

**HEALTHY RETAIL
AND COMMERCE FUND**
supporting small businesses
that build healthy communities



Featured Partner

COMMUNITY SERVINGS

December 2021

The Healthy Retail & Commerce Fund (HRCF)

provides financing for health-promoting businesses, such as community grocery stores that sell healthy food at affordable prices or nonprofits that provide services to address health disparities in low- and moderate-income neighborhoods throughout New England. This unique Fund, created through a partnership of Conservation Law Foundation and Massachusetts Housing Investment Corporation, leverages financing from hospitals, health plans, and philanthropy to provide flexible, low-cost loans to retail and commercial enterprises that can positively impact community health.

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Community Servings

- **Community Servings's mission is to provide home-delivered, medically-tailored, nutritious, scratch-made meals to chronically and critically ill individuals and their families to maintain health and dignity, and to reduce healthcare costs.**
- **HRCF made a \$3.25 million loan to Community Servings with support from The Kresge Foundation and Mass General Brigham.**
- **The loan supports the expansion of operating space enabling Community Servings to triple its production capacity, increase the number of meals served and beneficiaries supported, and expand its nutrition education programs.**

Organization Description

Founded in 1990, Community Servings' mission is to provide home-delivered, medically-tailored, nutritious, scratch-made meals to chronically and critically ill individuals and their families. To help clients maintain their health and dignity, Community Servings provides culturally appropriate meals, nutrition education and counseling, and other community programs. Prior to receiving an HRCF loan, with support from thousands of volunteers, the kitchen team prepared over 619,000 medically tailored meals home-delivered to 3,200 clients annually across Massachusetts using more than 57,000 pounds of produce donated by local farms and purveyors. Community Servings also hosts more than 600 volunteers each month who assist in the preparation and packaging of meals delivered to those in need. It is the only organization of its kind in New England.

In addition, Community Servings also offers (1) nutrition counseling and education to both clients and nutritionally-vulnerable individuals in the community to help manage health issues through changes in diet and healthier food choices; and (2) Teaching Kitchen, a food service job training program for those experiencing multiple barriers to employment. The 12-week job training curriculum covers all facets of working in a professional kitchen as well as job and life skills. The training is free to trainees and provides kitchen and classroom instruction, experience working in a professional kitchen, preparation for the ServSafe exam, and job placement assistance to 80+ trainees and recent graduates annually.

Through its Food Is Medicine food and policy initiative, launched in 2013, Community Servings has been successful in qualifying high-quality, home-delivered, medically-tailored meals as a reimbursable benefit under new payment and delivery models through the Affordable Care Act. This initiative led Community Servings to secure its first health insurance contract to serve select members of the Massachusetts One Care plan in 2013 and contracts with five local health insurance providers in 2018, which have grown to 12 contracts in 2021.

Project Description and Loan Uses

The \$3.25 million HRCF loan helped to finance the renovation and expansion of Community Servings' facility, which had a total cost of \$25 million.

Following completion of the facility renovation in August 2020, Community Servings expanded its core program of meal production and delivery services to meet increased market demand from chronically ill low-income people as well as from private insurers.

A growing body of knowledge, including robust research studies, is demonstrating to insurers and practitioners that medically-tailored meals can improve health outcomes by controlling or reversing chronic illness and reducing health care spending. In this environment, Community Servings' medically-tailored meals are increasingly in demand from private health insurers who see that healthy, targeted meals allow low-income people with serious illness to remain in their homes, achieve improved health, and reduce hospitalization rates.

Starting with a contract to serve select members of the Massachusetts One Care plan in 2013, Community Servings has been steadily increasing both the number of health insurance contracts and associated meal reimbursement rates. In 2020, Community Servings began to target MassHealth Accountable Care Organization (ACO) programs that had designated funds starting in the Spring of 2020 to spend on community-based services with demonstrated return on investment. The organization projected that its ability to increase revenues from Accountable Care Organizations would diversify its revenues and help pay for its expansion. Community Servings estimated that it would grow the value of contracts with ACOs by 2026 to \$7.3 million in projected revenues. In 2021, Community Servings projects it will have 12 ACO contracts for a total of \$4.0 million in revenues. Community Servings' newly expanded facility, supported in part by HRCF, will help the organization to meet this growing demand.

The project, and the HRCF loan, will have a profound impact on Community Servings' ability to meet the needs of its growing market for years to come. In addition to eliminating a waitlist of between 50 and 150 primary clients at any given time, the expansion project allowed Community Servings to meet the growing demand for its core meal program from health insurers. Over time, the project will allow Community Servings to triple its production capacity, prepare as many as 1.5 million meals per year, and serve 5,550 chronically ill clients and their families and over 9,000 clients through all its programs.

The project also enabled Community Servings to expand its Food & Health Policy Center in the new wing to further study the impact of medically-tailored meals and advocate for public policies that support access to food and nutrition services for people with critical and chronic illnesses. Over the last year, the agency was awarded two five-year National Institutes of Health Research Grants in partnership with the University of North Carolina and Massachusetts General Hospital to measure the impact of medically tailored meals on health outcomes. The growing body of research has supported Community Servings' development of a

national Food as Medicine Accelerator in partnership with the Nonprofit Finance Fund, the Center for Health Law and Policy Innovation at Harvard Law School, God's Love We Deliver in New York City, and the national Food As Medicine Coalition. The Food is Medicine Accelerator supports emerging needs in the Food as Medicine field to advance and scale the medically-tailored meal model nationwide. The Food & Health Policy Center will continue to aggregate resources to undertake more research into the long-term benefits of medically-tailored meals, fund outreach efforts to key stakeholders in the industry, and develop educational programs.

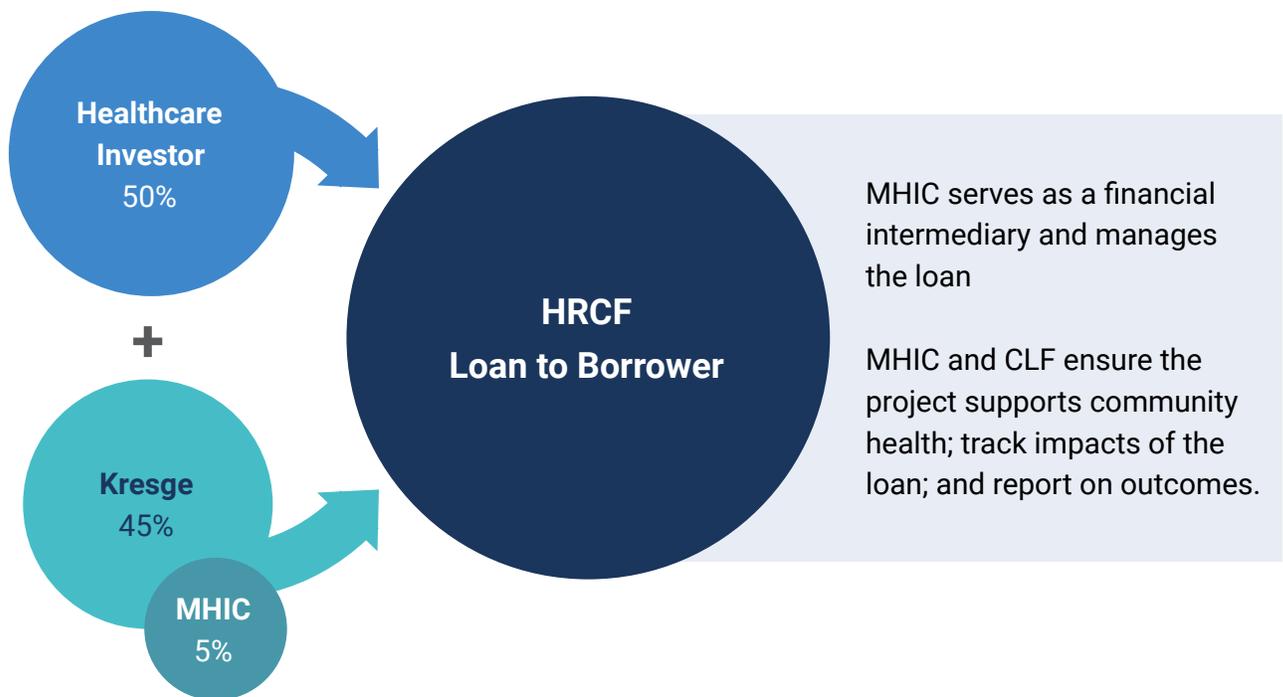
In addition, a new learning kitchen has enabled Community Servings to more than double the number of participants in nutrition education and cooking classes, from 1,125 to 3,500 people annually. The facility expansion is also allowing the employee training program for people with employment challenges to double from 40 to 80 participants per year. Community Servings expects that 9 of the 32 new full-time jobs made possible through the expansion project the HRCF loan supported will be filled by low-income people who have completed its 12-week training program.



Loan Terms

HRCF Threshold Criteria

- Loan amount of \$2-4 million
- Accessibility via public transit (less than ½ mile)
- Serving economically distressed communities
- Mission to provide goods and services that are accessible and affordable to low and moderate populations such as fresh/healthy food
- Eligible uses of funds include acquisition, construction, equipment purchase, soft costs, and reserves



Loan Amount: \$3,250,000

Borrower: Community Servings

Lenders: The Kresge Foundation, Mass General Brigham, & Massachusetts Housing Investment Corporation

Financial Intermediary/Fund Manager:
Massachusetts Housing Investment Corporation

Impact Screening and Reporting: Conservation Law Foundation

Loan Purpose: Renovation and expansion of Community Servings facility

Term: 5 years

Interest Rate: 2%

Community, Health and Environmental Impacts

The fund sponsors screened this loan for multiple community, health and environmental impacts in the underwriting process, and the team continues to monitor achievement of these goals. Multiple impacts include healthy food access, employment, street activation, local economy, connectivity, social cohesion, and ownership of change. Highlights include the following:

Impact Highlights	Metrics	pre expansion 2019	as of 6/30/2021	projected by 2026
 Healthy Food Access	Annual meals served	619,000	798,137	800,000
	Total people served through all programs (i.e. meals, nutrition classes)	3,015	4,000	9,130
 Quality Jobs	Full-time jobs	48	60	80
 Local Economy	Number of enrollees/year in culinary training program	40	31	80
 Community Connections	Public gathering/event space (square feet)	6,730	11,477	11,477
 New Funding Sources	Number of contracts with Accountable Care Organizations and other Health Entities	5	12	15
	Dollar value per year of revenues from ACO contracts (private revenues)	\$2.2M	\$4.0M	\$7.3M
 Revenue Growth	Total Revenues	\$7.9M	\$12.9M	\$13.9M

COVID Response

As part of the organization's broad COVID-19 rapid response strategy, Community Servings offered 27,000 free prepared entrees to Boston residents experiencing food insecurity, through the Mayor's Office during the height of the pandemic. The organization was able to increase meals served during the pandemic by more than 29%. The growth achieved was unprecedented, and the new facility allowed Community Servings to stay operational and expand production because the additional space allowed them to implement all safety and social distancing protocols.



Healthy Food Access:

Expanding medically tailored food access to promote individual and family health and well-being is the core mission of Community Servings. Of the 3,512 individuals served in FY2021, 92% are low-income and 63% are from communities of color. The expansion project will allow the organization to more than triple its programs, enabling it to serve as many as 9,130 people annually, primarily in Eastern Massachusetts' most underserved communities.

Community Servings programs and services benefit people, communities, and the health care system as a whole. Hospital-based research on Community Servings' medically tailored meals is ongoing, but one recent study funded by the AARP Foundation found a 16% net reduction in health care costs for clients receiving Community Servings' meals.



Quality Jobs

At the beginning of the ramp-up phase for the expansion in 2016, Community Servings had 47.5 full-time job positions. The project retained these positions and is expected to create an additional 32 permanent full-time jobs through 2026, 17 of which are anticipated to be filled by low-income people. Due to rapid growth caused by an unprecedented demand for scratch-made medically tailored meals, over the last year, the organization achieved its employment goal of 79.5 full-time jobs set for 2026. Every employee's pay starts at the Boston living wage (\$14.42/hour for a single adult) or higher. The jobs created by the project will range in pay from \$14.42/hour to \$33.65/hour. The 22.5 new food preparation and operations/ delivery jobs, for example, are expected to pay an annual salary ranging from \$35,000 to \$40,000 – above a typical

annual salary for food preparation jobs in Boston. Community Servings also pays 80% of family health benefits for employees and provides dental insurance, disability insurance, employer contribution and a match to 403(b) savings plans, flexible spending accounts, and tuition reimbursement. Additionally, Community Servings is the largest employer of graduates from its own culinary job training program, 100% of whom were unemployed, underemployed, or employed in low-wage jobs prior to the training.



Environmental Sustainability

The new Community Servings facility was built to the LEED Silver green-building standard. In addition, significant site remediation took place prior to construction: hazardous materials were removed from the site, and a partially collapsed structure was demolished and removed from property.



Community Connections:

Community Servings is located in Boston's Jamaica Plain neighborhood, one block from the Stony Brook subway station and easily accessible for those attending job training classes or nutrition education workshops, as well as for the organization's employees and the thousands of volunteers that visit it annually. The project increased the total square footage of the community room, volunteer space, and other common spaces from 6,730 to 11,477 square feet, an increase of 70%, which will enhance opportunities for interaction and community-building among staff, volunteers, and on-site program participants.



Benefits to Investors

There is extraordinary opportunity to leverage and align impact investment capital for retail and commercial spaces that positively affect health and well-being. The Healthy Retail & Commerce Fund (HRCF):

- demonstrates how to address financing needs and barriers for businesses that create economic opportunities for people in low- and moderate-income communities;
- supports positive community health outcomes; and
- provides a model that can be replicated in a variety of locations and markets.

Not only does HRCF provide opportunities to invest in social determinants of health (SDOH), but the investment structure also provides a model for how to scale health-promoting community investments through third-party fund sponsors. Fund sponsors such as CLF and MHIC can aggregate investment opportunities; provide rigorous underwriting, monitoring, and reporting for each investment; and effectively manage the portfolio of investments. By partnering with CLF and MHIC, impact investors can achieve greater impact at scale.

One of CLF and MHIC's impact goals for the Healthy Retail and Commerce Fund is to attract more private sector capital to invest in the building blocks of healthy neighborhoods like healthy retail and commerce. For this HRCF loan to Community Servings, Mass General Brigham (MGB) provided \$1.625 million to match loans from The Kresge Foundation and MHIC for a combined total loan

of \$3.25 million to support the expansion of the organization's building and operations. This loan is one of the first community development investments ever provided by this leading health system as part of their anchor institution strategy.

For MGB, the financial return is 1% per year over the 7-year loan term, with principal to be repaid in full and potentially redeployed into additional community investments. While some of the beneficiaries of Community Servings meals may be MGB patients, MGB was motivated to invest in SDOH to benefit the broader community.

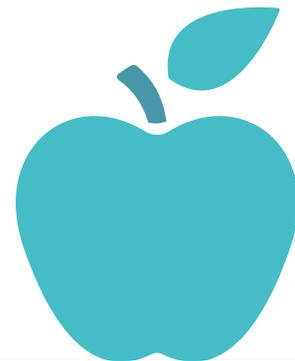
MGB had previous engagement with the borrower which also made the investment particularly compelling. Community Servings has partnered with Massachusetts General Hospital as well as the University of North Carolina School of Medicine for a five-year study of existing Community Servings clients living with HIV and diabetes.

“ Nutrition insecurity has extensive impacts on the overall health of individuals. It is a pressing issue that has been worsened by the pandemic. This growing problem has revealed the need to focus on preventing diet-related chronic diseases and the opportunities to manage these conditions with ‘Food Is Medicine’ strategies in the community through organizations like Community Servings.”

Elsie M. Taveras, MD, MPH
*Chief Community Health Equity Officer,
 Mass General Brigham*

Conservation Law Foundation (CLF) protects New England's environment for the benefit of all people. CLF uses the law, science, and markets to create solutions that preserve our natural resources, build healthy communities, and sustain a vibrant economy. For over fifty years, CLF has worked on issues affecting the health and well-being of New Englanders. From the cleanup of Boston Harbor to pioneering laws to prevent childhood lead poisoning, CLF has been at the forefront of efforts to create sustainable, long-term solutions to environmental challenges. CLF is also co-sponsor of innovative impact investment funds that advance our mission, including the Healthy Neighborhood Equity Fund (HNEF) and Healthy Retail and Commerce Fund (HRCF). CLF brings deep expertise in impact investing with a strong focus on impact measurement. Our HealthScore screening tool, developed for HNEF, assesses the community, environmental and health benefits of potential investments. CLF's impact investing and measurement work is grounded in scientific research, including our landmark Healthy Neighborhoods Study.

Massachusetts Housing Investment Corporation (MHIC) is an innovative private financier of affordable housing and community development, providing financing that would not otherwise be available, and extending the impact of that financing to ensure the broadest possible benefit. MHIC has raised over \$3.1 billion, much from repeat investors, and has \$1.2 billion in assets currently under management. Over 31 years, MHIC has financed 636 developments, representing more than 24,500 homes and 6.2 million sq. ft. of commercial space. MHIC is a deep value investor, targeting its financing with community partners on transformative investments. MHIC is co-sponsor and fund manager for HNEF and HRCF.



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