

# Supporting Black and Brown businesses is a key to smart growth

## Equity is stimulus

Equity is a key, strategic factor in the overall success of our communities. This is why smart growth targets investment to Black and Brown-owned businesses, because they are vital to the vibrancy and authenticity of a place; making it a place where people want to live, visit, and work. To maintain that uniqueness through growth, anti-displacement strategies need to be employed to prevent the dislocation of Black/Brown residents, businesses, and culture. We also need to clear the structural obstacles to investment and growth so Black and Brown businesses can flourish.



**If you want to grow the economy, if you want to improve conditions, build equity.**

**–Andre M. Perry,**  
Senior Fellow, Metropolitan  
Policy Program, Brookings



## 3 key discussion points

- 1. Racial discrimination in housing has contributed to the racial wealth gap that has prevented investment in Black and Brown businesses.** This racial wealth gap is killing all of us economically at a global level. It's impacting what we could have. Discrimination in housing has impacted the ability of Black entrepreneurs to invest in their businesses. Most people start their businesses using the equity in their homes. Policies such as redlining and racial housing covenants have blocked opportunities for Black people to own their homes and build wealth and have, in turn, impacted the Black community's ability to invest in their businesses. The persistent undervaluation of owner-occupied homes in Black neighborhoods has amounted to \$156 billion in cumulative losses that could have been invested into building local economies ([Perry, 2018](#)).
- 2. Black and Brown communities have been denied the ability to secure investment themselves.** To close the racial wealth gap, we must be targeted in our approach and specifically support Black and Brown businesses. Black businesses have faced barriers to success, including being systematically denied access to investment. When Black and Brown businesses have investment they can hire more employees, providing employment for the community, and they can innovate, creating more dynamic and interesting places to live and work.
- 3. Existing policies have failed to overcome the challenges faced by Black and Brown businesses—bold, new policies are needed.** We cannot keep investing in the same programs. If investment is not targeted, well-resourced communities will have help they do not need, and policymakers will fail to bring benefits to the communities that have historically been harmed by past policies and programs. A history of discrimination and racism has manifested itself in the racial disparities that continue to exist today. We can choose to make investments that will either accelerate displacement or support the resilience of these businesses and help them grow. Black and Brown businesses need targeted support.





There is a tendency to fall back on this idea that if we just support small businesses, any small businesses, we are going to have thriving, interesting, and inclusive communities. We're not. And if policy makers and practitioners, people in positions like mine, continue to do that, then we are going to fundamentally miss the point. We know what the problem is. Let's call it out. Let's talk about it. Even if it makes us uncomfortable.

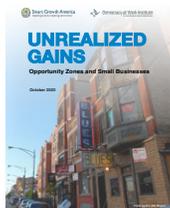
—Councilmember Kenyan R. McDuffie,  
Washington, D.C. City Council



## Questions to ask

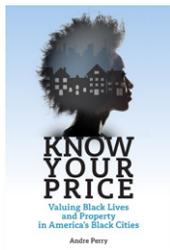
1. Investing in places—infrastructure, buildings, etc.—while failing to invest in the people in them encourages displacement and the loss of the rich diversity that makes the place an attractive area to live and work. What are ways we can invest in people rather than just a place?
2. How can we bring more people who are critical to the success of our diverse communities to the table? What barriers to participation may they face? How can we remove those barriers?
3. What can you do in your role to act with the conviction, partnership, and courage that is required to implement the necessary policies?

## Recommended reading



### Unrealized Gains: Opportunity Zones and Small Businesses

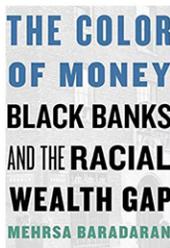
Have investments in Opportunity Zones achieved the goal of place-based economic development and job creation? SGA summarizes key research and provides recommendations.



### Know Your Price

by *Andre Perry*

Through an examination of six Black-majority cities whose assets and strengths are undervalued, Perry offers a new means of determining the value of Black communities.



### The Color of Money

by *Mehrsa Baradaran*

Baradaran seeks to explain the persistent racial wealth gap and challenge the assumed causes by assessing the generators of wealth in the black community, black banks.

## What to do next



### Planners:

Carefully examine your zoning codes to understand their potentially racist history or how they contribute to continued discrimination, and update them to better target improving disparities.



### Policymakers:

Find ways to embed equity language in your policies in order to make it a standard part of the planning process. For example, when crafting policy on environmental justice, include language that recognizes and addresses the historic discrimination of communities of color.



### Community coalitions:

Identify ways community coalitions can catalyze their own revitalization. Black-owned community banks are important, but they often reflect the conditions in which they are found. These banks need support from larger banks and the business community. What kind of mentorship would be helpful? How can we build capacity to equip these businesses to take a central role in catalyzing their own revitalization?

