

# Baltimore Neighbors Organize Co-op Groceries

by Marcia E. Kingslow

Enter the recreation room in Baltimore's City Spring Elementary School during the midday break and you will find children snacking on, as well as reciting the praises of, carrots, apples, raisins, and other natural goodies. Stroll through Baltimore's Middle East community on a sunlit afternoon and you will come across enthusiastic urban farmers, young and old, tending their thirteen community-controlled garden sites. Visit the Bethel AME Food Cooperative on any Thursday and you can watch 500 co-op members pick-up preordered bulk foods, fresh fish and fowl, and fruits and vegetables at prices well below the norm.

These are but a few examples of the strategies developed by Baltimore community-based organizations to offset the deficiencies of the traditional urban food system, a system characterized by high prices, poor quality, and limited access. Like the organizations themselves, these projects are founded on principles of self-reliance and a belief that the components of the larger food system—production, processing, distribution, and consumption—can be replicated at the grassroots level to promote community economic development and food security.

Central to their efforts is a project designed to create alternative food distribution outlets in underserved neighborhoods. Called the Community-Managed Food Store Project, its immediate goal is to provide quality groceries at reasonable prices to area residents. The long-term goal is to correct through competition the pricing and distribution anomalies of the urban food system in underserved areas, so that families can achieve economic and nutritional balance.

## Supermarkets Leave City

The food distribution system of the Baltimore region is not much different from that of most metropolitan areas.

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For over two decades, inner-city neighborhoods have experienced an exodus of supermarket chains that favor more lucrative suburban and exurban investments. Except in a few regions that have reached their growth capacity and a few less-conventional food distributors, new supermarkets are slow to reopen in these communities for a variety of reasons. They include historic discriminatory investment patterns, lack of land for the preferred 50,000-square-foot superstore, and high insurance and overhead costs. When supermarket chains have reentered urban markets it has generally been in, or on the fringe of, gentrifying areas.

In an attempt to fill this void, small, independent grocery stores have proliferated in underserved communities. However, because of the scale of these operations, and the poor mobility and inadequate public transit networks that turn residents into captive consumers, prices in these stores are generally high. These operations generally offer a more limited product line, sell few fresh vegetables and meats, and have a slow product turnover time. They are usually staffed by relatives and offer very few job prospects for neighborhood residents. Proprietors and workers often live outside the community and thus perpetuate the outflow of capital from the neighborhood to more affluent areas.

## Surveying the Costs

In 1984, the Maryland Food Committee (MFC), a nonprofit anti-hunger organization, conducted a price survey of small food stores in seven low-income Baltimore neighborhoods that lacked supermarkets. The survey revealed food prices over 40 percent higher than prices at suburban supermarket chain stores. About the same time, the Baltimore Department of Social Services reported an 89 percent increase in the number of households requesting emergency food in 1984 compared to 1980.

The numbers corroborated the Maryland Food Committee's experience as a funder of emergency feeding programs. Backing up the statistics were anecdotal

accounts of inner-city families unable to meet their basic food needs because of limited access to reasonably priced, quality foods. These trends provided the impetus to develop a model for community-based, alternative retail outlets that could offer affordable prices to families living in underserved neighborhoods.

In 1985, the Maryland Food Committee began to develop the Community-Managed Food Store Model (CMFS) and to identify the types of organizations that might best implement it.

The traditional anti-hunger groups (emergency food providers) had little experience with community economic development. Unfortunately, the high demand for their services often prevented them from developing long-term solutions.

The Food Committee turned instead to community-based organizations that had at least one alternative food-related project in the works as the best prospects for creating the CMFSs.

The committee looked for effective leadership in place, strong resident participation, and reasonable track records on other community improvement projects. Business and/or real estate development experience was highly desired but not mandatory, since the Food Committee would provide technical assistance in these areas as well as in capital creation, operations, and outreach.

The Maryland Food Committee was particularly concerned that the model not be so sophisticated that it would overwhelm the sponsoring organization, since the CMFS project would probably be just one of a number of community efforts. It did want to insure, however, that the model would be attractive to prospective funding sources and other supporters. It also wanted to create a model that would be respectful of the scale of community-based development, but substantial enough to have a long-term effect on the neighborhood food system. Most of all, the Food Committee wanted to create a model that would be flexible and could be tailored to meet local objectives and resources.

Offering quality food at prices below area competitors requires minimizing development and operating costs as much as possible. The model that resulted is a hybrid: It combines aspects of community-based real estate development with cooperative economics and traditional business principles.

The model calls for the nonprofit, community-based organization to secure public and private development grants and low-interest loans in order to purchase and rehabilitate a mixed-use building in their neighborhood. The ground floor commercial space of a storefront building is renovated to the specifications of the CMFS, while the upper floors are converted to affordable housing for area residents. Ownership of the building is retained by the sponsoring organization. The development subsidies and rental proceeds are programmed at levels that allow the CMFS to operate without a rent or mortgage overhead or debt service—at least during the critical start-up phase. This allows the CMFS to keep its operating expenses low and pass the savings on to customers in the form of lower food prices. Profits are generally recycled within the CMFS.

The CMFS model is founded in the spirit of cooperative participation. During the development process, project sponsors publicize the project locally to create a member equity base. This equity serves to leverage start-up and operating funds while the membership provides a base clientele and a volunteer labor pool. (Of course, the store sells to everyone, but only members receive special discounts and/or rebates.) The membership fee is decided by the project sponsors; the aim is to make the fee substantial enough to create a sense of investment, but not so high as to discourage consideration.

Unlike most cooperatives, the CMFS does not rely solely on volunteer labor. A salaried store manager is hired to insure efficient and consistent operations. The model suggests seeking a one-year, one-time grant to support the manager while the operation gets on its feet. During this time, training workshops are conducted for members, volunteers, and project sponsors on various aspects of store management including purchasing, marketing, inventory control, and accounting. The experience of existing CMFSs indi-

cates that the entire operation should become self-supporting in the second year of business.

#### Current Operations

The Maryland Food Committee is presently providing technical assistance and limited financial assistance to five Baltimore community organizations working to establish or maintain CMFSs. Each is in a community with serious problems of poverty and capital flight.

The Fairfield Improvement Association operates the only food store within three miles of this isolated community. The Unique Food Store, despite attempts to discourage it from its mission, continues to offer residents retail food at affordable prices while serving as the sole distributor of surplus foods. The Citizens for Fair Housing view the development of their CMFS as a component of a neighborhood food system that includes community gardens, greenhouses, a fish farm, 4-H projects, home economics, and an urban-rural agricultural exchange network. The Community Survival Center, sponsors of alternative education for teens, sees the development of a CMFS as the evolution of its food co-op experience as well as its first community economic development project. The BDP Group, comprised of a food cooperative and two community associations, also views the CMFS as the next step for its successful food coop. The ties of the community associations to its constituents will enable this health-oriented CMFS to better serve a population troubled by diet-related diseases.

This fall, the South and Southeast Development Organization (SSEDO) expects to begin renovating a donated building, with the help of a \$71,000 Community Development Block

Grant, to house a CMFS and an affordable rental unit. The grant also includes funds for equipment. Pro-bono services were provided for SSEDO by lawyers, accountants, and design professionals, and the Maryland Food Committee has provided additional technical assistance. MFC will also provide a grant for food inventory as well as establish a revolving job-training project within the CMFS to provide young mothers with retail food management experience. SSEDO sees the CMFS as the primary means of reinforcing its work in nutrition education and self-help development.

The CMFS model provides a viable alternative to traditional food distribution in underserved neighborhoods. Not only do these stores offer prices that are lower than most area retailers and competitive with outlying supermarkets; they provide an opportunity to create community development ventures that serve a vital human need. The community-managed food store provides a clean, friendly environment to shop in and a place for residents to feel a part of. They know where their food dollar goes and have a voice in how it is used. Most importantly, perhaps, the CMFS project instills a renewed commitment to neighborhood improvement that helps the community move away from dependency toward greater self-reliance.

#### FOR MORE INFO

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