

D.C. Hoping Eminent Domain Action, Retail Pioneers Can Help Solve The Southeast Food Desert

February 15, 2022 | Jacob Wallace, Bisnow Washington, D.C. (<https://www.bisnow.com/author/jacob-wallace-533636>) (<mailto:jacob.wallace@bisnow.com>)

After some difficult legal maneuvering, a grocery store that can serve residents of Southeast D.C. may finally be coming to the Capitol Gateway Marketplace (<https://www.bisnow.com/tags/capitol-gateway-marketplace>). But that victory, like many developments in long underserved areas of the city in Wards 7 and 8, comes at a cost.

The District is using money from its D.C.'s Food Access Fund, a grant program that was set up to provide money to restaurants and grocers, to pay \$20M to acquire land at the property via eminent domain and offer a "hefty subsidy" to entice a new tenant to the site, *Bisnow* has learned. The size of the investment means the second round of the grant program that could have gone to restaurants looking to open up in Wards 7 and 8 was canceled.



Sarosh Olpadwala (<https://www.bisnow.com/tags/sarosh-olpadwala>), the Office of the Deputy Mayor for Planning and Economic Development (<https://www.bisnow.com/tags/dmped>)’s director of real estate, and Deputy Mayor John Falcicchio (<https://www.bisnow.com/tags/john-falcicchio>) told *Bisnow* that the expensive grocery project was worth the sacrifice, noting that grocery stores are vital to the city and require higher subsidies than restaurants.

“We’re really driving that market, versus just waiting to respond to people who are like, ‘Can I have some money,’” Olpadwala said. “You’ve got to balance that.”

Another new grocery store would be a win for the administration and residents of Ward 7 as a whole — since 2010, the number of grocery stores in Wards 7 and 8 has declined as the number of grocers has increased in every other ward, according to a report (<https://www.dchunger.org/wp-content/uploads/2021/01/StillMindingGroceryGap.pdf>) from D.C. Hunger Solutions.

The tradeoff at hand in Capitol Gateway underscores the difficulties officials still face in luring grocery stores and sit-down restaurants to those areas even after years of trying to pass meaningful policies to spark a change. The private sector has refused to bite, even with incentive programs like the Supermarket Tax Exemption Act on the books since 2000.

Enticing established brands to new developments and neighborhoods can be tricky, in part because many like to follow a herd mentality, said Rappaport (<https://www.bisnow.com/tags/rappaport>) Executive Director Bill Dickinson (<https://www.bisnow.com/tags/bill-dickinson>), who is leasing the retail space at the under-construction Skyland Town Center (<https://www.bisnow.com/tags/skyland-town-center>) project.

“Retailers ... they have a little saying, which is, ‘Pioneers are the ones with arrows in their back,’” Dickinson said. “They don’t like to be a leader, they want to be a follower.”

The city may finally have an effective carrot with the Food Access Fund, but the program was only funded through the end of this budget year, and Falcicchio declined to say whether Mayor Muriel Bowser (<https://www.bisnow.com/tags/mayor-muriel-bowser>) would request to refill the program’s coffers in her budget, to be released next month.

In its first round, the program supported eight businesses opening nine locations in Wards 7 and 8, and Falcicchio told *Bisnow* at the opening of the city's first drive-thru Starbucks last week that it's clear that, if there were to be a new round of funding for restaurants, the appetite is there.

"The grocery store investment is necessary, and the other [food] access points is really something we think has got some momentum," Falcicchio said. "When we wanted to open a Round 2 but then had to pull back, we got some input from folks who were like, 'Hey, we're ready to apply when you guys do open.' So for us, it's actually a good sign the market is still interested in the program."



Beverley Wheeler, director of D.C. Hunger Solutions and a member of D.C.'s Food Policy Council (<https://dcfoodpolicy.org/>), said she believes the growing grocery store deficit in the city is attributable in part to the way grocers look at potential sites. She said grocery chains often count out underserved neighborhoods due to their income and education levels, and miss the potential to build an economic base by generating jobs and taking advantage of the unique revenue multipliers associated with federal assistance programs.

“I think they are learning that that is not the only way to encourage business, that’s not the only way to be profitable,” Wheeler said. “Really having grocery stores is critical in these neighborhoods because it’s the best place for people to use their federal nutrition dollars, like SNAP and WIC. It’s also the best way to build community.”

Wheeler also advocates for greater community engagement from grocers. She noted that Good Foods Market, which recently opened in Bellevue, and Giant, which operates a store on Alabama Avenue SE, both remain active with the community to receive feedback on the types of foods and services their neighbors desire.

“We want to make it as easy for people to have access to healthy food as possible. We also want to build a hub,” Wheeler said. “People will come.”

There are other stories of long-awaited successes. Wheeler noted the growth of smaller grocers in underserved areas east of the river, including the food hall at Benning Market in River Terrace (Ward 7) and the Fresh Food Factory in the Anacostia Arts Center (Ward 8).

Even bigger, Skyland Town Center recently celebrated a groundbreaking (<https://www.washingtonpost.com/dc-md-va/2022/01/08/lidl-skyland-town-center/>) for Lidl (<https://www.bisnow.com/tags/lidl>), the first new full-service grocery store in Ward 7 in over a decade, as well as the ribbon-cuttings of a Roaming Rooster location and the drive-thru Starbucks (<https://www.bisnow.com/tags/starbucks>).

Dickinson said having Starbucks open is a big win, because it builds momentum and interest in the development at Good Hope Road and Alabama Avenue SE. He said tenants like the built-in audience that a retail center with established tenants and second-generation restaurant space can provide.

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Policies like the Food Access Fund or other grants and incentives can help overcome retailers' herd mentality, Dickinson said, especially as restaurants across the country face pandemic-related challenges (<https://www.bisnow.com/washington-dc/news/other/between-mandates-testing-and-propane-restaurants-are-weathering-a-tough-january-111568>).

"This is the best opportunity east of the river, is the way we look at it," Dickinson said. "During the pandemic, the full-service restaurants, regardless of where they are, have had some challenges. So to me it's not this area versus some other areas, it's the broad pressure across the industry."

Dickinson believes they can build it, but not everyone is convinced residents will come.

Mustafa Abdul-Salaam, a Ward 8 ANC commissioner and facilitator for the Ward 8 Community Economic Development plan, has watched new developments and economic drivers like the St. Elizabeths East (<https://www.bisnow.com/tags/st-elizabeths-east>) campus move forward in his ward.

He said the development is likely to bring new amenities to the Congress Heights (<https://www.bisnow.com/tags/congress-heights>) neighborhood around it, much as developments like MLK Gateway in Historic Anacostia

(<https://www.bisnow.com/tags/anacostia>) have, but he is worried those amenities will cater less to the needs of their neighbors and more to the needs of newer, wealthier residents and workers.

“You have people in the community who for years, they’ve wanted amenities, they’ve lived here without amenities, and now seeing those amenities coming, those people who have been sitting there waiting for the amenities to happen will not be able to afford living in the community,” Abdul-Salaam said.

Wheeler believes there is still time to mitigate that danger. She said the Food Policy Council can and should start holding more meetings with community members to hear what residents want and provide recommendations to the mayor accordingly.

She also believes taking the time to identify existing businesses in the community, like corner stores, that could offer fresh food options could ensure local business owners are the ones empowered by future grant programs.

Wheeler notes there is still grant money available for food businesses, including through Nourish DC and the Neighborhood Prosperity Fund, which is scheduled to open for applications on Feb. 25. But she believes officials need to perform outreach to educate existing businesses so they don’t miss out.

“It’s similar to what happened with PPP across the country. A lot of the small businesses didn’t know how to maneuver through the system, so they didn’t take advantage of it,” Wheeler said. “What we can do now, before they’re already gone, is figuring out who’s already there and making sure we can support them.”

She said the process to fine-tune these kinds of programs is “iterative,” but the city is spending its dollars on food access better now than it has in recent memory.

“The community can be really generous. Generous in their dollars and generous in their support,” Wheeler said. “We need to think big picture, and we need to be bold.”

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