A GOOD FOOD ZONES POLICY FOR THE CITY OF LOS ANGELES: INVESTING IN FOOD EQUITY

INTRODUCTION

The Need

In Los Angeles, residents in low-income communities report difficulty in accessing healthy food and experience food insecurity at higher rates compared to higher-income neighborhoods.\(^1\) Food access disparities impact Angelenos’ health, life expectancy, academic performance and job productivity.\(^2\) These disparities are most prolific in Los Angeles’ communities of color, such as South Los Angeles-- where there are few grocery stores, high rates of obesity and nutrition-related chronic disease and the life expectancy is 12 years less than that of West Los Angeles residents.\(^3\) More than any other social factor, poverty is associated with disparities in food access and related health inequities. Strategies for building healthy communities in Los Angeles require more economic opportunities for low-income Angelenos.

Furthermore, when considering uneven access to fresh food across Los Angeles, we also acknowledge an extreme racial wealth disparity resulting from decades of underinvestment and explicitly racist government and banking policies, also commonly referred to as “redlining” practices that denied communities of color access to capital essential for basic services. The racial wealth gap is most pronounced between white households and racial minorities.\(^4\) When it comes to African-American and Latinos particularly, studies found that the wealth of Black and Latino households decreased by 75% and 50% respectively while the median White household rose by 14% between 1983 to 2013. It is projected that by 2024, median Black and Latino households will own 60%-80% less wealth than they did in 1983. Research tells us that as a nation we will never close the racial wealth gap without concerted, sustained effort to transfer and invest capital resources into communities of color.

---


Last revised November 14, 2019
The Opportunity
Food is a powerful driver for community economic development. Food-oriented development can also drive toward equitable distribution of resources that accounts for historic under-investment in communities of color. Close to 20% of Los Angeles County jobs are in the food sector-- including production, processing, manufacturing, distribution, retail and service. With few barriers to entry, business ownership in the food sector is accessible to a diverse array of Angelenos across ethnic backgrounds, education levels, skill set, language preference and citizenship status. The Good Food Zone policy is intended to serve the dual purpose of expanding access to healthy food in ‘food desert’ neighborhoods with limited access, and offer economic opportunity and jobs for low-income residents. The policy establishes a programmatic framework to direct the City of Los Angeles’s economic development resources and investments toward food entrepreneurship. Good Food Zones is a place-based strategy, recognizing that historic divestment in specific neighborhoods required targeted investment in those neighborhoods.

POLICY OVERVIEW

According to Council Motion #18-1007, introduced by Councilmember Curren Price in October 2018, the Good Food Zone policy would create “strategies for including food-centered community economic development initiatives in the existing and emerging economic development incentive programs” in the Economic and Workforce Development Department. The following overview reflects the recommendations of the Los Angeles Food Policy Council and the input of over 50 key stakeholders representing community residents, food equity advocates, and business development service providers.

Geographic Scope
The same communities in the City that suffer from poor health outcomes also suffer from the highest rates of poverty, unemployment and environmental injustice. According to the Los Angeles City Planning Department, the following areas ranked amongst the lowest in the City on the Community Health and Equity Index and should thus be prioritized for community health planning interventions:

a. Southeast Los Angeles Community Plan Area
b. South Los Angeles Community Plan Area
c. West Adams-Leimert Park-Baldwin Hills Community Plan Area
d. Skid Row- Downtown LA
e. Boyle Heights Community Plan Area
f. Arleta-Pacoima Community Plan Area
g. Sylmar Community Plan Area

---

Additionally, the City of Los Angeles Health Atlas created through the Plan for a Healthy LA (2011) provides maps of the City that identify areas with disproportionately high rates of diet-related disease, such as diabetes and heart disease, and poor access according to the Modified Retail Environment Index. Currently, the City of Los Angeles is assessing leveraged opportunities for investment and anti-poverty measures through federally enacted Promise Zones, Opportunity Zones and locally devised Jobs and Economic Development Incentive (JEDI) zones. We recommend assessing existing tools and geographical initiatives to identify specific geographies in the City for the first phase of the Good Food Zone initiative.

**Intended Beneficiaries**
The intended beneficiaries for the Good Food Zone policy are primarily current residents and entrepreneurs in underserved neighborhoods. Small businesses and low and moderate income entrepreneurs face the greatest barriers to success due to lack of capital, limited business experience, lack of familiarity or difficulty navigating local government, and other barriers to business development opportunities. For this reason, the Good Food Zone concept primarily focuses on under-resourced and small businesses who have the greatest need for support.

Additionally, Good Food Zones could also be utilized as a grocery attraction program, or provide incentives to larger food businesses. LAFPC recommends a focus on small businesses for a pilot, with an eye toward how incentives could also meet the needs of larger businesses, such as grocery stores.

**Size of Business**
Businesses will vary in needs and capacity, and the Good Food Zone initiative can be designed to meet different needs and apply different requirements based on the size of the business. We recommend two categories of eligible business: Micro-Enterprise and Other Business. Micro-Enterprise Businesses are defined by the City of Los Angeles as having 1 to 5 employees. Micro-Enterprises have unique vulnerabilities and needs that larger (even “small businesses” with more employees) do not. Therefore, we recommend that Micro-Enterprise is isolated as a category and all other businesses are aggregated into another category. Requirements for eligibility, and incentives, will be tailored to these two categories.

**Type of Business**
Food businesses across the supply chain can contribute to the health, food access and economic needs of a community, not only retail. Innovation and growth in food production, manufacturing and distribution offer other areas for job creation and entrepreneurship, while also demonstrating social, health and environmental benefit. Requirements to demonstrate access to fresh food in a community will look different than that of traditional retail, but should not exclude non-retail businesses from participation in the Good Food Zone program. Below is an outline of the types of businesses that may be included in Good Food Zones.
Retail - all food (other than restaurants) purchased by consumers and consumed off-premise
  ❑ Grocery Stores
  ❑ Corner Stores and Neighborhood Markets
  ❑ Ecommerce: (e.g. meal prep, produce delivery, etc.)
  ❑ Mobile (e.g. food trucks, sidewalk vending)

Restaurants - prepared food food consumed on or off-site
  ❑ Restaurants - traditional sit-down, fast casual

Production - Urban Agriculture, Technology-based
  ❑ Micro-gardens, Community Farms
  ❑ Hydroponics/Aquaponics

Supply Chain - Processing, Manufacturing, Distribution, Accelerators, Research & Development (R&D)
  ❑ Accelerators/Share Kitchen Campus
  ❑ Produce distribution
  ❑ Food Innovation and Product Development (e.g. plant-based meat products)

Basic Eligibility and Owner Profile
The Good Food Zones program can assist small and emerging entrepreneurs, but a minimum viability should be demonstrated to ensure the intended impact of fresh food access and economic opportunity is achieved. Business should be in operation for a minimum of three years, and already have a food handlers permit, State of California seller’s permit and City of Los Angeles Business Tax Registration Certificate. The following sections go into greater detail on the eligibility and application process.

PROGRAM STRUCTURE
The structure of the program requirements and incentives needs to reflect the two main goals of Good Food Zones: (1) expand healthy food access and (2) increase economic opportunity for historically underserved communities. The proposed structure is designed to meet community perspectives on quality, the differing needs of small and large businesses, and improvements to business services over time.

The “Baseline” level reflects the minimum requirements a business must demonstrate to be eligible for incentives in the program. A business needs to achieve the Baseline within the first year of the program to continue in the program.

The “Gold Standard” reflects standards that can either be met upon eligibility (qualifying for higher levels of incentives) or over time by year 3 in the program.
Currently, requirements and incentives are designed primarily around small business and retail. We suggest outlining requirements specific to non-retail food businesses that ensure that health and food access needs of community are being addressed, as well as non-retail related incentives.

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>MICRO-ENTERPRISE BUSINESS (1-5 employees)</th>
<th>OTHER BUSINESS (More than 5 employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REQUIREMENTS Baseline (Required in Year 1)</td>
<td>● Written Mission Statement expressing commitment to community health&lt;br&gt; ● Written Customer Service Policy statement that promotes diversity and inclusion&lt;br&gt; ● Meets California Retail Food Code&lt;br&gt; ● Satisfactory Food Official Inspection Report (FOIR)&lt;br&gt; ● Department of Public Health Letter Grade prominently displayed&lt;br&gt; ● CalFresh/WIC accepted (or business is in the process of applying - if eligible)&lt;br&gt; ● Implements Healthy Checkout practices by prominently featuring healthy food at front of business; vending fresh and dried fruits and vegetables, nuts, and beverages with no added sugar&lt;br&gt; ● Floor Space - 30% of retail space to be dedicated to perishable foods that may include dairy, fresh produce, fresh meats, poultry, fish, and frozen foods; demonstrates that healthy food product is core to business&lt;br&gt; ● Nutrition guidelines - Non-retail businesses commit to 30% of product offerings using LA County Department of Public Health (LADPH) Guidelines Vending Machine Nutrition Policy for CPG, restaurants or caterers should adhere to LACDPH Choose Health LA guidelines, mobile food operators and sidewalk vendors to using Healthy Food Vending guidelines (forthcoming with City of LA sidewalk vending permit program.)&lt;br&gt; ● Maintains soda in designated soda aisle and tobacco products behind check out; this includes Sugary drinks (defined as beverages with added caloric sweetener), not just soda, to be sold in a designated beverage aisle&lt;br&gt;</td>
<td>All Baseline Standards for Micro-Enterprise Business must be met by Other Businesses, plus:&lt;br&gt; ● Pays employees Living Wages (i.e. $15/hr by 2020, to be adjusted annually)&lt;br&gt; ● Commitment to 40% local hire for new employees or replacements. (See Metro’s Construction Careers policy for standard)&lt;br&gt; ● Perform annual energy efficiency and food waste audits and set goals&lt;br&gt; ● Practice source separation of waste and enrolling organic waste recycling per state law (AB 1826 Mandatory Commercial Organics Recycling)&lt;br&gt; ● Adequate lighting within the business premises, throughout the parking lot, and at all entrances and exits</td>
</tr>
</tbody>
</table>

Last revised November 14, 2019
<table>
<thead>
<tr>
<th>REQUIREMENTS Gold Standard (Required for Year 3)</th>
<th>● Food businesses that are not full-service grocery and sell alcohol are not eligible for incentives.</th>
<th>All Gold Standards for Micro Business must be met by Other Businesses, plus:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● 15% of total food spend sourced verified local, sustainable, fair trade or organic products (modeled after Good Food Purchasing Program)</td>
<td>● Commitment to Employee Retention through Full Time benefits (i.e. minimum 35 hours/week and health insurance)</td>
<td>● Education/outreach program (e.g. cooking demonstrations, workshops, frequent produce sampling)</td>
</tr>
<tr>
<td>● Increase floor space or product portfolio to 50% following LA County Department of Public Health standards for CPG or Choose Health LA restaurants</td>
<td>● Collective bargaining agreement or Labor Peace Agreement in place, as relevant to industry</td>
<td>● Sustainable buildings and facilities management as demonstrated by DWP energy efficiency audit or LEED Certification</td>
</tr>
<tr>
<td>● Incorporate plant-based entree option.</td>
<td>● Commitment of 10% hire to people with barriers to employment (e.g. transitional age youth, formerly homeless, formerly incarcerated.) (See “disadvantaged worker” category in Metro’s Construction Careers policy for standard)</td>
<td>● If retail, in store signage to clearly mark healthy food products</td>
</tr>
<tr>
<td>● Source from verified minority and women-owned business OR is minority/woman-owned business</td>
<td>● Education/outreach program (e.g. cooking demonstrations, workshops, frequent produce sampling)</td>
<td>● Proactive zero waste program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Annual or bi-annual give-back to community; Community benefit can be in-kind</td>
</tr>
</tbody>
</table>

Last revised November 14, 2019
### INCENTIVES

#### Baseline
- **Food Business Liaison** to connect client to City incentives and services, troubleshooting challenges for enrolled businesses and assisting in navigating permit processes to allow for ease of establishing or growing the business. This individual should be familiar with the unique needs of food businesses, and able to develop a action plan for each participant. The action plan would include referrals to technical assistance providers. The Food Business Liaison would not be a primary technical assistance provider, but will be an internal advocate and navigator for program participants.
- **Technical assistance** from service providers (coordinated through Food Business Liaison). Needs identified include: city and county permit requirements, legal assistance (predatory lenders, contractors and landlord/lease issues), access to capital, recruiting and training employees, understanding labor law, relationship building opportunities with elected representatives. BusinessSource and WorkSource centers can be included in the list of resources.
- **Official Seal/ Public Recognition/ Advertising** - Place businesses on map as part of cultural tourism strategy.
  - Participation in [Business Promotion Bill Credit Program]
  - **Local Hiring Tax Credit** for businesses that locate within priority areas (i.e. [Work Opportunity Tax Credit] - WOTC)
  - Participate in City of Los Angeles [Energy-Efficiency Rebate Programs]
  - Receive services from the [Los Angeles Department of Water & Power](i.e. assessments & upgrades)
  - Ecommerce Income Tax Abatement
  - Small Business Healthcare Tax Credit
  - Waiver on business license renewal

#### All Baseline level incentives, plus:
- **Signage and Equipment**, if CDBG eligible
- **Priority points for Healthy Food Financing Initiatives** or other funding opportunities, as supported by official recognition and letter from the City
- [Sales & Use Tax Exclusion](for equipment purchases of companies who adopt cutting-edge technology
- **Workforce Development Support** - Connection to WorkSource for specialized food service job training
- Access to incentives through LADWP & SoCalGas’ [Food Service Program](and [New Construction Program](
- Potential for New Market Credits
- Potential for Opportunity Zone investment

### EXAMPLES OF OTHER KINDS OF INDUSTRY INCENTIVES TO CONSIDER:
- Other related Targeted Industry Incentives (e.g. manufacturing, technology)
- Workforce Training Incentives
- Rehabilitation Tax Credit

Last revised November 14, 2019
| Compliance and Monitoring |  ● Client submits documents to EWDD verify determine basic eligibility; upon enrollment, client provides documents to verify status toward Baseline Standards; client provides updated documents upon one year of enrollment in the program to demonstrate achievement of Baseline Standards.  
| A Community Task Force comprised of community members within the Good Food Zone offers an opportunity for community concerns about compliance to be discussed and progress to be publicly celebrated.  
| ● An anonymous reporting system for workers to report violations with a protection for workers from retaliation |

**Eligible Business Activities Within Program**

a. **Formalizing Business**: obtaining permits, certificates, licenses, etc.
b. **Purchases**: property, equipment
c. **Construction**: rehabilitation of existing buildings or new buildings
d. **Scaling**: expansion of operations or establishment of multiple sites
e. **Sustainability**: environmental, technology, waste reduction

**B. Ineligible Activities**

a. **Alcohol Sales**: applicable to NEW businesses (may include tobacco)
b. **Initial Implementation**: needs to meet minimum requirements prior to applying

**PILOT PROGRAM**

To effectively learn the needs and impact of food businesses within a targeted geography, we proposed an initial pilot of a Good Food Zone in two or three Community Plan Areas. We suggest the pilot include a minimum of five, but no more than 10 businesses. Due to the barriers and increased need experienced by small businesses, we recommend the pilot focus primarily on Small Business, but for future scoping purposes also include at least one larger business. We also suggest the pilot cohort include retail and other types of food business to test the Good Food Zone model on different types of food businesses.

The following is a proposed process to identify eligible businesses, coordinate service delivery, and assess performance.

**PROGRAM WORKFLOW OVERVIEW**

1. **Application and Basic Eligibility**
A. Any food business within the Good Food Zone can submit an application to participate in the program
B. Business must have been in operation for a minimum three years and be able to demonstrate service within the Good Food Zone area. Business presence within the Good Food Zone can be either physical location of business operations or demonstrated community presence (e.g. catering, delivery, farmer’s markets, participation in health fairs, etc.)
C. Business must demonstrate minimum viability through evidence of LA County Department of Public Health food handlers permit, State of California seller’s permit and City of Los Angeles Business Tax Registration Certificate.
D. In application, business will be asked to explain how their business plans to meet the goals of the Good Food Zone program to expand access to healthy food and create economic opportunity in low-income communities.
E. Non-small businesses that are new to the Good Food Zone must commit to 40% local hire and 10% hiring of socially disadvantaged worker.

II. Services & Supports
A. Program Liaison conducts a needs assessment to identify service gaps and priorities for allocation of resources, resulting in an Action Plan to achieve the baseline requirements and administer incentives.
B. Program Liaison makes referrals for technical assistance providers and relevant city services/incentives
C. Program Liaison acts as case manager for navigating government systems when accessing city-run services (i.e. applying for licenses, permits, rebates etc.)

III. Reporting
A. Annual review of client’s progress and consistency with requirements of program conducted by Program Liaison, in conjunction with third party assessors (e.g. community task force, independent certifications, etc.)
B. Recommendations for continued participation in the program are made on a yearly basis (up to 3 years)

KEY FEEDBACK FROM STAKEHOLDERS

Over fifty stakeholders representing community-based organizations, food and health advocates, business and economic development specialists, and industry have contributed to the development of the Good Food Zone pilot concept. Through a series of stakeholder engagement activities and events, we have developed a program scope based on the needs of communities, the needs of business (particularly micro and small business) and the dual goals of healthy food access and economic opportunity. The following reflect a sampling of the issues discussed in stakeholder engagement activities.
discussions at five meetings of the LAFPC Good Food Economy Working Group between May and October 2019.

A. Health
   a. Businesses need to meet/enforce existing health code regulations and keep facilities clean and sanitary; many grocery stores in low-income neighborhoods have poor lighting, cluttered store environments, perished food items and high prices for basic necessities
   b. There should be a clear standard for what can be sold at checkout such as fresh and dried fruits and vegetables, nuts, and beverages with no added sugar or setting nutrition requirements for checkout and allowing any food or beverage product as long as it meets the standard
   c. Specify that all sugary drinks (defined as beverages with added caloric sweetener), including but not limited to soda, should only be sold in a designated beverage aisle
   d. Be specific about what is meant by “fresh food products”
   e. Health-promoting small businesses should be supported by the City

B. Economic
   a. Concerns about gentrification and displacement of existing residents and small businesses in low-income communities
   b. Need to be specific about who we need to help and how, define “local” investment
   c. Accountability - businesses should not receive incentives without true accountability to the community
   d. Commitment to local hiring and targeting high-need populations (i.e. re-entry, homeless, etc.) and to community wealth building for communities of color, specifically
   e. Good Food Zones should not be subsidizing liquor stores or stores that sell alcohol
   f. Prevent predatory contractors and lenders; create access to alternative, flexible capital and quality, affordable vendors
   g. Define employment and job creation goals to include commitment to fair scheduling and benefits
   h. Affordability - Business can be proactive with making healthy food more affordable, for example by accepting CalFresh/EBT and WIC, offering specials and coupons to loyal customers and partnering with local suppliers that can help reduce costs
   i. Businesses need help navigating government systems; City should provide technical assistance, language accessible services/materials

C. Environmental
   a. Need stricter zoning laws: can’t keep adding more fast food restaurants
   b. Desire to see more local businesses source organic, pesticide free, sustainably farmed and locally made food
   c. Business play a key role in reducing or preventing food waste
D. Social
   a. Promote diversity amongst business owners: minority and women-owned businesses
   b. Meaningful community engagement (e.g. provide internships, mentoring opportunities)
   c. Incorporate a give-back component (e.g. annual donation, partnership with local organizations, in-kind gifts, etc.)
   d. We need to define what we mean by Food Justice: it's also about the experience around shopping (e.g. concerns about how business owners criminalize shoppers)
   e. How to change the economy and get to the root issues: by addressing structural racism, bringing resources to food deserts and changing the landscape

The underlying power of the Good Food Zone initiative lies in improving relationships between the business community and local residents to foster more connection or understanding. Ultimately, more connection and understanding between food businesses and the communities they serve can help improve business health as well as meet the social, economic, environmental and health needs of underserved communities.

CITY OF LOS ANGELES POLICY PRECEDENT

In 2015, the City of Los Angeles adopted its Plan for a Healthy Los Angeles which recommends establishing Healthy Food Zones that prioritize financial incentives, land-use provisions and tax benefits to healthy food businesses located in low-income areas and communities of color. The Mayor’s 2019 Sustainable City pLAn Refresh also includes recommendations to establish Good Food Zones in low-income communities throughout the City to support public and private investments in healthy food entrepreneurs and businesses across the supply chain.

CONCLUSION

Generations of neglect and systemic racism in urban development in Los Angeles led to unequal food environments for people of color and low-income communities. It will take a geographically-targeted, intentional and complex policy initiative to address food disparities that contribute to higher rates of diet-related disease, diminished quality of life, and on average, shorter life spans for low-income residents in Los Angeles. The Good Food Zone policy will not be a “silver bullet” to eliminate “food desert” conditions, also referred to as “food apartheid,” but it is a meaningful step forward. By investing in, supporting and prioritizing small and community-serving businesses that expand access to fresh food and create economic opportunity for current residents in low-income neighborhoods, the City of Los Angeles will show leadership on food equity, supporting community health outcomes while also creating generational wealth opportunities for communities of color.

---

Our gratitude to Community Coalition for popularizing this term.