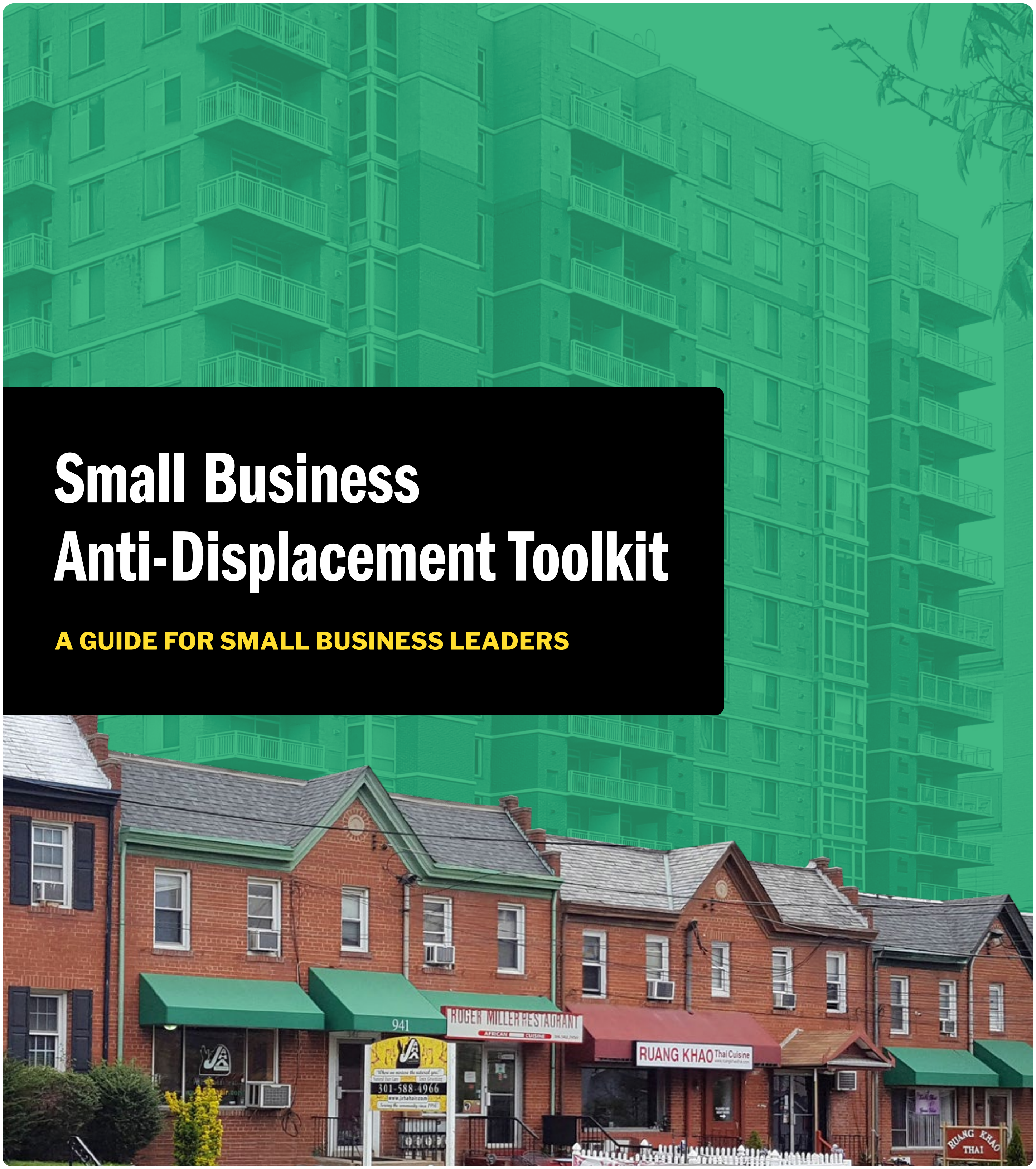
Small Business Anti-Displacement Toolkit

A GUIDE FOR SMALL BUSINESS LEADERS



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Nohely T. Alvarez
Bi'Anncha T. Andrews
Willow S. Lung-Amam, Ph.D

*This document may be updated by the Small Business Anti-Displacement Network to reflect new strategies, tools, and case studies.

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The **highlighted** terms in this document link to definitions in the glossary.

Executive Summary

Small businesses are vital to the social, cultural, and economic health of neighborhoods, particularly low-income communities of color. They foster community connectedness, provide local employment opportunities, connect residents to local goods and services, and allow a community's dollars to remain in and improve their neighborhoods. Small businesses are also highly vulnerable to displacement when neighborhoods gentrify.

Policy debates and research about **gentrification** have focused mostly on residential gentrification, a process in which higher-income, more highly educated residents move into historically disinvested, lower-income neighborhoods. Far less attention has been paid to **commercial gentrification**, the process by which long-term businesses that provide products and services to established residents are forced to move or close and are replaced by establishments that cater to more affluent consumers.

Yet residential and commercial gentrification are intimately connected. Gentrifying neighborhoods experience rapid new private and public investments that transform them with higher-end residential and commercial construction. For established residents and neighborhood small businesses, this can result in physical or cultural displacement. Residents and businesses are physically displaced when they can no longer afford rising rents or property taxes, or their customers disappear, and they must move out of the area or close. They are culturally displaced when cultural practices, social norms, and political power of longterm residents or businesses are supplanted or suppressed by those of newcomers – often White residents and larger commercial chains. When established neighborhood small businesses are displaced, it affects residents who have relied on them for goods, services, employment, gathering spaces, cultural amenities, and **social capital**.

Given their long history of segregation and **disinvestment**, urban neighborhoods that are home to communities of color and immigrants are most likely to gentrify. The consequences for small neighborhood businesses owned by immigrants and people of color (POC), especially those that rent their space, can be devastating. These businesses are particularly vulnerable to displacement because they do not have the same resources or privilege as incoming businesses, which are often larger and White-owned. POC- and immigrant-owned businesses face greater lending discrimination and landlord exploitation, and have less bargaining power, than White-owned businesses. They have fewer capital resources and are often highly affected by economic downturns because of credit constraints and narrow operating margins. They have less access to training and technical resources and are often unaware of or face various barriers to accessing local, state, or federal resources. Due to historic and ongoing discrimination, they also tend to have less personal wealth that they can leverage to maintain or grow their businesses.

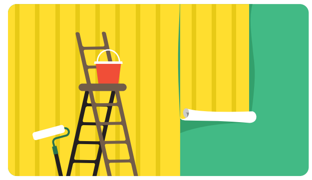
The COVID-19 crisis has exacerbated existing vulnerabilities and disproportionately impacted communities and businesses of color. POC- and immigrant-owned businesses are concentrated in the neighborhoods and economic sectors hit hardest by the crisis, with Black and Latinx businesses most affected. Black- and Brown-owned businesses are already less likely to have the same access to capital and credit as their White counterparts. In addition, many struggled to access the federal COVID-19 relief Paycheck Protection Program, with the majority of loans and grants going to larger, White-owned businesses and less impacted neighborhoods.

The COVID-19 crisis threatens to accelerate gentrification. Disadvantaged small businesses are in a weak position to withstand the economic downturn, while larger businesses or investors may seek newly vacant or devalued properties in cities already experiencing high levels of gentrification.

The Small Business Anti-Displacement Network (SBAN) is working to identify and promote promising anti-displacement policies and practices in communities across the United States and internationally, especially those where our network of small business leaders work. Our network includes policymakers, nonprofits, **technical assistance** providers, scholars, government agencies, and small business owners. The focus of our work is preserving neighborhood small businesses, which typically range from one to 20 employees and are most vulnerable to displacement.

This toolkit provides a range of strategies for preventing displacement or closure of POC- and immigrant-owned small businesses in gentrifying neighborhoods. We detail how anti-displacement strategies work, the tools needed to implement them, and how they are already being used in diverse neighborhoods.

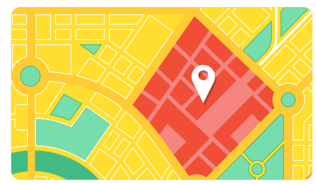
The toolkit provides an overview of the characteristics of small businesses and their role in neighborhoods. It then discusses the forces that lead to commercial gentrification and the neighborhood impact of small business displacement. It explores the impact of COVID-19 on POC- and immigrant-owned small businesses. Finally, it details six anti-displacement strategies, describes the range of tools that can put these strategies into action, and provides examples of how communities are using these strategies. The strategies included are:



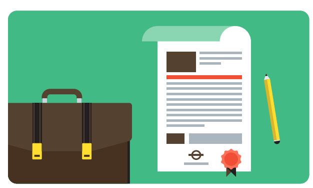
Commercial Preservation and Property Improvement

Local Hiring and Entrepreneurial Support

Tax Credits and Incentives



Zoning and Form-Based Codes



Commercial Tenant Protections

Commercial Property and Community Ownership

We conclude with recommendations for how small business leaders can push policies and practices that protect the long-term viability and health of small businesses. As gentrification reshapes cities and threatens to change the character of communities, the strategies outlined in this toolkit can help ensure that small businesses stay strong and stay in place.

Acknowledgments

The development of *The Small Business Anti-Displacement Toolkit: A Guide for Small Business Leaders* was supported by a grant from JPMorgan & Chase Co. The toolkit is a product of the National Center for Smart Growth Research and Education at the University of Maryland (UMD). UMD is in Piscataway and Nacotchtank land and profits from settler colonialism. The university was founded on the exclusion and erasure of many Indigenous peoples, including those on whose land it is located, demonstrating how infrastructure investment is connected to the displacement and dispossession of marginalized people.

The authors would like to thank the following SBAN staff and leadership for their assistance and guidance on the toolkit: Katy June-Friesen, Jordyn Battle, Kiara Garland, Dr. Gerrit J. Knaap, Dr. Stacey Sutton, Bobby Boone, and Manuel Ochoa. All images, unless otherwise cited, are the property of the Small Business Anti-Displacement Network.

Silver Spring, Maryland

Introduction

What is a small business? Why are small businesses important to neighborhoods?

Small business is a broad term, often defined as a firm employing up to 500 people. There are approximately 32 million small businesses in the United States that fall under this definition, of which one in five are owned by people of color.

Among all small businesses, 89% have fewer than 20 employees and generate almost all of the nation's economic activity.[1] According to the Small Business Administration, approximately four million "micro-businesses" with fewer than 10 employees make up three-fourths of the nation's private-sector employers and provide 10% of private-sector jobs.[2] Neighborhood small businesses typically range from one to 20 employees.

Neighborhood small businesses, such as bodegas, restaurants, nail salons, and pharmacies play critical roles in communities. They serve as local landmarks and add to a community's character and sense of vibrancy and identity.[3] They provide neighborhoods with goods, services, cultural amenities, and social capital that residents rely on.[4] They help sustain the local economy by providing jobs and partnering with other local businesses. They also support community cohesion by participating in local charities, organizations, and schools through donations and sponsorships. Unlike big-box chains, neighborhood small businesses are more likely to cultivate relationships among customers, employees, and neighborhood residents and act as community gathering spaces.[5] Small business owners are often strongly committed to the communities in which they operate, frequently helping to revitalize neighborhoods that have experienced significant disinvestment.[6]

Neighborhood small businesses, such as bodegas, restaurants, nail salons, and pharmacies play critical roles in communities.

In low-income, disadvantaged neighborhoods, small businesses tend to be owned by immigrants and people of color as well as independent or family-owned. These businesses are more likely to employ local residents. Immigrant-owned businesses, in particular, provide culturally relevant goods and services to their clients, and oftentimes forge transnational economic relationships by engaging in activities that span borders, such as remittance transfers.[7] But while POC- and immigrant-owned businesses play a critical role in the health of low-income neighborhoods, they face particular constraints that affect their vitality and long-term sustainability, especially in gentrifying neighborhoods.

What is gentrification?

Gentrification is rapidly reshaping many cities across the United States and internationally, displacing vulnerable residents and small businesses and changing the character of established communities. Gentrification is a process of neighborhood change in which higher-income, more highly educated residents move into historically disinvested, lower-income neighborhoods. Gentrifying neighborhoods experience rapid new private and public investments that transform them with higher-end residential and commercial construction. A key component of gentrification, which distinguishes it from other forms of **revitalization**, is the rapid neighborhood demographic shift, as new

Little Haiti neighborhood, Miami, Florida

Peaches Kitchen, a Caribbean restaurant in the Manor Park neighborhood of Washington, D.C.

development projects attract wealthier newcomers and price out established residents or small businesses.

The term gentrification was first coined by British sociologist Ruth Glass in the 1960s to describe the process of middle- and upper-class households moving into distressed working-class neighborhoods in London.[8] Since then, it has come to refer to the rehabilitation or upgrading of housing and commercial properties in neighborhoods that have historically suffered from population loss, capital disinvestment, and neglect.[9] Given their long history of segregation and disinvestment, urban neighborhoods that are home to communities of color and immigrants are those most likely to gentrify. New residents are often White, and rapid population changes frequently lead to racial, ethnic, and cultural tensions.[10]

Scholars and researchers often explain the factors that contribute to gentrification in two ways: as driven by economic factors (production) or by consumers (consumption). From a production perspective, as private investment is redirected into historically disinvested neighborhoods, new development projects, such as condominiums or chain stores, cause property values to increase. In turn, the supply of affordable housing available to lower-income residents and small businesses decreases. During this process, longtime residents are often displaced as a direct result of the cost-of-living increases. From a consumption perspective, the characteristics of incoming residents change, bringing with them new housing, consumer, and other preferences.[11] Newcomers often desire to be in locations near professional jobs, public transportation, restaurants, and retail stores geared to their tastes and needs. They are also able to pay more than established residents to be close to these amenities, driving up costs and increasing the possibilities of residential displacement.[12]

Decades of segregation, disinvestment, and under-development in communities of color have concentrated poverty in central cities and laid the groundwork for gentrification. Historically, federal urban policies such as restrictive covenants, urban renewal, and redlining have segregated these communities, while private and public disinvestment have drained them of

TYPES OF COMMERCIAL DISPLACEMENT

NOTICE

DIRECT

when businesses are forced to vacate due to eminent domain, building sale, redevelopment or rezoning

INDIRECT

when businesses are forced to vacate due to rising rents or property taxes, or factors preventing customer access

EXCLUSIONARY

when businesses cannot afford to move into a gentrifying neighborhood

their assets and resources.[13] More recently, government policies and incentives have brought new wealth to these areas, often favoring new investment over the needs of longtime residents and businesses. Local governments entice new investment with policies such as tax credits and abatements, which fuel new development, property renovation, and increased property values.[14] Governments also make direct investments, such as those in neighborhood spaces or public transportation, that often have been denied to established residents, but are meant to appeal to new residents and investors.[15] Such policies and investments raise property values, attract higher-income residents, and often push out established residents and small businesses who can no longer afford these gentrified neighborhoods.

How does gentrification impact small businesses?

Policy debates and scholarly research on gentrification have largely focused on residential gentrification and the impact on established residents. Far less attention has been paid to commercial gentrification, the process by which long-term businesses that provide products and services to established residents are forced to move or close and are replaced by establishments that cater to more affluent consumers.

The impacts of gentrification on small business owners are complex. For some businesses, new commercial and residential development brings new consumers with greater purchasing power.[16] These more affluent residents have more disposable income, raising demand for commercial goods. However, not all businesses benefit equally if at all. Given capital and other constraints, many small businesses are unable to rapidly pivot to serve new customers, while their traditional clientele often dwindle as established residents are pushed out of the neighborhood.

Commercial displacement can take a variety of forms. Direct commercial displacement refers to the loss or closure of small businesses by force, such as when a municipality or property owner forces tenants to vacate a property by eminent domain or by selling their building.[17] **Direct displacement** can also occur when new transit projects, redevelopment, or rezoning requires commercial properties to be altered or demolished.[18] **Indirect displacement** occurs when property values increase, causing businesses to relocate or close because of rising rents or property taxes.[19] Indirect displacement can also be caused by construction or other disruptions to a businesses' traditional customer bases. When customers are not able to easily access stores, they may choose to shop elsewhere. When a new chain store opens, they may choose to shop there instead because of lower prices or greater selection. Finally, **exclusionary displacement** occurs when businesses that serve low-income and communities of color cannot afford to move into gentrifying neighborhoods.

Like residential displacement, small business displacement is often driven by government policies incentivizing new commercial development. Local governments often support economic development strategies that maximize their tax base, rather than supporting existing small businesses or their customers.[20] Commercial redevelopment strategies therefore often support larger commercial chains, often enticing them with tax breaks or other incentives. Small businesses have a hard time competing with the prices and range of goods offered by large businesses. As neighborhoods change, small businesses may also be subjected to increasing municipal fines and fees or landlord harassment.[21] The latter happens as property owners attempt to maximize their profits by buying out existing tenants, refusing to renew their lease, or charging excessive fees to force them to move, anticipating of tenants who can pay higher rents.[22]

Small businesses' changing customer base also drives displacement. Commercial gentrification brings new employment opportunities and businesses that attract young professionals and artists, who desire amenities such as coffee shops and bars. These establishments are often different from those desired or frequented by established residents, who are typically older.[23] High-end restaurants and other establishments move in to capitalize off the tastes of these higher-income residents.[24] They also often capitalize off of the multiethnic residents and cultures that once defined these neighborhoods in their efforts to market and brand themselves as "authentic", "cool", or "urban".[25] As a result, small businesses that serve the needs of low-income, established residents and are a part of the cultural and economic fabric of the neighborhood often close.[26] This results in cultural displacement, as the daily practices, social norms, and political power of businesses that once defined the neighborhood are displaced or suppressed by larger, often White-owned, businesses and commercial chains.

Why are businesses owned by immigrants and people of color vulnerable to closure and displacement?

Small businesses owned by immigrants and people of color in gentrifying neighborhoods are particularly vulnerable to displacement because they do not have the same resources or privilege as incoming businesses, which are often larger and White-owned. POC- and immigrant-owned businesses face greater lending discrimination, landlord exploitation, and have less bargaining power than White-owned businesses. They are disproportionately concentrated within consumer service and retail industries, which tend to have below-average returns.[27] They have fewer capital resources and are often highly affected by economic downturns because of credit constraints and narrow operating margins.[28] Due to historic and ongoing discrimination in the housing market, business owners who are immigrants and people of color also tend to have less personal wealth to maintain or grow their businesses.

POC- and immigrant-owned businesses often face hurdles when trying to access capital to start or grow their business. Many use personal or family savings and credit cards as start-up funds. They often have limited access to other types of capital, and because of low credit scores and racial discrimination, are sometimes denied loans or pay high interest rates, particularly Black- and Latinx-owned businesses. Many Black- and Brown-owned businesses do not even apply for financing because of fear of not being approved or because they do not have established relationships with lenders.[29] The long history of racial bias in mortgage and small business lending, property sales, and rentals contributes to these inequalities. So too do more recent practices, such as banks that refused to lend to Black and Brown business owners because of their low profit margins, their neighborhoods, the customers they serve, or racial bias. Small banks that traditionally served local small businesses have disappeared due to bank consolidations.[30] This has left communities of color without community banks, creating even more barriers for Black- and Brown-owned businesses to access lending opportunities.[31]

Among all businesses, Black-owned businesses face the greatest difficulty in raising capital. They are commonly located in low-income neighborhoods, which banks often perceive as high lending risks. Black-owned businesses are also overrepresented in low-revenue industries, including areas of food service and accommodations.[32] Lack of information, fear of rejection, and discriminatory behavior from banks often leads Black entrepreneurs to seek alternative sources of credit, such as online lending, that have high interest rates and other predatory terms. Black entrepreneurs are also disadvantaged when acquiring loans due to structural disparities, such as their overrepresentation within the criminal justice system, underemployment, and limited managerial experience. Although Black-owned banks help to fill the gap in some neighborhoods, few such banks exist and tend to have fewer assets than White banks. **Community development financial institutions** (CDFIs), which are committed to affordable lending in low-income neighborhoods, also often serve Black- and Latinx-owned businesses.[33] CDFIs are private financial institutions committed to delivering affordable lending in low-income communities.

Approximately 12% of undocumented immigrants run businesses in the United States.

Immigrant-owned businesses face a particular set of vulnerabilities. Similar to POC-owned businesses, immigrant-owned businesses are likely to use personal and family assets, but also home equity loans as collateral to finance their businesses.[34] Many immigrant-owned businesses also have transnational ties and are able to take advantage of connections to banks outside of the United States. Still, many primarily deal in cash, as they often lack the resources to keep detailed records or open a bank account. Immigrant-owned businesses also face landlord retaliation based on immigration status and lack of access to services provided in their native language.[35] Undocumented immigrant business owners in particular often lack access to traditional bank loans, although the majority pay taxes through an individual taxpayer identification number that does not require a social security number.[36]

Still, approximately 12% of undocumented immigrants run businesses in the United States. Immigrant-owned businesses also often operate in ethnic enclaves or ethnoburbs, which provide a stable customer base and predictable revenue streams but can limit their profitability and growth.[37]

Beyond these capital constraints, many POC- and immigrant-owned small businesses also lack access to business training and technical resources. They are often unaware of or face barriers to accessing local, state, or federal resources. They face language barriers, lack networks with resource providers, or simply lack the time or documentation necessary to apply. As a result, they often miss out on financial resources, human resources, and technical resources, such as those related to quality management and organizational capacities, that could help them improve their business.[38]

Gentrification exacerbates these challenges for POC- and immigrant-owned businesses, making them even more vulnerable to displacement or closure. COVID-19 has also further exacerbated the struggles they face.

How has COVID-19 exacerbated the challenges facing small businesses in gentrifying neighborhoods?

The COVID-19 pandemic continues to adversely affect small businesses and highlight existing racial and ethnic inequalities. While most small businesses have tried to adapt to the realities of COVID-19 by changing their hours and menus, laying off employees, and even contributing to local aid responses, the pandemic has revealed critical vulnerabilities of POC- and immigrant owned-small businesses. The COVID-19 crisis threatens to accelerate gentrification processes that already disparately affected communities of color. Disadvantaged small businesses are in a weak position to withstand the economic downturn, while larger businesses or investors may seek newly vacant or devalued properties in cities that were already experiencing intense gentrification.

Many POC- and immigrant-owned small businesses were disproportionately affected by gentrification before the pandemic. They faced soaring property values and lack of access to credit and capital, which put them in a weaker financial position than their White counterparts. POC- and immigrant-owned businesses tend to be concentrated in majority-minority areas with higher infection rates and more employment losses.[39] They are also concentrated in sectors that were hardest hit by the crisis and in which remote work is difficult, including accommodation and food services, personal and laundry services, and retail.

Among all small businesses, Latinx- and Black-owned businesses have been hardest hit. Many have already closed or fear permanent closure because of severely declining revenues.[40] In a November 2020 survey by the advocacy group Small Business Majority, one in five Black and Latinx business owners said they expected to close by mid-2021.[41] In the first few months of the pandemic, from February through April 2020, 17% of White small business owners became inactive compared to 26% of Asian, 32% of Latinx, and 41% of Black small business owners.[42] Women-owned small businesses were also disproportionately hit, with 25% becoming inactive.[43] Black-owned businesses were in the most vulnerable position when the pandemic hit, with weak bank relationships and less financial reserves to withstand prolonged business closures.

> In the first PPP round, of the 14% of applicants who chose to identify their race and ethnicity, 83% of White-owned small businesses were granted loans, compared to less than 2% of Black-owned small businesses.

Immigrant-owned businesses have also been disproportionately affected by COVID-19. During the beginning of the outbreak, overall small business ownership in the United States declined by 20%, but immigrant small business ownership declined by 36%.[44] Asian-American business owners in particular have experienced pandemic-related xenophobia and racism that has hurt their businesses, including vandalism. Weeks before states began issuing stay-at-home orders in March 2020, anti-Asian sentiment spread rapidly across the country, fed by the anti-Chinese and anti-Asian rhetoric of former President Donald Trump and other officials, who referred to COVID-19 as the "Chinese virus." The nonprofit Stop Asian American Pacific Islander Hate documented 3,800 incidents of anti-Asian violence between March 2020 and February 2021, with a third occurring at Asian-owned businesses.[45]

While many small businesses have reported difficulties in accessing federal COVID-19 relief, securing funding has been particularly challenging for POC- and immigrant-owned businesses. The Paycheck Protection Program (PPP), administered by the Small Business Administration, allowed businesses with fewer than 500 employees to apply for forgivable loans through their banks that covered payroll costs and other fixed expenses. However, the program came under scrutiny in its first round of funding for providing most loans to large businesses that had not faced major revenue losses or closures, had long-term relationships with banks, and were primarily located in areas with low Latinx and Black populations. Only 15% of businesses in hardest-hit areas received the first round of PPP loans, with small businesses and POC-owned businesses largely excluded.[46]

Many POC- and immigrant-owned small businesses experienced challenges when completing the PPP application. These included language barriers, lack of banking relationships, application restrictions related to student loan debt, non-fraud convictions, and unclear loan instructions with a short amount of time to fill out the application.

Nubiahueman, a Black-owned boutique in the Anacostia neighborhood of Washington, D.C. (Credit: Sid Espinosa)

Los Pinareños Fruteria in the Little Havana neighborhood of Miami, Florida (Credit: Manuel T. Ochoa, AICP)

Since many immigrants run their businesses utilizing personal finances or loans from family members, they sometimes have no relationships with lenders. Some also do not have the proper payroll paperwork needed to apply for government assistance or have been unable to apply for PPP and Economic Injury Disaster Loans because of a lack of a visa or citizenship.[47]

In the first PPP round, of the 14% of applicants who chose to identify their race and ethnicity, 83% of White-owned small businesses were granted loans, compared to less than 2% of Black-owned small businesses. The number of PPP loans granted in communities where Black-owned small businesses are concentrated have been below the national average.[48] In Prince George's County, Maryland, an affluent and predominantly Black county outside of Washington, D.C., only 12% of firms received PPP loans in the first round.[49] In New York City's Bronx borough, only 7% of firms received loans, and in Detroit only 11.6% of firms received loans.[50]

Changes to the PPP application were made by the Biden-Harris Administration to address issues for applicants and to promote equitable access to relief. The administration implemented a two-week period in early 2021 where businesses with less than 20 employees had priority access to the PPP applications, and they eliminated restrictions due to student debt and non-fraud related convictions.[51] Within a month the average daily rate of loans made to POC-owned businesses was up by 20%, and for women-owned businesses by 14%.[52] These changes show how instituting new policies and practices can address critical gaps for small businesses and help them stay in place.

Strategies and Tools to Prevent Small Business Displacement

There are numerous strategies and tools for preventing commercial gentrification and small business displacement. Across the United States and internationally, small businesses and their advocates are coming up with innovative ways to address the challenges and vulnerabilities posed by gentrification. This toolkit aims to equip small business leaders, including policymakers, technical assistance providers, and advocates with the tools and knowledge to help POC- and immigrant-owned small businesses stay strong and in place. The toolkit gives examples of how neighborhood small businesses in gentrifying communities are confronting problems. The tools featured are not one-size-fits-all but should be customized for the needs and challenges of different communities. Please visit our website, www.antidisplacement.org/toolkit, to access an interactive version of this toolkit, which helps guide users in selecting tools that address their particular situation.

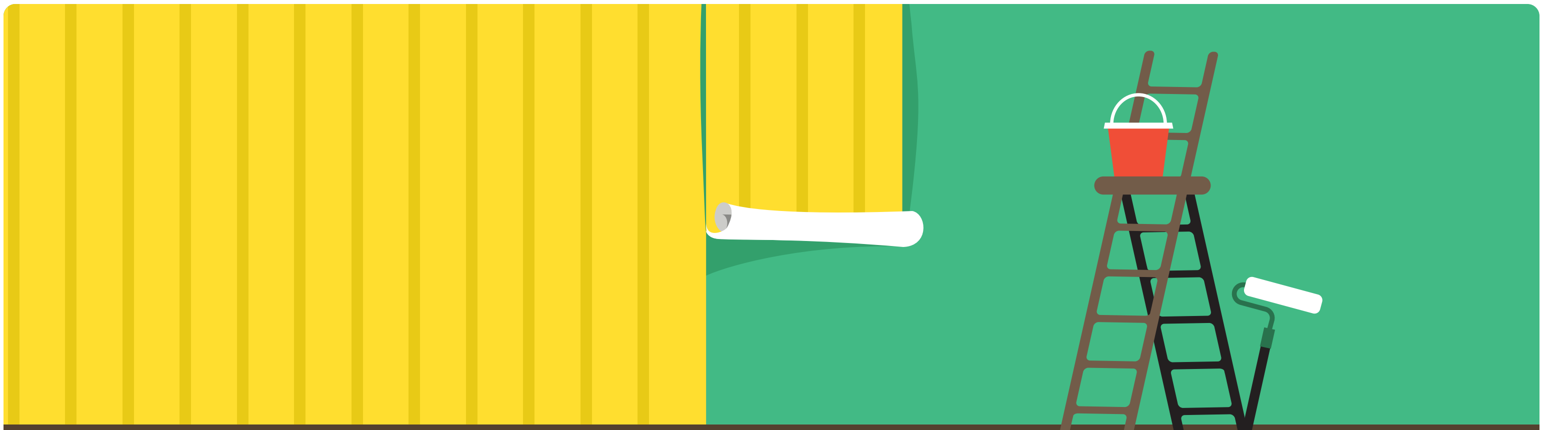
Anika Hobbs, owner of Nubianhueman boutique (Credit: Sid Espinosa)

This toolkit provides an overview of six anti-displacement strategies to support neighborhood small businesses:

1) Commercial Preservation and Property Improvement
2) Local Hiring and Entrepreneurial Support
3) Tax Credits and Incentives
4) Zoning and Form-Based Codes
5) Commercial Tenant Protections
6) Commercial Property and Community Ownership

Each strategy section provides an overview of the strategy, then highlights various anti-displacement tools that can be used to advance the strategy. It describes how each tool can be implemented; the stakeholders needed to advance the tool; the tool's strengths and challenges; and examples of how the strategy or tool is being implemented in neighborhoods and cities around the United States and internationally.

If you are working to prevent small business displacement in your community, we want to hear from you. Are you are using one of the strategies or tools described here? We want to know more about how you're doing it and how it's working. Are you using a strategy or tool you don't see represented in this toolkit? We want to hear about that too. Please contact Antidisplacementnetwork@gmail.com to share your knowledge and experience with us.



Commercial Preservation and Property Improvement

Commercial preservation and property improvement programs aim to assist and preserve small, longtime businesses that are invaluable to the social fabric of communities. They safeguard a neighborhood's historical elements and help vulnerable businesses sustain their cultural and social role. Tools include:

Commercial Façade Improvement Programs

Programs that encourage and assist small business owners or property owners with improving a building's façade or physical appearance.

Legacy Business Preservation Programs

Programs designed to preserve small, longtime businesses in a neighborhood.

Heritage Tourism

Community-oriented tool for cultural preservation of a neighborhood's history and businesses.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Commercial Façade Improvement Programs

These incentive programs encourage and assist commercial property owners and tenants with improving their building's exterior and storefronts through financial incentives, such as matching grants and loans, tax abatements, and design assistance. Programs focus on properties in both historic and non-historic areas.

Implementation

Commercial façade improvement programs are typically administered and staffed by municipal planning departments, community or economic development agencies, nonprofit organizations, or business improvement districts. Applications are often made available annually to commercial property and business owners who meet program requirements. Funding can be provided as a matching grant or a loan. It is often paired with design assistance and typically allocated from various sources, most commonly federal and state community and economic development, housing, and revitalization grants.

Strengths

Commercial façade improvements have the potential to increase sales after improvements are made, strengthening the local economy. Increased sales are often immediate and can be sustained for several years, outpacing increases in local taxes. Owners and tenants of nearby properties may also see increased sales and be motivated to make changes, resulting in larger-scale street or neighborhood improvements.

Challenges

In commercial façade programs, tenants must seek permission from property owners to apply for funding and are sometimes required to provide matching funds that many small businesses do not have. The application commonly includes a formal planning design review and approval process. Design options may be restricted or dictated by a historic district or municipal design standards. Applicants may have to hire design professionals to ensure their applications follow these standards. Some program sponsors provide assistance with the application process.

Complementary Tools

- Technical Assistance and Counseling
- Tax Abatements
- Business or Community Improvement Districts

Legacy Business Preservation Programs

Legacy business programs are designed to preserve longtime businesses that contribute to a neighborhood's history, identity, and character. Programs can be established by a local jurisdiction, business district, or nonprofit organization. They provide businesses with grants, technical assistance, or other marketing and branding services. Landlords are commonly offered financial incentives, including grants, to retain legacy businesses.

Implementation

Legacy business preservation programs are often spearheaded by neighborhood businesses, business improvement districts, or advocacy organizations, such as a preservation group. Campaigns typically describe the importance or contribution of legacy businesses in a community to generate political support, as new legislation is often needed to create the program. Guidelines vary by local **jurisdiction**. In some cities, legacy businesses are required to apply for funding. In others, they must be nominated by an elected official or small business agency. Businesses are often selected based on tenure, community contribution, size, and other factors.

Strengths

Legacy business preservation programs support established local businesses that are part of a neighborhood's social fabric and provide local jobs. Programs help retain the history and identity of a neighborhood while strengthening the local economy.

Challenges

Legacy business preservation programs only support longstanding businesses, not more recent businesses that may also be vital community resources. Protections often focus on preserving the building, rather than tenants. Time, staffing, and language barriers can reduce small business engagement in these programs, particularly by POC- and immigrant-owned businesses. A limited number of programs exist, and the funding for those that do are contingent and dependent upon local governmental budget allocations.

Complementary Tools

- Business or Community Improvement Districts
- Technical Assistance and Counseling

Heritage Tourism

Heritage tourism programs are led by community members, political leaders, or local businesses. Their goal is to preserve a neighborhood's cultural identity by amplifying its heritage and creating more foot traffic and customers for local businesses.

Implementation

Heritage tourism programs are often led by local community organizations that seek to preserve their neighborhood cultural identity and heritage. During the implementation phase, local organizations usually apply for national and state arts and cultural grants to fund events, organize fundraisers, and assist local businesses. Grants can support physical infrastructure improvements, job creation, or technical assistance to local merchants. Business owners, community groups, and other local stakeholders should be actively involved to ensure the effort accurately represents the interests and identity of the community.

Strengths

Heritage tourism programs can promote cultural heritage and help visitors learn about local communities, resulting in greater support for preservation. They can also create employment opportunities by helping to support established businesses and boost their revenues by increasing customers through their events and programming. With the support of local community organizations, they can help to identify and protect vital local and cultural resources.

Challenges

Long-term sustainability is challenging, as many programs rely on government funds. These programs can also help to drive gentrification. Without local buy-in that includes input and voices from diverse residents and businesses, tourism can drive property values up and displace vulnerable small businesses.

Complementary Tools

- Legacy Businesses Preservation Programs
- Technical Assistance and Counseling
- Neighborhood-Serving Zones

Strategy in Action

Los Angeles, California

The nonprofit LA-Mas has created a commercial façade improvement initiative called Storefronts-LA. The initiative helps neighborhood businesses enhance their visibility, highlight their products and services, and increase their revenue. The project is supported by Found/LA, a project of the local Wurwand Foundation, which strives to support business owners who are immigrants and people of color across Los Angeles County by providing funding and coaching.

New York City, New York

The South Bronx Culture Trail (SBCT) Festival is an annual community art and education initiative. It was established in 2011 by Casita Maria Center for Arts & Education, an arts and cultural non-profit, to capture key moments in the Bronx's cultural life in partnership with Dancing in the Streets, Bronx Music Heritage Center, the SBCT Advisory Council, and other community-based partners. Each year new artists and partners are invited to help create a cultural trail through the South Bronx that promotes local businesses and artists. The program elevates the profile of neighborhood small businesses and assists owners with their online and social media presence, helping them attract customers beyond the festival.

Additional Examples

- Buenos Aires, Argentina (Bares Notables)
- Washington, D.C. (Great Streets DC)
- Paris, France (Vital Quartier Program)
- Phoenix, Arizona (Adaptive Reuse Program)
- Richmond, Virginia (Storefront for Community Design)

Great Wall Hardware is a family-owned business in San Francisco's Parkside neighborhood. It was established in 1983 and became a legacy business in 2018. Great Wall Hardware is not only known for its large supplies and services, but for its significant community involvement. (Photo courtesy of San Francisco Heritage)

San Francisco, California

San Francisco's legacy business program was the first of its kind in the country to support and protect the city's longtime businesses and nonprofits. San Francisco Heritage, a nonprofit whose mission is to preserve and enhance the city's architectural and cultural identity, was critical to the program's development. In response to skyrocketing rents and property values, development pressures, and evictions affecting local businesses, nonprofits, and cultural institutions, they released a report, *Sustaining San Francisco's Living History: Strategies for Conserving Cultural Heritage Assets*. With support from small businesses, neighborhood groups, and property owners, the group then co-authored legislation to establish the program, which was unanimously approved by the city's board of supervisors in San Francisco in 2015. Businesses that have operated in San Francisco for more than 30 years and are nominated by a board of supervisor member or the mayor can apply. The Legacy Preservation Fund offers annual grants of about $3 million for up to 300 businesses on their registry. Businesses can qualify for grants of $500 per employee and property owners who extend 10-year leases to qualified tenants can receive annual grants of $4.50 per square feet. Grants are up to $50,000 per business and $22,500 for property owners. Since its inception, the program has helped more than 230 businesses and nonprofits.

Local Hiring and Entrepreneurial Support

Neighborhood businesses, particularly those owned by immigrants and people of color, tend to be small and have few employees. They commonly face challenges accessing resources and support, as well as navigating municipal codes and regulations, sometimes because of language barriers. They also may not be familiar with available resources. Various programs aim to help small businesses overcome these challenges and better sustain and grow their businesses, including:

Local Hiring Ordinances and Purchasing Programs

Policies and programs that require or incentivize businesses that receive public resources to hire local workers.

Technical Assistance and Counseling

Services that support small businesses through financial literacy, mentoring, business training, and language assistance.

Neighborhood Business Incubators

Programs that support entrepreneurs and small businesses with planning, management, and affordable space to grow their businesses.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Local Hiring Ordinances and Purchasing Programs

Local hiring, or "first source" hiring ordinances, ensure that residents are given priority for new jobs that are created by municipal financing and development programs. Local purchasing programs give preference to bids from local suppliers who hire local residents. These programs are often related to construction.

Implementation

Municipalities enact hiring ordinances and purchasing programs. Program regulations range from very broad to strict. Contractual documents typically address the needs for specific development projects and tracking goals. Almost all states, as well as the District of Columbia, have procurement and contract policies that grant priority to businesses that meet specific characteristics. For example, San Francisco's local hiring ordinance requires that for construction projects of $600,000, 30% of workers are local residents. In New Orleans, any public project more than $150,000 requires 30% of work hours to be awarded to residents, and among those, 20% to "disadvantaged" residents.

Strengths

Local hiring ordinances and purchasing programs benefit disadvantaged neighborhoods and businesses by increasing local employment. In cities such as Los Angeles and Seattle, local and targeted hiring programs have added millions of dollars in wages and tax revenues to their economies. Similarly, local purchasing preferences strengthen the local economy by boosting tax revenues and providing more jobs, particularly by hiring POC- and immigrant-owned businesses as contractors.

Challenges

Critics argue that local hiring requirements reduce the number of bids for government contracts, drive up costs for businesses and municipalities, and have complex requirements that prevent contractor competition. Out-of-state and larger companies have commonly raised legal challenges to these requirements, arguing that they are discriminatory, and courts have often ruled in their favor. These programs may be less accessible to independent businesses due to their limited capacity before getting a contract, as well as supply chain barriers that make it difficult to provide goods at competitive prices.

Complementary Tools

- Business or Community Improvement Districts
- Formula Business Ordinances

Technical Assistance and Counseling

Technical assistance and counseling often target POC- and immigrant-owned small businesses. This assistance often includes business planning, accounting, license application, and tax filing. Language assistance can also be provided, such as English as a Second Language (ESL) programs for immigrant entrepreneurs and cultural competency training.

Implementation

Technical assistance and counseling programs are often administered by business development organizations, local community-based organizations, and lenders that receive government funding. Organizations or local governments that lead these programs often dictate business requirements, funding amounts, and terms.

Strengths

Technical assistance and counseling programs help small businesses build skills that can ameliorate the barriers to starting or maintaining a business. Applying for grants and loans, especially for immigrants and people of color, is difficult. Working with technical assistance partners or business counselors can help small business owners overcome barriers to financial and other forms of assistance.

Challenges

Technical and language assistance programs can help businesses in the long term. However, a technical assistance provider must first secure funding and support from local governments or lenders, such as a Community Development Financial Institutions (CDFIs) or a **Community Development Corporation (CDC)**, to make these programs sustainable.

Complementary Tools

- Affordable Workspace Policies
- Business or Community Improvement Districts

Neighborhood Business Incubators

Neighborhood business incubators are designed to help startup businesses grow and succeed by providing free or low-cost workspace, mentorship, access to investors, and in some cases, working capital. They also often provide educational programs, connections to e-commerce sites or other technologies to increase their sales, and temporary vending opportunities, such as farmers markets or pop-up spaces.

Implementation

Nonprofits, universities, for-profit organizations, or venture capital firms can start incubators. Specific industry incubators, such as those focused on food, tend to be most successful. Incubators generally require an analysis of market conditions and entrepreneur requirements and a plan to identify participating businesses. They typically receive support for start-up capital and operating expenses from governmental sources.

Strengths

A neighborhood business incubator can provide a free or low-cost workplace to small businesses and reduce their overhead. Business incubators typically offer resources, such as commercial kitchen space, that are costly for individual businesses. Many incubators, particularly those related to food, focus their efforts on supporting immigrant, refugee, women, or Black and Brown entrepreneurs.

Challenges

Neighborhood business incubators operate in diverse ways. Regardless, the application process tends to be lengthy and highly competitive due to limited space and funding. Once entrepreneurs are selected, they must commit to months or years of training, coaching, and workshops, which can be time consuming and difficult to manage during a start-up phase.

Complementary Tools

- Technical Assistance and Counseling
- Affordable Workspace Policies

Strategy in Action

Springfield, Massachusetts

In 2019, the Springfield city council approved the Responsible Employer Program, an ordinance requiring contractors for public construction projects to meet its hiring requirements by prioritizing women, people of color, veterans, and city residents. Construction projects that exceed $500,000 are subject to this ordinance.

Portland, Oregon

The Thriving Small Business Loan Program helps underserved communities, providing businesses owned by women, immigrants, and people of color with low-interest loans and business consulting services if they are disrupted by construction. Loans are between $5,000 and $35,000, with flexible financing and low interest rates. The program also provides technical and legal assistance and business coaching.

San Francisco, California

La Cocina Incubator Kitchen provides affordable commercial kitchen space to entrepreneurs and has helped expand economic opportunity to women and people of color as they grow their food-based businesses. New businesses undergo classes in finance, marketing, and operations. La Cocina offers one-on-one mentorship to guide businesses and connect them to sales opportunities, such as catering and farmers markets. The program also helps them transition to brick-and-mortar properties.

Additional Examples

- Montgomery County, Maryland (Construction Disruption Assistance)
- San Francisco, California (Local Hiring)

Hot Bread Kitchen incubator in Brooklyn, New York
(Credit: Hot Bread Kitchen)

New York City, New York

Hot Bread Kitchen is a nonprofit that runs a local food business incubator, HBK Incubates. It helps food vendors obtain licensed commercial kitchen space and business development support. HBK Incubates offers a low-income rate and subsidy to use their kitchen. They also provide business development resources, workshops, access to capital, and marketing training, as well as one-on-one financial counseling. HBK partnered with New York City Housing Authority (NYCHA), NYC Department of Small Business Services, and Start Small Think Big, a national entrepreneurship nonprofit, to help NYCHA public housing residents start their own food business.

Tax Credits and Incentives

Neighborhood small businesses may be eligible for tax credits to reduce their local, state, or federal tax obligations. These credits incentivize certain business activities or sectors, such as investments in research and development, local hiring or employee benefits, or environmentally sustainable practices. Amounts and benefits vary and are assigned by municipal agencies administering the programs. These credits and incentives include:

Tax Abatements

Tax breaks, reductions, or elimination of property taxes offered by a jurisdiction.

Tax Increment Financing (TIF)

Designated tax districts where future tax revenues are diverted to infrastructure improvements.

Business or Community Improvement Districts (BIDs or CIDs)

Commercial corridor where businesses pay an additional tax to an organization that manages and provides services.

Real Estate Taxes

A one-time tax or fee imposed by a state or local jurisdiction on the transfer of commercial property.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Tax Abatements

Tax abatements are used to promote economic and community development. They eliminate or significantly reduce property taxes for commercial property owners. They can be temporary or long-term, lasting a few months to years or even indefinitely.

Implementation Process

A municipality, state, or the federal government offers tax abatements to properties in certain areas, particularly in historic districts or those targeted for revitalization. Tax abatements may be attached to a property or given to particular owners or uses. Programs and their restrictions vary widely. New tenants or owners of commercial buildings with pre-existing tax abatements may be required to make improvements or maintain a quality of maintenance in order to receive the abatement.

Strengths

Tax abatements offset property taxes and help commercial properties reduce expenses. When utilized in areas with few economic resources and paired with other policy tools, such as inclusionary **zoning**, tax abatements can help prevent the displacement of small businesses and residents.

Challenges

If not designed to assist small businesses, tax abatements can accelerate gentrification. Programs are sometimes geared towards low- and middle-income property and business owners. Most commonly, however, they are given to larger and new businesses that municipalities expect to produce large tax returns and stimulate redevelopment. For property owners, once an abatement runs out, they may be faced with significant tax increases that cause them to raise rents. Most small businesses rent their spaces and therefore cannot take advantage of abatements.

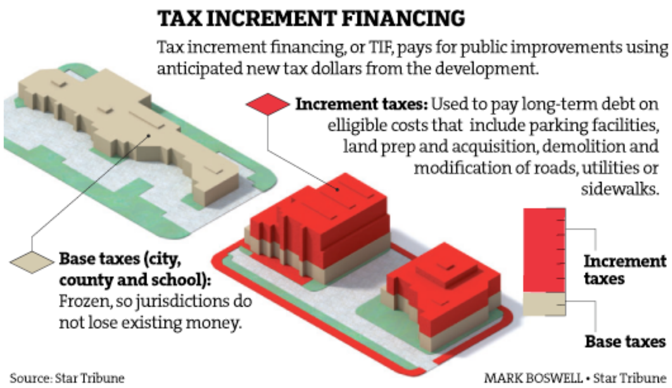
Complementary Tools

- Tax Increment Financing
- Community Land Trusts

Tax Increment Financing

Tax Increment Financing (TIF) is often used by local governments to support economic development. TIFs can attract or expand businesses without using general municipal funds or raising taxes. They subsidize businesses in a designated TIF district by refunding or diverting a portion of their taxes to help finance development, especially in areas where land values are rapidly rising.

Implementation



Local governments designate TIF districts. State laws determine the criteria for creating a TIF district. Financial assistance is provided by property tax revenues generated by new development. In a TIF district, once property values rise, revenues are split in two. The first part is taxed at the property value before redevelopment, called the base rate. For a set number of years, any funds generated over the base rate go toward a fund that the district can use to incentivize investment and commercial projects, often called the increment value.

Strengths

TIFs can help local governments attract development and new businesses while assisting established businesses. They create new revenues that can be used to fund projects or programs such as technical assistance and facade improvements. They are often used to preserve historical places, demolish and rehab buildings, clean contaminated sites, and facilitate redevelopment.

Challenges

Historically, TIFs have accelerated gentrification and displacement as municipalities have used them to attract large private developers and investments. However, utilizing TIFs alongside other policies and programs with clear goals for affordable housing, small business support, and other community benefits can help avoid these negative impacts. TIFs can also create tax revenue issues for local governments if projects do not generate the anticipated tax increase, and they may need to raise resident's taxes or take on additional debt to complete needed projects.

Complementary Tools

- Community Benefit Agreements
- Legacy Businesses Preservation Programs

Business or Community Improvement Districts

A business improvement district (BID) is a special self-taxing district that collects revenue within its boundaries to pay for special public facilities, improvements, or services such as beautification, security, hospitality, marketing, public space management, and social services. A community improvement district (CID) is a form of BID that also provides infrastructure, planning, and management services. Another organization that similarly manages a geographical area is a Community Development Corporation (CDC). CDCs support small businesses in a neighborhood commercial corridor and often facilitate physical improvements, create connections among small businesses, provide access to local resources and programs, initiate marketing efforts, and engage the surrounding community.

Implementation

Commercial property owners typically vote to establish a BID or CID within a proposed boundary, then petition a local municipality. State or municipal legislatures generally grant the authority to create a BID, with the approval of most businesses. BIDs and CIDs are run as quasi-governmental entities, nonprofits, or mixed public-private entities. They vary in their purpose, organization, and other characteristics. A CID, although approved by the local municipality, sometimes acts as a separate political subdivision with the power to govern itself and collect special assessments and property and sales taxes. CIDs can generate funds by fees, rents, or charges for district property or services and through grants, gifts, and donations.

Strengths

BIDs and CIDs have similar benefits. They can provide facilities and services for businesses, such as façade improvements, and issue tax-exempt special assessment bonds for public infrastructure improvements. Since CIDs act as pseudo-governmental bodies, they can leverage government funds for construction and improvements. They can also help to attract customers to the district, create jobs, and facilitate non-traditional retail opportunities through markets and festivals that promote business growth.

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Challenges

BIDs require the consent of the majority of tenants in a designated area, but some tenants may feel they lack control over a BID's creation, funding or decision-making. While BIDs can result in increased customers in an area, they can also lead to raised rents and disproportionately benefit larger businesses. Efforts to "clean up" a neighborhood's image or attract more visitors can also lead to criminalization of existing activities, such as loitering or sleeping on sidewalks. BIDs have sometimes lobbied for policies that exclude street vendors, buskers, homeless, and poor people from public space.

Complementary Tools

- Commercial Rent Control
- Formula Business Ordinances
- Technical Assistance and Counseling
- Commercial Façade Improvement Programs

Real Estate Taxes

A real estate transfer tax is a one-time tax or fee imposed by a state or local jurisdiction on the transfer of commercial property. This tax can discourage investors from buying and reselling property without making improvements. Similarly, a vacancy tax levies a tax on owners of spaces that have been vacant for an extended time, which penalizes commercial landlords who attempt to hold empty property for speculative reasons. Vacancy taxes are not common on commercial properties and more commonly used on residential properties.

Implementation

Real estate transfer taxes are implemented at the state, county, or city level and incorporated into real estate closing costs. Vacancy taxes are approved by local governments or voters by referendum. Once implemented, these funds can be redirected to affordable housing or small business protections, such as a housing opportunity fund. The tax proposal specifies how the funds will be spent. Only a few cities have implemented vacancy taxes on commercial or residential property, including Washington, D.C., San Francisco, Oakland, and New York.

Strengths

Real estate transfer taxes can provide financial assistance for new development and matching funds for grants. They can also serve as an anti-speculation tax. Vacancy taxes pressure property owners to lease, develop, or sell to avoid neighborhood disinvestment. They can be used to rehabilitate retail vacancies, reinvigorate commercial corridors, and stabilize commercial rents. They can support existing businesses and help new small businesses open by giving tenants greater leverage in rent negotiations.

Challenges

Real estate transfer tax rates must be set high enough to be effective in deterring speculation. Increased taxes, however, often get passed on to commercial tenants in the form of higher rents. In many communities of color where commercial vacancy is already high, vacancy taxes can exacerbate racial and ethnic inequities by taxing low-income tenants. They are more effective at protecting small businesses in rapidly growing regions, where speculation is of greater concern. As there is often not an appeals process, vacancy taxes can disparately impact property owners who do not have the resources to navigate city processes or to do property upkeep, as well as deter future investments.

Complementary Tools

- Technical Assistance and Counseling

Strategy in Action

Falls Church, Virginia

Under the Commercial Property Rehabilitation Tax Abatement Program, owners of properties that have existed in the city for at least 20 years and have invested in rehabilitating, expanding, or replacing their buildings for use as office space are eligible for tax abatements for up to 10 years. To qualify, an investment must result in at least 10,000 square feet of new, improved, or additional office space. The assessed value at the time of project completion must be at least double the previous assessed value of the building. Only offices or office portions of buildings that are strictly commercial in use are eligible for abatements.

Chicago, Illinois

The Small Business Improvement Fund was approved by the City of Chicago in 2021. It aims to make more than $60 million available through grants. It is financed through TIF revenues, with more than $100 million allocated in the last 20 years. Funds are available to small businesses to help with workplace improvements and repairs, electrical and plumbing upgrades, expansion, and other costs. Grants range from $100,000 to $150,000 for commercial properties, and up to $250,000 for industrial properties.

Minneapolis, Minnesota

The Lake Street Council is located in the commercial corridor of Lake Street in Minneapolis. It supports local businesses by advocating for policies that ensure a stable business environment and by providing businesses with advice and support related to marketing and branding, waste management, convening community stakeholders, investing in commercial buildings, and COVID-19. Since 1965, the council has helped businesses owned by immigrants and people of color in the corridor with façade improvement, energy efficiency upgrades, and language assistance.

Additional Examples

- Queens, New York (Sunny Sides BID)
- Oakland, California (Vacant Property Tax)
- San Francisco, California (Real Estate Transfer Tax)

Additional Resources

- Lincoln Land Institute paper on TIFs
- University of California, Los Angeles Real Estate Transfer Tax Reform

Zoning and Form-Based Codes

Zoning refers to municipal laws or regulations that dictate how real property can and cannot be used. For small businesses in gentrifying neighborhoods, zoning can be useful for retaining space for businesses, protecting community-serving retail and services, limiting the size and type of retail stores, and creating and maintaining affordable commercial space. Form-based codes offer an alternative to conventional zoning. They address the relationship between building facades and the public realm, promote placemaking, encourage public engagement in the process, and focus on how buildings relate to the street. Related tools include:

Store Size Caps

Limits on the physical size of businesses either for an entire city or for designated areas.

Neighborhood-Serving Zones

Zones that aim to sustain small, neighborhood businesses by limiting the size and type of stores in certain districts.

Formula Business Ordinances

Ordinances that prohibit or limit formula businesses or retail chains.

Affordable Workspace Policies

Policies requiring developments to provide some affordable workspace at a discounted rent to small businesses.

Streamlined Permitting and Licensing

Processes aimed at eliminating municipal barriers to new commercial and small business construction and redevelopment.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Store Size Caps

Store size caps limit the physical size of businesses through zoning ordinances, either for an entire city or for designated areas.

Implementation

Store size caps can be implemented as state-wide, city, or neighborhood ordinances. Ordinances specify lot size and building height restrictions. Typical store size caps are around 50,000 square feet.

Strengths

Store size caps have the potential to sustain small-scale, pedestrian-oriented business districts. They can prevent the negative impacts of big-box development, such as increased traffic congestion, overburdened public infrastructure, and competition with local businesses. They can protect a neighborhood's character by ensuring that new development is at a scale in keeping with the neighborhood.

Challenges

Store size caps do not prohibit big-box retailers. Instead, they mandate that developers can only build according to certain size restrictions. Many chain stores, such as Starbucks or Walmart, can adjust their stores to smaller spaces.

Complementary Tools

- Neighborhood-Serving Zones

Neighborhood-Serving Zones

Neighborhood-serving zones aim to sustain small, local businesses by limiting the size and type of stores in certain districts. This zoning law requires that new retail stores demonstrate that a majority of their sales will come from the surrounding neighborhood.

Implementation

Neighborhood-serving zones are created to serve residents, businesses, and employees in a designated area. Business owners in a commercial corridor who seek protection from displacement, along with local residents, typically lobby their local governments for the zoning designation. Municipalities can host public meetings with residents and small business owners to create a shared neighborhood mission and vision for the zone, with design guidelines that reflect the vision.

Strengths

Neighborhood-serving zones can guide public spending toward projects and improvements that residents and small businesses want. They can limit small business displacement by larger businesses and big-box chains, particularly in neighborhoods that attract many tourists. The scale and design of permitted uses typically reflect that of the surrounding neighborhood, leading to a cohesive neighborhood identity.

Challenges

The types of permitted businesses need to be clearly defined. However, neighborhood retail needs often evolve, while zoning codes can be difficult to change. Property owners often oppose neighborhood-serving zones, as it limits their ability to charge businesses higher rents. In addition, if not implemented in an equitable way, these zoning laws could further reinforce neighborhood segregation and make it harder for POC- and immigrant-owned businesses to enter particular areas.

Complementary Tools

- Commercial Rent Control
- Formula Business Ordinances

Formula Business Ordinances

A **formula business** ordinance limits the number of formula businesses in an area in order to maintain diverse services, décor, methods of operation, and other features. It requires formula businesses to obtain a special use permit to operate, which is reviewed by a planning board or local jurisdiction.

Implementation

Formula business ordinances must define which businesses are considered formula businesses. Restrictions that protect small businesses typically dictate allowable square footage, types of permitted businesses, and allowable retail sectors.

Strengths

Formula business ordinances discourage chain stores or heavily restrict them. They help preserve neighborhood character, support the local economy, and recirculate wealth within communities by promoting and protecting smaller businesses. They can prevent environmental impacts typically associated with larger businesses, such as traffic congestion and air pollution.

Challenges

Formula business ordinances do not necessarily stop large chains from locating in neighborhoods. Many companies have gotten around restrictions by minimizing their footprint or contesting local ordinance adoption. Property owners have argued that these restrictions violate the U.S. Constitution's commerce and equal protection clauses by discriminating against out-of-state companies.

Complementary Tools

- Commercial Rent Control

Affordable Workspace Policies

Affordable workspace policies provide certain types of businesses space in new developments at below-market rents, including startups and small- and medium-sized enterprises. Affordable workspace is provided by developers in a number of ways: it can be leased and managed by an affordable workspace provider approved by the local government; managed by the owner of the new development; or leased by the property owner to one or more businesses approved by local government. Workspace providers are usually commercial property owners, social enterprises, or foundations.

Implementation

Affordable workspace policies have not been adopted in the United States, but have been adopted in various boroughs in London, England. There, they are implemented through planning **obligations** that allocate a percentage of new commercial development space over a set size for affordable workspace. The policy requires developers of residential or mixed-use projects on employment land to provide and subsidize affordable workspace. This is funded through the profits on the sale of residential housing in the developments. The space is managed by workspace providers who are appointed by developers to operate offices, retail, kitchens, studios, and other types of commercial spaces. Workspace is typically used by multiple businesses, including startups and early-stage businesses; small businesses focused on creative production, such as artists, design makers, and musicians; and non-profit and charitable organizations.

Strengths

Affordable workspace policies can provide small businesses with flexible and affordable lease terms and space, such as coworking space, mobile workspaces, hot desks, and open offices. Spaces are typically offered to business types or sectors that are disadvantaged or most at risk of closure or displacement. Supporting these small businesses can add character to developments, revitalize buildings, and give residents the opportunity to start their own business.

Challenges

Developers are often interested in keeping the amount of affordable workspace low to maximize profit and may provide only a small amount. Affordable workspace policies can deter property owners from investing in or renovating existing and especially older buildings. Though affordable workspace is defined as a workspace with a rental value below the market rate, typically 80% of the market rate or less, this may not be affordable to many small businesses. Municipalities may need to evaluate the affordability of workspaces based on their regional context.

Complementary Tools

- Neighborhood Business Incubators

Streamlined Permitting and Licensing

Streamlined permitting and licensing processes can help facilitate new small business startups, keep costs down for businesses, and facilitate reinvestment that benefits existing businesses. A comprehensive review of all steps in a municipality's development approval process can identify factors that deter new commercial and small business construction and redevelopment. The goal is to create a clearer, simpler process, as small businesses are often challenged by the time and cost it takes to get municipal permit approvals. Understanding the permit process and barriers that small businesses face can help local leaders reduce or eliminate barriers, stimulate development activity, and provide faster approval.

Implementation

Streamlining permitting and licensing processes requires local municipalities to consider ways to offset the cost, taking into account other burdens small businesses face, including rent, utilities, insurance, and attorney fees. Efficient permitting should strive to eliminate duplication across jurisdictions and agencies, reduce administrative tasks, and make deadlines for review and approval processes clear and easy, such as providing one-stop business permitting centers.

Strengths

Because many small businesses cannot afford to pay the high fees often associated with rapid permitting processes, streamlined processes can save small business applicants time and money. This allows them to direct their attention to other endeavors such as marketing, research, and development. This is particularly important for small businesses that are just starting up and can help foster more local entrepreneurship.

Challenges

Even with streamlined processes in place, it can take months, sometimes years, for permits to move from department to department for approval. Many small businesses, particularly POC- and immigrant-owned businesses, continue to face challenges accessing online permitting systems, experience language barriers, or lack the technical skills or resources to apply.

Complementary Tools

Technical Assistance and Counseling

Strategy in Action

London, England

The Hackney Business Network is a council-run initiative to support local businesses and make the neighborhood more accessible and inclusive. Hackney's affordable workspace policy applies to all commercial developments with 1,000 square meters or more of business floorspace, 10% of which must be offered at a discounted rent. In Shoreditch, another district in London, rents on affordable floorspace are capped at 40% of market rents. Elsewhere in the borough, rents are capped at 60%. The council has also launched a project to convert underutilized garages and buildings into affordable workspace and has implemented rent caps for workspaces in new developments in the Hackney Wick neighborhood.

San Francisco, California

In 1987, San Francisco created Neighborhood Commercial Districts, establishing a neighborhood-serving zone system tailored to each area's unique characteristics. For instance, in the North Beach neighborhood, non-residential uses that are 2,000 square feet or more are permitted only as a **conditional use**, subject to approval by the planning commission, in order to maintain neighborhood-scaled development. A permit may only be issued after the developer proves that the use will serve neighborhood needs and conform to local architectural styles. San Francisco amended the municipal code in 2004 to require a conditional use permit for any retail use over 50,000 square feet, except within downtown commercial districts, in which commercial spaces up to 90,000 square feet are allowed before a conditional use permit is required.

Palm Beach, Florida

Residents of Palm Beach have converted their central commercial district into a "town-serving zone," which caps its stores at 2,000 square feet and incentivizes them to serve local residents. Large businesses can apply for an exception if they can document that more than 50% of receipts come from a local zip code. The law was upheld in a 1991 court case, which concluded that the restrictions served legitimate public interests and reflected the town's desire to limit the displacement of local businesses.

Cambridge, Massachusetts (Credit: Daniela Waltersdorfer)

Cambridge, Massachusetts

In 2017, the Cambridge City Council unanimously voted to rezone the city's downtown, known as Central Square, to bring affordable housing, waive parking and open space restrictions, and introduce formula business restrictions. The new zone incentivizes developers to include small businesses by specifying that retail spaces less than 1,500 square feet will not be counted toward the building's floor-to-area ratio, which adds flexibility to a zoning ordinance. It prohibits businesses with more than 10 stores in the state or more than 20 stores nationwide from opening in Central Square unless the city grants a special permit. The new zoning also places severe restrictions on financial institutions, which cannot have a storefront longer than 25 feet or 30% of the building's total sidewalk or street frontage.

Additional Example

- Boston, Massachusetts (Boston's streamlined permitting and processing)

Additional Resources

- Institute for Local Self-Reliance's Store Size Cap Toolkit

Commercial Tenant Protections

Small businesses often lack the same rights and protections as residential tenants. Most businesses owned by immigrants and people of color rent rather than own their space, which comes with challenges such as lease negotiations or even evictions. Commercial tenant protections reduce the risk of small business displacement by helping to address these challenges. Tools include:

Commercial Rent Control

Laws that place a limit on the amount a landlord or property owner can charge for leasing a commercial building.

Anti-Displacement Codes of Conduct

Agreements among business, community organizations, and financial institutions that provide a roadmap for responsible lending and investments in low-income neighborhoods.

Tenant Harassment Protections

Laws designed to curtail harassment of small businesses owners and other non-residential tenants by landlords and property owners.

Construction Disruption Assistance

Programs that mitigate small businesses costs or other burdens associated with redevelopment, including business losses due to construction.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Commercial Rent Control

Commercial rent control (CRC) imposes limits on the amount of rent landlords can charge existing businesses for new or renewed leases. CRC's primary goal is to maintain the affordability of commercial spaces and limit small business displacement due to rapid rent increases.

Implementation

CRC requires legislative action. No municipality in the United States currently has commercial rent control or rent stabilization laws in place, but two cities, New York City and Berkeley, California, had them for several years before the laws were repealed. CRC has been proposed in some cities, and legislation was recently reintroduced in New York City. CRC laws typically establish a rent registration system, regulate rents for businesses under a specific square footage, and establish a board to develop guidelines and set allowable annual rent increases.

Strengths

CRCs can provide affordable leases for low- and moderate-income business tenants by severely restricting future rent increases. Programs sometimes require mandatory mediation and arbitration to resolve rent disputes and can require certain legal language and standards for commercial leases.

Challenges

CRCs are highly controversial. Property owners generally oppose them, claiming that they disrupt the tenant-landlord relationship and alter the "free market." The real estate industry, including realtors, property owners, and investors, often argue that CRCs deter commercial investment because they limit the amount of income a property can generate. They often lobby to prevent the passage of CRC legislation.

Complementary Tools

- Tax Increment Financing
- Tax Abatements
- Legacy Businesses Preservation Programs

Anti-Displacement Codes of Conduct

An anti-displacement code of conduct provides a roadmap for banks and financial institutions to engage in responsible lending and investment practices in low-income neighborhoods. Often banks are complicit in small business displacement by underwriting loans to property owners who have a history of tenant harassment and evictions. Banks also often fail to invest in small business development and community ownership. Banks who sign an anti-displacement code of conduct pledge that they will lend to individuals, affordable housing projects, and small businesses in low- and moderate-income areas, and will report annually on their compliance. Recently, the California Reinvestment Coalition drafted state legislation that would require banks licensed in the state to follow certain underwriting and reporting requirements to deter discriminatory lending practices. While the state cannot require banks to comply, it can refuse to do business with banks that do not voluntarily comply.

Implementation

Anti-displacement codes of conduct require banks and other financial institutions to commit to making changes in their practices. These changes may include reviewing, adopting, or improving due diligence policies and procedures to increase lending to historically marginalized groups. Grassroots advocates, nonprofit organizations, community development financial institutions, and small business technical assistance providers often advocate for their adoption.

Strengths

Anti-displacement codes of conduct can make banks engage with small businesses, property owners, and community-based organizations with whom they might not otherwise. These codes create shared expectations between banks and communities, a commitment among banks to minimize displacement, and clear policies and practices banks should promote or avoid.

Challenges

Anti-displacement codes of conduct are relatively new and difficult to enforce. Generating buy-in from financial institutions and banks is often challenging for advocates. The codes do not directly address displacement. Rather, they bring attention to and address predatory financial practices and policies that sometimes lead to displacement.

Complementary Tools

- Commercial Rent Control
- Tenant Harassment Protections
- Construction Disruption Assistance

Tenant Harassment Protections

Commercial tenant harassment protections are laws designed to curtail landlord harassment of small business owners and other non-residential tenants. A tenant can experience harassment from their commercial landlord when they feel pressure to vacate the premises or surrender their rights, such as giving up their lease before the terms end.

Implementation

A local jurisdiction must pass legislation giving them the authority to enforce protections and hold landlords accountable. Community organizations, business associations, and tenants can pressure policymakers to pass anti-harassment legislation. Protections should clearly define tenant harassment to effectively protect commercial tenants.

Strengths

Harassment protections provide small business owners with legal tools to protect themselves from **predatory landlords**. These laws often offer financial compensation to owners who can prove landlord harassment by imposing a mandatory civil penalty.

Challenges

To be effective, anti-harassment laws must include funding for small business legal services and clearly define the scope of tenant harassment. Tenants are sometimes not aware of their rights under these laws and may be afraid to speak up due to fear of retaliation. These laws should be paired with additional commercial tenant protections and support.

Complementary Tools

- Technical Assistance and Counseling
- Commercial Rent Control
- Anti-Displacement Codes of Conduct

Construction Disruption Assistance

Construction generated by redevelopment can cause extensive disruption and long-term changes and challenges for existing small businesses. Assistance can mitigate burdens such as noise, loss of customers, and reduced business revenues by providing small businesses with technical assistance, marketing, signage, or grants or forgivable loans.

Implementation

Businesses need assistance before construction begins to mitigate development disruptions, such as disruptions generated by new transit projects. Effective mitigation requires a framework for involving local businesses and providing support before, during, and after construction. Upfront communication from municipalities and local organizations with businesses is necessary. Regular meetings between stakeholders and business owners can provide updated, accurate information about applying for assistance. Partnerships with local organizations, such as Community Development Corporations (CDCs) or Community Development Financial Institutions (CDFIs), can provide businesses with marketing and technical assistance to mitigate the loss of revenue or customers.

Strengths

Disruption assistance programs help small businesses to retain their customer base by anticipating and mitigating the impact of development, such as providing signage that informs customers businesses are still open or helps customers find parking. Legal assistance can help businesses understand their rights and responsibilities during construction, such as those related to property maintenance or lease adjustments.

Challenges

Disruption assistance programs frequently require local businesses to provide documentation of loss revenue during construction to receive grants, loans, or other assistance. Programs should include technical and non-English language assistance to guide businesses in providing the required documentation. Even with programs in place, many businesses are still likely to lose some revenue or customers during construction. Nonprofits working with small businesses can find ways to offset these losses, such as encouraging construction workers to patronize local businesses.

Complementary Tools

- Technical Assistance and Counseling
- Tenant Harassment Protections

Strategy in Action

Seattle, Washington

Seattle's Small Business Stabilization Fund initially began in 2019 as a pilot. Eight women- and POC-owned "microbusinesses" were granted $25,000 to help cover operating expenses, including payroll or losses due to destabilizing events, including COVID-19. Businesses receive stabilization and financial coaching from a city small business advocate. Priority is given to small businesses with low-income owners in neighborhoods where there is a high risk of displacement.

New York City, New York

In June 2016, then Mayor Bill de Blasio signed into law Intro 851, a commercial tenant anti-harassment bill that gives tenants legal recourse against landlords who engage in harassment, such as controlling the use of water or electricity or neglecting to make timely repairs. The bill was sponsored by Councilmember Robert Cornegy, Jr., Chair of the Council's Committee on Small Business.

Seattle, Washington

In 2016, the Seattle City Council recommended commercial rent control, but the Mayor's Advisory Committee, made up of small business owners, developers, and community members, opposed it. Opponents suggested there could be negative consequences, such as reduced landlord income, decreased commercial property maintenance, or increased tenant fees. In April 2020, due to COVID-19, the Seattle City Council unanimously passed an ordinance to temporarily restrict commercial rent increases for businesses that have fewer than 50 employees.

Additional Examples

- California (Anti-Displacement Code of Conduct)

Commuter train in Minneapolis, Minnesota (Credit: iStock.com/mtcurado)

St. Paul and Minneapolis, Minnesota

The Twin Cities Central Corridor business technical assistance program helped mitigate disruption during construction of a new light rail, which was completed in 2014. The corridor includes many businesses and residents of color. Among business owners, approximately 18% are Asian, 7% are African American, 4% are Latinx, and a third are foreign-born, including 11% who are from Africa. Most small businesses are in the service sector and have fewer than 10 employees. The program included a $4 million Ready for Rail Business Support Fund that provided forgivable loans administered by two local nonprofits: the St. Paul Neighborhood Development Center and the Minneapolis Metropolitan Consortium of Community Developers. The program was spearheaded by the Business Resources Collaborative (BRC), which collected data from businesses such as construction disruption experiences, demographics, feedback on their future outlook. BRC conducted door-to-door outreach and supported businesses with one-on-one technical assistance, including accounting, tax filing, and marketing support.

Commercial Property and Community Ownership

Commercial property ownership by individual business owners and community ownership of commercial property is an effective way to resist displacement. Business owners or groups of community members can either purchase a single parcel through a local organization or purchase multiple parcels through a community land trust. Property control helps avoid private developers raising rents and allows small businesses, particularly those owned by immigrants and people of color, to remain in place. Property ownership can be a catalyst for asset- and wealth-building in low-income communities. The following are forms of commercial property and communal ownership:

Cooperatives

Businesses owned and operated by their members, who share the profits or benefits of business ownership.

Community Land Trusts

Land ownership by a nonprofit or community organization that sells or rents space to lower-income individuals and small businesses with the goal of long-term affordability.

Community Benefits Agreements

Contracts between community groups and developers that require developers to provide amenities tailored to local community needs.

Real Estate and Community Investment Cooperatives

A means of ownership in which residents pool resources to buy real estate through a cooperative structure.

STAKEHOLDERS

- Government or Public Agency
- Small Business
- Community-based or Nonprofit Organization
- Community Residents
- Bank or Lending Institution
- Technical Assistance Provider
- Real Estate Firm or Developer

Cooperatives

Cooperatives are member-owned and democratically governed enterprises in which people and businesses band together for mutual benefit. Cooperatives typically operate with shared values and principles and respond to community needs.

For small businesses, a cooperative can collectively provide services. It can also provide local employment and serve as a way for small business owners to increase their influence, in particular their purchasing power. The profits remain and circulate within the community since local residents own a stake. In addition, many cooperatives give back to the community and establish community ties through sponsorships and fundraising activities. There are different types of cooperatives, the most common being consumer, worker, producer, and purchasing cooperatives. Consumer co-ops, such as grocery stores, coffee shops, and hardware stores, are controlled by their members. Worker cooperatives operate in most industries and are democratically controlled by the workers. Producer co-ops are owned by producers of commodities who have come together to market their products. Purchasing co-ops are owned by independent businesses to improve their purchasing power.

Implementation

Cooperative policies are approved by members. To start a cooperative, local, state, and federal laws must be considered to determine how shares can be structured. Members can decide how much ownership shares will cost and how dividends will be structured. Once a co-op committee is established, they often conduct meetings, surveys, and feasibility analyses to evaluate and agree on a business plan before drafting the bylaws and articles of incorporation. Other factors to consider include member meeting structures, licenses or permits, and regulations for hiring employees.

Strengths

Cooperatives can foster participation among community residents and businesses and promote financial literacy and business skills through various programs. Co-ops tend to cater to the needs of marginalized communities and provide services that are otherwise lacking. A co-op helps residents and business owners invest in their community while supporting the local economy and providing employment. There are a variety of government-sponsored grants that can help co-ops get started. Due to their small size, co-ops can obtain discounts on supplies and other materials and services.

Challenges

Slow decision-making processes and a lack of financing are common cooperative challenges. Since cooperatives are democratically run, decisions tend to take longer to make, but the process facilitates greater buy-in and satisfaction. Co-ops can be complicated to implement, including challenges with securing capital, as they typically rely on multiple financing sources beyond traditional banks, including members and community residents.

Complementary Tools

- Neighborhood-Serving Zones
- Store Size Caps
- Formula Business Ordinances
- Community Land Trusts
- Technical Assistance and Counseling

Community Land Trusts

Community land trusts (CLTs) are nonprofit organizations that steward communally-owned land. CLTs acquire land and maintain permanent ownership. Although CLTs have historically been used to promote housing affordability, they can be used to support neighborhood businesses and commercial development and to address economic development goals. They can serve as a tool to protect affordability, support business owners of color, and retain existing businesses that reflect the cultural character of the community.

Implementation

A CLT acquires land and maintains ownership of it permanently. Because it takes a considerable amount of capital to purchase land, many CLTs build strong relationships with established nonprofits and public sector entities, who help fund their purchase. CLTs must incorporate as nonprofits, which includes filing articles for incorporation, adopting bylaws, and submitting an application for federal tax exemption.

Strengths

CLTs can secure land for permanently affordable small business space. They can attract public and private capital investments and direct them to local commercial needs while supporting comprehensive community development. CLTs can stimulate economic development by creating local job opportunities, supporting POC- and immigrant-owned businesses, and retaining neighborhood-serving businesses.

Challenges

CLTs require significant capital to acquire, build, and maintain commercial properties. Commercial buildings often have higher property values than residential properties, and acquisition of commercial land in cities with strong markets requires staff capacity, real estate knowledge, and speed. If capital is not raised quickly, the land becomes too expensive. Compared to affordable housing resources, there are fewer dedicated resources available for affordable commercial land acquisition and development.

Complementary Tools

- Neighborhood-Serving Zones
- Store Size Caps
- Formula Business Ordinances
- Technical Assistance and Counseling

Community Benefits Agreements

Community benefits agreements (CBAs) are legally binding contracts between community groups and developers that require developers to provide specific amenities tailored to local needs. Community groups will typically specify their needs in the agreements, such as affordable housing, local hiring, living wages, types of retail, and prioritizing and preserving neighborhood-serving businesses. The purpose of a CBA is to ensure that the community impacted by new development will benefit directly from the project's development.

Implementation

CBAs are generally executed before the completion of development agreements between a municipality and developer. They are typically drawn up by lawyers and specify the roles and responsibilities of each party, timeframes, and what constitutes a community benefit.

Strengths

CBA provisions can address any number of community concerns and ensure that projects address their needs, such as transparency in proposed commercial tenants, living wage requirements and funding for community services and programs. Agreement terms that may directly benefit small businesses include business apprenticeship programs for local entrepreneurs, minority hiring requirements, local hiring and job training, programs to preserve legacy businesses, and construction disruption mitigation requirements. Commercial tenants involved in CBA negotiations can propose alternative strategies for limiting negative impacts. For example, a CBA agreement for the Kingsbridge National Ice Center in the Bronx, New York, included a small business grant program and a clause to provide technical assistance to businesses with fewer than five employees.

Challenges

Once a CBA is in place, developers may feel they have fulfilled their community obligation and cease to be "good neighbors." Although CBAs are legally enforceable, they are difficult to enforce, as community groups often have little capacity for legal action against reluctant developers.

Complementary Tools

- Technical Assistance and Counseling
- Local Hiring Ordinances and Purchasing Programs
- Heritage Tourism

Real Estate and Community Investment Cooperatives

Real estate investment cooperatives are similar to consumer co-ops in which groups of community residents pool resources to purchase community-owned real estate. A commercial real estate investment co-op is for-profit and allows residents to collectively invest in real estate, securing space for small businesses and other cooperatively controlled uses. Investment co-ops can help residents build equity and wealth via shared ownership in commercial real estate and provide small business owners with space and opportunities they would not have otherwise.

Implementation

Investment cooperatives require community residents to each purchase a share of a given property. In the early stages, members might volunteer to manage the project before recruiting other members. An investment board will often decide member rates and other terms, and work with attorneys and real estate brokers to purchase property. Co-ops often seek grants from local non-profits to cover their initial costs.

Strengths

Investment cooperatives are locally owned and operated. They can contribute to long-term stability for commercial tenants and create greater wealth and asset building for low-income residents who invest, helping communities to “buy back the block.”[53]

Challenges

Investment cooperatives are limited by state regulations. While some states facilitate incorporation, others are more restrictive. Investors are often subject to intense financial scrutiny, making it challenging for low-income investors to buy and sell cooperative shares. If shareholders default on their payments, it can affect the long-term viability of the co-op.

Complementary Tools

- Community Land Trusts

Strategy in Action

Anchorage, Alaska

The Anchorage Community Land Trust (ACLT) is a land trust and community development organization. Between 2003 and 2012, they invested $15.7 million to purchase nine commercial spaces, resulting in 24 commercial tenants and 11 new businesses in a formerly disinvested corridor. ACLT first purchased blighted properties and repaired them, then leased and managed them. Their work has attracted an additional $45 million in investments. ACLT operates in three low-income Anchorage neighborhoods, facilitating business creation, local job growth, and resident leadership. They support businesses through business assistance, training programs, and grants to help them buy equipment and grow inventory.

Detroit, Michigan

Voters approved Detroit's Community Benefits Ordinance in 2016. When a new development project triggers the ordinance process, a neighborhood advisory council is established with nine representatives from the project's impact area who work with the developer to establish a community benefits agreement. These agreements are included in the final development plan approved by the city council. Ten projects with agreements have been completed to date. Critics argue the ordinance lacks enforcement and the limited timeline for negotiated agreements is challenging for residents.

Atlanta, Georgia

The Guild is a social enterprise focused on community-led real estate development. It started in 2015 as Atlanta's first co-living company and space for entrepreneurs, artists, and community organizers that offered advanced business information, personal finance coaching, and other workshops. The Guild has since expanded its mission to create a pathway for property ownership, and recently purchased a property that will be community-owned.

Minneapolis, Minnesota

Mercy Corps' Community Investment Trust (CIT) helps low-income residents and communities of color grow their wealth and lessen the risk of displacement. Like a real estate investment trust, their model offers a long-term path to collective ownership of real estate for low- to moderate-income residents, who can invest anywhere between $10 to $100 per month. The program is aimed at local residents who rent in East Portland. CIT grew out of Mercy Corps' Northwest, an Oregon nonprofit that provides financial education and loans to low-income residents. Their pilot in Portland, Oregon, purchased Plaza 122, a single-story commercial/retail-zoned building that is 95% tenant occupied. Most tenants are businesses and organizations owned by immigrants and people of color. Community residents who want to invest must live in specific Portland zip codes and take a six-hour financial literacy course.

Minneapolis, Minnesota

The Northeast Investment Cooperative (NEIC) is a first-of-its-kind real estate cooperative in the United States. It buys and develops real estate and leases it to local businesses. Community members are owners and investors. NEIC was formed in 2011 and, with funding from community residents, purchased its first property featuring a bike repair shop, a cooperatively owned brewery, and a bakery. The membership price is $1,000, with an installment plan option for those who demonstrate need.

Examples

- Oakland, California (East Bay Permanent Real Estate Cooperative and East Bay Asian Local Development Corporation)
- Mt. Rainier, Maryland (GLUT Co-op)
- Minneapolis, Minnesota (Seward Community Co-op)
- Lodge Pole, Montana (Lodge Pole Trading Post)
- The Bronx, New York (The Bronx Cooperative Development Initiative and Northwest Bronx Community and Clergy Coalition's Community Benefit Agreement)

Leveraging the Toolkit to Keep Small Businesses in Place

The *Small Business Anti-Displacement Toolkit* was created by the Small Business Anti-Displacement Network to provide policymakers, nonprofits, technical assistance providers, scholars, government agencies, and small business owners with tools to help neighborhood small businesses in gentrifying neighborhoods stay in place. These tools are meant to be particularly helpful for businesses owned by immigrants and people of color, which are more vulnerable to closure than White-owned and larger businesses.

The economic impact of COVID-19 continues to amplify vulnerabilities and presents additional threats to POC- and immigrant-owned businesses, adding urgency to the deployment of effective anti-displacement policies and practices. Before COVID-19, these businesses already faced unique challenges that made them susceptible to gentrification pressure, such as limited access to capital, language and cultural barriers, gaps in technology access, and limited entrepreneurial support. Now, the ongoing economic and health challenges posed by the pandemic and the response of local, state, and the federal governments have left Black- and Brown-owned businesses in an even weaker position compared to their White counterparts. As the economy begins to recover and some businesses reopen, gentrification threatens to further widen the opportunity gap and amplify inequities.

Credit: Sid Espinosa

This toolkit provides anti-displacement strategies that can be implemented by a range of stakeholders. When it comes to strengthening neighborhood small businesses and preventing displacement, one size does not fit all. When deciding which strategies to implement, users of this toolkit should consider several factors, including their own capacity and expertise and that of their organization; the primary challenges facing small businesses in their area; neighborhood conditions; their access to financial, technical and other resources; and their connection to and the capacity of other stakeholders. The online interactive version of this toolkit (www.antidisplacement.org/toolkit) is designed to help users select strategies and tools that best fit their situation. Yet whatever a community's challenges and resources may be, the following recommendations should help small business leaders effectively develop an anti-displacement strategy and build the community power and political will needed to implement it.

Listening to Communities and Defining the Problem

The geographical area that is the target of anti-displacement strategies must be clearly defined. This can be a commercial corridor, neighborhood, or an entire region. Extensive outreach and engagement of community leaders in the area, including small business owners and residents, is essential to understanding their key concerns and challenges. Stakeholders can find opportunities to engage the broader community of business owners in community meetings or by connecting with local organizations, such as faith-based groups. These are also opportunities for information sharing and exchange, such as working sessions to gather small business data or identify useful existing anti-displacement tools.

Possible guiding questions to ask of small businesses and their advocates during this phase include:

- **Identify community leaders:** Who are the business and community leaders in this neighborhood? How would they define or describe themselves? What characteristics define this community?
- **Character of businesses:** How long has your business operated, and how many employees do you have? Do you own your building? Does the data we presented adequately reflect the character of businesses?
- **Community contributions:** Do you employ local workers? Do you live in the neighborhood? What products or services do you offer the neighborhood?
- **Challenges of neighborhood change:** What are your main concerns? Have these changed as the neighborhood population has shifted? Do you compete with newer and larger businesses? Have your clients changed? Has your rent increased?
- **Policy challenges and gaps:** Are you aware of resources to address these challenges? Have you been able to access financial support and technical assistance? What hurdles have you faced in accessing private or public funds to maintain your business?

Leverage Existing Assets and Resources

Identifying the assets and resources readily available in a community helps to ensure that an anti-displacement strategy is doable, sustainable, and elevates the skills and talents of community members. A community asset might be a local organization or individuals who provide technical assistance to small businesses. It can be a small business association with motivated business owners. Or it can be a political leader with a strong desire to support small businesses. Mobilizing existing capacities leverages a community's collective will and strengths, while also exposing critical gaps and challenges. Small business leaders can help to identify and map these assets through community events and other engagement activities.

Possible questions for small businesses and their advocates in this phase include:

- **Community resources and assets:** What do you appreciate most about this neighborhood? Why did you locate here?
- **Small business resources and assets:** What has helped you succeed or sustain your business? Does your business have working relationships with other businesses, organizations, and institutions that have provided support? Have any government agencies or programs been of particular assistance?
- **Small business organizations and connections:** Do you have ties with other small businesses in your area? Do you belong to a business association or another community-based organization that represents the collective needs of business owners?

Partner with Community Organizations and Local Governments

Community-based organizations, such as faith-based and nonprofit service providers, serve as resources for POC- and immigrant-owned businesses and often have strong connections with them. Local city officials may also have strong connections with and serve as advocates for local businesses. Elected officials and agency representatives also often have the ability to leverage municipal resources and push new policies to address small business challenges. Building connections and partnerships with these grassroots and **grasstops** leaders is critical to implementation of a successful strategy. Together, these partners can ensure that community voices, buy-in, and engagement are centered, while also leveraging data, funding, technical assistance and other resources. Partners can also help to ensure that small businesses have knowledge about and access to existing resources. Such partnerships, when developed early on, help to **build community capacity** and political will for

Wheaton, Maryland

addressing critical gaps. Local and national philanthropies and foundations can often be a useful source of funding and technical assistance for developing and implementing anti-displacement strategies.

Build Community Capacity and Power

Partnerships help, but they are insufficient to build community power. Communities need to develop strong community leaders and representatives from within. These leaders should be represented on major public bodies and decision-making boards related to redevelopment. Elevating their voice and power in these forums can help to create a strong bridge between residents, businesses, and public officials – and ultimately public policy. Community representatives must be held to account by residents and small businesses to ensure that a community's needs and interests are accurately represented and centered in their advocacy.

Building on and developing a community's existing social capital can help to increase community connections, voice, and their power to push new policies. Strong social capital and community trust are essential for shaping meaningful interactions among businesses – and between businesses and communities – that lead to shared visions and a willingness to work together. Businesses that commit to strengthen neighborhoods and collaborate with residents to solve problems increase a community's collective power.

Generating New Policy Solutions and Resources

While communities can push for new policies, policymakers – whether at the city, county, or state level – ultimately shape and enact policies and provide resources that affect small businesses. They can propose new programmatic regulations, create new business programs, introduce tighter commercial tenant protections, or help to close funding gaps for businesses unable to access traditional grants and loans. To be most effective, policies must be in place early in the gentrification process. Other considerations and questions that policy makers and advocates should consider when pushing for new anti-displacement tools and resources include:

- **Community responsiveness:** How will the policies or programs benefit small businesses, particularly those most vulnerable to displacement? Does it have buy-in from local organizations, residents, and businesses? Is the proposed program addressing a critical need expressed by the community?
- **Implementation and sustainability:** Are there adequate funding and other resources to ensure that it is effectively implemented? Are there local organizations that can be a partner in program implementation? What education or outreach is needed to ensure that small businesses are aware of and can use the program or resource?
- **Measuring success:** What metrics can be used to measure the program's impact on small businesses? What data sources are available? How often should these measures be collected or analyzed? What systems are in place to ensure that adjustments and improvements to the program can be made over time?
- **Equity:** Will the program be implemented in an equitable manner? Has it been vetted by and received significant input from those most affected? What structures are in place to ensure that marginalized groups and those most in need of the resource are prioritized?

Sol Mexican Grill in the H Street, NE neighborhood of Washington, D.C.

Advancing equitable policies and programs to fight commercial gentrification and small business displacement requires community engagement and commitments from multiple stakeholders to shape comprehensive approaches. In the examples offered in this toolkit, partnerships across sectors, agencies, and jurisdictions have been key. So too has building political will and capacity of local communities and businesses. Future policies and programs to prevent small business displacement in gentrifying neighborhoods face an even more dire and challenging landscape given the ravages of the COVID-19 pandemic. Vulnerable small businesses that help to define the culture and character of neighborhoods, provide local jobs and services, and serve the needs of established residents will be unlikely to withstand intense gentrification pressures without robust protections. To build more equitable, inclusive, and economically vibrant and sustainable neighborhoods, communities must be willing to stand up and stand together to keep small businesses in place and create a climate where they can thrive.

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Glossary

Capacity building: The process of developing an organization's strength, effectiveness, and future sustainability.

Community development corporation (CDC): Non-profit organizations support and revitalize communities, especially in underserved and disadvantaged communities. They offer various services such as job training, healthcare, commercial development, affordable housing, and social programs.

Community development financial institutions (CDFIs): Private financial institutions that are dedicated to delivering responsible and affordable lending to help low-income, low-wealth, and other disadvantaged people. Though they are for-profit institutions, they prioritize the communities they serve and provide financing for small businesses, nonprofits, affordable housing, and community programs.

Commercial gentrification: The process by which long-term businesses that provide products and services to established residents are forced to move or close and are replaced by establishments that cater to more affluent consumers.

Conditional use: Permits on development or land that require discretionary approval from a city or other municipality.

Direct displacement: Residents and businesses are directly displaced without their consent, such as when a municipality forces tenants to vacate the property by eminent domain.

Disinvestment: Purposeful reduction or elimination of neighborhood capital investments, such as development projects, typically in low-income and communities of color.

Exclusionary displacement: Occurs when commercial spaces previously occupied by small businesses are no longer affordable to other small businesses, usually because of rising property values and rents or land use and zoning changes.

Floor-to-area ratio: The floor area of the building or buildings on a zoning lot, divided by the area of that lot.

Formula business: Any type of commercial establishment that uses a trademark, logo, service mark, or a mutually identifying name. It is commonly used to identify chain stores.

Gentrification: A process of neighborhood change in which higher-income, more highly educated residents move into historically disinvested, lower-income neighborhoods.

Grasstops: Grasstops (as opposed to grassroots) organizations and individuals are in a position of power or influence at a local level, oftentimes related to policy making.

Indirect displacement: Residents and businesses are indirectly displaced when they can no longer afford rising rents or property taxes, or their customers disappear, and they must move out of the area or close.

Jurisdiction: The power or right of a legal or political agency to exercise authority over a person, subject matter, or territory.

Legacy business: Any established neighborhood business. Those targeted by legacy business programs typically have less than 10 employees, are independently owned, and are often part of the retail or food service sector.

Obligations: In the United Kingdom, legal obligations help to mitigate the impact of development. They are attached to land and are legally binding and enforceable. Planning obligations transfer with the land to future owners.

Pop-up retail: A temporary storefront opened for a short period of time that can introduce a new product or service, or respond to seasonal demand. Pop-up retail is often used to activate underutilized spaces.

Predatory landlords: Landlords who neglect building improvements and do not submit to inspections, often because they are not held accountable by the city or county. Predatory landlords might resort to intimidation, charge higher rents, change locks, cut utilities or refuse to make repairs to push commercial tenants out.

Revitalization: The process of enhancing the physical, economic, or social components of a neighborhood through public or private sector efforts. It is disguised from gentrification by the speed and impact of those investments, including rapid neighborhood demographic change.

Social capital: Access to resources embedded in social relationships and the ability to mobilize these resources to facilitate action.

Speculative development: A real estate practice where a developer purchases a property or vacant land and holds it for an indefinite amount of time in hopes of reselling it at a higher price, often without making improvements. Speculative purchases can encourage abusive practices such as predatory lending and fraudulent appraisals. These tactics can drive up housing costs, evictions, and vacancy rates.

Technical assistance: Non-financial assistance provided to businesses by specialists and organizations who share information and expertise, instruction, skill development, and consulting services.

Zoning: A tool used in land use planning. Zoning laws regulate how land in specific areas or zones can be used and the type of operations allowed on a site.

Washington, D.C., restaurant Ben's Chili Bowl in the H Street, NE neighborhood