



Addressing the Need for Affordable Ground-Floor Space

September 20, 2023

Photo source: <https://www.popportunityforall.org/placements>

AGENDA

1. Connection to CRA Strategic Plan and City Plans
2. Purpose and Need in Cambridge and Greater Boston
3. Multiplicity of Anti-Displacement Models
4. Next Steps for CRA



Popportunity at Starlight Square

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Popportunity Winter Marker at Starlight Square

2023 CRA MISSION

The Cambridge Redevelopment Authority is committed to implementing **creative development** projects and initiatives that promote **social equity** and **environmental sustainability**. As a **real estate** entity that works in the **public interest**, we offer distinctive public investment tools and a human dimension to our projects and **partnerships** throughout the city.

Operating Principles

1. Act
2. Operate with Transparency
3. Maximize the Public Benefit
4. Operate with Fiscal Responsibility
5. Set an Example



Bishop Allen Project Launch



Foundry Community Hall



Parcel 6 Improvements

2023 CRA STRATEGIC PLAN

- Strategic Goal: *Catalyzing Economic Opportunity through Space, Infrastructure, and Programming*
- Identified Projects/Initiatives:
 - *Acquire ground-floor condo or enter into master lease agreements for the purpose of establishing a network of spaces that cultivate and support locally owned businesses*
 - *Facilitate the success of BIPOC-owned businesses in Cambridge by leveraging controlled space and providing financial and technical support*



CITY PLANS: OUR CAMBRIDGE STREET

- City of Cambridge released planning study for Cambridge Street between Inman Square and Lechmere Station in 2022.
- Protecting and supporting retail / commercial infrastructure in the area is a key focus.
- Identified Actions:
 - **4. Continue to celebrate diverse businesses**
 - *Targeting recruitment efforts to further uplift women - and minority-owned businesses.*
 - *Adding grants and technical assistance to existing legacy business programs*
 - **5. Work to maintain a supply of affordable commercial spaces for local diverse business.**
 - *Study the feasibility of creating inclusionary commercial spaces*
 - *Consider incentives in exchange for creating desired ground floor uses*
 - ***Explore shared control of a small network of storefront rental through a master lease model***



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Commonwealth Kitchen at Popportunity at Starlight Square

UNDERSTANDING COMMERCIAL DISPLACEMENT

Commercial anti-displacement is a critical element in preserving cultural identity, resiliency, and well-being for communities.

Other municipalities are beginning to prioritize preserving commercial spaces in the face of rising rent cost.

What is Commercial Displacement?:
The process where business perceived as low value are replaced by higher value operations or luxury housing

Strategies to mitigate commercial displacement and improve small business and local employment opportunities are often ad hoc.

Housing is first & central, but is also connected to a larger communal symbiotic ecosystem that allows for the occupants to sustain.

WHAT DOES THE DATA TELL US?

The State of Small Business and Entrepreneurship in Greater Boston

Black and Latino people now make up more than a fifth of the state's population but own just over 3% of businesses with employees.

1.2% of Boston city contracts went to Black Latino businesses over a five-year period

Cambridge is an economic hub of a region where, according to a prominently cited study, the median net worth of non-immigrant African-American households is \$8 in comparison to around \$250,000 for white households.

According to CSBBN, “there are less than 6 black owned restaurants out of over 475 (pre-pandemic) restaurants in Cambridge and only 2 black owned and that have full liquor license holders.”

Nearly one in four entrepreneurs in Massachusetts is foreign born, 79,304 immigrant business owners accounted for 23% of all self-employed residents.

Still since the COVID-19 minority owned business and entrepreneurship has expanded immensely

BARRIERS TO ENTRY & SUSTAINABILITY FOR SMALL BUSINESS AND ENTREPRENEURS

Access to Capital

Access to Mentorship

Lack of reliable resources

Resources to scale and diversify

Lack of Affordable Commercial Space

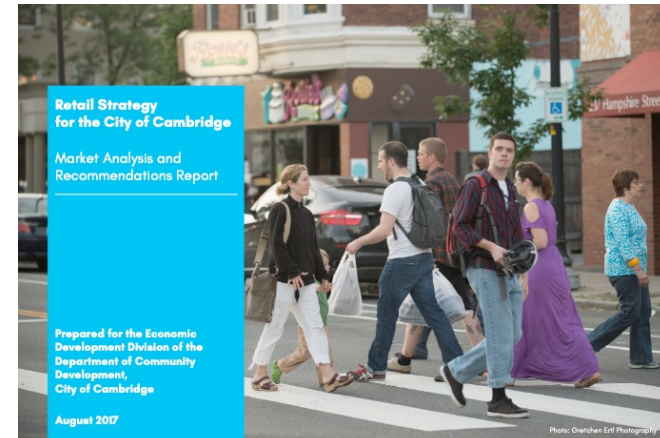
UNIVERSE OF COMMERCIAL ANTI-DISPLACEMENT STRATEGIES

Regulation	Financial Support	Technical Support	Real Estate Ownership
<ul style="list-style-type: none">• Zoning (e.g. inclusionary practices)• Deed restrictions• Linkage fees• First right of refusal	<ul style="list-style-type: none">• Grants• Low-cost loan products• Incentive programs / subsidies	<ul style="list-style-type: none">• Small business and entrepreneurship support programs• Community courses• Incubation Programs	<ul style="list-style-type: none">• Direct provision of controlled space at affordable terms• Lease-to-own Programs• Community Land Trust models• Limited equity cooperatives

CONTEXT FROM COMMUNITY DEVELOPMENT DEPARTMENT (CDD)

Cambridge Economic Opportunity and Development Division

- EODD works to ensure the vitality of commercial districts and small business throughout the City.
- EODD focuses on:
 - Supporting small and micro-businesses
 - Promoting and strengthening commercial districts
 - Developing programs and policies to support and empower residents, workers, and businesses
 - Retaining and partnering with key industries that drive innovation, job growth, and competitiveness
 - Connecting residents and businesses to resources and information
- Started initiatives such vacant storefront activation and small business assistance.
- **EODD does not include commercial space ownership or real estate development in its portfolio.**



CRA CAN CHAMPION REAL ESTATE OWNERSHIP APPROACH

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Humble Bones Vendor at Popportunity in Starlight Square

COMMERCIAL STABILIZATION

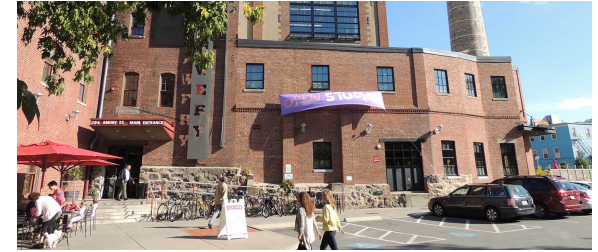
“Strategies that provide neighborhoods with tools to support the economic strength of their neighborhood commercial district, so that it is better equipped to both serve neighborhood residents’ needs and withstand gentrification pressures” – PolicyLink: Equitable Development Toolkit: Commercial Stabilizing 2002



JAMAICA PLAIN NEIGHBORHOOD DEVELOPMENT CORP.

Ensuring intergenerational commercial and cultural vitality through community planning

- CBO based in Jamaica Plain, Boston the focuses on community planning, community organizing, real estate/affordable housing, fundraising, and more
- Control a few commercial lots geared towards minority and/or low income occupancy and entrepreneurship. This includes parcels on Centre Street which house mixed use spots like top mix bars, il panino, a laundromat, and more
- Has supported Hyde Square/Latin Quarter businesses for over 20 years
- Services include technical assistance, small business training, and improving the flow of capital to small businesses in the community



An old Brewery converted to a small business complex



270 & 363 Centre Street containing over 12,000 sq. ft. of commercial space



Capital projects through partnerships

MAIN SOUTH CDC IN WORCESTER, MA

Developing affordable commercial spaces to enhance economic opportunity in immigrant community

- Partnered with MassDevelopment TDI program for three years to build economic development opportunities
- Formed the Main South Business Alliance in a strong immigrant community that faces many barriers to ownership for commercial space.
- Lack of equity and shifting neighborhood demand encouraged the idea to create affordable commercial space for community commercial staples.
- Plans of converting a vacant lot, 807-815 Main Street, into seven affordable rent to own commercial spaces. The units will range in cost from \$125,000-\$190,000.



Main South Business Alliance



Prospective Site of the Commercial Properties

BLACK OWNED BOS & BOW MARKET

Incubation through physical space and direct support as pathway for small businesses and entrepreneurs

- Created in 2019 by Jae'Da Turner, Black Owned BOS has a mission to lift black owned businesses, places, spaces, and the people moving the culture forward in the Greater Boston Area
- BOB has served 100 businesses and has 20 retail incubation pop-up markets
- Provides entrepreneurs with opportunities to occupy spaces while also receiving hands-on incubation services
- In Feb 2021, Black Owned Bos partnered with Bow Market to provide a “low risk, high support” opportunity for micro and small entrepreneurs/business owners
- In 2023, Black Owned Bos. opened a permanent brick mortar location in the South End



BOS Newbury St. Holiday Pop-Up

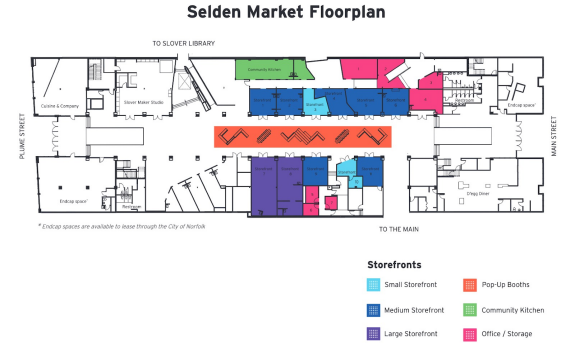


iLoveFGC owner, Unique Top,
at BOS Bow Market

SELDEN MARKET – NORFOLK, VA

Municipally developed market providing a variety of space formats on affordable terms

- Located in Downtown Norfolk and developed by the City of Norfolk and Downtown Norfolk Council
- Advertised as an opportunity test out ideas and concepts without taking on too much financial risk
- Includes 11 storefront spaces, with pop-up booths, community kitchens
- Different rent scales based on tenant needs
- Startup businesses and business incubator tenants can take business classes both onsite and remotely



SEATTLE RESTORED

Affordable commercial stabilization encompassing arts and culture

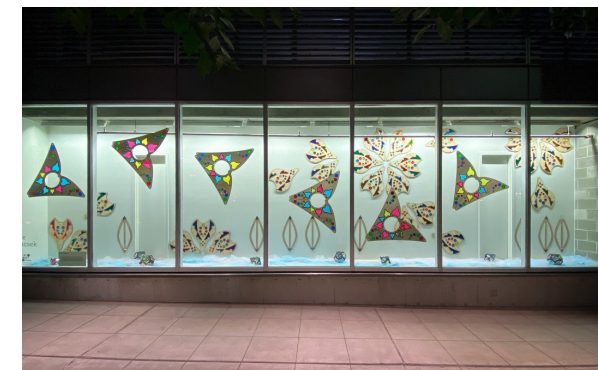
- A program provided by Seattle Office of Economic Development to support, rehabilitate, and stabilize small businesses and entrepreneurs
- Aims to connect small business owners and artists with vacant storefronts to host popups and art installations
- Incorporates elements of placemaking, commercial stabilization/incubations, arts/culture, and minority economic development
- Phase One: Activating 30 vacant storefronts with pop-up shops and art installations from local entrepreneurs, artists, and manufacturers in Downtown Seattle
- Phase Two: Activating an additional 45 vacant storefronts moving outside of the downtown area



Seattle Restored Logo



Seattle Restored newly renovated commercial retail space



Coalescing commercial revamp with art and art installation

PROSPER PORTLAND

Comprehensive approach to commercial stabilization including space, assistance, and financial support

- Prosper Portland is a city agency operating an Affordable Commercial Tenanting program
- Program allows commercial business owners to lease space throughout the city with below market rents, technical assistance, and tenant improvement contributions
- Controls a block of commercial space between SW 10th and SW Yamhill Street in Downtown Portland in the heart of their commercial district. The space is devoted to BIPOC and/or Women entrepreneurs



42nd Street Laundry Affordable Mixed Use Space



Lents Town Center Affordable Commercial Program

COMMUNITY WEALTH BUILDING

“is an economic development model that transforms local economies based on communities having direct ownership and control of their assets. It challenges the failing approaches that have been widely accepted in American economic development for too long, and addresses wealth inequality at its core.”- Democracy Collaborative

PARTNERSHIP IN PROPERTY COMMERCIAL LAND TRUST, MN

Community Land Trust (CLTs) can ensure long term affordability and sustainability for commercial owners

- Spun out of City of Lakes CLT, serving communities in northern Minneapolis
- PIP purchases commercial buildings on land stewarded by the CLT, PIP provides 20%-40% of the building purchase price to small business owners if they can get a mortgage for the rest
- PIP CLT has a lease with option to purchase program allowing rental payments to go towards purchase of affordable rental space
- Currently receiving exclusive development rights on tax forfeiture property from the county
- Provides technical assistance to businesses



A recently opened nail supply store within the scattered trust model

COMMUNITY OWNED REAL ESTATE – CORE, LOS ANGELES

Demonstrates it takes a community to support a community – collaboration and partnerships are key

- CORE is a localized, collaborative strategy to combat displacement in the LA metro area
- Partnership of Inclusive Action, East LA Community Corporation, Little Tokyo Service Center, and Genesis LA
- How it works:
 - Collective purchase of commercial real estate
 - Lease to community businesses and entrepreneurs
 - Convert tenants to owners when desired
- Have acquired 5 commercial properties, hope to start a capital campaign to pay off debts to make rent even more affordable for occupants



CORE recently renovated space for community use



Recently acquired CORE property

INCLUSIVE ACTION FOR THE CITY, LOS ANGELES

A model for leveraging economic development powers for community capacity building.

- Grassroots community development financial institution that centers innovative approaches for economic development in marginalized communities
- Looks to reclaim initiatives, like urban renewal, acknowledge their “taint” of racism, and reclaim these initiatives under the guise of equity and experiences of marginalized groups
- Dealing with themes of:
 - Income Inequality
 - Food Deserts
 - Inequitable Land & Real Estate Ownership
 - Lack of Power and Voice in Political System
 - Small Business Displacement and Support



Citywide advocacy effort to create a permit system for street vendors



Free Lots Angeles, an effort activate vacant lots for community needs

EAST PORTLAND CIT MODEL- “MOVING FROM OWING TO OWNING”

Strategies for community wealth building and commercial stabilizing should be non-extractive

- Developed in 2010 by the Mercy Corps, a global humanitarian NGO, to accommodate community needs for accessible commercial real estate investment opportunities
- Differs from other models by providing residents with collective ownership through short term and long term, inclusive investments products
- Purchased Plaza 122 and developed their own legal structure, forming different entities for different purposes
- Members of selected zip codes could sign up online to become investors. Investors had to enroll in six hour financial education course
- CIT was able to incorporate a unique non-extractive financing mechanism, Letter of Credit Backing



East Portland Communities Plaza 122



Moving to Owing to Owning in person classes

EAST PORTLAND CIT MODEL- “MOVING FROM OWING TO OWNING”

Strategies for community wealth building and commercial stabilizing should be non-extractive

- Hundreds of community members have invested since 2014, and they have leased up over 90% of the space. Tenancy represents expressed community needs and diversity found within the neighborhood
- Community Investor Demographics
 - First-time investors: 68%
 - Women: 62%
 - Born outside of the U.S: 49%
- East Portland CIT has attracted 319 investors, with 45 cashing out(\$74,000)
- Created a toolkit and model that can be replicated by other non-profits, churches, housing agencies, economic development organizations/agencies



Faby's Hair Studio at 122 Plaza



The Model

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Ninawa Zero Waste Clothes at Poppportunity in Starlight Square

NEXT STEPS

- **Issue Definition:** Continue to have conversations with members of local ecosystem to define needs and potential CRA role:
 - *City of Cambridge*
 - *Community Development Corporations*
 - *BIPOC-Owned Businesses and Other Retail Entrepreneurs*
 - *Community-Based Organizations*
- **Neighborhood and Site Identification:** Search for viable sites and respond to opportunities as they arise on the market
- **Hone in Best Practice Models:** Connect with organizations within MA and outside of MA engaging in different commercial affordability, stabilization, and wealth building strategies
- **Community Engagement:** Prepare a comprehensive community engagement process around defined opportunities
- **Develop Business Plan:** Define and implement the business plan for specific project opportunities



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