Owner of Geaux Ride
in New Orleans
Owner of La Reyna de los Jugos
Mercado Central in Minneapolis
Introduction

The Build from Within Alliance (BfWA) works to reverse systemic disinvestment by building community capacity that supports low-income resident entrepreneurs as drivers of economic and social change. In less than a decade, the Alliance has expanded its work to 16 community organizations working in 20 cities within over 50 neighborhoods. As an organization focusing on helping low-income entrepreneurs create scalable businesses and business solutions that revitalize their communities, BfWA’s four pillar model (training, lending, technical assistance, real estate) has repaired the damage of systemic racism on local economies and replaced disinvestment with opportunity. Residents, especially long-term residents, are seen as the engine for financial growth within their communities.

BfWA has learned and innovated with its members. We have come to recognize the value of expanding our collective voice, insight, and influence beyond implementing the four-pillar model. State and local public policy is one area where our mission can disrupt generational racial and ethnic wealth disparities and systemic inequities through entrepreneurship. As you will read in this state and local policy playbook, many of our BfWA members have also been working collaboratively with state and local governments to develop public policies that can advance this work and create meaningful opportunities for entrepreneurs and communities that have faced systemic disinvestment and racism. Each chapter is organized around a problem faced by our entrepreneurs and a corresponding solution laid out in an easy-to-use format.

What we learned from the stories and insights within this report showcase how state and local public policies will truly impact low-income communities and entrepreneurs of color. Community matters and local context is everything. Rather than providing a detailed blueprint or scorecard to evaluate every state and local policy, this playbook is meant to accomplish the following:

- Raise potential opportunities
- Build inspiration to act
- Guide those tackling shared problems or solutions
- Connect the national network of advocates and practitioners

To the authors of this playbook—Nourel-Hoda Eidy, Steve Tobocman, and Daniel Cowen—in addition to your writing, thank you for researching and assembling all of the information contained within this document. This playbook also received assistance from Alison Feighan, Sharonda Glover, Megan “MJ” Johnson, and Hannah Toriz Perez. BfWA is lucky to have an incredibly talented team of staff, members, board members, and partners who bring greatness to this network. This playbook reflects countless hours of quality work and years of passion and commitment; captures the true spirit and culture of this Alliance. I also want to thank the dozens of BfWA members and partner organizations who sat through interviews with the authors. Your insights and experience made this policy playbook possible.

Finally, I want to acknowledge and thank our friends at the Ewing Marion Kauffman Foundation. Their generous investment in BfWA’s public policy work through its Rebuilding Better efforts has helped initiatives, like ours, execute policy engagement and entrepreneur advocacy projects. Their support in activities like the creation of this playbook will influence policy change at all levels and work towards a more supportive and inclusive environment for entrepreneurs.

Mihailo Temali
Founder and CEO
Build from Within Alliance
May 2024
About the Build from Within Alliance

The Build from Within Alliance is a national network of community-led organizations supporting low-income, resident entrepreneurs in their own neighborhoods. Our members are trusted and deeply rooted in their communities. They collaborate with residents and partners to reverse the visible and invisible effects of systemic disinvestment.

Resident entrepreneurs are powerful drivers of positive social and economic change. They have endless skills and ideas for business activities and embody the culture and personality of their neighborhoods. When resident entrepreneurs are encouraged to pursue their dreams and open businesses, there are ripple effects felt across the community and beyond. There is an incredible energy they can ignite around them, simply by doing a thing they are good at.

Build from Within Alliance uses a proven approach, combining business training, high-risk lending, technical assistance, real estate opportunities, and community collaboration, all holistically applied to address the needs and dreams of local entrepreneurs. Now 30-years strong and growing in membership, we are a national movement of neighborhood-based organizations and hardworking practitioners who understand there is no better catalyst for economic development and neighborhood revitalization than a resident entrepreneur.
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Chapter One: Helping Low-Income Entrepreneurs of Color Navigate the Public Sector

Challenges and Opportunities:

BFWA members work with an array of entrepreneurs and small business owners from underrepresented and disinvested communities. Often these entrepreneurs operate in the informal economy or come from cultures and communities where formally organizing business affairs (registering a business, obtaining building permits, tracking expense, and revenue receipts, etc.) is less common. In working with these business owners and communities, BfWA members are often helping businesses grow and, out of necessity, move into the formal economy.

The reality is that low-income entrepreneurs of color often have negative experiences navigating local regulations, licenses, zoning and building codes, health codes, and taxes. In addition, the entrepreneurs that BFWA members typically serve are more likely to face barriers to accessing state and local grants, loans, and business support programs. Simply put, if we are to...

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1. Throughout this document the authors use a variety of terms to describe the low-income black, indigenous, people of color (BIPOC) and immigrant communities and entrepreneurs served by BfWA member programs. BfWA members serve these entrepreneurs in both rural and urban communities. Often the authors refer to entrepreneurs of color or communities of color and the reader should understand the term to be inclusive of immigrant, ethnic and indigenous communities that have faced systemic and historic discrimination, exclusion and disinvestment resulting in system inequities.
create equitable outcomes and impacts in our small business regulatory and development programs, we need to build better relationships between diverse communities of entrepreneurs and the public sector.

The strategies featured in this chapter all attempt to build relationships and trust between low-income entrepreneurs of color and the public sector.

I. CREATING SMALL BUSINESS AMBASSADORS AND OFFICES OF ENTREPRENEURSHIP

Overview: A municipal small business ambassador and/or office of entrepreneurship can create relationships and foster trust with low-income entrepreneurs of color and help serve as a trusted connector—both to address the needs of small business owners and to assist municipal officials working to ensure compliance with local regulations, codes, and policies.

Program Models:

A small business ambassador or office of entrepreneurship can take many forms. The suggestions below are not an either/or list. While they can be implemented individually, these tools work even better in conjunction with each other to strengthen the communication and engagement of the local government within the entrepreneurial ecosystem.

1. A single small business ambassador hired by the local government can help establish a trusted point of contact and build a profile with individual entrepreneurs as well as community leaders in underserved communities. A small business advocate can help centralize information and clear confusion that arises from navigating bureaucratic systems with many levels of requirements.

2. A one-stop shop enables low-income entrepreneurs of color to conduct basic regulatory compliance at a single office—ideally one clearly identified and marketed—instead of having to shuttle between various city departments. The one-stop shop is a way to aggregate all the resources necessary for small business at one location that offers easy access free of charge. Small business advocates can establish weekly, biweekly, or monthly office hours at a local community center, business service organization, or faith center within the community to host open office hours for questions and guidance. Also, the one-stop shop creates a venue for the efficient provision of language access to entrepreneurs with limited English proficiency.

3. An office of entrepreneurship that specifically focuses on assisting small BIPOC business owners can expand the number of staff focused on helping underserved entrepreneurs and work proactively to reach out to businesses in low-income communities of color to better inform small business owners of various regulatory and code issues. The office would provide a unified first stop for diverse small business owners needing to deal with local government issues or seeking assistance. Such an office also can bring the one-stop model into the community by hosting pop-up sessions throughout its service area.

4. An online portal may offer business owners a more navigable path to pursue regulatory business needs in one central location. Such portals also should provide options to speak to someone directly. Given the lack of digital access and limited digital literacy that can plague our client communities, an online tool should be a supplemental intervention that accompanies one of the other solutions here. That said, even if many low-income entrepreneurs of color are not themselves online, online portals can help BfWA member staff support businesses more efficiently. Those local governments offering online portals should consider designing their platform in multiple languages suitable to the communities served.

HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:

BfWA members or local governments can start by facilitating a conversation between regulators and
low-income entrepreneurs of color in a space that is familiar to the community.

- Invite municipal officials whose departments intersect with the regulations, licensing, and zoning requirements of entrepreneurs of color.
- Host an event where all of the local government’s resources for small businesses are in one space.
- Follow up with municipal contacts to see if they could send a representative to a community location on a periodic basis. For example, someone from the municipal government could be sent to a BFWA member’s office every Tuesday to answer small business questions, provide updates on any available grants, or speak about a specific topic of interest.

Some municipal governments may lack resources to establish a new office of entrepreneurship or to support a full-time small business ambassador. They may struggle to convince local government to pursue even one of the above solutions, much less a multilayered approach. A fallback or additional strategy that utilizes existing resources might be to informally designate a particular municipal staff person as the “go-to” person for low-income entrepreneurs of color.

Key Considerations:

1. It is critical that the creation of a small business ambassador, office of entrepreneurship, or one-stop shop build trusted relationships with low-income communities of color and small business owners from these underserved communities. This means that local governments will need to devote appropriate resources, act with intentionality, conduct outreach and spend time in the communities they are intended to serve. Staffing these programs with people from within the communities they are intended to serve is an essential element of such efforts. It’s also important that these programs place language access and cultural competence at the forefront of their work.

2. Small business ambassadors, offices of entrepreneurship, and one-stop shops are only effective if they can speak for the government and understand the local business
regulatory requirements of the government. To this end, these need to be trusted offices that have strong relationships within local government. Elected officials and others may support efforts to foster diversity, equity, and inclusion in principle, but if the regulatory side of government is not equally invested in those solutions, leaders will find themselves powerless to impact the established systems and bureaucracy.

3. Small business ambassadors/advocates, offices of entrepreneurship, and one-stop shops can provide great value if they are able to provide regulatory and compliance information in easy-to-understand formats. It may be helpful to underscore the importance of making information accessible. Zoning laws, code enforcement, health codes, business taxation, and many other aspects of municipal law are enormously complex. Even for highly educated English speakers, most systems, brochures, and online links on compliance can be difficult to understand and follow. For clients who speak a primary language other than English or are more familiar navigating an informal business economy, navigating the broad array of regulatory requirements is a barrier to success. Accessible information can increase compliance.

**Where It’s Working:**

- A single small business advocate is used in Bend, Oregon.
- A one-stop online portal is offered in The Commonwealth of Pennsylvania through its Pennsylvania Business One-Stop Shop.
- Small business online portals have been created in: Miami, Florida (eSTART); Kansas City, Missouri (BizCare); Atlanta, Georgia (ATL INBUSINESS).

**Additional Resources:**


2. The One-Stop Shop (page 11) described by the National League of Cities sets forth what a Small Business Ambassador program might include.

**II. FACILITATING CITY HALL VISITS FOR UNDERREPRESENTED ENTREPRENEURS**

**Overview / Program Model:** To begin to bridge the gap between low-income entrepreneurs of color and municipal government, organizing a group visit to City Hall that engages officials from relevant municipal offices can lay the foundation for better long-term relations between entrepreneurs and government. Ideally the visit would include meetings with the local government’s small business ambassador, economic development lead or similar official, as well as contacts in relevant regulatory departments e.g., zoning officers, building and code compliance officials, health department inspectors, tax assessors, etc. These meetings help entrepreneurs learn about specific departments, the basics of regulatory compliance, and can establish a point of contact for future visits.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

Making a successful City Hall visit requires planning on two fronts: understanding the challenges of regulation from the perspective of entrepreneurs and engaging municipal government. BFWA members should engage entrepreneurs to understand pain points around government interaction—health code compliance, zoning laws, taxes, licensing, building codes, and the like. This engagement can occur through surveys, focus groups, or informal conversations. BFWA member staff who work closely with their entrepreneur clients will likely have insight as well.

The second aspect of planning involves engaging the government. Ideally, BFWA members know or can identify a well-placed business advocate within municipal government who might help coordinate the City Hall visit. These can include any offices or advocates for small business or entrepreneurship that exist, as well as offices or leaders on issues of equity and inclusion. Letting these leaders know of
the specific interests that low-income entrepreneurs of color have identified can help ensure that relevant offices and staff are coordinated for a visit.

If an entire visit is difficult to coordinate, BfWA members can work to engage specific municipal officials to attend listening sessions, annual events, groundbreakings and ribbon cuttings, and other events to engage in more informal opportunities to meet entrepreneurs and discuss cooperative solutions.

Key Considerations:

1. **Building relations with the municipal government requires a willing and eager partner in local government.** Most elected officials want to improve relations with small business owners. Appointing a small business ambassador and maintaining an office of equity and inclusion are both common practices (see Chapter 1.1 of this Playbook). Yet too often these offices and executive-level leaders are not working in lockstep with front-line code inspectors, business registration officials, and tax compliance officers. They are often career bureaucrats trying to build compliance into a chaotic system, in many cases without sufficient resources.

2. **It is therefore important that any efforts to build better relations be organized and implemented in ways that help frontline municipal bureaucrats feel heard** and allow them to see opportunities for their own objectives to foster regulatory compliance and protect public safety and interests.

3. **Once relationships are built, collecting information and sharing it across the system can be valuable.** Gathering and reporting a survey that tracks the concerns and problems of low-income entrepreneurs of color is more likely to carry value after municipal officials have met entrepreneurs than if such information is provided before relationships are built.

4. A survey or list of tips from municipal officials on what helps businesses succeed in getting permits and licenses while avoiding fines and delays can be extremely valuable to entrepreneurs. However, municipal rules and restrictions can sometimes make it difficult for such a list to be developed on municipal letterhead. That being said, this is something a BfWA member could produce on their own based on conversations and experiences with municipal officials.

5. While coordinating group transportation and food can make a City Hall visit a bigger administrative lift, providing time before the visit to bond the group of entrepreneurs and having time to debrief from the visit can really enhance what entrepreneurs get from the endeavor.

6. **Making the visit an annual activity** can help future entrepreneurs in the program and help municipal officials improve their preparations, ensuring that in future years the best and most appropriate staff participate.

Where It’s Working:

Detroit, Michigan
CHAPTER ONE: HELPING LOW-INCOME ENTREPRENEURS OF COLOR NAVIGATE THE PUBLIC SECTOR

MEMBER SPOTLIGHT: PROSPERUS DETROIT

In November 2014, ProsperUs Detroit organized a bus tour that brought more than two dozen diverse neighborhood entrepreneurs to Detroit’s City Hall to meet with the mayor’s small business ambassador and tour the City’s licensing, building, zoning, and tax offices.

The day began with these ProsperUs entrepreneurs meeting offsite for an hour of icebreaking and preparation activities. Participants included mostly Black and Latinx entrepreneurs who by and large had operated in different neighborhoods, attended business planning classes offered through different community partners, and even spoke different native languages. But the short opportunity to meet each other helped to create a common bond as ProsperUs entrepreneurs—a bond that was carried into City Hall.

After a short ride downtown, the entrepreneurs met with the City’s small business ambassador, who explained his office and work and passed out business cards. This direct relationship-building opportunity would be repeated more than a half-dozen times over the next two hours as the entrepreneurs broke into smaller groups and rotated through the City’s licensing, building, zoning, and tax offices. They were able to meet a designated City official at each stop and learn a name, face, and location for future reference as their businesses moved forward. By the end of the three-hour day, a new foundation of trust, warmth, and familiarity had been laid for the entrepreneurs and the City of Detroit’s municipal officials.

Additional Resources:

ProsperUs Detroit City Hall Bus Tour Video
Chapter Two: Access to Capital

Challenges and Opportunities:

Numerous studies and research reports have documented inequitable access to capital for entrepreneurs of color. This longstanding inequity was exacerbated during the pandemic when minority, women, and immigrant-owned businesses closed at higher rates and faced the most challenges. Evaluating by race, gender, or immigration status found higher losses for diverse entrepreneurs than for businesses owned by white men.

The federal government allocated $800 billion to address pandemic losses through the Paycheck Protection Program (PPP), which offered forgivable loans that covered up to eight weeks of payroll costs including benefits, and other business necessities like mortgage, rent, and utilities. Studies have found racial disparities in access to PPP funding, primarily for Black-owned and other BIPOC businesses. In short, minority-owned businesses were underserved by the relief program. Many minority-owned businesses did not have relationships or history working with lenders. Others struggled with application requirements and found it difficult to find culturally competent or linguistically accessible technical assistance. Many had their applications rejected due to the PPP’s eligibility requirements.

Even for those minority businesses that were successful in obtaining PPP loans, researchers have documented disparate outcomes in PPP loan forgiveness outcomes. As of March 2022, there were 400,000 microbusinesses that received PPP loans of $25,000 or less in 2020 that remained partially or fully unforgiven. 74% of all the PPP loans that had not fully been forgiven were loans of $25,000. This posed a serious threat to microbusinesses, often minority-owned, that were unable to receive the promised relief. Loans that were intended to save small businesses were, ironically, threatening to sink them.

Expanding access to capital is a critical element of addressing the historical impacts of systemic racism. Fortunately, there are several arenas in which state and local government can work to expand access to credit for low-income entrepreneurs of color.

3. Ibid.
4. New data shows small businesses in communities of color had unequal access to federal COVID-19 relief. 6.
I. TRANSFORMING ASSISTANCE SERVICES INTO SMALL BUSINESS SUPPORT PROGRAMS

Overview: When it comes to small business grants, loans, and support programs offered by state or local government, BfWA members report that low-income entrepreneurs of color are rarely, if ever, prioritized in the outreach. Even though they would benefit especially from support, these communities are often the last to learn of opportunities, and seldom provided assistance in accessing such programs. Indeed, low-income entrepreneurs of color frequently remain unaware of resources and opportunities until it is too late to apply. Furthermore, application processes challenges are only exacerbated by language barriers, challenging requirements, and short application windows.

Program Models: To expand access to and ensure equitable allocation of grants, loans, and other supports, state and local government could consider the following measures:

1. **Fund technical assistance to help low-income entrepreneurs prepare grant and loan applications.** An Initiative for Competitive Inner Cities (ICIC) case study found that federally-funded Small Business Development Centers often are not accessed by black, brown, immigrant, and rural entrepreneurs because there is a lack of staff from their communities. ICIC reports that limited language access, lack of awareness among BIPOC businesses, and little to no engagement with rural or under-resourced communities and the businesses in those areas also contribute to underutilization of SBDCs. The study calls for more regional connection across business service organizations, noting that “[m]any publicly-funded capacity building programs, such as the SBA’s network of Small Business Development Centers, do not focus on serving minority-owned and inner city businesses. Some of the resources should be redirected to... entrepreneur centers that provide these services.”

2. **Translate application and marketing materials into multiple languages and provide language access.** Ideally, grant and loan materials will be translated into languages common
among community entrepreneurs. At times, however, those evaluating applications will only be English proficient. In these cases, it may make sense to design the program to include technical assistance from a bilingual small business support organization that can translate the application into other languages, provide one-on-one assistance in completing the application in a business owner’s native tongue, and then translate that application back into English before it’s submitted.

3. **Fund a business support organization or “trusted connector” to support the recruitment of diverse entrepreneur applicants or the use of technical assistance to assist in the application process.** Using trusted connectors can help expand the number of applications that small business grant and loan programs receive, especially the number of applications from qualified, low-income entrepreneurs of color. Economic development agencies, city offices, or chambers of commerce may not have the capacity to conduct grassroots community engagement campaigns and may be unfamiliar with the process. Fortunately, there are usually willing organizations that are better positioned to serve as trusted connectors. Providing outreach stipends as part of any small business program can be an important practice. Moreover, building long-term relationships with ethnic chambers, neighborhood-based business serving organizations, ethnic community organizations, or other community organizations that have authentic and trusted relationships with low-income entrepreneurs of color should be a priority for state and local small business agencies.

4. **Broaden application windows to allow for community dissemination and adequately prepared applications.** State and local government should ensure that their small business support programs are designed with adequate time for low-income entrepreneurs of color to learn about grant and loan opportunities, as well as adequate time to prepare their applications. The urge to “get dollars out the door” must be tempered by giving would-be beneficiaries enough time to respond. Maintaining a rolling application deadline can provide some struggling business owners with quick access to funds while recognizing that others may need more time. If a grant or loan program has limited resources, it may be necessary to reserve some of the funds for later applicants to ensure equitable access for all.

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5. **Decrease the number of requirements for program eligibility.** Too often small business grant and loan programs adopt the document requirements of traditional banking systems, requiring detailed information such as past payroll statements, market research, and cash flow projections. In fact, character-based lending programs have proven that alternative criteria can be equally or more predictive of repayment and business success. The federal Office of Evaluation Services, a unit of the Government Services Administration, has documented how a city small business grant offered during the COVID-19 pandemic saw increased application submissions from entrepreneurs of color when the number of required documents decreased. Some of the requirements that were eliminated included the removal of credit card checks, profit and loss statements, balance sheets, projected profits, and more. All told, the city (which was unidentified in the report) decreased requirements from 16 documents to six.

6. **Establish a coalition or network with strong connections to underserved communities as a clearinghouse to market small business grant, loan, and support opportunities.** Such a body can ensure that business support organizations, micro-enterprise development programs, ethnic chambers, local governments and small business associations are all up to date on available funding sources and grant opportunities. Each can then encourage entrepreneurs within their networks to be prepared to apply for opportunities on short notice.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

Increasing outreach efforts and broadening the terms and policies of publicly supported small business lending and grants will require some level of advocacy. Chapter Six of this Playbook covers general advocacy strategies for microenterprise organizations focused on low-income entrepreneurs of color. When advocating for more equitable access to various state and local government grant and loan programs, the following strategies will be helpful:

It is important to establish an advocacy campaign that demonstrates the need for more access to publicly supported small business grant and loan programs. This Playbook contains footnote references to several studies that document the inequities that exist nationally for low-income entrepreneurs of color. This disparity in access has broad applications, including not being able to access needed funding and loan forgiveness programs. These studies can be supplemented by reaching out to low-income entrepreneurs of color in your own community. It may be helpful to prepare a short survey, document conversations, or collect stories about those who were unable to meaningfully access and leverage PPP and other COVID-19 relief programs designed for small businesses.

Once you have assembled data and stories to support your advocacy campaign, it will be important to revisit the advocacy agenda within the suggested strategies above to broaden access to publicly supported small business grant and loan programs. BfWA members may coordinate with other business service organizations that share a similar network and similar challenges. This can serve as the foundation for building a more formal and longstanding coalition recognized by the economic development agencies, public-sector small business programs and philanthropy to channel resources through.

**Key Considerations:**

1. Don’t be limited by any of the suggestions above. They are designed to help strengthen the system through which low-income entrepreneurs of color can access grants, loans, and support. Effective outreach, engagement, and trusted connector programs are those that are designed and implemented through local engagement that is unique to each community.

2. Participating in state or local coalitions of small business/economic development organizations can support a member organization’s knowledge of grants and resources available to entrepreneurs. Participation might also provide a platform for BfWA members to tell their own organizational impact stories concerning low-income entrepreneurs of color and low-
income communities of color. Building these coalitions, participating in them, and fostering relationships with broader business support and economic development initiatives can take time to develop and bear fruit.

3. Don’t overlook opportunities to build civic and political capacities within low-income communities of color. Bring entrepreneurs along to these meetings and campaigns. Help them to understand the policymaking process and to develop relationships and networks.

**Where It’s Working:**

- Small business grant programs are offered in a variety of languages in [Seattle, Washington](#) and [San Diego County, California](#); a step-by-step primer on Building your Business in New York City: A Guide for Immigrant Entrepreneurs is offered in seven languages.

- In June 2023 the [Michigan Economic Development Corporation](#) launched a [Small Business Support Hubs program](#) that provides up to $6 million in funding for entrepreneurial hubs to invest in regional operations,

deployment of a variety of business support services, and direct grant support for small businesses. The program is designed, in part, to expand access to small business grants, loans, and support programs to underserved minority and rural entrepreneurs.

**Additional Resources:**

Connecting Immigrant Entrepreneurs to Business Grant and Incentive Programs, Welcoming America can be [found here](#).

**II. FUNDING CHARACTER-BASED LENDING AND LOAN FUNDS**

**Overview:** BfWA members serve entrepreneurs who often face significant challenges in accessing capital. These entrepreneurs struggle to access traditional bank loans because they do not qualify for such loans, cannot produce required documentation, or lack appropriate credit history. Sometimes they simply face discrimination in a banking system that views low-income entrepreneurs as risky investments, leading to higher loan denial rates and even higher interest rates on loans.
CHAPTER TWO: ACCESS TO CAPITAL

MEMBER SPOTLIGHT: PROSPERUS DETROIT

In early 2022, the State of Michigan’s Lieutenant Governor Garlin Gilchrist, in partnership with the Michigan Economic Development Corporation (MEDC) and Department of Labor and Economic Opportunity, convened a wide range of stakeholders with strong connections to small businesses owned by people of color, immigrants, and residents of Michigan’s rural communities to discuss how the hundreds of millions of dollars passing through the State could better reach these underserved entrepreneurs. BfWA member ProsperUs Detroit, working in partnership with Global Detroit, helped continue the conversation among 13 collaborating organizations across the state. They developed a set of recommendations for the State, sharing it with attendees at the Governor’s State of Small Business Summit held at MEDC in June 2022. The coalition has been supported by Public Policy Associates, a private public policy research firm.

The initial document showcasing the recommendations provided overarching, wide-reaching actions to help the State better meet the needs of businesses owned by low-to-moderate-income individuals, people of color, and immigrants. The goal was to bring forward a range of ideas (including some immediate recommendations with others providing longer-term opportunities for engagement and supportive of inclusive growth) on how the State could use state and federal dollars to reach into and impact communities who have been left out of past recovery efforts. The recommendations included:

- Improved outreach and accessibility
- Financial readiness, partnership, and reducing barriers
- Supporting trusted connectors
- Building capacity
- Using research and data

Since that initial document was shared, the group has met to identify a model (using a “hub-and-spoke” approach) that would improve the State’s reach into underserved communities with technical assistance (TA) related to small business support and startup. The coalition, now known as the Roundtable for Inclusive Support of Entrepreneurship, or RISE Michigan, has continued to advocate for funding for these activities. RISE Michigan has applied for MEDC funds and advocates for additional state funding for trusted connectors. Lastly, the group has pursued federal funding through a congressionally directed spending appropriation, which did not make it through the federal legislative process.

In addition to its leadership in creating and spearheading the RISE Michigan coalition, ProsperUs Detroit has played an active role in the growth and development of the Michigan Microbusiness Coalition and a statewide coalition of Community Development Financial Institutions (CDFIs).

Character-based lending provides capital and borrowing opportunities to people with fewer assets (or no assets), low credit, and the unbanked. Character-based lending focuses on the relationship between the entrepreneur and the lender, which translates to a deeper investment in and commitment to the entrepreneur’s business plan, training, and their overall growth and success. Increased borrowing opportunities for low-income entrepreneurs of color and improved funding to Community Development Financial Institutions (CDFIs), credit unions, and character-based lending nonprofit loan funds will create equitable investments and deeper connections between lenders and borrowers throughout the ecosystem. Such investments should be made on terms that explicitly encourage and support character-based lending through grants or zero/low-interest loans. State and local governments can capitalize character-based lending and loan funds.
It is important to note that not all nonprofit or CDFI lending falls under the character-based lending umbrella.

Program Models: Providing state and local government funds for character-based lending can take many forms. Often government funding is provided to a larger set of small business loan funds. Those pursuing character-based lending aimed at low-income entrepreneurs of color are competing against larger nonprofit lenders whose lending practices target borrowers with more credit and collateral. However, character-based lenders are set up to reach lower-income and more diverse borrowers. The role of state and local governments, however, need not be limited to simply serving as a funder of such programs.

1. Expand the scope of research and program tracking of small business loan funds to include data on underserved communities. Too often small business loan funds merely track the number of loans made, jobs created, and default rates of borrowers. Some may track the race or ethnicity of borrowers; few research and track state and local lending grants, the income and credit scores of borrowers, or where these small businesses are operating. An understanding of these factors is critical to disrupting systemic poverty and historical disinvestment from communities of color. Expanding the tracking of existing government-funded, small-business lending programs can highlight the benefits of character-based lending.

2. Advocate for private sector solutions. State and local government officials, especially elected officials, wield tremendous power and influence and can encourage private sector actors to invest in character-based lending. Following the publication of a task force report on supporting immigrants, the Baltimore Mayor’s Office of Immigrant and Multicultural Affairs (MIMA) was tasked with providing more accessible capital investment opportunities to low-income immigrant entrepreneurs. The City’s BaltimoreMICRO revolving loan fund required legal residence and a credit score that excluded many potential immigrant small business borrowers. Rather than develop a
new program, MIMA recruited Latino Economic Development Corporation, a local CDFI, to expand to Baltimore and offer small business support services to immigrant and minority entrepreneurs. The City worked to identify local foundations and financial institutions to invest in the Latino Economic Development Corporation and grow its lending capabilities.

3. **Fund state and local agency small business lending programs.** The most common way for state and local government to support character-based lending is through their funding of state and local agency small business lending programs. It is important that those allocating this funding (usually the state and local legislative body) specify the priority that such programs reach underserved borrowers. Ensuring these funds are allocated on a non-recourse basis will limit the ability of lenders to pursue any unpaid loans beyond the collateral pledged. As a result, lenders accessing the funds will have more flexibility to serve low-income entrepreneurs of color.

4. **Appropriate public funds directly to character-based lenders.** This is the most direct and often most effective way for state and local government to ensure public resources designated for small business lending reach low-income entrepreneurs of color. As noted earlier, larger small business loan funds administered by public agencies typically prioritize small business lenders with larger portfolios and lower default rates or risks, leaving character-based lenders with little, if any, access to such funding. If job creation, dollars loaned, and small delinquency or default rates are the only metrics monitored by a small business loan fund, then character-based lending is likely to compete at a disadvantage. Appropriating public funds directly to character-based lenders with a strong track record of supporting low-income entrepreneurs and communities of color ensures that such funds have their desired impact.

**Where It’s Working:**

- One model, exemplified by the [Minnesota Department for Employment and Economic Development (DEED) and its Emerging Entrepreneur Loan Program (ELP)](https://www.deed.state.mn.us/) is to provide funding to certified nonprofit lenders to make loans to businesses that are owned by underrepresented entrepreneurs. ELP loans are handled directly between the certified lender and the entrepreneur and range from $5,000 to $150,000 for startup and expanding businesses. As loans are repaid, the lending partners return the ELP principal amount to the ELP revolving loan fund to allow for continued funding. The program’s target is small businesses owned by diverse groups of people. Both BfWA Minnesota partners, Neighborhood Development Center, and the Initiative Foundation are certified lenders of the ELP program.
MEMBER SPOTLIGHT: NEIGHBORHOOD DEVELOPMENT CENTER

BfWA’s founding member, the Neighborhood Development Center provides proof that with consistent advocacy a character-based lending organization can indeed influence public policy such that significant public investment is made in lending for low-income entrepreneurs of color. In the early 2000s the State of Minnesota wouldn’t consider funding low-income entrepreneurs as part of its community economic development investments, limiting funding to affordable housing development and other forms of investment. In 2004, BfWA CEO, Mihailo Temali worked closely with state legislators on legislation that would make entrepreneur support eligible for funding under the Minnesota Department of Employment and Economic Development’s (DEED) programs. This led to the creation of DEED’s Small Business Competitive Grant Program. Through this program, 25 organizations across the state have so far received over $15 million in grants to support local entrepreneurship. More than 15 years later and during the civil unrest following the murder of George Floyd, NDC advocated with DEED to create a Cultural Malls Operator Grant Program to support low-income entrepreneurs of color operating in low-income communities. This program granted $3,000,000 to 12 cultural malls in 2021.

To understand how effective NDC has been at utilizing various public sources of funding to process character-based loans to low-income entrepreneurs of color, one need only look at their work during the height of the COVID pandemic. From March 2020 to June 2022, NDC processed 1,042 COVID-19 fully or partially forgivable relief loans and grants totaling $11,470,632. These relief loan and grants included:

- 126 DEED Small Business Emergency Loans (SBEL) totaling $1,775,550
- 230 DEED small business recovery grants totaling $2,300,000
- 128 DEED Cultural Mall Subgrants totaling $500,000
- 258 DEED Main Street COVID-19 Relief Grants totaling $2,900,000
- 99 Hennepin County Small Business Recovery Grants totaling $858,225
- 62 City of Minneapolis small business grants totaling $535,000
- 76 federal Small Business Administration Paycheck Protection Program (PPP) Loans totaling $2,488,857, preserving an estimated 437 jobs
- 63 NDC grants totaling $194,500

HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:

Document the landscape of existing capital sources and providers for low-income entrepreneurs of color including the different types of capital from CDFIs, credit unions, revolving loan funds, nonprofit funds, and/or community banks. Understanding the capacity limitations of these existing programs and identifying specific stories of how low-income entrepreneurs of color were able or unable to access loans from these programs can assist in building a case around the need for increased investment and where to channel that investment.

Identify opportunities through state and local economic development agencies for public funding. State, county, or city economic development agencies and departments could potentially be facilitating some funding, but most lack programs specifically for minority or low-income entrepreneurs of color. If these
agencies do have these programs, it is important to consider how their eligibility requirements might be perpetuating the same barriers low-income entrepreneurs of color face when seeking traditional bank loans. Are these existing programs successfully reaching low-income entrepreneurs of color and if so, what is their track record? While some of these programs might have occasional success, it is far more likely that local business-service organizations like BfWA members are better positioned to activate and connect with low-income entrepreneurs of color because of their trusted relationships in the community and the comprehensive engagement they offer through technical assistance and business planning. Chapter Six of this Playbook lays out more information on conducting advocacy campaigns.

Key Considerations:

Not all Community Development Financial Institution (CDFI) and nonprofit lending is character-based. Both nonprofit lenders and CDFIs use the five Cs of lending: character, capacity, capital, collateral, and conditions. When consideration is distributed equally across all five Cs, this shared framework is designed to assist entrepreneurs who cannot access traditional lending from financial institutions. However, few of these lenders provide a significant majority of their loans to low-income entrepreneurs of color. Rather, BfWA members and local business-service organizations focus specifically on these borrowers. Their track record demonstrates that a lending program focused more intensely on character and far less on the other four Cs of lending can provide meaningful capital access to low-income borrowers of color while also being financially sustainable with default rates no higher than mainstream lending. A May 2023 Shelterforce article highlights the issues that many of the nation’s more than 1,400 CDFIs face in accepting funding from banks and how those issues limit their ability to engage in character-based lending.

Where It’s Working:

- One model, exemplified by the Minnesota Department for Employment and Economic Development (DEED) and its Emerging Entrepreneur Loan Program (ELP), is to provide funding to certified nonprofit lenders that is specifically allocated for business loans to underrepresented entrepreneurs. ELP loans are handled directly between the certified lender and the entrepreneur and range from $5,000 to $150,000 for startups and expanding businesses. As loans are repaid, the lending partners return the ELP principal amount to the ELP revolving loan fund to allow for continued funding. The program’s target is small businesses owned by diverse groups of people. Both BfWA Minnesota partners, Neighborhood Development Center and the Initiative Foundation, are certified lenders of the ELP program.

- More recently, Minnesota State Senator

Chapter Two: Access to Capital

Bobby Joe Champion sponsored the creation of the $120 million Providing Resources & Opportunity & Maximizing Investments in Striving Entrepreneurs (PROMISE) program to provide grants and loans to disadvantaged small businesses located in certain areas of Minneapolis and St. Paul. Neighborhood Development Center will administer the PROMISE Grant program that will provide grants between $10,000 and $50,000, while the Metropolitan Economic Development Association (MEDA) will administer the PROMISE Loan program alongside community partner organizations. The program targets small business owners that Senator Champion describes as those disadvantaged small businesses that don't have lobbyists, businesses that “have been traditionally redlined and deemed unbankable.”

Additional Resources:

- 2020 Annual Report of the Emerging Entrepreneur Loan Program (Minnesota)

Overview: In addition to language barriers, immigrant entrepreneurs can face a host of challenges and documentation requirements, evaluation of credit scores, and other criteria can create barriers that disproportionately impact immigrant entrepreneurs. Immigrant entrepreneurs who are undocumented are very often explicitly excluded from loan and grant programs. To address the lack of capital access for immigrant or undocumented entrepreneurs, state and local government funds can appropriate funds for business support organizations with strong track records or connections with immigrant small business owners.

Program Models: Noting that most federal Small Business Administration (SBA) programs are restricted to entrepreneurs with citizenship or permanent resident status, state and local governments have provided specific funding in statute to support micro-grants, entrepreneurship training, and technical assistance to specific populations, including those who are neither citizens nor lawful permanent residents. Others have simply allowed business support organizations and nonprofit lenders the opportunity to serve these communities.

HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:

BfWA members can begin by gathering information on the immigrant and/or undocumented entrepreneurs in their region. While there may not be precise Census data on the number of undocumented, much less their business ownership rates, the Migration Policy Institute's Data Hub breaks down undocumented populations by state. Additional research can be done through surveys, focus groups, or even informal conversations within immigrant and ethnic communities. Collectively, this research can assist you in your advocacy efforts with local and state leaders, as well as existing small business development and support organizations.

In some more progressive communities, state and local elected officials may be eager to ensure that small business grants and loan funds reach undocumented communities, but in many communities elected officials may be reluctant to prioritize them. It may be easier working with existing nonprofit lenders and small business support organizations to build a case that undocumented entrepreneurs are important contributors to the small business community ensuring that grants and loans reach them.

Key Considerations:

1. The objectives of most BfWA programs are to help low-income entrepreneurs from within low-income communities thrive and grow their businesses. One objective is to support the growth and expansion of successful entrepreneurs until they are desirable for lending from more traditional
financial institutions. However, the recommendations, resources, and models cited in this chapter will not necessarily enable an undocumented entrepreneur to follow this same trajectory because of how this community is barred from traditional sources of capital.

2. Undocumented entrepreneurs often need much more than that technical assistance that is provided to other small business owners. Programs serving the undocumented should be prepared and funded to tackle additional needs of undocumented entrepreneurs, including access to reliable immigration legal services, information about potential eligibility for health and social services, as well as assistance in addressing other critical needs faced by undocumented families and communities.

**Where It’s Working:**

- **The State of California** has provided small business grants and loans specifically for undocumented and other underserved communities. In June 2020, the first Social Entrepreneurs for Economic Development (SEED) program was created. SEED 1.0 provided micro-grants, entrepreneurial training, and technical assistance to target populations to support them in starting or maintaining small businesses in California. As a follow-up effort, SEED 2.0 allocated $17 million dollars across several community-based organizations, designating $15 million for the entrepreneurship program and another $2 million for organizations to support undocumented entrepreneurs in the formation of sustainable worker-owned businesses and cooperatives focusing in low-wage industries.

In 2022, California created another funding opportunity for undocumented entrepreneurs through the **California Dream Fund**, a one-time $35 million grant program. The Dream Fund training program required new entrepreneurs and small business owners to complete training programs through certified technical assistance centers that were participating in a separate program known as the Technical Assistance Extension Program. After the technical assistance center certifies the completion of training and consulting programs, new entrepreneurs would then become eligible to apply for a microgrant up to $10,000. Certified technical assistance centers can...
include ethnic foundation or chambers of commerce, business service organizations, small business development centers, etc.

- City of San Francisco provided capital access for undocumented entrepreneurs during the COVID-19 pandemic. San Francisco Mayor London Breed passed the Give2SF COVID-19 Response and Recovery Fund, which included $2.1 million to Small Businesses and Workers that included undocumented and mixed-status households.

**Additional Resources:**

- California SEED Program Materials
  - CA Assembly Bill 82 (2019 - 2020)
  - SEED Detailed Requirements
  - SEED Grantee Orientation, State of California Employment Training Portal
  - California Dream Fund

- Immigrants Rising Frequently Asked Questions and “Getting Access to Financial Capital for Yourself and Your Business”

- Bringing Vitality to Main Street, How Immigrant Small Businesses Help Local Economies Grow research report by Fiscal Policy Institute and America’s Society/Council of the Americas

**Overview:** Food trucks provide a unique opportunity for entrepreneurs to establish small startup food businesses for a fraction of the price of a brick-and-mortar establishment and can create enormous

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**CVIIC**

**MEMBER SPOTLIGHT: CVIIC**

California's Central Valley Immigrant Integration Collaborative (CVIIC), a BfWA member dedicated to ensuring full participation of immigrants in building strong, vibrant, inclusive communities, was able to work with Immigrants Rising to leverage state funding to assist vulnerable immigrant entrepreneurs during the pandemic. In June 2020, the California Assembly created the Social Entrepreneurs for Economic Development (SEED) Initiative to provide micro-grants, entrepreneurial training, and technical assistance to SEED target populations, including immigrant entrepreneurs with limited English proficiency, irrespective of immigration status.

In 2021-2022, Immigrants Rising subcontracted CVIIC as an outreach partner to promote SEED among Latino immigrant entrepreneurs residing in California’s Central Valley and also provide technical assistance to local residents interested in applying for the funding opportunity. Utilizing multiple outreach strategies, CVIIC created Spanish and English language landing pages which, combined, funneled over 2,000 interested participants to Immigrants Rising for the competitive grant process. Immigrants Rising awarded a total of 743 grants statewide, for a combined total of $4,055,000. 286 of these $5,000 or $10,000 Kickstarter grants were awarded to Central Valley residents.
Chapter Three: Overcoming Regulatory Barriers

I. DESIGNATING LOCAL SPACE FOR FOOD TRUCKS AND MOBILE VENDORS

market entry opportunities for low-income food entrepreneurs. Food trucks allow for a diversity of food options and can spur cultural connections in communities. Nevertheless, cities across the country have varying restrictions on food trucks, ranging from different health code regulations and inspections, insurance requirements, and permits on where they are allowed to park and operate. Some localities prohibit, ban, or refuse to renew permits to food trucks. Other communities create barriers through extensive and costly licensing and permitting that can cost thousands of dollars. For example, The City of Detroit Department of Public Works identifies 14 restricted commercial corridors where food trucks are prohibited. Additional restrictions govern hours of operation, proximity to other businesses with similar goods, number of workers, and more.

Advocating for local legislation and/or policies that establish a location site for a food truck area or that lower regulatory barriers limiting where food trucks are permitted to operate can broaden opportunities for low-income food truck owners of color.

Opponents of food trucks view them as a threat to conventional brick-and-mortar restaurants. However, research suggests that food trucks actually correlate to healthy economic development and do not take away from restaurants. Food truck advocates contend that food trucks do not compete with restaurants because they operate on a fast food and carry-out model. Some food trucks may actually enhance opportunities for restaurant owners who may see a chance to take their brick-and-mortar service and product out into the community. Finally, advocates
argue that food trucks often attract crowds and can bring traffic to a commercial area that may have otherwise been struggling.

**Program Models:**

*Institute for Justice research* offers policy recommendations to remove restrictive regulatory barriers that can make launching a food truck business an unattainable goal for many low-income entrepreneurs of color. This includes providing legal space for food trucks to operate, reducing or streamlining licensing and permitting barriers, and building more user-friendly sanitation standards and inspection regimes. Local governments also can pass an ordinance to designate a specified space as a food truck court or to simplify the process for approving site locations.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

Identify and inventory the existing food trucks operating in your community. Doing interviews and focus groups with food truck operators will help illuminate who owns food trucks and what restrictions they face—especially those restrictions around location. Isolating food trucks in areas that don’t get much foot traffic or are otherwise inconvenient will negatively impact business revenue. Reviewing zoning and siting regulations to understand what a city’s current zoning codes and laws allow can help better shape your advocacy.

Build a coalition of food truck owners who would be receptive to operating in the same location. Support owners in efforts to contact local officials and advocate for a designated space. Supplement these efforts by highlighting the positive community impact of the coalition entrepreneurs.

**Key Considerations:**

1. **Collaborative operation** – A unique feature of a designated location for food trucks is that licensing, permitting, and health code requirements can operate collaboratively in one process or department. Local officials can pre-schedule visits and complete all the filing with food truck owners on-site. Lubbock, Texas, operates what they call *Food Truck Alley*, a location where food trucks can complete each inspection and registration requirement on-site and in one day. Food Truck Alley also allows residents to come and enjoy food from a large congregation of local food truck businesses.
entrepreneurs.

2. Preservation – Food trucks, just like any other new retail experience in disinvested communities, can inspire gentrification. After once-dormant retail markets are activated, new developers can move in and displace the very businesses that first invested in the community. It could be important in gentrifying markets to protect food truck site locations against developers or other market pressures that can force these viable businesses to have to relocate. The Adler Street food cart corridor in Portland, Oregon, provides one example of how development can displace thriving food truck or cart markets.

🔹 Where It’s Working:

- The most notable designated food truck regulatory policy is found in Portland, Oregon. To deal with the 2008 recession, spur economic activity, and make better use of vacant lots, Portland developed flexible zoning laws along with ordinances to lower the cost of entry into the food truck business. Under the new rules, two or more food trucks operating on a property with the owner’s permission could form a “pod,” which enables several food truck vendors to work together through regulatory requirements. These ordinance changes produced a 40% boom in the number of trucks and today over 600 food trucks operate in Portland and have positively impacted the city’s economy, culture, and neighborhood vitality.

- The City of Dearborn, Michigan, is seeking to create a food truck site on a once vacant restaurant site.

- The Anna Maria Island, Florida, city council adopted an ordinance to establish a food truck area on a “city-owned, county-maintained park.”

- Atlanta, Georgia, loosened location restrictions on food trucks through changes to the city’s municipal codes. Under the old system, food trucks were limited to events and private property. They were prohibited from on-street vending in public right-of-way. In April 2021, legislation was approved to make site location approval an administrative process, enabling food trucks to request site location approval through an online reservation system. This approval then allowed the vendor to select from a list of designated locations.

🔹 Additional Resources:

- Mobile Vending Carts and Food Carts on Private Property - City of Portland, Oregon
- Vending Carts on Private Property - Portland, Oregon
- Multnomah County Health Department Mobile Unit Playbook
- Food Cart Pod Site Plan
- Food Cartology - Rethinking Urban Spaces as People Places - Urban Vitality Group
- Food Cartology 2021: Recovering in Central City

Overview: Street vending has become a cultural mainstay in many African American, Latinx, Asian, Middle Eastern, and immigrant communities and helps
II. SUPPORTING STREET AND MOBILE VENDORS

add character and economic vitality to low-income and disinvested neighborhoods. Street vending can lower the capital costs of operating a retail business, creating market entry and startup opportunities for low-income entrepreneurs of color. There are important policies that regulate retail businesses, requiring businesses to register, pay taxes, and protect public health. However, too often local governments have created outdated and overzealous regulatory burdens, which do more to prohibit street vending than to facilitate its safe and fair practice. These policies can have disproportionate adverse impacts on low-income street vendors.

Regulatory filing, inspection, zoning prohibitions, and fines can be devastating to low-income street vendors. Despite street vending being an economic lifeline for many, applications for business licenses, permits to sell, or health permits are caught up in bureaucratic systems as they are processed and referred from one department to the next.

Depending on the size, transportation system, and infrastructure of a city, street vendors might have to travel long distances or pay exorbitant downtown parking fees to file required paperwork at city agencies. Much like brick-and-mortar businesses, street vendors often need to navigate a complex bureaucratic process through a variety of different city departments, all of which are needed to approve registration and safety regulations. With numerous fees, this process can be expensive, which serves as another potential deterrent for entrepreneurs.

Program Models:

Local governments should structure regulatory systems to encourage compliance with public health and safety outcomes rather than to punitively punish street vendors. They should lead programs that go to vendor areas directly to encourage completion of all required vendor paperwork onsite, rather than forcing vendors to navigate a series of local government agencies. Alternatively, local officials can regularly set up at a space locally and invite street vendors to complete all their paperwork on-site. Over time, as long as there is a consistent presence in an accessible neighborhood space, people will know where they can go locally to receive assistance and complete all their requirements. Finally, a one-stop shop for street vending licenses and permits also can reduce regulatory compliance burdens on
Reducing the number of departments, applications, and processes required for street vending can help foster greater compliance than a complex system of regulations that often lead would-be vendors to give up or decide to operate without permits, registration, and/or tax compliance. Different departments can cause unnecessary delays. For example, the Department of Planning will receive a food service street vending permit application, but will then refer it to the Department of Public Health, causing two departments to each handle one application thereby doubling the chance that an application sits and waits for processing. Reducing the number of departments handling a street vending permit and/or mandating parallel processing can help eliminate these delays. Allowing returning vendors (especially if they remain in the same vending location) to operate their business while waiting for their paperwork to be approved can help reduce the burdens of regulatory compliance.

Various permitting fees are often too expensive and can lead street vendors to take on the unnecessary risk of operating without permits and facing larger fines. Local governments should consider lowering or eliminating fees generally, or at the very least, reducing or eliminating fees for local residents or historically underrepresented populations.

Developing tools that clearly explain the permitting and regulatory processes can help foster compliance. The City of Los Angeles Bureau of Street Services Sidewalk & Park Vendor Permit Program offers a roadmap to securing permits in 13 different languages.

Finally, expanding areas in which street vending is permitted will offer low-income entrepreneurs of color real opportunities to establish retail businesses and will add activity and economic vibrancy to disinvested communities. In 2022, the City of Oakland adopted the Flex Street Program which permanently allows restaurants and mobile vendors to continue using the city sidewalk and right-of-way street space as they did during the pandemic. The program also waives application and permit fees for parklets,
sidewalk cafes, and private property and mobile vending.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

**Key Considerations:**

1. Street vending can be an important asset for community development and adds vibrancy to a neighborhood park, retail strip, cultural center, or downtown area. But unfettered street vending can also be unsightly, clog pedestrian pathways, and obscure access to brick-and-mortar retail stores. Working to make sure that street vending remains a viable, low-cost, entrepreneurial opportunity while still adding value and vibrancy to a community can be a delicate balance that benefits from broad participation from community development groups, Main Street programs, street vendors, local retailers, and residents.

2. Improving regulatory compliance measures is just the beginning of leveraging the potential of street vending to improve communities and encourage higher rates of low-income entrepreneurs of color. In order to support these entrepreneurs in continued business success and growth, legislative and regulatory shift should be paired with business planning training, character-based lending, and ongoing access to technical assistance. This support can be the difference between an entrepreneur continuing as a street vendor or growing their business into a successful brick-and-mortar establishment.

**Where It’s Working:**

In 2018, California decriminalized street vending through the Safe Sidewalk Vending Act. A 2023 statute simplified California’s health code for cottage food industries, allowing more street vendors to obtain permits.

**Additional Resources:**

- Economic and Public-Health Benefits of Easing Restrictions on Street-Food Vending
- How Street Vendors Finally Made Street Food Legal in California

**Overview:** Most small business owners have
Where It’s Working: 

LOUISVILLE, KENTUCKY

In conducting a census of some 400 businesses operating in core immigrant neighborhoods, the Louisville Office of Globalization—a relatively new office established by the mayor to welcome immigrants to the region—learned that many were struggling with COVID-19 safety issues and citations in general. Immigrant businesses felt that the penalties were both too high—threatening their ability to remain in business—and disproportionate to the underlying violation. The businesses didn’t understand the compliance requirements, the process of inspection, or the process to remediate violations.

As a part of Louisville Metro Government, the Office of Globalization was able to engage the Codes and Regulations Department to get a list of businesses in core immigrant communities to identify those with health code citations. The list was coded red for those facing shutdown, yellow for those with some citations, and green for those who had minor citations. Over 50 businesses were coded red and were on the verge of being shut down.

The Office of Globalization worked to bridge the knowledge gap that persisted among immigrant business owners—a lack of familiarity with municipal codes and ordinances that can often exist among low-income communities of color, where a more informal business environment often pervades. The Office of Globalization was able to work with the Workforce Solutions training program and restaurant training program at Jefferson Community and Technical College’s Workforce Solutions training program to host courses in COVID health code compliance for immigrant business owners and employees. In addition to training, government funds were used to offer one-on-one training directly to businesses at risk of being closed. Workforce Solutions staff would visit the cited businesses, identify violations, and review solutions. Additionally, the Health Department waived the fees for mandatory food safety courses for those in the program.

To help ensure businesses comply with COVID rules, additional funding was used to provide health and safety materials like front door decals, masking requirements, masks and hand sanitizer, and “six feet” distance markers. The program also worked to ensure the back of house had all appropriate written and posted materials for staff. In the years after the initial program, small business owners have requested that training program opportunities continue to be offered so that they can send new staff members.

This program didn’t limit itself to focusing on business understanding and compliance. It also worked to build deeper understanding between the immigrant community and inspectors from the Department of Health. Separate cultural training was mandated for Department of Health inspectors. So valued was the program, that core principles of the program are being adopted by other municipal departments.

Not only were the vast majority of those red coded businesses able to get into compliance, but the program built long standing connections with hundreds of the immigrant business owners who participated in the program. Many of the participating businesses were alumni of the Jewish Family and Career Services Navigate program, which offered small business training to immigrant small business owners in several languages. It was the trainer of that program who called the businesses regarding code compliance. Because trust had been previously established, the relationship became an open line of communication that could continue to connect immigrant business owners to future opportunities like loan and grant programs.
negative experiences around code compliance. Generally speaking, for low-income minority and immigrant business owners working in neighborhoods—where many activities often go unregulated—the last person a restaurant owner wants visiting their establishment is the local health inspector. A visit like this can bring unwelcome fines, penalties, expensive compliance requirements, and even a shutdown order.

Overly aggressive code enforcement systems that rely on large fines and shutdown orders can stifle business and economic activity in distressed communities. A more proactive, cooperative approach can boost code compliance and enhance the protection of public health and safety. Visits from regulatory departments should not be punitive in nature. Instead, local officials should work in cooperation with local business owners to help them comply and keep necessary paperwork up to date.

**Program Models:**

At the height of the COVID pandemic, the Louisville Office of Globalization, now named the Louisville Office of Immigrant Affairs\(^{11}\), focused on making the region more welcoming to immigrants. The Office worked with the Department of Health to shift their regulatory approach from a punitive model, which often closed businesses, to a proactive model that assisted businesses with COVID health requirement compliance. The Office of Globalization jumped in at a time when over 50 businesses were facing potential shutdown orders. Building cooperation, the effort transformed the relationship between immigrant business owners and health officials to the point where immigrant businesses were eager to see health officers and access supports to protect public safety. Shifting the public enforcement of health codes to incentivize and support compliance completely transformed the process and produced positive outcomes that benefited everyone involved.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

**It starts with listening** – The Louisville Office of Globalization began this work by conducting a more comprehensive census of local immigrant businesses. Bryan Warren, a prior director of the Office of Globalization, was hired as a part-time consultant to walk the business strips and document the immigrant business community. By stopping into local businesses and chatting with the owners and staff, the effort chronicled 400 businesses, 50 of which would later participate in the health code compliance program. This process revealed that many immigrant businesses were struggling with COVID safety issues, and the citations being issued. Immigrant businesses felt that the penalties were too high relative to the violation, often threatening to shutter them. The business owners didn’t understand the compliance requirements, the process of inspection, and the process to remediate violations.

BFWA members may not have the resources to conduct a full census of a local business strip but visiting small business owners in their stores and listening with an empathetic ear for recurring problems can be done on a small and informal scale.

**Coordinating responses** – A comprehensive program to incentivize and inspire code compliance may require significant support inside and outside of government. Yet, bringing various parties together to discuss issues can identify the low-hanging fruit that makes system improvements possible. Municipal and elected officials, small business owners and advocates, minority and ethnic business associations, universities, and nonprofits can gather over a meal or coffee to identify problems and opportunities around code enforcement. Empathic listening and creative problem-solving on behalf of both parties are essential when beginning this effort. As much as small business owners can express frustration about fines and shutdown orders, just as many well-meaning code enforcement officials can express frustration about businesses whose operations threaten public health and safety.

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\(^{11}\) This office has been renamed to the Louisville Office of Immigrant Affairs.
Key Considerations:

1. **Communications** – Often small business programs are announced and communicated through email. However, Louisville credits its success to the relationships that were formed during their on-site visits and the interpreters used to target business owners with language barriers. Providing interpreters was a critical component to bridging the very language gaps that had helped to create the compliance issues to begin with.

2. **Trusted connectors and relationships** – Many of the participating businesses were alumni of the Jewish Family and Career Services Navigate program, which offered small business training to immigrant small business owners in several languages. It was the trainer of that program who called the businesses regarding code compliance. Because trust had been previously established, they were receptive to her message.

3. **Small incentives matter** – The Louisville efforts included a variety of free inputs to struggling business owners. Fees for businesses’ employees to complete food safety courses required by the Health Department were waived. Masks, sanitizers, window decals on mask requirements, six-foot markers, and other compliance materials were provided for free. For many business owners, offering these materials for free and/or waiving fees communicated that the government was concerned about compliance and not about raising money through penalties.

4. **Personalized touch** – In addition to offering health compliance workshops, the staff from Jefferson Community and Technical College’s Workforce Solutions restaurant program visited a local business owner to note code violations and recommend specific remediations on site. These visits could be paired with a connector who speaks the native language of the business owner.
Chapter Four: Securing Retail Space

I. PRIORITIZING PUBLIC INVESTMENT IN INCUBATORS

Overview: Securing affordable commercial space for brick-and-mortar businesses can be a complex undertaking for any aspiring entrepreneur in the startup phase. These challenges are even greater without a financial safety net or family financial support. Rent for commercial spaces is on the rise across the nation; committing to a lease before gauging interest in one’s product or service can be a deterrent to pursuing a business venture.

Food halls, public markets, or entrepreneurial incubators allow for small business entrepreneurs to share commercial or kitchen space and save on costs. Public investment in incubators allows up-and-coming entrepreneurs to share commercial space until they have honed their vision and become financially viable enough to expand on their own. Additionally, sharing space with other entrepreneurs allows for the exchange of ideas, advice, and peer-to-peer mentorship in the ecosystem. State and local government can do a lot to assist in the development, growth, and success of business incubators.

Program Models:

There are several great public market and food incubator programmatic models that exist, including the Midtown Global Market in Minneapolis, Minnesota; Salt City Market in Syracuse, New York; West Side Bazaar in Buffalo, New York; and La Cocina Municipal Marketplace in San Francisco, California. All of these beautiful, vibrant, and delicious marketplaces search out minority, immigrant, and women entrepreneurs to offer a chance to start a business by lowering initial commercial space costs and providing access to support and technical assistance.
CHAPTER FOUR: SECURING RETAIL SPACE

State and local government can play several roles to support the creation and success of small business incubators and public markets focused on the growth and development of low-income entrepreneurs of color, including:

1. **Public funding or operation of an incubator** - One prominent role that state and local government can play in the development of incubators is to provide public financing of the real estate development and/or maintenance and operating costs of the incubator. In addition to county investment, Salt City Market in Syracuse, which offers space to low-income food business entrepreneurs, received roughly $1 million from New York state government during its launch. Similarly, the new West Side Bazaar in Buffalo, New York, which houses numerous ethnic, refugee, and immigrant food vendors and retailers, received roughly $1 million from both a regional economic development corporation capital grant and main streets investment through New York state government.

2. **Contribute publicly owned or controlled property** - While the next chapter of this State and Local Policy Playbook provides a more in-depth analysis of utilizing publicly owned or controlled properties to support low-income entrepreneurs of color, simply providing a commercial property that can be redeveloped as an incubator is another model of how state and local government can support incubators.

3. **Provide favorable tax treatment** - Most incubators are developed, owned, and operated through a quasi-public or nonprofit management structure. In general, nonprofit, tax-exempt organizations are not taxed on property that is used directly for charitable activities. However, the real estate tax treatment of commercial enterprises, residential property in development, and office space can be notoriously unclear and difficult to exempt. Local government can work with incubator spaces to structure ownership and tax treatment so as to support the incubator. The Reading Terminal Market in Philadelphia, for example, is not subject to real property tax, while the Salt City Market in Syracuse received a tax abatement from the city. Local governments can work with incubators to exempt them from taxation, subject them to an alternative assessment, structure a payment in lieu of taxes, or other offer similarly favorable tax treatment.

4. **Provide enhanced security, public parking, and marketing support** – Many incubators are located in dense urban neighborhoods where parking and security issues are part of an array of issues to be considered during planning and development stages. Additionally, most incubators and public marketplaces need to consider marketing to attract and expand the pool of potential customers. State and local government can help incubators in each of these areas.

Often, municipal, county, or even state law enforcement can work to make sure that regular patrols are a presence around such incubators to create a warming sense of safety. Of course, this must be done with care and attention given the distrust of police presence in many low-income communities of color.
Parking presents additional opportunities for support. Local governments can invest in public parking and dust off vacant lots to give incubator patrons ample parking without placing the logistics and cost burden on the incubator itself.

Marketing assistance can be an important and cost-efficient opportunity for the public sector to support incubators and public markets. Most larger cities have a visitors and convention bureau which provides and distributes local activity maps and brochures. Making sure that a community incubator or public market that boasts a social-equity twist is successfully promoted as such is essential for local buy in and excitement. State and local government can also support marketing efforts by hosting events, dignitaries, visits, and other media opportunities.

**Where It's Working:**

- Salt City Market - Syracuse, New York
- Midtown Global Market - Minneapolis, Minnesota
- West Side Bazaar - Buffalo, New York
- La Cocina - San Francisco, California

**Additional Resources:**

- Midtown Global Market and Mercado Central - Minneapolis, Minnesota
- Salt City Market
- West Side Bazaar: Building a Thriving, Equitable and Sustainable Entrepreneurial Ecosystem in Buffalo

Developing a community-driven small business incubator or public market is no easy task. Many successful efforts began with pop-up retail markets during festivals and outdoor events or for special occasions. These pop-up markets provide low-income entrepreneurs with a low-cost opportunity to test the waters. The Salt City Market effort in Syracuse was preceded by With Love, a pop-up restaurant space that invited low-income restaurateurs to cook and sell their cuisine for six months. This enabled several refugee and minority chefs the opportunity to try out running a restaurant without committing to a long-term lease. There are several roles that state and local government can play in nurturing pop-up retail opportunities such as providing free space, assisting with temporary licenses, and supporting health code compliance.
FROM WITH LOVE TO SALT CITY MARKET

BfWA member, the CenterState Corporation for Economic Opportunity (CenterState CEO) and its partner, the Allyn Family Foundation, were proud of the impact of their small business planning classes and their technical assistance for low-income and underrepresented entrepreneurs—but they were also painfully aware of the challenges these same entrepreneurs were facing. The cost of real estate and the challenge of finding quality and affordable retail space were tremendous barriers. CenterState CEO had helped to launch and operate a restaurateur in residence program called With Love that enabled low-income restaurateurs of color to test their cuisine and business models in a restaurant space for six months without committing them to a long-term lease. For those restaurateurs who wanted to take the next step of moving into a permanent space there were few options.

The Allyn Foundation was looking for new office space in Syracuse and decided to incorporate that search into a larger development project, which would drive community prosperity and vitality. For years, CenterState CEO and its partners had been advocating for funds to develop a food hall to both incubate and showcase businesses that represented the diversity of Syracuse, all while providing real estate solutions to the local businesses. The Allyn Foundation decided to incorporate this concept into their development efforts. To achieve these goals, the Allyn Foundation established a new nonprofit, the Syracuse Urban Partnership (SYRUP). SYRUP acquired a vacant parking lot in a disinvested neighborhood on the southern edge of Syracuse’s downtown that had been attracting a lot of illegal activity. Using $1 million in public grant funds from New York state and regional development agencies, the Allyn Foundation also leveraged federal New Market Tax Credits, federal HOME funding, and support from the local utility company to complete a $26 million multi-use development that would house the Salt City Market. The project included retail space for ten stalls and two anchor establishments, as well as office space for the foundation, and mixed-income apartments—including units for families at 30% of the area median income. The market also received additional local support in the form of a lower Payment-in-Lieu-of-Taxes (PILOT) that was less than what a for-profit developer would have paid.

The Salt City Market has found a diverse set of vendors mostly among graduates of CenterState CEO’s Up Start program, a program supporting local and underserved entrepreneurs. Nine of the original ten entrepreneurs in the market are still in business. The tenth decided to focus solely on the wholesale market and was replaced with a new Ethiopian restaurant. A Vietnamese restaurateur has even opened a second location. Their business expanded from just two employees to 17 part-time employees across two locations. Another restaurateur is scheduled to leave and take up in their own brick-and-mortar location.

Salt City Market has become a hub for activities and events in the Syracuse community. It is featured in Visit Syracuse and CNY Magazine, the regional tourism brochure. While the market provides ongoing technical assistance to its diverse entrepreneurs, market vendors with more advanced technical and capital needs are referred to CenterState CEO for additional support.
CHAPTER FOUR: SECURING RETAIL SPACE

II. LEVERAGING POLICIES TO SECURE PUBLICLY OWNED PROPERTIES

Overview: Commercial rent across the nation is rising and low-income neighborhoods are often the most impacted. It is becoming increasingly difficult for small businesses to pay their rent and even more so for new businesses to find affordable space. The effects of gentrification in many U.S. cities has impacted affordability as well as the costs of goods, services, and other operational costs for entrepreneurs.

There are many ways to strategically utilize real estate to support low-income entrepreneurs of color. Additionally, strategic and intentional use of property can drive the revitalization of disinvested neighborhoods by activating once-vacant commercial spaces that can offer much-needed retail services to neighborhoods that have rundown or bare commercial corridors. Some of these strategies can help to ensure that low-income entrepreneurs of color preserve their businesses in rapidly gentrifying areas, helping to retain neighborhood identity and culture.

Program Models:

1. Redeveloping and reimagining public property

Local and state government often hold surplus real estate properties in their inventory that typically have been obtained through tax delinquency and loan foreclosures, eminent domain for right-of-way access or major redevelopment projects, and outright donation from the private sector for public uses, such as parks or former industrial facilities that can be repurposed for public use. The Center for Community Progress (CCP) has provided urban, suburban, and rural communities battling systemic vacancy with the policies, tools, and resources needed to address the full cycle of property revitalization. CCP is a national nonprofit dedicated to tackling vacant properties and have conducted seminal research on land banks and land banking. They drive change by exposing and disrupting the unjust systems that perpetuate entrenched vacancy and property deterioration and have developed in disinvested communities.

The work of land banks and efforts of local governments to provide surplus and foreclosed properties for redevelopment in low-income communities of color has historically focused primarily on residential development. While there are certainly numerous examples of private nonprofit actors redeveloping vacant property for the purpose of providing affordable retail opportunities for low-income entrepreneurs, our research failed to uncover a land bank or state and local government program that regularly offered commercial retail properties for low-income entrepreneurs. That being said, the dearth of such programs doesn’t mean that local programs shouldn’t try to work with their local land bank or municipal government to identify vacant commercial properties that could be used to provide low-cost retail space for entrepreneurs of color.

2. Data and research

Beyond providing free or low-cost public properties, local governments and land banks can assist low-income entrepreneurs of color and the programs that support them by providing data about property ownership, tax delinquency, and other pertinent information regarding neighborhood commercial retail strips. Understanding which properties are available, who owns them, and broadening understanding of the vacant commercial property ecosystem can be difficult even for business support organizations and practitioners.

3. Financial support for commercial property redevelopment

State and local government can provide financial support to low-income entrepreneurs of color for the redevelopment of vacant or blighted commercial properties as a means to address the challenges of affordable space. In fact, some communities have used Community Development Block Grant (CDBG) funds, which can be used to redevelop vacant mixed use and/or commercial property, as a means of tackling neighborhood blight and systemic vacancies. American Rescue Plan Act (ARPA) funds and even private charitable funds raised by a state or local government also can be used for such purposes, especially when funds are designated for low-income entrepreneurs of color.
4. Support for neighborhood-based commercial redevelopment initiatives

In addition to the reuse of publicly owned vacant commercial property, there are roles that state and local government can play in tackling the affordable retail space challenges faced by low-income entrepreneurs of color. Government actors can support neighborhood-based commercial revitalization efforts that prioritize these entrepreneurs, including community development corporations who focus on neighborhood retail, urban Main Streets programs, community land trusts with commercial retail programs, cultural corridor programs, and business improvement districts (BIDS) that serve low-income communities of color. Government support can take many forms, such as funding related local programs, coordinating code and blight enforcement with these local efforts, and prioritizing tax foreclosure and eminent domain to facilitate the reuse of vacant properties.

HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:

BfWA members can start by understanding the local landscape for tax-reverted, surplus, and disposed public property. Helping the local land bank or government agency understand the needs of low-income entrepreneurs of color and the neighborhoods will ground advocacy and help build opportunity. Unfortunately, too many state and local governments operate with a mentality that public property should only be sold to the highest bidder or should be inventoried for larger for-profit developments. And while some communities have made great progress in understanding the opportunities of repurposing public property for affordable housing, far fewer are finding similar opportunities when it comes to commercial property. Building a relationship with local government and land banks that focuses on addressing the needs of local entrepreneurs and their community is the first place to begin.

Key Considerations:

1. Build awareness around the importance of affordable space needs of low-income entrepreneurs of color – Few local governments are providing public property for commercial redevelopment purposes. Even communities that have moved forward with utilizing a land bank to dispose of tax-reverted and surplus property often only focus on affordable housing.
CHAPTER FOUR: SECURING RETAIL SPACE

2. **Build on small wins** – While it may be difficult for a local government or land bank to develop an entire system or program that regularly offers commercial retail properties for low-income entrepreneurs of color, they may be willing to work on providing an inventory of public property in select neighborhood commercial corridors to a trusted partner like a local community development corporation or community land trust. They may even be willing to consider affordable properties for a mixed-use development project that includes affordable housing. The transformative community success of reimagining the space for commercial use can build the foundation for larger opportunities.

3. **Property ownership and redevelopment can be tough** – Entrepreneurs are dreamers and creators. Often the entrepreneurs served by BfWA members have bold and important visions of redeveloping a vacant storefront in their community for their business. In older cities, where such property has been neglected and abandoned, the redevelopment costs can include hundreds of unanticipated costs. It’s important that entrepreneurs and the organizations supporting them do their due diligence, prepare for the unanticipated construction delays, and expect cost increases and problems.

**Where It’s Working:**

- **The City of Detroit’s Motor City Match program**, launched in 2015, utilizes both Community Development Block Grant (CDBG) funding and private philanthropic funds to provide small business owners up to $100,000 in gap financing, provided that the owners contribute at least 10 percent of equity investment and that Motor City Match funds do not make up more than half of the total project costs. The program has two pathways; one pathway matches retailers with vacant spaces and the other provides project financing as outlined. Over the first 21 rounds of the program, Motor City Match has supported 1,700 businesses with $11.4 million in grant funds. 64 percent of the businesses have been Detroit-based, 81 percent minority-owned, and 71 percent women-owned.

- **The State of Oregon has used federal CARES Act** funds for small business support, including commercial rent relief. Property owners were eligible to receive up to $100,000 per commercial tenant, conditioned on forgiving all back rent and fees and not evicting commercial tenants after receiving funds.

**Additional Resources:**

- **As Commercial Rents Rise, Local Businesses Feel the Squeeze**, Institute for a Competitive Inner-City blog

- **Strategies to Promote Affordable Commercial Space in Cities**, Next City blog (March 2022)

- **Affordable Commercial Space for Local Businesses**, Institute for Local Self-Reliance blog

- **Anchorage Community Land Trust** website and **Feature on Neighborhood Entrepreneurship**

- **Commercial Community Land Trusts**, All-in-Cities Description
MEMBER SPOTLIGHT: ACLT

BfWA member Anchorage Community Land Trust (ACLT) supports local job and business creation, resident leadership, and upward economic mobility to families to help make Anchorage an even better place to live and raise a family. ACLT owns transformative properties, connects entrepreneurs to real estate, and invests in neighborhood commercial corridors. In the early 2000s, the Anchorage municipal land bank transferred property to ACLT for a nominal fee. A half-dozen of those properties were retail pieces in the Mountainview neighborhood retail corridor. Within the first decade of work (2003 to 2012), ACLT repurposed nine commercial properties, moving 24 commercial tenants into those spaces.

In the decade since, with ACLT’s support, Mountain View has seen more investment, opportunity, and growth. ACLT has invested over $16 million in nine properties on Mountain View Drive, while partners have invested an additional $45 million in commercial corridor properties—investment catalyzed, in part, by ACLT’s work. These Mountain View developments have also included affordable housing, developed by the Cook Inlet Housing Authority, and a Special Olympics training center.

Another notable publicly owned property that was transferred by the municipal government to ACLT is a site that housed a contaminated trailer park. With ACLT’s guidance, the site was cleaned and today houses the Grow North Farm, a 28,000-square-foot urban farm designed to equip refugee and immigrant-owned food businesses with support and community in order to plant the seeds of self-sufficiency, generational wealth, and well-being. Grow North Farm allows produce to be grown, processed, and sold all in one place, creating a hyperlocal product and a unique experience for customers. Affordability of the fresh produce is prioritized—WIC and SNAP are accepted on-site, and produce is discounted 50% for SNAP users—helping to build food security in Anchorage with fresh and locally-grown goods.

ACLT provides a tangible example of how publicly-owned property can be repurposed to support local entrepreneurs and revive neighborhoods. Each property has had its own story of transformation and activation—the result of strategy rooted firmly in the power of site control as a means of responding to community need. However, ACLT cautions that nonprofits need to know what they are getting before they accept publicly owned property for a nominal fee. It is necessary that the organization perform its due diligence and inspect the property. Often times, donated or nominally priced vacant property in disinvested neighborhoods can bring significant environmental, tax, and liability costs on top of the expense of renovation.
Chapter Five: Expanding the Customer Base for Low-Income Entrepreneurs of Color

I. EXPANDING PUBLIC CONTRACTING

Overview: State and local governments spend trillions of dollars each year, much of it in the form of government purchasing through private sector vendors. Many government agencies or public entities provide preferences or even set-asides for the procurement of goods and services from local, minority-owned, and women-owned businesses. These programs promote economic growth and development in minority communities by supporting local businesses and creating jobs. Government contracts can represent huge opportunities and securing them for local businesses owners of color is a great way for state and local government to invest in these entrepreneurs.

While minority and women contracting programs are well-intentioned, most programs still require significant business capitalization, insurance, and paperwork, leaving such programs and contracts out of reach for some of the very businesses they seek to benefit. Moreover, it can be difficult for BfWA supported businesses to learn of these opportunities, much less prepare for and effectively utilize them.

Program Models:

BfWA members can focus their advocacy on working with state and local government to better connect minority-contracting programs to the communities and entrepreneurs they serve. Such advocacy may focus on:

1. Loosening public contracting requirements to make them more accessible to low-income businesses owners of color. Public contracting is notoriously difficult for many businesses
to secure because of significant insurance, capitalization, paperwork, and administrative requirements—much less the difficulties that come from navigating historically slow payment of invoices. Despite being well intentioned, without easing burdensome administrative requirements, these contracting programs have limited impact. Specific solutions must be developed to address the insurance, capitalization, paperwork, and administrative requirements of public contracting to have a broader impact on supporting low-income entrepreneurs of color.

2. **Expanding outreach and recruitment efforts so that they reach more low-income entrepreneurs of color.** It may seem counterintuitive that many minority contracting programs are unknown to those they are intended to support. The reality is that the divide between local minority procurement programs and neighborhood-based businesses is vast. Minority contracting programs that want to reach these smaller businesses need to focus both on better marketing of certification processes and benefits and specific contracting opportunities that neighborhood-based businesses might succeed in pursuing. Too often state and local governments rely on antiquated publication processes for public contracting opportunities (using a legal newspaper or hard-to-find website page) rather than investing staff time in building community relationships that can yield strong connections to entrepreneurs.

3. **Providing technical assistance and support for low-income entrepreneurs of color to secure public contracts.** Most BfWA entrepreneurs need one-on-one technical assistance in both becoming certified as a minority contractor with state and local government, as well as in answering bidding requests, requests for proposals (RFPs), and requests for qualifications (RFQs). State and local governments that are serious about assisting low-income entrepreneurs of color either need to provide one-on-one technical assistance or fund small business support organizations, like BfWA members, to provide it.

4. **Finding or developing procurement opportunities sized appropriately for low-income entrepreneurs of color.** Too often public procurement opportunities are issued for activities and goods with a scope that is simply too large for many entrepreneurs to meaningfully service. State and local procurement and contracting entities should work to find opportunities that smaller businesses can meaningfully service. In other words, if a city needs to mow thousands of acres of publicly maintained land, is it possible to break up the contract into several smaller contracts in a way that makes sense for smaller businesses?

5. **Developing financing solutions to help low-income entrepreneurs of color navigate working capital challenges.** Public entities can be notoriously slow to pay invoices and public contracts are often much larger transactions than small businesses usually process. As a result, businesses will need a form of working capital to provide their goods and services while waiting for payment. Even larger and more well-established firms often struggle to navigate this working capital challenge. Public bodies that are seriously committed to broadening the field should aim to solve the working capital needs of small business. Related nonprofits may also need to work with entrepreneurs and small business owners to develop solutions to this challenge.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

1. **Research local procurement policies and practices** Before advocating for local procurement practices, it’s important to understand the current policies and practices in your community. Research the procurement policies and practices of your local government and identify areas where local procurement could be improved and where to begin this process. This includes identifying if your state or local government has certification for local, minority-owned businesses. Is there an office or program committed to public minority contracting? How strong and impactful are
current efforts? Are they being tracked? Is there data related to these programs that tracks outreach, applications, awards, etc.?

Understanding the existing procurement policies, efforts, and practices is critical. Too often state and local governments create minority contracting programs but the execution and administration of them leaves them inaccessible or unusable to local small business. Related community organizations and nonprofits may want to work closely with entrepreneurs to test the effectiveness of these programs.

2. **Build a coalition** – To build support for local procurement practices, you'll need to identify and engage with local stakeholders who share your goals. This could include small business owners, minority chambers, civil rights organizations, community leaders, and elected officials. Once you’ve identified local stakeholders, work to build a coalition of advocates who can help promote local procurement practices. This could involve hosting community meetings, networking events, or other activities to bring people together and build support.

3. **Monitor and evaluate progress** – Reforming public contracting can be a long, multi-year process that not only focuses on policy reforms and the implementation of inclusive practices but includes tracking efforts to ensure that the administered practices are resulting in increased procurement for low-income entrepreneurs of color. It is important to document the outreach efforts that were made, the number of inquiries from minority bidders, the number of proposals submitted, dollars awarded, payment timetables, and more in order to truly understand the effectiveness of the system and evaluate the impact of these contracts on the local economy.

#### Where It’s Working:

- **Phoenix, Arizona’s Small Business Enterprise Program** gives first claim on city contracts under a certain amount (initially $50,000) to businesses whose primary place of business is in Maricopa County.

- **The City of San Diego** exclusively grants contracts valued between $250,000 to $500,000 to businesses with small business certifications.

- **The San Francisco Public Utilities Commission (SFPUC)** established a contractor assistance center for its $2 billion sewer system project. This is a physical, one-stop shop where contractors can come in to learn about contract opportunities and the scheduled buildout of the project, as well as receive technical support and mentoring on various aspects of bidding on related subcontracts.

#### Additional Resources:

- **Supporting Small Business and Strengthening the Economy Through Procurement Reform**, Bipartisan Policy Center report on federal minority contracting (June 2021)

- **Inclusive Procurement and Contracting: Building a Field of Policy and Practice**, PolicyLink research report (2018)
Vendor in the Global Craft Market in Philadelphia
Chapter Six: Funding the Four Pillars

I. GARNERING PUBLIC SECTOR FUNDING FOR MICROENTERPRISE SUPPORT ORGANIZATIONS

Overview: BfWA members are implementing a comprehensive four-pillar model of microenterprise development for low-income entrepreneurs of color in low-income communities of color. The BfWA model includes business training, technical assistance, character-based lending, and real estate development. Each pillar of support is intentionally designed to support local entrepreneurship that comes out of low-income communities of color. BfWA members use this proven strategy for revitalizing neighborhoods, using entrepreneurship as a tool for creating greater equity and community prosperity. From 2019-2022, BfWA members provided business planning courses for 2,625 entrepreneurs, lent $13.8 million to 423 entrepreneurs and provided nearly 40,000 hours of technical assistance to over 3,300 businesses, collectively supporting over 2,000 businesses and creating over 5,700 jobs. 87 percent of the entrepreneurs served were entrepreneurs of color, 70 percent were low-income, and over half were women. The ability of local BfWA members to maximize impact is often limited by funding constraints so that they are unable to offer more to the communities they serve.

The work of BfWA member organizations is important for promoting economic equity, strengthening local economies, fostering innovation and minority entrepreneurship, building social capital, and generating wealth for low-income communities. While the proven positive impact in member communities is impressive, public funding of the BfWA approach by state and local governments would expand and deepen this impact. Specifically, state and local government investment needs to look at business services organizations with a mission of serving low-income communities of color through training, technical assistance, character-based lending, and real estate development. Identifying and supporting these community development organizations will help move the needle on the current inequities within small business systems.

Program Models:

Public investments in programs focused on assisting low-income entrepreneurs of color can come in several forms, including:

1. Broad investments in local, small, and minority business development programs – Some state and local programs provide larger pots of economic/small business development funds to a local department or economic development agency that then gets regranted to local nonprofit programs supporting minority-owned business development.
CHAPTER SIX: FUNDING THE FOUR PILLARS

2. **Specific grants or appropriations** – Other state and local programs use a specific appropriation to fund organizations supporting local minority-owned businesses. This is the state/local equivalent of the federal Congressional earmark or congressionally directed spending.

3. **Funding for specifically targeted populations** – This category is really a subset of the first program model, but with a narrower focus on a specific population of entrepreneurs, such as undocumented immigrant business owners.

**HOW TO GET STARTED & SMALL, LOW-COST SOLUTIONS:**

1. **Advocacy is a year-round activity** – BfWA members and other organizations that advocate for funding (or any of the policies within this Playbook) need to view advocacy as a year-round activity. Meeting city council members, county commissioners, or state legislators for the first time as you’re asking for funding is not as effective as inviting elected officials and their staff to an annual organizational event or to a neighborhood tour of local businesses your organization has supported. Advocacy efforts, including asking for funding, will be far more effective when there are preexisting relationships between your organization and the elected officials and their staff.

2. **Build a coalition** – Any state or local funding request stands a better chance of support when backed by a broad coalition of organizations and individuals who share your goals. This could include small business owners, ethnic and minority chambers, civil rights organizations, community leaders, and even elected officials themselves.

**Key Considerations:**

- **Size and breadth of your coalition** – Securing funding from a state or local government budget can be easier the bigger your advocacy coalition and the broader the options on how funding can be spent. For example, are funds only available to organizations serving low-income entrepreneurs of color or are they available to all small business organizations? Securing funds under a big umbrella might be easier. That being said, the broader the coalition and the broader the use, the less funds may be available for the specific focus on low-income entrepreneurs of color. These are tradeoffs to consider.

- **Sustainable funding and managing expectations** – Most state and local government budgets are passed annually and can require advocates to lobby for continued or expanded funding on an annual basis. If funding support organizations working with low-income entrepreneurs of color is a new initiative, legislators may want to see results right away before approving additional funds. But as BfWA members well know, that measurable success can take years of hands-on support to produce. Members also know that this upfront investment bears fruit, but tracking businesses launched, loans made, jobs created, etc. can take years of foundational community work. Sustaining funding and ensuring there is a long-term horizon by which to evaluate impacts are key considerations for those advocating for state and local funding.

**Where It’s Working:**

- **The Neighborhood Development Center**, BfWA’s founding member, has secured a series of direct appropriations from the State of Minnesota to support small business and economic development in the state.

- **The Chicago Neighborhood Business Development Centers (NBDC) grant program** was designed to reach small business owners and entrepreneurs, especially Black, Latinx, women, immigrant and refugee entrepreneurs. It will help fund highly specialized business, no-cost programs and services that help entrepreneurs start, grow, or sustain their small businesses.

- **The California SEED fund** has provided millions for business support organizations serving undocumented immigrant entrepreneurs.
Chapter Seven: Using the BfWA State and Local Policy Playbook

The BfWA State and Local Policy Playbook is designed to assist low-income entrepreneurs and communities of color and those that assist them in identifying and creating policies that will lead to meaningful opportunities and value for local small businesses and entrepreneurs from within those communities. The BfWA State and Local Policy Playbook is designed to support neighborhood revitalization and healing through positive policy change. It can be used to guide, support, and inform our efforts to advocate for more robust and equitable small business ecosystems and on behalf of local entrepreneurs—specifically our advocacy efforts carried out with and for those communities that have suffered disinvestment, structural and cultural racism, and disenfranchisement.

This playbook is intended to spark innovative thought and motivation and support changemakers in identifying, advocating, and adopting policy solutions. The BfWA State and Local Policy Playbook is written for a wide audience of industry practitioners including character-based lenders, technical assistance providers, small business support organizations, community development corporations, Main Street...
organizations, and state and local government policymakers. However, its audience is not limited to industry practitioners; it was also written for entrepreneurs, community leaders, and social and racial justice advocates.

Those seeking to utilize this State and Local Policy Playbook should consider several factors, including the conditions and needs of the entrepreneurs and communities they want to reach, personal/organizational capacity, current and potential partnerships, the unique political environment of your area, and the ability of elected leaders to respond to the needs and ideas of low-income entrepreneurs of color.¹²

Any state and local policy and advocacy efforts based on this Playbook should consider the community and its entrepreneurs as a formative influence. Advocacy strategies and plans should be informed by the entrepreneurs and communities they are designed to benefit. Most BFWA members have spent years deeply rooted in these communities and serve entrepreneurs not as outsiders but from a privileged and trusted position within the community. The years of business planning, character-based lending, technical assistance services, and real estate work will serve as a foundation of knowledge upon which the most pressing state and local policy needs and opportunities can be identified. For others, such as

¹² This final chapter takes several ideas from, and is inspired by, the chapter on “Leveraging the Toolkit to Keep Small Businesses in Place,” Small Business Anti-Displacement Toolkit, Small Business Anti-Displacement Network, (August 2021), p. 50 found at https://antidisplacement.org/toolkit/.
small business advocates who may not be as deeply rooted, galvanizing residents, entrepreneurs, and other stakeholders can be a critical starting point. Regardless, the entrepreneurs and communities that these policies are designed to serve should be at the strategic center of policy advocacy efforts and their input should inform where to prioritize efforts. This centering should not stop at the foundational stages but should endure throughout the advocacy process. From identifying problems to implementing hard-fought policy victories, entrepreneurs and their communities are key stakeholders of this work and should inform all aspects of advocacy.

Engaging in policy advocacy work presents an opportunity to activate low-income communities of color to build on their political and policy skills. Where possible, those using the Playbook should seek out and invest in opportunities to engage entrepreneurs, residents, and community partners, not only to better shape strategy, but to build the long-term political capacity, power, experience, and advocacy muscle of community efforts and coalitions that have often been weakened over time by poverty, disinvestment, and racism.

State and local policy change often necessitates new partnerships and almost always involves developing any number of relationships—relationships with elected officials and their staff, legislative staff members, government administrators, and other interest groups. Investing in these partnerships and relationships is key to being a successful advocate for low-income entrepreneurs and communities of color. It is important not only for BfWA members and advocacy organizations to develop and invest in these relationships, but to help local entrepreneurs, residents, and community organizations to develop these relationships directly so that they also can benefit from them long-term.

Finally, public policy can be a complex and vexing endeavor. Often the fight for these policy changes can be overwhelming and exhausting. Tremendous energy can be placed, for example, in seeing a piece of legislation passed and signed into law on the municipal, county, or state level, only to learn that this is simply the first chapter of the story. How laws are implemented by executive branch agencies or play out in a real-world context can be very different from the glorious vision advocates held as they worked so hard to see legislation passed. Other times, the shift in political power can see prior legislative, budget, or programmatic victories wiped away by an election cycle. Even economic and technological changes can alter the context and impact of a policy. For these reasons it is important to develop systems to measure and track the impacts and effectiveness of policies, as well as to continuously engage the entrepreneurs and communities affected by them. And it is important to be prepared to engage in the next state and local policy advocacy campaign needed to support the successful growth and development of low-income entrepreneurs and communities of color.

To this end BfWA is eager to work with its members and others who might share our vision of building more vibrant and equitable neighborhood economies.
Owner of Marabou International in Detroit