visitors and generating \$1,250 per square foot (\$13,455 per sq m) in food sales.<sup>101</sup> Food halls can create a market for other components of mixed-use projects.
- **Farmers markets and food halls producing spillover economic benefits:** Project for Public Spaces notes that 60 percent of shoppers at indoor and outdoor food markets around the United States also visited other local retail establishments on the same day they visited the markets, and they only did so on days they visited the markets.<sup>102</sup>



New food halls are being constructed in city centers as well as suburban areas, including the Lenexa Public Market, which is on schedule to open in 2017 in suburban Kansas City. (PGAV Architects; City of Lenexa)

- **Retail stores adding in-store dining options:** National retailers, such as Urban Outfitters, Tommy Bahama, and JCPenney, are adding new restaurants and bars inside stores to attract customers; Tommy Bahama stores that include food sales generate 2.5 times the sales per square foot as those without dining options.<sup>103</sup>
- **Open space supporting increased property values:** Many studies find as much as a 15 to 30 percent increase in the value of properties adjacent to parks and open space,<sup>104</sup> which can include working farms, community gardens, or farmers markets.

## ECO MODERN FLATS FAYETTEVILLE, ARKANSAS

### *Investing in community food-growing spaces to reinvigorate multifamily housing*



ECO Modern Flats in Fayetteville, Arkansas, made small investments in growing food in formerly underused common areas of the residential development, which helped differentiate the project from others on the market. (Timothy Hursley)

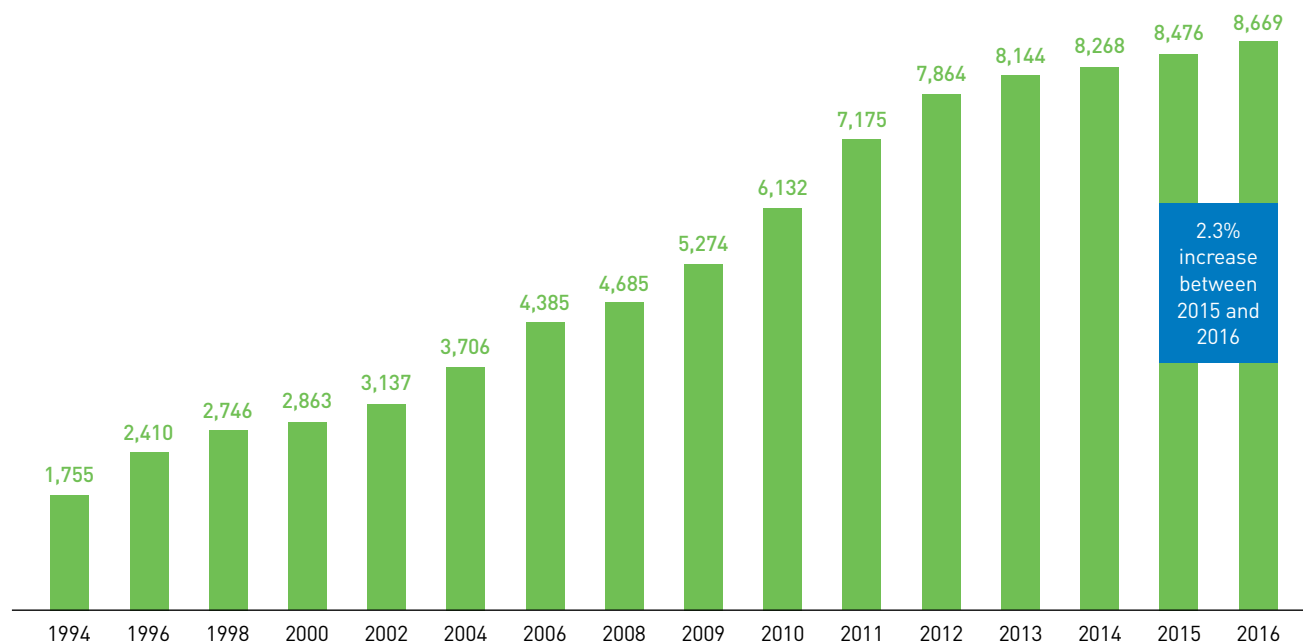
This 2011 rehabilitation project converted 96 apartments built during the 1960s into a healthy living environment. With a primary focus on creating a sense of community, the project incorporates native landscaping, rainwater harvesting, and rooftop gardens designed to bring people outdoors. Relocating parking on the site allowed the developer, Specialized Real Estate Group, to create common areas, including a community food-growing garden, a rain garden, and small gathering spaces throughout the property.

ECO's community garden is tended by a resident gardener and gives renters who are interested in healthy lifestyles access to fresh, local produce. Specialized is now including similar gardens in other multifamily developments because of the project's success. The relatively small investment of \$6,000 a year in growing food in a formerly underused common area led to a significant financial benefit for ECO Modern Flats and has directly contributed to tenants resigning leases.

## An increasing number of grocery stores are opening in downtown and urban areas in a variety of innovative formats:

- Kansas City, Missouri:** Before Cosentino’s Market, a 33,000-square-foot (3,066 sq m) grocery store, opened in downtown Kansas City in 2009, the closest super-market was 30 blocks away.<sup>105</sup> The opening of the store reflects the fact that Kansas City’s downtown residential population doubled since 2000<sup>106</sup> and housing grew by 39 percent between 2000 and 2011.<sup>107</sup>
- Brooklyn, New York:** Wegmans, a Rochester, New York-based grocery chain that currently operates nearly all suburban-style stores, announced in 2015 that it will be opening a 74,000-square-foot (6,875 sq m) store in Brooklyn, New York, as part of a \$140 million retail and industrial development.<sup>108</sup>
- Philadelphia, Pennsylvania:** The Fresh Grocer, a 46,000-square-foot (4,274 sq m) supermarket with a focus on offering fresh produce, opened in 2009 in an area of North Philadelphia with a high proportion of low-income residents. The store, located in Progress Plaza—the nation’s oldest African American-owned and operated shopping center—was supported by the Reinvestment Fund, including with New Markets Tax Credits and assistance from the Pennsylvania Fresh Food Financing Initiative.<sup>109</sup>
- Des Moines, Iowa:** Hy-Vee, a 33,000-square-foot (3,066 sq m) full-service grocery store, is being constructed in downtown Des Moines, Iowa, as part of a larger \$29 million project that broke ground in 2015, which will include restaurants, coffee shops, and apartments above the store. This will be the first downtown grocery store in Des Moines.<sup>110</sup>
- Washington, D.C.:** Full-service grocery stores can form a key component of adaptive use projects in historic buildings, such as the “City Market at O,” a 1 million-square-foot (92,903 sq m) mixed-use redevelopment project in Washington, D.C.’s Shaw neighborhood that opened in 2015, which includes a supermarket in a former 19th-century food hall.<sup>111</sup>
- Nationwide:** Established national food retailers are opening new-format stores in markets across the United States, including Whole Foods, which is opening smaller stores branded as “365 by Whole Foods Market” that feature lower-priced items and fresh produce,<sup>112</sup> and Target, which is opening flexibly sized “City Target” stores in urban areas, with stores as small as 15,000 square feet (1,394 sq m).<sup>113</sup>

## National Count of Farmers Market Directory Listings



Source: USDA-AMS-Local Food Research & Development Division.

Note: Farmers market information is voluntary and self-reported to USDA-AMS-Local Food Research & Development Division.

# LESSONS FROM THE FIELD

## *Real Estate Projects*

This chapter provides in-depth profiles of food-oriented development projects. The profiles include insights from developers and others working at the intersection of food and real estate and show how working farms, grocery stores, restaurants, and other food-based amenities can be leveraged to meet overall development objectives, to create real estate value, and to promote community economic development, environmental sustainability, and improvements in public health.

The profiles explore the role that land use decision makers can play in addressing disparities in access to healthy food, conservation of open space and farmland, reduction of food waste, increasing local knowledge about cooking and nutrition, and providing opportunities for local employment and youth development.

Projects profiled in this chapter range from an internationally renowned food hall in New York City to a development in a mixed-income neighborhood in New Orleans that provides nutrition education services and access to healthy produce through partnerships with nonprofit organizations and a full-service grocery store.

The highlighted projects show that strategic positioning of food-based amenities can promote community well-being

and can serve to differentiate a development, thereby driving a market advantage. By actively seeking partnerships beyond the usual suspects and collaborating with local food growers and producers, chefs, and budding entrepreneurs, developers are leveraging demographic and market trends that have led to a growing demand for healthy, locally and sustainably sourced food options.

These collaborations are creating multiple wins that have positive implications for equitable development, all while supporting a project's bottom line. Although this chapter includes a wide diversity of projects, they have shared themes regarding their specific food-based features, as detailed in the accompanying table.

### Overview of Development Project Profiles

Project	Location	Type	Professionally managed on-site food growing
Aria Denver	Denver, Colorado	Mixed use	X
Chelsea Market	New York, New York	Food hall/mixed use	
CityCentre	Houston, Texas	Mixed use	
The Constellation	Madison, Wisconsin	Mixed use	X**
The Packing House	Anaheim, California	Food hall	
ReFresh Project	New Orleans, Louisiana	Retail/nonprofit	X
Serenbe	Chattahoochee Hills, Georgia	Mixed-use master-planned community	X
Union Market	Washington, D.C.	Food hall/mixed use	X

\*Amenity included in future phase of development.

\*\*Access to amenity in adjacent and/or related project.



Revamped food halls, like Grand Central Market in downtown Los Angeles, can accommodate a mix of traditional vendors and new food entrepreneurs. (NewtonCourt)

Food-based health/nutrition education services or programs	Frequent community events/programming around food	Project anchored by restaurants, cafés, or food hall	Culinary incubator or job training program on site	Full-service grocery store on site
X	X		X	X*
	X	X		
	X	X		
		X		X**
	X	X	X	
X	X	X	X	X
X	X	X		
	X	X	X	

# ARIA DENVER

DENVER, COLORADO

*Growing and selling food on site to promote health, social intersection, and youth job training*

## LESSONS

- Setting aside space for food production in a residential or mixed-use development can support increased access to fresh, healthy produce for area residents while enhancing project marketability.
- Innovative partnerships among real estate developers, nonprofit organizations, private philanthropy, higher education, and community institutions can produce a development with a set of shared priorities focused on improving health outcomes.
- A food-growing space can be the centerpiece of a development; associated programming and job training services can facilitate community social ties and create a sense of ownership over food assets for community residents.

## QUICK FACTS

**Location**  
2861 West 52nd Avenue, Denver, CO 80221

**Project type**  
Mixed use

**Development team**  
Urban Ventures LLC and Perry-Rose LLC

**Project cost**  
\$80 million

**Project size**  
17.5 acres (7.1 ha); 400 total residential units planned; 30,000 square feet (2,787 sq m) of commercial space

**Project status**  
Anticipated completion in 2018

**Lender**  
Kirkpatrick Bank

**Equity partner**  
Not applicable

*This page: Aria Denver includes a mix of housing types, with a goal of encouraging social interaction and multigenerational living. (Urban Ventures)*

*Next page: Residents at Aria Denver have access to organic produce that is grown on site. (Mariel Beaudoin)*





**ARIA DENVER** is an infill community designed with a focus on the health of its residents and the surrounding neighborhood. Aria is being developed on a 17.5-acre (7.1 ha) site that was formerly home to the Marycrest Convent in North Denver. The development contains a 1.25-acre (0.5 ha) production garden, a greenhouse, and various other features to accommodate access to fresh produce. Because Aria is located on a major regional corridor, Federal Boulevard, that cuts through lower-income areas, improving access to healthy food benefits the community overall.

Codelopers Urban Ventures LLC and Perry-Rose LLC have built 72 affordable rental apartments and 13 townhouses; 450 homes in total are planned, including 28 for-sale units of cohousing, where residents actively participate in the community's design and operation. The project will see future commercial development, potentially including a grocery store.

## Features and Innovations

- **1.25-acre (0.5 ha) production garden:** A full-time farmer from UrbiCulture Community Farms is responsible for growing organic produce on a plot at the center of Aria. Residents and other volunteers also participate in gardening and associated community events. The garden receives funding from a Colorado Health Foundation grant, with plans for it to be financially self-sufficient at the end of the grant period.
- **Pay-what-you-can farm stand:** Residents of Aria Denver and surrounding neighborhoods are able to purchase produce grown on site at any cost they can afford.
- **Permaculture pocket gardens:** Seven gardens allow residents to learn about "permaculture," a system of sustainable gardening practices.
- **1,800-square-foot (167 sq m) greenhouse:** Local nonprofit organization Groundwork Denver runs an on-site greenhouse that can produce up to 10,000 pounds (4,536 kg) of food annually; 75 percent of all produce is sold to local restaurants and Regis University, while the other 25 percent is donated for affordable sale. The greenhouse is run as a social enterprise and is tended by youth employees 14 to 18 years of age.
- **Shared kitchens:** Shared kitchens are being constructed in the cohousing component of the development, which allow meals to be shared by residents from a variety of backgrounds.
- **Health care services and nutrition education:** Aria is part of a partnership known as Cultivate Health, which also includes Regis University and surrounding neighborhood groups, with support from the Colorado Health Foundation. The initiative will offer cooking classes and healthy eating courses for community residents and local students. The adjacent Regis Neighborhood Health Clinic will offer primary care services; providers will not only write "traditional" prescriptions, but also prescriptions for fruits and vegetables.



*“People want to be part of a larger story. The production garden at Aria Denver grants residents access to fresh produce and facilitates social interaction through a variety of classes and community events. On top of that, it makes a positive difference in terms of the marketability of the project.”*

Susan Powers, President, Urban Ventures LLC

## Creating Value: People, Planet, Profit

Susan Powers, president of Urban Ventures, explains the value proposition behind Aria Denver, stating: “It is a sound investment to set aside land for food growing within the context of residential and mixed-use projects. The production garden at Aria Denver sits on over an acre of land—enough space to accommodate additional townhomes. But by ‘giving up’ this developable land, we gained the opportunity to work with a variety of partners and volunteers to create a true centerpiece for the neighborhood.”

Aria Denver’s on-site greenhouse further supports the project’s health, social engagement, and environmental sustainability goals through a mutually beneficial relationship with local nonprofit Groundwork Denver.

Wendy Hawthorne, the executive director of Groundwork explains, “In a city like Denver where land is becoming scarce, this may be the most sustainable path forward for urban farms. Groundwork Denver benefits tremendously from not having to purchase the land where our greenhouse and urban farm are located, and Aria residents benefit from access to fresh, affordable produce, as well as social interaction with neighbors and our youth employees.”

Aria Denver’s integration of fresh food access, active living, and community engagement and outreach programs shows how food-based amenities can produce placemaking benefits while fostering partnerships that seek to intentionally improve health outcomes.

# CHELSEA MARKET

NEW YORK, NEW YORK

*An original “next-generation urban market” continues to evolve and inspire*

## LESSONS

- Food halls can drive value within commercial and mixed-use developments, but developers must create strong partnerships with local chefs and food providers if they wish to create a truly unique, authentic, food destination.
- Developers of food halls may need to take risks by investing in innovative chefs and food producers who may lack proven credit histories; these investments may feature unconventional agreements to create financially feasible deals that work for both parties.
- By forming close relationships with food providers and retail tenants, a developer can influence environmental sustainability outcomes by creating campaigns on issues, such as composting and waste reduction.

## QUICK FACTS

**Location**  
75 Ninth Avenue, New York, NY 10011

**Project type**  
Food hall/mixed use

**Owner**  
Jamestown Properties

**Project cost**  
Undisclosed

**Project size**  
1.2 million square feet (111,484 sq m), with plans for expansion

**Project status**  
Opened in 1997; food hall and office expansion ongoing

**Financing**  
Undisclosed

**Equity partner**  
Undisclosed



Above: Chelsea Market sees more than 9 million visitors per year on average. (Chelsea Market)

Next page: Strong partnerships among Chelsea Market’s owner, Jamestown Properties, and local chefs and food providers have led to the market’s unique mix of vendors. (Chelsea Market)

**CHELSEA MARKET** is one of the most recognizable indoor food halls in the world. Located on the border of Manhattan's West Chelsea and Meatpacking districts, it includes restaurants, food stalls, and shops below office space and television production facilities.

Owned by Jamestown Properties since 1997, Chelsea Market currently includes over 1.2 million square feet (111,484 sq m) of space, with 40,500 square feet (3,763 sq m) devoted to food provision. The food hall includes more than 55 vendors and sees an average of over 9 million visitors per year (approximately 28,000–35,000 daily). The overall development incorporates 17 historic buildings, including a former Nabisco factory complex. All office traffic enters through the market, further adding to the vibrancy of the space.

## Features and Innovations

- **A wide variety of locally prepared food:** Food stands offer a variety of meals prepared by local chefs. Jamestown works to identify innovative concepts and coordinates directly with local providers to create financially feasible deals that work for both parties.
- **Raw food providers:** Chelsea Market includes a butcher and sellers of fresh produce. Jamestown believes that a successful food hall must allow people to buy ingredients they can use to prepare meals at home.
- **Financial contributions to grow the field of local food producers and chefs:** Jamestown supports a food-worker training program and business incubator space in Long Island City, New York, partially funds a three-year nutritional program at two area schools, and contributes \$100,000 annually to the James Beard Foundation.

## Creating Value: People, Planet, Profit

Although Chelsea Market was one of the original pioneers in the “next-generation food hall” movement, the project continues to grow and innovate. Jamestown recently announced plans to invest \$35 million to \$50 million in doubling the size of the food and retail portion of Chelsea Market by expanding into the basement level of the building. It also plans to add 300,000 square feet (27,871 sq m) of office space on top of the market.

Michael Phillips, president of Jamestown, explains that a reciprocal relationship exists between the food hall and other parts of Chelsea Market, stating, “Food halls are very profitable, but are management intensive, and it’s best to have other sources of revenue, such as office, residential, or other retail.” The market is an attractive amenity for the major office tenants above, many of which have a significant number of millennial employees, such as Google.

The continued success of Chelsea Market is in large part due to Jamestown’s commitment to identifying and forming



*“The right catalyst in food or retail will drive your rental rate. Food placemaking at Jamestown requires a robust team and a high touch from us. It’s a people business, and you have to take time to build to make it grow.”*

Michael Phillips, President, Jamestown Properties

partnerships with high-quality local chefs and food producers. Jamestown has directly funded construction of kitchen spaces and made adjustments to food vendor rent payments for tenants Jamestown feels have a strong chance of success.

Jamestown has also used its strong relationships with building tenants to achieve environmental goals. A company education campaign on reducing organic waste has led to a dramatic increase in the number of restaurants and food retailers participating in composting. As a result, an estimated 1,033 tons (937 metric tons) of waste from the market have been diverted from landfills as of 2014, equivalent to avoiding a net release of 205 tons (186 metric tons) of carbon dioxide into the atmosphere—the same as consuming 433 barrels of oil.

Phillips notes that food-related projects are especially important to Jamestown, stating: “We don’t do anything in our lives without food. Food is the lubricant that makes the world go round. We eat three times a day and celebrate life’s moments with food. Whether creating a mixed-use, office, or retail development, Jamestown strives to provide places for people to gather around food in a financially sound way.”

In part because of its success with Chelsea Market, Jamestown has continued to invest in other projects that incorporate food halls, including Ponce City Market in Atlanta and Industry City in Brooklyn.

# CITYCENTRE

HOUSTON, TEXAS

*Transforming the site of an underperforming shopping mall into a mixed-use, walkable dining district*

## LESSONS

- Including local and national restaurants within a mixed-use development can be effective in balancing risk and return while serving to activate the project and differentiate it from others on the market.
- Hosting food-focused events in a publicly accessible area of a mixed-use development can support on-site restaurant and retail tenants.
- Building a lively, walkable district with a large number of food-based businesses can transform the site of an underperforming shopping center into a regional amenity.

## QUICK FACTS

### Location

800 Town & Country Boulevard,  
Houston, TX 77024

### Project type

Mixed use

### Development team

Midway

### Project cost

Retail development costs of \$240 to \$280 per square foot (\$2,583 to \$3,014 per sq m)

### Project size

50 acres (20 ha); total gross building area 2,212,000 square feet (205,502 sq m)

### Project status

Phase I opened in 2009; additional phases/  
final phase opened in 2016

### Financing

Multiple partners

### Equity partner

Multiple partners



*Above: CityCentre features more than 25 restaurants, many of which open onto a large public green space. (CityCentre)*

*Next page: Visitors to CityCentre can walk between stores and various dining destinations. (CityCentre)*

**CITYCENTRE** is a 50-acre (20 ha) development in Houston, Texas, that transformed a site formerly occupied by a failing shopping mall into a thriving mixed-use district. The project, developed by Midway, is anchored by a variety of restaurants and features multifamily residential units, townhomes, hotels, retail space, and a movie theater. CityCentre also includes a central public plaza and a walkable street design, which encourages residents, workers, and visitors to spend time at food-oriented events and sidewalk cafés.

## Features and Innovations

- **A large and diverse mix of restaurants:** CityCentre includes over 25 restaurants, most of which are the first or second location in the Houston area.
- **Restaurants placed at the base of office and mixed-use buildings or around a public plaza:** Restaurants serve to activate the street and common areas of the development, including the central public plaza.
- **Food-focused events:** A public plaza hosts a range of events that celebrate food, including farmers markets, food competitions, and movie nights with meals available from CityCentre's restaurants.

## Creating Value: People, Planet, Profit

In 2004, developer Midway purchased the underperforming Town and Country Mall, located 14 miles west of downtown Houston. Midway worked to transform the property into a mixed-use district, with public spaces, walkable streets, and a mix of restaurant tenants that could support other uses in the project. Midway focused on leasing restaurant spaces at CityCentre before other retail spaces to help create a lively, attractive destination.

The project opened in phases between 2009 and 2016. As of 2015, CityCentre housed more than 25 restaurants, with many opening directly onto a large public green space or located along sidewalks at the bases of buildings.

Jonathan Brinsden, Midway CEO and ULI trustee, explains the view behind assembling a large number of restaurants at the development, stating: "We realize the shoppers, office tenants, and residents at CityCentre are the same people our competitors want in their projects. It is crucial to create an authentic place and a variety of experiences that these customers enjoy. We know that elevating experiences with food differentiates our product."

As of 2015, average restaurant sales were \$626 per square foot (\$6,738 per sq m)—well above projections—with some restaurants reaching sales of \$1,200 per square foot (\$12,917 per sq m). Within a year of the opening of the first phase of the project, the office and apartment space at CityCentre was over 95 percent occupied.

Part of CityCentre's success is because of its unique mix of local and national restaurants. Brinsden explains, "We work

on creating a healthy mix of different types of food offerings for all times of the day, from fast casual, to salads, to fine dining establishments."

Brinsden adds: "The advent of celebrity chefs, food programs on television, and explosion of social media and food bloggers built a foodie movement. You can tap into that movement to energize your project. Local, unique restaurants require a higher risk tolerance, but when they work, they bond you with the community and create that feeling of authenticity consumers crave. We also have national brands that are very popular, which are carefully chosen to be appropriate for the project and to round out our offerings. Giving people new and unique places to experiment with alongside trusted brands has worked out well."



*"You buy a sofa once a decade, but you eat three times a day. Food is a critical attraction for CityCentre and a way to activate projects."*

Brad Freels, Chairman, Midway Companies

CityCentre's central public green space, which hosts food-centric events, is also a key element in the success of the project. More than one event is held per day at CityCentre, with some events drawing nearly 20,000 people.

Brinsden notes: "Activation of the public green space is a critical part of CityCentre's success. Food-focused events have included farmers markets and cooking competitions. We also include food from our restaurants in our events, so attendees have valuable sampling opportunities. One restaurant provides healthy snacks for parents and toddlers; another serves smoothies at movie nights. The synergy of a well-curated mixed-use project with on-site events encourages diners to shop in the stores at CityCentre and the shoppers to dine."

# THE CONSTELLATION

MADISON, WISCONSIN

*Prioritizing support for the local food economy to anchor mixed-use development*

## LESSONS

- The process of accommodating local food businesses within a development project may be longer and initially more expensive than working with national credit tenants, but can result in the creation of an authentic dining hub that reflects the local area.
- Mixed-use projects with local restaurants and food retailers can support the revitalization of underused urban corridors.
- Developers have an opportunity to include a mix of local food growers, restaurateurs, and retailers within projects who partner with one another and use each other's products, thereby strengthening the local food supply chain.

## QUICK FACTS

**Location**  
10 North Livingston Street, Madison, WI 53703

**Project type**  
Mixed use

**Development team**  
Gebhardt Development

**Project cost**  
\$39 million

**Project size**  
220 apartment units; 32,500 square feet (3,019 sq m) commercial space; land area approximately 1.5 acres (0.6 ha)

**Project status**  
Opened in 2013

**Financing**  
City tax incremental financing, BMO Financial, New Markets Tax Credits, Midwest Disaster Bonds, private equity

**Equity partner**  
None



*Above:* The Constellation supports the local Madison, Wisconsin, food supply chain by accommodating a mix of independent food businesses on the building's ground floor. *(Bark Design)*

*Next page:* The Constellation is located close to the Dane County Farmers Market, the nation's largest "producers-only" farmers market. *(Kznf)*

**THE CONSTELLATION** is a 12-story mixed-use development outside of downtown Madison, Wisconsin, that opened in 2013. The project includes 220 apartments and 32,500 square feet (3,019 sq m) of commercial space, which is anchored by a mix of local eating and drinking establishments.

The decision by the project's developer, Gebhardt Development, to accommodate local food businesses within the Constellation, instead of leasing the building's retail spaces to national credit tenants, has led to the creation of a dining destination that is a major draw for area residents.

## Features and Innovations

- **A mix of local food businesses:** The Constellation features a local restaurant, bar, and coffee shop that, together, create a local food dining hub on the first floor of the mixed-use building.
- **Proximity to farmers market:** The Dane County Farmers Market—the nation's largest "producers-only" farmers market—is located within a seven-minute walk of the Constellation. The market, which features Wisconsin-only products, is a notable amenity for building tenants.
- **Development supporting the local food supply chain:** Gebhardt's adjacent Galaxie mixed-use development, whose first phase opened in 2016, will feature a rooftop farm that will supply produce to the businesses at the Constellation, many of which also source products from the nearby farmers market.

## Creating Value: People, Planet, Profit

Otto Gebhardt III, CEO and founder of Gebhardt Development, explains the strategy behind prioritizing the inclusion of local food businesses over more "standard" tenants within the Constellation, stating, "Working with local food operators goes a long way in creating an area that's a true destination."

Gebhardt adds, "It is more upfront work, and it's usually more intensive and costly for the landlord to work with local tenants, but the payoff is huge in terms of supporting the financial success of a mixed-use development as well as the opportunity to support the local community."

One of the Constellation's restaurant tenants is Sujeo, which is run by Chef Tory Miller. Miller is a James Beard Award-winning chef who is known around the region for his commitment to sourcing local, sustainably produced products for his restaurants, as well as for advocating for local foods to be included in school lunches.

Establishments such as Sujeo have helped differentiate the Constellation from other nearby developments. All of the building's apartments were rented out before it opened in August 2013, and shortly thereafter, Google signed a seven-year lease for 8,000 square feet (743 sq m) of office space in the



*"We believe in the local talent responsible for Madison's unique restaurants, food retailers, and farms. These businesses help create a retail environment that stands out from more 'typical' developments."*

Otto Gebhardt III, CEO and Founder, Gebhardt Development

building. Gebhardt attributes part of the success of the project to its authentic, lively ground-floor businesses, as well as the proximity to other local dining establishments.

The development is also helping revitalize Madison's East Washington Avenue corridor. The corridor is within walking distance of downtown, yet it was home to mostly underperforming industrial spaces until the Constellation helped catalyze additional mixed-use development, including other Gebhardt projects.

Gebhardt is continuing to focus on food in new projects along East Washington Avenue, such as the 13-story, \$64 million Galaxie mixed-use development, whose first phase opened in 2016. Gebhardt explains, "We partnered with Festival Foods, a regional grocery operator, to launch its first-ever urban location. We were thrilled to include the 55,000-square-foot (5,110 sq m) store, especially since the area was formerly a food desert, with no full-service grocery store within five miles."

The Galaxie will also include an organic rooftop garden and market run by Vitrubian Farms, which will supply produce to the food businesses at the Constellation. Gebhardt notes, "The businesses at the Constellation already source some of their products from other Vitrubian Farms ventures. Including one of their urban farms in our next phase of development is a wonderful synergy and helps us to play a role in increasing the density of local food operators in the area."

# THE PACKING HOUSE

ANAHEIM, CALIFORNIA

*A public/private partnership catalyzes downtown development through a focus on local food*

## LESSONS

- Effective partnerships among the public sector, private developers, and local food-oriented entrepreneurs can result in the creation of unique spaces that reflect the culture of the surrounding area.
- A food hall with a variety of local vendors can generate placemaking benefits that catalyze new development in the surrounding area.
- Food halls can facilitate opportunities to support budding food-based entrepreneurs by creating programs and spaces that train people in the culinary arts and support the expansion of area food businesses.

## QUICK FACTS

**Location**  
440 South Anaheim Boulevard,  
Anaheim, CA 92805

**Project type**  
Food hall

**Development team**  
City of Anaheim, LAB Holding

**Project cost**  
\$11.7 million

**Project size**  
42,000 square feet (3,902 sq m);  
one-acre (0.4 ha) land area

**Project status**  
Opened in 2014

**Financing**  
Anaheim Redevelopment Agency, HUD  
funding for seismic retrofit, tenant/city-  
paid improvements

**Equity partner**  
Not applicable

The success of the Packing House has helped support the revitalization of downtown Anaheim. *(Chet Frohlich, 2015)*





**THE PACKING HOUSE** is a 42,000-square-foot (3,902 sq m) food hall that opened in 2014 in downtown Anaheim, California. The project, spearheaded by the city of Anaheim and LAB Holding LLC, transformed a former citrus packing facility—originally constructed in 1919—into a space that hosts a variety of local food vendors and includes an outdoor area that features community gatherings and a weekly farmers market.

## Features and Innovations

- **42,000-square-foot (3,902 sq m) food hall:** The Packing House includes a mix of 28 vendors, such as bakeries, restaurants, coffee shops, and cocktail bars. All businesses are locally run, with no national chains on site.
- **Farmers market:** The adjacent Farmers Park hosts a weekly farmers market, operated by the Downtown Anaheim Association, that offers high-quality foods from southern California producers.
- **Food-focused events:** LAB Holding funds frequent community events, in collaboration with building tenants, outside the Packing House. These events have a strong food focus and celebrate the history of the citrus industry.

## Creating Value: People, Planet, Profit

The city of Anaheim’s redevelopment agency purchased the Packing House building in 2000, with a goal of creating a space that would attract residents and visitors to downtown. After engaging with developer LAB Holding and conducting community outreach sessions, the importance of granting public access to the building became clear, because it was one of the few remaining historic structures downtown.

To be true to the history of the building, the city and LAB decided to create a communal food hall with all local vendors. The city invested \$9 million to prepare the building and worked to streamline regulations that would affect development of the food hall by creating a “concierge service” for the project that is now available to all Anaheim businesses. This Business Assistance Program walks new entrepreneurs through the permitting process and assists them with construction.

John Woodhead, Anaheim’s director of community and economic development, explains why the city decided to invest in the creation of the Packing House, stating: “Food-oriented retail was the answer we ultimately received by asking: How can we establish a cultural and commercial hub for our historic core? How can we preserve our remaining historic resources? How can we bring more activity to the heart of the city? And how can we give people a compelling reason to reside here? All of these goals are interdependent.”

The Packing House supports the ongoing revitalization of downtown Anaheim. Since 2005, Anaheim has added more than 1,500 downtown residential units, and plans exist for at least another 1,000 in the next few years.

Area real estate companies, including Brookfield Residential, which is marketing a condominium development across the street from the Packing House, have cited the mix of local vendors at the food hall as a key amenity that attracts residents and business to the area.

Downtown Anaheim is also seeing the construction of new restaurants and retail space, and the commercial office market has rebounded. LAB, which recently purchased the Packing House property from the city, is advancing plans to transform nearby sites into commercial and mixed-used projects, including space for craft brewing, wine production, distilling, and additional retail, office, and residential space.

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*“Working with local restaurateurs is a great way to develop projects that reflect the spirit of your city’s cultural environment and historic structures.”*

John Woodhead, Director of Community and Economic Development, City of Anaheim

LAB reports that the Packing House is performing well beyond the company’s expectations, in large part because of its unique mix of tenants. Chris Bennett, director of development for LAB, explains the philosophy behind supporting local vendors: “We work with local independent operators in all of our projects. This approach allows us to create one-of-a-kind environments, have passionate operators who are dedicated to the project’s success, and also keeps money circulating in the local economy.”

To further support Anaheim’s emerging chefs and entrepreneurs, LAB developed a program for new restaurateurs to audition for permanent spaces. The program has already allowed two businesses that started out in the weekly farmers market to move into the Packing House. In addition, a chef-run culinary arts program is located in an on-site event space, and LAB is working with the city to develop an incubator program that will help facilitate additional food entrepreneurship opportunities.

# THE REFRESH PROJECT

NEW ORLEANS, LOUISIANA

*Developing with healthy food as a focus to drive improved neighborhood health outcomes*

## LESSONS

- A grocery store is essential in providing access to healthy food, but nutrition education services are equally important in improving health outcomes.
- Assembling a group of like-minded tenants that are focused on providing locally grown food, job training, and youth and community outreach services can aid in attracting a retailer that offers a wide range of healthy food products.
- A market exists for high-quality grocers in low- and moderate-income areas, provided that stores take advantage of opportunities to partner with others on community programming that increases local knowledge of health and nutrition.

## QUICK FACTS

### Location

300 North Broad Street, New Orleans, LA 70119

### Project type

Retail/nonprofit

### Development team

Broad Community Connections,  
L+M Development Partners

### Project cost

\$20 million

### Project size

3.2 acres (1.3 ha); 65,000-square-feet  
(6,039 sq m) commercial building

### Project status

Completed in 2014

### Financing

New Markets Tax Credits financing (JP Morgan Chase, Goldman Sachs), Goldman Sachs, Healthy Food Financing Initiative, Foundation for Louisiana, New Orleans Redevelopment Authority, City of New Orleans Fresh Food Retailers Initiative, Newman's Own Foundation, self-financing

### Equity partner

Broad Community Connections,  
L+M Development Partners



*This page:* The grouping of organizations that focus on local food access and nutrition education at the ReFresh Project helped attract a Whole Foods Market to the site. (Jeffrey Schwartz)

*Next page:* The ReFresh Community Farm features on-site programs to educate local residents about how to grow and use fresh produce. (Matt Kleinman)

**THE REFRESH PROJECT** is a fresh-food hub located between the Tremé and Mid-City neighborhoods of New Orleans, Louisiana, that opened in 2014. The development, spearheaded by local community development organization Broad Community Connections (BCC), was created on the site of a former supermarket that had been vacant for five years. The project houses a 27,000-square-foot (2,508 sq m) Whole Foods Market and a number of nonprofit organizations focused on improving community nutrition and health.

## Features and Innovations

- **Grocery store in a former food desert:** The ReFresh Project includes a Whole Foods Market, which was attracted to the site because of the mix of like-minded, health-focused tenants who were willing to collaborate on programs to improve health outcomes.
- **Nutrition education services:** The Tulane University Goldring Center for Culinary Medicine operates a teaching kitchen at the ReFresh Project. It was the first U.S. medical school to require culinary and nutritional education classes for its students; the curriculum is now being used by over 20 percent of medical schools in the United States after just two years. The Goldring Center also offers multilingual classes on cooking skills, meal planning, health, and wellness for area residents, medical students, and practicing medical professionals.
- **Community teaching farm:** The on-site ReFresh Community Farm is coordinated by SPROUT NOLA, Faubourg Farms, and local community gardeners and features on-site programs to educate local residents about how to grow and use fresh produce to reduce and prevent diet-related illness.
- **Youth employment training kitchen and café:** Liberty's Kitchen is an on-site social enterprise that provides hands-on food service and life skills training for area youth, which includes preparation of healthy meals for use in nearby schools. An on-site café offers nutritious foods, with proceeds funding youth development programs.

## Creating Value: People, Planet, Profit

By rehabilitating a vacant supermarket site and grouping a retailer and service providers focused on healthy living, BCC and the ReFresh NOLA Coalition—a partnership among community stakeholders—are working to advance effective strategies to improve health outcomes.

Jeffrey Schwartz, BCC's executive director, explains: "The community wanted to see that investment on Broad Street served a diversity of residents with a mixture of local and national retailers and service providers. By being deliberate about creating a tenant mix that includes a grocery store and organizations that provide services around health, food access, and workforce and economic development, the ReFresh Project



*“A grocery store is necessary, but not sufficient in moving the needle on diet-related chronic diseases. Wrap-around services that demonstrate the link between food and health—like classes that teach cooking, nutrition, and meal planning skills—are just as essential.”*

Jeffrey Schwartz, Executive Director,  
Broad Community Connections

has been able to contribute positively to the quality of life of the surrounding area.”

It is too early in the life of the project to determine long-term health outcomes, but the Prevention Research Center at Tulane University is studying changes in the level of awareness of healthy food and eating behaviors in the immediate area, as well as assessing a number of other local health indicators.

The ReFresh Project's community well-being focus was central in Whole Foods' decision to open a store in the neighborhood and has been a key component of the store's financial success. Schwartz explains: "By putting together a group of like-minded tenants focused on health, we were able to attract Whole Foods to the project. A major factor in their decision was having a group of partners ready and waiting to collaborate on addressing issues around food access and health outcomes in an underserved market.”

Schwartz adds, "There is absolutely a market for high-quality grocery stores in low- to moderate-income areas. Sales at the Whole Foods store at the ReFresh Project are several times higher than what was projected, and the store is in the upper echelon of sales per square foot for the company.”

The development of the ReFresh Project underscores BCC's view that an opportunity exists to layer services that can lead to long-term positive health impacts into real estate development. BCC sees this model as an evolution of how community development organizations do their work, with implications for public agencies, institutional organizations, and for-profit firms as well.

# SERENBE

CHATTAHOOCHEE HILLS, GEORGIA

*Creating a connection with food, conserving land, and growing community*

## LESSONS

- By clustering development within areas defined by the natural landscape, vast areas of forest can be preserved and a working farm can be created, even within a metropolitan area experiencing significant development pressures.
- In order to create a community based around a farm and preserved open space, it may be necessary to work to change zoning laws to allow for denser development and on-site food production.
- Building a community centered on a working farm allows social interaction, events, and opportunities for area youth to learn about nature, art, and growing food.

## QUICK FACTS

**Location**  
9110 Selborne Lane, Chattahoochee Hills, GA 30268

**Project type**  
Mixed-use/master-planned community

**Development team**  
Nygren Placemaking

**Project cost**  
\$2 billion

**Project size**  
1,200 acres (486 ha) with 70 percent as preserved land; 1,600 units

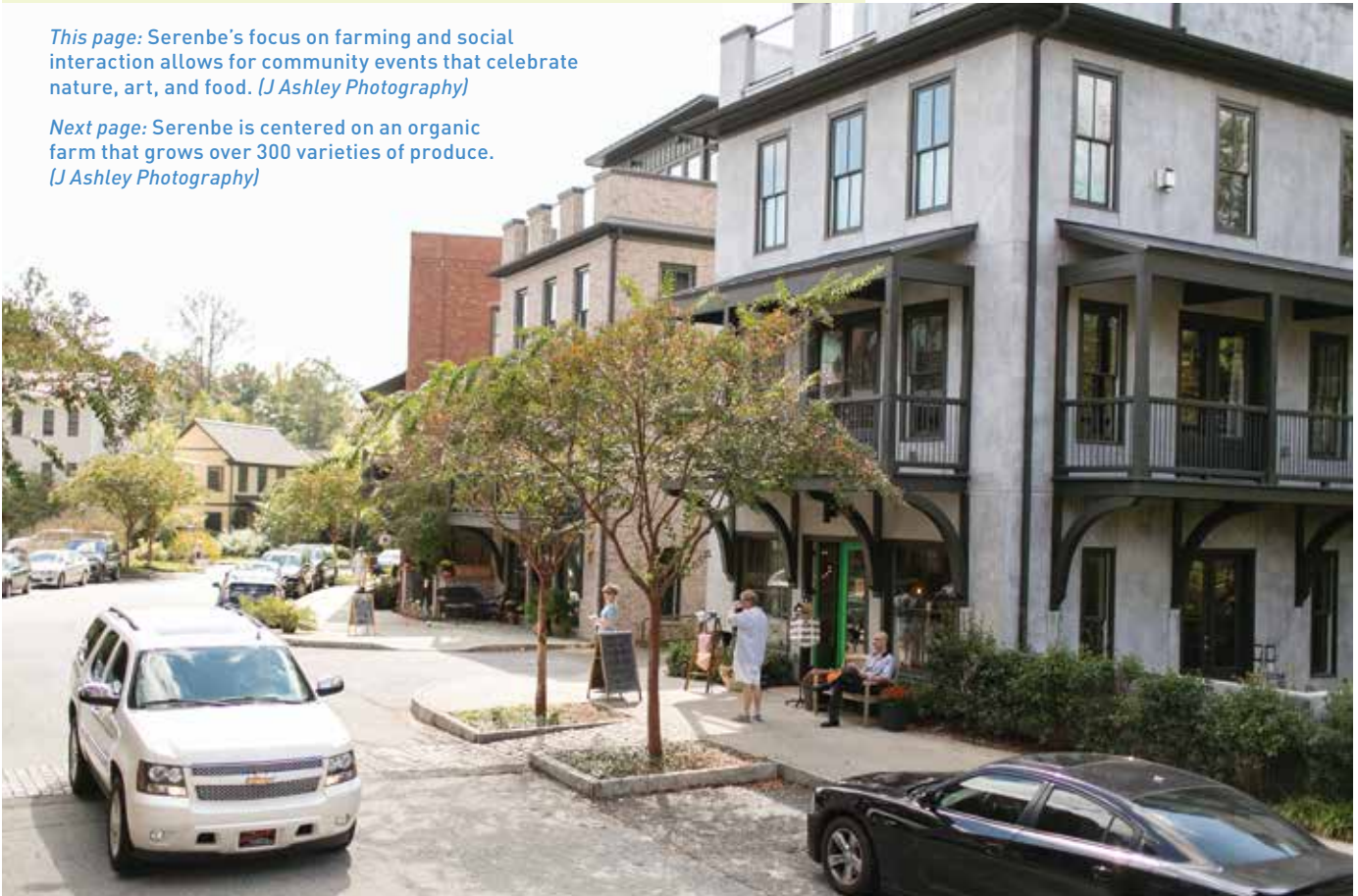
**Project status**  
20 percent complete

**Financing**  
Private equity with traditional bank loans

**Equity partner**  
Not applicable

*This page:* Serenbe's focus on farming and social interaction allows for community events that celebrate nature, art, and food. (J Ashley Photography)

*Next page:* Serenbe is centered on an organic farm that grows over 300 varieties of produce. (J Ashley Photography)



**SERENBE** is a 1,000-acre (405 ha) community that broke ground in 2004 in Chattahoochee Hills, Georgia, that currently includes 200 homes (single family, multifamily, and live/work units), commercial and arts space, and three restaurants, with eventual plans for a total of 1,200 residents. The development includes a number of food-based amenities, most notably a 25-acre (10 ha) professionally managed organic farm that forms the heart of the community. Serenbe also features an extensive nature trail system, conserves water through landscaping, and naturally treats wastewater for use in irrigation.

## Features and Innovations

- **Organic farm:** Serenbe Farms is a certified organic farm where more than 300 varieties of vegetables, fruits, herbs, and flowers are grown, many of which are used in Serenbe's on-site restaurants. Over 60,000 pounds (27,215 kg) of produce are harvested each year.
- **Saturday farmers market:** Much of the produce grown at Serenbe Farms is sold at the Serenbe Farmers and Artisan Market. In addition, the market features food products from other local farmers and regional food producers.
- **Community-supported agriculture program:** Food produced at Serenbe Farms is available through a community-supported agriculture program, which allows anyone to sign up to receive a weekly box of produce and eggs throughout much of the year.
- **Public farm tours:** Serenbe Farms offers tours that allow people to learn about the benefits of organic produce, composting, and pest and disease control, as well as how to market local produce.
- **Edible landscaping:** Plants, such as blueberry bushes and fig trees, are located throughout Serenbe, allowing people to pick fruit for personal use.

## Creating Value: People, Planet, Profit

Serenbe's location in Chattahoochee Hills, Georgia, a city of 38,000 acres (15,378 ha) located on the southwest edge of Atlanta, has directly influenced its development. Serenbe is the first—and currently the only—community developed within Chattahoochee Hills. Aside from Serenbe, the entire city consists of forests and agricultural uses.

Preserving a significant portion of some of the last open space near Atlanta allowed the creation of a community focused on food and interaction between neighbors. Steve Nygren, president and founder of Serenbe, explains that this vision required a rethink of common development practices, stating, "Most of what we have done is really common sense, but we had to work to rewrite local zoning laws to allow for high-density residential 'hamlets' within walking distance of community and commercial centers."



*"At Serenbe, we are advancing environmentally responsible, balanced growth and creating places for people to gather around food."*

Steve Nygren, President and Founder, Serenbe

Nygren continues, "We created plans for 20 percent more residential units than would have been possible with traditional development practices and preserved over 70 percent of 'developable' land for agriculture and open space—all of this within 30 minutes of the world's busiest airport."

Serenbe is unique in the region in that all other land that is a similar distance from the center of Atlanta follows more traditional suburban development patterns. The added residential units support the project's financial success, while the village atmosphere underpins the mission of the project—to create an environment that facilitates mental and physical health, where people connect with neighbors over food, nature, art, and events.

Serenbe's lots are currently selling for around \$150,000 to \$400,000, with completed homes ranging from around \$470,000 to \$1,400,000. Leased units range from around \$1,000 to over \$5,500, with custom homes selling for a substantial market premium.

While creating a community centered around a working farm supports Serenbe's bottom line by differentiating the project from others on the market, Nygren explains that the ability to advance health and environmental sustainability goals is even more important, stating, "Our development is financially successful, but more essentially, we measure success in terms of the well-being of our residents and by our ability to teach area youth about topics like the seasonality of local produce."

# UNION MARKET

WASHINGTON, D.C.

*A focus on food, social interaction, and entrepreneurship catalyzes development in a historic market area*

## LESSONS

- A popular food hall can serve as the cornerstone of a community and a catalyst for new, mixed-use development.
- The renovation of a historic market building can accommodate new, local vendors alongside neighborhood businesses with deep roots, thereby creating a beloved space that serves longtime residents and visitors alike.
- Developers have an opportunity to positively affect the mental health of visitors to their projects by creating places for people to gather and socialize.

## QUICK FACTS

### Location

1309 Fifth Street, N.E., Washington, DC 20002

### Project type

Food hall/mixed use

### Development team

EDENS

### Project cost

Undisclosed

### Project size

22,000 square feet (2,044 sq m) of retail space,  
12,000-square-foot (1,115 sq m) event venue;  
85,820-square-foot (7,973 sq m) parcel

### Project status

Market opened in 2012

### Financing

Undisclosed

### Equity partner

Undisclosed

Union Market sees an average of 15,000 visitors per weekend and has hosted over 400 events. (Joe Flood)



**UNION MARKET** is an indoor food hall that opened in 2012 in a historic market space in Washington, D.C. It also includes pop-up retail space, an event venue, and numerous outdoor gatherings. The project developer and owner, EDENS, embraces Union Market's role as a hub for social interaction and works to actively facilitate opportunities for local chefs and food producers to open or expand businesses in and around the market.

As of 2016, Union Market sees an average of 15,000 visitors per weekend and has hosted over 400 events. The market will anchor a burgeoning mixed-use district that is being developed in the surrounding area.

## Features and Innovations

- **Indoor food hall:** Union Market is home to more than 40 local vendors and features space for visitors and neighborhood residents to socialize.
- **Support for local food entrepreneurs:** The market supports budding food businesses by creating opportunities for them to launch new concepts, including by facilitating connections among restaurateurs and with industry consultants.
- **Weekly farmers market:** A farmers market outside the main building, called FRESHFARM, represents more than 150 farmers from five states who cultivate over 9,000 acres (3,643 ha) of farmland.
- **Food-oriented events:** A variety of food-themed events create opportunities for guests to learn from vendors and to explore international cuisines. Some events benefit the James Beard Foundation and its executive education program for women in the culinary industry.

## Creating Value: People, Planet, Profit

When EDENS purchased the Union Market building in 2007, it sought to revitalize the facility and surrounding area, which have hosted food vendors since the 19th century, while also supporting the market's traditional role as a neighborhood gathering place that supports food-based entrepreneurship.

The revamped market, which opened in 2012, features more than 40 local food vendors, including a butcher shop that has been a part of the community since the 1930s. As of 2014, about 1,500 people were employed in food production or distribution associated with the market, and vendor sales had more than tripled in the two years since the space reopened.

Before reopening the market, EDENS engaged with longtime community members through sessions at nearby churches and schools. Through this process, EDENS learned about concerns over the market's higher prices and implemented a requirement that all vendors accept Supplemental Nutrition Assistance Program benefits. Union Market also prioritizes local hiring and training for low-skilled workers.

Vendors at Union Market are all local or regional businesses, many with their first physical locations. Jodie W. McLean, chief executive officer of EDENS, explains: "Projects such as Union Market can serve as a catalyst for new development, but can also support existing residents and hyper-local businesses by facilitating new connections among entrepreneurs and customers, providing job training opportunities, and setting the stage for expansion of area businesses."

To aid emerging local food ventures, Union Market partners with Mess Hall, a nearby culinary incubator, and the Washington-based restaurant Ris on a business plan competition called Launch Pad. The winner of the competition has the opportunity to take over a space in the market for six to 12 months and receives free consulting services from industry leaders on how to grow the business. The winner of the 2014 competition gained immediate exposure and was able to expand into two new cities.

*"Social isolation and loneliness are becoming epidemics in the United States. People need community, and all community starts around the table. The real estate industry has the power to create spaces that foster community links and promote social interaction."*

Jodie W. McLean, Chief Executive Officer, EDENS

EDENS and a number of other developers are building on the success of Union Market by creating a mixed-use urban village immediately surrounding the market, which will feature retail, residential, restaurant, hotel, entertainment, and culinary incubator space.

As part of these plans, EDENS and codevelopers Level 2 Development and Trammell Crow Residential broke ground on an 11-story building with a planned 432 residential units in 2016. The building will also feature a 20,000-square-foot (1,858 sq m) Latin marketplace that is being developed in collaboration with Philadelphia-based chef Jose Garces, which will feature prepared foods, restaurants, bars, and a produce market that specializes in hard-to-find Latin groceries.

# GROWING THE FIELD

## *ULI Food and Real Estate Forums*

To explore the challenges, trends, and opportunities for real estate and community development presented by food, the ULI Center for Sustainability and the Building Healthy Places Initiative convened real estate developers, food producers, planners, restaurateurs, public health officials, private foundation representatives, and other individuals working in the food, health, sustainability, and development sectors for two inaugural Food and Real Estate forums in New Orleans, Louisiana, and Tarrytown, New York, in 2016.

Both forums included a dinner and dialogue with a nationally renowned chef, a tour of a nearby project, keynote speakers and panel discussions with leading industry practitioners, and multiple group conversations among forum attendees—all of which informed the findings in this report. Additional perspectives of forum participants can be found throughout this report.



*Above:* John Besh (left), an award-winning Louisiana chef and cofounder of the John Besh Foundation, was interviewed by Bill O'Connor, president and chief executive officer of O'Connor Capital Partners, about opportunities to mentor local chefs and invest in the local food supply chain at ULI's Food and Real Estate Forum in New Orleans. (Edmund Fountain/ULI)

*Next page:* ULI Food and Real Estate Forum attendees toured the St. Roch Market in New Orleans. (Edmund Fountain/ULI)



## NEW ORLEANS FORUM SNAPSHOT



### Focus:

How food plays a role in revitalization efforts, placemaking, and economic development

### Sites toured:

- **St. Roch Market**, a historic public market that was redeveloped into a food hall in 2015 after being vacant for eight years after Hurricane Katrina. The New Orleans Building Corp. spent \$3.6 million to renovate the space, which is managed by Bayou Secret LLC, which invested \$750,000 to get it ready to reopen. Thirteen local food entrepreneurs have opened cafés, cocktail bars, and places to purchase local produce within the space.
- **New Orleans Healing Center**, a building that houses 25 local businesses and organizations focused on arts, culture, and wellness, including a 5,000-square-foot (465 sq m) food co-op.

### Selected participant perspectives:

- **Jodie W. McLean**, chief executive officer, EDENS, and forum chair, detailed how the real estate industry has the ability to create food-oriented spaces that promote social interaction and help strengthen communities.
- **John Besh**, nationally respected restaurateur and cofounder of the John Besh Foundation, outlined how he worked to feed first responders after Hurricane Katrina, which inspired him to mentor local chefs, while also investing in area restaurants, farms, and food production businesses. These investments have served to employ people involved with the local food system throughout the Gulf Coast region.

- **Michael Phillips**, president of Jamestown, noted: “We don’t do anything in our lives without food. Food is the lubricant that makes the world go round. We eat three times a day and celebrate life’s moments with food. Whether creating a mixed-use, office, or retail development, Jamestown strives to provide places for people to gather around food in a financially sound way.”
- **Betsy del Monte**, principal, Transform Global, stated, “To create innovative projects that energize communities, it’s essential to first create personal connections among the diverse group of chefs, developers, and other community members that need to be involved.”
- **James Johnson-Piatt**, founding principal and CEO of Urbane Development, noted, “Food is a catalyst for economic and social development and a binding agent. A corner store or café can serve as a ‘third place.’”
- **Eric Kornacki**, executive director of Re:Vision, explained that urban farming can hold communities together, even in areas that are experiencing development pressures.
- **Laura Tauber**, principal/managing director of Taubco, detailed how her company incorporates outdoor eating areas within mixed-use and retail developments. Tenants are not charged for use or maintenance of these areas, allowing social interaction through people sharing food purchased from various businesses.
- **Adolfo Garcia**, prominent New Orleans chef, highlighted how restaurateurs can invest in people as well as real estate. Chef Garcia, who owns several restaurants, explained that he looks for buildings that will support his businesses and hires local residents and mentors them so they have opportunities to realize their own visions.

## TARRYTOWN FORUM SNAPSHOT

### Focus:

The interplay of agriculture, sustainability, food systems, and real estate

### Site toured:

- **Stone Barns Center for Food and Agriculture** is a nonprofit organization that operates an 80-acre (32 ha) working farm and education center in Pocantico Hills, New York. Participants planted salad greens, herded sheep, and competed in groups to create a delicious meal with as little food waste as possible.

### Selected participant perspectives:

- **Dan Barber**, chef and co-owner at Blue Hill at Stone Barns, explained how his restaurant supports a self-reinforcing local food system. Many of the ingredients featured during a meal at Blue Hill at Stone Barns are grown and raised by Stone Barns Center or on neighboring Hudson Valley farms. For example, one of the breads served is made from ancient Emmer wheat, whose flavor is ultimately made possible by nourishing the soil through cover crop rotation. To highlight this practice, Chef Barber created “rotation risotto”—a dish that uses ingredients that support the wheat’s production.
- **John Mandyck**, chief sustainability officer at United Technologies Corporation and one of the authors of the book *Food Foolish*, highlighted the social and environmental consequences of the extraordinary amount of food that is wasted worldwide and touched on the need to efficiently distribute food that is already being produced, thereby helping alleviate global hunger and mitigate climate change.
- **Ken Hubbard**, senior managing director of Hines and forum chair, noted that “food continues to be a driver” for real estate.
- **Peter Peterson**, vice president of Related Urban, noted that food halls and restaurants within mixed-use projects can support the financial success of other parts of a development. For example, Related is including 32,000 square feet (2,973 sq m) of space for 35 food vendors at the 20 million-square-foot (1.9 million sq m) Hudson Yards development in Manhattan.
- **Robert Futterman**, founder, chairman, and chief executive officer of Robert K. Futterman and Associates, explained that the retail landscape is changing. In an effort to lease retail spaces, some landlords are willing to take risks with local food-based tenants and new grocery formats.
- **Richard Coraine**, chief development officer for the Union Square Hospitality Group, explained that food businesses can be cherished neighborhood assets. The landmark Union Square Café in New York City recently lost its original space, but a nearby building owner offered the restaurant a new location, even though national retailers would likely have been able to pay three to four times as much in rent.



Dan Barber, chef and co-owner of Blue Hill at Stone Barns. (Blue Hill at Stone Barns)



Participants at the ULI Food and Real Estate Forum in Tarrytown discuss trends and opportunities related to food-centric development. (Sara Hammerschmidt)

**JOHN BESH FOUNDATION**  
NEW ORLEANS, LOUISIANA

*Working to protect and preserve the culinary heritage and foodways of both New Orleans and the Gulf Coast region*

Established in 2011 by award-winning Louisiana chef John Besh, the John Besh Foundation provides scholarships, grants, and loans to individuals who aim to enact positive change in and around New Orleans. Through partnerships and donations, the foundation promotes the preservation of the culinary history and culture of New Orleans and Louisiana. The foundation gives microloans to Louisiana farmers; farmers also receive advice from local MBA programs on how to increase business and expand the distribution of their products. In addition, the John Besh and Bride Mayor Chefs Move! Scholarship Program provides annual scholarships to support the participation of New Orleans-area minority residents in the International Culinary Center's nine-month training program in New York. After students complete the program, they return to New Orleans to participate in a paid internship at a Besh Restaurant Group facility, with the goal of eventually transitioning to full-time employment at another area restaurant.

**STONE BARNS CENTER FOR FOOD AND AGRICULTURE**  
POCANTICO HILLS, NEW YORK

*Working to change the way America farms and eats*

The Stone Barns Center for Food and Agriculture is a nonprofit organization on a mission to create a healthy and sustainable food system. Stone Barns works to create a culture of eating based on what farms need to grow to sustain healthy soil and a resilient ecosystem. In its quest to transform the way America eats and farms, Stone Barns convenes change makers, educates food citizens, trains farmers, and develops sustainable farming practices. Stone Barns Center is also home to Blue Hill at Stone Barns, an internationally renowned restaurant that demonstrates innovative farm-driven cuisine.

# GLOSSARY

## Agrihood

master planned or residential communities built with a working farm as a focus

## Biodynamic farming

farming that views the farm and soil as living organisms, which preserves the life of the soil to protect it from erosion and improve the soil's ability to produce high-quality, nutritious foods<sup>114</sup>

## Chef-driven cotenancy

colocating retail establishments alongside restaurants run by well-known chefs<sup>115</sup>

## Community development financial institution (CDFI)

financial institutions that provide financial lending in low-income and disadvantaged communities; CDFIs may fund efforts to expand food businesses and food access in low-income communities

## Community garden

a space that can be used to grow produce either off site or within a communal area of a development project

## Culinary incubator

a commercial kitchen space that allows small food businesses to store and process food products and prepare them for distribution; equipment and space are shared to support local food entrepreneurs and to provide access to markets for their products, as well as access to fresh food for consumers (also known as a kitchen incubator)

## Culinary medicine

the practice of training physicians about healthy ways to cook, eat, and help patients improve their diet and health; associated with the Goldring Center for Culinary Medicine at Tulane University<sup>116</sup>



Grow Community, in Bainbridge Island, Washington, includes gardens that allow residents to cultivate food, with surplus crops going to local food banks. (Rachel MacCleery)

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### Food access plan

plan outlining how residents and/or tenants of a development project will be able to access fresh, affordable food

### Food as medicine

the understanding that what one consumes can positively affect one's health and well-being

### Food-centered retail and mixed-use development

mixed-use and retail projects with restaurants and food stores as central development components

### Food-centric residential development

master-planned or residential developments built around community gardens or restaurants, with a strong food identity

### Food desert

an area that lacks sufficient access to places to purchase fresh, healthy foods; often in areas that are home to a high proportion of low-income residents

### Food innovations and innovators

policies, approaches, and investors that are promoting sustainability, healthy food access, and economic development

### Food insecurity

the state of access to adequate food and nutrition being limited because of cost, proximity, or other reasons<sup>117</sup>

### Food hub

"a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products"<sup>118</sup>

### Food miles

the distance food travels from where it is grown to where it is ultimately consumed<sup>119</sup>

### Food system

a combination of all steps in the process of growing, harvesting, processing, packaging, transporting, marketing, consuming, and disposing of food products

### Local food

food grown, produced, and/or sold within a short distance of where it is consumed; some definitions of local food define it as food "grown within 100 miles" of where it is consumed

### Locavore

a person who chooses to eat food that is locally produced



Urban markets can use innovative food-sourcing concepts to encourage local food entrepreneurship. (Dmitry K)

### Next-generation urban market

food halls that are using innovative food-sourcing concepts to encourage food entrepreneurship, grow community, and support other components of mixed-use developments

### Organic farming

producing agricultural products using methods that preserve the environment and avoid most synthetic materials, such as pesticides and antibiotics<sup>120</sup>

### Restaurant incubator

a program and/or space where investors support budding restaurateurs by providing them with financial backing, expertise, and/or physical space to try a new restaurant concept

### Supplemental Nutrition Assistance Program (SNAP)

formerly known as "food stamps," a U.S. federal program to provide economic assistance for low- and no-income people to purchase food

### Third place

social spaces that are separate from the home or workplace; can include cafés, restaurants, open space, and community gardens

### Urban agriculture

growing fruits, vegetables, and herbs or producing other agricultural products—sometimes including small livestock—within cities

### Vertical farming

practice of producing food indoors in stacked layers, using technology to control all environmental factors

## SELECTED RESOURCES

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### **Austin, Texas—State of the Food System Report**

[www.austintexas.gov/sites/default/files/files/Sustainability/AustinFoodReport050115\\_-\\_FINAL.pdf](http://www.austintexas.gov/sites/default/files/files/Sustainability/AustinFoodReport050115_-_FINAL.pdf)

### **Biodynamic Association**

[www.biodynamics.com](http://www.biodynamics.com)

### **Centers for Disease Control—Healthier Food Retail Guide**

<https://www.cdc.gov/nccdphp/dnpao/state-local-programs/pdf/healthier-food-retail-guide-chapter-6.pdf>

### **ChangeLab Solutions**

[www.changelabsolutions.org](http://www.changelabsolutions.org)

### **Coastal Roots Farm**

[www.leichtag.org/farm/](http://www.leichtag.org/farm/)

### **Colorado Health Foundation**

[www.coloradohealth.org/](http://www.coloradohealth.org/)

### **Community Development Financial Institutions Fund**

[www.cdfifund.gov](http://www.cdfifund.gov)

### **Farmer D Organics**

[www.farmerd.com/](http://www.farmerd.com/)

### **Farmers Market Coalition**

[www.farmersmarketcoalition.org](http://www.farmersmarketcoalition.org)

### **Food and Agriculture Organization of the United Nations**

[www.fao.org](http://www.fao.org)

### **Food Foolish: The Hidden Connection between Food Waste, Hunger and Climate Change**

[www.foodfoolishbook.naturalleader.com/](http://www.foodfoolishbook.naturalleader.com/)

### **Food Marketing Institute**

[www.fmi.org](http://www.fmi.org)

### **Food Research & Action Center**

[www.frac.org](http://www.frac.org)

### **The Food Trust**

[www.thefoodtrust.org](http://www.thefoodtrust.org)

### **Food within Reach: A Guide to Opening Small Farmers' Markets in San Jose, CA**

[www.foodwithinreach.org](http://www.foodwithinreach.org)

### **Funders' Network for Smart Growth and Livable Communities—Investing in Healthy, Sustainable Places through Urban Agriculture**

[www.fundersnetwork.org/files/learn/Investing\\_in\\_Urban\\_Agriculture\\_Final\\_110713.pdf](http://www.fundersnetwork.org/files/learn/Investing_in_Urban_Agriculture_Final_110713.pdf)

### **Healthy Food Access Portal**

[www.healthyfoodaccess.org](http://www.healthyfoodaccess.org)

### **Leichtag Foundation (Blog)**

[www.leichtag.org/category/blog/](http://www.leichtag.org/category/blog/)

### **Metrics for Healthy Communities**

[www.metricsforhealthycommunities.org](http://www.metricsforhealthycommunities.org)

### **Natural Resources Defense Council—Food Waste**

[www.nrdc.org/issues/food-waste](http://www.nrdc.org/issues/food-waste)

### **National Gardening Association**

[www.gardening.org](http://www.gardening.org)

### **National Restaurant Association**

[www.restaurant.org](http://www.restaurant.org)

### **Organic Farming Research Foundation**

[www.ofrf.org](http://www.ofrf.org)

### **Organic Trade Association**

[www.ota.com](http://www.ota.com)

### **Policy Link—Healthy Equity and Place Resources**

<http://www.policylink.org/resources>

### **Reinvestment Fund**

[www.reinvestment.com](http://www.reinvestment.com)

### **Robert Wood Johnson Foundation—Healthy Food Access**

[www.rwjf.org/en/library/collections/healthy-food-access.html](http://www.rwjf.org/en/library/collections/healthy-food-access.html)

### **Supermarket News**

[www.supermarketnews.com](http://www.supermarketnews.com)

### **The Third Plate: Field Notes on the Future of Food**

[www.thethirdplate.com/](http://www.thethirdplate.com/)

### **U.S. Department of Agriculture: Food and Nutrition**

[www.usda.gov/wps/portal/usda/usdahome?navid=food-nutrition](http://www.usda.gov/wps/portal/usda/usdahome?navid=food-nutrition)

### **U.S. Environmental Protection Agency—Brownfields and Community Supported Agriculture**

[www.epa.gov/brownfields/brownfields-and-community-supported-agriculture](http://www.epa.gov/brownfields/brownfields-and-community-supported-agriculture)

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# NOTES

## CHAPTER 1

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*On the back cover: The Packing House, in Anaheim, California, includes a variety of local food vendors and features frequent food-based community events, which have helped catalyze development in the surrounding area. (Chet Frohlich, 2015)*

# CULTIVATING DEVELOPMENT

*Trends and Opportunities at the Intersection of Food and Real Estate*

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