The Social and Economic Impacts of FreshWorks

An Examination of Three Northgate González Grocery Store Investments

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Reader comments and ideas are welcome. Please direct correspondence to:

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This report is one of three in a series of reports released as part of the evaluation of FreshWorks. The other two reports—California FreshWorks: A Case Study Examining the Development and Implementation of FreshWorks and the California FreshWorks Food Access Report—can be found at www.calendow.org/freshworks.

The evaluation is led by a team of researchers experienced in evaluating health, social, and economic outcomes. The team consists of the Sarah Samuels Center for Public Health Research and Evaluation, InSight at Pacific Community Ventures, Dr. Allison Karpyn of the University of Delaware, and Dr. Karen Glanz of the University of Pennsylvania. To learn more about members of the evaluation team visit:

http://www.samuelscenter.com/
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This evaluation has been a collaborative effort. We are indebted to the many FreshWorks partners who have supported this evaluation over the past several years, providing us with critical data, feedback, and direction. We are deeply grateful for the continued insight and support from the California Endowment, without whom this evaluation would not be possible. We would also like to especially thank Capital Impact Partners, Emerging Markets, and Northgate González Markets, who have been so generous with their time and continuously ensured we were provided with the data and information needed to conduct this evaluation.
At the California Endowment, we believe that healthy food financing initiatives possess significant potential to improve health outcomes and spur economic development in underserved communities. In 2011, we created the California FreshWorks program by working closely with a diverse set of public and private partners to meet the tremendous need across our state for access to healthy food. In the time since FreshWorks was launched, we have seen new and exciting initiatives emerge in Colorado, Illinois, Michigan, New Jersey, and New York that seek to tackle the issue of access to quality, healthy food. As the field continues to grow and evolve, we believe it is vital to share our experiences with one another, including successes, challenges, lessons, and insights surfaced through our collective hard work on these initiatives.

With this goal in mind, we commissioned a two-year evaluation of FreshWorks to better understand the impact of the program on fresh food access as well as social and economic outcomes. The evaluation also examined the development and implementation of FreshWorks and identified key lessons and insights that will inform the work of FreshWorks moving forward.

We are pleased to be able to share the findings from this evaluation with the field and with our dedicated FreshWorks partners. We hope that the findings are informative and prove useful for other investors—in particular mission investors, policymakers, nonprofits, and grocers interested in or already supporting healthy food financing nationally. Through openly sharing our experience with FreshWorks, we hope to support a more developed and sophisticated healthy food financing field that is well equipped to deliver strong health, social, and economic outcomes. We look forward to continuing the conversation and learning from the experiences of our peers and others engaged in healthy food financing.

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Nearly one million Californians, 45 percent of whom are low-income, live without access to nearby supermarkets or large grocery stores in communities known as “food deserts”. Acknowledging the inequalities in food access and the associated health risks, The California Endowment, together with Capital Impact Partners, launched FreshWorks in 2011. FreshWorks is an initiative that aims to increase healthy food access in underserved communities. The program also strives to increase economic development in low-income communities and support innovative models in healthy food retail. Since its inception, FreshWorks has taken action towards furthering these goals across the state of California. As of year-end 2015, FreshWorks has deployed debt capital to 15 fresh food retail sites and intermediary organizations, developing 435,000 square feet of retail space and increasing access to fresh food for over 800,000 people across the state.

In order to better understand and maximize FreshWorks’ impact, the California Endowment commissioned a two-year evaluation of the program’s food access, social, and economic outcomes. This report, one component of the evaluation, focuses on the social and economic impacts of three grocery stores that received FreshWorks funding. All three grocery stores are part of Northgate González Markets, a family-operated chain that runs over 40 stores serving predominantly Latino communities in the Los Angeles and San Diego areas. This evaluation aimed to answer two research questions:

- How does FreshWorks impact employment and job quality of workers in local communities, particularly in underserved communities?
- What broader economic impacts do FreshWorks investments have in the communities where they are located?
The first research question examines how FreshWorks has directly impacted local communities through the creation of quality jobs. In order to assess the extent to which the three FreshWorks-funded stores have provided job opportunities for underserved communities, the evaluation team examined employment levels, demographics of store employees, and job quality indicators such as wages and benefits. Findings include:

• The three stores have created over 450 jobs with 62 percent of workers coming from the local community and 91 percent of workers considered low- to moderate-income.³

• Wages for lower-paid workers exceed those paid by other California grocers, and wage growth over time at the stores has surpassed state and national benchmarks. Wages, however, lag behind living wage standards—a trend also seen in the wider California grocery industry.⁴

• Employees of the three stores are enrolled in health and retirement benefits at rates significantly higher than employees earning similar wages at the national level.

The second research question examines the broader economic impacts that FreshWorks has had on communities in which its investments are located. In evaluating the broader economic impacts of FreshWorks, the evaluation team analyzed the demographic and economic characteristics of the communities where the three stores are located, collected data on store-specific programming, conducted a real estate market analysis, and utilized the IMPLAN economic multiplier model to examine the broader economic ripple effects of FreshWorks investments.⁵ Findings include:

• The three stores are located within and bordered by low- to moderate-income communities, in keeping with FreshWorks’ commitment to increase food access in underserved communities.

• While it is too soon to draw conclusions on the stores’ impact on surrounding real estate values, anecdotal evidence suggests the stores have been positively received by local real estate professionals.

• FreshWorks investments in these three stores led to an estimated one-time impact of $42 million through the initial construction and renovation of the three stores. This activity also supported approximately 263 jobs and generated approximately $18 million in federal, state, and local taxes.

• The stores will continue to impact their local economies through their ongoing operations with an estimated $33 million of direct and indirect economic impact annually and an additional $8 million in federal, state, and local taxes.

The three Northgate González grocery stores have demonstrated significant social and economic impacts within their communities. These impacts demonstrate that, in addition to increasing healthy food access, FreshWorks has been successful in driving economic development in underserved communities through its investments in the three Northgate González grocery stores.
The Social and Economic Impacts of FreshWorks

Overview of FreshWorks

Nearly one million Californians, 45 percent of whom are low-income, live in areas without nearby supermarkets or large grocery stores in communities known as “food deserts”. The California Endowment, a foundation committed to promoting healthy communities, responded to this scarcity of food options by developing FreshWorks, an initiative that aims to increase access to quality food within underserved communities throughout California. Launched by a broad coalition of public and private partners led by The California Endowment (TCE) and Capital Impact Partners (CIP), FreshWorks provides loans and grants to grocery stores, farmers’ markets, and other food retail models that offer nutritious, affordable food options in communities where such options are scarce. In addition to incentivizing the development of healthy food retail, FreshWorks also seeks to encourage economic development in low-income communities and invest in innovative models for increasing access to healthy food. The program is designed to meet the financing needs of healthy food retailers that plan to operate in underserved communities where costs and credit needs cannot be filled solely by conventional financial institutions.

FreshWorks was launched in July 2011 with a $30 million anchor commitment from TCE. Under the management of CIP, the fund administrator for the initiative, FreshWorks has disbursed 48 loans and grants totaling $58 million to various projects aiming to create healthy communities across the state. These projects include grocery stores, mobile food operators, farmers’ markets, a food business incubator, and several intermediary lenders that provide microloans to smaller food enterprises. See Appendix A for a complete list of funded projects and Appendix B for a complete list of FreshWorks partners and investors.

Evaluating the Economic and Social Impacts of FreshWorks

In order to better understand and maximize FreshWorks’ impact, TCE commissioned a two-year evaluation of the program’s food access, social, and economic outcomes. The evaluation also sought to document the development and implementation of FreshWorks while identifying key lessons and insights. Given that FreshWorks is an early example of a state-level fresh food financing initiative, the evaluation provides an opportunity to inform the greater healthy food movement going forward. The evaluation was led by a team of researchers experienced in evaluating health, social and economic outcomes. The team consists of the Sarah
This report, one component of the evaluation, focuses on the economic and social impacts of the three Northgate González stores funded by FreshWorks. It seeks to answer two key research questions:

- How does FreshWorks impact employment and job quality of workers in local communities, particularly in underserved communities?
- What broader economic impacts do FreshWorks investments have in the communities where they are located?

It should be noted that this evaluation exclusively focuses on three Northgate González grocery stores that received funding through FreshWorks. Additionally, given the launch of FreshWorks in 2011, this evaluation only examines three years of data. While it may be too early to discern certain outcomes, this report provides a preliminary assessment of the social and economic impacts of FreshWorks and lays the groundwork for future evaluation of FreshWorks investments. Lastly, because of the evaluation’s focus on the three Northgate González stores, it is difficult to discern which impacts are attributable to existing Northgate González practices and which have resulted from FreshWorks funding.

The evaluation team utilized mixed research methods, combining direct data collection from various FreshWorks stakeholders with a broader analysis of the communities in which the Northgate González stores are located. Data was collected on employment, wages, and benefits directly from the three Northgate stores in order to evaluate the economic status of employees and extent of support for diverse and disadvantaged populations. Interviews were conducted with FreshWorks investors, advisors, and other stakeholders to collect qualitative data documenting FreshWorks’ origins and implementation process. Additionally, the evaluation team used the IMPLAN economic multiplier model and conducted real estate market analyses to understand the broader impacts that FreshWorks dollars have had on local economies. Geographic Information System (GIS) mapping is used in this report to visually demonstrate social and economic impacts in the communities surrounding the three Northgate González stores. Finally, the evaluation team benchmarked findings against FreshWorks program guidelines to assess the extent to which the three stores fulfilled various program requirements.8

This report is one of three in a series of reports released as part of the evaluation of FreshWorks. The other two reports—California FreshWorks: A Case Study Examining the Development and Implementation of FreshWorks and the California FreshWorks Food Access Report—can be found at www.calendow.org/freshworks.
The Northgate González Stores

This report focuses on the economic and social impacts of three grocery stores that received FreshWorks funding. All three grocery stores are part of Northgate Gonzalez Markets, a family-operated chain that runs over 40 stores serving predominantly Latino communities in the Los Angeles and San Diego areas. The three markets that received FreshWorks funding are located in the City Heights neighborhood of San Diego, the city of Inglewood, and South Los Angeles. These stores are among FreshWorks’ five largest investments, and also represent the largest investments in standalone grocery stores. Together, the three stores received close to $24 million in FreshWorks financing and demonstrate the program’s commitment to bringing healthy, affordable food to low- to moderate-income (LMI) communities.

City Heights (5403 University Avenue, San Diego)

The first grocery store to receive FreshWorks capital was the City Heights Northgate González Market. The borrower received $8.5 million in New Markets Tax Credit (NMTC) financing in March 2012 as reimbursement for tenant improvements and other costs related to the development of a 41,000 square-foot supermarket that had opened in the City Heights neighborhood of San Diego in October 2011.

Inglewood (10801 South Prairie Avenue, Inglewood)

Northgate González received additional FreshWorks financing for the development of its Inglewood location in August 2012. FreshWorks provided $7.7 million in NMTC financing to help the branch complete a renovation of a 30,000 square-foot space previously occupied by another grocery store. Funding helped cover the costs of improving, equipping, stocking, and opening the store in November 2012.

South Los Angeles (944 East Slauson Avenue, Los Angeles)

In December 2013, FreshWorks provided a third round of financing to Northgate González for the development of an additional location in South Los Angeles. FreshWorks provided $7.6 million in NMTC financing to support tenant improvement, equipment, and inventory, and to provide working capital for a new 42,500 square-foot supermarket. The supermarket, which serves as the anchor tenant for a newly constructed shopping center, opened in April 2014.
How does FreshWorks impact employment and job quality of workers in local communities, particularly in underserved communities?

The Social and Economic Impacts of FreshWorks

The first research question of this case study examines how FreshWorks has directly impacted local communities through the creation of quality jobs. The focus on job quality speaks directly to one of the program’s primary goals, which is to expand economic opportunity in California by supporting businesses and improving employment opportunities in underserved communities.

FreshWorks has developed a set of due diligence scoring criteria for assessing prospective loan and grant recipients that are consistent with this goal. During the application process, a business will receive four additional points if it is projected to “create or retain quality local jobs in the community,” with a quality job meeting the following criteria:

- Is targeted for residents of neighborhoods with a high proportion of individuals whose incomes do not exceed 50 percent of the area median income;
- Provides wages that are comparable to or better than similar positions in existing businesses of similar size in similar local economies; or
- Offers benefits that are comparable to or better than those offered for similar positions in existing local businesses of similar size in similar local economies.

In order to assess the extent to which the three FreshWorks-funded stores met these criteria, the evaluation team examined employment levels, demographics of store employees, and job quality indicators such as wages and benefits.

**Employment in Local and Underserved Communities**

The three FreshWorks-funded stores have improved employment opportunities in underserved communities by creating over 450 new jobs. Over 60 percent of workers live within a five-mile radius of the store where they are employed, demonstrating FreshWorks’ commitment to supporting local workforces.

**Job Creation at the Three FreshWorks-Funded Stores**

The three FreshWorks-funded grocery stores examined in this case study have supported significant employment opportunities in their communities. As of September 2014, the three stores had created a total of 455 new jobs. The South Los Angeles store leads as the largest employer with 185 employees; the City Heights and Inglewood stores have 137 and 133 employees, respectively. Figure 1 demonstrates that the majority of these employees hold hourly positions with
The three FreshWorks-funded stores operated by the Northgate González chain also demonstrate FreshWorks’ commitment to supporting the local workforce by employing workers from the communities immediately surrounding the stores. Sixty-two percent of store employees live within five miles of the store where they are employed, and 84 percent of employees live within 10 miles of their workplace. Figure 4 outlines the geographic concentration of the workforce for each store in greater detail. Of the three stores, the Inglewood location employs the highest proportion of local residents, with 76 percent of employees living within a five-mile radius and 86 percent within a 10-mile radius. For maps depicting where employees of the three stores live in relation to their workplace, see Appendix C.
The three FreshWorks-funded stores also provide job opportunities for women and minorities. The stores are staffed almost entirely by Hispanic (89-96 percent) and African-American (3-10 percent) workers. The representation of Hispanic workers at the three stores is substantially higher than their representation within the local workforce more broadly. However, as Northgate González caters to a predominantly Latino customer base, this higher proportion is to be expected.9 With regard to gender, the stores' employee populations are approximately half men and half women, consistent with the gender ratios in their city and county labor forces. See Appendix D for additional data on employee demographics as compared to local workforce demographics.10

In addition to providing employment opportunities for women and minorities, the three FreshWorks-funded stores also employ large numbers of low- to moderate-income individuals, as shown in Figure 5. As part of the evaluation, wage and residential ZIP Code data was collected for each employee at the three stores in order to precisely measure their economic status.11 Based on this analysis, between 86 and 97 percent of employees at the three stores are classified as low- to moderate-income.

**Employee Wages**

The evaluation team analyzed wages earned by hourly employees at the three stores. These employees comprise 98.7 percent of the workforce at these stores, and omitting salaried employees' wages eliminates potential outliers. Figure 6 demonstrates that, as of September 2014, median hourly wages for hourly employees ranged from $10/hour at the Inglewood store to $10.95/hour at the South Los Angeles store. The South Los Angeles store’s wages tend to be higher than wages at the other stores because it is subject to the city of Los Angeles’s living wage ordinance, which requires that the store pay its employees at least $10.91/hour.12 It is expected that wages at the South Los Angeles store will continue to rise over time in accordance with the living wage ordinance.
As previously outlined, the FreshWorks guidelines encourage investees to offer wages that are comparable to those of businesses within the same geography and industry. To assess whether the three stores meet this guideline, the evaluation team compared the hourly wages at each store with the hourly wages of grocery store employees in the state of California.\textsuperscript{13} Figure 7 demonstrates that the wages at the three stores meet or exceed this local industry benchmark when looking at the 10\textsuperscript{th} and 25\textsuperscript{th} percentiles of wage earners. At the 10\textsuperscript{th} percentile, City Heights and Inglewood store wages exceed California grocery stores by four percent, and South Los Angeles store wages exceed California grocery store wages by 26 percent. At the 25\textsuperscript{th} percentile, City Heights and Inglewood store wages exceed California grocery store wages by one percent and South Los Angeles store wages exceed California grocery store wages by 17 percent.

When comparing median wages and the 75\textsuperscript{th} and 90\textsuperscript{th} percentiles, however, the three FreshWorks-funded stores fall below comparable wages for California grocery store employees. It is important to note that the California grocery store wage data includes higher-paid positions, such as managerial staff and administrative roles that are more likely to be located within a store’s corporate headquarters or regional offices. These positions may not be consistent with the three stores’ staffing composition and could therefore result in an inconsistent comparison at the median and upper wage percentiles.

Another benchmark used in this analysis to assess the wage component of a job’s quality is the MIT Poverty in America Project’s living wage calculator.\textsuperscript{14} The living wage varies by city and is calculated to account for variations in the cost of living across geographies. It is defined as the hourly rate an individual must earn in order to cover all expenses without making significant tradeoffs that compromise wellbeing. The living wage accounts for expenses including food, housing, transportation, childcare, and medical costs. While figures like the minimum wage for a given location remain static for all workers, the living wage is adjusted depending on household size.

The median hourly wage at each of the three FreshWorks-funded stores falls slightly below the living wage needed as a single adult with no dependents: $11.38/hour for San Diego and $11.37/hour for both Inglewood and South Los Angeles. Twenty-nine percent of employees at the three stores earn a living wage by this measure, with store-by-store percentages outlined in Figure 8. When compared to the living wage needed as a single adult with one child—$22.83/hour for San Diego and $23.53/hour for both Inglewood and South Los Angeles—the median hourly wage at each of the FreshWorks stores falls far behind with only one
percent of employees earning above this amount. It is important to note, however, that the median hourly wage for grocery stores in California, $11.58/hour, also falls far below the living wage for one adult and one child.

**Employee Wage Growth**

In addition to comparing current wages at the three stores, the evaluation team also analyzed wages over time to identify growth trends. This analysis focuses on wages earned by hourly employees at the City Heights and Inglewood stores. Given the South Los Angeles store’s recent opening in April 2014, comparative wage data for that store was not yet available at the time of this evaluation. Figure 9 demonstrates how hourly employee wages have grown since each store opened with the South Los Angeles store’s median wage included as a reference point.

For a more detailed examination of wage trends at the City Heights and Inglewood stores, the evaluation team analyzed wage growth at the two stores in the context of geographic and industry benchmarks. The purpose of this more in-depth analysis was to answer three questions, described in the table below.

<table>
<thead>
<tr>
<th>Question</th>
<th>Benchmark for Comparison</th>
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<tbody>
<tr>
<td>How does store wage growth compare to wage growth in the local economy?</td>
<td>Median Hourly Wage, San Diego and Los Angeles Metropolitan Areas¹⁶</td>
</tr>
<tr>
<td>How does store wage growth compare to wage growth in the grocery industry?</td>
<td>Median Hourly Wage, U.S. Grocery Store Employees¹⁷</td>
</tr>
<tr>
<td>How does store wage growth compare to wage growth in the areas where employees reside?</td>
<td>Median Family Income of each employee’s ZIP Code¹⁸</td>
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</table>

First, median hourly wage growth at the two stores was compared to the median hourly wage growth in their respective metropolitan areas. The median hourly wage at the City Heights store has increased from $9/hour to $10.24/hour since 2011, representing 13.8 percent growth and outpacing the San Diego metropolitan area, where median hourly wages increased 4.1 percent.¹⁹ The median hourly wage at the Inglewood store has also increased, with a 5.3 percent rise in wages from $9.50/hour to $10/hour since 2012. This wage growth also exceeds wage growth for private sector employees in the Los Angeles metropolitan area whose wages increased 2.2 percent since 2012.²⁰ These results indicate that employers at the two stores are increasing wages at a faster rate than other employers in the same areas. The two stores’ wage growth rates also outpace the wage growth of the U.S. grocery industry as a whole (about 3 percent) during the corresponding periods of time.²¹ Figure 10 compares wage growth at the City Heights and Inglewood stores to wage growth in the local metropolitan areas and in the grocery industry as a whole.
Findings

Job Quality

Finally, the evaluation team also compared trends in the stores’ employee wages against trends in the Median Family Income of the ZIP Codes where employees reside. Positively, employees’ wages grew at a more rapid pace than median wages in their neighborhoods. As a direct result, the percentage of employees designated as low-income earners, those who earn less than 50% of the Median Family Income of their respective ZIP Code, has decreased at both the City Heights and Inglewood stores every year since opening, as shown in Figure 11. In 2012, 73 percent of the Inglewood store’s employees were low-income, but that figure declined to 68 percent in 2014. At the City Heights store, the trend was more pronounced with low-income wage earners comprising 87 percent of total employees in 2011 and 73 percent of employees in 2014.

Employee Benefits

An additional indicator of job quality is employee benefit levels. FreshWorks guidelines prioritize loan recipients who provide employee benefits comparable to those of businesses within the same geography and industry. In assessing benefit levels for FreshWorks-funded store employees, health and retirement benefits data was benchmarked against enrollment rates for U.S. private sector employees. Specifically, the analysis examined enrollment rates for workers with wages in the lowest 25th percentile of U.S. private sector employees (earning at or below $11.15/hour), equivalent to the wage earned by 70 percent of hourly employees at the three FreshWorks-funded stores.

Comparisons show that the three FreshWorks-funded stores offer superior benefits to national benchmarks across a variety of benefit types. Healthcare enrollment at the three stores ranges from 40 to 57 percent, compared with 20 percent at similar income levels nationally. Enrollment in retirement benefits ranges from 23 to 72 percent, compared with 18 percent at the national level. Finally, 100 percent of employees receive holidays, vacation, and sick time off compared to national levels at 48, 49, and 30 percent, respectively. Figure 12 shows this employee benefit level comparison.
What broader economic impacts do FreshWorks investments have in the communities where they are located?

The second component of this case study examines the broader economic impacts that FreshWorks has had on communities where its investees are located. Beyond increasing healthy food access, FreshWorks investments are also designed to support and revitalize low-income communities. Consistent with this goal, the program guidelines require an eligible applicant to demonstrate that its proposed project will benefit an underserved area. An underserved area is defined as:

- A low- or moderate-income census tract;
- A census tract of below average food market density; or
- A food market site with a customer base of 50 percent or more living in a low-income census tract.

This section examines not only the extent to which the three stores have met this requirement but also the resulting social and economic impacts within these communities. In evaluating the broader economic impacts of FreshWorks, the evaluation team analyzed the demographic and economic characteristics of the communities where the three stores are located, collected data on store-specific programming, conducted a real estate market analysis, and utilized the IMPLAN economic multiplier model.23

### FreshWorks Communities and Store Engagement

All three FreshWorks stores are located in moderate-income census tracts with high concentrations of poverty in surrounding communities. The stores are actively engaged in providing health and wellness services for these communities through various initiatives, including an in-store program that promotes healthy food purchases.

### Characteristics of FreshWorks Communities

The three neighborhoods where the FreshWorks-funded stores are located—City Heights, Inglewood, and South Los Angeles—are all examples of the types of underserved areas that FreshWorks aims to support. The FreshWorks team had found that low-income communities of color have historically been overlooked by traditional food retailers such as grocery stores. As a result, the FreshWorks team chose to target these communities with its investments.24 Consistent with the program requirements, each of the three stores operated by Northgate González is located within a moderate-income census tract. In addition to these communities’ high concentrations of LMI populations, the census tracts also have high levels of poverty: between 9 and 28 percent of the populations of the three census tracts lives below the poverty line.25

These characteristics also extend beyond the census tracts to the ZIP Codes surrounding the stores, as demonstrated in Figure 13.26

<table>
<thead>
<tr>
<th>FreshWorks Funded Stores</th>
<th>Percent of Surrounding ZIP Codes Classified as LMI</th>
<th>Percent of Population Below the Poverty Line in Surrounding ZIP Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Heights</td>
<td>100%</td>
<td>25%</td>
</tr>
<tr>
<td>Inglewood</td>
<td>80%</td>
<td>22%</td>
</tr>
<tr>
<td>South LA</td>
<td>100%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Each of the three FreshWorks-funded stores is also located in a predominantly minority community. Latinos are the group highest represented in the communities surrounding each store, ranging from 40 percent of the population in the ZIP Codes bordering the City Heights store to 80 percent of the population around the South Los Angeles store. Figure 14 shows a more detailed breakdown by race and ethnicity in the stores’ respective communities.27

Figure 14: Race/Ethnicity of ZIP Codes Surrounding the Three Stores

Community Programs

In addition to being located in underserved areas, the three FreshWorks-funded stores also take active steps to support the residents of these communities through health-focused and philanthropic efforts. All three stores participate in a corporate-run health and wellness program called Viva La Salud. The program’s core activity is marketing healthy food through special food labels that bring attention to the health benefits of each item. These labels, which are written in both English and Spanish, highlight specific nutritional information such as whether a food is low in saturated fat, high in fiber, or organic. The Viva La Salud program also hosts in-store events where chefs conduct demonstrations on cooking healthy food so customers can learn more about nutritious cooking options. The South Los Angeles store has experienced particularly strong sales of Viva La Salud products, likely due to the prominent placement of the products on main shelves instead of in a separate health foods section. In addition to actively promoting healthy eating, Viva La Salud also sponsors a number of community health events and offers free breast exams and mammograms, blood pressure screenings, and flu vaccines.

The three FreshWorks stores also support their local communities through philanthropic donations. While there is not a designated budget for these gifts, each store is permitted to donate up to $100 to local schools or non-profit organizations that solicit donations. Larger donations are approved at the Northgate González corporate office. For example, Northgate donated $5,000 to the 19th Annual Central Jazz Fest in South Los Angeles as an event sponsor.
The three FreshWorks-funded stores have generated significant economic activity in their communities with an estimated $42 million of economic impact since inception and an additional $33 million of projected impact annually. While it is too soon to draw conclusions about the stores’ impact on surrounding real estate values, anecdotal evidence suggests the stores have been positively received by local real estate professionals.

**Economic Impacts**

The FreshWorks stores have had substantial economic impact in their communities since opening. One of the most direct economic impacts takes the form of wages paid to employees. Based on an examination of FreshWorks store employee wages, the three stores combined pay over $9 million to their employees on an annual basis. Additionally, over $8 million of those dollars go to employees living in LMI communities. Figure 15 depicts the amount of wages paid by each of the three stores as well as those wages paid directly to employees in LMI communities.

The evaluation team was also able to estimate the broader economic impact the three stores have had on Los Angeles and San Diego Counties using the IMPLAN economic multiplier model. This model accounts for the ways in which FreshWorks capital reverberates through local economies—net of leakage effects—resulting in direct, indirect, and induced effects.

Figure 16 demonstrates the estimated economic impact resulting from initial construction and ongoing operations at the three stores. FreshWorks investments in these three stores led to an estimated one-time impact of $42 million through the initial construction and renovation of the three stores. This activity also supported approximately 263 jobs and generated approximately $18 million in federal, state, and local taxes. The stores will continue to impact their local economies on an ongoing basis with an estimated $33 million of direct and indirect economic impact and an additional $8 million in federal, state, and local taxes. These effects are expected to recur annually as a result of ongoing operations.

![Figure 15: Annual Wages Paid at the Three Stores](image1)

![Figure 16: Estimated Economic Impact of the Three Stores](image2)
Real Estate Impacts

An additional measure of assessing economic impact on local communities is the effect, if any, that the store openings have had on local real estate. To better understand these effects, the evaluation team conducted interviews with commercial real estate brokers in City Heights and Inglewood, and analyzed residential real estate values before and after store openings. Analysis was not conducted for the South Los Angeles store given its recent opening in April 2014.

Interviews with commercial real estate brokers showed that both communities have experienced a slight improvement in the real estate market since store openings, although the brokers attribute the change to the general improvement in the economy. In the City Heights neighborhood of San Diego, for example, brokers observed that the real estate market has improved since 2011 when the store opened, but described the store as “a garden in the desert” — in other words, atypical of development in the area. One broker in that neighborhood, however, is interested in rehabilitating some properties he owns as a result of the new grocery store, and hopes that others might follow his lead. Inglewood brokers also noted a slight improvement in the real estate market surrounding the store, but cannot attribute any subsequent commercial openings to the FreshWorks-funded store opening in 2012.

Brokers in both cities agreed that the establishment of this store and others like it is a positive development for the neighborhood, but believe any direct impact on the real estate market would likely take more time to observe.

Analysis of residential real estate data shows an upward trend in property prices in both neighborhoods. The ZIP Codes surrounding the City Heights and Inglewood stores have both experienced a general increase in average price per square foot since the stores opened. Figures 17 and 18 show, however, that this growth has occurred at a rate consistent with overall growth.
in their respective cities, and does not appear to be unique to these communities. As was the case with commercial real estate, it is likely that any positive impact the stores’ openings had on home prices in these neighborhoods was dwarfed by the general rise in prices due to a recovering economy.

While it is too soon to collect data on how the South Los Angeles store has impacted local real estate, anecdotal evidence does suggest that the construction of this store has already positively affected the area immediately surrounding the store. The Northgate González store in South Los Angeles is the anchor tenant of Juanita Tate Marketplace, a shopping development that was “fifteen years in the making,” according to John Mehigan of Regency Centers Corporation, developer of the center. The intersection of Slauson and Central was occupied by a used-car lot before the community group Concerned Citizens of South Central Los Angeles (CCSCLA) identified the site as a prime location for a community-focused retail center in the 1990s. Construction officially began in May 2013, and Northgate González opened as the anchor tenant in April 2014. The development, which also includes a CVS Pharmacy, Chase Bank, an adult educational training center operated by CCSCLA, and several restaurants, has brought increased commercial activity and essential services to the neighborhood. Figures 19 and 20 depict the stark contrast between the site of the South Los Angeles store before and after construction of the shopping center.

Overall, it is difficult to draw conclusions about the specific impact of the FreshWorks-funded stores on their local real estate markets. This may be due partially to the fact that any economic impact of the store openings is likely to occur on a more micro scale not captured in market-level data. It is also likely that effects on real estate would be most visible within a few-block radius of a store location, rather than within an entire ZIP Code or city. Additionally, economic impacts are likely to be ongoing; it may be too soon to fully assess the effects these stores have on their communities. Anecdotal evidence, however, does suggest a highly positive reception among brokers, who are eager to see projects like Northgate González Markets in their area. The store openings may encourage brokers to rehabilitate their own properties located in these neighborhoods, which could in turn generate further development and investment in the local community.
FreshWorks has introduced an innovative approach to financing healthy food retail by convening a diverse set of stakeholders including public and private investors to improve health, economic, and social outcomes in California. The three Northgate González grocery stores evaluated herein have generated significant positive social and economic impacts in their respective communities. These outcomes indicate that FreshWorks has successfully created positive change in underserved communities through these three investments.

The grocery stores offering healthy food options are located in and bordered by LMI communities, in keeping with FreshWorks’ commitment to increase food access in underserved communities. Additionally, these stores have boosted employment opportunities for local residents, creating over 450 jobs primarily for local LMI workers. These employers have not only supported local workers, but also extended health and retirement benefits to employees at levels that exceed national benchmarks. Furthermore, employee wages at the three locations outpace wages paid by other California grocers at the lower end of the wage spectrum. This is particularly evident when comparing employees’ wages against wage trends in the ZIP Codes where they reside. Over time, employees’ wages have grown at a more rapid pace than wages in their neighborhoods, indicating an increase in employee economic status.

Finally, the three FreshWorks-funded stores have generated significant economic activity within their respective communities, with over $8 million in combined employee wages paid into LMI communities annually. The construction of the three properties has also generated an estimated $42 million of economic impact, and the stores are projected to generate an additional $33 million annually through normal business operations. In addition to increased healthy food access, these impacts demonstrate FreshWorks’ success in driving economic development in underserved communities through its investments in the three Northgate González grocery stores.
## Appendix A: FreshWorks Transactions (as of December 31, 2015)

<table>
<thead>
<tr>
<th>Deals</th>
<th>Date Closed/Funded</th>
<th>Description</th>
<th>Debt ($)</th>
<th>NMTC ($)</th>
<th>Grants ($)</th>
<th>FEMI ($)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>People's Community Market</td>
<td>Jan-12</td>
<td>Grant supporting efforts to raise equity to support a full-service, fresh food store in West Oakland.</td>
<td>-</td>
<td>-</td>
<td>35,000</td>
<td>-</td>
<td>35,000</td>
</tr>
<tr>
<td>NGEP I (City Heights)</td>
<td>Mar-12</td>
<td>Financing for tenant improvements for a full-service Northgate González supermarket in San Diego.</td>
<td>-</td>
<td>8,500,000</td>
<td>-</td>
<td>-</td>
<td>8,500,000</td>
</tr>
<tr>
<td>Community Development Foundation of LA County</td>
<td>Mar-12</td>
<td>Support for the planning and launch of a year-round, weekly farmers’ market that serves thousands of residents of the Carmelitos Public Housing Project and the surrounding community of North Long Beach.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Heritage Education Group</td>
<td>Jun-12</td>
<td>Grant for a portion of startup costs for a year-round farmers’ market in Compton, Los Angeles County in partnership with school district.</td>
<td>-</td>
<td>-</td>
<td>5,100</td>
<td>-</td>
<td>5,100</td>
</tr>
<tr>
<td>Urban Radish</td>
<td>Jun-12</td>
<td>Predevelopment grant for an 8,000 sq. ft. fresh food market serving the downtown Los Angeles Arts District. Market hires staff from Homeboy Industries.</td>
<td>-</td>
<td>-</td>
<td>4,000</td>
<td>-</td>
<td>4,000</td>
</tr>
<tr>
<td>NGEP II (Inglewood)</td>
<td>Aug-12</td>
<td>Financing for a new full-service Northgate González supermarket located in Inglewood.</td>
<td>-</td>
<td>7,662,890</td>
<td>-</td>
<td>-</td>
<td>7,662,890</td>
</tr>
<tr>
<td>CA Fresh Brands Pismo</td>
<td>Dec-12</td>
<td>Providing El Rancho Marketplace the means to open a new grocery store serving Pismo Beach, Grover Beach, Arroyo Grande, Oceano, and Shell Beach.</td>
<td>1,659,458</td>
<td>-</td>
<td>8,000</td>
<td>-</td>
<td>1,667,458</td>
</tr>
<tr>
<td>Canoga (Jumbo Foods)</td>
<td>Feb-13</td>
<td>Upgrading a local market to a full-service grocery store serving the Canoga Park community in the San Fernando Valley of LA.</td>
<td>131,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>131,000</td>
</tr>
<tr>
<td>Northgate González</td>
<td>Apr-13</td>
<td>Supporting workforce development and local hiring activities for grand opening of South LA store.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>25th Street Collective</td>
<td>Apr-13</td>
<td>Supporting the development of a business plan and pilot project for a mobile food vending program.</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>H.P. Palomino</td>
<td>May-13</td>
<td>Financing equipment and tenant improvements for a 6,000 sq. ft. neighborhood superette in South LA.</td>
<td>651,840</td>
<td>-</td>
<td>15,500</td>
<td>-</td>
<td>667,340</td>
</tr>
<tr>
<td>Public Health Institute</td>
<td>May-13</td>
<td>Financing a pilot project for an aggregation and distribution system that connects small family farms in the San Joaquin Valley with under-resourced, small urban, and rural stores.</td>
<td>-</td>
<td>-</td>
<td>7,800</td>
<td>-</td>
<td>7,800</td>
</tr>
</tbody>
</table>

1 New Markets Tax Credits
2 Food Enterprise Microlending Intermediary Program
## Appendix A

<table>
<thead>
<tr>
<th>Deals</th>
<th>Date Closed/ Funded</th>
<th>Description</th>
<th>Debt ($)</th>
<th>NMTC ($)(^1)</th>
<th>Grants ($)</th>
<th>FEMI ($)(^2)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeboy Industries</strong></td>
<td>Jun-13</td>
<td>Supporting a job training program focused on preparing former gang members and other low-income, at-risk individuals for positions within the grocery industry.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Food Forward</strong></td>
<td>Aug-13</td>
<td>Providing grant funding for a nonprofit that forages fresh, local produce that would otherwise go to waste, connecting this food supply to low-income people in need. Grant funds supported expansion into Ventura County.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Mariposa Valley Farm</strong></td>
<td>Aug-13</td>
<td>Supporting a mobile produce market targeting underserved communities in rural Yolo County in partnership with Yolo Family Resource Center. Mobile market makes five stops throughout the county weekly.</td>
<td>-</td>
<td>-</td>
<td>13,900</td>
<td>-</td>
<td>13,900</td>
</tr>
<tr>
<td><strong>Family Service Association</strong></td>
<td>Sep-13</td>
<td>Grant support for the development of a mobile market targeting underserved communities in rural Riverside and San Bernardino Counties.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>PACE Finance Corporation</strong></td>
<td>Nov-13 (FEMI)</td>
<td>Supporting a business development center in LA that deploys funds to smaller food enterprises. Grant to support technical assistance for FEMI.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>350,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>PACE Finance Corporation</strong></td>
<td>Jun-15 (FEMI)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>PACE Finance Corporation</strong></td>
<td>Sep-15 (Grant)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>NGEP III (Central/ Slauson)</strong></td>
<td>Dec-13</td>
<td>Financing for a new full-service Northgate González supermarket in South LA.</td>
<td>-</td>
<td>7,618,777</td>
<td>-</td>
<td>-</td>
<td>7,618,777</td>
</tr>
<tr>
<td><strong>Make Someone Happy</strong></td>
<td>Dec-13</td>
<td>Supporting the development of a mobile market targeting underserved communities in Merced County.</td>
<td>-</td>
<td>-</td>
<td>30,000</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>United Way of Kern County</strong></td>
<td>Dec-13</td>
<td>Grant for an organization that mobilizes donors, volunteers, and advocates to improve community conditions in Kern County. Grant supports healthy lifestyle program as well as a cornerstore conversion.</td>
<td>-</td>
<td>-</td>
<td>7,500</td>
<td>-</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>LA Prep</strong></td>
<td>Mar-14</td>
<td>Financing a food production business incubator for local entrepreneurs.</td>
<td>-</td>
<td>16,000,000</td>
<td>-</td>
<td>-</td>
<td>16,000,000</td>
</tr>
<tr>
<td><strong>Feed the Hunger Foundation</strong></td>
<td>Jul-14</td>
<td>Providing FEMI capital to a foundation that works to eliminate poverty through microloans.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

\(^1\)New Markets Tax Credits

\(^2\)Food Enterprise Microlending Intermediary Program
<table>
<thead>
<tr>
<th>Deals</th>
<th>Date Closed/Funded</th>
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<th>NMTC ($)</th>
<th>Grants ($)</th>
<th>FEMI ($)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Service for Groups - APIOPA</td>
<td>Aug-14</td>
<td>Grant for a nonprofit seeking to reduce obesity rates of Asian and Pacific Islander (API) communities in Los Angeles County. Grant proceeds support equipment to allow for expansion of a culturally-specific CSA(^3) serving API communities.</td>
<td>-</td>
<td>-</td>
<td>27,000</td>
<td>-</td>
<td>27,000</td>
</tr>
<tr>
<td>The Farmstead Market</td>
<td>Aug-14</td>
<td>Grant for a farm-to-market grocery store in Riverside County, California. Grant proceeds support increasing capacity and improving placement for produce, meat, and dairy.</td>
<td>-</td>
<td>-</td>
<td>20,500</td>
<td>-</td>
<td>20,500</td>
</tr>
<tr>
<td>Community Services Unlimited</td>
<td>Aug-14</td>
<td>Grant for a nonprofit that fosters the creation of communities actively working to address the inequalities and systemic barriers that make sustainable communities and self-reliant life-styles unattainable. Grant proceeds fund bicycles to allow expanded geographic coverage through pop-up produce stands and subscription CSA(^3) programs.</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Numero Uno</td>
<td>Dec-14</td>
<td>A business term loan for a 12-store chain serving low-income communities in South Los Angeles.</td>
<td>12,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Agriculture &amp; Land-Based Training Association</td>
<td>Mar-15</td>
<td>Grant for an equipment and inventory system to support organic farming and distribution at a farmer incubator that targets migrant workers with training, enabling them to operate sustainable family organic farms.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Agricultural Institute of Marin</td>
<td>Mar-15</td>
<td>Grant for equipment to support a fresh, mobile market carrying produce, grains, dairy, and other meat proteins to reach the most underserved populations of Marin County.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Mandela Marketplace</td>
<td>Jun-12 (Grant)</td>
<td>Supporting the expansion of a worker-owned fresh food store dedicated to increasing healthy food access and building assets for low-income workers in West Oakland.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>100,000</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Mar-15 (FEMI)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>100,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Phoenix Foods USA</td>
<td>Apr-15</td>
<td>Grant for equipment to support meal preparation and processing for a senior center and food bank through donations of products exclusively from wholesalers and farmers.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Leadership for Urban Renewal Network</td>
<td>May-15 (FEMI)</td>
<td>Supporting a community development organization working in South and East Los Angeles that has relationships with immigrant/monolingual communities. FEMI capital will be deployed toward mobile markets and corner stores. Grants support food permitting and licensing and other technical assistance.</td>
<td>-</td>
<td>-</td>
<td>68,000</td>
<td>75,000</td>
<td>143,000</td>
</tr>
<tr>
<td></td>
<td>Jun-15 (Grant)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>68,000</td>
<td>75,000</td>
<td>143,000</td>
</tr>
</tbody>
</table>

\(^1\)New Markets Tax Credits
\(^2\)Food Enterprise Microlending Intermediary Program
\(^3\)Community Supported Agriculture
### FreshWorks: The Social and Economic Impacts of

### Appendix A

<table>
<thead>
<tr>
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<th>NMTC ($)</th>
<th>Grants ($)</th>
<th>FEMI ($)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AmPac Tri-State CDC</td>
<td>May-15 (FEMI) Jun-15 (Grant)</td>
<td>Supporting a community development corporation working closely with the African American community in southeast Los Angeles. FEMI capital will be deployed to small grocers and food enterprises. Grant supports technical assistance, including marketing, packaging, and general business assistance.</td>
<td>-</td>
<td>-</td>
<td>40,000</td>
<td>200,000</td>
<td>240,000</td>
</tr>
<tr>
<td>Emerging Markets Development Corporation</td>
<td>Jun-15</td>
<td>Grant to a nonprofit organization for a technical assistance fund for FEMI loan applicants or end-borrowers in Los Angeles. Funds go toward consultants who provide services such as accounting, business planning, legal advice, procurement assistance, project management, marketing consulting, and licensing assistance.</td>
<td>-</td>
<td>-</td>
<td>350,000</td>
<td>-</td>
<td>350,000</td>
</tr>
<tr>
<td>Opportunity Fund Northern California</td>
<td>Jun-15 (Grant) June-15 (FEMI)</td>
<td>Supporting a statewide microlender and CDFI. FEMI capital will be deployed to finance healthy restaurants, mobile vending, and other food enterprises in Los Angeles County and across the state. Grant supports technical assistance including procurement and licensing.</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>750,000</td>
<td>850,000</td>
</tr>
<tr>
<td>Valley Economic Development Corporation</td>
<td>Jun-15 (Grant) June-15 (FEMI)</td>
<td>Supporting a national microlender and CDFI. FEMI capital will be deployed to finance healthy food enterprises across a broad geography. Grant supports technical assistance including project management, marketing, and general food consulting.</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>750,000</td>
<td>850,000</td>
</tr>
<tr>
<td>West Angeles Community Development Corporation</td>
<td>Sep-15 (Grant) Aug-15 (FEMI)</td>
<td>A nonprofit organization based in LA’s Crenshaw neighborhood will deploy FEMI capital to entrepreneurs and use grant proceeds to support business training and counseling.</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>100,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Vermont Slauson Economic Development Corporation</td>
<td>Sep-15 (Grant) Aug-15 (FEMI)</td>
<td>A nonprofit organization based in LA’s Slauson neighborhood will deploy FEMI capital to entrepreneurs and use grant proceeds to support business training and counseling.</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>100,000</td>
<td>120,000</td>
</tr>
<tr>
<td>FreshProducers</td>
<td>Jun-15</td>
<td>Grant for a mobile grill and refrigerated truck distributing ready-to-eat meals in Sacramento.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>CANGRESS</td>
<td>Jun-15</td>
<td>Grant for a pop-up produce market to serve the homeless and extremely low-income population in South LA.</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>14,442,298</strong></td>
<td><strong>39,781,667</strong></td>
<td><strong>1,487,300</strong></td>
<td><strong>2,525,000</strong></td>
<td><strong>58,236,265</strong></td>
</tr>
</tbody>
</table>

1. New Markets Tax Credits
2. Food Enterprise Microlending Intermediary Program
<table>
<thead>
<tr>
<th>Partners and Investors</th>
<th>Role in FreshWorks</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America Corporation</td>
<td>Investor</td>
<td>A financial services company that provides banking and nonbanking financial services and products throughout the United States and in certain international markets.</td>
</tr>
<tr>
<td>California Grocers Association</td>
<td>Thought Partner</td>
<td>A non-profit trade association representing approximately 500 retail members operating over 6,000 food stores in California and Nevada, and approximately 200 grocery supplier companies.</td>
</tr>
<tr>
<td>Calvert Foundation</td>
<td>Investor</td>
<td>A non-profit organization making investments that deliver a social and financial return.</td>
</tr>
<tr>
<td>Capital Impact Partners</td>
<td>Founding Investor, Fund Administrator</td>
<td>A national, non-profit Community Development Financial Institution (CDFI). Selected to manage the California FreshWorks Fund.</td>
</tr>
<tr>
<td>Charles Schwab Corporation</td>
<td>Investor</td>
<td>A financial institution based in San Francisco, CA providing a full range of brokerage, banking, and financial advisory services through its subsidiaries.</td>
</tr>
<tr>
<td>Citigroup Inc.</td>
<td>Investor</td>
<td>A multinational financial services firm that provides consumers, corporations, governments, and institutions with a broad range of financial products and services.</td>
</tr>
<tr>
<td>Community Health Councils</td>
<td>Thought Partner</td>
<td>A policy advocate focused on eliminating health disparities by expanding healthcare coverage, increasing access to quality healthcare, and improving the environment for under-resourced communities.</td>
</tr>
<tr>
<td>Community Redevelopment Agency of Los Angeles</td>
<td>Thought Partner</td>
<td>A public agency of the City of Los Angeles focused on strategic investments to create economic opportunity, build affordable housing, generate good jobs, and improve the quality of life for residents in various areas of LA.</td>
</tr>
<tr>
<td>Dignity Health (formerly Catholic Healthcare West)</td>
<td>Investor</td>
<td>A system of 40 hospitals and medical centers in California, Arizona, and Nevada.</td>
</tr>
<tr>
<td>First 5 LA</td>
<td>Grantor</td>
<td>A leading early childhood advocate working collaboratively across L.A. County.</td>
</tr>
<tr>
<td>Healthy Food Financing Initiative</td>
<td>Investor</td>
<td>An initiative of the U.S. Treasury via its CDFI Fund that supports projects aiming to increase access to healthy, affordable food in communities that currently lack these options.</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co.</td>
<td>Investor, Grantor</td>
<td>A financial services company that provides a range of financial and investment banking services in all major capital markets.</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>Grantor</td>
<td>A health care provider and not-for-profit health plan.</td>
</tr>
<tr>
<td>Koret Foundation</td>
<td>Grantor</td>
<td>Based in San Francisco, the Koret Foundation supports organizations that promote a vibrant and distinctive Bay Area.</td>
</tr>
<tr>
<td>Los Angeles Development Fund</td>
<td>Investor</td>
<td>A certified Community Development Entity whose purpose is to assist in carrying out the economic development program and objectives of the City of Los Angeles to promote the development, establishment, or expansion of industries and commerce.</td>
</tr>
<tr>
<td>Partners and Investors</td>
<td>Role in FreshWorks</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>MetLife, Inc.</td>
<td>Investor</td>
<td>A global financial services company offering insurance, retirement, and savings products.</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>Investor</td>
<td>A global financial services company engaged in investment banking, securities, investment management, and wealth management services.</td>
</tr>
<tr>
<td>National Cooperative Bank</td>
<td>Investor</td>
<td>A savings bank providing financial products and services for the nation’s cooperatives, their members, and socially responsible organizations.</td>
</tr>
<tr>
<td>Opportunity Finance Network</td>
<td>Investor</td>
<td>A leading national network of CDFIs investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across America.</td>
</tr>
<tr>
<td>PolicyLink</td>
<td>Thought Partner</td>
<td>A national research and advocacy institute advancing economic and social equity.</td>
</tr>
<tr>
<td>Social Compact</td>
<td>Thought Partner</td>
<td>A nonprofit, nonpartisan organization formed by a coalition of business leaders from across the country committed to promoting successful investment in lower-income communities.</td>
</tr>
<tr>
<td>The California Endowment</td>
<td>Founding Investor, Grantor</td>
<td>A private, statewide health foundation. Conceived of and launched FreshWorks with an anchor $30 million capital commitment.</td>
</tr>
<tr>
<td>The Reinvestment Fund</td>
<td>Thought Partner</td>
<td>A CDFI that finances housing, community facilities, supermarkets, commercial real estate, and energy efficiency projects.</td>
</tr>
<tr>
<td>U.S. Bancorp</td>
<td>Investor</td>
<td>A financial institution that provides a full range of financial services, including lending and depository services, cash management, foreign exchange, and trust and investment management services.</td>
</tr>
<tr>
<td>Unified Grocers</td>
<td>Thought Partner</td>
<td>A retailer-owned wholesale grocery distributor that supplies independent retailers throughout the western United States.</td>
</tr>
<tr>
<td>UrbanAmerica Advisors</td>
<td>Investor</td>
<td>A CDFI that has provided structured equity and mezzanine debt financing for the redevelopment of more than 1.1 million square feet of office, retail, and mixed-used space throughout the U.S.</td>
</tr>
<tr>
<td>W. K. Kellogg Foundation</td>
<td>Grantor</td>
<td>An independent, private foundation that works with communities to create conditions for vulnerable children so they can realize their full potential in school, work, and life.</td>
</tr>
</tbody>
</table>
Appendix C: Employee Residences in Relation to the Three Northgate González Stores

City Heights

LEGEND
Number of Employees by ZIP Code
- 0 employees
- 1–5 employees
- 6–10 employees
- 11–20 employees
- 20–42 employees
South Los Angeles

LEGEND
Number of Employees by ZIP Code
- 0 employees
- 1–5 employees
- 6–10 employees
- 11–20 employees
- 20–42 employees
Inglewood Store

- **Men**: 52%
- **Women**: 48%

- **Race**:
  - 94% White, Hispanic
  - 5% African American
  - 1% White, Non-Hispanic

Inglewood City

- **Men**: 50%
- **Women**: 50%

- **Race**:
  - 47% African American
  - 1% Asian
  - 1% American Indian/Alaskan Native
  - 26% Multi-race, Other
  - 3% White, Non-Hispanic
  - 22% White, Hispanic

Los Angeles County

- **Men**: 54%
- **Women**: 46%

- **Race**:
  - 24% White, Hispanic
  - 23% Multi-race, Other
  - 15% Asian
  - 8% African American
  - 1% American Indian/Alaskan Native
  - 30% White, Non-Hispanic
South Los Angeles Store

- Men 54%
- Women 46%
- 94% White, Hispanic
- 10% African American
- 1% American Indian/Alaskan Native

Los Angeles City

- Men 55%
- Women 45%
- 22% White, Hispanic
- 12% Asian
- 9% African American
- 1% American Indian/Alaskan Native
- 32% White, Non-Hispanic
- 25% Multi-race, Other

Los Angeles County

- Men 54%
- Women 46%
- 24% White, Hispanic
- 23% Multi-race, Other
- 15% Asian
- 8% African American
- 1% American Indian/Alaskan Native
- 30% White, Non-Hispanic
Low- to Moderate-Income Workers: Employees who either live in a low-income neighborhood but earn a moderate-income wage OR live in a moderate-income neighborhood but earn a low-income wage are considered low- to moderate-income employees. Specifically, these are employees who earn less than 80 percent of the MFI for the MSA of residence AND live in a ZIP Code that overlaps with a census tract where the median income is less than 80 percent of the area median income.

The developer of the complex where the South Los Angeles store is located agreed to a Community Benefits Package as part of its partnership with the Community Redevelopment Agency of Los Angeles (CRA/LA). One component of this package required that the supermarket operator pay wages in accordance with the City of Los Angeles living wage ordinance. Additional details at: [http://www.crala.org/internet-site/Meetings/Board_Agenda_2014/upload/May_1_2014_Item_3.pdf](http://www.crala.org/internet-site/Meetings/Board_Agenda_2014/upload/May_1_2014_Item_3.pdf).


MIT Living Wage Calculator, October 2014.


For each census tract, Median Family Income is the family income over the past 12 months that represents the median of all families in the census tract, computed on the basis of a standard distribution. See more detail here: [http://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2014_ACSSubjectDefinitions.pdf](http://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2014_ACSSubjectDefinitions.pdf). The data used in this analysis is from the 2010 Census, adjusted for inflation. See: [http://factfinder.census.gov/](http://factfinder.census.gov/).


Ibid.


The evaluation team uses IMPLAN Version 3.0, an economic multiplier model software package that utilizes social accounts to analyze the consequences of projected economic transactions in a particular region. Used by over 2,000 public and private institutions, IMPLAN is a widely employed and accepted regional economic analysis tool.


Ibid.


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26 The evaluation team examined ZIP Codes surrounding the ZIP Code where each store was located. City Heights ZIP Codes include 92105 (where the store is located), 92104, and 92115. Inglewood ZIP Codes include 90303 (where the store is located), 90301, 90302, 90304, and 90305. South Los Angeles ZIP Codes include 90011 (where the store is located), 90058, 90001, 90007, 90037, and 90003. ZIP Code economic data from U.S. Census Bureau. See: http://factfinder2.census.gov.

27 Ibid.

28 For each store, total wages paid was calculated as follows:
(Total Full Time Employees x 40 average hours worked per week x 52 weeks worked per year x Median hourly wage) +
(Total Part Time Employees x 27 average hours worked per week x 52 weeks worked per year x Median hourly wage)

The proportion of wages going to LMI workers was estimated based on employee wage data from the three stores (as of September 2014) and applied to total wages paid to estimate total wages paid to LMI workers.

29 IMPLAN is an economic multiplier model that is used by hundreds of government agencies, colleges and universities, non-profit organizations, corporations, and business development and community planning organizations for analyzing economic impacts (for more information visit www.implan.com). IMPLAN utilizes social accounts to analyze the consequences of projected economic transactions in a particular region. Social accounts describe the structure and function of a specific economy. IMPLAN employs input-output analysis in conjunction with region-specific social accounts or Social Accounting Matrices (SAM) and multipliers to analyze economic impacts. These region-specific social accounts capture economic activity within their respective regions, net of leakage effects.

30 Direct Effects—As a result of FreshWorks investments, the three stores have increased their output of goods and services. Direct effects capture this increase in output.

Indirect Effects—Increases in output by capital recipients cause an increase in stores’ demand for goods and services from suppliers. This in turn causes suppliers to hire additional employees and purchase additional goods and services to meet the demand. Indirect effects capture this economic activity.

Induced Effects—The additional output by capital recipients increases household income for employees at: a) companies receiving capital from FreshWorks; b) their suppliers; and c) other companies that benefit broadly from the growth of the companies receiving FreshWorks capital and their suppliers. Induced effects capture the additional household spending that occurs as a result of this increase in income.


