

Planning & Development

City of Newton



MEMO

To: Councilor R. Lisle Baker, chair, Zoning & Planning Committee
Members of the Zoning & Planning Committee

From: Barney Heath, Director, Planning and Development
John Sisson, Director of Economic Development

Re: **Docket Item #24-24. Discussion and possible ordinance amendments relative to aiding small businesses impacted by development**

Date: January 18, 2024

CC: City Council
Economic Development Commission
Jonathan Yeo, Chief Operating Officer
Alissa Giuliani, City Solicitor

CURRENT SMALL BUSINESS SUPPORT

The Economic Development Commission and the Economic Development Director endeavor to “promote, assist, and encourage the preservation and development” of Newton industry, business, and commerce. As most commercial enterprises are small businesses, most of the people we help represent small businesses.

Most City staff time is spent helping small businesses navigate City licensing and permitting processes, as well as zoning regulations. This work has led us to identify sections of the Zoning Ordinance that can burden small businesses—some of which we’ve been able to amend with the help of the City Council, such as restrictions on uses and reducing parking requirements in village centers.

In addition, Planning staff coordinate with multiple departments to:

- assist startups and existing businesses with locating available storefronts, at the same time helping local landlords fill vacant storefronts and other commercial spaces;
- connect small businesses and property owners with opportunities for commercial transactions and leases; and
- connect entrepreneurs with established businesses that can provide guidance.

FINANCIAL ASSISTANCE FOR SMALL BUSINESSES

Some Massachusetts cities offer small business assistance programs, services, and grants. These programs are typically funded with federal dollars. However, strict eligibility requirements limit participation based on household income. HUD policy prioritizes areas where at least 51% of the residents are low- and moderate-income.

The City of Newton, in past years, did administer an economic development loan program using CDBG funds. U.S. Census data shows that neighborhoods in Newton no longer qualify for this use of federal funding.

Planning & Development does receive inquiries about financial assistance from home-based businesses and brick-and-mortar stores. Callers are generally seeking help paying for physical storefront improvements or the purchase of equipment or services. Programs implemented by other municipalities should serve as good models for any rollout of a local initiative. However, the identification of funding sources would be a necessary first step.

ANTI-DISPLACEMENT EFFORTS

Small businesses close or relocate for many reasons and preventing displacement is challenging. However, there are strategies that cities can explore to reduce displacement and/or help displaced businesses find new locations within the city.

The following list is drawn from the *Small Business Anti-Displacement Toolkit* published by a nonprofit network and available on its website <https://antidisplacement.org/>:

- Preservation: commercial façade improvement grants or loans; legacy business programs designed to preserve a neighborhood's history, identity, and character; promotional efforts for cultural or historic districts.
- Technical support: a wide range of professional guidance.
- Financial relief: tax credits, abatements, and exemptions.
- Business district creation.
- Zoning: placing caps on store size, streamlined permitting and licensing.
- Commercial tenant protections: rent control, construction impact mitigation.
- Land trusts and cooperatives: creation, real estate acquisition, and operation.

The Harvard Kennedy School, in cooperation with the City of Somerville, studied existing conditions in Somerville's commercial districts, development pressures, and impacts to small businesses. The study (attached) identified some strategies to ameliorate negative outcomes:

- Make municipal information and processes more business friendly.
- Improve communication about real estate developments.

- Improve public-private engagement to make the planning processes feel more participatory to small businesses.
- Increase municipal support and services to businesses, including financial assistance to businesses for construction impacts, relocation, and below-market renovations.
- Incentivize or require developers make a portion of a building's retail space affordable.
- Create a revolving loan fund to support small, especially BIPOC, businesses.

This preliminary research illustrates a range of potential anti-displacement policies which can be considered for the benefit of Newton's small businesses. Some of these strategies are already in place in Newton to a degree. For example, the recently adopted Village Center Overlay District provides streamlined permitting, places caps on retail size (unless by special permit) and eliminates parking requirements for ground floor retail (which is often a barrier to new tenants moving into existing spaces that lack on-site parking). Staff regularly provide technical support to business owners and Planning and Inspectional Services staff have been working with the City Council to further refine the construction protections in place when there is nearby development.

Planning staff will continue to explore the recommendations listed above as well as research successful policies and programs from other communities and recommend zoning, ordinance, and policy changes as appropriate.