



# a long life for long branch

tools to preserve independent retailers

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## preface

Through their work with the National Center for Smart Growth at the University of Maryland, the Montgomery County Planning Department commissioned this report from the university's Partnership for Action Learning in Sustainability (PALS). PALS works with local jurisdictions throughout Maryland to identify projects and problems that can be taught through university courses where students focus on developing innovative, research-based solutions. *Long Life for Long Branch: Tools to Preserve Independent Retailers* is the result of a graduate urban planning and studies class initiated under the course heading, "Preserving Community Value of Ethnically Diverse Retailers in Long Branch." Long Branch, Maryland is a neighborhood at the threshold of rapid change with the construction of the Purple Line transit rail. Preserving the community value of businesses ultimately comes down to preserving opportunity for the businesses themselves. Building upon previous studies and ongoing community- and County-led efforts, the course evolved to focus on an inclusive economic development strategy that would make use of zoning, financing, technical support, and real estate development to retain and grow Long Branch businesses into the future.

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## toolkit terminology

Conventionally, “ethnic retail” is a specific classification for businesses that maintain retail streams of revenue within one “ethnic” community.<sup>1</sup> Often, “ethnic retail” fills a consumer gap for first- and second-generation immigrants seeking products from their culture of origin. The term is dated but evolving. Particularly in the Washington Metropolitan region, “ethnic enclaves” have become more inclusive “ethnoburbs,” where multiple diverse communities have migrated to the suburbs from city centers (see Appendix 5.1.2: Long Branch’s Cultural Assets).<sup>2</sup> In this context, “ethnically diverse retailers” might be understood to be more about non-white business ownership and/or offering goods or services that still target the nonwhite community; yet, by virtue of existing in a more integrated place, these businesses may be patronized just as frequently by co-ethnic residents as by residents with different cultural identities. Meanwhile, the immigrant, nonwhite, and/or multilingual business owners of Long Branch interviewed for this toolkit did not necessarily identify themselves or their clientele as “ethnic,” so the term is too generalized and “othering” to be of great use in the neighborhood context.

The following discussion and terms are based upon an abbreviated literature review and could be further refined. They are presented here to establish the framework used throughout this toolkit to capture what was meant by “ethnically diverse retail centers.” A fuller discussion of relevant research can be found in the Appendix, Racial Equity and Defining Long Branch.



Photo Source: Discover Long Branch

Businesses **OWNED** by  
immigrant, Latino, Black,  
and/or Asian residents

+

Businesses that **SERVE**  
immigrant, Latino, Black,  
and/or Asian residents

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## minority-owned and/or -serving

Businesses that are owned by or targeted toward residents who identify as only or as some combination of immigrant, Latino, Black, Asian, and some other race. Montgomery County primarily uses the term “people of color” when referring as a group to nonwhite residents. Yet, for the purposes of this report, “people of color” excludes white Hispanic business owners and does not capture all immigrant populations. The phrase also has recently been critiqued for turning plural identities into singular identities and for its erasure of Black identity in particular.<sup>3</sup>

There is plurality among all racial and ethnic groups in Montgomery County today, meaning that no single group on its own is a majority—what is sometimes referred to as “majority-minority” (see Appendix, Demographic Analysis). However, to underscore the power differential that benefits white over nonwhite populations, and in part to reflect the County’s equity-focused policy goals and laws, this toolkit primarily uses the phrase “minority-owned and/or minority-serving” when referring to businesses in Long Branch.

## diverse

This definition encompasses diversity in terms of race, culture, business ownership, business type, and socioeconomic status. To craft strategies to aid the retail environment in Long Branch in its current form—which has been identified by Montgomery County as culturally and communally significant—the toolkit works to consider the fullest spectrum of backgrounds, perspectives, and needs.

## independent retailers

A privately owned, non-franchised business. A small business owner will have complete autonomy over product or services choices due to changing markets, whereas a franchise owner would not. Independently owned businesses are increasingly being forced out of metropolitan areas around the country where commercial rents are increasing, and property owners favor national chains that have higher financial capabilities. Long Branch currently has a strong local, independent business community.

# introduction

The Maryland Purple Line project represents an unprecedented opportunity for community and economic development in Montgomery County and neighboring Prince George's County. As a major public transportation investment, the rail promises to strengthen access to jobs, housing, goods, and services, while recasting some Maryland suburbs from auto-oriented and sprawling, to "denser, mixed-use, transit-oriented, and pedestrian-friendly places."<sup>4</sup>

Yet, despite its positive benefits, the rail project also represents a significant challenge for the "culturally rich but economically fragile" communities along the Purple Line corridor. Located between Silver Spring and Langley Park, Long Branch is one such neighborhood where Montgomery County is concerned that the Purple Line's construction disruption, subsequent redevelopment, and increased real estate prices may harm small businesses, the majority of which are owned by Latino, Black, Asian, and/or immigrant residents.

Today, these vibrant and well-tenanted businesses form the backbone of a neighborhood that is celebrated by residents for its cultural diversity, its proximity to major job centers, and its active community. Retail establishments include restaurants, Latino markets, Ethiopian markets, family bakeries, dry cleaners, laundromats, nail shops, salons, tailors, and more. Ownership reflects the racial and ethnic diversity of the Long Branch residential community, which is 40% foreign-born and where 45% of households speak a language in addition to English at home (see Appendix, Demographic Analysis). As expressed by one neighborhood resident, "I think these businesses represent the community. My hope is that they can continue to serve the whole variety of people who [currently] live here."<sup>5</sup>

*The Purple Line project is a 16.2-mile light rail transit system that will connect 19 stations, from New Carrollton in Prince George's County to Bethesda in Montgomery County. The system is scheduled to open at the end of 2022.*

While some local stakeholders who were interviewed are optimistic about the commercial transformations that Purple Line investments might bring, others fear that their businesses will not be able to withstand the unique combination of pressures tied to the rail project, including:

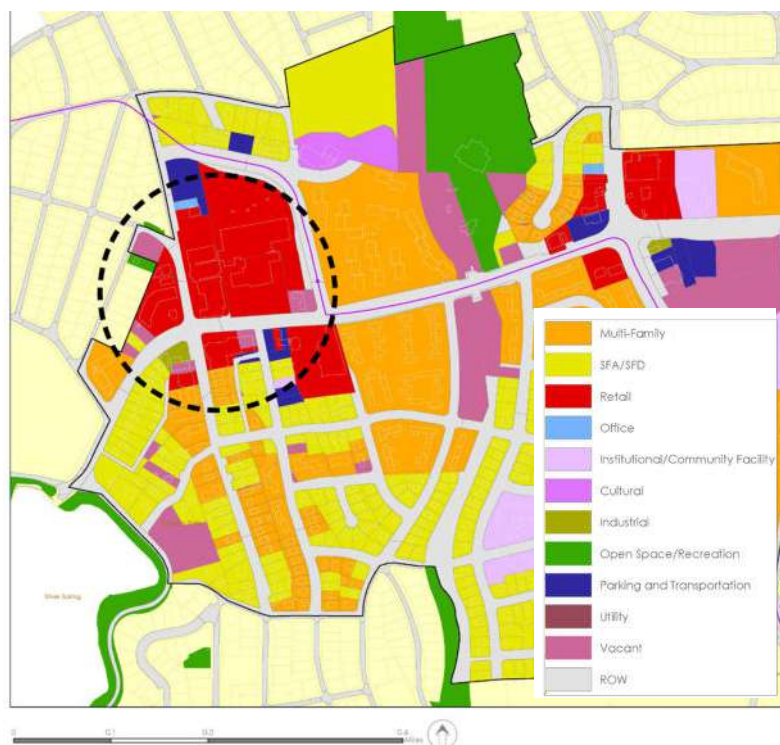
- Long- and short-term disruption from construction of the rail and station
- Increased real estate value and corresponding increases in the cost of commercial rent
- Increased reluctance on the part of landlords to offer secure, long-term leases
- Potential loss of commercial spaces as blocks and buildings are redeveloped
- Potential shift of the customer base if current residents are displaced
- Increased competition with other shopping districts that will be connected by the Purple Line

## long branch study area

Montgomery County’s Long Branch Sector Plan, adopted in 2013, illustrates that the neighborhood is home to two significant retail nodes: 1) Flower Avenue at Piney Branch Road and 2) Piney Branch Road at University Avenue (see Appendix, Preliminary Insight Statements). The scope of this project is focused on the approximately 0.25-mile radius that surrounds Flower Avenue and Piney Branch Road—circled in Map 1—and is adjacent to the future Long Branch Purple Line Station. As illustrated in the map, the neighborhood’s greatest area of retail-allocated land is contained within this primary commercial center. This node is home to nearly 80 businesses, many of which are independently owned and operated (see Appendix, Business Inventory). The Business Inventory also finds that Long Branch businesses have a building condition and storefront condition that can be described as “Good,” at 57% and 47% respectively. Ownership records indicate that nearly every business in this commercial node leases their space, which underscores the magnitude of the challenge the commercial center may face as anticipated redevelopment projects continue to raise real estate values and commercial rents.

The U.S. Census Bureau estimates that across the entirety of Montgomery County, 54% of all retail-sector businesses are owned by a non-Hispanic white person, while 43% are owned by a person of color. However, in the City of Takoma Park—a useful proxy for Long Branch since a slice of the Flower/Piney Branch retail node is part of Takoma Park—minority retail business owners outnumber non-Hispanic white business owners (49% to 45%).<sup>6</sup> This suggests that currently, this area of Montgomery County may be especially friendly to minority and immigrant business owners. In fact, multiple multilingual Long Branch businesses owners were interviewed—Spanish/English, and Korean/Spanish/English speakers—whose ability to serve not only the Salvadoran, Ethiopian, and/or Korean clientele, but also the Metropolitan DC population as a whole, is an asset to the County. Altogether, the commercial center at Flower Avenue and Piney Branch lives up to its description in the Long Branch Sector Plan as both “vibrant and well-used.”

| *Map: Long Branch Study Area*





Determining just who visits these shops should be of interest to the County. One retailer estimates that 90% of his clientele are Latino; “If they go,” he forewarned, “I go” (see Appendix, Retailer Interviews). Another business owner suggested that she could not possibly pinpoint the race or socioeconomic status of those who patronize her business because “everybody” visits her establishment. The clientele of a third retailer is split between the Latino and the African communities who live near her shop and know her by word of mouth. If forced to sever her Long Branch connection to find more affordable space, this retailer believes she will lose all of her business. At the same time, a Montgomery County planner stated that residents of the neighborhood’s single-family homes—meaning higher income—indicated that they do not often patronize shops in the Long Branch commercial center and are hopeful that the neighborhood might soon find itself with a few “white tablecloth [fine dining]” restaurants.<sup>7</sup> The diverse socioeconomic and demographic mix in Long Branch makes organizing and consensus-building within the community a significant but not insurmountable challenge.



## goals of the report

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This toolkit works to address these and other challenges in order to support the variety of independent businesses and diverse business ownership in Long Branch. Building on existing programs in Montgomery County, introducing fresh ideas both tested and untested, and incorporating the Racial Equity and Social Justice legislation that was passed by Montgomery County Council in November of 2019, this toolkit proposes a series of tactics that promote social equity and ensure that independent businesses can thrive astride Purple Line development.

This toolkit is divided into two main sections: a spread of primary tools that recommend major programs, policies, and incentives, and a list of supporting tools that could operate on their own as part of a less ambitious economic development agenda. Many of these tools have been deployed successfully in communities throughout the U.S. that are experiencing extreme development pressure, but few of these tools have been well documented in suburban communities that are undergoing urbanization. In fact, as planners, developers, and small business program officers stated, Montgomery County has an unparalleled opportunity to become a national leader in strategies to prevent commercial displacement in urbanizing suburban neighborhoods.<sup>8</sup> Doing so, however, will require more than just a history of progressive decision-making; it will require specific, place-based interventions that prevent small businesses from being saddled with all of the Purple Line project's burdens while experiencing none of its gains. As one Long Branch business owner put it while sharing his dreams for ten years from today: "I'm hoping that we are still here. And I am hoping we will have expanded. But we'll need protections to keep doing business" (see Appendix, Retailer Interviews).

*The commercial displacement prevention strategies featured in this toolkit are inspired by case studies of San Francisco, Washington, DC, Oakland New Orleans, and other urban centers. Wheaton, Maryland offers the only commercial displacement prevention framework researched that is rooted in an urbanizing suburban context. Research demonstrates that commercial displacement in suburban neighborhoods—particularly of immigrant- and minority-owned businesses—is not well understood or accounted for by planners or policymakers; Montgomery County has an opportunity to further this conversation. Refer to a thorough discussion about commercial displacement and community organizing in Wheaton: Lung-Amam, Willow S. (2019). *Surviving suburban redevelopment: Resisting the displacement of immigrant-owned small businesses in Wheaton, Maryland.**

# primary tools

The Primary Tool Matrix and entries detail the list of major programs, policies, and incentives that the PALS team deemed (with the input of the Client and other stakeholders) most appropriate to pursue in Long Branch, and many county-wide. The Primary Tool Matrix is a guide to the tool entries that begin on page 14. In the Matrix's top row are the Tools identified by the PALS team; each has a full entry in the Toolkit, including definition, need and benefit statement, final recommendations, and case studies. The leftmost column lists the central challenges facing independent retailers in Long Branch, identified through desk research and interviews with retailers and other stakeholders. A highlighted cell in the body of the Matrix indicates that the tool (above) addresses a given challenge (left). For further information on the challenges listed below, see Appendix 5: Preliminary Insight Statements.



## challenges

**Limited Commercial Affordability Support.** There are limited policies, programs, or incentives in place that prioritize affordable commercial space where small, independent businesses can thrive and continue to enrich the Long Branch community.

**Increased Costs of Real Estate.** In anticipation of the Purple Line, speculation, real estate prices, and rental costs to retailers in Long Branch are already increasing.

**Lack of Cultural Diversity Protection.** The cultural diversity of small businesses and the clientele they serve is captured but not protected with metrics or policies in the County's planning literature.

**Redevelopment Pressures.** Aging housing and commercial building stock in Long Branch places it at greater risk of redevelopment.

**Displacement by Redevelopment.** Regional development pressures mean Long Branch's minority-owned and/or minority-serving retailers are at risk of direct commercial displacement through redevelopment or indirect displacement through the displacement of resident clientele.

**Limited Organizing and Consensus Building.** The diverse socioeconomic and demographic mix in Long Branch makes organizing and consensus-building within the community a significant challenge.

**Limited Business Owner Time, Financial Resources, and English Fluency.** Lack of time, lack of resources, language barriers, and lack of County outreach effort often preclude business owners from accessing the political and advocacy processes.

**Potential Loss of Physical Character.** Redevelopment may undermine the neighborhood's character, sense of place, and existing placemaking efforts.

**Exclusive County Funding Eligibility Requirements.** The County's parameters to determine eligibility for Small Business Assistance funding are narrow and exclude many small businesses that will be impacted by the County's investment in the Purple Line.

**Disadvantageous Independent Business Lease Terms.** Short-term leases with unpredictable common area maintenance fees lead to instability and uncertainty, which prevents small businesses from deepening their investments in the community.

**Systematic Tenanting and Financing Barriers.** In newly-competitive environments, small businesses seldom win commercial leases or are seldom eligible for loans to relocate, improve, or expand their businesses due to a perceived lack of business stability and credit-worthiness.

**Finite Funding and Technical Assistance Opportunities.** Retailer capacity to renovate, evolve with changing clientele, manage increased rents, or stay afloat during construction disruption is limited by a lack of or access to funding and technical assistance.

# primary tools matrix

CHALLENGE	NEIGHBORHOOD COMMERCIAL OVERLAY ZONE	COMMERCIAL INCLUSIONARY ZONING	COMMUNITY BENEFITS AGREEMENTS	NEIGHBORHOOD EQUITY COORDINATOR
Limited Commercial Affordability Support	Yes	Yes	Yes	Yes
Increased Costs of Real Estate	Yes	Yes	Yes	Yes
Lack of Cultural Diversity Protection	Yes	Yes	Yes	Yes
Redevelopment Pressures	Yes	Yes	Yes	Yes
Displacement by Redevelopment	Yes	Yes	Yes	Yes
Limited Organizing and Consensus Building	Yes	Yes	Yes	Yes
Limited Business Owner Time, Financial Resources, & English Fluency	Yes	Yes	Yes	Yes
Potential Loss of Physical Character	Yes	Yes	Yes	Yes
Exclusive County Funding Eligibility Requirements	Yes	Yes	Yes	Yes
Disadvantageous Independent Business Lease Terms	Yes	Yes	Yes	Yes
Systematic Tenanting and Financing Barriers	Yes	Yes	Yes	Yes
Finite Funding and Technical Assistance Opportunities	Yes	Yes	Yes	Yes



# NEIGHBORHOOD COMMERCIAL OVERLAY ZONE

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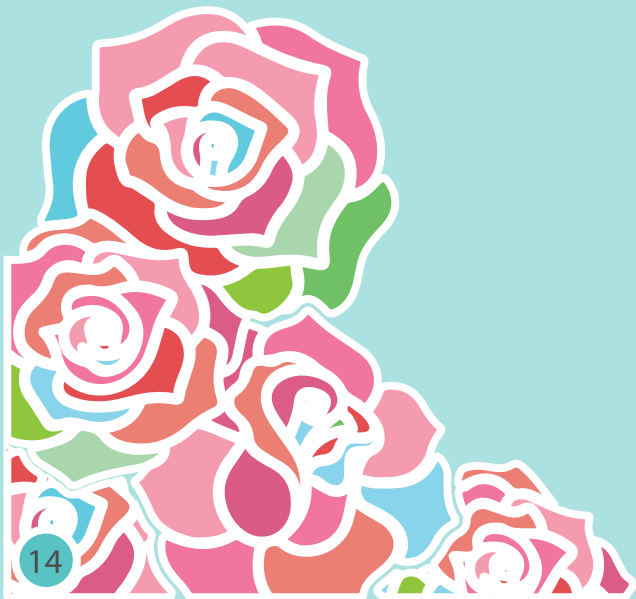
*A Neighborhood Commercial Overlay Zone is a finely-grained zoning district that can be applied over Long Branch's base zoning to establish additional standards for redevelopment. To strengthen neighborhood-scale retail, the overlay would build upon the existing optional method for development to incentivize density, while requiring commercial set-asides, square footage maximums, and other elements of site design that can support small business retention and growth.*

## NEED + BENEFIT

For one restaurateur in Long Branch—and echoed by several more—the Purple Line “could mean the end for us here... It means more stress and lots of uncertainty.”<sup>9</sup> In the face of Purple Line construction, a neighborhood commercial overlay zone can incentivize the creation of space for small businesses, ensuring inclusive economic development into the future of Long Branch.

Montgomery County's Commercial/Residential Town (CRT) zoning offers property owners the ability to redevelop at 1.0 FAR with standard methods, or up to 3.0 FAR under the “optional method,” which requires the provision of public benefits in exchange for the increased density. These public benefits, graded on a point system, include amenities such as the provision of public art and public open space design. They also include provisions specifically related to “small business opportunities,” such as providing on-site space for a diversity of small, neighborhood-oriented businesses.”<sup>10</sup> For projects to pencil out in terms of time and money invested, developers in Montgomery County will almost always choose the optional method with CRT zoning since 1.0 FAR does not allow for enough density to recoup investments.<sup>11</sup> Yet, without proactive protections for existing and/or future small businesses, relying on the optional method alone in Long Branch risks a future where the neighborhood is no longer anchored by a minority-owned and/or minority-serving business community.

A neighborhood commercial overlay zone could strengthen opportunities for small businesses by requiring eligible site plans to achieve a certain proportion of incentive points within the “neighborhood services” or “small business opportunities” categories; it could also expand incentive points to include options such as offering long-term leases to current businesses or developing business retention plans. Additionally, an overlay zone could implement policies that are recommended throughout this toolkit, such as commercial inclusionary zoning or community benefits agreements (see Tools: Commercial Inclusionary Zoning and Community Benefits Agreements) Montgomery County has committed to strengthening small businesses countywide, and the CRT zone goes a long way toward giving developers and the Planning Commission tools to support a diverse business community. With an overlay zone, additional options for small business opportunities, as well as new requirements about the proportion of incentives points per benefits category, could support the continued health of small, independent business in Long Branch.



**Establish a neighborhood commercial overlay zone that builds on an enhanced incentive points system for optional method development.** The optional method and overlay zone would work together by requiring developers in the Long Branch neighborhood to achieve a greater proportion of the development incentive points in categories that could directly support the provision of affordable commercial space. Add points to the public benefits grading process for issuing long-term leases to existing businesses and for implementing business retention or relocation (within the same neighborhood) strategies designed to ensure that existing businesses can persist through redevelopment. One example of a retention strategy could be offering right-of-first-refusal on new commercial spaces to small businesses that existed prior to redevelopment. Further reward innovative site plans that provide commercial flex-space or meet an identified need in the neighborhood goods and services category.

**Increase flexibility for developers.** Bundle and expedite permitting processes for those companies that develop with the optional method in the overlay zone. Saving developers time and money in the entitlement process could further incentivize practices that serve independent business owners.

**Increase options for small businesses.** Within the overlay zone, explore provisions to limit the consolidation of small store fronts and continue to prioritize the provision of ground-floor commercial space for small businesses that are between 500 and 2,500 square feet. Preserve certain proportions of floor area for affordable commercial use, what's also known as a "set-aside" or what is referred to in this toolkit as Commercial Inclusionary Zoning (See Tool: Commercial Inclusionary Zoning), since it is based on Montgomery County's residential inclusionary zoning benefit. Limit frontage feet available for banks and similar businesses, and limit the ability of two such businesses to adjoin. Similarly, explore provisions to limit exclusively to retail use the first 50 feet of a ground-floor building. Given that the residential units directly above a ground-floor retail establishment are often the most expensive, consider adding retail uses to non-ground-floors as well.

**Track equity.** Astride a neighborhood commercial overlay zone, Montgomery County should actively report rates of business permit applications, rejections, and approvals by Small, Minority-, and Women-owned status in Long Branch. This could help ensure that the diversity of small business types and ownership statuses continues to reflect—or improves upon—the diversity of Long Branch neighborhood residents.

#### **CASE STUDY: Neighborhood Retail Zone (Arlandria, VA)**

Looking beyond Montgomery County, the neighborhood of Arlandria in Alexandria, Virginia, also known as Chirilagua, is a community of low- to moderate-income, primarily Latino (62%) and with a high proportion of foreign-born residents (55%), wedged between higher-income neighborhoods and adjacent to the incoming Amazon HQ2 corporate headquarters in Crystal City. There are high proportions of both commercial and residential renters. Similar to residents of Long Branch, residents of Arlandria are facing skyrocketing real estate prices and the threat of both residential and commercial displacement. Municipal planners there developed a new zoning category—"Neighborhood Retail (Arlandria)"—designed to "strengthen existing commercial uses and attract new complementary business to create a desirable, active urban place with shops, services, and restaurants."<sup>12</sup> This "special zone" requires that certain properties in the community dedicate the first 50 feet of their ground floors—measured from the entrance—exclusively to retail uses while some uses require special permits and several, such as check-cashing, pawnshops, and automobile repair, are designated incompatible. As one Arlandria planner summarized, "You can't change the market, and you can't change economics. The zoning and special use permits allow us to consider whether the impacts of development are being sufficiently addressed."<sup>13</sup>

# COMMERCIAL INCLUSIONARY ZONING

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*Inclusionary commercial zoning (CIZ) is a land-use and economic development technique that would require redevelopment to include a certain proportion of below-market-rate commercial spaces at a variety of sizes. The zoning could be wielded in tandem with set-asides that favor the needs of minority-owned and/or minority-serving, independent businesses.*

## NEED + BENEFIT

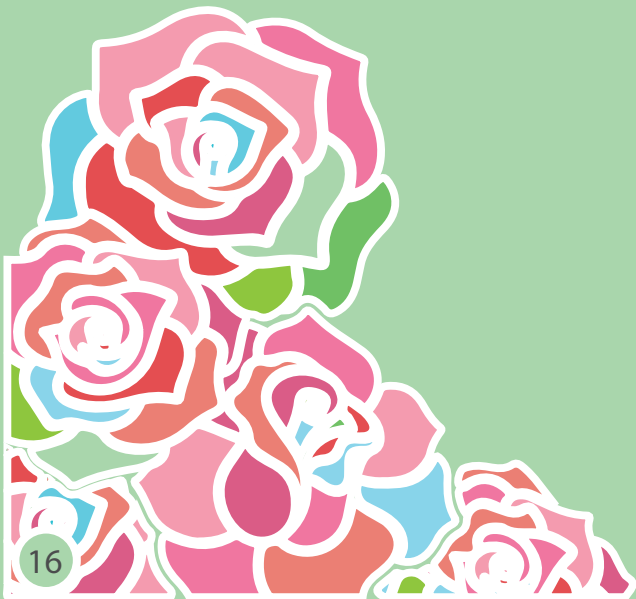
Small business tenants in commercial spaces are facing increasing pressures to finding affordable space. Speculative run-up in real estate prices, growing popularity of urban areas, and a declining supply of suitable small spaces all contribute to this pressure.<sup>14</sup> Changing market forces can quickly displace businesses that are anchor institutions in a community. In the same way that affordable housing is prioritized as public good increasing social equity, small business ownership and retention have been noted to accomplish the same goals.

A significant proportion of commercially zoned parcels in Long Branch are vacant and designated as ready for redevelopment and future retail use within the current Long Branch Sector Plan.<sup>15</sup> This redevelopment area provides opportunities for increased density in future development.

There is an existing community benefits structure in Montgomery County that operates on a point system, and includes small business opportunities. These guidelines allow increased developer density opportunities if the project provides provide retail bays of no more than 5,000 square feet for at least three small business on sites of more than one acre with all of the commercial spaces on smaller sites.<sup>16</sup> This limited scope does not capture the needs of micro-retail and creates an opportunity to a supplemental program that directly seeks to ensure small business occupancy in Long Branch.

The benefits of independent business character is often miscommunicated to the development community. According to the Institute for Local Self Reliance, name-brand retail and commercial development does not equate to better economic development. In fact, national chains can homogenize once-vibrant downtowns.<sup>17</sup> The previous retail trend of “vanilla mixed-use” in which ground floor retail is completely occupied by national chains has become outdated.<sup>18</sup> Developers have an opportunity for additional financial gain when prioritizing a community’s existing character and encouraging the independent small business community to flourish.

The goal of commercial inclusionary zoning is to showcase this opportunity to the development community and to protect and increase the supply of small, affordable, diverse commercial retail spaces. Also, CIZs can help to ensure that a variety of commercial sizes exists by discouraging the consolidation of multiple, smaller ground-floor retail spaces into a few larger spaces.





**Ensure the existence of a diverse business ecosystem.** Similar to MPDU inclusionary zoning and the creation of mixed-income communities, commercial inclusionary zoning would support a diverse business community in Long Branch, in part by ensuring business owners have access to below-market rent retail spaces. Commercial inclusionary zoning could mandate the proportion of below-market spaces required; the type and combination of below-market retail spaces required; and/or the sizes of below-market retail spaces provided. The objective is to make sure that minority-owned and/or minority-serving independent businesses can continue to participate by catering spaces and costs to their needs.

**Build in flexibility for developers.**

Stakeholders at the CoCreation Session expressed that adequate incentives, possibly in the form of density bonuses or a revised public benefit grading system, would be necessary to encourage developers. Enhancing incentives for the optional method for development is possible. See Tool: Neighborhood Commercial Overlay Zone, for more details about implementation options. A well-developed CIZ program could also include limits on the length of rent control period or developer buyout conditions—funding from which could be siphoned to support existing businesses through the Small Business Assistance Program (See Tool: Targeted Small Business Assistance).

**Build in added support for minority-owned and/or minority-serving business.** Commercial inclusionary zoning could include set-asides targeted to minority-owned and/or minority-serving independent businesses in new development. For example, CIZ could require a certain proportion of ground-floor retail be occupied by minority-owned and/or minority-serving, independent businesses, or as with Portland, OR, ensure that such businesses have access to below-market rents.

**CASE STUDY: MPDU Policy (Montgomery County, MD)**

CoCreation Session participants recommended modeling a CIZ policy on Montgomery County's existing Moderately Priced Dwelling Unit (MPDU) policy. This policy is built upon the idea that affordable housing should be available to people of all incomes. It requires that between 12.5% and 15% of the houses in new subdivisions of 20 or more units be moderately priced.<sup>19</sup> The provision also requires that 40% of the MPDUs are offered through non-profit housing agencies and available to low- to moderate-income households. The MPDU policy is widely recognized for its positive contributions to the region's affordable housing stock; several case studies suggest that similar success in the commercial arena is possible.

**CASE STUDY: Neighborhood Retail Preservation Zone (New York, NY)**

In Brooklyn, the Neighborhood Retail Preservation pilot program was launched in East New York. Through zoning measures, this program requires redevelopment sites that receive over \$2 million in city subsidies include 10,000 square feet of commercial space set asides, and the lesser of 20% or 5,000 square feet of that space for locally owned businesses, and offer leases to those businesses at 30% below market rate.<sup>20</sup>

**CASE STUDY: Affordable Commercial Tenanting Program (Portland, OR)**

Through Portland's Affordable Commercial Tenanting Program, businesses that are owned by underrepresented groups and that meet neighborhood needs can lease space for below market rents. The program offers tenants rents that are 10% below market-rate. The application into the program ensures that selected businesses provide goods and services to the community and further the program's social equity goals.<sup>21</sup> Tenants may also qualify for additional incentives, like a grant to assist with renovations or build-out of the space.<sup>22</sup>

**CASE STUDY: Central Square Rezoning (Cambridge, MA)**

The Cambridge City Council approved a zoning change in 2017, which aims to bring more affordable housing into Central Square—a trendy downtown area in Cambridge. In addition to density bonuses in return for providing more affordable housing, the new zoning specifies that retail spaces less than 1,500 square feet are not counted towards the building's floor-area ratio.<sup>23</sup> The measure also puts heavy restrictions on whether and how many national chains are allowed in the redevelopment. Additionally, banks and financial institutions cannot have a storefront longer than 25 feet, or 30% of the building's total sidewalk/street frontage.<sup>24</sup>

# COMMUNITY BENEFITS AGREEMENTS

*A community benefits agreement is a signed contract between community groups and a real estate developer that details specific public amenities, benefits, and/or mitigation that the developer must implement along with the proposed development. The contract is typically negotiated as part of the development review process and relies opportunities for public comment and consensus building.*

## NEED + BENEFIT

Along with increased foot traffic and perhaps a wider customer base, independent businesses in Long Branch face rising commercial rents, construction-related disruptions, and displacement of their sustaining clientele. Many are at risk of eviction or non-renewal of their leases<sup>25</sup> because commercial property owners are planning to sell or redevelop their buildings. More troubling still, rising housing costs in the area may force low- and moderate-income residents to move elsewhere, drastically reducing demand for some retailers products and services.<sup>26</sup> These retailers typically work long hours, and many are not native English speakers (See Appendix: Demographic Analysis). They have little capacity to research legal protections and support programs for small businesses, or to attend business association and County meetings at which community input is requested and policy decisions are made.<sup>27</sup>

A Community Benefits Agreement (CBA) can help ensure that current residents and business owners benefit from the increases in land price that follow redevelopment around amenities like the Purple Line.<sup>28</sup> A well-executed CBA holds the developer accountable to the existing community and municipality, and is an incentive to create space for community organizing and generate community buy-in for a project prior to construction.

A community benefits agreement can be municipally mandated by a local community benefits ordinance—a law delineating all the elements and linkages that the local government requires a developer to address in the final agreement.<sup>29</sup> The local government can also incentivize community benefits agreements in exchange for a greater floor area ratio or other desirable conditions. Alternatively, community benefits agreements can arise from the community itself and be negotiated directly with the developer, usually through intensive community organizing.

Regardless of origin, the agreement's terms might include a given percentage of small or affordable retail spaces, new or improved public parks, funding for job training and workforce development programs, affordable housing unit quotas, and construction-related loss mitigation, among others.<sup>30</sup>

A CBA is particularly effective if the municipality withholds permits or other incentives from the developer until the contract is signed by all parties. CBAs that result from a community benefits ordinance are subject to *Nollan v. California Coastal Commission* (1987) and *Dolan v. City of Tigard* (1994), which require a nexus and proportionality between the concessions the government is seeking and the proposed development's impact.



Stakeholders at the November 2019 CoCreation Session in Long Branch felt that a community benefits ordinance encompassing the entire Purple Line corridor would require significant and unlikely political support. Still, they felt that a CBA pilot program for a single redevelopment project in the Long Branch neighborhood could demonstrate the organizing power that a stronger Community Benefits Ordinance could offer.

## RECOMMENDATIONS

**Add community benefits agreements to the list of public benefits incentivized by the County’s optional method for development.** Expand the incentive points system for evaluating optional method development in a CRT zone to encourage community benefits agreements with expedited permitting, density bonuses, or other motivators.<sup>31</sup> This could incentivize developers to engage and incorporate community concerns into their projects. In turn, providing a CBA would benefit developers by creating genuine public consensus and support for their projects. CBAs create a crucial window of time for the community to organize and define their own priorities related to new construction.

In Long Branch, the community can use this window of time to devise solutions that address the challenges facing independent businesses in the vibrant Long Branch neighborhood. Currently, incentive points for the optional method development track are evaluated against the County’s master plan priorities. Adding a CBA element would ultimately create a greater sense of ownership among Long Branch’s independent businesses and the broader community.

Currently, the CRT zone optional method development awards up to 20 points to developers who include “on-site space for small, neighborhood-oriented businesses.”<sup>32</sup> These points are awarded based on the number of retail bays created that are less than 5,000 square feet in area, relative to the full acreage of the development. Points are also awarded if the small business opportunities created are prioritized in the County’s active master plan. Neighborhood-serving businesses are also incentivized in the CRT zone with points available for projects that add retail bays for qualified basic neighborhood services—banks, cafes, convenience stores, hair care services, etc.—and extra points for basic services that are small businesses. Additional incentive points for developers who agree to CBAs, especially those that prioritize the independent small business community, would strengthen that community’s voice in development plans, and help strengthen community support for the project—an important benefit for developers.

### CASE STUDY: Union United Coalition (Somerville, MA)

In Boston suburb Somerville, MA, the Union United coalition and developer US2 negotiated a community benefits agreement aimed at preventing residential and commercial displacement due to redevelopment at a new MBTA Green Line station. From 2012 to 2019, residents and retailers in the affected neighborhood partnered with the Somerville Community Development Corporation and local neighborhood council to build the Union United coalition. The coalition engaged those at risk of displacement, organized stakeholders to define priorities for the neighborhood’s future, and exerted political pressure on master developer US2 to complete the agreement.

According to the resulting CBA, US2 must provide the benefits below. Those that support the small business community include:

- Wages and benefits for a local staff person to help small businesses navigate municipal processes: permitting, lease negotiation, business plan development, and achieving High Road Employer status with the American Sustainable Business Council
- Good faith assistance for existing businesses to relocate during construction, including \$25 per square foot in relocation assistance
- Signage and cosmetic improvements to commercial buildings to mitigate construction disruption
- Construction Impact Mitigation Task Force between community and developer to discuss and collaborate on ways to mitigate construction impacts on local businesses.

US2 must also implement:

- 90 affordable housing units, \$1,480,000 in housing linkage fees, 3.5 acres additional public park space, 70,000 sq. ft. arts and creative enterprise space
- Inclusion of unionized contractors and subcontractors in all construction bids
- Hiring of a Community and Workforce Officer
- LEED sustainability standards for new construction

**Support the formation of a neighborhood advisory council.** To facilitate negotiation of a community benefits agreement through the optional method of development, the County should support the formation of a neighborhood advisory council to represent the interests of the impacted area, and provide guidelines for public engagement that include special consideration for outreach to small business owners with limited time and resources to participate in typical County meetings and processes.

**Create community benefits terms that align with the community's and developer's interests.** A CBA should be aimed at benefiting the community in Long Branch by encouraging development to support community interests. It should not be so strong as to be punitive to development. Terms of a community benefits agreement that would support Long Branch's existing independent businesses could include:

- Workforce training for independent businesses whose businesses will be eliminated through development
- Support for businesses affected by construction disruption
- Support for existing independent businesses via Long Branch promotional materials, signage, and Purple Line-branded shopping/dining deals
- In new construction, a variety of retail spaces appropriate for independent businesses
- Signage and cosmetic improvements to commercial buildings to mitigate construction disruption.
- Resident Employment Plan to ensure the developer hires and procures goods from as many Long Branch residents and commercial workers as possible
- Per-square-foot relocation or marketing subsidies for businesses impacted by construction

**Require the facilitation of an intentionally inclusive public engagement process.** To genuinely reflect the community's priorities and ensure that the benefits of development are driven to a broad range of stakeholders—especially independent businesses, the County's community benefits agreement incentive stipulations should facilitate an intentionally inclusive public engagement process. Steps should be taken to avoid creating public engagement processes that disproportionately advantage Long Branch's wealthier single-family homeowners over independent businesses and lower-income renters in the neighborhood. Similarly, CBA stipulations should avoid language that supports only businesses perceived to be stable enough to afford the higher rents expected in new construction first-floor retail space.

#### **CASE STUDY: Community Benefits Ordinance (Detroit, MI)**

Detroit's Community Benefits Ordinance is triggered when a development project is \$75 million or more in value, and received \$1 million or more in either property tax abatements and/or value of city land sale or transfer. First, the City Planning Department reviews the project's scope and impact area. The community, Planning Department, At-Large Council Members, and the local District Council Member select a nine-member Neighborhood Advisory Council of residents from the impacted area. Over three months, the City holds community meetings to determine the project impact, and define public benefits then incorporated into the final development agreement. The City Council approves the agreement and creates a corresponding Memorandum of Understanding with the primary developer.

Since enacting the Community Benefits Ordinance in 2016, the City has undertaken CBAs on eleven projects. A CBA related to a new practice facility for the Detroit Pistons basketball team included the following benefits:

- \$2.5 million for 60 outdoor basketball courts in Detroit
- \$100,000 to Detroit Employment Solutions Corporation for workforce training
- Developer created a Resident Employment plan to ensure the facility hires Detroiters as possible
- \$100K,000 annually for 6 years to a Detroit youth nonprofit + placing youth in jobs in the Pistons organization
- Free community access to the practice facility, including to at least ONE Pistons practice a year
- At least two youth basketball programs per year
- 20,000 free tickets per season through the City for residents and youth
- Continuation of a Neighborhood Advisory Committee to facilitate community engagement



Photo: Montgomery County Planning Department

# NEIGHBORHOOD EQUITY COORDINATORS

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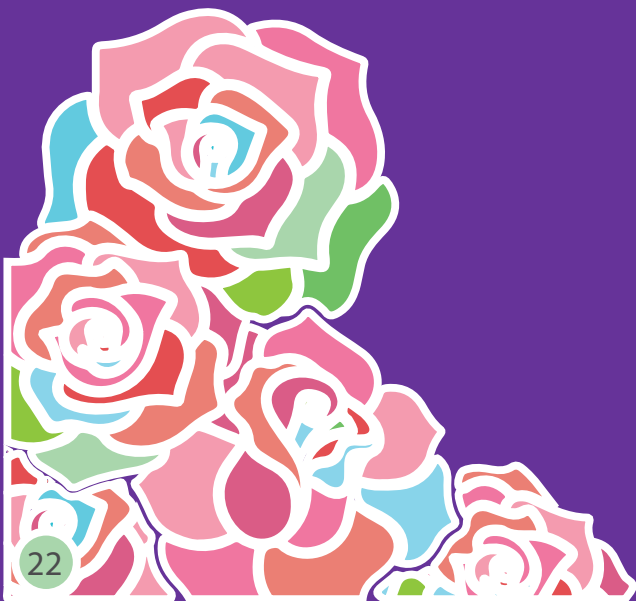
*A Neighborhood Equity Coordinator seeks to coordinate efforts by existing organizations, provide direct connections between independent businesses and the County, and provide targeted financial, technical, and organizational resource communication and allocation that underscores the importance of the County's small, independent, minority-owned businesses.*

## NEED + BENEFIT

Multiple stakeholder interviews concluded that current communication of small business resources is not adequate and that the awareness of the Purple Line is low.<sup>33</sup> While the County has a Small Business Navigator and several Business Liaison Officers, the staff and financial resources allocated to this office are not able to fully address the challenges present in Long Branch and other communities. For example, while the County has access to interpreters, there are currently no Spanish-speaking staff and Google Translate is the primary tool used to provide multilingual access.<sup>34</sup>

From multiple stakeholder interviews, it is apparent that many organizations have a stake in Long Branch and are working to support small business through technical assistance, mediation, and funding.<sup>35</sup> However, efforts are not fully coordinated and representatives from two organizations mentioned their hope for more collaboration from the County or another non-profit organization to do the full-time work of consolidating community efforts and communication among stakeholders.<sup>36</sup> A Neighborhood Equity Coordinator funded by the County could provide the much-needed organizational leadership for existing stakeholders in Long Branch (LEDC, MHP, CASA, Long Branch Business League, Small Business Navigator), and could work closely with the Long Branch Business League to bolster membership—or assist in the formation of a Community Improvement District should the community chose to form one (see Tool: Community Improvement District).

The Small Business Navigator has acknowledged that there is a power imbalance—where property owners and larger companies have better resources and more influence than independent business—but that the County usually cannot act as an intermediary between two free-market entities.<sup>37</sup> This tool helps to rebalance power; while national chains and larger companies have the advantage of being able to hire people to advocate on their behalf, independent businesses can benefit from a Neighborhood Equity Coordinator.<sup>38</sup> A developer, community lender, and leader of an existing organization in Long Branch have emphasized the crucial need for improved community organizing to create a cohesive vision and voice to speak on behalf of the community's best interests. The County government could play an important role in advocating for local, independent businesses by creating Neighborhood Equity Coordinators, and the newly-passed Montgomery County Racial Equity and Social Justice legislation provides a unique opportunity for the County to level the playing field for independent, minority-owned and/or -serving businesses.



**Determine structure and parent department.** Neighborhood Equity Coordinators should be considered an important tool to support independent businesses' organizing efforts, forward social equity goals, and bolster existing County programs. Based on the function these coordinators could serve, the County should determine which department of County Government should oversee the program. The Small Business Navigator, Office of the County Executive, or the newly-created Office of Racial Equity and Social Justice might oversee it.

**Determine the role of Neighborhood Equity Coordinator.** The County should consider creating a task force of different County offices and community leaders to determine the roles and responsibilities of this position. The focus could be on local, independent businesses (like the Detroit Business Liaisons) or on all aspects of social equity (like Boston's Neighborhood Coordinators). Another option could be to expand the Small Business Navigator to provide a Neighborhood Equity Coordinator to targeted redevelopment areas. Or, the position could be formed out of a non-profit partnership (like the NYC 360 Fellows) where an individual from a community organization acts as the Coordinator for their neighborhood--coordinating with the County directly, maintaining an office in the community, and receiving funding from the County.

**Consider scaling the program.**

Neighborhood Equity Coordinators would help consolidate efforts with existing organizations on the ground, establish an office in the targeted neighborhoods where the Neighborhood Equity Coordinator and support staff could be physically located, and coordinate community meetings and information communication. The County should seriously consider funding a team of Neighborhood Equity Coordinators who can promote existing programs and social equity at the neighborhood level across the county.

**CASE STUDY: Detroit Business District Liaisons (Detroit, MI)**

Detroit Business Liaisons (DBL) are employees of the Detroit Economic Growth Partnership, but work in close partnership with the Mayor's Office, City Council, and other entrepreneurial support organizations in Detroit.<sup>39</sup> A DBL exists for each district in the city. DBLs help business owners navigate city resources, such as permitting and licensing, and connect business owners with capital resources, support services, and other city-wide programs. The DBLs also collect information about challenges for businesses in their districts and use this to inform policy and improved programming.

**CASE STUDY: Neighborhood Coordinators (Boston, MA)**

Boston's Neighborhood Coordinators are members of the Mayor's Office of Neighborhood Services who work as liaisons between the Mayor and city neighborhoods.<sup>40</sup> Each Neighborhood Coordinator has offices in their respective neighborhoods and works to meet with residents and business owners on an individual basis. "The overall goal is to have residents feel more comfortable working with the City, more information being shared, and hopefully more issues resolved. We want to enhance the delivery of City services and facilitate communication and information sharing."<sup>41</sup>

**CASE STUDY: 360° Fellows (New York, NY)**

The City of New York's Neighborhood 360° Fellows "help community-based organizations complete commercial revitalization projects and connect local stakeholders to City resources."<sup>42</sup> Fellows are paid by NYC's Small Business Services and are "full-time community development professionals, community organizers, or planners." The goals of the program is to increase the capacity of community-based organizations; establish connections among businesses, neighborhoods, and the City; and build a network of leaders. Areas that can apply to receive a Fellow consist of Business Improvement Districts, local development corporations, merchants associations, and other organizations that implement commercial revitalization projects. Fellows undergo an application process that requires them to be a resident of the city and have "one or more year(s) of community outreach, organizing, and/or planning experience." planning experience."

# TARGETED SMALL BUSINESS ASSISTANCE

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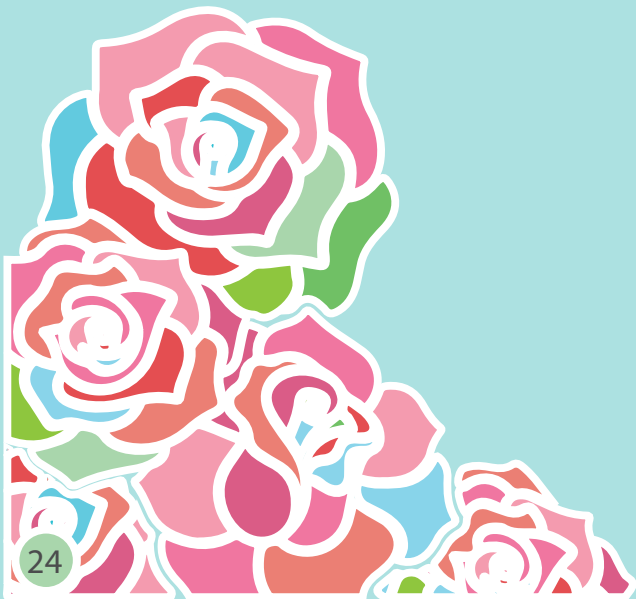
*Targeted small business assistance provides resources and incentives to particular kinds of local, independent businesses. This tool presents three main business assistance programs—for Purple Line Construction, for Minority-Owned Businesses, and for Social Entrepreneurship—intended to mitigate negative physical and social externalities and to quantify and reward positive social impacts of independent businesses.*

## NEED + BENEFIT

The current Montgomery County Small Business Assistance Program (SBAP) provides up to \$75,000 of assistance for qualifying small businesses that have been adversely affected by a County redevelopment project.<sup>43</sup> To qualify, a small business must participate in a technical assistance program, demonstrate adverse effects from redevelopment projects, and demonstrate that the business is making a profit. Demonstrable profit is the key definition of a “Financially Healthy Small Business,” and those businesses can receive priority consideration for financial assistance.<sup>44</sup> This definition of a “Financially Healthy Small Business” is limited, and the documentation required to qualify for the assistance program can be a significant roadblock for many small businesses. Furthermore, the program’s focus on mitigating the adverse impacts of construction—while important—is a narrow definition of small business assistance. Many new programs could—and should—be created to help address additional small businesses challenges—such as particular challenges facing minority and social entrepreneurs.

In Long Branch, Purple Line construction presents a challenge for independent businesses, and a unique opportunity to expand the current Small Business Assistance Program. Long term construction complicates a customer’s ability to reach a small business. Businesses see reduced sales, and this can have long term consequences for small businesses who rely on steady revenue to stay in business.<sup>45</sup> In Montgomery County, the Small Business Navigator stated that one of the most important issues affecting small business in Long Branch and along the Purple Line is how people will get to those businesses during and after construction.<sup>46</sup> A targeted Small Business Assistance Program for Purple Line Construction would mitigate some of the adverse effects for Long Branch businesses, and provide relief for small, independent businesses along the entire corridor.

Long Branch businesses, and independent businesses like them, provide many benefits for a community beyond their ability to be profitable. This social value is often unaccounted for when defining “successful” business (see Appendix 5.3.9) One laundromat in Long Branch that closed its doors in Spring 2019 provided meaningful community programming for children and families—running after-school art programs and organizing neighborhood festivals and events.<sup>47</sup> According to one Long Branch Business League member, “everyone loved to go to [that] laundromat, and the owner is a beloved member of the community.”<sup>48</sup> However, increased costs and poor initial lease negotiation put this business at a disadvantage with its competitors. A Small Business Assistance Program for Social Entrepreneurship would work to represent and reward the full value of





local, independent businesses. It could help businesses like this laundromat get back on their feet and continue to provide invaluable social and tangible benefits to local communities.

Long Branch businesses also face challenges unique to minority- and immigrant- owned businesses. With “more than 4.1 million minority-owned businesses, [these businesses] are the fastest growing business sector of the U.S. economy.”<sup>49</sup> Yet, “minority-owned firms are much less likely to be approved for small business loans than white-owned firms. And, if they do get approved, minority-owned firms are more likely to receive lower amounts and higher interest rates.”<sup>50</sup> The recently-passed Montgomery County legislation for Racial Equity and Social Justice provides an important opportunity for the creation of a Minority-Owned Business Assistance Program. While there is a MFD-Owned Business Program that focuses on County procurement requirements for minority-, female-, disabled-owned businesses,<sup>51</sup> a Minority-Owned Business Assistance Program would focus on the creation of a new funding program that would offer targeted assistance to minority-owned, independent businesses and play a direct role in addressing disparate economic outcomes based on race or ethnicity in Montgomery County.<sup>52</sup>

#### **CASE STUDY: Rainier Valley Community Development Fund (Seattle, WA)**

In the mid-1990s, 72% of 300 businesses in the proposed light rail corridor in Seattle were minority-owned.<sup>53</sup> The \$50-million Rainier Valley Community Development Fund (CDF) was created to address construction and long-term impacts of the light rail project. “The CDF was largely funded by the City of Seattle, which contributed \$35 million of Community Development Block Grants (CDBG) over seven years and \$7.8 million from the general fund. King County and Sound Transit combined contributed the remaining \$7.2 million from their general funds.” About half of the funds were used for mitigation assistance (both grants and loans), and the other half were used for long term investments in community development. Only businesses along the main corridor were eligible for these products.

#### **CASE STUDY: Minority-Owned Businesses, Transportation Department Certification, and Community Wealth**

Most minority-owned business programs require a business to become certified as minority-owned. Many certification programs around the country are offered through state Departments of Transportation.<sup>54</sup> These certifications are required to be eligible for government procurement practices that require government offices to set aside a certain number of contracts for minority- or women-owned businesses. However, this review found no literature for minority-owned business assistance programs that provide grants and loans specifically to minority-owned businesses. Montgomery County could be a leader in racial equity through specific policies to help communities of color build wealth, and a specific financial support program for minority-owned business could be a tangible step. Historically, many communities of color had thriving business communities before policies of redlining and slum clearance.<sup>55</sup> Governments around the country are grappling with the need to reverse these histories of oppression.

**Create grant and forgivable loan programs to support small business activity.** Targeted small business assistance programs should be considered viable short- and long-term tools to mitigate negative impacts of Purple Line construction and reward the positive social impacts of independent businesses that are often unrecognized. For all of these programs, the County should consider offering grants and forgivable loans instead of promoting traditional loans. Qualifications for the funds should incorporate the positive social impacts independent businesses provide for the community beyond the metric of profit.

**Expand eligibility requirements for the Small Business Assistance Program (SBAP).** The current SBAP for the Wheaton Redevelopment Project sets a precedence for a similar assistance program for Purple Line development. However, the current SBAP definition of a “successful business” (based on profit) presents a challenge for businesses who may not have the complete financial records to qualify. An additional challenge to expanding this program to Purple Line development is that it is a State development project, not just a County development project. The County should consider redefining how businesses qualify for construction mitigation funding—perhaps simply offering some level of assistance to every business in the corridor.

#### CASE STUDY Solar Investment Tax Credit (IRS)

The idea for Small Business Assistance Program for Social Entrepreneurship grew, in part, out of grants and tax incentives for businesses to switch to renewable energy. For example, the federal Solar Investment Tax Credit provides a 30% tax credit for residential and commercial properties that implement solar energy systems.<sup>56</sup> The function of these renewable energy programs is to encourage and reward businesses and individuals who undertake the socially beneficial task of reducing greenhouse gas emissions through alternative energy and energy efficiency. This could provide a similar model for socially beneficial programs undertaken by independent businesses.

**Explore ways to expand existing programs to apply specifically to Purple Line construction.** The County should consider refining the definition of a County development project. For example, the Montgomery County Impact Assessment Fund is a similar program to SBAP that provides up to \$25,000 to a small business adversely impacted by County development. However, this program includes a broader definition of a County project that includes “a redevelopment project constructed by a private entity for use in whole or in part by the County as a public facility.”<sup>57</sup> The definition could also include a clause about state-partnered projects, or a new program could be created for the Purple Line development. The County could also engage the State to provide a portion of the funding, as the Purple Line is a state project.

**Create programs specifically targeted towards Minority and Social Entrepreneurs.** The County has a unique opportunity to pioneer a Minority-Owned Business Assistance Program and a Small Business Assistance Program for Social Entrepreneurship. The County should consider the positive externalities that are not accounted for in grant and loan awarding, and work to capture and reward the full value of local, independent businesses. Without these invested, family-, and locally-owned businesses, communities like Long Branch lose their identities—the special quality that makes people want to frequent those businesses and call that place home.



**CUSTOMER AND TENANT PARKING ONLY NO WALK-OFFS**

NO COMMERCIAL VEHICLES, NO VEHICLE FOR SALE SIGNS, TOWING FOR FIRE LANES, HANDICAP SPACES, TAKING UP TWO SPACES, PARKED OTHER THAN A MARKED SPACE, DOUBLE PARKED OR BLOCKING OTHER VEHICLES, PARKED ON GRASS, EXPIRED OR NO TAGS, OR ABANDONED VEHICLES ON PROPERTY WILL BE TOWED AT OWNER'S RISK AND EXPENSE STRICTLY ENFORCED 24/7 IF TOWED CALL HENRY'S WRECKER SERVICE

# COMMUNITY IMPROVEMENT DISTRICT

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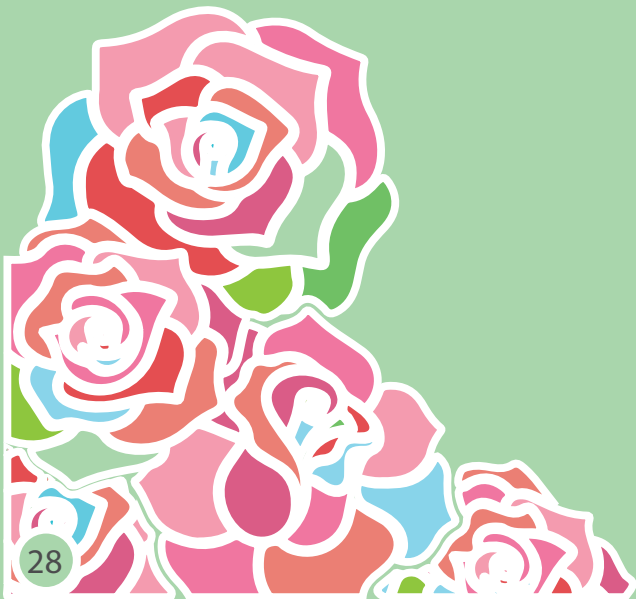
*A Community Improvement District (CID), similar to a Business Improvement District (BID), utilizes self-imposed tax revenues to provide mutually beneficial public services to businesses and property owners within a specified geographic area.<sup>58</sup> CID leadership (a non-profit comprised of business and property owners within the geographic area) administers infrastructure improvements, traffic mitigation, security, and the creation of parks, public spaces, and pedestrian corridors.<sup>59</sup>*

## NEED + BENEFIT

The need for a formal, community, and business organizing body was mentioned by business owners and other Long Branch Business League (LBBL) partners during the Long Branch CoCreation session hosted by University of Maryland students. Political advocacy and improved organizing capacity could specifically enhance businesses' relationships with property owners and improve communication between County government and local, independent businesses. Community buy-in has significant sway with developers,<sup>60</sup> and CIDs are sanctioned by local government—this would strengthen the community's negotiation power and formalize communication channels.

Furthermore, the Small Business Navigator stated the need to “make storefronts attractive as a way to advertise to the people who are riding right past the businesses [on the Purple Line],” and that “commercial-area marketing and placemaking is going to be really critical.”<sup>61</sup> This sentiment was echoed by the LBBL, and business leaders expressed the need for a formal funding distribution system that promotes consistent physical improvements in the community.<sup>62</sup> A CID could offer this formalized method for businesses to organize and for funding to move through the community—doled out with a cohesive vision and provided with a network of assistance for the success of a local business that receives funding.

One business owner described Long Branch as “a very tight-knit community that has been neglected and underserved for years. Just look at the sidewalks, the Library, and the recreation center.”<sup>63</sup> This demonstrates the potential for the community to come together to lobby for and create the resources they need to form a unique place with a strong sense of identity. While there are significant challenges to organizing businesses and property owners to form a CID and electing to assess fees on themselves to support a CID, there is potential for the County to create an environment that supports potential efforts with policy and funding. The Small Business Navigator argues that “small businesses will participate in organizing efforts if they understand the value.” This may also be an opportunity for the creation of a Neighborhood Equity Coordinator (see Tool: Neighborhood Equity Coordinator).



**Explore a Community Improvement District in Long Branch.** Community Improvement Districts should be considered a viable option to support independent retail in Long Branch, and the County could have an important role to play in supporting the community's efforts to formally organize. Within Montgomery County, there are already existing, alternative models to a CID or the State of Maryland BIDs (e.g. Silver Spring Urban District, Takoma/Langley Crossroads Development Authority). The County should consider whether these existing, local models would be useful within the Long Branch business community or whether an alternative model should be used. The crucial component of a CID is the public authorization process that formalizes the CID within the County government (or another jurisdiction). The County should ensure, that, whatever model is used, there is a formalization process that ensures improved communication and representation for the independent business community at the County government level.

**Engage property and business owners to explore CID structure and benefits.** While there are many benefits to a CID, there are also many challenges to its formation. The two biggest challenges to a CID in Long Branch are property ownership and a potential reluctance to self-assess fees. Currently in the County, a "district's creation must be supported by 51 percent of commercial and residential property owners as well as by owners of 51 percent of the assessed value of properties in a defined business area, according to state law."<sup>75</sup> According to the business inventory of Long Branch (see Appendix 3: Business Inventory), 99% of businesses lease their space, highlighting a stark lack of property ownership among businesses. It may be significantly challenging to get businesses and property owners to find common best-interests and agree to form a CID. If the business community in Long Branch would like to pursue a CID or something similar, the County should consider helping to organize formal efforts for discussion—getting business owners and property owners in the same room. The County should take into consideration the fact that property owners tend to have more negotiating power than business owners and carefully consider how to structure reasonable benefits for all stakeholders. Structuring favorable conditions among multiple parties may require an outside mediator.

**Conduct a study of varying potential funding structures of a CID.** Additional questions with the formation of a CID include how the tax assessment system

#### **CASE STUDY: Business Improvement Districts (Los Angeles, CA)**

"The Los Angeles City government has been assisting communities that are interested in forming BIDs by providing a lump sum fund for hiring a consultant who can lead the BID formation process by providing various technical and legal services (e.g. survey the business community, outreach to property owners, collect a required level of petitions and prepare planning documents to submit to the City Council)."<sup>64</sup> This is important support from the City, as forming a BID requires reaching property owners, and engaging absentee landlords. This is a challenge that often prevents the formation of a BID, nationwide. In addition, "once a BID is established, all property owners or business owners within the delineated BID area pay assessment fees,"<sup>65</sup> and assessing fees in areas with first-time, immigrant-owned businesses was a significant barrier to forming a BID—as many small businesses are already managing tight budgets.<sup>66</sup> Efforts to create a BID that were initiated from the community-level tended to be more successful than a BID initiated by a government entity.<sup>67</sup> The Los Angeles City Government's support helps communities work through the process of envisioning whether a BID is right for their community and what that organization might look like. By creating an environment favorable to BIDs, the City government simply makes it feasible and desirable for business communities to form BIDs.

#### **CASE STUDY: Community Improvement District (MO)**

There are two main types of CIDs in Missouri (i.e. Political Subdivisions and Not-For-Profits), each with varying funding mechanisms.<sup>68</sup> Political Subdivisions can "levy property taxes or business license taxes for land or businesses within the district" and CIDs in Kansas City can levy retail sales taxes.<sup>69</sup> Not-For-Profits are funded by district-wide special assessment, rents, fees, and charges for the use of CID property or services, grants, gifts or donations.<sup>70</sup> Both property owners and business owners can be part of either a Political Subdivision or a Not-For-Profit CID. However, property owners are the main members, and formation of a BID relies on 50% of property owners' approval.<sup>71</sup> The main difference between these two types of districts is that a political subdivision creates a separate politically-delineated area that is distinct from the municipality, and a Not-For-Profit is organized as a not-for-profit corporation.<sup>72</sup>

would work and how the funds would be used. Currently, the Maryland state Business Improvement District program is based on self-assessed property tax. With the current legislation, Montgomery County would need to adhere to this model if forming a BID.<sup>76</sup> However, as demonstrated in the case studies, there are a variety of funding sources for CIDs depending on their purpose and structure. The County has already created Urban Districts with an alternative model to a State BID.<sup>77</sup> The County could consider another alternative model that presents new self-assessment structures and provides some funds or tax benefits to a CID that could make its formation more desirable--especially in low-income, immigrant communities.

**Create CID toolkit to assist marketing the opportunity to various stakeholders.** From the case study in LA, BIDs tended to be the most successful when they were initiated from the bottom-up. Ultimately, it will be up to the Long Branch independent business community (with some buy in from property owners) to decide whether to pursue a CID to support their efforts, but the County can provide the vision and resources to help Long Branch decide what that business organization could look like. The County should consider creating a menu of CID options and best practices that could be useful for communities like Long Branch and commit to supporting CIDs structurally and financially.

#### CASE STUDY: Improvement Districts (NJ)

Improvement Districts in New Jersey provide an alternative example for an organizational and funding structure of community improvement districts. New Jersey Improvement Districts are funded by the municipality or the state. The basic structure is the same as BIDs previously mentioned, but the “assessment, along with other monies from the municipal government is granted to a designated non-profit Downtown Management Corporation (DMC).”<sup>73</sup> The State also manages the Downtown Business Improvement Zone Loan Fund which “is designed to provide long-term, 0% loan funds to DMCs in partnership with their respective municipalities (or municipalities in partnership with their DMCs) to aid with implementation costs” for a range of improvements (e.g. purchasing, leasing, or acquiring land for right of ways; rehabilitating and redeveloping land; installing parking and other public facilities; covering costs of appraisals or other professional services directly related to an improvement.”<sup>74</sup>



# COMMERCIAL TENANTS' BILL OF RIGHTS + LEASE SUPPORT

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*A commercial tenants' bill of rights and other leasing support programs can help independent retailers who often do not have the legal expertise, language skills, or time to ensure their longevity in rented space. Tools to support small independent retailers who rent commercial space might also include a model or master lease, pro bono legal and mediation services for independent retailers, and new requirements for increased transparency in common area maintenance fees.*

## NEED + BENEFIT

Due to the Purple Line and the corresponding development pressure on the region, independent retailers in Long Branch may be displaced, thanks to increasing rents, high common area maintenance fees,<sup>78</sup> and construction-related disruptions related to redevelopment in Long Branch's commercial core.

Currently, most small businesses interviewed by the PALS project team have five or ten year leases. Many of these independent retailers speak limited English, and have little spare time to seek out legal or mediation services that would help them negotiate better lease terms, understand the cost of commercial area maintenance fees, and plan for construction-related disruption. Due to a perceived lack of creditworthiness, independent retailers often cannot access conventional bank loans that would allow retailers to make improvements to their spaces or invest in more sophisticated marketing.<sup>79</sup>

To support independent retailers who face these challenges, a small business bill of rights was proposed at the November 2019 CoCreation Session. In addition to the Bill of Rights, participants suggested stronger oversight and transparency over common area maintenance fees to prevent overly expensive fees that result in little maintenance. Similarly, a model lease could detail the contents of a legally compliant tenant-favorable lease, including terms for negotiating lease renewals, protection against drastic rent escalations, and explicit landlord responsibilities for building improvements and maintenance. Pro bono legal and mediation services for lease negotiation and other dealings with the property owner, especially if Spanish-language translation is available. If adopted into County policy, this collection of high-impact interventions can help independent retailers stay in their spaces and advocate for themselves during redevelopment.





**Create a Bill of Rights for Commercial Tenants:** The County should dictate a set of defined rights for commercial tenants similar to the rights listed in Montgomery County DHCA's Landlord-Tenant Handbook. These rights should delineate guidelines for the assessment of common area maintenance fees, notice of rent escalation, terms of lease renewal. The Bill of Rights cannot include rent control, stabilization of commercial rents, and other legally prohibited actions. Unlike residential tenants' rights, commercial leases are not subject to Fair Housing Laws. The County might require that the property owner and tenant agree to the Bill of Rights at the time of lease signing as a condition of the Certificate of Occupancy, or might simply distribute the Bill of Rights as part of a larger handbook or guidance document for commercial landlords and tenants. To support independent retailers, the Bill of Rights should give special attention to the tenant's right to:

- Transparency in utility and common area maintenance fee billing
- Access to County resources, permitting, and code enforcement reporting procedures
- Access to translation services to facilitate communications between non-English-speaking tenants and their landlords
- Organize and meet with other commercial tenants and approach the landlord via a tenant-selected representative

**Draft and distribute a master or model lease:** Drawing on Montgomery County's existing sample leases for single- and multifamily residential tenants, the PALS team recommends that the County support the development of a fair standard lease agreement between independent retailers and property owners. A master or model lease can include information on tenant rights, landlord obligations, resources to support tenants in negotiation, as well as examples of lease terms that typically work in the retailer's favor. Terms favorable to commercial tenants might include fixed CAM fees, controls for rent escalation, lease renewal negotiation stipulations, flexible lease lengths, and terms that minimize punitive measures for tenants who must break their leases.

#### **CASE STUDY: Landlord-Tenant Handbook (Montgomery County, MD)**

Montgomery County's Office of Landlord-Tenant Affairs provides support and information for residential landlords and tenants.<sup>80</sup> Their Landlord-Tenant Handbook delineates the basics of a landlord-tenant relationship, including tenant obligations, landlord obligations, and a list of Tenant's Rights. According to the Handbook, tenants have the right to:

- Receive 72 hours-notice prior to annual/biennial or triennial inspections by County Code Enforcement;
- Review the proposed lease at any location of their choosing, prior to signing said lease;
- Make repairs with permission of the DHCA Director and deduct the cost from the rent (up to one month's rent) if the landlord fails to make required repairs as ordered by DHCA within the required time frame;
- Receive a copy of the current Landlord-Tenant Handbook at move-in unless you decline a copy and accept referral to a copy on the County website;
- An explanation of the allocation of the cost for gas and electric billing in properties built prior to 1978 along with all information required under the Public Utilities Article of the Maryland Code and applicable COMAR provisions;
- Form, join, meet, or assist one another within or without tenant organizations; to meet and confer with the landlord through representatives that you choose;
- Have access to meeting rooms and other areas suitable for meetings within the property during reasonable hours, and notice to the landlord, to hold tenant organization meetings;
- Have the first tenant organization meeting of each month free of any room reservation fees; any subsequent meets are subject to the regular fee charged for reserving this area by the property;
- Distribute freely and post in central locations of the property, literature concerning Landlord-Tenant issues, if the origin of the literature is properly identified;
- Call the Office of Landlord-Tenant Affairs (240-777-0311) should you have any questions regarding your rights and responsibilities under Landlord-Tenant law;
- File complaints with the Office of Landlord-Tenant Affairs (240-777-0311) individually or as a group;
- Call 240-777-0311 to file Code Enforcement complaints, which can be made anonymously
- Receive at least 90 days-notice of any proposed rent increase.

Though this handbook is for residential tenants and landlords, all of the rights listed above could be applied to commercial tenants dealing with commercial property owners.

**Offer pro bono legal services:** The county should create and share with independent retailers a specially designated list of local attorneys who are familiar with commercial tenant's rights and willing to provide pro bono support to small business tenants. The list should be published and promoted by the County in both English and Spanish, and include a list of attorneys who speak languages other than English. The list should exist in both web and printable forms, and be permitted to be posted publicly in small businesses and in civic spaces like the Long Branch library, community center, and nearby apartment buildings. The County should work with local nonprofits including the Latino Economic Development Center and the Long Branch Business League to distribute materials and raise awareness of these services. These services might also include mediation between property owner & business owner with translation.

**Require increased transparency of common area maintenance fees:** In the Bill of Rights, the County should require an itemized work order or receipt for the common area maintenance fees charged to tenants. The work order or receipt should be distributed to commercial tenants at reasonable time intervals based on when maintenance was performed. The County might also consider a requirement that commercial landlords distribute evidence of a competitive bid process for selecting maintenance contractors. Evidence of a competitive bid process would demonstrate that the landlord sought to negotiate a fair price for maintenance.

#### **CASE STUDY: Sample Residential Lease (Montgomery County, MD)**

Montgomery County's Office of Landlord-Tenant Affairs provides sample residential leases that comply with County and State housing laws and regulations.<sup>81</sup> This office encourages landlords to use these sample leases to protect their own rights and tenant's rights. These leases do not explicitly favor landlord or tenant, but are a thorough starting point for assembling leases. The elements included in these residential leases could provide the basis for legally compliant, fair commercial leases.

#### **CASE STUDY: Maryland Legal Aid & Bar Association of Montgomery County (Montgomery County, MD)**

Maryland Legal Aid provides free legal services to low income people throughout Maryland. To help users find legal services, Maryland Legal Aid's 'Get Help and Services' page has several sections of legal expertise: Consumer, Employment, Family, Housing, Wills & Estates, et cetera.<sup>82</sup> Each section has links to information on legal issues and life events that fall within that subject area. The Bar Association of Montgomery County<sup>83</sup> and the Maryland Volunteer Lawyers Service<sup>84</sup> have similar pro bono legal services available. None of these programs, however, list services specifically for small businesses or commercial leasing. Contract lawyers who belong to these organizations may be equipped to provide services to independent retailers.

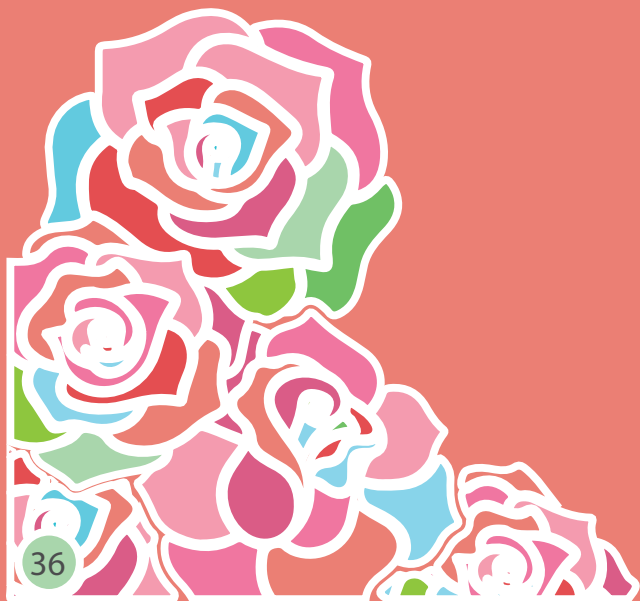
#### **CASE STUDY: Common Area Maintenance Guidance (Goulston & Storrs)**

Real estate law firm Goulston & Storrs notes in "Negotiating Common Area Maintenance Costs" that common area maintenance (CAM) fees are among the most contentious points of landlord-tenant relations.<sup>85</sup> Typically, the landlord pays for common area maintenance and charges CAM fees to the tenant pro rata for their space. Depending how they are addressed in the commercial lease, CAM fees may be fixed or changeable, and are charged at intervals defined in the terms of the lease. Per the PALS team's interviews with independent retailers in Long Branch, CAM fees are sometimes prohibitively high, and are rarely assessed in relation to actual maintenance work done.



# TARGETED FINANCIAL TOOLS

*Targeted financial tools have the potential to help local, independent businesses overcome roadblocks to accessing the capital and credit they need to start, run, or expand their businesses. This tool presents a few examples of targeted financial tools that could support businesses in Long Branch (i.e. local procurement agreements, monthly tax bill assessments, expedited permitting, and County guaranteed loans), but other tools should be explored.*



## NEED + BENEFIT

Small businesses face a variety of challenges; lack of time, money, access to financial resources, and increasing operational costs create an added layer of barriers to revenue growth.<sup>86</sup> Traditional lending institutions view small businesses as higher risk investments because of a lack of credit history and, in the case of younger businesses, a lack of a profitable track record.<sup>87</sup> Yet, “according to the U.S. Census Bureau and the Small Business Association (SBA), an estimated 30 million small businesses operate in the United States—about 99 percent of all U.S. businesses.”<sup>88</sup> There is a real need to support pathways for improved access to financial resources for small businesses, and the County government could play a crucial role in removing some of these barriers.

### Local Procurement Agreements

Customer acquisition and consistent sales are continual challenges for small, independent businesses,<sup>89</sup> and local procurement and contracting can help provide a steady income to these valuable businesses. Local procurement and contracting also create an “economic multiplier effect”—where “each additional dollar that circulates locally boosts local economic activity, employment, and, ultimately, tax revenue.”<sup>90</sup> Montgomery County, with small business comprising 95% of businesses, has already embraced this concept.<sup>91</sup> The Local Small Business Reserve Program (LSBRP) was established in 2009 with the goal of investing taxpayer dollars back into the local economy.<sup>92</sup> The program ensures that County departments award 20 percent of their procurements for goods, services, and construction to registered and certified local, small businesses.<sup>93</sup> Similarly, the Minority-, Female-, Disabled-Owned Business Program (MFD) sets procurement goals for minority-, female-, disabled-owned businesses in different purchasing categories. These programs already serve an important function, but they could be strengthened and expanded (see Recommendations).

### Monthly Tax Bill Assessments

In Montgomery County, most forms of business tax are assessed annually (e.g. business income tax, sales and use tax, personal property tax). Businesses must pay a lump sum every year, which can be challenging for small businesses on a tight budget. Monthly tax bill assessments could help independent businesses factor tax costs into a monthly budget, limiting the surprises of annual bills. The goal of this tool is to keep tax costs commensurate with revenue for each month so that businesses are better able to pay higher or lower taxes when they have the corresponding revenue. For example, if an independent retailer has the highest revenue in the

month of December, they would be able to pay a higher tax bill; likewise, lower sales in March would correspond to lower taxes that month. Currently, there is no precedent for monthly tax assessments, but the need for smaller, divided tax payments is demonstrated by the semi-annual tax payment program outlined in the Case Studies section.

### Expedited Permitting

One Long Branch business owner explained that the permitting process, zoning regulations, parking restrictions, and time required to complete documents are major challenges to renovation and improvements.<sup>94</sup> Navigating regulations and completing paperwork require extra time from small business owners, additional money for permit applications, and legal and technical reviews of documents (which also require money). Furthermore, small businesses may not have a clear understanding of all the permits, licensing, and zoning required for projects at their businesses, and County resources are not adequate to reach all the businesses that need help.<sup>95</sup> Often, permitting requirements place an unequal burden on small businesses who do not have the time, money, or staff that larger companies can employ. Small businesses are at a disadvantage with navigating complicated permitting systems in states across the country,<sup>96</sup> and expedited permitting for existing and starting small, independent businesses could address these challenges.

### County Guaranteed Loans

A perceived lack of business stability and credit-worthiness prevents small businesses from winning commercial leases for retail and loans from banks.<sup>97</sup> Few small businesses take out loans or have lines of credit and, therefore, no established credit history; this makes them higher risk investments for traditional lending institutions.<sup>98</sup> Some small businesses resort to short-term, high-interest lines of credit, like personal credit cards, to access the capital they need.<sup>99</sup> And in many cases developers often need credit tenants to fill the spaces to underwrite loans.<sup>100</sup> This creates a very high threshold to entry for new businesses or businesses looking to relocate or expand. County guaranteed loans could work to help independent businesses secure the loan funding from banks that they need to start, continue, or expand their businesses.

#### CASE STUDY: Local Procurement Programs (Cleveland and Indiana)

Cleveland has a variety of local procurement programs that are administered through the Office of Equal Opportunity: Minority and Female-Owned Business Enterprise Program, the Cleveland Area Small Business Purchasing Program, and the Local and Sustainable Purchasing Program. “Businesses certified in these categories receive a bid preference that ranges from 2 to 5 percent, and businesses certified in multiple categories can combine them up to a maximum 9 percent bid discount.”<sup>101</sup> Indiana grants a 15% preference to small, independent businesses, as defined below, and gives all other local businesses a preference of 1-5%, depending on the size of the contract.<sup>102</sup> This program offers an even higher preference than Los Angeles, which offers a 10% preference to small, local business.<sup>103</sup>

#### CASE STUDY: Maryland Semi-annual Tax Payment Plan and Escrow Accounts for Property Taxes

Research conducted for this toolkit did not find any case studies outlining similar tax assessment programs to the monthly tax bill assessment tool outlined here. However, there are two tax payment models for property taxes that divide tax payments into smaller, more manageable increments. In 2000, the State of Maryland introduced a semi-annual tax payment plan for all owner-occupied residential property owners. “The purpose of this legislation was to help reduce closing costs associated with the purchase of homes in Maryland, effectively reducing the amount of cash new homebuyers need.”<sup>104</sup> The program is not mandatory, and property taxes are still assessed on an annual basis. Taxpayers have the option to break their annual property tax payment into two installments—the first on September 30th and the second on December 31st. Escrow accounts also provide a structure that allows homeowners to pay for annual property taxes on a monthly basis. While the structure of an escrow account involves making monthly payments to a lender, the underlying logic for dividing payments supports the idea that monthly tax bill assessments could be a useful tool to make payments easier for smaller, independent businesses.

**Create a network of targeted programs.** Targeted financial tools should be considered as viable short- and long-term solutions to challenges that prevent independent businesses from succeeding. Based on the function of each targeted tool, the County would need to determine which department of County government should develop each program. However, the County should consider creating all of these tools as a network of targeted programs that coordinate the County's efforts and have meaningful impacts for small businesses by streamlining information and application processes. This will require coordination with a clear, top-down vision that prioritizes small, local, independent business.

**Restructure County procurement program requirements to be more ideal for independent retailers.** Current local procurement expectations are an excellent start. However, there are some requirements that may be more difficult for a small, independent business to meet. For example, "In addition to assuring the reinvestment in the local economy, businesses who have contracts under the LSBRP program are required to pay a living wage, further contributing to quality of life and economic stability within the county."<sup>109</sup> While this is an admirable goal, many independent businesses are family-owned and run and do not necessarily pay their families a living wage—or a wage, for that matter. Reexamining the current program with a focus on the challenges of small, family-run, independent, and minority-owned businesses would reveal other requirements that could be made more applicable to these businesses. Other expansions of the program could include a procurement program specifically for businesses within the Purple Line corridor which could function as a form of construction mitigation. There is also potential to restructure the MFD-Owned Business Program beyond typical procurement categories for County projects (e.g. construction) and include retailers as potential subcontractors for meals, uniforms, and other products. Another creative solution could apply the County's 20% procurement requirement for locally- or minority- owned businesses toward new retail developments in a County-sponsored development project after it is complete (i.e 20% of businesses in the newly developed area should be locally- or minority-owned).

**Create flexible tax payment options for independent retailers.** While no precedents were found for monthly tax bill assessments, the underlying logic of predictable, manageable payments provides relief for small businesses. The County could consider expanding the existing semi-annual tax payment plan for residential properties. However, language surrounding small businesses would need to be clarified. The current program says that "real property taxes on residential and commercial properties defined as 'small business' are also eligible for semi-annual payment," but taxes on commercial real property are not eligible for the semi-annual schedule.<sup>110</sup> This ambiguous language complicates whether a small, independent commercial business could qualify for the semi-annual payments. Ultimately, the County should consider creating an innovative monthly tax assessment program for small, local, independent businesses of all kinds (retail, food service, personal service, etc.) and become a pioneer for this new legislation.

#### **CASE STUDY: Small Business Loan Guarantee Program (California)**

The State of California's Small Business Loan Guarantee Program is administered through the California Infrastructure and Economic Development Bank's (IBank) Small Business Finance Center (located within the Governor's Office of Business and Economic Development). The IBank Small Business Finance Center "partners with Financial Development Corporations to provide loan guarantees and direct loans for small businesses that experience capital access barriers."<sup>105</sup> The program guarantees 80-95% of a loan for 7 years, up to \$1 million. "This guarantee activity contributed to over \$95 million of overall capital that was injected into the State's small business community. The small business owners reported 2,302 jobs created or retained as a result of these loan guarantees."<sup>106</sup>

**Ease permitting process and expand technical assistance for additional permitting, zoning, and legal requirements.** Small, independent businesses have difficulty navigating the current County permitting, zoning, and parking requirements for projects they want to undertake to improve their businesses. Meanwhile, developers and larger businesses have better resources and larger, more knowledgeable staff to navigate the range of requirements. And yet, this research found many more examples of expedited permitting for developers than for independent businesses. The County should consider creating a program that moves certain projects for independent businesses through an expedited review. Additionally, expanding permitting and technical assistance through existing organizations and the potential creation of a Neighborhood Equity Coordinator (see Section X.X) should be considered.

#### **CASE STUDY: Expedited Permitting (San Francisco, CA)**

There are numerous models that provide expedited permitting for developers and construction projects, but there are very few explicitly targeted to small businesses. San Francisco offers a Community Business Priority Processing Program (CB3P), which streamlines the Conditional Use Authorization review process for certain small and mid-sized business applications.<sup>107</sup> To qualify, projects must meet requirements such as: meeting zoning requirements for changes in use, no alcohol sales, no building expansion or new construction, only non-residential uses, and no loss of dwelling units.<sup>108</sup> These criteria are very specific, but “projects that [do] qualify for and enroll in the CB3P are guaranteed a Planning Commission hearing date within 90 days of filing a complete application.”



Photo: Montgomery County Planning Department

# COMMUNITY LAND TRUST

*A Community Land Trust (CLT) is a form of permanently affordable land protection in which a community-controlled organization retains ownership of the land and can sell or rent the units on that land to people that fit a certain income designation or organizations that fulfill a particular need.*

## NEED + BENEFIT

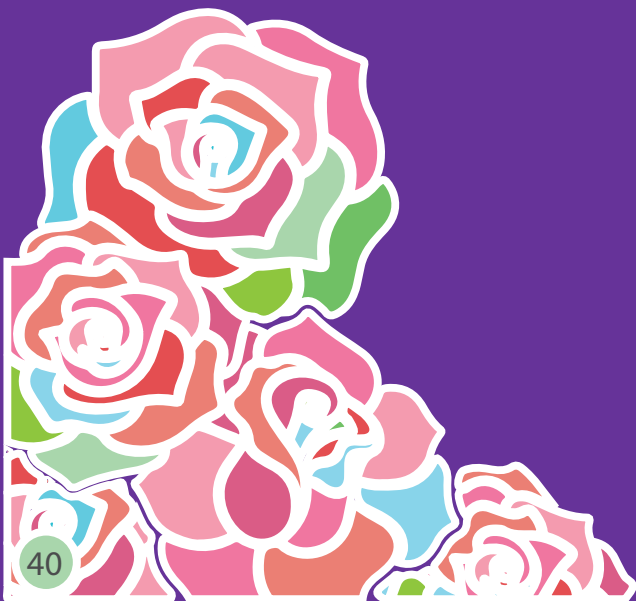
Currently, major parcels of land with small businesses and multi-family housing units are predominantly-owned by REIT's and LLC's (see Appendix Business Inventory). These are business and investment entities that historically define success by profit margin, and the rental rates are directly associated with the market rate of the area. With the Purple Line opening, the value of these holdings will increase, as will property taxes. These added value and costs will be passed on to tenants. Major changes are expected through a combination of redevelopment, rental price hikes, and increased outside competition for commercial leases.<sup>111</sup> None of the business owners have had success renewing leases, which used to be offered in five or ten year intervals.<sup>112</sup> As one Long Branch business owner stated, "I am hoping that we are still here [10 years from now,] I am hoping we will have expanded." But we'll need "protections to keep doing business [with the Purple Line]."<sup>113</sup>

A Community Land Trust (CLT) can be effective in preventing displacement while adapting to the community's emerging needs. CLTs function on a fundamentally different set of operating principles compared to a typical real estate investment. A CLT does not seek the highest profit margins, but the highest community benefit in accordance with its bylaws.<sup>114</sup> Affordable housing and commercial ground leases can be offered to the independent retailers in Long Branch. A CLT can also address missing needs by offering affordable space to a community-oriented bank, nonprofit, business incubator, or any missing need prioritized by the community.

Additional CLT benefits include an increased sense of civic involvement. A governing board of directors comprised of neighborhood stakeholders guarantees that the community's best interest is democratically represented. The legal framework and transparent nature insures judicious stewardship of the land holdings.<sup>115</sup> The nature and implementation of a CLT can have a multiplier effect by facilitating a sense of inclusiveness and strengthened neighborhood identity that often increases community good will as well.

### **CASE STUDY: Champlain Housing Trust (Burlington, VT)**

Began as two separate entities in 1984—a CLT and a Housing Development Corporation—which were funded by the City of Burlington, and merged in 2006 to combine strengths. One of the oldest and most successful CLTs nationwide, CHT initially focused primarily on housing and has since expanded to commercial property. Currently a total of fourteen commercial units on six properties in the Old North End. Spaces are set aside for community-oriented tenants, such as a food pantry, community health center, and a nonprofit car donation organization.<sup>122</sup>





**Engage neighborhood stakeholders and supplementary partners:** An initial exploration committee should utilize the existing neighborhood organizations and nonprofits active in the area to gauge interest from the community at large, and to identify necessary voices to be included. An advisory committee should be made available to provide consultation for helping the CLT effectively manage procurement, financing, redevelopment, management, and any component that might be outside the CLT board's expertise. Partnerships with nonprofits, community-oriented banks, Community Development Financing Institutions, Community Development Corporations, share-holding cooperatives, mission-oriented REITs, etc. should be explored for potential partnerships in redevelopment efforts. A public-private partnership could also make a CLT possible through co-location of any county or state services, including the Long Branch Library and Community Center. The CLT should give weighted opportunities to independent retailers in Long Branch. The CLT should be considered an opportunity to bring in commercial tenants to fulfill current needs of small businesses and residents, such as access to banking services. The CLT should consider non-independent retailers as tenants only when they fulfill a need not being catered to by existing businesses and only to offset the costs so that additional opportunities can be offered for the population most vulnerable to displacement.

**Fast-track property acquisition mechanisms:** An expedited timeline is important for a CLT to best mitigate the effects of rising land costs; however, it is expected that the Washington, DC region, will continue upward trends in land values in general, and therefore, land acquisition at any point in time should be seen as opportune. The CLT should consider any commercial or residential opportunity to increase its portfolio. A variety of potential funding options to accomplish the goal of acquiring real property should be considered, including tax benefits that incentivize landowners to donate land to a CLT, or to sell for a below-market price; county/state funding, philanthropic entities, and/or direct investments typically associated with the community development sector. Consider tax abatements for a CLT to not be over-burdened by property taxes.

**Support an adaptive CLT model:** A CLT should be considered one of the most effective long-term solutions to affordable housing and commercial space in Long Branch. A CLT is an extremely flexible tool that continues to evolve, and therefore it is advised that variations on CLTs should be considered further.

#### CASE STUDY: Anchorage CLT (Anchorage, AK)

ACLCT, founded in 2003 to revitalize the Mountain View neighborhood—a diverse inner-ring suburb of Anchorage.<sup>116</sup> Of the 270 community land trusts nation-wide, is one of the only to focus primarily on commercial redevelopment. What began with a seed grant from the Rasmuson Foundation, Anchorage CLT now has nine commercial properties with twenty-four commercial tenants. Analysis of what was lacking informed what to include, beginning with the first tenant, a credit union, and followed by office space for nonprofits. Additionally, ACLCT advocates for supplemental commercial development, including mobile phone and cable television offerings, as well as comprehensive neighborhood revitalization that includes a revamped public library.

#### CASE STUDY: Douglass CLT (Washington, DC)

Begun as a key recommendation of the 11th Street Bridge Park's Equitable Development Plan to mitigate displacement pressure, published in September of 2018, and incorporated September 2019 as a nonprofit 501c(3).<sup>117</sup> The first acquisition of the Douglass CLT was completed that same month with a 65-unit privately-owned apartment building in Congress Heights, DC. The tenants used their right of first refusal to buy the property under DC's TOPA legislation, which they completed in part using initial financing of \$7 million by the National Housing Trust, and \$1.3 million from DCLT, who will hold on to the deed. The residents will stay in place.

#### CASE STUDY: Urban Land Conservancy (Denver, CO)

Founded in 2003 with seed money from oilman Sam Gary,<sup>118</sup> ULC first made acquisitions of apartment buildings until the city of Denver solicited their participation in the 2.6 acre Holly Square shopping center after it burned down. In 2009, ULC acquired the property and put together the HARP Vision Plan.<sup>119</sup> To gain the trust of the community, ULC legally empowered a neighborhood steering committee to have veto power over potential developments.<sup>120</sup> The ULC negotiated short-term and long-term uses, including a partnership with the Boys & Girls Club of Denver, which invested \$5 million into the trust in exchange for below-market long-term commercial lease on a 28,000 sq. ft. community center. ULC continues to plant seeds of change, incubating the Elevation Community Land Trust in 2018 as a public/private partnership to increase home ownership.<sup>121</sup>

# LEGACY BUSINESS DESIGNATION

*A Legacy Business Designation Program, typically established by a local jurisdiction, business district, or non-profit organization, is a way to incentivize the preservation of local businesses that meet specified criteria. These criteria are related to the tenure of the business, as well as typically controlling for small, independently-owned business which provide a particular community value.*

## NEED + BENEFIT

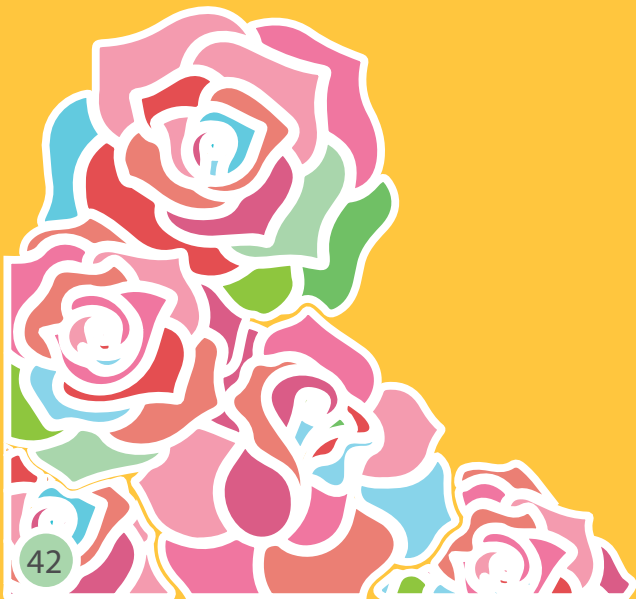
Well-established, long-tenured small businesses face many challenges, including increased competition, increased rents, technological advances, shifting consumer preferences, rising labor costs, and changes in the neighborhood, including population shifts caused by redevelopment.<sup>123</sup> Small businesses are often particularly vulnerable when redevelopment occurs or when right-of-way improvements are under construction.

When independent retailers close, impacts to the larger community occur. “(T)he loss of economic support flowing back to the community. Many legacy businesses with long tenures in a neighborhood employ community members and serve as a gathering space for the community. They also give back to the community through hosting events in the store, sponsoring local children’s sports teams, donating time and goods to worthy causes, leading neighborhood committees, and much more.”<sup>124</sup> Although independent retailers hold community value, they are not often prioritized when redevelopment occurs, resulting in extended vacancies due to independent retailer’s inability to meet credit standards required by the developer’s lenders and subsequent tenanting of these vacancies with chain retailers.<sup>125</sup>

To surmount these challenges, a Legacy Business Designation Program can confer:

- Financial assistance: direct grants, loans, access to capital, tax incentives, rent subsidies
- Protections and covenants: restrictions on changing the use of space or on chain businesses, mandatory set-asides in new developments
- Promotional activities: media campaigns, marketing publications
- Technical assistance: licensing/permitting, ADA compliance, labor laws, zoning and land use, government contracting, lease education, financial projections, marketing & advertising, and other forms of support identified by the business community<sup>126</sup>

The specific criteria for Legacy Business designation are determined by the organization that confers the recognition, and once recognized, these businesses may become eligible for financial assistance (grant and/or loan programs) and often general assistance and support.



**Establish a pilot Legacy Business Program in Long Branch.** Montgomery County should provide a framework for protecting well-established, long-tenured small businesses facing redevelopment pressure as a result of the development of the Purple Line and the construction of the Long Branch Station. To make the pilot program particular to Long Branch, the program could prioritize small, independently owned businesses either owned by or that serve the minority community. The County should consider the full range of different types of assistance (financial, promotional, technical and legal) that may be offered to small, independently owned businesses and select those which fit best with or expand upon existing programs in Montgomery County.

The following steps should be undertaken by the County or appropriate agency to establish the program:

- Determine which agency/body should administer the program. The program could be housed initially within a local organization, then scaled up to the County level if successful.
- Determine limitations of pilot program. The area covered, the length of the pilot program, and the number of businesses that can be served should be determined.
- Study existing businesses to determine appropriate eligibility criteria and potential participation. The age of the eligibility for businesses should be determined, as well as any other factors that would or would not qualify them from participation.
- Prepare a nomination or application process.
- Prepare a process by which to screen, score and select eligible businesses.
- Determine what kind of support could be made available to eligible businesses. Will the support be financial assistance, such as direct grants, loans, access to capital, tax incentives, or rent subsidies, or will it be entirely non-monetary, such as technical assistance? If financial, where will the funds come from? How will the funds be distributed?

#### **CASE STUDY: Legacy Bars and Restaurants + Legacy Business Registry (San Francisco, CA)**

San Francisco Heritage, a non-profit 501(c)(3) organization launched San Francisco's Legacy Bars and Restaurants project in 2013, an online guide that celebrates 100 iconic establishments ("legendary eateries, watering holes, dives and haunts") that contribute to the culture, character and lore of San Francisco. The businesses must have been open for 40 years or more, have contributed to the historical nature of the surrounding neighborhood, and have possessed either distinctive architecture or interior design.<sup>127</sup> Despite the popularity of the groundbreaking initiative, the City's Budget and Legislative Analyst's Office reported a year later that a record number of small businesses had been closing due to sky-rocketing rent.

In 2015, legislation was passed to create the Legacy Business Registry, which is open to businesses which have operated for 30 years and have proven that they have "made a significant impact on the history or culture of their neighborhood".<sup>128</sup> The Legacy Business Historic Preservation Fund was passed by ballot in late 2015 and is considered the first legislation in the nation which recognizes notable small businesses and incentivizes their preservation. The Fund provides Business Assistance Grants of \$500 per full-time employee per year and Rent Stabilization Grants, which provides a subsidy of \$4.50 per square foot per year to be applied to the full rental rate.<sup>129</sup>

**CASE STUDY: San Antonio, TX**

San Antonio's Legacy Business Program recognizes "longtime businesses throughout the city whose antiquity, architecture, historical, or cultural significance make them a notable part of San Antonio's cultural landscape. Categories may include performance, traditions, financial institutions, ice houses, cantinas, saloons, bars, and restaurants."<sup>130</sup> The benefits of being a Legacy Business include marketing and promotional opportunities as well as being included on print and digital visitor maps. Additionally, businesses that are located in San Antonio's World Heritage Buffer Area and a two-mile radius of historical sites Missions Concepción, San José, San Juan, or Espada may qualify for World Heritage Legacy Business Grant Pilot Program matching grants of up to \$10,000 to "encourage the stability and preservation of registered Legacy Businesses that sustain local traditions and identity."<sup>8</sup> Grant funds may be used for improvements to the façade, signage, landscaping, or parking areas. Low-interest loans for interior improvements may also be available from organizations partnering with the World Heritage Legacy Business Grant Pilot Program.<sup>131</sup>

**CASE STUDY: Seattle, WA**

Two years after Seattle published its Legacy Business Study, the City's Office of Economic Development (OED) launched a Legacy Business Pilot Program, along with two pilot funding mechanisms: the Tenant Improvement Fund Pilot Program and the Stabilization Fund Pilot Program. The Legacy Business Pilot Program addresses the changes that have occurred with significant growth in population and employment. "Many residents and community leaders have expressed a sense of loss at the closing of longtime businesses challenged under new local and global economic realities. To address commercial displacement and preserve the neighborhoods that Seattle residents cherish", the OED created the Legacy Business Pilot program to support independently owned, for-profit businesses that have operated in Seattle for a minimum of ten consecutive years, and employ few than 50 people, including the owner(s).<sup>132</sup>

Seattle OED's Small Business Tenant Improvement Fund Pilot Program offers grants of up to \$100,000 for small businesses in neighborhoods where there is a high risk for displacement. The businesses must show that their goods/services are important to the neighborhood and that they can provide other funding resources but need additional funds to fill a final gap.<sup>133</sup>

The Stabilization Fund Pilot Program is a one-time pilot program that targets small businesses whose owners are considered low-income, and which employ five people or fewer. These funds are meant to assist business owners who are struggling to stabilize their businesses due to construction, rising rents, displacement, crime, a personal emergency, or other event that reduced their income, and can provide up to \$25,000 for operating expenses.<sup>134</sup>



CoCreation Session at El Golfo in Long Branch

# PLACEMAKING EFFORTS

*Placemaking is “a collaborative process by which we can shape our public realm in order to maximize shared value”<sup>139</sup> with the purpose of “creat(ing) quality places people want to live, work, play, and learn” and to “strengthen the connection between people and the places they share.”<sup>140</sup> The placemaking process often includes the following steps: define the area for improvement, assemble relevant stakeholders, evaluate and identify issues at the site, create a vision through public participation, and ultimately, install public art, seating, or planters, and/or programming the space with frequent formal and informal community events.<sup>141</sup> To endure, placemaking must be iterative and ongoing.*

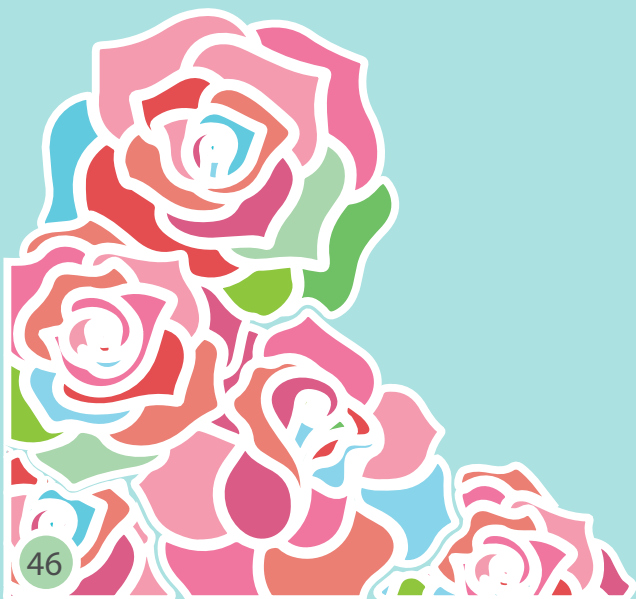
## NEED + BENEFIT

Community-based placemaking exercises allow residents to participate in the design and creation of great spaces that reflect their cultural heritage and allow them to feel included. The process facilitates breaking down social barriers, sparking community involvement, driving economic development, and can support efforts to resist displacement.

Long Branch, home of many thriving minority-owned and/or minority-serving independent retailers, has already benefited from some placemaking activities led by the Long Branch Business League’s Discover Long Branch! initiative.<sup>135</sup> Discover Long Branch! aims to cast the community as a family-friendly and creative place. The efforts have resulted in public art, including murals on Flower Avenue, and an increase in community events, like the DiscoverLongBranch 5K race and the recently established annual Long Branch Festival.

At the Long Branch Festival, Montgomery County facilitated placemaking activities as a part of the Thrive Montgomery 2050 planning effort.<sup>136</sup> County Planning representatives asked festival attendees to give feedback on how to “reimagine a livelier and friendlier downtown in Long Branch.”<sup>137</sup> County volunteers created a temporary civic green at Flower Avenue Urban Park for the festival, where food and retail vendors sold goods, and live entertainment was held. While admirable, these placemaking activities should be repeated with the goal of maintaining the character of Long Branch’s public spaces into the future.

Redevelopment of properties around the future Long Branch Purple Line Station presents a unique opportunity to engage the community in the design of the built environment. Through placemaking, the community can enhance public spaces with amenities like public art and programming that confirm their sense of community—even under threat of redevelopment. With placemaking, a close-knit community with a strong determination to enact its vision for itself often encourages new economic activity and future investment. Placemaking can help build this kind of community, and can have a positive effect on how people interact with their environment. Placemaking can help fortify the community’s identity against development pressure by creating space for community visioning and engagement. As placemaking pioneer Jan Gehl once said, “Public life in good quality public spaces is an important part of a democratic life and a full life.”<sup>138</sup>



**Facilitate and support placemaking activities.** Activities could include scheduled workshops like those held in Silver Spring in 2015,<sup>142</sup> public art projects, or community-led cultural events that reflect the neighborhood’s character. Ideally, these activities would be held well in advance of any proposed redevelopment of the site, so that when redevelopment occurs, the community has already defined its vision for Long Branch and identified its priorities for development. Alternatively, if comprehensive placemaking is not pursued in advance of development, the County should require that placemaking activities must be conducted on public spaces affected by development. Said placemaking activities might result in updated or expanded community design guidelines, new programs that fund small business façade and interior improvements, and vacancy fees to discourage property owners from speculatively holding empty retail space.

**Expand or update the 2013 Long Branch Community Design Guidelines.** The County Planning Department should initiate placemaking activities aimed at updating and/or expanding existing Long Branch Sector Design Guidelines (2013).<sup>143</sup> These activities would create space and time for the community to define and express its character via the design of the built environment. The resulting updates to the design guidelines might be modeled after the March 2019 update to Greater Lyttonsville Sector Plan design guidelines.<sup>144</sup> As in Lyttonsville’s update, elements of the updated guidelines for Long Branch might include sidewalk zones, building placement, neighborhood connections, canopy corridors, and especially neighborhood retail street guidelines. Updated guidelines would help maintain the character of the area, especially the commercial core at Piney Branch Road and Flower Avenue.

*“We made a lot of positive progress: the transformation of a formerly deserted and avoided alleyway, hope and confidence in the children, people feeling joy and pride about who they are and where they live, and three generations working together.”*

*— Adele Kious, Neighborhood Connections development consultant.*

**Establish modernization loan or grant programs for small business façade improvements.** In partnership with the Long Branch small business community, the County Office of Economic Development, and local CDFIs, the County should establish grant or low-interest loan programs to help small businesses affected by the development of the Purple Line with façade or interior improvements.

**Implement Commercial Vacancy Fees in Long Branch.** To encourage vibrant streets and drive foot traffic to Long Branch’s retail centers, the County should discourage commercial speculation and first floor vacancies by levying annual fees to property owners who leave commercial space vacant. The City of Arlington, Massachusetts levies such fees to property owners annually by charging \$400 per vacant storefront and requiring registration to the Department of Planning and Community Development’s ledger of vacant retail spaces. Similar fees in Long Branch may encourage commercial property owners to keep rents reasonable and market storefronts available for lease.<sup>145</sup> Fees collected should support a Small Business Assistance Fund aimed at providing financial help for independent retailers at risk of construction-related disruptions, in need of facade improvements, or otherwise lacking in capital to make their businesses successful. Challenges to these fees may arise from community members or elected officials who feel that government oversight will repress the economy, or that the fees might drive some property owners to invest elsewhere. Still, if the fees successfully encourage commercial occupancy in Long Branch, the County might consider scaling these fees.

*“The activities associated with designing a mural, painting it, and holding parties obviously engage the neighborhood and create a stronger sense of attachment between neighbors. This sense of community is what any neighborhood needs to be a great place to live.”*

*— Cleveland Planning Director Robert Brown*

### CASE STUDY: City Repair Cleveland (Cleveland, Ohio)

In 2013, the Cleveland Foundation's community development arm Neighborhood Connections proposed community-led placemaking projects in three neighborhoods: Larchmere and Buckeye-Shaker Square, Stockyards, and Newark Alley.<sup>146</sup> Drawing on architect Mark Lakeman's City Repair Project in Portland, Oregon, each neighborhood facilitated an extensive, collaborative public process to design a mural intended to bridge cultural and racial divides and communicate relevant history. The murals were installed, but the process of placemaking was possibly more valuable to the City Repair communities than the final product: "It was never about creating or building something—that was secondary," mural artist Michael Mishaga said, "The most important thing was the social interactions." The City of Cleveland's Department of Community Development also administers a very successful Storefront Renovation Program (SRP) in targeted areas of Cleveland's neighborhood retail districts. The goal of the program is to rehabilitate/renovate the exterior surfaces of primarily traditional storefront buildings, including correction of deferred maintenance items, correction of code violations, the renovation of architectural details, and the design and installation of new retail business signage. Storefront Renovation Program projects typically fall within a total project range of \$40,000 to \$80,000.<sup>147</sup>

### CASE STUDY: Little Mekong (St. Paul, MN)

With the impending development of a light rail network in St. Paul, Minnesota, small, independent business owners in the Frogtown neighborhood (west/central St. Paul) were concerned about losing business due to long-term construction disruption. Many were first- or second-generation Asian Americans served by the Asian Economic Development Association (AEDA). AEDA perceived an opportunity to rebrand the area, and began referring to it as "Little Mekong." In the spirit of creative placemaking, AEDA and partners the Hmong American Partnership, Saint Paul Riverfront Corporation, and the City of Saint Paul created a community gathering space on University Avenue called Little Mekong Plaza. At a series of public charrettes, the community collaborated on the plaza's design—green space, murals, and public art intended to "solidify the neighborhood's identity,"<sup>148</sup> and spur Little Mekong's economy. "The arts can change people's relationship to places," Laura Zabel, Executive Director of Springboard for the Arts in St. Paul said, confirming the "tremendous ripple effect," placemaking has caused in the Little Mekong community.<sup>149</sup>

### CASE STUDY: Rainier Valley Community Development Fund (Seattle, WA)

Rainier Valley, a neighborhood southeast of downtown Seattle, is one of the most diverse in the region: 75% of residents are people of color, and nearly 33% are foreign-born. Like Long Branch, Rainier Valley is home to many small independent minority-owned and minority-serving businesses. In 2002, the Rainier Valley Community Development Fund was established. The Fund was intended to mitigate the impacts of construction and long-term neighborhood changes due to a new light rail line on Martin Luther King Jr. Way. The Fund provides community development grants and loans, including support for businesses forced to relocate.<sup>150</sup>

The City of Seattle also supports small business improvements through the Small Business Tenant Improvement Fund Pilot Program, which grants gap funding up to \$100,000 to for commercial space improvements—a benefit that can both raise the business's profile and contribute to a neighborhood's sense of place. The grants are limited to areas at high risk of displacement. The qualifying business must provide a good or service important to the neighborhood. Rainier Valley, a neighborhood southeast of downtown Seattle, is one of the most diverse in the region: 75% of residents are people of color, and nearly 33% are foreign-born. Like Long Branch, Rainier Valley is home to many small independent minority-owned and minority-serving businesses. In 2002, the Rainier Valley Community Development Fund was established. The Fund was intended to mitigate the impacts of construction and long-term neighborhood changes due to a new light rail line on Martin Luther King Jr. Way. The Fund provides community development grants and loans, including support for businesses forced to relocate.<sup>151</sup>

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Photos: Montgomery County Planning Department

# supporting tools

The Supporting Tools Matrix consists of tools that are relatively minor in implementation and impact (in comparison to the primary tools previously presented), but are still valuable elements of a complete strategy for retaining community value of Long Branch’s independent retailers. Instead of full tool entries, the definitions of these tools are one paragraph long. The Supporting Tool Matrix works the same way as the Primary Tool Matrix: a colored cell indicates that the tool (above) addresses a given challenge (left). For further information on the challenges listed in the Matrix, see Primary Tools (page 10) and Appendix 5: Preliminary Insight Statements.

CHALLENGE
No Commercial Affordability Support
Increased Costs of Real Estate
No Protection of Cultural Diversity
Redevelopment Pressures
Displacement by Redevelopment
Limited Organizing and Consensus Building
Limited Business Owner Time, Financial Resources, & English Fluency
Potential Loss of Physical Character
Exclusive County Funding Eligibility Requirements
Disadvantageous Independent Business Lease Terms
Systematic Tenanting and Financing Barriers
Finite Funding and Technical Assistance Opportunities

COMMERCIAL IMPACT FEES	COMMERCIAL VACANCY FEES
■	■
■	
■	
■	
■	
■	
■	

COMMON AREA MAINT. FEE  
TRANSPARENCY

COMMUNITY DESIGN  
GUIDELINES

COUNTY-FUNDED MARKET  
ANALYSIS

COUNTY GUARANTEED LOANS

EXPEDITED PERMITTING FOR  
DEVELOPERS

LOCAL PROCUREMENT  
AGREEMENTS

MODEL LEASE

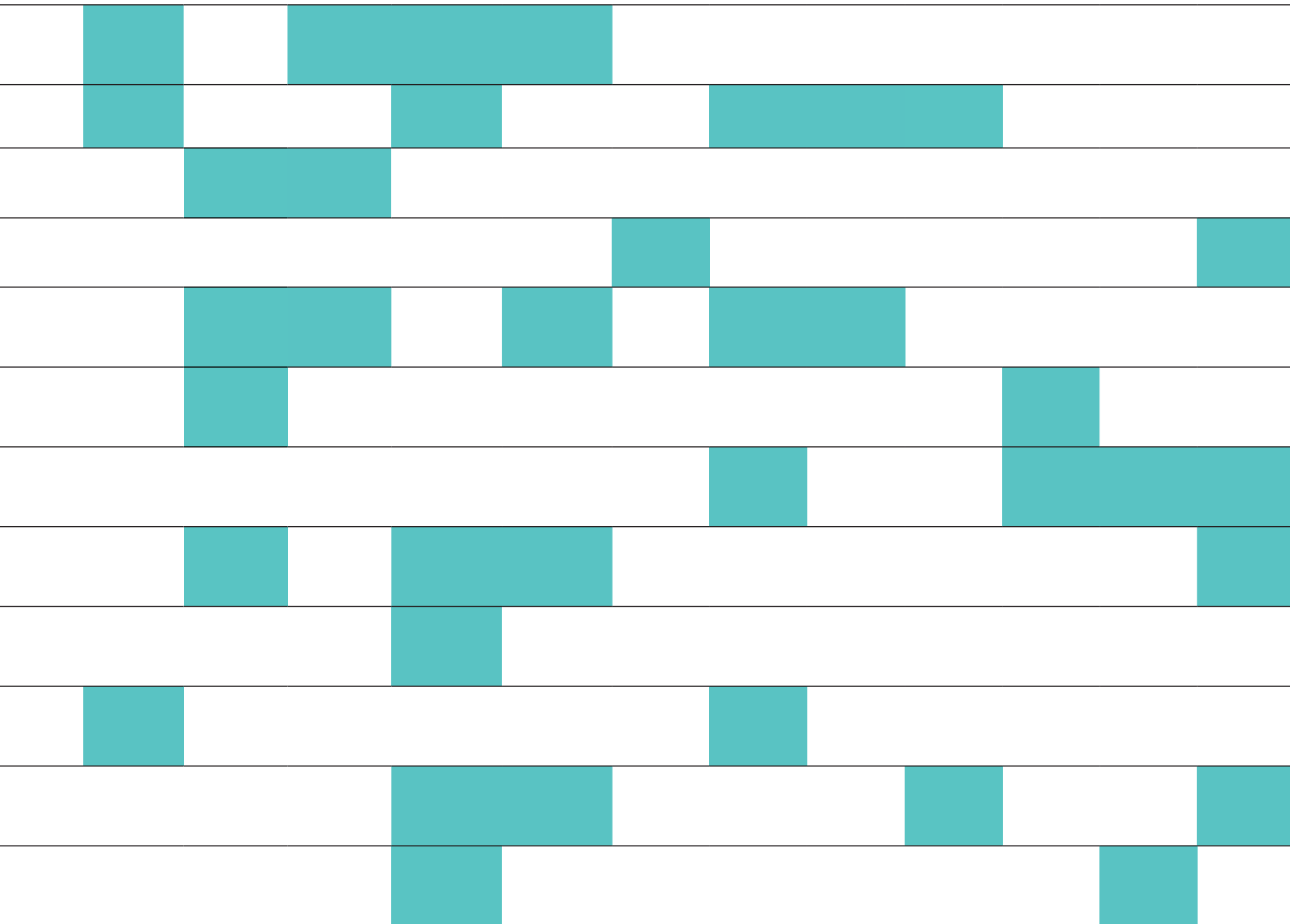
MODERNIZATION GRANTS  
(FACADES AND INTERIORS)

MONTHLY TAX BILL  
ASSESSMENTS

ROVING PLANNING  
COMMISSION MEETINGS

SEO AND SOCIAL MEDIA  
TRAINING

SHOP LOCAL CAMPAIGNS



# supporting tools: defined

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## commercial impact fees

This fee would be modeled after the County's existing residential impact fees, which are paid by developers to offset the impact of new households on public facilities, such as roads, sewers, and schools. Similarly, a commercial impact fee could offset the impact of new development on existing commercial establishments by funding targeted financial assistance for small businesses affected by the Purple Line project. To implement, the County could reallocate portions of the existing impact fees required for public facilities improvements, levy a new impact fee for this purpose, or allow developers to pay into a Long Branch commercial impact fund as part of the public benefits grading process that accompanies the optional method for development.

## commercial vacancy fees

Commercial vacancy fees levied at private property owners who allow retail spaces to remain empty for an extended period of time would discourage this practice and encourage property owners to keep rents reasonable and actively market spaces for lease. Fees collected could be pooled into a Small Business Assistance Fund that would provide financial help for small, independent businesses struggling financially due to ongoing construction projects, for legacy business grants, and other improvements.

## common area maintenance fee transparency

Programs or policies that support transparency in common area maintenance fees, which are billed to commercial tenants by their landlords. Transparency could be encouraged by requiring or incentivizing an itemized work order or receipt for the common area maintenance fees that were charged to tenants to be distributed to them at reasonable time intervals based on when maintenance was performed.

## community design guidelines

To ensure that careful consideration is made to the design of any redevelopment in Long Branch, the County could develop supplemental community design guidelines similar to those developed for Lyttonsville by the County in March, 2019. The Greater Lyttonsville Design Guidelines address Streetscape Design, Parks and Open Space Design, and Site and Building Design, all of which could be customized to Long Branch to guide future redevelopment. Elements that are particularly relevant to the Long Branch retail node include sidewalk zones, building placement, neighborhood connections, canopy corridors, and neighborhood retail street guidelines.

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### county-funded market analysis

Modeled after a typical market analysis conducted by a developer or nation-wide retailer, this county-funded version would be publicly accessible and allow small-scale retailers to better grasp the local market. Current unmet demand would be identified so that [independent retailers] could better cater to current needs and strategize for the future before nationwide retailers tap the market niches.

### county guaranteed loans

A County-guaranteed loan program that would back loans at financial institutions for small, independent businesses. The program could be similar to the federal Small Business Administration (SBA), which administers guaranteed loans from private or other lending institutions that are 75-80% guaranteed. The program has been touted as effective and efficient. The SBA only has to pay if a business defaults on its loan. This program would help independent businesses secure the loan funding from banks that they need to start, continue, or expand their business.

### expedited permitting for developers

Bundle and expedite permitting for developers who pursue the revised optional method in the proposed neighborhood commercial overlay zone. Permits could also be expedited when developers participate in other programs designed to support a diverse independent retailer community. As a local developer indicated that navigating the entitlements process is the most expensive part of any project; expedited permitting could relieve developers of some burden by rewarding project decisions that support small businesses in Long Branch.

### local procurement agreements

A program that requires governmental agencies to set aside a certain amount of government contracts for locally-owned, small, independent businesses. Minority- and women-owned businesses could also be included, along with a procurement program specifically for businesses within the Purple Line corridor that could function as a form of construction mitigation.

## supporting tools: defined

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### **model lease**

An example document that models the contents of a tenant-favorable commercial lease including terms for negotiating lease renewals, protecting against drastic rent escalations, and defining the property owner's responsibility for building improvements and maintenance. Terms favorable to commercial tenants might also include fixed CAM fees, flexible lease lengths, and terms that minimize punitive measures for tenants who break their leases. A model lease could be a County-wide standard distributed to all landlords, or could be recommended by the County and distributed to tenants and landlords as an informational resource.

### **modernization grants (façades and interiors)**

A grant program which could be set up as a pilot program specific to Long Branch or offered throughout the County, similar to Seattle's Small Business Tenant Improvement Fund Pilot Program. The grants would be directed at small, independent businesses in locations where there is a high risk of displacement, and businesses would have to indicate that the goods/services sold are important to that neighborhood. Also, the needed funds should be required only to fill a remaining gap in funding from other sources.

### **monthly tax bill assessments**

A tax program for small, independent businesses that assesses all business taxes monthly instead of annually. The goal of this tool is to keep tax costs commensurate with revenue for each month so that businesses are better able to pay higher or lower taxes when they have the corresponding revenue. For example, if an independent retailer has the highest revenue in the month of December, they would be able to pay a higher tax bill; likewise, lower sales in March would correspond to lower taxes that month. Monthly tax bill assessments will help independent businesses factor tax costs into a monthly budget.

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### **moving planning commission meetings**

Business owners are short on time and have limited opportunity to engage with the Planning Commission and other decision-making bodies. To encourage a more participatory process and to generate more representative decisions, the Planning Commission should rotate its meetings through communities that stand to be significantly affected by County-led projects such as the Purple Line. Moving the meetings out of Rockville and into neighborhoods could open the door for new voices to join the process.

### **search engine optimization + social media training**

To optimize the reach, influence, and sales of minority-owned and/or minority-serving businesses, the County could provide training in search engine optimization, social media marketing, and other branding or digital strategy tools.

### **shop local campaigns**

Shopping locally strengthens a community's economic base while keeping money in the local economy. The County could mount a Shop Local marketing campaign designed to increase demand for goods and services sourced from small, independent businesses, specifically in Long Branch. Not only could a successful Shop Local campaign result in increased business for Long Branch retailers, the campaign would also be an important community engagement strategy that helps bridge these businesses with their local government.

# conclusion

The strategies described in this report represent a spectrum of solutions to the increasingly prevalent issue of displacement with redevelopment. Redevelopment is on the horizon for every inner-ring suburb in the growing metropolitan area, and on a fast-paced treadmill with the Purple Line's construction. While promising many benefits to their respective municipalities, redevelopment often comes at a high cost for the existing residents and business operators who have no equitable leadership that guarantees their inclusion in the bright future outlined in typical planning documents.

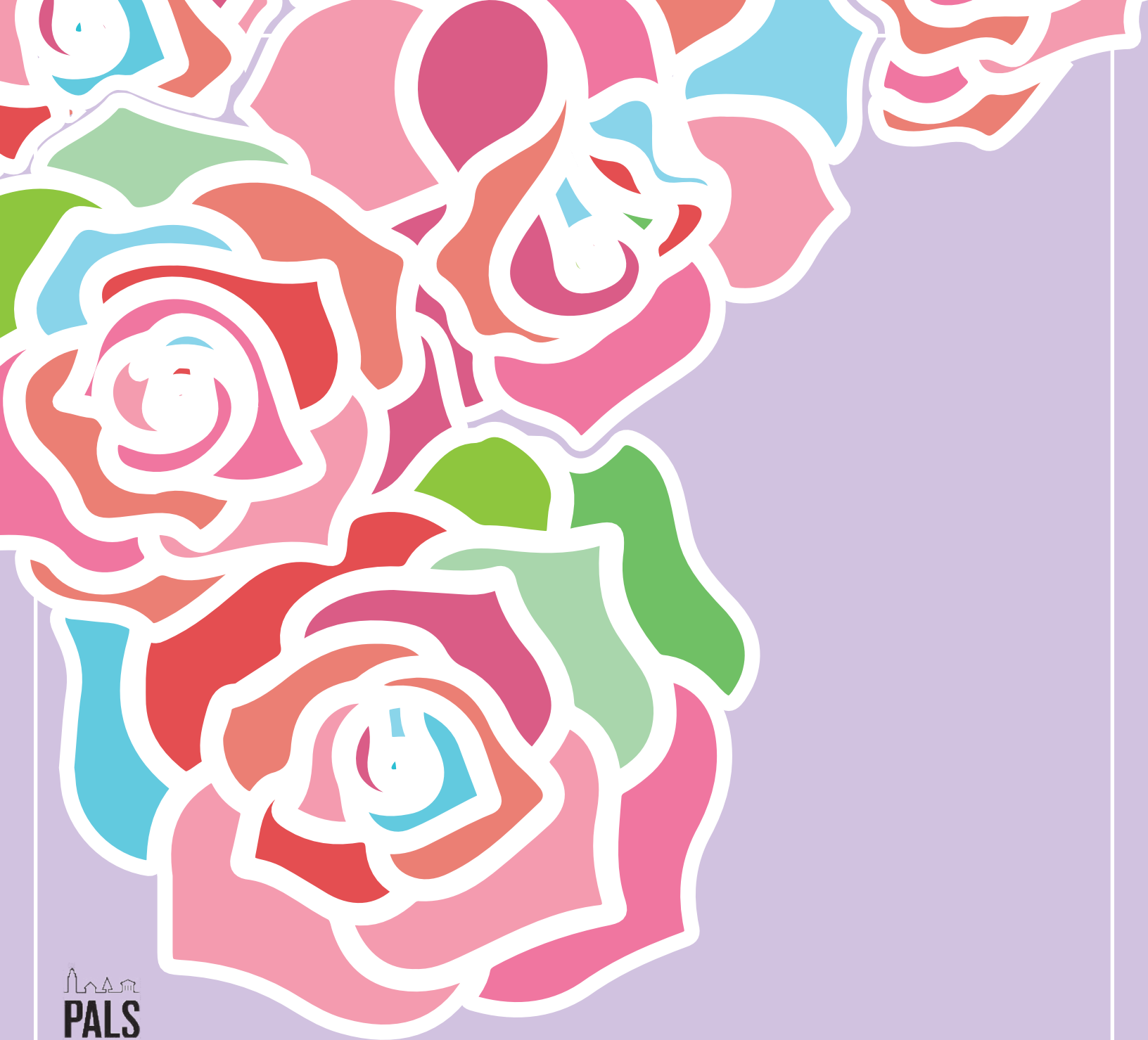
By commissioning this study, Montgomery County is demonstrating its concern to mitigate the negative impacts associated with redevelopment. However, tools left in the box are just tools gathering dust. Our team hopes that the County finds any combination of these tools practical, and prioritizes putting them into action within an expedited timeline. As one of the highest-income counties in the United States, Montgomery County is uniquely positioned to proactively prevent displacement. Successful implementation can demonstrate a willingness to take action on concerns represented, in part, by the recently passed Racial Equity Bill.

It is the independent retailers of Long Branch that this team hopes to benefit from this report. However, any vulnerable small business population under threat of displacement may benefit from the implementation of toolkits like this. If successful, demonstrated by independent retailer retention and equitable growth, Montgomery County may be celebrated in future case studies for how to protect vulnerable populations from displacement pressures and increase their access to an equitable future, while reinvesting in a more sustainable world.









## Partnership for Action Learning in Sustainability

This toolkit was executed under the PALS umbrella as part of a collaboration with Montgomery County during the fall of 2019. PALS is administered by the National Center for Smart Growth at the University of Maryland, College Park. The campus-wide initiative harnesses the expertise of faculty and the ingenuity of students to help Maryland communities become more environmentally, economically, and socially sustainable. PALS facilitates innovative, affordable assistance for local governments by providing opportunities for University of Maryland graduate and undergraduate students to solve real-world problems in a classroom setting. The variety of disciplines collaborating through PALS allows partnering jurisdictions to address a wide range of challenges. Faculty incorporate a jurisdiction's specific issues and objectives into their course, while students apply academic concepts and inventive thinking to complete these projects. As an award-winning program, PALS is recognized throughout Maryland and across the country for delivering high-quality, actionable solutions that are focused on sustainability.

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