

Getting Ahead of Small Business Displacement

Strategies for the Early Stages of Gentrification



Executive Summary

Gentrification is a process in which historically disinvested, low-wealth neighborhoods undergo significant change following an influx of private and public investments. It is often characterized by a rapid change in a neighborhood's physical character and demographics, as new development attracts high-end stores and residents with higher incomes and levels of education than longtime residents.

Small businesses are highly vulnerable to displacement when neighborhoods gentrify. For business owners who are Black, Indigenous, and People of Color (BIPOC) or immigrants, gentrification adds to existing challenges, such as limited access to capital and technical assistance. This makes it difficult for BIPOC and immigrant entrepreneurs to weather the changes gentrification brings, such as rising rents and loss of longtime clientele.

The ability to identify early signs of gentrification can help advocates intervene early to prevent small business displacement, curb speculative investment, and preserve affordability before gentrification progresses. However, there is little consensus among researchers about how to identify the early signs of residential or commercial gentrification. Further, there is little research on how the early stages of gentrification impact small businesses. Questions remain about how small businesses experience early changes and which interventions are most effective before displacement becomes widespread. This makes it difficult for historically disinvested communities to get ahead of the gentrification curve and prevent displacement.

This report examines how commercial gentrification unfolds in its earliest phases and identifies practical strategies to prevent displacement. Drawing on focus groups, conference sessions, and webinars with members of the [Small Business Anti-Displacement Network](#) (SBAN), as well as a review of existing research, this report finds that the earliest signs of gentrification appear long before the characteristics typically associated with gentrification, such as rising rents, an influx of higher-income residents, and physical redevelopment. Instead, early signals of gentrification are identifiable in long-term patterns of disinvestment, redevelopment planning decisions, and regulatory changes that quietly reshape neighborhoods.

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To highlight the stages of gentrification and small business impacts at each stage, we introduce a framework that distinguishes between early, mid, and late-stage gentrification. We detail the key neighborhood conditions associated with gentrification and displacement risk, such as devalued land and property, a concentration of BIPOC and immigrant residents and business owners, and a high proportion of commercial renters.

We describe how, as the gentrification process unfolds, early-stage change manifests in subtle but consequential shifts in the planning and regulatory environment, such as upzoning, zoning variances, and increased code enforcement. We discuss how elements of early-stage gentrification, such as planning for infrastructure projects, are often invisible to the public. The lack of transparency makes it challenging for communities to anticipate neighborhood change in the short and long term.

We also distinguish earlier stages of gentrification from mid and late stages. The latter are characterized by physical redevelopment, the transition of commercial spaces to higher-end uses, increasing commercial rents, and the arrival of national chains that replace local small businesses. As physical redevelopment accelerates, construction often disrupts foot traffic to longtime small businesses, impacting their revenue. Increasing land and property values result in direct and indirect forms of displacement.

To ensure that communities can benefit from needed investment but avoid small business displacement, this report outlines proactive and protective strategies and tools that can be implemented at the earliest stages of gentrification. These include:

1. Reduce susceptibility to gentrification and displacement pressures.
2. Improve transparency and community involvement in redevelopment processes.
3. Strengthen commercial tenant protections and build advocacy coalitions.
4. Dedicate funding to small business support as gentrification unfolds.

Preventing small business displacement requires intervention before clear signs of gentrification take shape on the ground. By conceptualizing long-term neighborhood conditions and redevelopment planning as part of—not precursor to—early-stage gentrification, advocates can better support small businesses to ensure they benefit from new neighborhood investments.

Introduction

Gentrification is a form of neighborhood change that has generated extensive debate among researchers, policymakers, and practitioners about its causes, consequences, and uneven impacts. It is a process in which historically disinvested, low-wealth neighborhoods undergo significant change following an influx of private and public investments. It is often characterized by a rapid change in a neighborhood's physical character and demographics, as new development attracts high-end stores and residents with higher incomes and levels of education than longtime residents.

Small businesses are highly vulnerable to displacement when neighborhoods gentrify. For business owners who are Black, Indigenous, and People of Color (BIPOC) or immigrants, gentrification adds to existing challenges, such as limited access to capital and technical assistance. This makes it difficult for BIPOC and immigrant entrepreneurs to weather the changes gentrification brings, such as rising rents and loss of longtime clientele.

Research on gentrification is vast and growing, but there is little consensus among researchers about how to identify the early signs of residential or commercial gentrification. Further, there is little research on how the early stages of gentrification impact small businesses.

Questions remain about how business owners experience early changes and which interventions are most effective before displacement becomes widespread. This makes it difficult for historically disinvested communities to get ahead of the gentrification curve and prevent displacement.



Rainbow Laundry in the Long Branch neighborhood of Silver Spring, Maryland, is near the new light rail Purple Line. Photo: Melissa Lytle

The ability to identify early signs of gentrification can help advocates intervene early to prevent small business displacement, curb speculative investment, and preserve affordability before gentrification progresses. This report foregrounds early-stage commercial gentrification and contributes to ongoing policy and practice efforts to prevent displacement, preserve cultural and economic diversity, and support small businesses as essential anchors in vibrant and diverse communities.

To help communities get ahead of the gentrification curve, we focus on:

- the markers of early-stage gentrification in a neighborhood;
- how communities and small businesses experience gentrification at this stage; and

- small business anti-displacement tools that are most effective early in the gentrification process.

Ultimately, we hope to deepen community and small business advocates' understanding about how commercial gentrification pressures emerge, intensify, and can be mitigated before displacement occurs.

The report synthesizes our discussions with SBAN members and our review of existing academic and practice-based research on gentrification and displacement and their impact on small businesses. More specifically, our work is informed by two focus groups with 11 SBAN members who are working in early-stage gentrifying communities to prevent small business displacement. Members work in communities

in the United States and Canada, including small, mid-size, and large cities. Focus group members included principal planners and economic development directors from various cities, founders or other leaders from community development corporations (CDCs), and leaders of community coalitions, community land trusts, and other small business support organizations, including community development finance institutions (CDFIs) and technical assistance providers.

The report also draws on sessions at the [2025 SBAN conference](#) and 2025 SBAN webinars on topics relevant to early-stage gentrification. Webinars discussed early anti-displacement strategies in communities located in opportunity zones and those impacted by new transit. Conference sessions addressed a range of early-stage topics, including equitable transit-oriented development planning, community ownership models (e.g. commercial land trusts), equitable commercial leasing, commercial affordability models, and land banking.

Several key themes emerged from our research and formed the basis of our analysis and insights. First, neighborhood conditions such as disinvestment, a concentration of renters, and a majority BIPOC or immigrant population are associated with susceptibility to gentrification and displacement. While disinvested neighborhoods are in need of reinvestment and redevelopment, these neighborhood conditions can also invite speculative investment from the private sector, or lead public actors to prioritize attracting new, wealthier residents and larger businesses rather than helping to keep existing residents and small businesses in place.

Second, while signs of gentrification commonly discussed in research and practice include physical, demographic, and market changes in a neighborhood, we find that displacement risk for small businesses often emerges well before demographic or market indicators signal change. Early signs are often evident in the redevelopment planning process (such as changes in planning regulations or zoning) yet invisible to residents and overlooked in

Displacement risk for small businesses often emerges well before demographic or market indicators signal change.

research. Third, early-stage interventions should be targeted to two key areas: (1) reducing a neighborhood's susceptibility to gentrification, and (2) ensuring that small business owners are well-informed about the planning and redevelopment process so they are better positioned to benefit from redevelopment.

In this report, we review existing research on the stages of gentrification, including early warning signs. We then introduce a framework for understanding early-stage gentrification and apply this framework to commercial contexts, drawing on SBAN member experiences to illustrate how early signs manifest on the ground. Finally, the report outlines strategies and policy tools for protecting small businesses during the earliest stages of gentrification, emphasizing proactive, equity-centered approaches to neighborhood investment and development.

Stages of Gentrification: Identifying Early Signs

Gentrification research has long examined how the process unfolds, including why gentrification progresses in some neighborhoods and not others. Research has also identified risk factors for gentrification and displacement, with the goal of mitigating residential and commercial displacement through early detection. This research typically analyzes neighborhood trends, such as changes in housing markets, demographic shifts, or investment patterns, to identify how gentrification unfolds across different contexts.

Early detection research falls broadly into two categories: research on “early warning signs” and development of “early warning systems”; and research that conceptualizes and aims to define stages of the gentrification process. Early warning research has evolved over many decades,

but generally uses quantitative analysis of neighborhood change “indicators” (such as property value changes) to identify neighborhoods “at risk” of gentrification. More recently, researchers have developed complex analytical models and machine learning techniques to anticipate gentrification before it happens.¹

Research on the stages of gentrification tends to be more conceptual and qualitative. It often involves exploring broader historical neighborhood trends, such as neighborhood investment history, to understand the process of gentrification. For example, the University of Minneapolis “Diversity of Gentrification” study, which explored gentrification trends from 2000–2015 in Minneapolis and St. Paul, outlines four stages of gentrification using community-based organizations’ conceptualization of changes:

“... **Disinvestment and decline**, in which powerful public and private institutions redirect resources away from a community... **Devaluation**, in which a “deficit narrative” comes to dominate elite and public discourse about communities that have been subject to disinvestment ... **Reinvestment**, in which low land values and rents are exploited, housing costs rise, and businesses and cultural institutions may turn over... **Displacement in various forms**, in which the loss of affordability pushes out long-term residents and businesses (direct displacement), changes conditions for those who are able to remain (cultural and political displacement), and precludes the entry of new, lower-income households (exclusionary displacement).”²

Together, research on early detection and on stages of gentrification comprise what we refer to throughout this report as “early-stage gentrification research.” This research often explores the process of gentrification through changes in property values, demographic changes, and neighborhood investment patterns. Changes in property values, such as high home appreciation rates in an area with low or moderate home values, are often considered an early sign of gentrification. In some cases, researchers

analyze property value increases relative to nearby neighborhoods, such as examining how housing prices increase in an area proximate to other gentrifying neighborhoods.³

When analyzing demographic changes, researchers often associate early signs of gentrification with an increase in new neighborhood residents who have higher incomes and levels of education or a decrease in residents with lower income and levels of education.⁴ Newcomers are often White, and in the early stages of their career and family building.⁵ Researchers also examine neighborhood investment patterns to understand stages of gentrification. In the “Diversity of Gentrification” study, researchers defined early-stage gentrification as an initial process of disinvestment or decline, followed by a phase of reinvestment and rapid redevelopment.⁶

However, neighborhood investment patterns are comparatively more complex to analyze as early signs than property and demographic patterns. Property values are an easily trackable, discrete variable, whereas the patterns of decline and reinvestment require more complex analysis. To paint the full picture of investment patterns, a composite variable would likely be the most comprehensive approach, such as looking at declining investments alongside declining home values and infrastructure quality.

One of the key concerns (and debates) among gentrification researchers is displacement of longtime residents and businesses, which can unfold in a variety of forms. Scholars often characterize displacement as either direct or indirect displacement. Direct displacement generally involves overt physical or economic pressure on longtime residents and businesses to vacate their space and make room for new, generally wealthier tenants. Physical pressure could include evictions, destruction of housing or commercial spaces, or cutting off utilities in a building.⁷ Economic displacement (sometimes framed as indirect displacement rather than direct) commonly takes the form of landlords increasing rents beyond what the existing tenants can afford. Other forms of indirect

displacement include cultural displacement and exclusionary displacement. Cultural displacement occurs when residents or businesses experience disruptions to their social and cultural identity or sense of belonging. Peter Marcuse, a renowned scholar in gentrification and displacement research, argued cultural displacement occurs when:

“a family sees the neighbourhood around it changing dramatically, when their friends are leaving the neighbourhood, when the stores they patronise are liquidating and new stores for other clientele are taking their places, and when changes in public facilities, in transportation patterns, and in support services all clearly are making the area less and less livable, then the pressure of displacement already is severe. Its actuality is only a matter of time. Families living under these circumstances may move as soon as they can, rather than wait for the inevitable; nonetheless they are displaced.”⁸

Exclusionary displacement is somewhat distinct from the other forms of displacement in that it prevents low-income families or small business owners from moving into a neighborhood, rather than pushing them out. When longtime residents or businesses move out of a neighborhood and properties turn over to tenants who pay higher rents, increased property values prevent future lower-income tenants from occupying that space. In other words, once a building or a block gentrifies, it is virtually impossible for property values to come back to affordable levels, unless a neighborhood experiences future disinvestment, neglect, or abandonment. Entire neighborhoods may become less affordable and inaccessible to low-income residential and commercial tenants.⁹

While the existing early-stage gentrification research is valuable, there are many gaps. For example, there are inconsistencies in the indicators that researchers associate with early-stage gentrification, including property values and demographic changes. Some scholars argue that population changes or property value increases may be indicative of a gentrification process that has already advanced to the point

of displacement, rather than being indicative of the early stages of gentrification. Further, large-scale societal changes and broader market trends (such as market downturns, or other financial crises) contribute to local gentrification pressure and risk but are difficult to incorporate into early warning systems or “stages of gentrification” frameworks.

The Commercial Gentrification Process: What We Know

The commercial gentrification process takes place through transitions in ownership, types of businesses, and uses of space: national chains replace small, locally owned retail stores; former industrial spaces are repurposed for non-industrial uses, such as arts activity; and managerial industries replace service industries such as hair salons.¹⁰ These transitions accelerate demographic changes, such as an increase in higher-income residents, creating a mutually reinforcing cycle of change in neighborhood business industries, products, and clientele.

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A range of industries and entrepreneurs can be “early arrivers” during the earliest stages of gentrification. In some cases, artists, creatives, and cultural industries are among the first wave of new entrepreneurs to move into the neighborhood. In other cases, new entrepreneurs establish businesses such as grocery stores, markets, or laundry shops that serve the needs and preferences of established residents.¹¹ Regardless of industry, early arrivers often shape the neighborhood to meet their needs and desires, which in turn creates experiences and economic opportunities that attract new residents and entrepreneurs.¹² After the initial early wave of new business openings, a “second

wave” of retail and other commercial activity often occurs. In this second wave, sometimes referred to as “boutiquing,” more niche businesses open, such as bike repair shops and or specialty coffee shops.¹³ These businesses may be smaller than the early arrivals and occupy smaller commercial spaces. They are often geared to the tastes and interests of newly arrived residents.¹⁴

The influx of new, higher-income residents introduces new consumption patterns and continues to attract new residents and neighborhood businesses. These changes impact longtime and “early arriver” businesses, often replacing them altogether. In the “final” stage of this trajectory, private and/or public investment increases sharply, commercial rents continue to increase, large chain stores often move in, and the diversity of industries in the neighborhood decreases.¹⁵

Commercial gentrification and displacement do not happen simply because of individual business owners or resident decisions. Public and private investment often sparks or accelerates commercial gentrification with focused efforts to attract business owners and residents from outside the neighborhood. While new commercial and residential development brings longtime small businesses new consumers with greater purchasing power, it can also increase competition for clientele. New development can increase commercial rents and taxes, increase predatory leasing practices, and disrupt business operations with construction. Some small businesses may not have the resources to pivot rapidly to serve a changing consumer base, and they may be forced to relocate or close altogether.

When established neighborhood small businesses are displaced, residents who have relied on them for goods, services, employment, gathering spaces, and other amenities are also impacted, and this can lead longtime residents to leave the neighborhood. Commercial gentrification and displacement may also decrease local employment opportunities, particularly for low-income workers who can no longer afford to live in the neighborhood or who lose their jobs as the local economy changes.¹⁶ In this way,

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Small Business Impacts at Different Stages of Gentrification

To better understand the early signs of gentrification, SBAN created a framework for understanding how a neighborhood progresses through stages of gentrification, with a focus on the impacts on small businesses. Most early-stage gentrification research is focused on residential trends, largely using housing market indicators. While residential and commercial gentrification are inextricably linked, early signs may show up differently in commercial spaces.

Our framework aims to clarify the stages of commercial gentrification and highlight how early signs of gentrification may show up in communities and impact small businesses. To do this, we differentiate between “early-stage gentrification” and “mid- to late-stage gentrification.” We highlight signals or markers that may be present in neighborhoods experiencing these stages and discuss the intensity and type of displacement that may occur.

We show how the stages of gentrification build off one another, while some elements of different stages present simultaneously. Figure 1 (p. 9) provides an overview of the framework, and the following section describes the framework in detail, incorporating insights from existing research and SBAN focus group discussions, conference panels, and webinars. While the boundaries between early and later stages of gentrification are murky, the framework is

intended to further elucidate the progression, better understand where a neighborhood might be in the progression, and identify potential interventions in the early stages to prevent future small business displacement.

Early-Stage Gentrification: Neighborhood Conditions

In our framework, the process of a neighborhood becoming susceptible to or “at risk” of gentrification is considered the earliest stages of gentrification. Other research often describes these conditions as separate and preceding gentrification instead of part of an early stage. Incorporating neighborhood conditions as part of the early stages of gentrifications reframes the process as taking place over decades as opposed to years. In other words, gentrification unfolds over a much longer timescale than is commonly discussed in research. In our work, we identified three major conditions associated with a neighborhood’s risk of gentrification: devalued land and property; a majority of residents who are Black, Brown, and/or immigrants; and a majority of small business owners who rent their space.

Devalued Land & Property

Disinvestment or underinvestment are widely regarded as a major drivers of gentrification.¹⁷ Whether from a lack of public or private investment in amenities or housing quality, disinvestment and underinvestment lead to devaluation of a neighborhood in many forms (e.g. economically, socially, or politically). Over time, this may cause buildings and infrastructure to fall into disrepair. This can cause a downward spiral, where lack of neighborhood investment leads to devaluation and degradation, further causing a neighborhood to be undervalued by both public and private decision makers.

Low land and property values also present an opportunity for redevelopment with low purchase prices, low development costs, and high profits. Neil Smith, a prominent gentrification scholar, coined this the “rent gap,” noting it can be one of the earliest signs that a neighborhood

is at risk of gentrification.¹⁸ A rent gap occurs when land values in a neighborhood are low relative to surrounding or nearby neighborhoods that have already gentrified or have historically experienced continuous investment or redevelopment. The “gap” is the potential value of the land if it were to be redeveloped to its highest and best use, often based on land values of nearby neighborhoods. In this sense, disinvestment produces the possibility of profitable reinvestment for developers. “While areas with a large rent gap might not gentrify, areas without a rent gap cannot gentrify,” argues Smith. The rent gap is also indicative of the gap between the purchasing power of existing residents and the purchasing power of potential residents.¹⁹

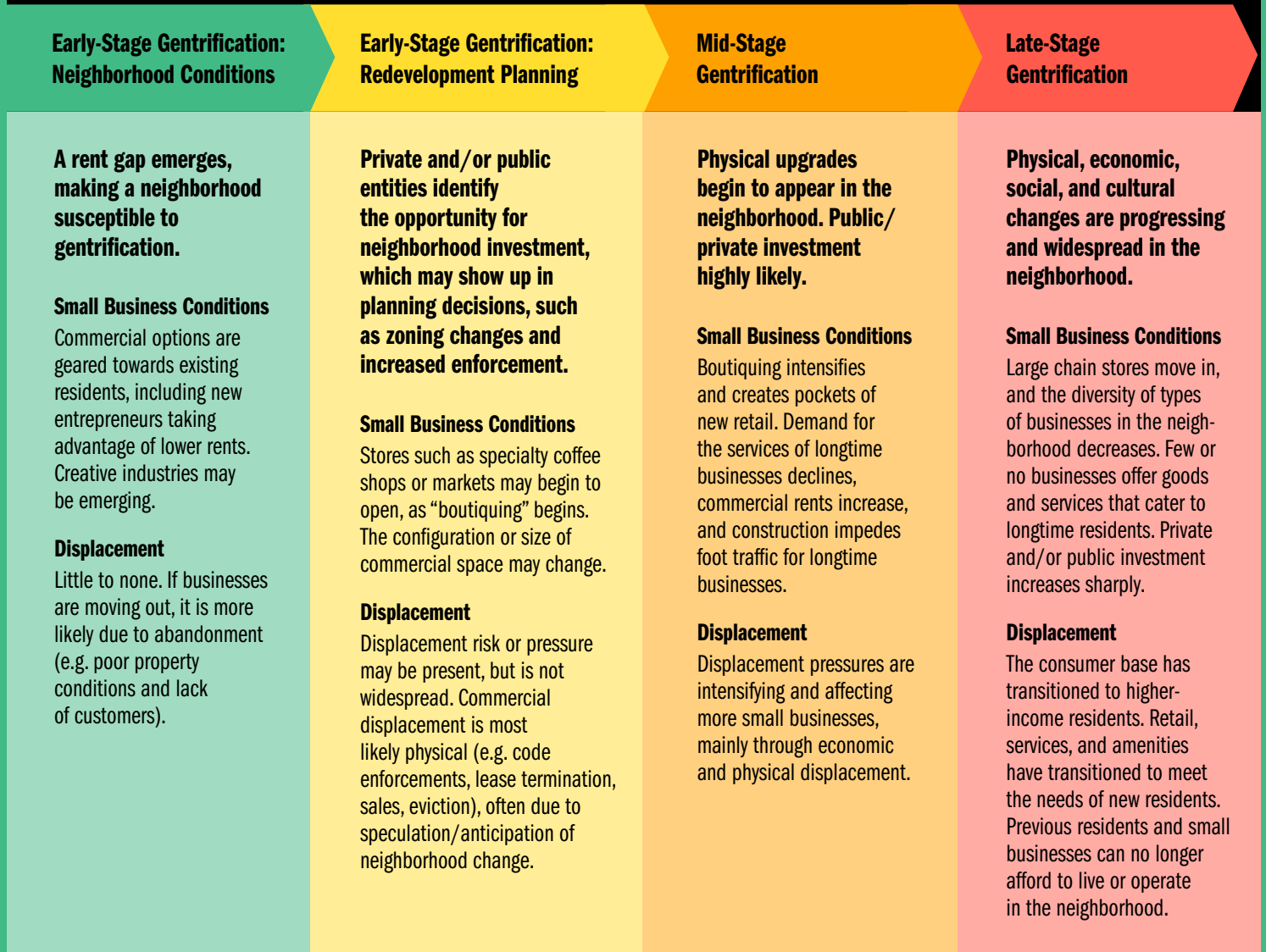
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In our focus groups, SBAN members clearly linked gentrification and commercial displacement in their communities to historical underinvestment and spatial segregation. They framed structural disadvantages for BIPOC communities and business owners as part of the gentrification trajectory. As one member shared, neighborhoods are often disinvested “by design, for later redevelopment.”

Majority of Neighborhood Residents are Black, Brown, and/or Immigrants

Because Black and Brown neighborhoods have historically been most disinvested or underinvested relative to other parts of a city, small businesses in these communities face structural barriers that impede their growth

Figure 1: Stages of Gentrification and Small Business Impacts



and stability. Small businesses in gentrifying neighborhoods often do not have the same resources and networks as new, incoming businesses, which are often better capitalized, larger, and White-owned.²⁰

BIPOC- and immigrant-owned businesses also face greater lending discrimination and landlord exploitation and have less bargaining power than White-owned businesses. They have fewer capital resources and are highly affected by economic downturns because of credit constraints and narrow operating margins. With less access to training and technical resources,

they are often unaware of local, state, or federal resources for small businesses, or face barriers to accessing these resources, including language barriers and a lack of professional networks. Due to historic and ongoing discrimination, BIPOC- and immigrant-owned small businesses also tend to have less personal or generational wealth they can leverage to maintain or grow their businesses.

Across our focus groups, webinars, and conference panels, we heard countless stories about disinvestment and gentrification in “cultural corridors” that are home to diverse



Taqueria Sabor Mixteco is in Wheaton, Maryland, one of the most diverse communities in the Washington, D.C., metro area, where advocates have worked to protect small businesses amid major redevelopment. Photo: Leah Millis

ethnic groups and small businesses, such as [Little Jamaica in Toronto](#). Continued discrimination and negative perceptions of non-White communities and BIPOC-owned businesses keep public and private investment out of these communities. When investment does come, it is often done in a way that undermines cultural components that developers deem unmarketable or undesirable. Alternatively, developers sometimes “repackage” select aspects of these cultural corridors for profit. This is often done to promote cultural tourism rather than improve the lives of existing residents.

“Property owners are like ‘we don’t want this kind of business,’ which is coded language for we don’t want this type of person ... when you’re telling me you don’t want those types of businesses, you’re telling us you don’t want our type of people”
– Focus Group Participant

Concentration of Commercial Renters

Residential and commercial renters are generally more vulnerable to displacement than owners, as they are subject to rent increases, lease changes or terminations, or landlords selling their property. Limited access to capital makes it difficult for BIPOC and immigrant business owners to purchase commercial property, so most rent their space. As commercial tenants, they typically lack the same rights and protections as residential tenants; there are comparatively fewer laws and policy tools that apply to commercial tenants, and less oversight of landlord compliance.

In our focus groups, SBAN members commonly highlighted the lack of [tenant protections](#) and predatory lease agreements as key contributors to commercial tenant vulnerability. They noted that many of the small businesses they work

with either didn't have an active lease agreement or had a lease agreement with vague language regarding property terms, sales, and evictions.

“They just say you can stay here, but I just can't give you a lease”

– Focus Group Participant

“I've heard of folks that are up for lease renewal but they're only going to get a month-to-month lease”

– Focus Group Participant

One SBAN member highlighted how landlords use lease renewal as an opportunity to significantly increase a tenant's rent or deny their renewal. This can be devastating for businesses that have invested in those properties, as they often aren't able to fully recoup the financial investment they made in the space. “You're investing for the landlord,” said one focus group participant.

In addition to the power imbalance between tenants and landlords, SBAN members also highlighted absentee landlordism as contributing to tenant vulnerability. Property owners (landlords) may be physically “absent” from property management because they are located in a different state or country, and they may not regularly engage with tenants or respond to their needs. Absentee landlords may also defer maintenance and repairs, not respond to tenant inquiries, and sell properties with little to no notice to tenants. High concentrations of absentee commercial landlords can make a neighborhood more susceptible to gentrification and accelerate displacement, especially in cities with limited protections for commercial tenants.

Early-Stage Gentrification: Redevelopment Planning

While neighborhoods with low land and property values often need investment and redevelopment, the rent gaps in these neighborhoods benefit private developers, who can maximize profits with lower development cost.²¹ The process through which investment and redevelopment decisions are made often takes place behind closed doors. In our framework for understanding gentrification

stages, we argue that during the early stages, evidence of these shrouded decisions may show up in the planning regulatory environment, such as through new zoning enforcement in a neighborhood.

The process through which investment and redevelopment decisions are made often takes place behind closed doors.

At the state or municipal level, zoning and other development-related regulations can play a pivotal role in sparking or accelerating commercial gentrification. For example, minimum lot size zoning regulations have been shown to exacerbate residential segregation by preventing lower-income households from accessing particular neighborhoods. Upzoning has also been hotly debated, with some arguing that it allows for more market-rate development that alleviates housing demand pressure, whereas others argue it encourages speculative development and incentivizes inflated property values.²²

In our focus groups and conference panels, SBAN members shared examples of how local development regulations are being used to facilitate private investment in low-wealth neighborhoods. For example, one panel member pointed to a local government decision to grant “zoning variances” or zoning exceptions to private developers, which allowed them to develop luxury residential properties in low-wealth neighborhoods, sparking subsequent development and gentrification. Similarly, a focus group participant noted that when a city began more frequently citing small businesses in low-wealth neighborhoods for code violations, this indicated the neighborhood had been slotted for public or private investment and redevelopment: “They say they're cleaning up the neighborhood ... but the message that they're sending is get out of here, you're no longer welcome.”

In addition to redevelopment, community investment planning by wealthy individuals can trigger gentrification. For example, two focus

group participants shared experiences of “benevolent billionaires” making substantial investments that resulted in large-scale luxury redevelopment. Participants said their communities were concerned about how this has or will increase property values and spur gentrification. These kinds of investments are especially problematic in places where there are few protections for commercial tenants and landlord interests are prioritized. The planning regulatory environment can either facilitate or hinder such investments. The planning process solidifies the intention for redevelopment, long before physical changes may be seen.

Impacts on Small Businesses

The early stages of commercial gentrification are difficult to identify, but our research highlights a few important points. As mentioned earlier, commercial gentrification often occurs through various transitions, such as commercial spaces transitioning from manufacturing or industrial uses to more managerial or service-oriented uses.

In the earliest stages of commercial gentrification, businesses such as grocery stores or laundromats are focused on serving the basic needs of existing residents. Restaurants may cater to local tastes, especially racial or ethnic groups in the neighborhood. Creative industries or artists that are drawn to the neighborhood for lower commercial and residential rents may also be part of the early stages. When a neighborhood begins to progress through the early stages of commercial gentrification, commercial options begin to transition to more niche, specialty “boutique” stores that offer products and services geared towards higher-income clientele.

At this stage, commercial and residential displacement pressure may begin to emerge slowly at first, intensifying as the “boutiquing” process unfolds. In the early stages, physical displacement may be the dominant form of displacement, largely as a result of landlords selling underperforming buildings, speculative sales and investments, lease terminations, or evictions. There may also be an increase in code enforcement, such as targeting and removing street vendors, and changes in zoning or other

regulations such as parking restrictions or building codes. Overall, this early stage of commercial gentrification is characterized by an increasingly niche and newer set of retail and service options that are geared toward attracting new residents to the neighborhood.

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Mid- and Late-Stage Gentrification

As a neighborhood transitions into mid-stage gentrification, physical upgrades, such as breaking ground on a large-scale construction project or demolition, indicate that the gentrification process is underway. These changes are typically driven by local governments, private developers, or individuals with an interest in “cleaning up” blighted neighborhoods and speculation. Physical upgrades often represent increased capital investment in a neighborhood and result in added value to property or land. In this sense, “breaking ground” on large-scale projects is a clear indication of a neighborhood transitioning into mid-stage gentrification.

In the transition from mid to late-stage gentrification, construction catalyzes and accelerates gentrification and displacement, largely because it increases economic pressure on existing commercial tenants and residents. Construction or “upgrading” of existing property continues to increase land and property value. These physical changes can range from minor façade improvements to complete demolition and rebuilding. Redevelopment of one building in a neighborhood often has a ripple effect. When the property value of one building increases due to upgrades, it can increase the value of neighboring properties.

Ultimately, tenants and consumers pay for these increases, either through increasing rents or increased prices on goods and services. The net result is an overall increase in cost of living for the community.

While redevelopment and construction happen in the earlier stages of gentrification, they are likely smaller in scale and may be sporadic or one-offs. Small scale construction may, therefore, be a useful indicator of an emerging gentrification process that can benefit from targeted interventions and mitigation strategies.

As redevelopment continues and intensifies, gentrification progresses into late stages, in which physical, economic, social, and cultural aspects of a neighborhood are altered. These shifts are evident in the property market (e.g. vacancy, rising rents, property appreciation), in demographic shifts, and/or in the retail landscape when it becomes dominated by stores typically associated with higher-income consumers (e.g. boutiques or luxury goods) and higher-income business owners (e.g. large chains). Changes in property values, demographic changes, and continued investment represent a state of advanced neighborhood change.

Importantly, large-scale infrastructure projects, such as transit projects, can also induce gentrification. SBAN members repeatedly highlighted how transportation projects, such as highway construction, new light rail, or bus rapid transit projects, have triggered commercial gentrification and displacement. For example, in Minneapolis, the history of large-scale displacement caused by the construction of I-94 in the 1950s in the thriving Black neighborhood of Rondo has left current communities concerned about [the extension of the Blue Line Station currently underway](#). Other focus group participants expressed concern for older, disinvested neighborhoods in close proximity to desirable transportation nodes that local governments may have earmarked for future transit-oriented development.

“Single family homes next to transit ... those are the types of neighborhoods we have our eyes on”

– Focus Group Participant

SBAN members repeatedly highlighted how transportation projects, such as highway construction, new light rail, or bus rapid transit projects, have triggered commercial gentrification and displacement.

Larger and more frequent construction will likely accelerate as a neighborhood transitions through mid- and late-stage gentrification. In later stages, residential and commercial displacement are widespread, and have evolved to include intense economic displacement as well as cultural displacement. Demographic changes have unfolded and solidified, with the consumer base largely composed of higher-income residents. As this process continues to evolve, displacement in late-stage gentrification evolves to exclusionary displacement, in which property (both commercial and residential) becomes unaffordable to residents and businesses below a certain income or revenue threshold.

Impacts on Small Businesses

As the commercial gentrification process continues, large commercial chains will begin to appear, becoming more prevalent through the transition from mid-stage gentrification to late-stage gentrification. In middle and late stages of gentrification, construction can significantly disrupt foot traffic in commercial corridors and make it difficult for customers to access businesses.

Because construction projects, particularly large public infrastructure projects, often have a long timeline, small businesses can experience reduced revenue for years. Blocked sidewalks, detours, lack of parking, obscured signage, and construction noise all negatively impact small businesses. Customers may opt to buy goods or services from more accessible locations. SBAN members shared several examples of how construction impacts local small businesses, such as having to temporarily relocate, being replaced by large chain stores that target a new

demographic, or losing access to sought after ground floor space.

As the gentrification process progresses and commercial and residential displacement intensify, economic impacts on small businesses include substantial increases in commercial rent and commercial property values, decreased revenue for small businesses, and increased competition for commercial space among businesses. Small businesses also often experience decreased foot traffic because of demographic changes. Focus group participants said this was a critical issue in commercial corridors with culturally specific food or products. When residential displacement occurs, these businesses no longer have a captive customer base. One focus group participant highlighted the gravity of this type of displacement: “Many times, it’s about cultural erasure.”

Protecting Small Businesses During the Early Stages of Gentrification

Throughout this report, we have highlighted the range of negative impacts gentrification has on small businesses. Our framework highlights the ways in which current research may not be identifying the earliest signs of gentrification and instead focusing on market, demographic, or physical changes in a neighborhood as early signs of gentrification. In our framework, these elements represent a later stage of gentrification, in which physical alterations to land and structures are visible and tangible, property markets have changed to cater to higher-income tenants and owners, there is an observable influx of new residents, and many businesses have opened to cater to changing demands for goods and services. Yet the early stages of gentrification are set in motion long before these changes.

In this section of this report, we outline interventions that may be useful in the early stages of gentrification to prevent or mitigate displacement (see Table 1). Governments, community-based organizations, funders, and others can use these early-stage interventions to reduce a

neighborhood’s susceptibility to gentrification and ensure more transparency in redevelopment processes. This includes advocacy efforts that inform communities about potential development in their neighborhood. We also briefly describe interventions that may be useful in the mid- and late-stages of gentrification, given the challenges of identifying gentrification processes in early stages.

Governments, community-based organizations, funders, and others can use early-stage interventions to reduce a neighborhood’s susceptibility to gentrification and ensure more transparency in redevelopment processes.

Reduce Susceptibility to Gentrification and Displacement

A key way to protect small businesses from future displacement is to reduce a neighborhood’s susceptibility to gentrification. As we have discussed, disinvestment and devaluation, segregation and stratification, and lack of commercial tenant protections where the majority of small businesses are renters make neighborhoods more susceptible. The existence of a rent gap, which makes profit-driven reinvestment and redevelopment attractive to both public and private investors, also makes neighborhoods more susceptible. These factors work in combination with one another, compounding vulnerabilities and disparities within and between neighborhoods.

One of the main drivers of gentrification and displacement is historic disinvestment, as it produces low land and property values relative to other neighborhoods. However, investment can also be a catalyst for gentrification if businesses and residents are not in a position to weather increased costs of rent, services, and products. The tension between a community’s

Table 1: Interventions to Protect Small Businesses in the Early Stages of Gentrification

Intervention	Strategy
Reduce Susceptibility to Gentrification and Displacement	
Incorporate principles of equitable development, economic inclusion, and capital absorption into community investing and redevelopment	<ul style="list-style-type: none"> • Capital absorption framework • Community-centered economic inclusion • Equitable development frameworks • Small business preservation programs • Equitable development scorecards • Catalytic capital investments • Mission lending • Credit building models
Improve capital access through flexible, patient capital and community ownership opportunities	<ul style="list-style-type: none"> • Community ownership models • Flexible small business financing
Improve Transparency and Community Involvement in Neighborhood Redevelopment Processes	
Build structured mechanisms for leveraging “community wisdom”	<ul style="list-style-type: none"> • Community engagement guidelines • Business navigators
Incorporate “cultural preservation” measures in planning processes	<ul style="list-style-type: none"> • Cultural district plans • Heritage tourism
Strengthen Commercial Tenant Protections and Build Advocacy Coalitions	
Ensure sufficient protections for small businesses in the planning regulatory and legislative environment	<ul style="list-style-type: none"> • Zoning • Co-location • Rent regulation • Lease regulations/requirements • Master lease agreements • Store size caps • Microzoning
Prioritize coalition building and advocacy on issues that impact small businesses	<ul style="list-style-type: none"> • Policy coalitions • Connect commercial anti-displacement to broader redevelopment goals
Enhance community capacity to understand the planning process	<ul style="list-style-type: none"> • Educational materials • Technical assistance

need for investment and its vulnerability because of subsequent increases in cost of living do not exist in isolation. Spatial inequities exist both within and across cities. Neighborhoods and entire metropolitan areas that have struggled to attract investment are likely to continue struggling to attract it, and neighborhoods and metropolitan areas that have benefited from consistent investment are likely to continue receiving it. This pattern of uneven development perpetuates because disinvested communities are not equipped with the right infrastructure to attract and manage

investments, especially in a way that benefits existing residents and businesses.

While neighborhoods may need investment, redevelopment efforts often focus on attracting new, higher-income households and businesses rather than addressing needs of existing small businesses and residents. To avoid causing displacement, new neighborhood investment should follow equitable redevelopment and economic inclusion principles and practices. This includes helping resource communities so they are ready to receive investment when it

comes. It is also essential to improve capital access for small business owners so they are able to withstand changes to their consumer base if demographics shift. These two strategies work hand-in-hand. Incorporating equity and inclusion in redevelopment principles and practices and improving access to capital for small businesses can together break down structural inequities that breed gentrification and displacement risk.

Incorporate Principles of Equitable Development, Economic Inclusion, and Capital Absorption into Community Investing and Redevelopment

[Equitable development frameworks](#) provide guiding principles and actionable recommendations for attracting investment into historically underserved communities in a way that fosters stability and inclusion, rather than displacement. While many equitable development frameworks exist, they often promote common values, such as development projects that improve the economic well-being and quality of life in a community, provide opportunities for wealth building and local jobs, and prevent displacement of locally owned businesses.²³

Development/investment that follows these principles can improve small business support ecosystems by promoting policies and programs that keep residents and small businesses in their community. Equitable development tools can include but are not limited to [small business preservation programs](#), [equitable development scorecards](#), [catalytic capital investments](#), [strong mission lending](#), and [credit building models for small businesses](#).

The principle of economic inclusion can also guide communities in reducing susceptibility to gentrification. An example of this framework in practice is the [Community-Centered Economic Inclusion](#) (CCEI) project, launched by the Brookings Institute and Local Initiatives Support Corporation (LISC). CCEI is focused on helping communities “grow from within by leveraging cross-sectoral resources to invest in local assets that generate positive economic and public health outcomes.”²⁴ The project piloted

an economic inclusion model in 11 neighborhoods across the United States in 2019 and monitored each neighborhood’s outcomes for five years. It developed a process for identifying and prioritizing community needs across the four focus areas (economic ecosystem, public health, built environment, and social and civic infrastructure) and developing community-driven solutions, projects, and interventions. Small businesses received a range of support, including direct small business investment, technical assistance, marketing support, and targeted financial education programs. Participating communities also worked to better understand and improve their respective small business ecosystems by conducting needs assessments. The result was nearly \$4 million in small businesses investments from public and private sources, almost all of which went to BIPOC-owned businesses.

Another approach to economic inclusion is the [Center for Community Investment \(CCI\)](#)’s “Capital Absorption Framework,” which focuses on redistributing resources to communities that have historically been underserved and underinvested. CCI argues that U.S. “financial systems deliver more resources to communities that already have them and further disinvest in communities that don’t, most often communities of color.” Their approach involves working with communities to define shared development priorities, transform these priorities into concrete projects with financial viability, and provide capacity building to ensure the investment environment supports achieving the community’s vision. The investment environment includes anything “that accelerates or impedes deals,” such as “actors, policies, resource flows, relationships, skills, behaviors, etc.”²⁵

Improve Capital Access Through Flexible, Patient Capital and Community Ownership Opportunities

Lack of access to patient, flexible capital is a major constraint for small businesses, especially BIPOC- and immigrant-owned small businesses. In the face of gentrification pressures such as rising commercial rents, having cash on hand can be the difference between business survival

and closure. Capital access can also facilitate property ownership, which helps business owners and communities build wealth and become more economically stable. [Community ownership](#) (which can include both collective and individual ownership) can be a catalyst for asset- and wealth-building in low-wealth communities, helping to ensure community control of neighborhood assets and self-determination. In focus groups, conference panels, and webinars, SBAN members repeatedly highlighted the importance of better access to capital, especially for industries impacted by seasonal tourism. As an economic development manager in a local government agency put it, “Folks who have access to capital are able to ride out a down season.”

A wide variety of tools can support the capital, wealth, ownership nexus, many of which are featured in SBAN’s [Small Business Anti-Displacement Toolkit](#) and [collection of case studies on community ownership](#). Key tools for improving access to capital and ownership are outlined in Figure 2.

Improve Transparency and Community Involvement in Neighborhood Redevelopment Processes

Large-scale revitalization efforts, such as the development of bus rapid transit systems or commercial corridors, often take years to plan before breaking ground. Too often, residents and small business owners are not part of the early planning conversations, nor are they aware of public or private investment intentions or plans until much later in the process. In the best case scenarios, residents may be involved in identifying community development priority areas or voicing concerns about particular plans. In small scale or individual investments, there may be no public process at all, because these decisions are often made by private sector developers.

Too often, critical parts of the development process are invisible to residents and small business owners, which means they have little opportunity to weigh in on investment decisions or educate decision-makers about community needs. The lack of transparency also limits small businesses’ ability to anticipate change, plan for

To address the problem of nontransparent development practices, advocates can use tools that build mechanisms for leveraging community wisdom and incorporate cultural preservation measures into the planning process.

future costs, or advocate for protections before displacement pressures intensify. When public or private development leaders do not clearly communicate redevelopment plans or adequately engage impacted communities, small businesses are effectively shut out of decisions that significantly impact their operations and long-term viability.

In the focus group discussions, SBAN members who work with small businesses in changing neighborhoods noted that when investment decision-making is not transparent, their organization cannot anticipate and prepare for revitalization efforts until they are underway. Referring to an on-going plan for new transportation infrastructure, one focus group member described how the planning process has been difficult to follow, leaving the community unsure about what exactly the redevelopment project will look like: “It keeps changing ... they’ve been talking to the community, and they’ll have one plan, but then it changes ... We don’t really know what the infrastructure is going to end up being and how it’s going to impact the area.”

To address the problem of nontransparent development practices, advocates can use tools that build mechanisms for leveraging community wisdom and incorporate cultural preservation measures into the planning process.

Build Mechanisms for Leveraging “Community Wisdom”

Community engagement has long been an important component of urban planning and development. When residents and small

business owners are included in planning decisions, it helps ensure community needs are incorporated into the vision and plan for redevelopment. Planners often use a targeted, deliberate, and inclusive community engagement approach, especially for projects in immigrant, BIPOC, or low-wealth communities, as their needs are often overlooked in traditional redevelopment approaches.²⁶ But generating meaningful and impactful community engagement is challenging. It can be difficult for community development practitioners, private developers, and planners to clearly define who is included in a “community.” Intermediaries, such as community-based organizations or institutions, may be logical partners in redevelopment projects, but may represent only a portion of the community, such as those who are able to regularly attend community meetings or engagement events.

Incorporating community wisdom also requires a change in mindset for policymakers and practitioners. Longtime residents and small business owners often experience that

redevelopment is done “to them” rather than with them, and they are cast as “beneficiaries” rather than experts or partners. Business owners likely have important wisdom about what policies or projects may face barriers or challenges in their community, and which ones might be most helpful. Oftentimes, excluding residents and business owners from policy making and decisions around redevelopment priorities contributes to a neighborhood being at risk of gentrification and displacement.²⁷

[Denver’s Business Navigator Program](#) is an example of targeted engagement with small business owners that builds their resilience but also provides a mechanism for them to communicate their needs and challenges. The program was established through a partnership between Colorado Center on Law and Policy (CCLP) and Denver’s Office of Economic Development and Opportunity to develop and distribute “business navigator” guides to small business organizations that can then share them with small businesses.

Figure 2: Tools for Improving Small Business Access to Capital and Ownership

Strategy	How it works	Tools
Flexible small business financing	<p>Small businesses often struggle to qualify for traditional lending for a variety of reasons.</p> <p>Non-traditional lenders, such as Community Development Financial Institutions (CDFIs), often provide more flexible and appropriate financing for small businesses.</p> <p>These entities provide smaller loans with more favorable terms than traditional lenders. They also are able to access federal dollars (such as U.S. Small Business Association (SBA) 7a loans) that are also geared towards connecting small businesses to capital.</p>	<ul style="list-style-type: none"> • Revolving loan funds • CDFI financing • Revenue based financing • SBA loans • Small business grants
Community ownership	<p>Community ownership models support individual and collective ownership.</p> <p>Collective ownership means that community members or groups collectively own space and manage resources and assets connected to that space.</p> <p>Community control can also be achieved through individual ownership, such as when individual business owners who live in or have a stake in a neighborhood purchase commercial space.</p>	<ul style="list-style-type: none"> • Community land trust • Land bank • Commercial cooperatives • Community investment trusts • Downpayment assistance



Anti-Displacement Tool: Land Banking

Community land banking is when a public agency or nonprofit buys and holds land, including commercial buildings, so it can serve community needs. This takes land off the speculative market, where it is typically sold to the highest bidder. Land banks can acquire, maintain, repurpose, and resell land within communities with the goal of supporting equitable community development. Land banks can be publicly or community-owned, depending on the organizational structure. However, all land banks are legal entities with specific powers enabled by local or state legislation. They can acquire tax-foreclosed property, hold property tax-exempt, maintain and develop property, and sell property according to community goals.

Land banks can help keep small business space affordable as neighborhoods change and property values rise. By purchasing properties in the early stages of gentrification, before land and property values substantially increase, land banks can protect commercial spaces and longtime businesses from displacement.

For example, [Land Bank Twin Cities](#) (LBTC) in Minneapolis-St. Paul acquired 1,100 housing units and over a dozen commercial properties between 2020 and 2025. They stabilized property values and developed properties in collaboration with local communities to ensure lasting affordability. Two of LBTC's commercial developments include the Juxtaposition Arts (JXTA) cultural arts center and the Indigenous Roots Cultural Arts Center. LBTC acquired the property for JXTA, then provided a loan for them to purchase the building. This allowed JXTA to expand their footprint and employ and serve more community members. In the case of Indigenous Roots Cultural Arts Center, LBTC purchased the center's property to ensure they could remain in their current location. As of 2025, the land bank was holding the property for three years while Indigenous Roots gathered the necessary resources to purchase the building.

LBTC partnered with Partnership in Property Commercial Land Trust and Northside Investment Cooperative Enterprise to facilitate community ownership by acquiring retail buildings in North Minneapolis. Photo: Andrea Ellen Reed



The guides were developed in collaboration with community-based organizations that provide hands-on, culturally responsive support to historically underinvested entrepreneurs, and feature information about resources, programs, and services available to them. The navigator program also connects entrepreneurs in disadvantaged neighborhoods to grants and loans, licensing assistance, legal counseling, and tailored technical guidance on business planning, marketing, and adapting to changing market conditions. This helps businesses secure resources, resolve landlord and financial challenges, and remain rooted in their communities.

Incorporate “Cultural Preservation” Measures in Planning Processes

Small businesses are an essential part of the cultural fabric of neighborhoods, especially in BIPOC and immigrant communities. Preserving longtime small businesses that offer cultural amenities, goods, and services is often key for preserving neighborhood history and identity. Because small businesses play both an economic and social-cultural role in communities, small business anti-displacement efforts are often part of broader cultural heritage strategies that aim to keep BIPOC and immigrant communities in place.

Cultural preservation tools, such as cultural district plans, heritage designations, and corridor-specific planning frameworks, can help formalize small businesses as cultural assets. These tools can guide land use decisions, public investments, and development incentives in ways that prioritize cultural preservation and continuity alongside physical redevelopment.

[Heritage tourism](#) is another approach to preserving community cultural identity alongside redevelopment. These programs are usually initiated and led by community-based organizations, government agencies, or local businesses, and aim to preserve a neighborhood’s cultural identity by amplifying its history and drawing visitors to culturally significant places in the neighborhood. Heritage tourism promotes historic or cultural sites, longtime businesses,

and cultural heritage events. When designed correctly, it benefits rather than displaces small businesses and residents.

Cultural preservation tools in the early stages of gentrification can help address some of the challenges communities with a large immigrant population or other ethnic minority population face, as highlighted by SBAN members, such as underinvestment or discriminatory leasing practices. Cultural preservation tools provide support and resources to these communities to celebrate their cultural heritage and ethnic diversity, elevating the value they bring to the broader public. These tools can also provide development guardrails that prevent private developers from destroying or altering the neighborhood without specific approvals and processes.

Strengthen Commercial Tenant Protections and Build Advocacy Coalitions

As we have discussed, the early stages of gentrification can manifest through changes in the planning, regulatory, and legislative environment long before displacement pressures are visible to small business owners or residents. Zoning amendments, upzoning near new transit investments, increased code enforcement activity, and the approval of large-scale redevelopment projects can all signal and contribute to rising land values and growing speculative interest. For small businesses, particularly those operating with short-term or informal leases, these changes can quickly translate into rent increases, non-renewal of their lease, or pressure to vacate their space, even in the absence of visible neighborhood transformation.

[Commercial tenant protections](#) are therefore a critical component of small business anti-displacement strategies. However, unlike residential tenants, commercial tenants in most cities have limited legal protections and little power to bargain with landlords in rapidly changing markets. In neighborhoods where small businesses are predominantly renters and where ownership opportunities are constrained by historic disinvestment, limited access to

capital, and systemic inequities, commercial tenant protections can prevent displacement. The strategies and tools highlighted below can help the planning regulatory environment support longtime small businesses and keep them in place before, during, and after redevelopment.

Ensure Sufficient Protections for Small Businesses in the Planning Regulatory and Legislative Environment

Protecting small businesses from displacement requires coordinated planning, regulatory, and legislative tools that shape how and by whom commercial space is created, priced, and used. Zoning and planning regulations can impact the types of uses allowed in a commercial space,

how big or small a commercial unit is, and the configurations of commercial spaces in a building or on a block can be configured. Planning regulations and legislation are often developed and implemented at various levels of government, such as at the state or municipal level, meaning they vary substantially by location and local development priorities.

Oftentimes, planning regulations and legislation include codes designed for larger businesses, which can act as a barrier to small business growth and stability. Existing research and SBAN focus group discussions highlight alternative approaches that provide more flexibility in zoning and other planning-related regulations. For example, zoning and special-use designations



Anti-Displacement Tool: Cultural Districts

Preserving BIPOC- and immigrant-owned businesses can be key to sustaining the cultural heritage of communities, because these businesses—particularly longtime legacy businesses—are often central to a neighborhood’s cultural or ethnic identity. In the early stages of gentrification, legislation and related planning tools can formally recognize neighborhood and small business cultural significance and put in place mechanisms to preserve them, including local funding and resources.

For example, the Chicago [Puerto Rican Cultural Center](#) (PRCC) helped create state-wide legislation for Cultural Special Designation Districts. The Humboldt Park neighborhood is an important meeting ground and commercial corridor for the Puerto Rican community throughout the city and diaspora, and PRCC worked with over 30 local organizations to pass legislation that would help protect the neighborhood from increasing gentrification.

The pioneering legislation requires consideration of the impacts of gentrification in the criteria for a district’s designation. The Illinois Department of Commerce and Economic Opportunity must provide technical assistance and collaborate with other state agencies to preserve cultural heritage in certified neighborhoods. In 2024, Humboldt Park became the first neighborhood in the state to receive the designation.



Chicago’s Puerto Rico Town in the Humboldt Park neighborhood is a state Cultural Special Designation District.

can allow multiple commercial activities within the same building or block, making it possible to co-locate different types of businesses and create smaller, more affordable spaces. Microzoning enables cities to tailor zoning rules at a hyper-local level (such as the block or parcel level), allowing uses and building forms that reflect the needs of existing small businesses rather than one-size-fits-all redevelopment.

Various economic incentives can be operationalized at the local level to reduce the costs of development and keep costs from being passed on to small businesses in the form of higher rents or other operating costs. [Tax incentives](#) and land cost subsidies (such as [Tax-Increment Financing](#) or Opportunity Zones) reduce development and operating costs, ideally keeping commercial rents within reach for small businesses. Other supportive programs include master lease programs, which allow a city or nonprofit to rent commercial space at market rates and sublease smaller units at affordable prices, reducing risk for both property owners and tenants. [Neighborhood business incubators](#) and pop-up programs provide short-term, flexible leases, shared services, and mentoring, giving emerging entrepreneurs access to affordable space, foot traffic, and support needed to grow sustainably.

While commercial tenants face different challenges than residential tenants, and also have comparatively fewer protections, residential tenant protection policies can potentially be applied to commercial tenants. For example, Rights of First Refusal (ROFR) laws allow residential tenants or community organizations the opportunity to purchase their building when the landlord plans to sell. Tenants or organizations can purchase the building with the intent of creating affordable housing, which can also preserve small businesses housed in the same space. When the building is sold to a community organization and repurposed for affordable housing, small businesses already occupying the ground-floor commercial space can be preserved.

Washington, D.C., and San Francisco both have Tenant Opportunity to Purchase Act/Community Opportunity to Purchase Act ([TOPA and/or](#)

[COPA laws](#)), but these are not explicitly designed for commercial tenants and do not apply to the sale of property that is wholly commercial. To benefit more small businesses, COPA and TOPA laws [can be expanded to apply to commercial tenants and property](#). They can also be amended to ensure that commercial space in buildings remains affordable and small business tenants are not displaced during the sale or co-op or condo conversion.

Prioritize Coalition Building and Advocacy on Issues That Impact Small Businesses

Even when strong protective planning policies exist, small businesses often lack the capacity or collective power to influence planning and legislative processes. Coalitions that bring together small business owners, community-based organizations, business associations, labor groups, and residents can amplify small business voices and elevate commercial displacement as a shared community concern.

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Advocacy coalitions play a particularly important role in translating technical planning and policy debates into accessible narratives that influence decision-makers and the wider public while also representing the voice of coalition members. By connecting commercial displacement to broader goals, such as cultural preservation, neighborhood stability, and economic equity, small business coalitions focused on anti-displacement can help reframe redevelopment conversations and push for policies that prioritize existing businesses alongside new investment.

The [Purple Line Corridor Coalition](#) (PLCC) in the Maryland suburbs of Washington, D.C., exemplifies how strategic and intentional collaboration among the many interests along a changing light rail corridor can mitigate the risk of small business displacement. The coalition was developed in response to a light rail extension project that adds additional connectivity between Maryland suburbs and Washington, D.C. via a new “Purple Line.” PLCC is a public-private-community collaboration led and administered by the University of Maryland’s National Center for Smart Growth in partnership with a range of community and civic organizations, state and local governments, nonprofit organizations, philanthropies, and large and small businesses. The coalition coordinates efforts among partners, identifying service gaps, building trust, structuring collaboration, and providing space for networking.

PLCC created a collective vision for vibrant economic and community development, called the [Community Development Agreement for the Purple Line Corridor](#), with buy-in from over 50 stakeholders. Since the signing of that

agreement in 2017, the PLCC has mobilized in the areas of: 1) affordable housing, 2) workforce development, 3) vibrant communities, and 4) small business preservation and growth. This work happens primarily through partner-based “action teams” that advance PLCC’s comprehensive community development platform. Read PLCC’s [case study](#) for SBAN.

Enhance Community Capacity to Understand the Planning Process

Strengthening commercial tenant protections also depends on building community capacity to understand and engage with planning processes. Small business owners often have limited time to participate in advocacy efforts, public hearings, or policy discussions. Language barriers and lack of familiarity with how government and planning systems work can also prevent participation. Providing communities and small businesses with targeted education, technical assistance, and accessible data tools that help explain and streamline processes such as contracting can help demystify planning timelines, zoning changes, and development review

The new Purple Line, currently under construction in the Maryland suburbs of Washington, D.C., runs through neighborhoods home to many immigrant-owned small businesses. Photo: Melissa Lyttle



processes. Programs that help business owners understand their rights as tenants, potential impacts of development on their tenancy, and how to negotiate leases can equip them to advocate for themselves individually and collectively.

SBAN members highlighted the need for small business support organizations to develop and share resources with small business owners that explain planning processes. Community and small business advocates and practitioners may be well versed in these processes, but they often don't have the capacity to develop educational materials or targeted programming about planning. Focus group participants mentioned the utility of several of SBAN's existing tools for community discussions, organizing, and planning, especially tools that are in accessible, bite-size form.

Overall, focus group members said it was important to increase community members' knowledge of the planning and development pipeline, build their capacity to respond to private and public development interests, and help them leverage policy and advocacy tools that can help them remain in place.

SBAN members highlighted the need for small business support organizations to develop and share resources with small business owners that explain planning processes.

Dedicate Funding to Small Business Support Programs as Gentrification Unfolds

As neighborhoods move through the gentrification process, small businesses experience compounding financial pressures that are often unpredictable. Rising commercial rents, shifts in customer base, construction-related disruptions, and changes in operating costs can occur simultaneously, leaving even well-established businesses vulnerable to displacement or closure. While early-stage anti-displacement strategies focus on reducing susceptibility and improving preparedness, dedicated funding becomes increasingly critical as reinvestment accelerates and displacement pressures intensify.



Anti-Displacement Tool: Opportunity Zones

Opportunity Zones (OZs) were created through the federal 2017 Tax Cuts and Jobs Act, and renewed again in 2025. The OZ program is a tax incentive that provides investors a substantial tax break for making equity investments in qualified OZ census tracts. Census tracts are deemed eligible to be an OZ if they met specific criteria, such as below average employment rates or household income. From the eligible census tracts, governors select roughly 25% to be designated OZ census tracts. While the program is designed to both spur real estate development and support businesses, OZ investments to date have been primarily in real estate development. However, there are some examples of organizations using the program to support small businesses and their owners.

For example, [Partners in Equity](#) has used the OZ incentive to turn small business owners into property developers by providing business owners with downpayment assistance to purchase a commercial space. This provides wealth building opportunities for small business owners in OZs as well as a new revenue stream, as business owners can rent portions of their newly acquired commercial building to other commercial tenants.

Helping small business owners become property owners in the earliest stages of gentrification can be an important way to ensure businesses are able to remain in place despite neighborhood change.

To effectively prevent displacement, cities and regions must commit to sustained, flexible funding streams that support small businesses before, during, and after redevelopment. These investments should be designed to stabilize existing businesses, mitigate harm caused by redevelopment activity, and preserve affordable commercial space over the long term.

Redevelopment construction, such as transit construction, can cause extensive short-term disruption and long-term challenges for small businesses. [Construction disruption assistance](#) can address noise, loss of customers, and reduced business revenue by providing small businesses with technical assistance, marketing support, new signage, or grants or forgivable loans for other needs. Adequately funded legal assistance programs can help businesses understand their rights and responsibilities during construction, such as those related to property maintenance or lease adjustments.

[Relocation assistance and right-to-return policies](#) protect small business tenants when their space is sold, renovated, or otherwise uninhabitable or unaffordable. These policies can also benefit tenants after natural disasters, emergencies, or other unexpected losses of operating space. Relocation assistance programs aid businesses that must leave their current space due to circumstances outside of their control. Assistance can include subsidizing the cost to move and reestablish operations or help finding a new location. Relocation assistance programs often emphasize relocating businesses within their original communities. Right-to-return policies guarantee a business can return to its original location once the space is inhabitable. These policies also often include provisions that allow tenants to continue renting under the terms of their existing lease instead of signing a new one.

Conclusion

Protecting small businesses in the early stages of gentrification requires a shift from reactive interventions later in the process toward more proactive strategies and interventions that can be deployed before small businesses experience displacement pressures. However, the difficulty of anticipating neighborhood change presents a major challenge to this work, and there is little research on the earliest signs of gentrification. There is even less analysis of early-stage commercial gentrification and its impact on small businesses. Our objective in this report has been to shed more light on the early signs of gentrification, particularly how these signs show up in commercial corridors and impact the viability of small businesses.

A key finding is that the early signs of gentrification often emerge through decision-making processes that are somewhat “invisible” to those potentially impacted, such as decisions that determine planning priorities, regulatory changes, and where public and private investment is directed. Most research identifies the early signs of gentrification in physical and observable changes, such as demographic changes or increasing rents. While we agree these are signs of gentrification, our framework points out that these are signs of mid- or late-stage gentrification, rather than early-stage.

This finding has implications for *when* communities take action to protect small businesses. SBAN members emphasized that the window for intervention in gentrification processes is slim and shrinking, as the cost of development increases and public and private entities are incentivized to increase property values. Although the intervention window may be small, our hope is that the tools and strategies highlighted here can help to stabilize neighborhoods and small businesses before gentrification intensifies, ensuring small businesses and their communities stay in place and benefit from redevelopment. This requires partnerships among a range of advocates and coordination of complementary early-stage interventions.

Critical Partners in Combating Displacement

No single tool or policy is sufficient on its own. Instead, effective small business anti-displacement strategies depend on coordinated action across capital systems, planning and regulatory environments, and community capacity-building efforts. Reducing susceptibility to gentrification through equitable development frameworks, more flexible and patient capital, and expanded community ownership opportunities can help address the structural inequities that make neighborhoods vulnerable to displacement in the first place. At the same time, increasing transparency in redevelopment processes and embedding community wisdom into planning decisions ensures that small business owners are not excluded from conversations that shape the future of their neighborhoods.

Local and state governments, community-based organizations, and philanthropic organizations all play a role in creating an enabling environment for effectively deploying anti-displacement strategies. Governments play a central role in creating these conditions with policy and incentive programs, such as requiring [local hiring ordinances for new commercial development](#). Local governments can institute policies that curb speculative investment and provide opportunities to preserve commercial affordability. They can also access and distribute state and federal resources for affordable redevelopment, such as the Community Development Block Grant. Local governments are often the leader in setting development priorities and identifying neighborhoods in need of investment.

Community-based organizations, business support organizations, and intermediaries such as CDFIs play a critical role in connecting small businesses, planners, developers, and policy-makers. They are community-facing but also understand broader development processes and policies, making them critical partners in combating small business displacement before it begins. These organizations are often the boots on the ground that translate technical

Local and state governments, community-based organizations, and philanthropic organizations all play a role in creating an enabling environment for effectively deploying anti-displacement strategies.

planning and development language into more accessible ideas for community members. They also serve as a conduit for turning community needs and challenges into actionable steps, such as creating business support programs that are culturally relevant and target the barriers small business owners face. Yet these organizations are also often under-resourced, capacity constrained, and spread thin across a range of policy and advocacy work. Support from local government, the private sector, and the philanthropic community is critical to sustain their efforts. In an era of increasing economic inequality and insecurity, more support is needed for community-facing organizations and intermediaries to continue to recruit and retain highly qualified staff and provide support in the communities they serve.

Philanthropic and mission-driven organizations are often key supporters of small business anti-displacement work. Mission-driven investors, developers, and lenders provide non-traditional, patient capital to small businesses in need and can help align investment with community development objectives. Philanthropic support is one of the most important drivers of small business anti-displacement work, because it can support critical gaps in the small business ecosystem that other partners have not addressed and that are hard to fund through local government or mission-driven investments. This includes research, data collection, community engagement, pilot programs, and advocacy. As communities, advocates, and researchers build our understanding of the early signs of gentrification, philanthropic support for exploratory research and policies, as well as

opportunities for networking and learning across organizations and geographies, has the potential to be catalytic in combating small business displacement.

Future Research and Practice on Early-Stage Gentrification

Communities go through distinct phases of gentrification that require different responses. In mid- or late-stage gentrification, residents and small businesses face immediate and intense displacement risks that require aggressive strategies. However, in the early stages, there are greater opportunities for preventative strategies. The early-stage gentrification interventions we propose draw on important lessons from SBAN members and existing research and practice. However, there is still more to be learned, especially in the following areas:

- More in-depth research and case studies are needed on effective early interventions to fully understand how different tools work or don't work in different geographic, economic, and social contexts. This research can show how communities go about effectively implementing tools, including the people, politics, policies, and resources that are most critically needed.
- Because stages of commercial gentrification play out differently in urban, suburban, and rural communities, as well as in cities with high rates of investment versus those that have not seen investment in decades, additional research is needed to develop neighborhood typologies and understand how phases of commercial gentrification unfold in different contexts.
- More opportunities are needed for organizations and institutions serving early-stage gentrifying metropolitan areas to come together and strategize about early-stage interventions that protect small businesses. Sharing knowledge and anti-displacement models can help communities better prepare for gentrification and address the early impacts.

Policy debates and research about gentrification have largely focused on residential gentrification and cities and neighborhoods in the late stages

of change. However, identifying and understanding the early stages of gentrification is key to helping communities anticipate and plan. The disinvestment, redevelopment planning decisions, and regulatory changes that characterize early stages of gentrification have distinct impacts on small businesses, particularly BIPOC- and immigrant-owned businesses. Together, with a deeper understanding of the early stages and with the right tools, advocates can get ahead of the curve to stabilize vulnerable small businesses and underserved communities, preserve affordability, and create more opportunities to build wealth.

About SBAN

The [Small Business Anti-Displacement Network](#) is a network of more than 200 organizations across the United States and internationally that work to prevent displacement of BIPOC- and immigrant-owned small businesses in gentrifying neighborhoods. Housed at the University of [Maryland's National Center for Smart Growth](#), SBAN includes policymakers, nonprofit advocates, technical assistance providers, real estate developers, financial institutions, scholars, and small business owners, who share knowledge and collaborate to advance innovative policies and practices that keep small businesses in place.

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