
(Re)vitalizing Inner-City Neighborhood Business Districts:

An assessment and strategy framework for integrated micro-business and real estate development by non-profits



Riverbend, Des Moines, Iowa



Codman Square, Dorchester, Massachusetts

Jeffrey Morgan

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Outline:

Context

- Research approach: **abstract-thesis**, and **methodology**
- WHAT this is about: **neighborhood business district** and **micro-business typology**
- WHY do this work: **trends**, **benefits** and **consequences**

CDC Decision to enter this business sector

- Pre-planning considerations
- Planning Step 1 – Neighborhood **economic** and **physical assets** and **potential**
- Planning Step 2 – Assess **CDC** and **community capacity** for action
- Implementation – Survey the field: **actions and actors**

Selective sources and strategies

- Sources for **micro-business** and **real estate** development **capital**
- Strategies for **neighborhood business district** development
- Strategies for **micro-business retailing**

Risks, challenges, and trade-offs

Policy considerations

Discussion: questions and comments

Context: abstract-thesis

Sustainable inner-city urbanism includes strengthening and in some cases creating **local economies** at the neighborhood scale.

Stabilization and regeneration of **neighborhood business districts** contributes to **resident wealth-building** by fostering **local retail entrepreneurialism** as one part of a multi-front strategy for creating a neighborhood-based economy.

CDCs (and CDFIs) using the **combination of commercial real estate development** hand-in-hand with **micro-enterprise assistance programs** can provide the support and **capacity** needed to maximize the potential for effective revitalization, transformation, and **long-term success of neighborhood business districts (NBDs)**.

Context: the **caveat**

- The economic, social, political, and spatial conditions of inner-city neighborhoods, and associated business districts are **complex, dynamic, layered, systemic, and unique** to location and community.
- A **multi-front approach** is required to achieve expected outcomes and **all issues may not be immediately solvable -- if ever**, but working toward better neighborhood living and working conditions **MATTERS** and improvements can be made
- No easy answers – **no set of formulas**
- Solutions are not always readily apparent – uncover through assessment, **experimentation**, and **process**
- Need for **flexibility** in the plan

Context: Research Methodology

- **Literature review including:**
 - Community and economic development
 - Business and urban economics
 - Design, urban planning, and urban and real estate development
- **Interviews & reviewed website material**
 - CDCs
 - CDFIs
 - Intermediaries and foundations
 - Academics & Practitioners
- **Case studies as examples to highlight key points**

What this is about: Typology of shopping districts

Central Business District (CBD)

Downtown business core with multiple department stores and mid- to high-rise office buildings with ground floor retail

Secondary Business District (SBD)

Smaller than the CBD and typically centers on at least one anchor department or variety store

Neighborhood Business District (NBD)

Centered on satisfying the **day-to-day convenience shopping** needs of a neighborhood and typically contains several **small stores and an anchor grocery** or variety store with an increasing number of **national chains and franchises** along a major transportation artery

Additional types: Convenience Shopping Centers (strip-malls), Regional, and Super- Regional Shopping Centers (shopping malls)

What this is about: Characteristics of NBDs



Codman Square, Dorchester, MA

- Located along primary vehicular corridors
- First-tier suburbs – historic (narrative to tell)
- Working class and often multicultural residents
- 1-3 story buildings
- Small foot-print and multiple storefronts:
 - grocery or variety store anchor, convenience stores, dry cleaners, food retailers such as a bakery, bank(s), multiple restaurants and bars, post office, liquor store, clothing and novelty stores
- Pedestrian - walkable to adjacent residential:
 - $\frac{1}{4}$ mile radius of retail market base for services
- Storefront-pedestrian-street-parking
 - Large windowed storefronts to draw customers in, display product, “window shopping”, and provide a sense of safety - “eyes on the street”.

What this is about: Typology of **business**

Large Business

Multiple typologies and archetypes that can be generally defined by what the business does and how the business makes money ranging from inventors and traders to wholesalers and retailers

Small Business

SBA defines as independently owned and operated, organized for profit and not dominant in its field. Employee size is determined by business sector; for example: 100 to 500 for wholesaling and 500 to 1500 for manufacturing. Annual receipts for retailing may not exceed \$5-21 M

Micro-business

Generally 5 or fewer employees and less than \$50 K in capital financing needs. Family owned and managed, sole-proprietors: Retail, food, craft, consulting, and service oriented.

What this is about: Characteristics of retail **micro-business**



- Small-scale “mom & pop” – family works
- They want a personal working relationship with lenders
- Cultural differences
 - Need to understand business culture
 - Need to understand ethnic cultural
 - Need to build trust
 - Overcome language barriers
- Access to capital has been difficult due to
 - Scale for lending institution profitability
 - Location in distressed and blighted areas



Why do it: Economic, spatial, social, and political concerns Trends

- High unemployment – **tap experience**, intellectual capital, for entrepreneurialism
- Commercial **foreclosures** create need to stabilize, and opportunity to obtain both property and businesses
- Access to capital remains tight – **non-profits are filling the gap**
- National retailers discovering the inner-city as an **untapped, underserved, and captive market**
- Networking – **social and business intersection** is needed for employment opportunity and advancement = **class mobility**
- Equity in job access: **real CHOICE** includes local employment

Why do it: Economic, spatial, social, and political concerns **Benefits**

- Local jobs = **reduced transportation costs, time with family, and youth employment**
- Business ownership = **resident wealth building**
- Supporting and **stabilizing** existing micro-businesses while developing **new** micro-businesses for **filling vacant storefronts**
- Infill development of vacant sites thus **strengthening** the entire **shopping district** & to meet the **underserved retail needs** of the neighborhood
- (Re)establish neighborhood **social structure & cultural identity**
- Profits remain in the community = Grass-roots **political clout**
- Improve the **quality of living experience** for residents

Why do it: Economic, spatial, social, and political concerns Consequences of not doing this work

- Continued erosion of **social structures and the family**
- Continued decline of **physical quality leading to blight and safety leading to crime**

CDC decision road map

Pre-planning: Why enter this business sector?:

Question: is there a **problem in the NBD? = NEED TO DO**

- People **moving out**: to better jobs, quality of life, etc
- Existing **businesses**: **distressed** and need support
- Physical condition – **vacant buildings, blight, safety, crime**

Question: is there an **opportunity? = WANT TO DO**

- Tight capital markets = **for-profit RE developers** are looking to CDCs
- Consider availability or requirements of **funding sources** for this work
- CDCs have the structure, organization, and **capacity** to channel funding
- Mission: Affordable housing alone has not entirely addressed the issues of **concentrated poverty**, resident **wealth-building, safety, blight, livability** and **quality of life**

CDC decision road map

Planning Step 1: Neighborhood economic and physical assets and potential



Question: is there a **there there?** (Partner/hire consultants)

- Assessing **economic** assets and potential
 - Retail **Market Study** = buying power - capture value
 - **TALK** to residents & existing business owners = needs
 - **TALK** to city ED staff and politicians = plans, support
 - Retail **Economic Base Study** = basic and non-basic services
 - Potential **ethnic marketing** = destination potential
- Assessing **physical** assets and potential
 - Survey **vacant building and sites**
 - **TALK** to City **planning staff** – are there plans for the area
 - Urban design: **regional** scale relationships
 - Master planning: **building site** development plan

CDC decision road map

Planning Step 2: Assess CDC and community capacity for action:



Question: can we do it alone or do we need partners?

- Business **PLAN** for the CDC in market sector including:
 - Financial strength, seed money, budgets, etc
 - Other CDCs in the market – competition and partnership opportunities
 - Expected level of economic and real estate development
- Identify KEY relationships: city, state, fed, chamber, etc
- Strategic planning process for **vision and mission**
- Assessing **CAPACITY** assets:
 - Capacity of **community**: inventory **COMMITMENT, motivation, fortitude, skills, clout, etc** (ABCD)
 - Capacity of **CDC**: in **4 CORE competency areas**



CDC decision road map

Planning Step 2: Assess **CDC capacity** for action: **4 CORE competencies (actions)**

1. Real Estate Development: commercial

- Complexity of construction; building systems; zoning and building codes
- Expertise access: in-house, consultants, and contractors

2. Business Development: micro-business

- Entrepreneurial programs, coaching, mentoring (pre and post lending)
- Working with business training programs, colleges, and universities

3. Business Funding: micro-business

- Micro-business: funding stream access (SBA, revolving loan pools)
- BID: self taxing funding stream (may come later in the process)

4. Business District Organization

- Community of business owners – for mutual benefit
- Promotion, events, beautification, and safety

CDC decision road map

Implementation: 4 CORE Action Areas

Real Estate Development: commercial

- Assemble Land
- Design Improvements
- Finance
- Build
- Lease (or sell)
- Maintain

Business Development: micro-business

- Technical Assistance
 - Plans, budgets, credit enhancement, and business basics
- Entrepreneurial Development (pre-lending and post-lending)
 - Training, mentoring, and coaching
- Retaining, expanding existing, and developing new businesses

Business Funding: micro-business

- Lending - Debt
- Grants

Business District Organization:

- Promotion
- Physical appearance - Design
- Safety
- Cleanliness and Beautification

CDC decision road map

Implementation: Actors

CDCs

Who are currently doing economic development or want to enter the business market

CDFIs

Main Street

Four-Point Approach
Organization, Promotion,
Design and Economic Restructuring

BIDs

Real Estate Development: commercial

- Assemble Land
- Design Improvements (hiring consultants)
- Finance
- Build
- Lease (or sell)
- Maintain

Business Development: micro-business

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Business Funding: micro-business

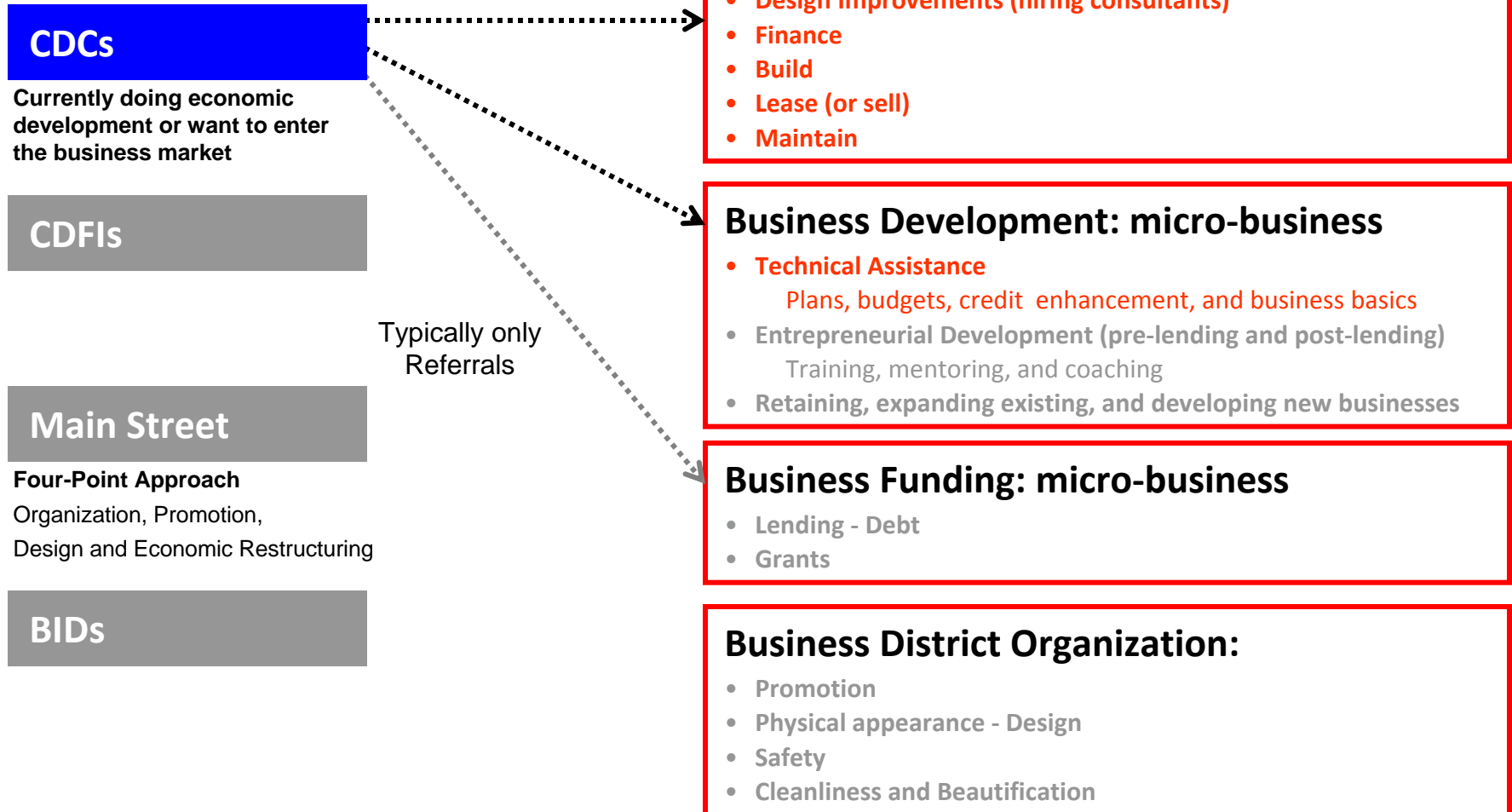
- Lending - Debt
- Grants

Business District Organization:

- Promotion
- Physical appearance - Design
- Safety
- Cleanliness and Beautification

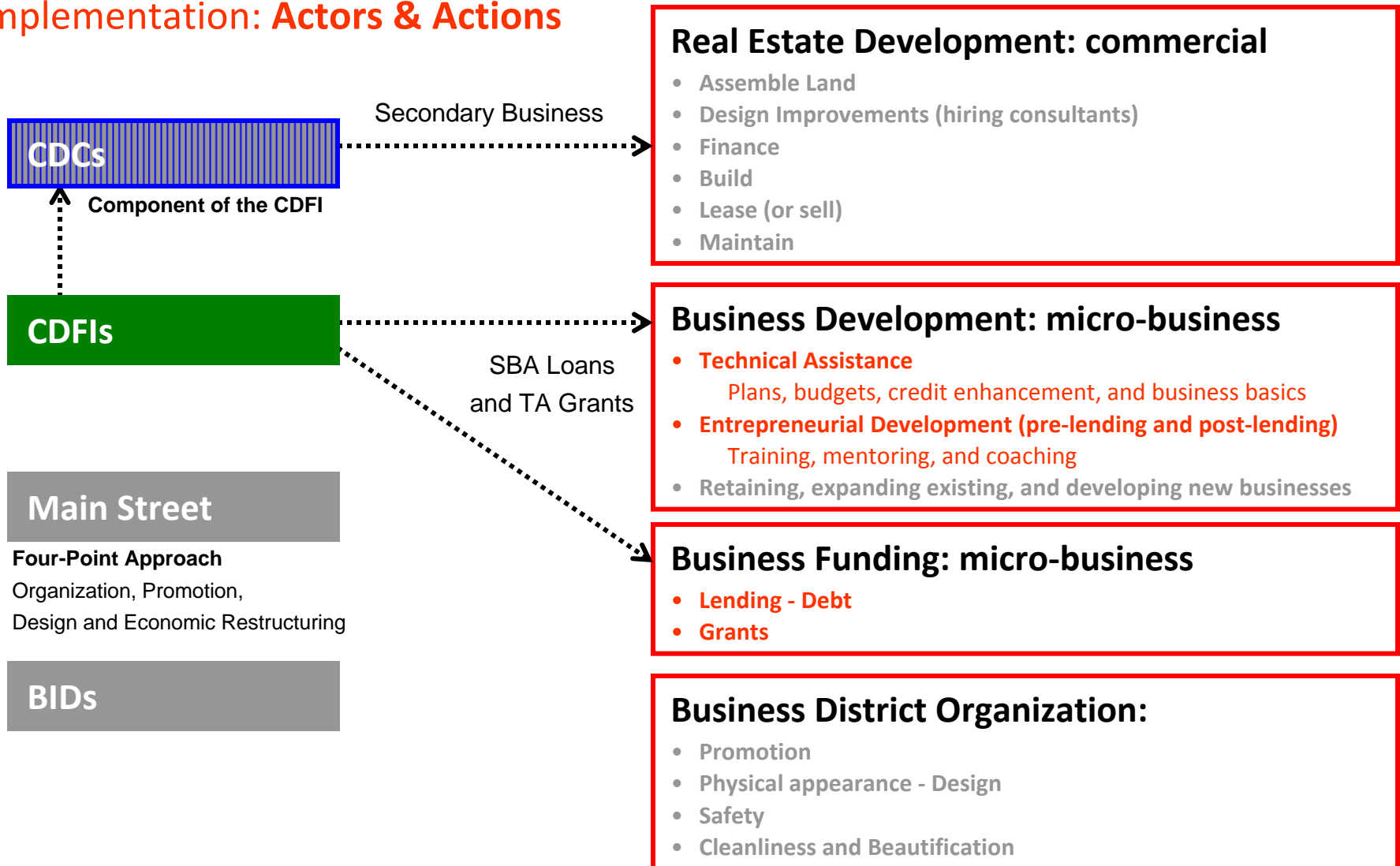
CDC decision road map

Implementation: Actors & Actions



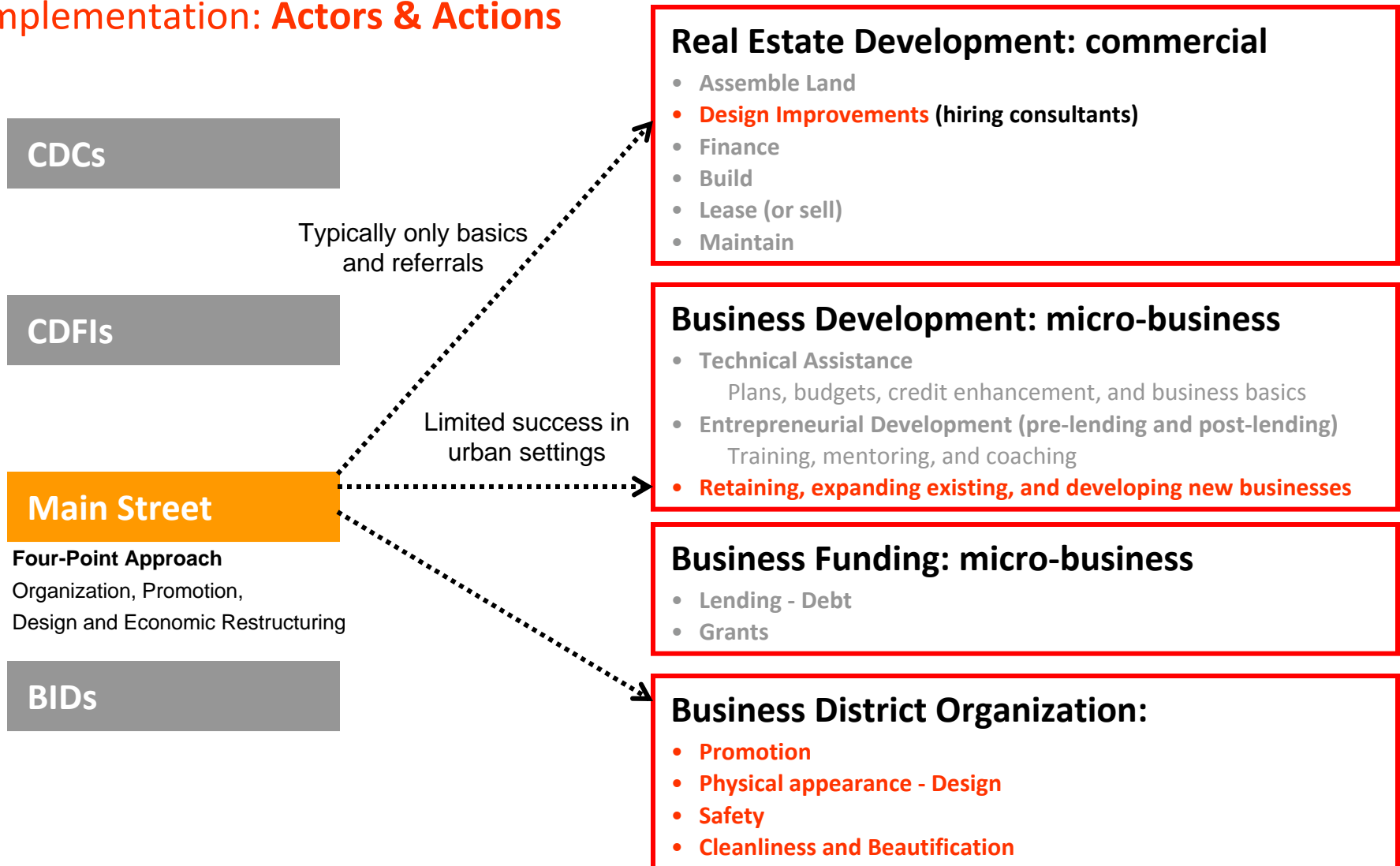
CDC decision road map

Implementation: Actors & Actions



CDC decision road map

Implementation: Actors & Actions



CDC decision road map

Implementation: Actors & Actions

CDCs

CDFIs

Main Street

Four-Point Approach

Organization, Promotion,

Design and Economic Restructuring

BIDs

Limited on marketing
and promotion

Real Estate Development: commercial

- Assemble Land
- Design Improvements (hiring consultants)
- Finance
- Build
- Lease (or sell)
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Business Development: micro-business

- Technical Assistance
Plans, budgets, credit enhancement, and business basics
- Entrepreneurial Development (pre-lending and post-lending)
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Business Funding: micro-business

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Business District Organization:

- Promotion
- Physical appearance - Design
- Safety
- Cleanliness and Beautification

Partner, coordinate, and capitalize on capacity, competencies, and strengths:

```

graph TD
    CC[City & Community] -.-> CDC[CDC]
    CDC -.-> MS[Main Street]
    MS -.-> BID[BID]
    MS -.-> CDFI[CDFI]
    MS -.-> BDO[Business District Organization]
    MS -.-> BD[Business Development]
    MS -.-> BF[Business Funding]
    MS -.-> RED[Real Estate Development]
    BID -.-> BDO
    CDFI -.-> BF
    CDFI -.-> RED
    BDO -.-> SNBD[Sustainable Neighborhood Business District]
    BD -.-> SNBD
    BF -.-> SNBD
    RED -.-> SNBD

```

City & Community (Blue box) connects to **CDC** (Light blue box).

CDC connects to **Main Street** (Orange box) with the text: "Community and neighborhood organization and outreach, real estate development, and overall coordination and staffing".

Main Street connects to **BID** (Red box) with the text: "Phased in".

Main Street connects to **Colleges** (Purple box) with the text: "Organization, beautification, design basics, marketing, and promotion".

Main Street connects to **CDFI** (Green box) with the text: "Entrepreneurial development micro-business lending and real estate lending".

Main Street connects to **Business District Organization**, **Business Development**, **Business Funding**, and **Real Estate Development** (all in white boxes with red borders).

BID connects to **Business District Organization** with the text: "Safety, beautification, and business networking".

Colleges connects to **Business Development** with the text: "Business training".

CDFI connects to **Business Funding** and **Real Estate Development**.

All four boxes (**Business District Organization**, **Business Development**, **Business Funding**, and **Real Estate Development**) connect to the final box: **Sustainable Neighborhood Business District** (White box with red border).

Sources for **micro-business** and **real estate development** capital

CDCs need to undertake a capital sources study



- HUD: CDBG, Brownfield grants, Empowerment Zones, Enterprise Communities
- SBA: SBA 7(a), SBA 504, Microloan Program
Small Business Jobs Act of 2010 - Allows Community Development Loan Funds (CDLFs) to access the US Treasury's Small Business Lending Fund
- Treasury: CDFIs, NMTC (\$2-5M), BEA
- IRS: LIHTC – Housing portion of mixed-use, Historic Preservation Tax Credits
- Dept Health and Human Services – OCS Grants (jobs)
- Intermediary funds, foundation grants, NMTC proceeds, and other sources for revolving loan pools
- Local funding: TIF, state income tax credits
- Microlending – Kiva (emerging countries & Detroit)

Strategies for **neighborhood business district development**

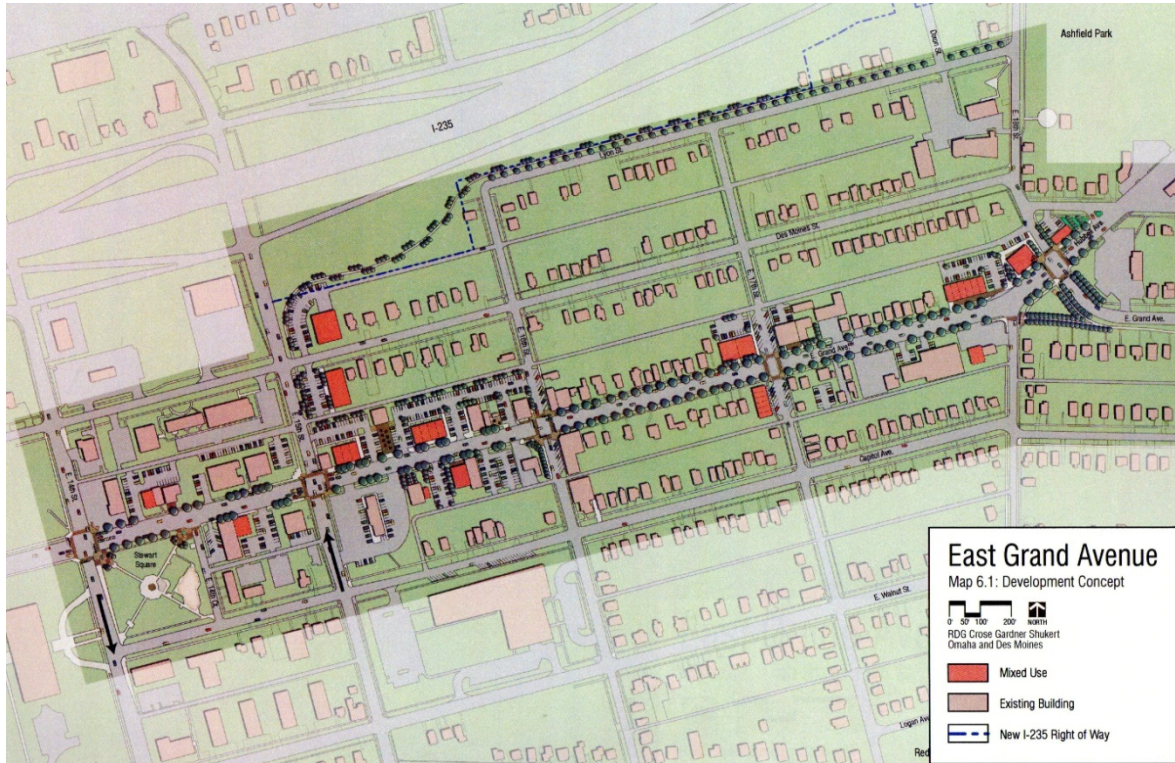
What elements, conditions, and relationships to look for:

- **Urban context and conditions**
- **Existing buildings, businesses, and land**
- **Relationships:** storefront-pedestrian-street-parking
- **Transit Oriented Development (TOD)**

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

■ Urban context and conditions: **Urban Planning**



- Transit and transportation corridors
- Employment centers
- Parks and public amenities
- Schools
- Adjacent residential

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

- **Survey existing businesses, buildings, and land**



- Vacant and abandoned buildings, empty lots are opportunities for renovation and infill
- How much can be saved?



Wherry Building, before

Source: Jeffrey Morgan Architecture Studio



Wherry Building and block, after renovation and infill

Source: Jeffrey Morgan Architecture Studio

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

- **Survey existing businesses, buildings, and land**
 - Keep and support existing business with facade improvements and streetscape beautification projects



Tienda Mexicana, before

Source: Jeffrey Morgan Architecture Studio



Tienda Mexicana, after

Source: Jeffrey Morgan Architecture Studio

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

- **Survey existing businesses, buildings, and land**
 - Keep and support existing business through relocation to new infill development allows for expansion potential



Mixed-use building, before

Source: Jeffrey Morgan Architecture Studio



Mixed-use building, after renovation

Source: Jeffrey Morgan Architecture Studio

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

- **Survey existing businesses, buildings, and land**
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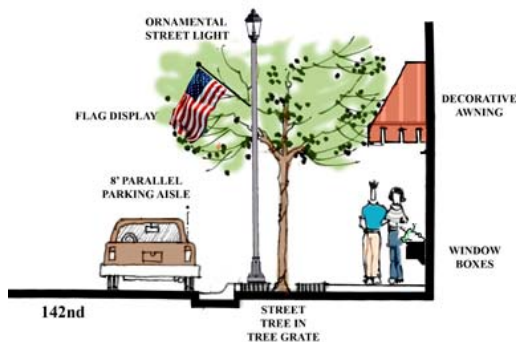
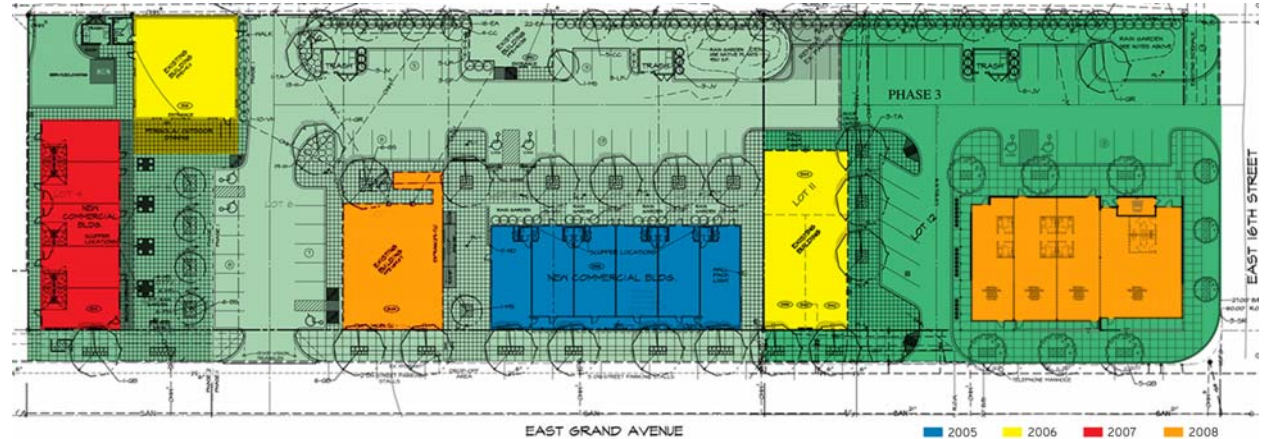
New in-fill development for re-located and new businesses

Source: Jeffrey Morgan Architecture Studio

Strategies for neighborhood business district development

What elements, conditions, and relationships to look for:

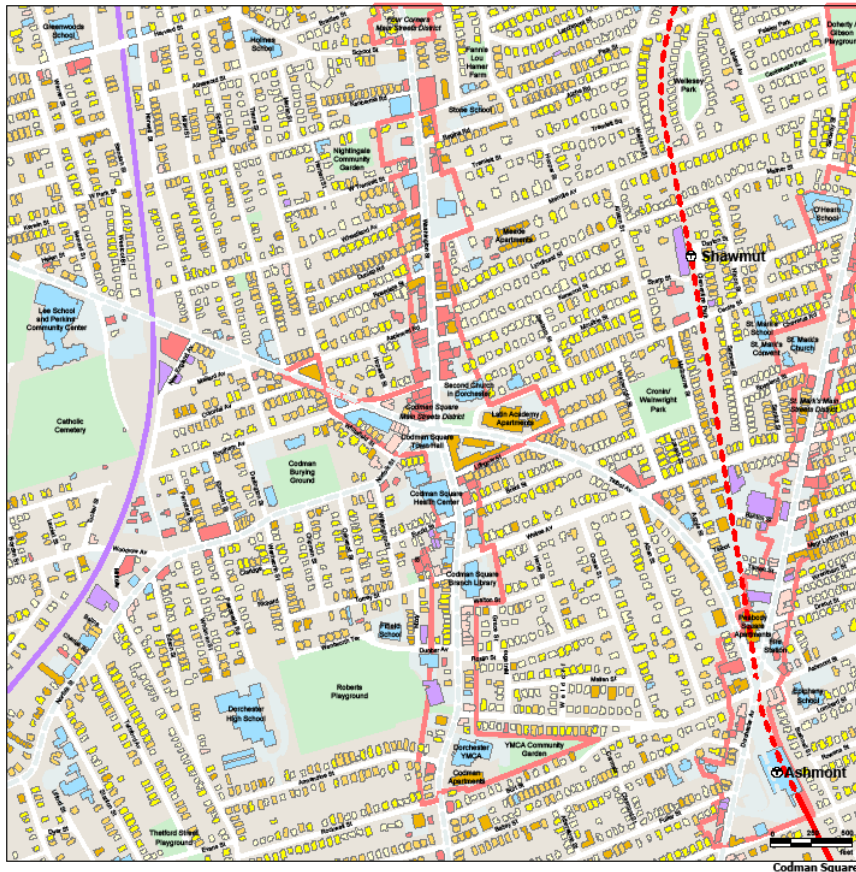
- Relationships **Master Plan**: storefront-pedestrian-street-parking



Strategies for neighborhood business district development

What elements, conditions, and relationships to look for:

■ Transit Oriented Development



Codman Square
Dorchester

Legend

- 1 Family Residential
- 2 Family Residential
- 3 Family Residential
- Apartments/Condos
- Mixed Use (Res./Comm.)
- Commercial
- Institutional
- Industrial
- Open Space
- Surface Parking
- Main Streets District
- MBTA Stations
- MBTA Surface Subway Lines
- MBTA Underground Subway Lines
- Commuter Rail
- Below Ground Commuter Rail
- Water Transit Facilities
- Water Transit Routes
- Bus Routes

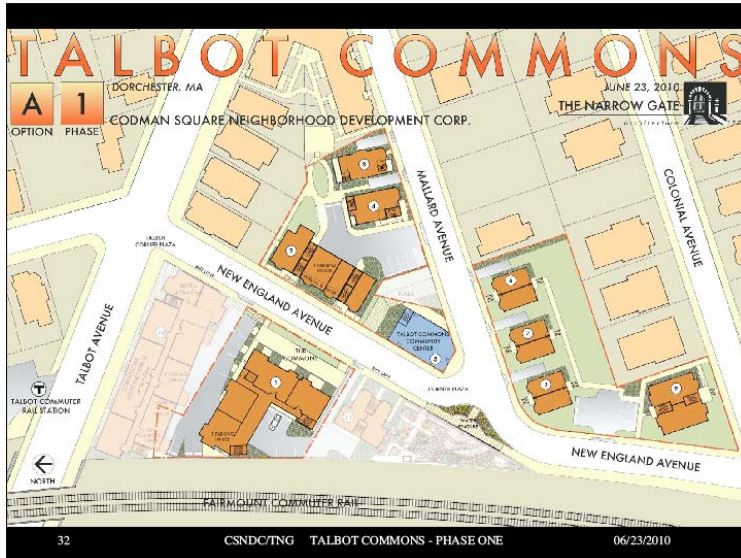


Ground Breaking
Codman Square transit stop

Strategies for **neighborhood business district development**

What elements, conditions, and relationships to look for:

- **Transit Oriented Development**



Talbot Commons, Codman Square, Dorchester, MA
Design by The Narrow Gate for Codman Square NDC

Strategies for **micro-business retailing**: Questions to consider



- What **anchor business** are needed?
- What uses would **bridge day-to-evening activity**?
- The trade-offs of **local vs. national** businesses?
- Allow **franchises**? (CDC ownership opportunity?)
- What is the **catalyst project** for the tipping point?
- Branding concepts: **ethnic retailing appropriateness**?
- NBD place-making as a **social** consideration?
- Establish **realistic expectations**
- Be willing to **experiment**

Risks, challenges, and trade-offs:

- Economic and real estate **down-cycles**: wait them out/find opportunity
- Micro **business failures**: reduce through strong entrepreneurial programs
- Long term **process**: actors change and requires patience
- Plan for **set-backs**: need for flexible planning process – “living” documents
- Conditions **change**: need for flexibility
- Mixed-income and neighborhood revitalization can lead to **gentrification and displacement**: how will the CDC manage this?
- Community **resistance to change**: requires patience and education
- Need to **balance real estate profits with micro-business support**: the micro-business / property may require on-going subsidy
- May **get it wrong**: evaluate, correct, and move on

Policy considerations:

- Greater focus on the **role of community-based** / mission oriented **non-profits** in the **economic recovery**
- Enhanced lending programs and **greater capital access for micro-business retail** and “**entrepreneurial**” development
- Explicit focus on **integrated real estate** and **micro-business development** programs
- Explicit focus on the importance and **value of neighborhood business district redevelopment** in “sustainable” neighborhood stabilization and revitalization
- Urban planning and community development policies that **emphasize mixed-use** and **mixed income development** along with **master plan flexibility** to respond to **market conditions**