

## Elm City Market Food Co-op - A Model for Downtowns

New Haven is Connecticut's second largest city and home to multiple universities and colleges, including Yale University, located in the heart of downtown. Its population of 130,000 includes 55,000 residents living within Downtown and adjacent neighborhoods and represents a diverse community, both ethnically and economically. Known as a "foodie" destination, with more than 50% of retail tenants being restaurants, New Haven boasts inventing the hamburger sandwich (Louis Lunch, 1900) and being home to the country's best pizza (Sally's and Pepe's, both located in Historic Wooster Square). Despite a reputation as Connecticut's culinary capital, New Haven was also until recently, considered a "food desert," with only one large grocery store in town. In order to overcome this challenge and better serve a growing population in need of a viable grocery store in the heart of its Downtown, the City of New Haven took action.

In 2006, the City of New Haven put out request for proposals to develop a large downtown parcel known as the Shartenberg Lot, former home of Shartenberg's Department Store. Shartenberg's was razed in the early 1960s and the site became home to a parking lot for the forty years that followed. The site was a 1.6 acre brownfield lot, located adjacent to a downtown train station, one block from the center of downtown, and three blocks from Yale University. In spite of its prime location, the neighborhood immediately surrounding the site was struggling.

One of the mandates of the City's RFP process was that a full service grocery store be located on the retail level of whatever development was built on the site. The City chose Becker + Becker to develop a high density, mixed-use, transit-oriented project. The result was 360 State Street, a mixed use building in the center of an urban area that incorporated 500 market-rate and affordable residential apartments, parking, and retail space. This would be the largest private development project in the history of downtown New Haven.

Becker + Becker broke ground on 360 State in late 2008 and opened to residents in 2010. The building is LEED Platinum certified and uses 50% of the energy utilized by traditional urban apartment buildings. In addition to multiple energy efficiency features, 360 State is one of first multi-family buildings utilizing a fuel cell CHP system to provide power, heat, and hot water to meet the building's demand.

While Becker + Becker built and rented apartments (360 State is currently fully occupied), they also approached national and local grocery chains Whole Foods, Trader Joe's, Stop and Shop and Big Y. The businesses expressed concerns about the likelihood of profitability in an urban neighborhood, citing lower incomes and higher taxes, constrained parking and loading, and higher operating costs. Even stores expressing initial interest in the site insisted on a "go dark clause," meaning if they signed a lease, they still reserved the right to close their doors. During this period, the New Haven Shaw's closed its doors, leaving the city without a supermarket (Stop & Shop opened in Shaw's place after a year). Becker+ Becker began to research food co-op business models to emulate and found them in City Market/Onion River Food Coop (Burlington, VT), Co-op Food Stores (Hanover, NH) and River Valley Market (Northampton, MA).

Becker + Becker worked with a dedicated Core Leadership Group to start a co-op located in the 12,000 square foot ground level space of 360 State. This required a massive community-wide effort and New Haven was full of talented and caring people willing to help to make it happen. Elm City Market was incorporated in May 2010, and held its first community meeting in the City of New Haven's Hall of Records. Former Downtown Alderwoman Bitsie Clark called the gathering the most diverse and unified group she had ever seen at a community meeting. That community spirit launched Elm City Market forward in record time, dramatically shortening the normal five year start up time for a food coop.

The demand and excitement for a full service grocery store became increasingly evident as the group worked on the project. Over 300 member-owners were recruited during the first month of the membership drive; 18 months before the store opened! In addition to creating a membership based co-op, Becker + Becker and the Core Leadership Group had to raise \$7,000,000 in start-up capital. Funding came from the following sources:

- \$4,000,000 from a 15 year- 5.1% loan from Webster Bank, which had an 80% USDA loan guaranty
- \$1,500,000 in preferred equity (paying a 6.25% dividend) from local institutions and individual "social investors"
- Approximately \$150,000 from 750 member-owners investing \$200 each

- The balance from a landlord tenant improvement (the landlord is a large pension fund) allowance and vendor credit and grocery free-fill

After 18 months of work, the leadership group (now Elm City Market board of directors) opened Elm City Market in November 2011.

Elm City Market is a hybrid store with 15% conventional items, and 85% organic, natural, local or regional. In addition to grocery store items, the store caters to Downtown New Haven's office and university population with convenience foods, a thirty foot hot bar, salad bar, sandwich bar and a burrito bar. Elm City Market carries many specialty food items made by Downtown businesses, including bread from Judie's, a local bakery blocks away from the Market and homemade square donuts from Orangeside Luncheonette, located around the corner from the Market.

Elm City Market is open to the general public for shopping, but membership benefits include patronage refunds, periodic discounts on select products, and year-end dividends once the store is profitable. To date, Elm City Market boasts 1500 members and counting. Elm City Market also accepts food stamps and offers a membership payment plan for people in need. The Market has 100+ employees and offers a very competitive salary and benefits package.

The Elm City Market team has woven itself into the fabric of the Downtown by supporting local non-profit organizations and schools with donations of food and funds, attending numerous community events and continuing outreach to those who don't realize the Market was created for them. For many who live, work and play in Downtown, the excitement of having a beautiful, full service grocery store may never wear off. Anyone stopping into the Elm City Market is bound to run into a friend, coworker or neighbor, no matter the time of day. Known as "Foodio 54," a nod to 1970s hot spot Studio 54, Elm City Market is among the favorite places for locals to meet for coffee or a meal.

Now open for over eight months, Elm City Market continues to meet its sales projections while having a positive impact on the surrounding neighborhood. Retailers are expressing an interest in opening a business in the area and developers are encouraged by the quick absorption of 500 downtown residential units to build more housing in Downtown.

From inception to execution, the creation of Elm City Market has changed the landscape in Downtown New Haven, drawn the community closer and opened the door for more development. Its success is a model for other communities seeking a solution to their own food desert problem.

<http://www.elmcitymarket.coop/>