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HOW TO ENGAGE WITH YOUR

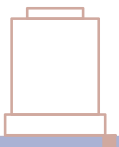




## Why talk policy with your local officials?

Engaging with local elected officials may seem to fall outside the day-to-day needs and demands of running your business, but doing so can have a big impact on the public policies that shape your local economy and help determine whether independent businesses like yours succeed. There are at least four reasons to make engaging with local elected officials a priority:

- **Local business trends.** Over the last 20 years, the number of local businesses has declined and the rate of new startups has slowed. However, these trends are not inevitable. Public policy plays a significant role in creating incentives and conditions that favor large corporations and make it harder for independent businesses to succeed. As a growing number of cities are demonstrating, putting the right policies in place can address these systemic issues and give local businesses a



## How to get your local officials to care.

- **Share your story.** Stories stick with people. Sharing particular issues and challenges both you and other businesses face can leave a powerful impression.
- **Use the data.** Use the **Local Business Impact** fact sheet in this guide to show how growing independent businesses can help your elected officials achieve their broader goals for the community.
- **Don't be left behind.** Your officials will want to take the lead—not be left behind. This guide provides concrete examples of what cities can achieve.

## Ready to connect with your officials? Here are some ways to do so.

- Ask for a meeting with your officials and/or their staff.
- Invite your officials to visit your business.
- Attend a community meeting or town hall where your officials will be present.
- Attend a campaign event, candidate forum, or debate.

## Tips for getting the most out of a meeting.

- Bring other independent business owners along. Hearing from different voices can strengthen your case and demonstrate broad community support.
- Be respectful and friendly, and aim to establish a rapport with the official the way you would with a customer—learn what you can about what issues your official cares most about to help frame the conversation.
- Focus on providing information and sharing your story, rather than arguing a position. Remember that you have information a local official may not have considered before. Calmly stated facts and real-life examples often have more impact than pointedly stated opinions.
- Listen carefully. Take notes, especially about any next steps that are discussed.
- Make your “ask.” That is, don’t conclude without asking directly for the policy support and next steps you seek, and be sure to reiterate these next steps at the end of the conversation.
- Leave behind a short handout that summarizes your issue and ask—such as one of the pages of the following “Local Policy Matters” guide.
- Thank the person for his or her time and attention to the issues you discussed, and send a follow-up note after you meet reiterating your thanks, key points, and next steps, with any handouts you’d shared included in electronic form.

### What’s in the guide that follows:

The attached policy guide features materials that you can share with your elected officials, either at your next meeting or by email:

- **Local Business Impact?** – Locally owned businesses play a central role in healthy communities and are among the best engines that cities and towns have for advancing economic opportunity and building resilient places. This two-page handout details the evidence.
- **Local Business Impact: A Guide to Policy Solutions** – Here we outline common challenges that impede independent businesses and new entrepreneurs, and we offer a corresponding set of proven policy solutions that cities can enact to address those challenges.

Remember, above all, meeting with your local officials helps build the mindset that independent businesses matter. The more public officials hear from you and other local businesses, the more your perspective will be represented in their decision-making



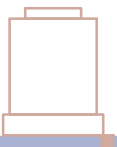
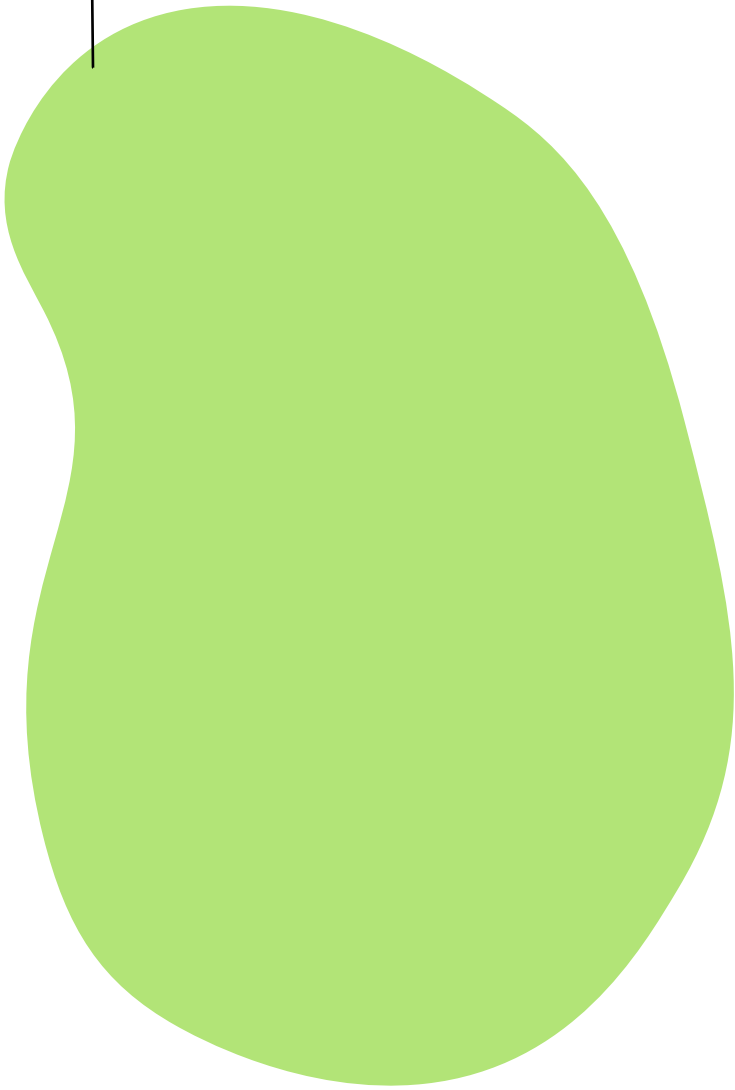
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HOW TO GROW  
INDEPENDENT BUSINESSES  
IN YOUR CITY

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Locally owned businesses play a central role in healthy communities. They're engines of opportunity, creating jobs and providing



# What's In This Guide

## Why Care About Independent, Locally Owned Businesses? .....4

Locally owned businesses play a central role in healthy communities, and are among the best engines that cities and towns have for advancing economic opportunity and building resilient places. This two-page handout details the evidence.

## 9 Policies Your City Can Adopt To Grow Independent Businesses .....6

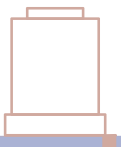
Independent entrepreneurs and small businesses often face barriers that hinder their growth. Here we outline nine policy approaches you can support to address these barriers, and we include examples from cities across the U.S. that have already taken action. On the following pages, you'll see a detailed overview and examples of each of the following policies:

### Buy Local. Making it easier to buy from local independent businesses.

By buying goods and services from local independent businesses, city governments can keep economic activity, employment, and tax revenue local. ( p. 6)

**D**eregulate. Making it easier for small business owners and new start-ups to navigate permitting and other processes means they have more time and resources to invest back into their businesses and the community. ( p. 7)

**C**ommunity design. Communities that maintain varied and walkable environments with diverse



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Locally owned businesses play a central role in healthy communities, and are among the best engines that cities and towns have for advancing economic opportunity and building resilient places. Small business ownership has been a pathway to the middle class for generations of Americans and continues to be a crucial tool for expanding prosperity and community self-determination. Here, we outline five important reasons for local officials to support independent businesses, based on a growing body of research.

### 1 Local small businesses are linked to higher incomes and less inequality.

Enacting policies that strengthen small businesses and expand opportunities for local entrepreneurs is one of the most effective ways of reducing inequality and expanding the middle class.

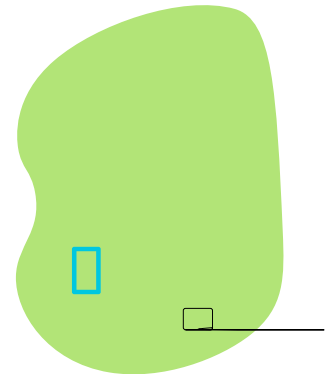
In 2013, for example, an economist at the Federal Reserve Bank of Atlanta found that counties with larger shares of local small businesses outperform their peers on three critical economic indicators: they have stronger per capita income growth, faster employment growth, and lower poverty rates.<sup>1</sup> Using two decades of data from a number of countries, another study found that areas with more small and mid-size businesses had lower levels of income inequality.<sup>2</sup>

### 2 Entrepreneurship fuels job creation.

Across the country, the rate of new business formation has fallen sharply over the last 20 years, contributing to sluggish job growth and wage stagnation. "New businesses account for nearly all net new job creation," concludes a Kauffman Foundation research brief.<sup>3</sup>



Cities that achieve higher rates of entrepreneurship and new business creation than the national average are better off. They generate more jobs, which in turn lifts wages. While cities may be tempted to focus only on tech startups, expanding opportunities for residents to launch businesses that meet community needs in retail, services, food production, and other sectors can have even greater impact.



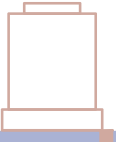
### 3 Independent businesses generate more tax revenue at lower public cost.

Locally owned businesses in dense, mixed-use commercial districts generate more tax revenue for cities than sprawling shopping centers, while also costing less in public services.

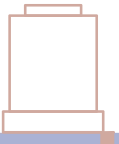
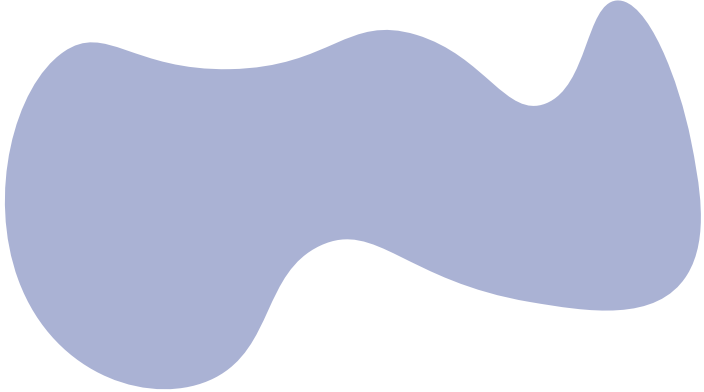
An analysis from the *Journal of Urban Economics*, drawing on data from a sample of 30 cities in 10 states, found that a community earns about \$7 in property taxes per acre on the average big-box retail



store, compared to \$287 per acre on a mixed-use, mid-rise business district.<sup>4</sup>







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Faced with a complex landscape of city regulations, licensing, and permitting processes, small businesses owners and new start-ups can struggle to navigate government bureaucracy and may not be connected to city staff to turn to for help.

With policies that reduce red tape and improve coordination with city government, local entrepreneurs can reinvest time and resources they would have otherwise spent back into growing their businesses.

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Create a small business navigator office or role within city government that makes it easier for independent businesses to form and prosper. In **Minneapolis**, after independent businesses asked for support in navigating the city's rules and regulations, the city created a Small Business Team that connects entrepreneurs to key city department staff or "navigators" and provides businesses with tools such as the recently launched Minneapolis Business Portal, an accessible online platform and one-stop shop with road maps, checklists, and other resources to help both new and existing local businesses better understand the city's regulatory process.

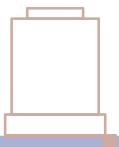
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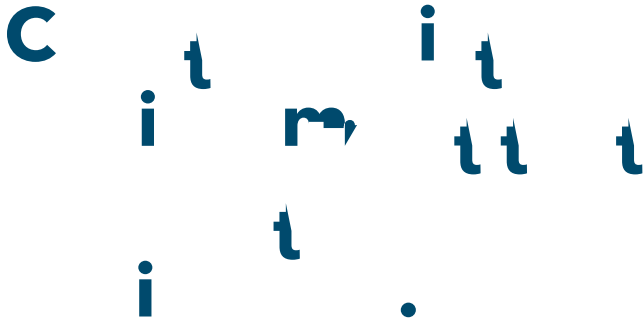
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Small Business Team (SBS) is a new role within the city government that connects entrepreneurs to key city department staff or "navigators" and provides businesses with tools such as the recently launched Minneapolis Business Portal, an accessible online platform and one-stop shop with road maps, checklists, and other resources to help both new and existing local businesses better understand the city's regulatory process. 7. ( ) 48 ( ) 4-6 ( )



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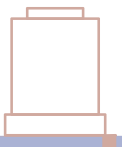
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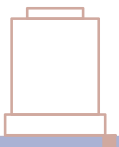
It's tough for an independent business to succeed if it's forced to find space in an environment that's designed for chain stores. Through their planning and zoning policies, cities have a great deal of capacity to shape the location, layout, and connectedness of commercial space, and they can use it in ways that support independent businesses.

## SUMMARY

Independent businesses tend to do well in the type of varied and walkable environment that characterizes city downtowns, neighborhood business districts, and small town Main Streets.

These environments include residential and office space in an environment that is designed for independent businesses.





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National brands are increasingly seeking out locations in downtown and neighborhood business districts that have long been home to distinct local businesses. External factors, including the financing for commercial property, can lead landlords to favor chains for these spaces. But as chains proliferate, they can disrupt a healthy retail mix by crowding out local businesses, including those, such as grocers and hardware stores, that make neighborhoods lively by serving the everyday needs of residents. For cities, the proliferation of chains can pose another risk too: as online shopping grows, the business districts that succeed in the future will be those that offer unique businesses and experiences that can't be had elsewhere.

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Some cities are taking steps to maintain a healthy, balanced retail ecosystem and ensure that their commercial districts continue to provide ample space for local entrepreneurs and diverse businesses. They are adopting policies citywide or in specific areas that limit "formula" businesses, capping the total number of chain stores, requiring they meet certain conditions, or prohibiting them outright.

For example, **San Francisco** requires special approval from its planning commission for any new formula businesses in the city's neighborhood business districts. The commission weighs criteria such as the

existing concentration of formula businesses and compatibility with the character of the neighborhood. These policies, strengthened over time, have had demonstrable results for the city's independent business community and local economy: San Francisco supports twice as many independent bookstores per capita than New York City, and has more than 80 local hardware stores and 50 locally owned, full-service grocery stores.

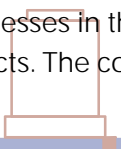


In **Jersey City, N.J.**, a formula business ordinance, passed in 2015, limits chain retailers, restaurants, bars, and banks, to a maximum of 30 percent of ground floor commercial area on any single lot downtown to ensure existing local businesses don't get pushed out by national chains.

These two cities, and **many other communities** both large and small throughout the U.S. – from Washington and Idaho, to Texas and Maine – have successfully implemented formula business restrictions that align with their economic development and comprehensive planning goals.

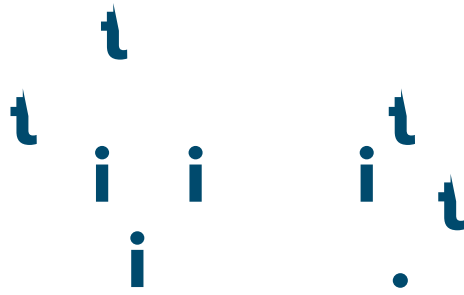
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Learn more about the policies that have worked in cities like San Francisco and Jersey City. Visit the **ILSR's Guide to Policy Tools that Strengthen Independent Businesses**: [www.ilsr.org/independent-business-policy-library](http://www.ilsr.org/independent-business-policy-library)



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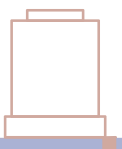
Many cities have older commercial buildings that are sitting vacant. These might include historic warehouses and other industrial structures, or downtown buildings that once formed a busy shopping district but are now under-utilized or empty. These spaces often have great potential to become thriving local business districts, but they can take a lot of time, work, and capital to bring up to code. This is a difficult feat for small businesses to achieve on their own, especially if the other buildings and spaces in the district are not being restored at the same time.

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Cities can make it easier for local entrepreneurs to preserve and adapt historic buildings. One example is the Adaptive Reuse Program in **Phoenix, Ariz.**, which supports local entrepreneurs turning vacant, historic buildings of diverse sizes (including those under 5,000 square feet, appropriate for many small entrepreneurs) into new businesses through zoning changes and such incentives as permit-fee waivers and faster timelines

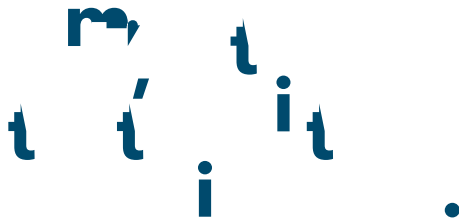
for eligible projects. According to the city, more than 90 new businesses have started in previously vacant spaces, since the program launched.

Another example comes from **Anchorage, Alaska**, where a local land trust works with entrepreneurs,



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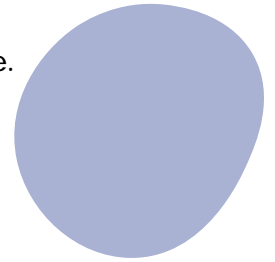
There's a bias toward large spaces in new construction – where development is often geared toward or streamlined for chain stores. Building out a single space and securing a single ground-floor tenant can make a project easier for developers, and real estate financing favors projects with a large national tenant attached. This distorts the market for local businesses, which tend to do well in smaller spaces.

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Set-asides that require portions of new development to be reserved or “set aside” for local businesses is a promising zoning strategy that can ensure physical spaces more suitable to small, independent businesses than large, national chains. Cities can do this by requiring that a portion of commercial space in new developments be small, be commercial condominiums, or be leased to locally owned businesses. In **Boulder, Colo.**, for example, a recent Request for Proposals called for the sustainable redevelopment of a city-owned 11-acre site that would include not only affordable housing and access to transit, but also 21,000 square feet of affordable commercial space to support local businesses and organizations.

Another example is a new, multi-use development in **Portland, Ore.**

The city required that half of the project's 38,000 square feet of ground floor commercial space and half of its 30,000 square feet of office and event space be reserved for local businesses through the city's Affordable Commercial Tenancing Program. As a way to advance the city's goals to “preserve the vitality of small businesses” and “build an equitable economy,” this unique program offers rents 10 percent below market-rate to qualifying businesses, prioritizing those that are local, meet neighborhood needs, and are led by owners from groups underrepresented in the city's business community.



In order to increase the supply of appropriately sized space available to local business in the long-term, local policies can go even further than the occasional set-aside in a single redevelopment site or plan. Municipalities can implement programs and enforce policies that automatically include set-asides in all new commercial development or redevelopment, or for those located in certain districts, while tailoring set-asides to assist businesses of different sizes that cater to the diverse needs of the local community.

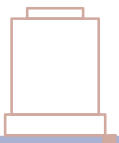
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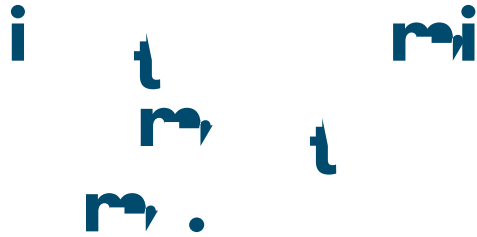
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See more examples of policies that support local businesses in the **ILSR's** *Guide to Policy Tools that Strengthen Independent Businesses*: [www.ilsr.org/independent-business-policy-library](http://www.ilsr.org/independent-business-policy-library)



# 9 Policies Your City Can Adopt to Grow Independent Businesses

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Economic development incentive programs overwhelmingly favor major corporate actors. A study of subsidies awarded through economic development programs in 14 states, published by Good Jobs First in 2015, found that, of a \$3.2 billion total pot, 90 percent went to large firms. These subsidies create unfair advantages for large players at the expense of small businesses, and research shows these deals often fail to deliver the promised economic benefits. An analysis by the East-West Gateway Council of Governments, published in 2011, for example, found that over a 20-year period, cities in the metropolitan St. Louis region diverted more than \$5.8 billion in public dollars to subsidize private development, with over 80 percent of the dollars going to big companies. And yet, because of the negative impact these projects had on small businesses, the region experienced virtually no net job growth.

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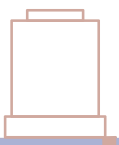
Cities should tighten the rules that govern incentive programs to protect tax revenue and ensure that subsidies are used only when they are truly warranted and when the economic benefits are substantial and

well-documented. Instead of giving public dollars to big businesses, cities can redirect these resources to invest in broad public goods, such as transportation and education, that benefit all employers, and in carefully targeted programs that support local entrepreneurship.

Some cities, including **Grand Rapids, Mich.**, and **Portland, Ore.**, have made growing locally owned businesses the central focus of their economic development programs. In Portland, for example, the city has several initiatives to accelerate the growth of small businesses, with a particular focus on those that are minority- and women-owned. These include technical assistance, training, and financing programs, all of which are housed within Prosper Portland, the city's economic development agency.

## ARE YOU READY?

Want to learn more about the policies and programs that can help your city grow independent businesses? Visit [www.ilsr.org/independent-business-policy-library](http://www.ilsr.org/independent-business-policy-library) for more information. **Guide to Policy Tools that Strengthen Independent Businesses: [www.ilsr.org/independent-business-policy-library](http://www.ilsr.org/independent-business-policy-library)**





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A major impediment for new and growing local businesses is insufficient capital, which has become more pronounced as small business find it harder to obtain bank loans. A 2016 Advocates for Independent Business survey of more than 3,000 independent businesses found that, of those that applied for a loan to grow, one in three failed to secure one. That figure was a troubling

