

# Climate Gentrification & Small Businesses



Climate-related gentrification is increasingly affecting vulnerable communities and small businesses. Climate disasters, long-term effects of climate change, and climate adaptation or mitigation strategies can kickstart or compound gentrification.

Public and private climate-related investments can significantly change communities, displacing small businesses and the residents whom they serve. BIPOC- and immigrant-owned small businesses in under-resourced neighborhoods are particularly vulnerable to both climate disasters and climate-related gentrification.

## How Climate Adaptation & Mitigation Can Cause Displacement

Climate adaptation and mitigation efforts can lead to residential and commercial displacement. Municipalities may build new or improve existing infrastructure to reduce greenhouse gas emissions or make neighborhoods more resilient to climate impacts, such as adding green spaces, creating coastal erosion protections, or constructing flood barriers.

These investments can make low-wealth neighborhoods more desirable to new residents, businesses, and investors, pricing out longtime residents and small businesses. Newcomers may be climate migrants, who move to escape rising sea levels and heat waves or to take advantage of low prices when previous residents flee disaster and are unable to return.

Municipalities may also change zoning or other land use regulations in response to climate threats. For example, in neighborhoods that are geographically situated to withstand climate events, municipalities may allow for higher density development. The appeal of living in a redeveloped area with low risk of climate events can draw new, wealthier residents and



business owners, raising land values and the cost of living. Small businesses that rent space in these neighborhoods become increasingly vulnerable to displacement as their clientele moves out and landlords raise rents, renovate property, or sell buildings that house longtime businesses.

The cost of protecting property in disaster-prone areas may also displace small businesses that cannot afford to make these investments. For example, hurricane shutters and generators are expensive to purchase, install, and maintain for many small business owners. Insurance premiums in disaster-prone areas are expensive and often unaffordable for small businesses, especially given that disaster insurance is often a separate policy.

Many municipal codes also require businesses to invest in property damage prevention, such as requiring flood and fire resistant materials, storm-resistant utility placement, and vegetation maintenance. These costs can be prohibitive for both small businesses that own their properties and renters whose landlords pass the cost of mitigation on to them.

## How Climate Disasters & Recovery Can Cause Displacement

Climate disasters can also kickstart or exacerbate gentrification. Strong storms, frequent flooding, rising sea levels, intense fires, and extended heat waves compound the economic and geographical challenges that many Black, Brown, and immigrant communities already face.

Often located in flood plains and in areas exposed to high levels of pollution or intense heat, these communities also often lack the infrastructure to withstand climate events. In the wake of disasters, residents and small business owners may be forced to leave their long standing communities for long periods of time, or permanently.

Small businesses in vulnerable neighborhoods often have a prolonged recovery after climate disasters, or they do not recover at all. Post-disaster redevelopment can drive up commercial rents and attract—or intentionally court—new businesses. Incoming businesses, which include chain stores, often compete with longtime businesses for customers or serve a new, wealthier clientele.

Longtime small business owners cannot return and reopen if they do not have access to capital and other resources for rebuilding or rehabilitating their space. BIPOC and immigrant business owners typically have less personal wealth, access to capital,

and access to technical assistance and government support than White counterparts. They are also often less equipped to navigate lengthy and tedious insurance claims processes—if they can afford disaster insurance at all.

Disaster assistance in Black, Brown, and immigrant communities is also often inadequate. Local and federal disaster preparedness programs are often underfunded, resulting in long recovery times and high levels of instability for small businesses. In addition, recovery investments from government, philanthropic, and private sources are often inequitably distributed. For example, federal funds for infrastructure upgrades may be dispersed equally across a metro area instead of targeted to help the most impacted and vulnerable communities rebuild.

When small businesses are able to re-open post-disaster, they may struggle because their regular clientele has left the neighborhood. Developers and landlords also often take advantage of low prices on damaged property to purchase, sell, and renovate commercial space with the goal of attracting new tenants that can pay higher rents. This can drive up rents for longtime small businesses and prevent new small businesses from being able to find operating space. Landlords may also choose not to rebuild and instead sell properties that were once home to community-serving small businesses.

## **Combating Climate Gentrification & Preserving Small Businesses**

As climate events become more frequent, and as climate adaptation and mitigation investment increases in cities across the country, more needs to be done to center equitable approaches to climate resilience and recovery and protect BIPOC- and immigrant-owned small businesses. Small businesses are part of the cultural fabric and economic strength of neighborhoods. They must be included in efforts to preserve communities and prevent cultural erasure due to climate disasters and climate gentrification.

Small business anti-displacement strategies and tools specific to climate-related gentrification are needed. SBAN and its network of members are embarking on an effort to identify, research, and share effective strategies for keeping businesses in place in neighborhoods vulnerable to climate gentrification.

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