

Commonwealth Communities: Cultivating a Small Business Ecosystem

Virtual Symposium: October 20, 2021

Speaker highlights: what is a small business?



Bobby Boone,
Founder and Chief
Strategist, & Access
Retail

“Small businesses provide neighborhood services and determine how retail can reach people; small businesses are the most representative of community identities”



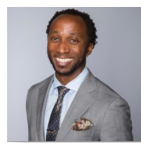
Ilana Preuss,
Founder &
CEO, Recast
City

“Small businesses are composed of any number of people that fit into the fabric of the neighborhood. They are location agnostic, and make some kind of tangible good.”



Tina Leone,
CEO, Ballston
BID, Arlington
County, VA

“Small businesses include storefronts, retail, services, restaurants, and co-working spaces. They are vital in placemaking and creating a sense of place where people want to live, work, play and learn.”



Calvin Gladney,
President &
CEO, Smart
Growth
America

“Small businesses are important because they shape what you want to see and feel in a place. They encourage mixed-use, diversity in wealth, and vibrancy and authenticity.”

Background

COVID-19 has dramatically altered our sense of community and place. Massachusetts communities faced unprecedented hardships, but met them with resilience, innovation, sacrifice, and strength. During the Fall and Winter of 2021, LOCUS, Smart Growth America's program to promote responsible real estate development and investment, hosted Commonwealth Communities: Smart Growth Strategies for Our Emergent Future. This series of five virtual symposia provided Massachusetts' elected officials and local government staff a platform to hear from experts across the country and discuss strategies for enhancing placemaking and equity in the Commonwealth to bring health, prosperity, and resilience to their communities over the long term. This five-part technical assistance series, summarized in these five discussion guides, addressed walkability, transit-oriented development, small businesses development, and zoning reform. The symposium series resulted in engaging conversation, opportunities for partnerships, and the development of new ideas in the realm of smart growth and sustainability.

In this session, speakers discussed the importance of small businesses in shaping local communities and placemaking. Themes that emerged from this discussion included: the impact of small businesses on the local economy, and the intersection of small businesses and equity. Speakers also explored strategies for local governments to best support the cultivation of a small business ecosystem, especially during the challenging times and unpredictable business environment of the pandemic

Theme 1: small businesses and the local economy

Small businesses offer the opportunity for existing members of the community to build wealth. Small businesses can bring good, well-paying jobs to a community and create unique places where people want to be, which attracts other new business and development. When local businesses thrive, they demonstrate to other investors and developers that the community is a good place to own and operate a business. Conversely, the viability of small businesses can also be at risk from increased outside investment and rising real estate values in their locations, underscoring the important role of local governments in setting supportive policies for small businesses.



Source: Central Square Business Improvement District

Theme 2: small businesses and equity

Small, locally-owned businesses can support the needs of diverse community members. They are more likely to meet the needs and interests of nearby residents because they are better attuned to the local market. Their proximity reduces travel costs, which can make them more accessible to low- and moderate-income residents.

Start-up costs tend to be lower so barriers to entry for new entrepreneurs may be lower. Locally owned businesses also can provide lively gathering places and a certain authenticity reflective of the neighborhood, which can celebrate the culture and identity of existing residents.



Source: Zeninjor Enwemeka, WBUR

Theme 3: local governments play an important role in the success of small businesses

Local businesses are particularly susceptible to government regulations and processes, as well as increasing costs whether arising from increased rents, labor unpredictability or supply chain challenges. They typically operate with very small profit

margins so any action (or inaction) on the part of local government that delays or impedes business operations can have a devastating effect. The rule for localities, when thinking how to help local businesses is, “first do no harm.” This means that timely action—whether it’s a building permit for an expansion, an occupancy permit, a health inspection, or tax return—is essential, if small businesses are to thrive. In addition, there are many things that municipalities across the country can do to support new start-ups, expansions, and ongoing operations of local businesses.

Theme 4: small businesses and the COVID-19 pandemic

The need for mixed use development and locally-based amenities became even more clear in the midst of the COVID pandemic. For many towns and cities, small businesses were an essential source for local residents, providing quick, efficient products and services at a walkable distance from home. Countermeasures to preserve and support small businesses during the pandemic included advice for applying for federal PPE and other loans, local grants, and direct investment in small businesses. Many local governments supported marketing and promotion activities and provided money for businesses to retro-fit their facilities to meet COVID guidelines and restrictions.



Source: U.S. Small Business Administration

How can local governments support locally-owned, small businesses?

A supportive policy environment is crucial for small businesses to thrive and face today's challenging conditions. Examples which surfaced during the symposium included:

- **Developing programs to offer temporary and micro and spaces for artisans and retailers:** Cities can identify, coordinate, and possibly subsidize scattered-site micro-spaces in office buildings, warehouses, or unused retail properties that new start-up business can lease for some set amount of time, often at a discounted rate. Finding and providing these spaces can defray start-up costs, and give these new businesses visibility in existing markets. This approach has the added benefit of filling under used space in areas of the city that are in need of additional commercial activity. The city can support these start-ups even more by publicizing and coordinating advertising for the products and services they provide.



Source: Becky Mccray, Small Biz Survival



Source: Adrian Ma, WBUR

- Facilitating the development of **ulti-tenant “incubator” buildings for start-up small businesses**: Many cities have created safe, affordable places where an assortment of start-up small businesses can lease relatively small, flexible spaces, often with supportive services like business operations training and accounting, at nominal or no cost. Many emerging businesses can use these spaces to test out new services and products while also bringing vitality to the neighborhood. An example of multi-tenant buildings in action is Philadelphia’s Center City District, where a business improvement district (BID) helped transform Philadelphia’s downtown into a vibrant, safe and desirable place by renovating office buildings to become multi-use spaces where tenants have short-term leases and operate under agreements that they will share the space with two or three sub tenants.



Source: Bobby Boone & Access Retail

- Providing **targeted grants or low-cost loans**, such as microgrants that are focused on particular segments of the community like women or Black-owned businesses



- Introducing **flexible zoning and use regulations** can remove limitations that may be burdensome to new start-ups or limit their ability to thrive. Changes can include lifting restrictions on number of seats, serving alcohol and takeaway orders for restaurants; allowing pop-ups in retail spaces; removing limitations on outdoor dining; and allowing previously prohibited uses that are geared to local residents.

- Forging **partnerships** to provide training, start-up capital, and services. MotorCity Match offers an example of how the City of Detroit partners with the Detroit Economic Growth Corporation,

U.S. HUD, foundations, and local financial institutions to provide wrap-around support to entrepreneurs who want to start business in their own community.

- Revising **permitting and processing of project approvals for increased efficiency** will enable start-up businesses to get into their spaces and generating revenue more quickly. Using online process can save businesses weeks of time and cost.

Additional Resources:

- A Guidebook + Webinar for Re-Entering Storefronts, (2021). &Access Retail. <https://andaccess.com/back-to-brick-mortar>
- Asri, N., (2020). How BIDs Are Helping Small Businesses. Streetsense. <https://streetsense.com/blog/how-bids-are-helping-small-businesses/?cn-reloaded=1>
- Business Guide. U.S. Small Business Administration. <https://www.sba.gov/business-guide/10-steps-start-your-business>
- Preuss, I. Recast Your City, (2021). Island Press, Washington, DC. <https://www.recastcity.com/>
- Unrealized Gains: Opportunity Zones and Small Businesses, (2020). Smart Growth America and the Democracy at Work Institute. <https://smartgrowthamerica.org/wp-content/uploads/2020/10/Unrealized-Gains-Final.pdf>

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