



## Memorandum in Support of Senate Bill 2644, “Prohibits restrictive covenants related to grocery stores”

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Dear members of the Senate Commerce Committee,

On behalf of the Institute for Local Self-Reliance, I am writing to encourage you to support **S 2644**. By prohibiting enforcement of any new restrictive covenants that would prevent a property from being used as a grocery store, this important bill will help ensure that Rhode Island residents have convenient access to healthy food.

Powerful supermarket chains often include restrictive covenants in the terms of their commercial leases that ban the construction of new, competing food retailers on the same property even when the chain supermarket closes. Restrictive covenants are not reserved for stores that have closed; often, supermarkets will buy nearby parcels of land, restrictive covenants can eliminate competition and limit food access by stopping a rival store from opening in the same neighborhood.<sup>1</sup> By prohibiting new supermarkets opening in specific locations, often for many years, restrictive covenants contribute to endemic food deserts, high food prices, and fewer options for workers and shoppers in Rhode Island.<sup>2</sup>

There are more than a dozen former grocery store properties in Rhode Island that currently cannot be reused for grocery stores because of restrictive covenants, according to research conducted by the Lieutenant Governor’s office. This harms communities in several key ways:

- **Creating and exacerbating food deserts.** Convenient access to healthy, affordable food is a fundamental community need. When a grocery store closes, then prevents a

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<sup>1</sup> Lela Nargi, “How some big grocery chains help ensure that food deserts stay barren,” The Counter, May 3, 2022

<sup>2</sup> For example, the state’s dominant chain supermarket, Stop & Shop, has successfully enforced restrictive covenants in its lease for years after it closed a store. See Bree Shirvell, “Town Has Few Options for Vacant Stop & Shop Building,” Patch, Jan 17, 2012

potential competitor from opening, community residents must travel longer distances to buy food or must rely on convenience or dollar stores, which offer mostly highly-processed, preservative-laden foods.

- **Destabilizing neighborhoods and triggering economic erosion.** Large commercial vacancies, such as buildings large enough to house a grocery store, discourage commercial investment and lead to disinvestment and commercial blight.<sup>3</sup> The presence of a grocery store, however, boosts nearby property values, boosting household wealth and municipal tax revenues.<sup>4</sup>
- **Restricting free trade.** Restrictive covenants keep smaller grocery stores, which are often more responsive to the needs and preferences of local residents, out of neighborhoods where their services would be both valued and needed. Restrictive covenants have no pro-competitive benefit whatsoever; indeed, they appear to be employed exclusively to repress food retail competition.

I strongly encourage you to end this harmful, scorched earth practice by voting in favor of S 2644.

With best regards,

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Senior Researchers  
Institute for Local Self-Reliance

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<sup>3</sup> Stacy Mitchell, "Big, Empty Boxes," Minneapolis Star Tribune, Jan 15, 2009

<sup>4</sup> Samuel Berman, "The Economic Impact of New Grocery Store Development: Studying the Effects of New Grocery Store Development in Underserved Communities," Alembic Community Development Corporation, May 2012