

Urban Wave: Emerging Demand for Community Solutions to Food Access

BY STUART REID

Food co-op development is often described as coming in “waves.” The first wave co-ops emerged in the early 20th century in response to industrial conditions and the great depression. A second or “New Wave” of co-ops flourished in the late 1960s and 1970s as growing numbers of people sought control of their food system and access to natural, unprocessed foods. The third wave began about twelve years ago, after two decades of very few startups. This time around the communities and motivations were more diverse, but most still reflected the values and aspirations of the New Wave co-ops. Now, we are seeing another wave of interest coming from underserved, urban markets.

Throughout these times, and even preceding them, there has been a parallel movement among communities of color, using formal and informal cooperation to improve their lives amid hostile social conditions. Today, cooperative economics is stimulating thought, research, and business creation for working class people. Worker-owned co-ops are providing health care, housing, catering, and retail jobs, and we are seeing a new wave of interest where the parallel paths are converging as communities of color bring their history of collective action to solving food access issues by organizing retail food co-ops.

Many urban cities have neighborhoods that have been left behind or abandoned through short-sighted and discriminatory practices. Typically these are communities of color with lower median incomes and limited options for fresh groceries. For simplicity, Food Co-op Initiative refers to these areas as “urban markets.” Since many of the residents rely on public transit and walking, proximity to affordable, healthy food is a priority.

Chain and independent supermarkets have opted to close their stores in these neighborhoods, leaving only corner stores with limited inventory. Ironically, many that closed shop were reported to have been profitable, but changes in company policy or the inability to meet profitability targets prevailed.

In order to be effective supporters of urban development, we need to gain cultural competency and diversify our own organizations. As we work toward those goals, it is important to remain humble and open-minded.

North Flint Food Market’s story

The city of Flint, Michigan, birthplace of General Motors, was disproportionately impacted by an economic downturn after the bailout of the auto industry in 2008. In North Flint, where the co-op will be located, 40.5 percent of residents have income below the poverty level. The nearest local grocery store is 1.2 miles away, and the nearest national chain supermarket is over five miles away. In fact, the need for better access to groceries is so great that the Mass Transportation Authority began “Ride to Groceries” services to transport residents to the nearest full-service grocery.

The North Flint Food Market developed out of a larger vision

from North Flint Reinvestment Corp. for the development of the Ujimaa Village. The village includes plans for a school (established in 2014), grocery store, and credit union. In 2016, land was secured along the Pierson Road Business Corridor. A market study has been conducted, and preliminary pro forma work is underway. The co-op is building its owner base (currently 485) and conducting a major capital campaign. The cost of membership is \$250 for individuals and \$500 for nonprofits and businesses.

Members of the staff and the steering committee have worked closely with the Flint & Genesee Chamber of Commerce and have reached out to individuals within the area for potential investors in the project. Additionally, they have received funding support from all their city’s philanthropic foundations. The co-op has over a dozen committed community partners and nonprofits from the area, and it has been working with Food Co-op Initiative (FCI), CDS Consulting Co-op, and the Keith Wicks and Associates marketing firm. They are a member of the FCI Urban Markets Initiative, and for the last two years have sent their entire board to the Up & Coming conference. (See reports on Urban Markets Initiative and Up & Coming in CG196, May-June 2018.)

Experience wanted: apply within

Consider: Co-ops are a business model that helps people address otherwise unmet needs. Co-ops operate to serve their



NORTH FLINT FOOD CO-OP SESSION – UP & COMING 2018; PHOTO COURTESY OF FOOD CO-OP INITIATIVE

owners and do not require higher profits to reward speculative investors. Co-ops are committed to community health and education. Is it any wonder that urban markets have begun organizing food co-ops?

The philosophical underpinnings and business need are clear, but the food co-op community has had limited experience organizing co-ops in urban markets, especially in the last decade. Those of us in cooperative development have generally come from privileged backgrounds, and few have clear understanding of the political and social realities of lower income communities of color. Sorry folks, but it's the truth.

In order to be effective supporters of urban development, we need to gain cultural competency and diversify our own organizations. Fortunately, there are many dedicated community organizers already working in these communities who are providing invaluable guidance to cooperative endeavors and connectors to the primarily white, middle class cooperative specialist network. This collaboration is essential, as we all bring different tools and perspectives to the table.

FCI started a new initiative in 2017, aiming to learn more about urban market co-ops' unique needs and identify appropriate resources to support their efforts. With funding from Capital Impact Partners and the Blooming Prairie Foundation, we were able to offer \$10,000 seed grants to four co-ops: North Flint Food Market Cooperative; Southeast Memphis Food Cooperative in Memphis, Tennessee; Fertile Ground Food Co-op in Raleigh, North Carolina; and Allendale Corner Store Co-Op [sic] in Shreveport, Louisiana.

We have been meeting with these groups regularly through monthly conference calls, site visits, and an afternoon retreat during the Up & Coming conference. Historians and visionaries such as Jessica Gordon Nembhard and Malik Yakini have shared

Active Startups in Urban Markets

African Heritage Food Co-op
Apple Street Market Co-op
Catonsville Cooperative Market
Community Grocery Cooperative
COO-PERA (Boyles Heights)
Delridge Grocery Co-op
Detroit People's Food Co-op
Gem City Market
Hartford North Food Co-op
Cleveland East Food Co-op
Louisville Food Cooperative
One Community Food Co-op
Share Co-op
Stone Mountain Food Co-op
Suncoast Co-op Market
Charlotte (no name yet)

Buffalo, N.Y.
Cincinnati, Ohio
Catonsville, Md.
Washington, D.C.
Los Angeles, Calif.
Seattle, Wash.
Detroit, Mich.
Dayton, Ohio
Hartford, Conn.
Cleveland, Ohio
Louisville, Ky.
St. Petersburg, Fla.
Winston-Salem, N.C.
Stone Mountain, Ga.
Imperial Beach, Cal.
Charlotte, N.C.



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New co-ops start here.

their knowledge with attendees and helped FCI and other cooperative developers better understand the cultural reality of the communities we are trying to support. We have learned a lot, but it takes a few years to get new co-ops open. We will not have a complete picture of the development process and successful outcomes until a significant number of urban co-ops have been open long enough to evaluate their viability.

Emerging insights on partners and boards

Many of our startups talk about the “kitchen table” conversations among a group of friends that led to a decision to found a co-op. In working class neighborhoods of color, we are finding that the impetus often arises within a community organization. These are usually nonprofits with a mission to improve community health and economic development, faith-based initiatives, or even local government organizations.

These organizations can become an integral part of the development process, often providing significant leadership even after the co-op has seated a board of directors. These partnerships can provide everything from skilled organizers to financial and administrative support and fiscal sponsorships. Community-based organizations typically have the connections and credibility to gain support for the co-op among potential owners and civic leaders. This is especially important in areas where co-ops are unfamiliar and investment for collective gain is a challenging concept.

This can be a huge advantage for the co-op, but a possible downside is that the co-op board has fewer responsibilities and may rely on the nonprofit partner in lieu of developing strong systems of decision-making and accountability. Our current board training standards for food co-ops need to be modified to take into account the impact of a partner organization, providing them with the same clarity of roles and responsibilities that we have defined for boards and managers.

Financing challenges

Because there is recognition of the social and economic potential of a new food co-op in an underserved community, startups may benefit from higher levels of donations and people willing to become owners as a sign of support. This is important, since there may be less wealth in the community to support large capital drives. However, if a large percentage of owners are joining for altruistic reasons, a co-op may find itself with far fewer owners who actually want and need the store's services than they anticipated. When the Renaissance Co-op in Greensboro analyzed its membership base, they discovered that a surprising percentage of owners did not reside within their market area and were not likely to ever patronize the store. No matter how many people support a co-op in theory, or how much startup capital can be raised through non-owner sources, there must be loyal shoppers for the business to be viable.

Startups serving lower-income communities usually recognize that their ownership base will not be able to invest as much as owners in more affluent areas. However, many co-ops are planning larger-than-average stores that resemble small supermarkets in scale and inventory, which means startup budgets that often exceed \$4 million. With the support of

The Changing Face of New Food Co-ops

Over the last decade, Food Co-op Initiative has seen a steady change in where our new inquiries come from. The majority of these startups were once found in progressive, reasonably affluent communities of medium to large size. Call them “traditional” co-op markets—and increasingly threatened by the arrival of strong competitors.

The trend among startup food co-ops has steadily shifted. Now we are getting regular requests for support from under-served urban communities and smaller rural communities. While that sounds like two ends of the spectrum, both groups share a common problem: limited access to fresh and healthy food choices. Supermarkets have abandoned many lower-income areas and communities of color in major cities, and small, independent grocery operations in rural America are closing when owners retire or move on.

These markets present unique challenges that require new approaches and an investment in learning. Food Co-op Initiative is committed to finding viable co-op solutions for communities like these where other options have failed. In the next issue of *Cooperative Grocer* we will talk about what we are learning in rural America.

community partners, co-ops are successfully obtaining significant charitable and government grants to offset part of their costs. These development subsidies are critical, and they help keep debt service low enough for the co-op to project viability, even with lower-margin conventional inventories.

As with all food co-ops, it is a challenge to find competitively priced sources of inventory. Regional distributors of conventional products have been willing to negotiate reasonable contracts with the few co-ops that have reached that point, but lower-priced competition from other retailers is usually a reality these co-ops must face.

Although we recognize some of the challenges well enough to start focusing on new resources and solutions, we have only begun. New inquiries arrive regularly, and FCI is already working with sixteen startup efforts in low-income, low-access areas. Over the next few years, we hope to be able to say with confidence that co-ops are a viable means to strengthen some of the communities that need them the most. •

The author thanks Jamila Medley, executive director of Philadelphia Area Cooperative Alliance (PACA), for her insightful comments and suggestions, which made this a better article. Its shortcomings remain my own.