

# Strategies to Minimize Displacement

## Small Business Preservation Programs



**Benefit:** Build financial capacity for small businesses, commercial property acquisition



**Problem addressed:** Small business closure and displacement



**Administered by:** Local government Economic Development or small business office



**Scale of impact:** City-wide

## Introduction

[Brownfields](#)—or properties with environmental contamination or potentially contaminated land—are disproportionately located in or near communities of color and low-income communities. Residents near these properties may face [heightened health hazards and economic disinvestment](#) until the site undergoes assessment and cleanup, which can be a costly and lengthy process.

Safely reusing a brownfield site is an opportunity to improve community health and bring in new amenities. However, brownfield redevelopment can also exacerbate affordability and displacement concerns. As costs rise and it becomes more expensive to live in a community, lower income residents and small businesses are often displaced. Strong, early community engagement in the brownfields reuse process presents an opportunity for the community to have a meaningful role and input on how to minimize displacement through the cleanup and reuse process. Community leaders, stakeholders, and practitioners can be proactive and put strategies in place to minimize the risk of displacement. These strategies take time, resources, and political will to implement, and they are most effective if put into place before displacement is already occurring.



People gather around a local small business' booth in New York City. Image: Street Lab, licensed under CC BY-NC 4.0.

## Tool: Small business preservation programs

To protect and support small businesses, small business preservation programs offer capacity-building services including loan funds, technical assistance, and training courses. These programs are intended to equip small business owners with the tactical financial support, skills, and knowledge they need to maintain and grow their businesses.

Small businesses contribute to the fabric and [economic vibrancy](#) of towns and cities nationwide. Small, BIPOC (Black, Indigenous, and people of color), and women-owned businesses are particularly underserved and vulnerable to economic strife due to institutional prejudices and biases in finance, economic instability, and limited resources and capacity. Small and legacy businesses often face challenges when leveraging investment, in financial and business planning, and when real estate forces cause rents to rise. This may be due to a lack of capacity, training, or other barriers.

Business preservation programs require an intentional funding strategy and prioritization for areas of the community where small or legacy businesses are at risk of being displaced or are particularly vulnerable to displacement. Prioritization areas include commercial areas and cultural corridors in historically disadvantaged communities, as well as areas likely to undergo revitalization or planning initiatives that often lead to changing real estate values and increasing rents and costs of doing business. Communication is key to ensuring that small business owners are aware of and know how to access these programs and the resources available.



Key tools and services offered by business preservation programs include how to access these programs and the resources available:

- Loan funds are financial support mechanisms issued by a variety of funders, including banks, governmental agencies like the [US Small Business Administration](#), and state programs. The Small Business Administration typically makes loans to fund improvement projects, which business owners then repay. [Typical loans](#) average \$13,000 and terms may include lower down payments, fixed rates, and/or counseling throughout the loan term. Longer-term major loans up to \$5 million are also available to provide significant financial capacity for a small business's growth, improvement, or rehabilitation projects.
- Technical assistance programs consist of community-based organizations or local government agencies providing financial, legal, or accounting assistance, as well as tax services, loan applications, and budget planning to small businesses. Technical assistance programs are especially helpful as they provide one-on-one assistance designed to the business' needs. The technical assistance service providers—intermediaries between a local government's program and the small business owners—must have the knowledge, appreciation, and awareness of each community's culture where they provide service. Providers must have linguistic capabilities and open communication networks to the small businesses they serve. Strong, well-maintained relationships between non-profit and service providers, local governments, and small businesses are critical to the success of small business preservation programs.
- Liaisons, community-based organizations, and local governments often offer entrepreneurial, financial literacy, and business development training to expand business owners' knowledge and experience with funding and business planning. These educational programs can be taught over a multi-week basis virtually or in person, which is beneficial from an accessibility standpoint. While not as customized as some technical assistance offerings, these trainings can support a larger number of small businesses and connect small businesses with peers having similar experiences.



Small businesses and shops lining a street corridor in Northeast Minneapolis, MN. [Image](#) by Fibonacci Blue is licensed under CC BY 2.0.



## Questions to Ask in the Planning Process

- Are small businesses in your community beginning to experience higher monthly costs on account of anticipated redevelopment, revitalization, or infrastructure investment?
- What concerns have small business owners shared regarding their ability to stay in business?
- Does your community have a small business communication network for the announcements and notifications of funding availability?
- How will your community measure the success and effectiveness of small business preservation programs and support services?

## Resources

The [Small Business Anti-Displacement Network](#) has more information about tactics and best practices to preserve legacy (small) businesses, including more case studies nationally.

First established by the Riegle Community Development and Regulatory Improvement Act of 1994, [Community Development Financial Institution \(CDFIs\) Program](#) provides "loans, investments, financial services and technical assistance" in underserved communities through the investment of both federal funding and private sector capital. A main goal of CDFIs is to attract private sector investment in low-income communities, while empowering them with decision making power on where investments are made.

- Some small business preservation programs offer rental and commercial property acquisition services and funds to help small business owners acquire and purchase commercial property, which not only helps to prevent displacement but also expand pathways to building capital. This is particularly important as it is [more difficult for people of color](#) to launch, maintain, and preserve their small businesses. Development funds and partnerships between community based-organizations, technical assistance providers, and financial institutions are valuable ways to meaningfully expand community ownership of property.

## Potential challenges

A recurring challenge of business preservation programs and services is gauging the value and quality of service providers that support small businesses. It is difficult for local governments to obtain metrics and measurements of the services provided to small businesses after they participate in these programs.

## Where to start

The key to a robust small business preservation program is establishing trusted communication channels with small businesses throughout your community. Community economic development agencies should reach out directly to local and small businesses to hear the particular challenges they face. These needs may come in the form of commercial property acquisition assistance, technical assistance, more financial assistance programs, or opportunities for promotion and advertising. If your community has a network of small businesses or existing programs dedicated to small business support and preservation, leveraging these resources is a great start to developing a strong small business preservation program.

## Case Study



The City of Minneapolis, MN has supported small businesses in the face of potential displacement through various technical assistance programs administered under the [Office of Community Planning and Economic Development](#). Three programs are each tasked with supporting and uplifting small businesses through technical assistance consulting, finance training, and community wealth-building initiatives. The City has also enveloped social and racial equity into its small business preservation programs through [Business Technical Assistance Programs](#) (B-TAP) which specifically provides support to minority-owned and women-owned businesses. City staff noted the necessity of cultural and linguistic competency of the technical assistance providers with the small businesses in the communities where they are located.

Coinciding with these technical assistance programs, the City has also developed a [Commercial Property Development Fund](#) (CPDF) which provides additional funding to businesses undergoing property acquisition and development, particularly in economically disadvantaged and underserved communities. Especially in the beginning stages of their business, small business owners often lack the financial capacity to acquire the property in which they operate. Minneapolis' CPDF provides a financing tool to alleviate that financial gap with loans between \$400,000 to \$800,000 per project to help small business owners acquire real estate and commercial property over a term of 40 years, notably with 0% interest rates. With the breadth and range of small business assistance tools from commercial property acquisition support to education and business development assistance, the City of Minneapolis has a robust portfolio of programs that help small business owners start, maintain, and sustain their businesses.



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