

2 The Connection Between Economic Development and Health

Obesity – caused by poor diet and physical inactivity – is arguably the leading public health challenge facing California today. Left unchecked, the impact of increasing obesity rates will be devastating in both public health and economic terms. In addition to the increased individual risk for heart disease, stroke, type-2 diabetes, and some cancers, the combined annual costs of obesity-related chronic disease risk factors in California reach \$21.68 billion a year, attributed to medical care (\$10.16 billion, of which \$2.28 billion, or 22.44 percent, is MediCal payments for low-income people), lost employee productivity (\$11.2 billion), and workers compensation (\$338 million):¹

Multiple factors have been associated with the recent obesity epidemic,² but the marked increase in the prevalence of obesity appears to be in large part attributable to environmental conditions that implicitly discourage physical activity while encouraging the consumption of greater quantities of energy-dense, low-nutrient foods.³ Leading environmental risk factors for diet-related disease include:

- ▶ **Lack of access to healthy foods:** Public health researchers document the lack of access to healthy foods as a major contributing factor to obesity and poor eating. According to a recent study by the University of North Carolina, the more supermarkets a neighborhood has, the more fruits and vegetables its residents eat.⁴ The Food Marketing Policy Center at the University of Connecticut found that in most cities, low-income people – especially those receiving public assistance – tend to live in areas that do not have supermarkets.⁵ California Food Policy Advocates notes:

While poverty is the main cause of malnutrition in California, lack of access to nutritious, affordable food is also a critical element. The flight of supermarkets to the suburbs, inadequate public transportation, and a paucity of healthy foods at corner stores are all factors that contribute to lack of healthy food access in low-income neighborhoods.⁶

- ▶ **Easy access to unhealthy foods:** The corollary to the lack of access to healthy foods is the all-too-easy access to unhealthy foods. While this problem is true in all communities regardless of income, low-income



Photo by Lisa M. Feldstein

communities have the fewest opportunities in their neighborhoods to choose healthy foods.⁷ Many low-income neighborhoods are saturated with small corner or convenience stores, selling food that is generally of poor quality at high prices.⁸ Research has implicated environmental influences on body weight (e.g., number and proximity of fast food restaurants) as a primary contributor to the development of the obesity epidemic.⁹

At one level this can be seen as a land use problem: the geographic location of different types of food outlets has a direct impact on public health. It's true that permissive land use regulation, particularly zoning, can make it possible for nutritious food to be sold in underserved communities and more difficult for unhealthy food to be sold (see the first book in this series, *General Plans and Zoning*). But no amount of land use control can force private businesses to locate in a given place or ensure that they will be successful if they do.

Most Americans get their food from private businesses, and the unequal food access that contributes to so many health problems is a result of the choices made by those private businesses. While land use tools are effective in preventing certain businesses from locating in specific locations, attracting businesses and influencing how they operate requires a different set of tools, often called *economic development*.

It may seem reasonable to expect that land use planners and economic development professionals would work closely together to optimize development in a community. Unfortunately, that is not always the case. Planners may envision whole communities that meet the needs of residents and will plan for a built environment that meets those criteria. At the same time, a few doors down, the economic development specialists are working hard to ensure that the local economy thrives. This often means working hard to attract business to the community to maximize jobs and taxes – businesses that may not reflect the vision of the land use planners (or the vision of public health professionals, for that matter).

Over the past few years, however, policy makers have increasingly come to realize that economic development policy has the potential to make a unique and powerful contribution to stimulating the development of healthy food retail options in underserved communities. In Philadelphia, for example, the city council convened a group of leaders from the supermarket industry, city government, and the public health sector who called for greater public sector involvement in food retailing. The recommendations included:

- ▶ The City should adopt food retailing as a priority for comprehensive neighborhood development.

- ▶ The City should employ innovative, data-driven market assessment techniques to highlight unmet market demand in urban neighborhoods.
- ▶ The City should identify targeted areas for supermarket development and promote them to real estate developers and the supermarket industry.
- ▶ The City should give priority to assembling land for supermarket development.
- ▶ The City should reduce regulatory barriers to supermarket investment.
- ▶ The City should market the available public incentives to maximize impact on supermarket site location decisions.
- ▶ City and State economic development programs should be made available to the supermarket industry.
- ▶ The Commonwealth of Pennsylvania should develop a business financing program to support local supermarket development projects.¹⁰

Across the country, local governments, private developers, and community groups have already begun to take such actions. For example, the Retail Chicago program has successfully attracted new grocery stores to long-underserved neighborhoods. In Gary, Indiana, Milwaukee, Wisconsin, and Washington, D.C., local governments are working to make state-of-the-art market analysis of the demand for food retail in their low-income neighborhoods available to the supermarket industry. In Pennsylvania, the state has allocated \$20 million, leveraged with \$60 million in private money, to create the Fresh Food Financing Initiative, a revolving loan fund that is available to finance supermarkets in underserved areas.¹¹ (See chapter 8 for more information about the Fresh Food Financing Initiative.)

There are additional links to be made between economic development and health. Communities that suffer from disinvestment often feature substandard housing, which can mean unabated toxins such as mold, rodents, cockroaches, and lead paint. Lower-income communities may also have disproportional amounts of toxic land, which remains undeveloped because of the cost of remediation. Road design and the location and siting of polluting industries can be impediments to new

Retail Chicago

Most large cities make some effort to attract new retailers, but few have focused on meeting the retail needs of underserved inner-city neighborhoods. One exception is the Retail Chicago program, launched in 1994 by Chicago's planning and development department in partnership with the Local Initiatives Support Corporation (LISC) and the Chicago Association of Neighborhood Development Organizations (CANDO).

Retail Chicago commissions economic profiles and analysis of selected neighborhoods, then draws on the results to produce promotional material to be distributed to retailers. It offers interested developers and retailers a single point of contact within city government for information and support with site planning, permitting, and access to incentive programs. The program publishes a quarterly newsletter and schedules regular tours to bring local retailers and elected officials together to look at development opportunity sites.¹²

Strong and visible support from the mayor has been essential to the program's ability to leverage the resources of other city departments and get things done quickly. Retail Chicago manages a strategic plan for neighborhood retail in Chicago and can educate other city staff about how the retail projects fit into other community priorities.

The results have been dramatic: many retailers, including several supermarkets, have located in the targeted neighborhoods.¹³

business development; they can also affect air quality and therefore rates of asthma and other lung diseases.

Many of the basic concepts and strategies in this toolkit can be used to address economic development responses to health impacts other than obesity. The focus in this toolkit is, however, obesity and access to food.

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- 4 K. Morland et al., *Neighborhood Characteristics Associated with the Location of Food Stores and Food Service Places*, Vol. 22, No. 1, AMERICAN JOURNAL OF PREVENTATIVE MEDICINE, at 23-29 (2004).
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- 12 K. Pothukuchi, *Attracting Supermarkets to Inner-City Neighborhoods: Economic Development Outside the Box*, Vol. 19, No. 3, ECONOMIC DEVELOPMENT QUARTERLY, 232-244 (August 2005).
- 13 Interview with Joel Bookman, Chicago Local Initiatives Support Corporation (LISC), 6/21/06.