MONTGOMERY COUNTY

RETAIL IN DIVERSE COMMUNITIES STUDY

&Access

PES Partners for Economic Solutions

OCHOA URBAN COLLABORATIVE

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RETAIL IN DIVERSE COMMUNITIES STUDY

EXECUTIVE SUMMARY

Now is the time to support minority-owned businesses in Montgomery County in a more meaningful way. Since 2010, the diversity of Montgomery County has been increasing, with 20% to 40% growth in Black, Asian, and Hispanic populations. As these communities expand, minority-serving and -owned retailers become even more important. These retailers provide much more than a marketplace; they are community anchors and hubs of social support networks. They enliven key business districts with unique offerings and an authenticity not associated with new buildings. However, these businesses are facing real challenges and possible displacement as the business districts redevelop. Often reliant on the lower rents associated with older storefronts, many will not be able to pay the much higher rents typically associated with new buildings. The Purple Line construction is impacting several retailers by impeding access. When the transit line opens, competition for existing retail spaces will likely increase and raise rents. In facts, rents are already climbing in anticipation. Coupled with the impacts of the COVID-19 pandemic on retailers and restaurants, immediate action is essential to preserving new and legacy businesses that serve these diverse communities. In all, businesses have limited ability to compete for county programs and support.

The Montgomery County Planning Department, in partnership with the Small Business Navigator and MCEDC, launched the Retail in Diverse Communities Study to identify tools and policies that help preserve and strengthen these clusters, and that would benefit diverse retailers county-wide as well. The following report presents key findings and strategies to support minority-owned and minority-serving retailers and retail clusters in Silver Spring, Wheaton, and Takoma-Langley Crossroads, as well as countywide. It builds on the tools previously presented in *A Long Life for Long Branch: Tools to Preserve Independent Retailers*, a toolkit produced by University of Maryland students in a Fall 2019 Partnership for Action Learning in Sustainability (PALS) class done in partnership with Montgomery Planning.

DIVERSE RETAILERS ARE INTEGRAL TO MONTGOMERY COUNTY.

The 279 diverse retailers spread across Silver Spring, Takoma-Langley Crossroads, and Wheaton assume a prominent role in the provision of goods and services in Montgomery County and the county's economy, generating nearly 1,400 jobs and approximately $137.9 million in sales.

These businesses range across retail categories but most commonly are within the Neighborhood Goods & Services and Food & Beverage tenant typologies from salons/barbers to restaurants.

DIVERSE RETAILERS' EMPLOYMENT, SALES AND SIZE

BUSINESS DISTRICT	NUMBER OF DIVERSE RETAILERS	SHARE OF TOTAL RETAILERS	ESTIMATED JOBS	ESTIMATED SALES (MILLIONS)	ESTIMATED SQUARE FEET OF SPACE
Total	**279**	**38%**	**1,391**	**$137.9**	**601,290**
Silver Spring	105	33%	585	$35.0	176,723
Takoma-Langley Crossroads	67	46%	291	$59.3	285,542
Wheaton	107	41%	515	$43.6	139,025
Average per business			*5*	*$0.49*	*2,155*

Source: &Access; ESRI Business Locator; Partners for Economic Solutions, 2020.

The value these businesses bring to their communities, as community anchors and hubs of social support network, surpasses the traditional metrics associated with economic impact (sales, tax revenue, etc.). These qualitative functions allow diverse retail entrepreneurship to grow, increasing businesses' ability to locate, thrive, and expand in the neighborhoods they call home.

> **"I wouldn't want to move, because all of my regulars live in nearby apartment buildings and do not drive."**
>
> **- RESTAURANT OWNER, TAKOMA-LANGLEY CROSSROADS**

Filling specific retail and service needs while attracting customers

Creating jobs and economic opportunities

Closing the wealth gap between majority and minority residents

Bringing vitality and authenticity to the county's business districts

MONTGOMERY COUNTY COULD LOSE ITS DIVERSE RETAILERS.

While some diverse retailers in this study have operated for up to 60 years in the neighborhoods they serve, they are currently facing many real challenges. These challenges are a result of systemic and systematic barriers to access, equity, and opportunity, as detailed below.

TECHNICAL ASSISTANCE + BUSINESS NETWORKS: Limited county staff capacity; Limited business owner resources (time, financing/funding, and language); Cumbersome application processes; Systemic exclusion from business networks

REAL ESTATE: Barriers to initial occupancy; Risk of displacement; Prohibitive occupancy costs of new construction; Disadvantageous lease terms

CAPITAL & FINANCING: Finite funding and financing opportunities; Rare small business eligibility; Increased costs of doing business

POLICY & PUBLIC INVESTMENT: Government spurred business costs; Impacts of construction on accessibility and visibility; Exclusive eligibility requirements; Limited protections for neighborhood character and cultural diversity; Prioritization of existing businesses

RECOMMENDED TOOLS

To preserve diverse retailers and address the challenges faced, the following tools (defined on the next page) were selected for immediate consideration and designed to mitigate trade-offs associated with thwarting redevelopment, and increasing staff and financial resource requirements, among others.

CHALLENGES ADDRESSED

TOOL	GEOGRAPHY ASSIGNED	Technical Assistance & Business Networks	Capital & Financing	Real Estate	Policy & Public Investment
Diverse Retail Liaison	SS | TL | W	■	■	■	■
Legacy and Minority Business Designation	C	■	■	■	■
Bill of Rights & Leasing Support	C	■	■	■	
Micro-Retail Zoning	C			■	■
Commercial Overlay Zone	SS | TL | W			■	■
Loan Pool	SS | TL | W	■	■	■	■
Monthly Tax Bill Policy	C		■	■	■
Small Business Impact Policy	C	■		■	■
Placemaking Efforts	SS | TL | W		■		■

LEGEND: C: COUNTYWIDE | SS: SILVER SPRING | TL: TAKOMA-LANGLEY | W: WHEATON

TOOLS NEEDED TO RETAIN AND STRENGTHEN DIVERSE RETAIL CLUSTERS.

DIVERSE RETAIL LIAISON

Diverse Retail Liaisons are responsible for coordinating efforts by existing organizations, providing direct connections between independent businesses and the county, and linking targeted minority-owned businesses to financial, technical, and organizational resources. Their primary role is to be brokers of resources and advocates rather than technical experts.

LEGACY AND MINORITY BUSINESS DESIGNATION

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. Comparably, a Minority Business Designation Program can offer the same provisions, highlighting ethnically and racially diverse business owners' community value.

BILL OF RIGHTS & LEASING SUPPORT

A commercial tenant's 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, legal and mediation services for independent retailers, and new requirements for increased transparency in common area maintenance fees.

MICRO-RETAIL ZONING

This strategy seeks to amend the zoning code to provide a designation for micro-retail uses of less than 1,000 square feet and permitting its use, by right, in all Commercial/ Residential (C/R) and Commercial Residential Town (CRT) zones. There is an opportunity to utilize this as a strategy to promote the construction of smaller spaces in overlay zones for more affordable spaces to diverse retailers.

COMMERCIAL OVERLAY ZONES

Overlay zones can provide opportunities to contribute to commercial space affordability by controlling form. A new overlay is recommended for Takoma-Langley Crossroads that would limit width of storefront frontages to provide diversity in retail space sizes.

LOAN POOL

A loan pool provides resources and incentives to particular kinds of local, independent businesses. This tool intends to support re-tenanting space through subsidized tenant improvement loans for small businesses. The loan pool can also support business owners in purchasing their properties.

MONTHLY TAX BILL

In Montgomery County, real and personal property tax bills arrive near the end of the year with a narrow window to pay. This poses an issue for property owners and business owners that receive pass-through bills. An option to pay real estate taxes monthly could help independent businesses budget those costs into a monthly budget, limiting the burden of annual bills.

SMALL BUSINESS IMPACT POLICY

To minimize the impact of construction and county policy changes, create a policy statement that requires scoping sessions where small business access (e.g., room for loading and delivery systems, access to parking lots and driveways, among others) and financial impact are considered.

PLACEMAKING

Silver Spring, Takoma-Langley Crossroads, and Wheaton have an opportunity to celebrate the cultural diversity apparent in their business and residential populations through placemaking efforts. Placemaking is the process of shaping the public realm to maximize shared value and to strengthen the connection between people and the places they share, often achieved through the installation of public art, seating, or planters, and programming the space with frequent formal and informal community events.

RETAIL IN DIVERSE COMMUNITIES STUDY

INTRODUCTION

Montgomery County is home to well-established retail clusters that serve predominantly immigrant, Black American, Black African, Asian, and Hispanic communities. These clusters fill multiple community roles—meeting local consumer needs, creating jobs, and contributing to neighborhood identity, while also serving as community hubs for immigrants and ethnic minorities in particular. Despite anchoring their communities, these retail clusters may also be vulnerable to challenges brought by major redevelopment and transportation infrastructure projects underway or planned in Montgomery County.

Those challenges include access conflicts during construction projects, the risk of displacement due to increased rents or loss of physical space, and the residential displacement of customers out of the neighborhood. However, redevelopment projects may also bring renewed opportunity for these small businesses to expand their customer base and benefit from concurrent infrastructure investments. Often reliant on the lower rents associated with older storefronts, many of these businesses will not be able to pay the much higher rents typically associated with new buildings. For example, competition for existing retail spaces will likely increase and raise rents when the Purple Line opens. In facts, rents are already climbing in anticipation. Coupled with the impacts of the COVID-19 pandemic on retailers and restaurants, immediate action is essential to preserving new and legacy businesses that serve these diverse communities.

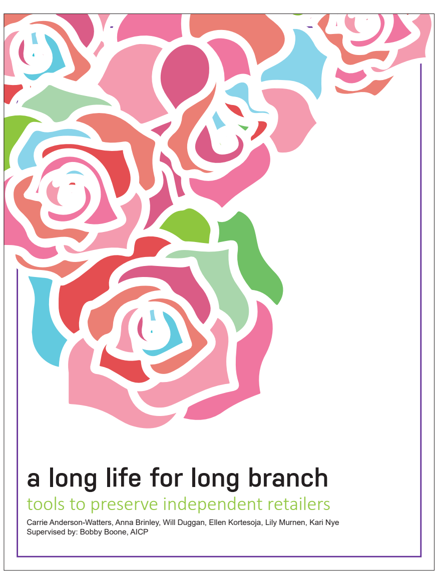
Implementation of the tools evaluated in this report could help attract, sustain, and grow diverse, independent retailers in Montgomery County. By pursuing the strategies outlined in this report, Montgomery County can preserve these businesses and ensure the communities they serve maintain their access to services and goods that meet their needs.

"We need more details about [what services are] available to the businesses in a way that can be easily digested... I think that is where the county can step in."

- RESTAURANT OWNER, WHEATON

GOAL OF STUDY

The Montgomery County Planning Department engaged &Access, Partners for Economic Solutions, and Ochoa Urban Collaborative to recommend tools that Montgomery County can deploy to strengthen its minority-serving retail clusters in downtown Silver Spring, Wheaton, and Takoma-Langley Crossroads. The three communities share a similar landscape of well-established, well-tenanted, minority-serving and -owned local businesses. Yet, conditions that make these businesses vulnerable to displacement are of growing concern. This study prioritizes tools that can be used to sustain entire business clusters. It is equally important to consider how individual businesses can themselves be protected. To that end, this study offers policy-level interventions that support diverse retailer ecosystems at large, in addition to highlighting solutions that are unique to specific neighborhoods and business types.



This study builds upon a toolkit commissioned by the Montgomery County Planning Department and completed by graduate students at the University of Maryland in 2019. That toolkit is titled, *A Long Life for Long Branch: Tools to Preserve Independent Retailers*. Long Branch is a neighborhood with a high proportion of minority-owned and/or -serving businesses that may be at risk of displacement due to redevelopment associated with the Purple Line. In fact, the challenges faced by retailers in Long Branch—in the areas of rent, real estate, financing, urban design, and residential displacement—are similar to the challenges reported by retailers in Wheaton, Takoma-Langley Crossroads, and Silver Spring. This study expands the foundation established in *A Long Life for Long Branch*, to develop tools that can apply to vulnerable retail clusters across the county.

KEY TERMS

The Washington metropolitan region's suburban communities are increasingly home to a majority of the region's immigrants and Black and Brown Americans. In fact, since 2008, the majority of all African Americans, Hispanic, Asian Americans, and immigrants have lived in suburbs across the country, and the Washington area is no exception. In some cases, these communities are considered "edge gateways," areas that have attracted and retained stronger concentrations of new immigrants. "Ethnoburbs" is another term that scholars and policymakers sometimes use when referring to suburban communities with greater numbers of Black and Brown residents. The term may be helpful for reminding us that suburbs are racially diverse, while underscoring how white suburbs are still often segregated from nonwhite "ethnoburbs."

In the context of Montgomery County's racially and economically diverse suburban communities, this study considers three small business ecosystems. To describe these businesses, Montgomery County uses the phrases "international retail," "ethnically diverse retail," and "retail that serves international and/or ethnic minority communities." Building upon the county's orientation to the conversation, the following discussion establishes the terminology and definitions that frame this study.

MINORITY-OWNED AND/OR -SERVING

Businesses that are owned by or targeted toward residents who identify as immigrant, Black American, Black African, Hispanic, Asian, some other race, or some combination thereof. 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 has also recently been critiqued for turning plural identities into singular identities and for its erasure of Black American identity.

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." However, to underscore the power differential that benefits white over nonwhite business owners, and in part to reflect the county's own equity-focused policy goals and laws, this toolkit primarily uses the phrase "minority-owned and/or -serving" when referring to the retail clusters studied in this report.

LOCAL AND NATIONAL RETAILERS

A designation of "local" refers to independent businesses that are privately owned and non-franchised. An independent business owner has autonomy to change product or services choices due to changing markets, whereas a franchise owner would not. Local businesses are increasingly being forced out of metropolitan areas around the country where commercial rents are increasing, and where property owners or economic development offices favor national chains that have greater financial capabilities. Local retail accounts for a significant proportion of minority-serving business in all three of this report's study areas.

By contrast, "national retailer" refers to franchised and non-franchised storefronts operated by chain retailers with a national or multi-state reach.

DIVERSE RETAILER

For the purpose of this study, this term refers to 1) business owners who identify as immigrant, Black American, Black African, Asian, Latinx, "some other race," or a combination thereof; and/or 2) retail establishments that serve different racial/ethnic groups' consumer needs. A neighborhood with "diverse retailers," for example, may have many businesses that are minority-owned and/or -serving. Importantly, this study aims to specify race, culture, business ownership, and business type when known.

DIVERSE RETAIL CLUSTERS

This term refers to the grouping together of minority-owned and/or -serving businesses. These clusters always include multiple retail subtypes. This study specifically crafts strategies to sustain the three diverse retail clusters identified by Montgomery County as culturally and communally significant.

METHODOLOGY

Devising tools to preserve and strengthen clusters of retail that support diverse communities in Silver Spring, Takoma-Langley Crossroads, and Wheaton relied on a multi-pronged analysis that identified and targeted minority-owned and -serving retailers. The analysis mostly utilized primary sources: interviews, focus groups, and field research collected from key stakeholders in the county and the three clusters.

DIVERSE RETAILERS INVENTORY

This analysis utilized the 2017 Retail Trends Study's inventory and CoStar property data as the basis for an updated retail inventory in each cluster. All business occupying retail-appropriate and -occupied space were categorized by address, use (retail, office, etc.), retail/non-retail category (if applicable), local or national brand, and whether the business was minority- serving.

Diverse retailers were classified as national and independent brands that cater their products or services to a diverse audience. To denote whether a business is minority-serving in the inventory, the consultant team reviewed the business's signage, website, and customer base. There are limits in this approach, as some businesses are minority-owned but do not have messaging targeting a specific race or ethnicity (e.g., The Fire Station 1 restaurant in Fenton Village, Silver Spring).

Categories included in the inventory are:

- Black American
- Black African
- Caribbean
- East Asian
- Hispanic
- Middle Eastern
- South Asian
- Southeast Asian
- Multiple

DEMOGRAPHIC ANALYSIS

Demographic profiles in this report were created from data collected from ESRI Business Analyst Online, a web-based spatial analytics tool that compiles data from the U.S. Census Bureau, Bureau of Labor Statistics, and others. Demographic indicators included population, household counts, median household incomes, median age, race/ethnicity and household size for each cluster, in addition to business data.

INTERVIEWS + FOCUS GROUPS

For this study, more than 60 stakeholders were engaged through individual business and property owner surveys as well as a series of focus groups with community stakeholders. Stakeholder focus groups were convened, representing the following perspectives: (i) chambers of commerce by race/ethnicity or cluster; (ii) small business support non-profit organizations; (iii) county policy and program staff.

EVALUATION OF TOOLS

Evaluating and analyzing the costs and benefits of tools identified in *A Long Life for Long Branch: Tools to Preserve Independent Retailers* and others required proposing solutions to meet the goals and working alongside the project's stakeholders to refine each tool. A series of meetings were held to explore viability of each tool and identify challenges to each tool's implementation.

There is a noticeable shift in how the county seeks to recognize the value of the minority population in each of the diverse clusters. On-going studies exploring the future of neighborhoods and recent legislation and planning efforts now showcase the county's unique assets inherent in its diverse retailers.

RACIAL EQUITY + SOCIAL JUSTICE ACT

In 2019, the Montgomery County Council unanimously approved the Racial Equity and Social Justice Act, and the County Executive signed it into law. This legislation requires that a racial equity and social justice impact statement be compiled for every bill introduced in Council. It also requires that any county program or initiative proposed must address racial equity and social justice. Citing proven racially-linked "wealth, housing, criminal justice, education, and health" imbalances in the county, the legislation defines racial equity and social justice as "changes in policy, practice and allocation of county resources so that race or social justice constricts do not predict one's success, while also improving opportunities and outcomes for all people."

The law has a requirement for the Planning Board to consider the impact of new master plans on racial equity and social justice in the county. Montgomery Planning has developed an Equity in Master Planning initiative that provides guidance and tools to help meet the Board's requirements.

Additionally, the County Council recently amended the law in late 2020 to require (effective September 1, 2021) racial equity and social justice impact statements for introduced Zoning Text Amendments. The Office of Legislative Oversight is responsible for drafting the impact statements and must, per the law, consult with the Planning Department in preparing them for Zoning Text Amendments.

Aligned with this era of new racial policy in Montgomery County, our study seeks to support the economic success and equity of ethnically and racially diverse retailers in the three study areas and throughout the county by recommending racially-informed policies and programs.

SILVER SPRING MASTER PLAN

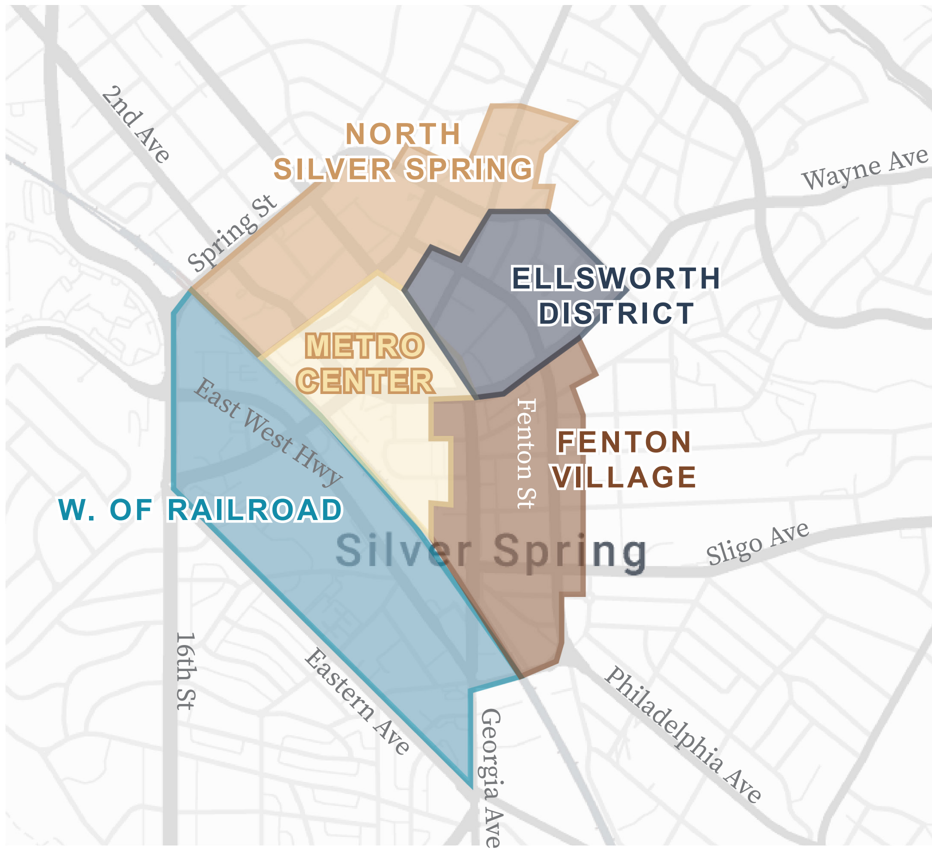
The Retail in Diverse Communities study was conducted in tandem with Montgomery County Planning's Silver Spring Downtown and Adjacent Communities Master Plan, a new area plan to replace the 2000 Silver Spring Central Business District Sector Plan. &Access's interviews and focus groups with business owners, local chambers of commerce, and other stakeholders provided insights to the Silver Spring planning process. These insights shed light on the retail community's fears and priorities regarding the Purple Line: concerns about displacement due to redevelopment; rapidly rising commercial rents; and eager anticipation for an increased customer base via the new light rail system. Retail insights will provide the Silver Spring planning process with an overview of commercial real estate issues and pandemic-related impacts on minority and immigrant-owned businesses and other neighborhood stakeholders.

STUDY AREAS DEFINED

Brick-and-mortar retail relies on the characteristics of the physical environment to attract and retain customers who opt for in-store purchases over e-commerce. Although customer behavior is constantly changing, even more so during the COVID-19 pandemic, many local, diverse retailers have not adopted digital practices. They rely on their real estate presence to produce the sales needed to continue operating.

The following section delineates key findings for each diverse retail cluster, including building and retail inventories and demographic analyses. It builds upon the notion that physical location and connections to nearby residents with the same racial/ethnic identity are key to maintaining the real estate.

SILVER SPRING



While there is much residential and commercial redevelopment underway downtown and throughout Silver Spring more broadly, this study is concerned with the areas in which diverse retailers are concentrated, primarily Fenton Village.

The Fenton Village Overlay Zone helps preserve the local, diverse retailers, which are valued by neighborhood residents, by limiting the density of new construction. This zone contributes to the sizeable local, diverse retailer footprint in the subarea. It has many of the oldest buildings across all three neighborhoods studied, and lower density with several converted residential to commercial buildings (e.g., 937-943 Bonifant Street).

Overall, the Silver Spring cluster also has the most diverse mix of racial/ethnic groups, home to many Black American, Hispanic, Black African, and South Asian serving businesses. Silver Spring has the greatest percentage of Black residents living nearby of the three study areas. Additionally, Black, Asian, and Hispanic (all races) population segments experienced 20% growth over the last decade. The preservation of the retail environment promotes the synergistic relationship between the diverse population of residents and business owners.

POPULATION GROWTH BY RACE/ETHNICITY: SILVER SPRING
DOWNTOWN SILVER SPRING PRIMARY TRADE AREA

	2010	2020	PERCENT CHANGE
White	26,843	26,363	-1.8%
Black	18,572	22,445	20.9%
Asian	3,015	3,785	25.5%
Hispanic Origin (Any Race)	7,577	10,448	37.9%

See Appendix A for the map of the Primary Trade Area, as the geography is larger than the study area.
Source: ESRI, 2020; PES 2020

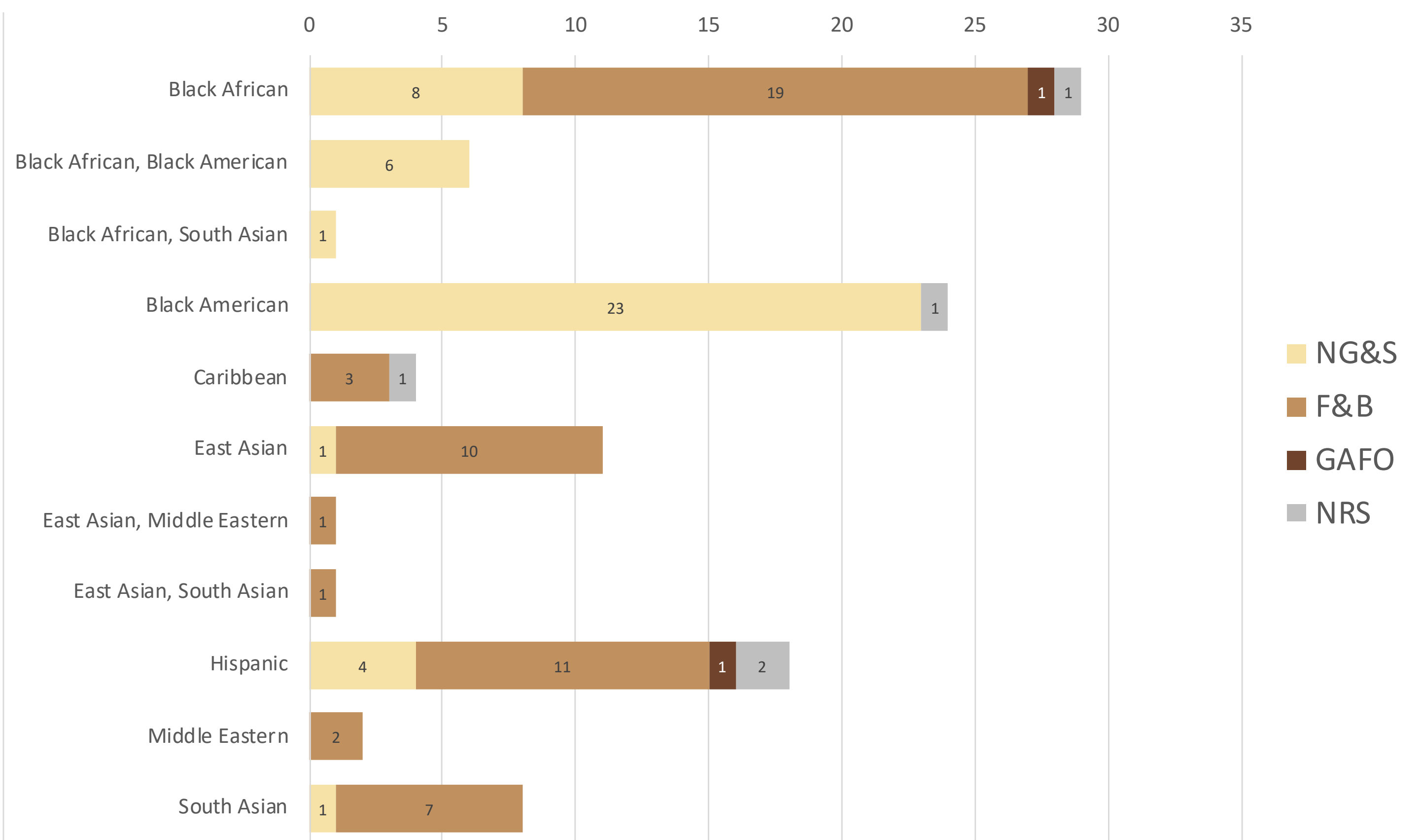
INVENTORY

The Silver Spring commercial area is the most populated of the three neighborhoods studied with 453 (86%) of 529 retail appropriate spaces occupied. Two-thirds of businesses in the area are retailers, while the remaining third provide Non-Retail Services (NRS) like banks, auto shops, and fitness centers.

While national chains play a significant role in Silver Spring's Ellsworth District, the subarea's retail landscape as a whole is largely locally owned and operated. Eighty percent of Neighborhood Goods & Services (94 businesses) and 74% of Food & Beverage (97 businesses) retailers are local. Fenton Village has the largest share of local retailers, nearly 50% of the share of all locally-owned businesses.

Only 24% of businesses (105 of 451 total) in the study area are explicitly minority-serving. Fifty-one percent of all diverse retailers fall in the Food & Beverage retail category, and 42% are Neighborhood Goods & Services. Black African and Black American businesses comprise the largest share of businesses in this study area, although the study area is also home to a wide range of other ethnicities and racial minorities. Non-Retail Services and General Merchandise, Apparel, Furniture and Other (GAFO) retail are rare among the diverse retailer categories.

RETAIL TYPE BY MINORITY SERVED (SILVER SPRING)

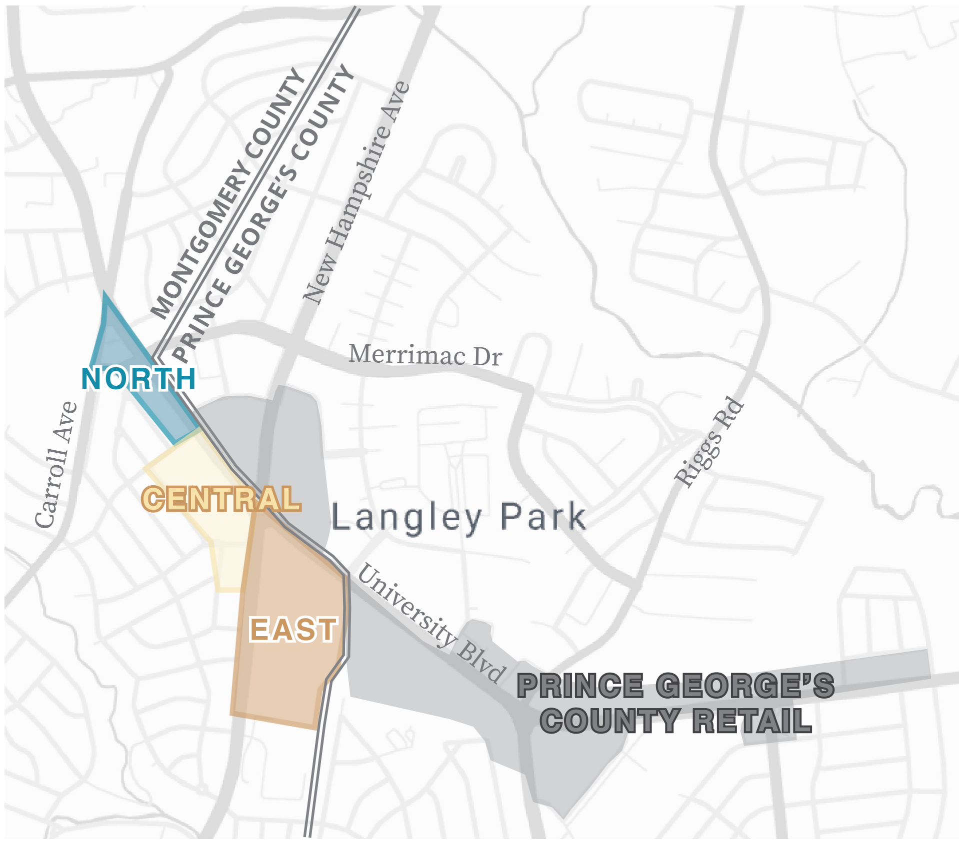


Source: &Access, 2020

TAKOMA-LANGLEY CROSSROADS

The retail cluster at Takoma-Langley Crossroads straddles the border of Montgomery and Prince George's Counties. The Montgomery County side abuts Prince George's Langley Park, west of the intersection of University Boulevard E (MD-93) and New Hampshire Avenue (MD-650).

Of the three study areas, the Takoma-Langley Crossroads community, characterized by its Hispanic population and Hispanic-owned and/or -serving businesses, is most likely to experience severe disruption from redevelopment. The increased competition for local retail space anticipated as the Purple Line improves access, consolidated retail property ownership and existing plans for higher-density redevelopment pose challenges to independent retailers in the cluster.



The businesses note their struggles to keep up with rent escalations, even prior to COVID-19. However, it is important for these businesses to keep operating in the neighborhood due to the proximity to their primary customer base. Since 2010, the Hispanic population in surrounding neighborhoods grew, while the Black, Asian, and white populations shrank. Even under redevelopment scenarios, immediate impacts to the residential base seem minimal, potentially providing an opportunity for re-tenanting by Hispanic retailers.

POPULATION GROWTH BY RACE/ETHNICITY: TAKOMA-LANGLEY
TAKOMA-LANGLEY PRIMARY TRADE AREA

	2010	2020	PERCENT CHANGE
White	19,261	19,417	0.8%
Black	23,315	20,363	-12.7%
Asian	3,530	3,220	-8.8%
Hispanic Origin (Any Race)	42,098	50,333	19.6%

See Appendix A for the map of the Primary Trade Area, as the geography is larger than the study area.
Source: ESRI, 2020; PES 2020

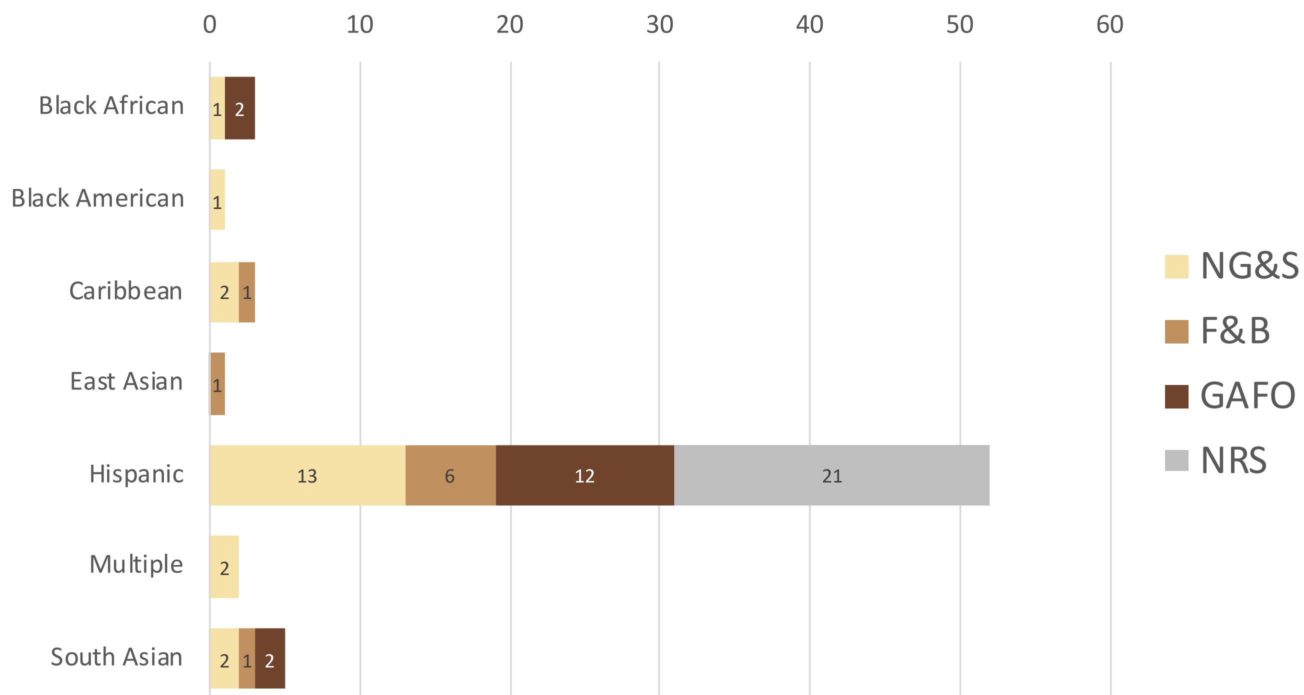
INVENTORY

Of the 133 businesses in the Takoma-Langley cluster, the majority are locally owned and operated; 23% are national chains like Aldi, Walgreens, Starbucks, 7-Eleven, and electronics stores like T-Mobile. Neighborhood Goods & Services (NG&S) and Non-Retail Services (NRS) make up 67% of minority-serving businesses in Takoma-Langley. General Merchandise, Apparel, Furniture, and Other (GAFO) retailers represent another important cluster of retailers in the neighborhood—12 of 16 GAFO establishments serve the Hispanic population. In contrast, the remaining four serve both the Black American and Black African cohorts.

The East subarea is home to the largest mix of local businesses, including a large share of non-retail services (NRS) and the largest mix of minority-serving retailers by ethnicity/race. Each of the other subareas has a relatively sizeable share of non-retail services, 17 in North and seven in Central. Overall, this category comprises the largest share of locally owned businesses in Takoma-Langley.

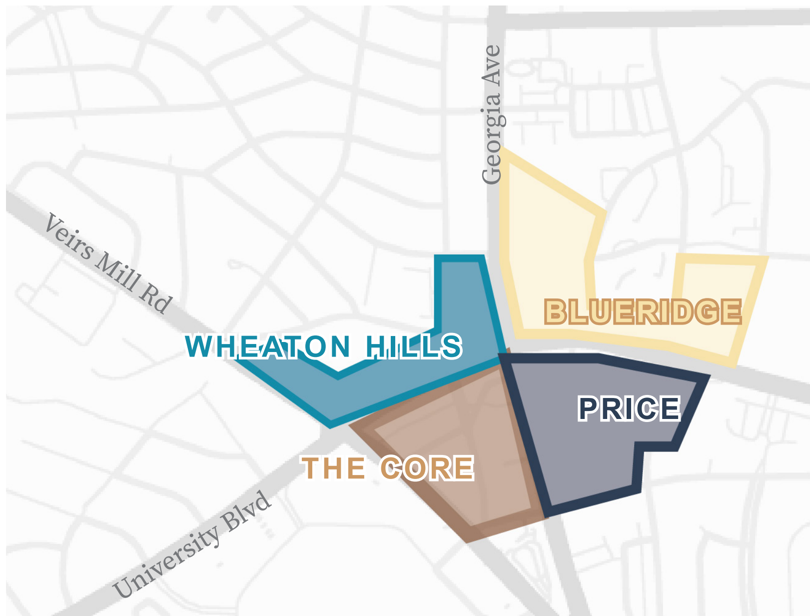
More than one in every two retailers (54%) in this subarea are minority-serving. Four in five target the local Hispanic population, while just 7% serve the large number of South Asian customers. The remainder serves a mix of mainly Black African, Black American, and East Asian clientele. Local ownership accounts for 82% of all minority-serving businesses in the study area. Even among the 66 businesses that are not explicitly minority-serving, the majority are locally owned. Non-retail service businesses play an important role in the Takoma-Langley cluster.

RETAIL TYPE BY MINORITY SERVED (TAKOMA-LANGLEY)



Source: &Access, 2020

WHEATON



Wheaton is a Census-designated place northwest of Silver Spring and east of Kensington. This study focuses on the shopping centers and retail establishments clustered along Georgia Avenue (MD-97) and University Boulevard (MD-193), bounded by Blueridge Avenue to the north, Amherst Avenue to the east, Reedie Drive to the south, and Veirs Mill Road (MD-586) to the west. The study does not include Westfield-Wheaton Mall due to its unique ownership, leasing structure, and destination status. The team did reach out to select businesses in the mall that are owned by or serve immigrants and ethnic minorities for their input to this study. The new M-NCPPC building—308,100 square feet of municipal offices—broke ground in 2017 in the Triangle Shopping Center plaza. As of October 2020, the project is complete, but not yet fully occupied due to the COVID-19 pandemic.

Wheaton's retail real estate is a mix of traditional smaller strip centers and a fragmented network of buildings, parking lots, and streets. The buildings are older, and visibility and parking are challenging in many instances. Despite these obstacles, a substantial mix of Hispanic and East and South Asian serving businesses exist in the neighborhood. Few are GAFO, likely due to the nearby Wheaton Westfield Mall and continued market shifts towards e-commerce. The surrounding residential population is primarily Hispanic (nearly 40%) and growing alongside the Black and Asian populations. As with the other two study areas, this increasing minority and immigrant population can be a stabilizing force for the businesses they rely on. This diverse community's retail needs may encourage re-tenanting of existing businesses and preserving the cluster, even if redevelopment occurs. With the recent opening of the M-NCPPC-owned office building in the study area and other recent mixed-use developments as high as 17 stories, development pressures are high. Still, the smaller parcels and local ownership may prove to sustain the existing retail landscape.

POPULATION GROWTH BY RACE/ETHNICITY: WHEATON PRIMARY TRADE AREA

	2010	2020	PERCENT CHANGE
White	32,009	30,132	-5.9%
Black	11,087	13,168	18.8%
Asian	7,768	8,435	8.6%
Hispanic Origin (Any Race)	25,083	31,406	25.2%

See Appendix A for the map of the Primary Trade Area, as the geography is larger than the study area.
Source: ESRI, 2020; PES 2020

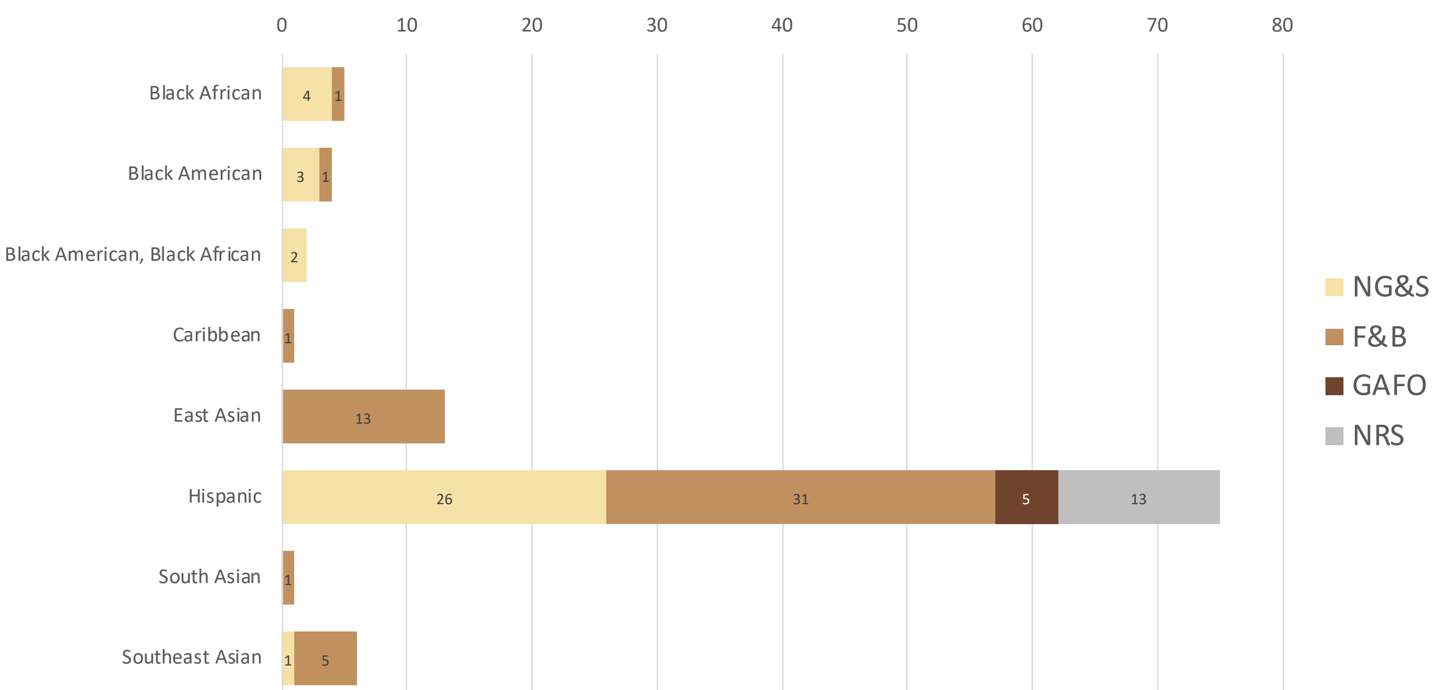
INVENTORY

Of the 263 storefronts in the Wheaton subarea, 82% are occupied. Only 22 of these are national or chain businesses; the other 90% of Wheaton's retail spaces are home to locally owned, independent retailers. Ninety-eight percent of minority-serving businesses in Wheaton are local and independent. The Black, Asian, and Hispanic populations have benefited from the cluster of locally owned and operated retail establishments.

Independent Neighborhood Goods & Services (NG&S) and Food & Beverage (F&B) establishments constitute the bulk of Wheaton's retail ecosystem, accounting for 68% of all occupied spaces. Of these businesses, 108 (41%) are minority-serving. The vast majority serve the local Hispanic population in all retail type categories. Thirteen East Asian establishments — all in the Food & Beverage category — make up 12% of minority-serving businesses in Wheaton. The rest serve a mix of Southeast Asian, Black American, Black African, and Caribbean populations.

Eighty-eight percent of minority-serving Food & Beverage retailers are full-service restaurants. Thirty-four percent of all minority-serving businesses operate in the Neighborhood Goods & Services category. Of these, 57% are personal services businesses. An additional 32% of minority-serving NG&S businesses in Wheaton are grocery and convenience stores. Seventy-nine percent of all minority-serving NG&S businesses in the Wheaton study area serve the Hispanic community. The majority of diverse retailers and non-retail serving businesses are in The Core.

RETAIL TYPE BY MINORITY SERVED (WHEATON)



Source: &Access, 2020

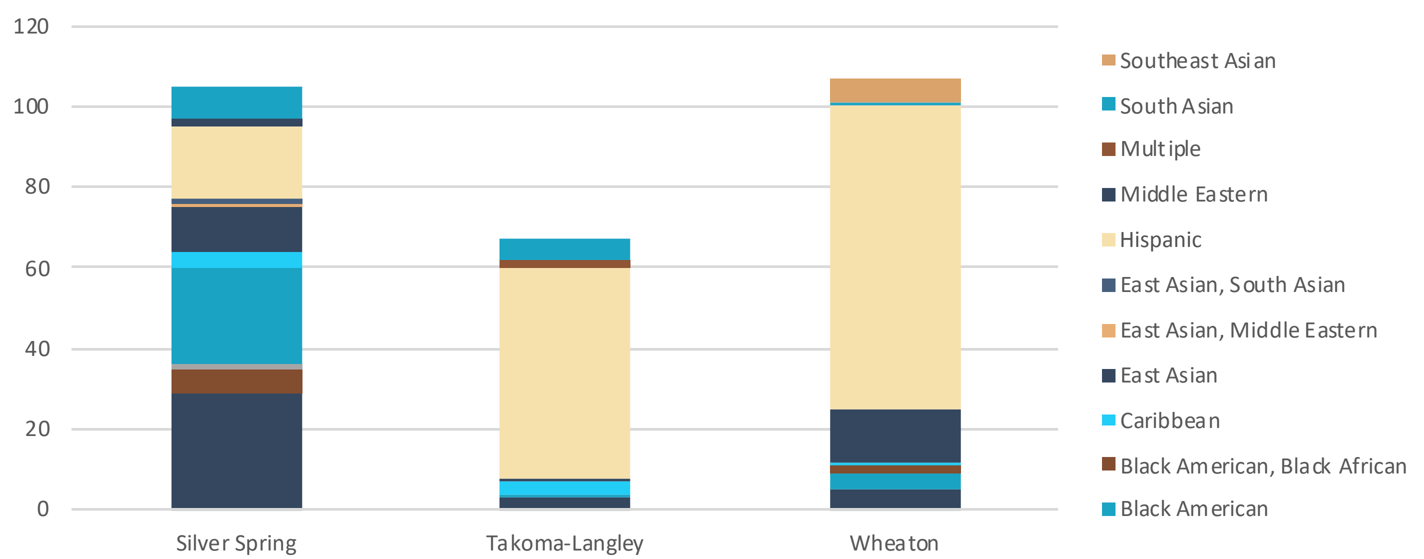
"I wouldn't want to move, because all of my regulars live in nearby apartment buildings and do not drive."

- FULL SERVICE RESTAURANT OWNER, TAKOMA-LANGLEY CROSSROADS

SUMMARY

Silver Spring's and Wheaton's diverse retailers were primarily in the Neighborhood Goods & Services (NG&S) and Food & Beverage (F&B) categories. Takoma-Langley Crossroads had a large share of minority-serving General Merchandise, Apparel, Furniture, and Other (GAFO) and Non-Retail Service (NRS) businesses. Takoma-Langley Crossroads and Wheaton have a significant base of Hispanic-owned and/or -serving businesses. In Silver Spring, Black American and East Asian-serving businesses also make up a substantial portion of minority-owned and/or -serving businesses in the retail cluster. All of these communities are near to the residential population that supports them; their sustainability is mutually beneficial.

DIVERSE RETAILER DISTRIBUTION BY NEIGHBORHOOD



Source: &Access, 2020

VALUE OF DIVERSE RETAILERS

The urgent need to support diverse retailers in Silver Spring, Takoma-Langley Crossroads, and Wheaton is outlined in the qualitative and quantitative findings in this section. The value these businesses bring to their communities as community anchors and hubs of social support networks surpasses the traditional metrics associated with economic impact (sales, tax revenue, etc.). These qualitative functions allow diverse retail entrepreneurship to grow, increasing businesses' ability to locate, thrive, and expand in the neighborhoods they call home.

Now is the time for the county to respond quickly to protect its fiscal health, including its residential and commercial population, employment and tax base. By protecting diverse retailers, the communities will continue to attract residents seeking racial/ethnic affinity creating a cycle of investment back into these businesses that meet their specific cultural needs.

MEASURING THE IMPACT OF DIVERSE RETAILERS

As summarized in the following table, the 279 diverse retailers identified in Silver Spring, Takoma-Langley Crossroads and Wheaton represent 38% of the total number of retail businesses. ESRI provides job and sales estimates for 40% to 50% of these businesses. Extrapolating those data suggests that diverse retailers employ 1,391 workers, an average of five jobs per business. Average estimated sales of $490,000 per business total $137.9 million for diverse retailers in the three business districts. The diverse retailers occupy 601,300 square feet of space for an average of 2,155 square feet per business.

DIVERSE RETAILERS' EMPLOYMENT, SALES AND SIZE

BUSINESS DISTRICT	NUMBER OF DIVERSE RETAILERS	SHARE OF TOTAL RETAILERS	ESTIMATED JOBS	ESTIMATED SALES (MILLIONS)	ESTIMATED SQUARE FEET OF SPACE
Total	**279**	**38%**	**1,391**	**$137.9**	**601,290**
Silver Spring	105	33%	585	$35.0	176,723
Takoma-Langley Crossroads	67	46%	291	$59.3	285,542
Wheaton	107	41%	515	$43.6	139,025
Average per business			*5*	*$0.49*	*2,155*

Source: &Access; ESRI Business Locator; Partners for Economic Solutions, 2020.

FILLING SPECIFIC RETAIL NEEDS AND ATTRACTING CUSTOMERS

Diverse retailers that cater to the specific needs and desires of minority and immigrant communities play an important part in their customers' day-to-day lives. Access to specialized ingredients allows residents to cook traditional foods and enjoy a taste of home. Food is central to family life, a key part of how people define themselves and their heritage. Ethnic grocers and other specialty food stores provide a greater variety of foods and botanicals than available in the international aisles of the region's supermarkets.

Ethnic clothing and fabrics from saris to African batik to quinceañera dresses attract customers from around the region to sample local stores' unique wares. Their customers are then able to shop at other local businesses.

Specialized service providers help recent immigrants with legal services, money transfers, and other services. Doctors and other medical practitioners who speak their language can assure that they receive appropriate care. Ethnic hair stylists, barbers, and estheticians offer special skills and familiarity with different textures of hair, type of kink/curl, and specialized skin care. In addition, hair salons and barber shops serve as community meeting places, often developing loyal followings that bring clients from well beyond the immediate area.

Retailers who speak their customers' language give them personalized service and links to community and non-profit services, often serving as an informal clearinghouse. The retailers' own heritage and communication with their customers give them insights into the most desired goods and brands, helping them stay better attuned to these specialized markets.

CREATING JOBS AND ECONOMIC OPPORTUNITIES

Historically, stores serving minority communities and those with minority owners have hired a larger share of their workforce from within the minority communities, creating job opportunities in neighborhoods often characterized by above-average unemployment rates.

Particularly important to immigrant populations are the jobs they create for workers who may not speak fluent English. Having an entry-level job can be critical for new immigrants as they learn English; the job helps them develop the work history in the U.S. that helps them qualify for better jobs.

Entrepreneurship rates among immigrants (0.52%) were almost double the rate of U.S.-born individuals (0.26%) in 2016 according to Kauffman Foundation statistics. Entrepreneurial activity allows immigrants and other individuals to pursue opportunities and careers that might not be open to them due to language barriers or their limited American experience and references. As entrepreneurs, they can achieve greater control over their economic futures through hard work and business savvy. Small business ownership is often a route into the middle class.

CLOSING THE WEALTH GAP

The 2019 Survey of Consumer Finances documented the great wealth disparities among ethnic groups. White families have a median net wealth of $188,200—almost eight times more than Black families ($24,100) and five times more than Hispanic families ($36,100). Historic exclusion from the benefits of homeownership and other economic opportunities through redlining and other discriminatory tactics have constrained the ability of Black and Hispanic families to build wealth through the generations. Business ownership provides opportunities to grow a business and to create value, a credit history, inter-generational wealth, and a better life for their children.

BRINGING VITALITY AND AUTHENTICITY TO BUSINESS DISTRICTS

Members of minority communities benefit from the range of diverse retailers active in each of the three business districts. Nearby residents also enjoy access to a wide variety of ethnic restaurants and specialty retailers offering authentic goods and experiences not available from chain retailers and restaurants. Through the years, local residents of all ethnicities have emphasized the richness of living in diverse communities with unique local restaurants and businesses. Exposure to business people and other customers from different backgrounds helps to improve understanding and connections to other groups, enriching everyone's life. The presence of diverse retailers helps to affirm the rights of all residents to participate fully in public life, creating a greater sense of belonging, acceptance and comfort.

Different cultures bring their traditions to the business district through festivals and other celebrations, supporting greater visitation and business activity while enriching public life. Ethnic cafes and restaurants act as gathering places that help to reinforce the bonds among Montgomery County's diverse residents.

Diverse retailers often occupy historic storefronts that might otherwise go vacant. Independent retailers have more latitude in the configuration of their sales space than do chain retailers, who have more rigid specifications, so they can adapt more easily to historic structures.

In Silver Spring and Wheaton, diverse retailers occupy 15 and 32% of total retail space, respectively. If only half that space became vacant, the retail vacancy rates would reach 20% in downtown Silver Spring and 29% in Wheaton. Those vacancies would interrupt the retail frontage, making it harder to draw customers farther along the street and disrupting the business districts' overall vitality.

RETAIL IN DIVERSE COMMUNITIES STUDY

CHALLENGES

Each of the three study areas have several long-time retailers with up to 60 years of local operations. Given the worsened business conditions due to COVID-19, preserving new and legacy businesses require immediate action, driven by an intimate understanding of the challenges facing them all.

The challenges faced by retailers in the study areas are consistent with *A Long Life for Long Branch: Tools to Preserve Independent Retailers*' findings. Interviews with business owners and community stakeholders identified challenges in four areas: technical assistance and business networks; capital and financing; real estate; and public policy and investment. More details are presented in the Findings Memorandum, a separate deliverable available on the study's webpage (see back cover for URL).

INTERVIEW FINDINGS

The threat of business failures and commercial vacancy varies by neighborhood. Parcel size, consolidated ownership, and zoning policies are all factors. In interviews, business owners from all neighborhoods noted common themes about their interaction with county government: the county's progressive wage and environmental policies; lack of construction/project mitigation planning; and limited direct engagement with business owners. The support offered by the county seems to be reactive, often involves cumbersome grant/loan applications, lacks true protections, and fails to consider the voices of diverse retailers.

Problems like the ones brought on by the COVID-19 pandemic are not new to the business owners in these area. Rather, the challenges the business owners already faced have been exacerbated by the pandemic. Customers are not ready to return en masse to stores, and rents remain unchanged, although most property owners are working with the tenants.

During interviews, business owners reported varying levels of business health, a range of positive to negative and nonexistent relationships with property owners, and various pivoting strategies they had deployed to sustain their businesses. The findings—these nuances of business viability—informed this study's proposed strategies for the county.

"Clearly redevelopment is coming [to Takoma-Langley Crossroads]... If there is a mass exodus of tenants as redevelopment occurs and if the community at large is displaced, my property will be less competitive."

- PROPERTY OWNER

CHALLENGES TO CLUSTER PRESERVATION

The following challenges reflect qualitative and quantitative findings that provide insights specific to the study areas' (Silver Spring, Takoma-Langley Crossroads, and Wheaton) existing conditions for minority-owned and -serving independent retailers. Organized under four categories, they present common themes across stakeholder groups (e.g., retailers, landlords, community organizations). Because the study interviewed 43 businesses during the COVID-19 pandemic, more near-term challenges (impacts to revenue) rose to the top compared to the threat of redevelopment.

The tools proposed for detailed evaluation in the subsequent phase of the project respond to these identified challenges. (They are summarized in the matrix on page 31.) Each of the following considerations impacts the prioritized tools for review, responding to the challenges of minority-serving retailers.

TECHNICAL ASSISTANCE & BUSINESS NETWORKS

The ability of minority and immigrant business owners to start, stay, and scale in one of the clusters relies on addressing structural challenges—access to management, money, and sales knowledge and opportunities. In thriving entrepreneurial ecosystems, this manifests as technical assistance and expanded business networks. This challenge highlights the limited time, financial resources, and English fluency that hinder the targeted small businesses' ability to pivot when necessary, apply for opportunities successfully, and ultimately sustain their business and the diverse cluster. Many retailers felt under-supported by the county's programs, which they perceived as reactive, cumbersome, and not very useful.

Key Themes:

- Limited county staff capacity
- Limited business owner resources (time, financing/funding, and language)
- Cumbersome application processes
- Systemic exclusion from business networks

CAPITAL & FINANCING

Access to capital is a common challenge for minority and immigrant small business owners across the nation and was echoed as an issue in Silver Spring, Takoma-Langley, and Wheaton. Startup and legacy, low-growth businesses such as retailers are seldom eligible for private loans and lines of credit to relocate, improve, or expand their business due to a perceived and real lack of business stability and credit-worthiness. Few options exist for this category of business owners in need of funding and financing opportunities to support renovating, evolving with a changing clientele, managing increased rents, and remaining viable during COVID-19 or construction disruptions.

Key Themes:

- Finite funding and financing opportunities
- Rare small business eligibility
- Increased costs of doing business

REAL ESTATE

Older properties have and continue to provide entry points for diverse- and immigrant-owned small businesses. In anticipation of the Purple Line and continued redevelopment; however, speculation, real estate prices, and retailers' rental costs are rising. Even when business owners can sustain higher rents, permanent displacement is a threat due to aging properties ripe for redevelopment and the prohibitive reentry costs of new construction. Retailers' disadvantageous leases exacerbate this condition. Many commercial leases have varying terms that place businesses at risk. Business owners lack knowledge about potential lease protections that might enable them to deepen their investment in the community and their business. Unfortunately, potential ownership models are not an option, as most business owners do not own, and many are not interested in owning their properties.

Key Themes:

- Barriers to initial occupancy
- Risk of displacement
- Prohibitive occupancy costs of new construction
- Disadvantageous lease terms

POLICY & PUBLIC INVESTMENT

The county government must manage sometimes conflicting initiatives to address the safety, health, and welfare of its residents, business owners, and other stakeholders. Many initiatives impact minority-owned and -serving retailers from policy-driven increases in overhead costs (e.g., rent, wages, materials/equipment) to construction (e.g., limited access, parking, and visibility). For example, local policies that restrict the use of plastics or increase minimum wages can increase cost of goods sold and staff costs, respectively, while road construction can limit the ability to realize revenue due to customers selecting another retailer with ease of access. In response, the county often deploys assistance programs, but many business owners perceive these to be too difficult to apply for and to have conditions that exclude many small businesses. Additionally, engaged stakeholders noted the limited policies, programs, and incentives that maintain and prioritize affordable commercial space, neighborhood character, and cultural diversity. The policies resulting from this study intend to preserve the clusters of retailers; however, the county must prioritize existing businesses' viability in the strategy to ensure the clusters remain an attractive place for emerging minority business owners. Without this approach, minority retailers may opt for alternate markets, as each cluster's tenant mix shifts to national or non-minority owned local brands.

Key Themes:

- Government spurred business costs
- Impacts of construction on accessibility and visibility
- Exclusive eligibility requirements
- Limited protections for neighborhood character and cultural diversity
- Prioritization of existing businesses

RETAIL IN DIVERSE COMMUNITIES STUDY

TOOLS

Preserving and strengthening clusters of diverse retailers requires a strategic approach using a range of tools and policies. Each tool and policy aims to provide support to the small business owners that offer goods and services heavily catering to minority and ethnic sub-groups, as detailed in *A Long Life for Long Branch: Tools to Preserve Independent Retailers*.

This Retail in Diverse Communities Study found that, through a focus on coordination, capital, controls, and community, existing and future diverse retailers in Silver Spring, Takoma-Langley Crossroads, and Wheaton can thrive. A limited subset of tools has been identified for each of the study areas. Note, competing priorities exist that directly affect the feasibility of each solution. Considerations for each recommended tool are outlined in the subsections below.

Note, the consultant team designed each tool to mitigate trade-offs associated with thwarting redevelopment, and increasing staff and financial resource requirements, among others. This considers that resource allocation may be a concern for the county, especially in the current environment where resources have been allocated to COVID-19 recovery.

FRAMEWORK

To address the challenges presented, the county should pursue the following four tenets to preserve and strengthen diverse retail clusters:

- **Coordination:** Supporting diverse retailers with direct staff support, specialty designations, and education
- **Controls:** Zoning and land use controls and incentives to encourage the creation of appropriate retail spaces for diverse retailers
- **Capital:** Nuanced financial programs that address the continued access to capital challenges facing minority small business owners
- **Community:** Celebrating and protecting diverse retailers through programming and policies

Source: Google Maps
Takoma-Langley Crossroads Shopping Center

SMALL BUSINESS SUPPORT STRATEGY FOR PURPLE LINE CORRIDOR: MAKING THE CASE FOR PLACE MANAGEMENT

With more than 50 stakeholders, the Purple Line Corridor Coalition (PLCC) was established in 2013 to ease the disruption and displacement caused by the Purple Line's construction. The PLCC published a draft Small Business Support Strategy report (Support Strategy) in October 2019 that aligns with many Montgomery County Retail in Diverse Communities Study report recommendations. Although the Support Strategy recommends community benefits agreements, the recommendations resulting from this report present a Commercial Bill of Rights as one policy solution. This study considered community benefits agreements but found the bill of rights more effective, requiring less resources to deploy. Both policies have the same end of ensuring existing small businesses have a stake in redevelopment efforts.

The most important recommendation that aligns with this report is the need for staff support. This report approached staff support through a Diverse Retail Liaison in each corridor, a position called a place-based manager in the Support Strategy. Currently, the PLCC is exploring partnering with UrbanMain at the National Main Street Center as a strategy that can be adapted by existing organizations or as a new program. The difference in strategy is a targeted business-owner audience compared to a community-wide approach. To enact the PLCC strategy, Montgomery County government needs to sign onto a Maryland Main Street approach with Prince George's County government to enable corridors to be considered affiliates and enroll in management educational programs.

CHALLENGE / SOLUTION MATRIX

The matrix below introduces the nine tools found most useful for Silver Spring, Takoma-Langley Crossroads, and Wheaton. They include programs and policies the consultant and client team deemed most appropriate to pursue. Following the matrix, each tool is presented by the tenet they fall under (i.e., Coordination, Controls, Capital, or Community). Most, but not all, tools were initially presented in *A Long Life for Long Branch: Tools to Preserve Independent Retailers*. Refer back to the Long Branch toolkit for additional case studies.

			CHALLENGES ADDRESSED			
	TOOL	**GEOGRAPHY ASSIGNED**	Technical Assistance & Business Networks	Capital & Financing	Real Estate	Policy & Public Investment
Coordination	Diverse Retail Liaison	SS | TL | W	●	●	●	●
Coordination	Legacy and Minority Business Designation	C	●	●	●	●
Coordination	Bill of Rights & Leasing Support	C	●	●	●	
Controls	Micro-Retail Zoning	C			●	●
Controls	Commercial Overlay Zone	SS | TL			●	●
Capital	Loan Pool	SS | TL | W	●	●	●	●
Capital	Monthly Tax Bill Policy	C		●	●	●
Community	Small Business Impact Policy	C	●		●	●
Community	Placemaking Efforts	SS | TL | W		●		●

LEGEND: C: COUNTYWIDE | SS: SILVER SPRING | TL: TAKOMA-LANGLEY | W: WHEATON

COORDINATION

Assisting small businesses remains a challenge for communities across the nation, including Silver Spring, Takoma-Langley Crossroads, and Wheaton. Diverse retailers mentioned limited time, financing/funding, and language skills as barriers to receiving the support needed for business success. To address these and other challenges conflicting with the preservation and strength of the clusters that serve minority-owned and -serving businesses, consider the following goals:

- Identification and monitoring of diverse retailers to better inform policy decisions
- Increased sharing of resources and communications among diverse retailers, the county, and other parties
- Consideration of diverse retailers' needs in policy and funding decisions
- Clearly articulated commercial tenant rights and responsibilities

DIVERSE RETAIL LIAISON

Geography Assigned: Silver Spring, Takoma-Langley Crossroads, Wheaton

Across Silver Spring, Takoma-Langley Crossroads, and Wheaton, various organizations are working to promote each retail district's success, none of which has a singular focus on diverse retailers' success. Staff dedicated to the three study areas' diverse retailers could serve as key players in the preservation, attraction, and growth of the clusters.

Diverse Retail Liaisons (previously referred to as Neighborhood Equity Coordinators in *A Long Life for Long Branch: Tools to Preserve Independent Retailers*) are responsible for coordinating efforts by existing organizations, providing direct connections between independent businesses and the county, and linking targeted retailers to financial, technical, and organizational resources. Their primary role is to be brokers of resources and advocates rather than technical experts. This position differs from, but could potentially sit within, a place management strategy. The Diverse Retail Liaisons are directly assigned to support ethnic and racial minority business owners in each cluster, underscoring this cohort's importance in the county's approach.

Currently, the Montgomery County Office of the County Executive Small Business Navigator serves nearly 70,000 businesses in the county with a staff of two. Diverse Retail Liaisons can support the Small Business Navigator and other overextended entities by providing additional capacity to understand and address the needs through direct relationships with the business owners.

"The [limited] availability of funding and lack of training on how to deal with customers and how to maintain business are challenges when discussing how to achieve goals."

- WINE SHOP OWNER, WHEATON

Recommendation 1: Identify a non-profit organization to host Diverse Retail Liaisons

Partnering with a single non-profit organization might be the most appropriate way to achieve equity for the diverse retail clusters, since devoting a municipal staff resource to a specific population might be politically challenging. All taxpayers might not agree to an approach to allocating dollars to fund the three roles in targeted geographies that support a subset of the population instead of creating a role in each Council district. The county has examples of similar roles that are allocated to each district in the county or a countywide role where the entire county is served by a staff member. This may instill a false sense of equity by serving large geographies that hamper the effectiveness of the proposed effort that's meant to be targeted to diverse retail businesses.

The county should provide an annual contract to a single non-profit organization with the required technical assistance skills and an aligned mission to support diverse small business owners. This organization can help the county achieve accountability with a dedicated resource that increases capacity and expands its operations. Oftentimes, limited funding causes non-profits to use a patchwork of funding that creates competing priorities, limiting the effectiveness of the intended role. A dedicated funding stream could help organizations overcome this challenge.

AmeriCorps programs provide for a cost-effective, federally subsidized program to increase staff capacity. However, AmeriCorps fellows will likely not have refined small business support skills to serve diverse retailers' technical assistance needs. Requiring a bachelor's degree in business administration, accounting, marketing, or other business-related disciplines should help to recruit more qualified candidates in the recruitment process. However, the federal funding levels and policy priorities for this program are unknown at the time.

Other funding sources to consider include corporate partners, philanthropy, special assessments, or business license fees in each cluster.

Recommendation 2: Assign one coordinator per cluster

Providing direct support is a time-intensive role, especially considering the myriad of diverse retailer needs. By limiting each Diverse Retail Liaison's service area to an individual cluster, they will be able to adequately provide continued outreach to build trust and shared resources and advocate to escalate issues to appropriate parties. One of the lessons learned by effective Main Street programs is ensuring service areas are not too large for one staff person.

Recommendation 3: Expand the capacity of Diverse Retail Liaisons

Although serving a smaller business population, the Diverse Retail Liaison will still be limited in time and expertise, especially if the person chosen is a low-cost hire. To increase their capacity, pair their responsibilities with a memorandum of understanding (MOU) to partner with organizations and county departments skilled in technical assistance (e.g., D.C. Bar Pro Bono Center). The Diverse Retail Liaisons can benefit from basic training through the Main Street Center, Maryland's SBDC, and other training organizations.

Recommendation 4: Utilize the Diverse Retail Liaisons to inform other programs

To help the Diverse Retail Liaisons maximize their value with the business owners they serve, leverage business designation and bill of rights programs (below) as introductory and follow-up resources. Utilizing and updating the centralized Legacy and Minority Business Designation database can support the continued refinement of each program under this tool. The county should utilize the Diverse Retail Liaisons in the programs' initial design and continued improvement.

LEGACY & MINORITY BUSINESS DESIGNATION

Geography Assigned: Countywide

A Legacy Business Designation Program, typically established by a local jurisdiction, business district, or non-profit organization, provides a way to incentivize the preservation of local businesses that meet specific criteria. These criteria are related to each business's tenure and support small, independently owned businesses that provide a particular community value. Comparably, a Minority Business Designation Program can offer the same provisions, highlighting ethnically and racially diverse business owners' community value.

Recommendation 1: Utilize business designation for data collection and monitoring

In Montgomery County, there is an opportunity to utilize legacy and minority business designation programs to collect and monitor data on the relative health of the businesses and track economic variables such as jobs created and retained, length of operation, and occupancy, and business growth or contraction, if applicable.

Determine which organization will own the data and how it will share it with other entrepreneurial support organizations. Ensure that the confidentiality of the businesses data is a priority and leverage the Diverse Retail Liaisons to engage in conversations with businesses so they understand how the data will be used and shared. To easily link with other county data (e.g., business licensing and certificate of occupancies), the Montgomery County Office of the County Executive Small Business Navigator may be best suited to serve as home to the database with limited access to key organizations.

Leverage data to design programs and prioritize resources. For example, this data set can identify which businesses' Yelp or Google ratings decreased year-over-year, enabling the Diverse Retail Liaison to prioritize their outreach to minimize closure risks. Alternatively, users can target a thriving industry or physical cluster for increased investment or other forms of support to contribute to business and tax base growth.

Recommendation 2: Design the program as a self-selection process

When deploying a minority business designation program, self-selection ensures appropriate categorization reflecting the business owner's identity, not a perceived race/ethnicity, age, or other demographic variables, like similar demographic-based programs. At a minimum, require the following collection of information: owner's race/ethnicity; owner's age; age of business at the existing location; and owner's gender. Revenue data should be provided by the business owner through voluntary engagement with the Diverse Retail Liaison instead of obtaining tax data from the state, which would pose confidentiality challenges.

Recommendation 3: Align with the roles and responsibilities of the Diverse Retail Liaisons

Diverse Retail Liaisons can primarily manage the outreach required to enlist businesses into a legacy and/or minority business designation program, while other staff will need to manage the program's systems.

Recommendation 4: Create linked incentives

Business owners are often wary of sharing business information without a direct benefit. To incentivize retailers to participate, pair additional incentives to support diverse retailers. Consider providing additional eligibility consideration to a Loan Pool (see page 42).

BILL OF RIGHTS & LEASING SUPPORT

Geography Assigned: Countywide

A commercial tenant's 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, legal and mediation services for independent retailers, and new requirements for increased transparency in common area maintenance fees.

Recommendation 1: Leverage the Office of Landlord-Tenant Affairs

Montgomery County's Office of Landlord-Tenant Affairs in the Department of Housing and Community Affairs produced a Landlord-Tenant Handbook to outline residential tenants' responsibilities and rights. No similar product exists in the county for commercial tenants. The same department can potentially produce a similar product in conjunction with the partner organizations identified through the memorandum of understanding for the Diverse Retail Liaisons.

Recommendation 2: Consider requiring specific commercial lease provisions

Independent retailers do not often proactively know which legal protections need to be in the lease. The terms that impact diverse retailers' preservation (e.g., required options to renew and kick out periods) should be prioritized for inclusion.

Required commercial lease provisions could generate negative externalities and further study should be conducted to ensure these externalities do not exceed the anticipated benefits. With more tenant protections in place, commercial real estate may lose value to account for longer terms and uniform or controlled rent escalations, among others. Due to these uncertainties, this recommendation might take a longer time to implement than others.

CONTROLS

Zoning and land use controls and incentives directly impact redevelopment projects. When in place and adequately designed to maintain the economic viability of each real estate project. To promote the needs of diverse retailers, each cluster can utilize the three recommended tools separately or together to accomplish the goals to:

- Promote a more affordable micro-retail use of less than 1,000 square feet
- Encourage the creation of a variety of retail space sizes
- Limit the ground floor retail frontage of larger retail spaces

This section introduces and expand upon various tools, but some tools (i.e., Commercial Inclusion Zoning and Optional Method of Development) are not recommended due to feasibility and ability to accomplish the goals detailed above.

MICRO-RETAIL ZONING

Geography Assigned: Countywide

The existing Montgomery County Zoning Code became effective on October 30, 2014, and includes a series of Commercial/Residential (C/R) Zones where mixed-use development is allowed at a range of densities and heights.

All parcels with diverse retailers analyzed for this report lie in Commercial Residential Town (CRT), i.e., Takoma Langley Crossroads, or Commercial Residential (CR), i.e., Silver Spring and Wheaton, zones. The existing code allows for restaurants of all sizes and retail under 50,000 square feet as by-right uses. Larger retailers (50,001 square feet and over) and drive-thru restaurants are permitted with limits or conditions.

In CRT and CR zones, the code states that where a development is located within a half mile of a Metro station entrance and has a minimum 50,000 square foot footprint or a minimum of 100,000 square feet of all gross floor area designed for a single user:

- *Additional floor area equal to at least 20% of the footprint designed for the Combination Retail must be provided as street level retail spaces with less than 5,000 square feet of tenant gross floor area each. These spaces must be located at street level, and a secondary entrance accessing the Combination Retail use is prohibited. At least 50% of the additional tenant space(s) must be located along the facade where the primary active customer entrance for the Combination Retail is located.*

This strategy successfully supports retail space development falling in the smallest existing use category of retail (up to 5,000 square feet). A later recommendation in Overlay Zones explores the potential to utilize this precedent as a way to provide even smaller, more affordable spaces to diverse retailers seeking to occupy redeveloped retail space.

Recommendation 1: Amend the code for micro retail/service establishment use(s) of less than 1,000 square feet

In all Commercial/Residential (C/R) and Commercial Residential Town (CRT) zones, amend the zoning code to provide a designation for micro-retail uses of less than 1,000 square feet, by right. Deploying this recommendation will promote the construction of smaller spaces in overlay zones for more affordable spaces to diverse retailers. Refine designations to:

- Retail/Service Establishment (Up to 1,000 SF)
- Retail/Service Establishment (1,001 – 5,000 SF)

Commercial Inclusionary Zoning
Not Recommended

Commercial inclusionary zoning (CIZ) is a land-use and economic development technique that requires that new commercial redevelopments include a minimum share of commercial spaces available at below-market rents. A retail/office development example with 63,700 rentable square feet illustrates the potential impact:

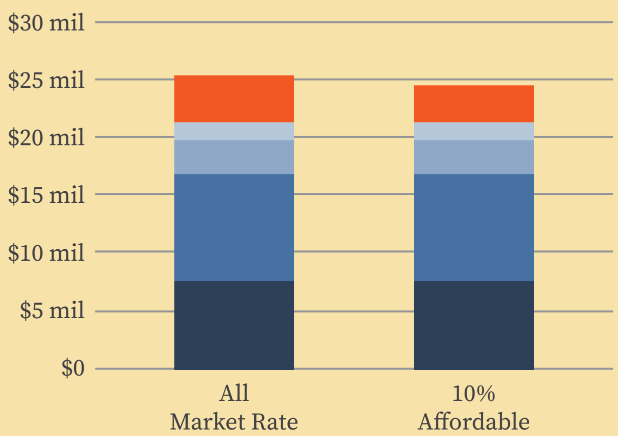
- $337 per GSF development costs
- 10% of the 39,200 sf of retail space offered at "affordable" rents
- Market rate is $30 NNN, affordable is $15 NNN
- Reduces annual Net Operating Income by $56,100 annually
- At a 6% cap rate[1], this reduces the value of the project by $940,000, approximately 3.7%
- Reduces potential profit by 23%

A 3.7% ($940,0000) loss in total project value is significant and could make the development infeasible. In a smaller redevelopment, the impact could be much higher. The cost impacts of inclusionary zoning are typically mitigated by allowing additional density so as to compensate the developer for the loss incurred in meeting a societal goal. Additional density can be much harder to provide in a commercial building that depends on surface parking because parking and site configuration typically determine the maximum building size. Achievable rents in markets such as Takoma-Langley Crossroads cannot support the very high costs of building structured parking, so there is little opportunity to develop additional density.

A formal program of inclusionary zoning would require deed covenants or other enforcement mechanisms and continued monitoring of individual tenant leases, a function not easily performed by government agencies. A mechanism would be needed to determine eligible tenants for the restricted-rent spaces, which could lead to difficult choices and perceptions of favoritism. Developers are very sensitive to the mix of retailers within a center and would be reluctant to let a public agency or a lottery determine their tenants.

Due to the immense financial and operational challenges associated with enacting a commercial inclusionary zoning tool, it is not recommended.

DEVELOPMENT COSTS



A 3.7% ($940,0000) loss in total project value is significant and could make the development infeasible.

1 Cap rate is a mathematical tool for converting annual revenues into a total current value. Below 5% implies an enormously hot market, 6% is relatively normal for the DC region and 7% to 9% is used in a less active market.

Affordability through Small Spaces

Retailers are most commonly charged a rental rate per square foot with increased costs for larger retail spaces (as illustrated below). Leveraging requirements for certain types of development to include smaller retail spaces is a more effective strategy than a rent-based, commercial inclusionary zoning approach under current market conditions.

Note, it is common for smaller spaces to have higher rents per square foot, but overall the spaces can remain less costly. In turn, developers are able to maintain their revenues.

Conversely, real estate brokers are disincentivized to work with tenants seeking or landlords offering only smaller spaces. Brokers typically have a commission-based, percent of future rent payment structure, which provides a greater return on time investment to larger retail spaces for comparably the same amount of work.

COST OF RETAIL SPACE

	1,000 SQ.FT. $25/SQ.FT. 5 YEAR LEASE	2,500 SQ.FT. $20/SQ.FT. 5 YEAR LEASE
RETAILER PAYS	$125,000 $25,000/YEAR $2,083.34/MO.	$250,000 $50,000/YEAR $4,166.67/MO.
BROKER COMMISSION (3% AVG.)	$3,750	$7,500

OVERLAY ZONES

Geography Assigned: Silver Spring, Takoma-Langley Crossroads

Overlay zones are finely grained zoning districts applied to base zoning to establish additional redevelopment standards. They can provide opportunities to contribute to commercial space affordability by controlling form.

The following are zoning code recommendations that would leverage the existing overlay zone in Fenton village and the recommended overlay zone in Takoma/Langley to support smaller, more affordable retail spaces.

Fenton Village Overlay Zone

The Fenton Village Overlay zone is the only overlay zone present in any of the three study areas. It limits building height to integrate the retail and residential neighborhood, primarily characterized by smaller, one- to three-story buildings. When redeveloped, parcels zoned with this limited building height have a lower potential return on investment (ROI) than others in the greater Downtown Silver Spring area due to the inability to integrate additional square footage for residential or commercial uses. Real estate developers, in turn, are incentivized to look elsewhere for redevelopment opportunities, preserving the primarily Class B and C buildings that diverse retailers call home in Silver Spring.

Recommendation 1: Create a Takoma-Langley Overlay Zone

Of the three neighborhoods studied, redevelopment threats to the diverse retail cluster are most apparent in Takoma-Langley Crossroads. For this neighborhood, a successful overlay zone for the clusters studied could reach redevelopment goals while requiring building and site design elements to support small business retention and growth. An overlay should limit the width of storefront frontages and provide for diversity in retail space sizes, including spaces of 1,000 square feet or less. Prioritizing the pursuit of an overlay zone as detailed in this section for the Crossroads could further the neighborhood's ability to serve the Hispanic residential population nearby.

The following recommendations to create another overlay zone were selected because they have less impact on the viability of development as compared to an inclusionary zoning approach that would require leasing of a share of the development's space at below-market rents.

In smaller redevelopments involving less than 10,000 square feet of space, commitment of even a single 1,000 square-foot space could be a significant financial burden. In residential developments, the cost impacts of inclusionary zoning are typically mitigated by allowing additional density. Additional density can be much harder to provide in a single-story commercial building where parking and site configuration typically determine the maximum building size, though a mixed-use development would have a better opportunity to accommodate additional housing units or office space.

Including some smaller retail spaces will ensure opportunities for small businesses while the developer retains the flexibility needed to respond to specific tenant opportunities, both at the initial lease-up and in subsequent leases. Limiting the width of frontages may require some design compromises and providing two-level spaces likely will increase development costs with requirements for elevators or escalators. Two-level spaces could create a leasing challenge and might deter some tenants.

Finally, decreased parking can potentially deter customers from patronizing the center due to a perceived lack of available parking. However, the proximity of the Hispanic customer base living nearby without cars could mitigate parking needs.

Recommendation 2: Provide small business space through limited retail frontage

Limit the width of ground floor storefront frontage to 60 feet on any block face for large and combination retailers, except for grocery stores. Provide alternatives to locate the majority of space for the larger anchor in second-floor spaces, below ground, or behind smaller, adjoined retail spaces. To support a range of redevelopment scenarios, conditionally allow the width of ground floor storefront frontages up to 90 feet. Larger anchor retailers often rely on brand recognition rather than incidental foot traffic past store windows to drive sales. With adequate (or even increased) signage opportunities, they might be willing to share the frontage. More price-sensitive retailers could then occupy the smaller bays with desirable ground floor frontage.

Refine Section 3.5.11.B.2.a.iv. Sample language:

Retail/service establishments with a footprint greater than 15,000 square feet, except grocery stores, are limited to a 60-foot frontage and must provide additional frontage abutting public right-of-way to street-level retail spaces. A secondary entrance accessing the retailer/service establishment use(s) larger than 15,000 square feet is prohibited. At least 10% of additional tenant spaces must be less than 1,000 square feet each; 30% of additional tenant spaces must be less than 2,000 square feet each, including the 10% of space less than 1,000 square feet each; all spaces must be less than 5,000 square feet. At least 50% of the additional tenant space(s) must be located along the façade where the primary active customer entrance for the retail/service establishment larger than 15,000 square feet is located. Retail/service establishment use(s) larger than 15,000 square feet are eligible for a 10% increase in maximum sign area.

At Pentagon Row in Arlington, VA, TJ Maxx has a ground floor entrance at the end cap of one of the buildings (image below). The primary sales floor is on the second level, allowing smaller stores to occupy the ground floor. This approach encourages pedestrians to visit other stores during the same trip. These incidental sales opportunities are critical for small businesses without brand recognition.

Source: Google Images - Pentagon Row

Recommendation 3: Require a mix of retail space sizes

In all retail developments over 15,000 square feet with more than two retail spaces require a mix of bay sizes. Require that at least 10% of additional tenant spaces must be less than 1,000 square feet each; 30% additional tenant spaces must be less than 2,000 square feet each, including the 10% of space less than 1,000 square feet each.

Recommendation 4: Incentivize smaller retail spaces with decreased parking requirements

Incentivize the creation of smaller retail spaces by reducing parking requirements for retail spaces. The current zoning code utilizes a sum of gross leasable area (GLA) to calculate parking requirements. For example, adjust the GLA calculation to exempt the first 3,000 square feet for retail developments of at least 10,000 square feet, if three or more retail spaces are 1,000 square feet or less. In Silver Spring and Wheaton parking lot districts, real estate developers can pay a fee to exempt them from the parking requirements. This approach will limit the revenue generated for each district.

Example: The City of Cincinnati exempts the first 2,000 square feet of existing and new commercial uses in individual zoning districts from overall GLA calculations utilized for parking requirements (see. 1425-19 Off-Street Parking and Loading Requirements at https://library.municode.com/oh/cincinnati/codes/code_of_ordinances?nodeId=TIXIZOCOCI_CH1425PALORE_S1425-19OREPALORE)

OPTIONAL METHOD OF DEVELOPMENT

Not Recommended

Montgomery County allows for density bonuses in the Commercial/Residential and Employment Zones, within which all of the diverse retailer parcels studied for this analysis are located. This program aims to incentivize public benefits through developer provision of public amenities and/or a higher quality of design excellence. The goal is to help ensure a balance between the additional density and height values provided to the developer and the public amenity "received" for that additional value. Developers must achieve a minimum number of public benefit points for their plans to be approved at full densities.

Planning Department staff noted the competing priorities inherent in how the Optional Method of Development points are assigned. Public benefit points are assigned in part by the relative cost to comply and in part to those with higher priorities. The individual developer then decides which public benefits are provided to qualify for the additional density. That decision typically considers which benefits are most comfortable to provide, would improve the project's performance, and/or would help ensure public support and Planning Board project approval. In particular, many mixed-use developments rely on transit proximity, provision of quality public spaces, and provision of affordable housing to garner the minimum number of public benefit points. As a result, the relatively limited number of points available for retail-specific subcategories (Neighborhood Services and Small Business Opportunities) are rarely utilized by developers when pursuing the Optional Method of Development.

Additionally, this study found that the Optional Method of Development requirements are too aggressive to be compelling for developers to utilize. Regardless, without limiting points in other critical categories (transit, public spaces, and affordable housing), fine-tuning this program will likely not increase its use. Significant challenges to encouraging the use of the points system to provide adequate space for diverse retailers include:

- **Neighborhood Services – the number of businesses required (10) does not work well for smaller infill projects below the scale of a new shopping center. Additionally, this category is limited to mostly underserved markets, not the diverse retail clusters addressed in this study.**
- **A six-year covenant period limits the flexibility developers have if unable to lease to smaller sized businesses. Spaces may remain vacant, or if a real estate developer pursues this category, it may lead to underinvestment in retail space in order to limit risks.**

CAPITAL

Access to capital remains a challenge for small businesses in Montgomery County and is even more pronounced for diverse retailers. When capital exists in the marketplace, many eligibility and reporting requirements typically award businesses with bookkeeping and staff support over cash-based, lower-profit retail entrepreneurs. Additionally, the fund/grant administrator's time is also limited. Managing a successful program with the target diverse retailer audience requires follow up and translation services, especially when aiming to reach equity goals. Despite these challenges, there are clear opportunities to support existing and emerging diverse retailers in the financial burden of their brick-and-mortar spaces: subsidizing capital expenditures; and, easing recurring tax burdens.

LOAN POOL

Geography Assigned: Silver Spring, Takoma-Langley Crossroads, Wheaton

Like the Small Business Assistance Program (SBAP) and other targeted financial tools (see Appendix), a loan pool provides resources and incentives to particular kinds of local, independent businesses. This tool intends to support re-tenanting space through subsidized tenant improvement loans for small businesses. To protect the investment, require provisions in the lease that provide options to the tenant for continued occupancy (e.g., options to renew, assignment, and few limits on permitted uses).

The loan pool could also support business owners in purchasing their properties.

This program should be designed with low-interest rates and less stringent underwriting requirements than traditional bank loans. Businesses have little reason to use the program without these features in place.

Recommendation 1: Explore a range of funding sources

To seed the loan pool, consider federally allocated Community Development Block Grants (CDBG)/ Section 108 loans with additional support from four to six banks. This approach utilizes the county's investment to leverage more Community Reinvestment Act funds from banks.

Recommendation 2: Establish a geographically targeted pilot program

This tool is intended to primarily support small, independent retailers in Silver Spring, Takoma-Langley Crossroads, and Wheaton. Rather than establishing a program countywide, utilize the diverse retail clusters to increase the viability of securing enough funds to deem the program useful. Consider tactics to market to and prioritize the targeted geographies.

Recommendation 3: Target legacy and minority designated businesses

In the application process, create ways to escalate Legacy and Minority Designated Businesses' applications for immediate consideration or provide a point system that prioritizes them for funding.

Recommendation 4: Fund fixed assets

Loans resulting from the pool should be used for fixed assets to offset risks, limiting allocations for working capital and mitigating risks for the county. These assets should include real estate, equipment, vehicles, and other items that hold value with or without the business in operation.

Recommendation 5: Consider creating a new application process

Application processes for such programs as the COVID-19 Relief Loans are considered cumbersome and ineffective by business owners and county staff alike but are required in order to meet reporting and evaluation requirements. Design a new process that mitigates the frustrations, while increasing the success rate of minority-owned retailer applicants.

Recommendation 6: Integrate a needs assessment

To ensure the programs greatest effectiveness, consider requiring a needs assessment to draft a plan for the loan's use. This assessment conducted by small business support organizations can serve as a component for qualification.

MONTHLY TAX BILL

Geography Assigned: Countywide

In Montgomery County, real and personal property tax bills arrive near the end of the year with a narrow time window to pay. This poses an issue for property owners and business owners that receive pass-through bills. These costs can be challenging for small businesses on tight budgets. An option to pay real estate taxes monthly could help independent businesses incorporate those costs into a monthly budget, limiting the burden of annual bills.

Staff time will increase the costs of operationalizing and maintaining this program, potentially having a negative externality of increased taxes or the program's sunsetting. Utilizing automation could circumvent this issue.

When implementing this strategy, consider the role of the County Executive's office and council. One strategy should include coordinating with entrepreneurial support, non-profit organizations, and diverse businesses to speak directly to the needs.

Recommendation 1: Require that landlords provide the opportunity to pay pass-through fees monthly

This policy is intended to support the diverse retailer, who often does not own their building or directly pay real property taxes. Consider requiring property owners to provide their tenants with monthly pass-through fees if they decide to participate in the program.

Recommendation 2: Extend policy to other assessments

Specifically, the Takoma-Langley Crossroads assessment was mentioned as a challenge for business owners to pay annually. As other assessments arise to support retailing environments, such as Business Improvement District fees, consider ensuring options exist for monthly assessments.

COMMUNITY

Many community members contribute to and benefit from the ability to preserve and strengthen diverse retailers. In ideal circumstances, the community can celebrate the businesses contributing to the place and provide the goods and services needed. Tools in this category seek to demonstrate the value of diverse retailers and accomplish the goals of:

- Providing tools to mitigate for negative impacts of construction and policy changes
- Creating physical communities that ingrain the legacy of diverse retailers
- Supporting businesses through community-based organizations

SMALL BUSINESS IMPACT POLICY

Geography Assigned: Countywide

To minimize the impact of construction and county policy changes, create a policy statement that requires scoping sessions where small business access (e.g., room for loading and delivery systems, access to parking lots and driveways, among others) and financial impact are considered. The recommendation intends to limit strains on staff capacity and consulting fees by deploying a policy instead of an official report similar to an environmental impact statement (EIS). As such, the goal of this policy is to integrate into existing systems.

Engage the County Executive's office and County Council alongside small businesses to begin drafting the resulting policies.

Recommendation 1: Host a standing meeting with Diverse Retail Liaisons

In the project's study areas, the Diverse Retail Liaisons should remain abreast of projects, communicating with and advocating for the retailers they support. Standing meetings with key county staff, e.g., development review staff, public works, and councilmember staff, among others, can support a clear understanding of what changes are planning to impact the businesses. Diverse Retail Liaisons can then communicate those back with the business owners and help design solutions to mitigate negative impacts.

Recommendation 2: Create a business impact checklist

Include a checklist of critical concerns to address and a mitigation guide for public and private construction teams. Construction teams should leverage the guide to create mitigation plans. Real estate developers should submit both the checklist and mitigation plan for approval. Department of Permitting Services with input from Development Review staff should be responsible for determining whether the mitigation plan is adequate.

To monitor the program, leverage the building department to ensure the mitigation plan is followed during regular inspections. For maintenance of access efforts, the Department of Transportation and/or the Police Department should be required to assure compliance.

Depending on the extent of the checklist requirements, this provision could pose an impediment to redevelopment. Additional costs could include the costs of predevelopment engagement with small business owners, labor or construction costs to protect right-of-way access, and the extra review time that might be incurred.

Recommendation 3: Provide a grace period for compliance

To mitigate the immediate impacts of new policies on diverse retailers and other independent retailers who struggle to navigate new policies' cost implications, provide a grace period for businesses. For most policies, consider a grace period of six months to a year to enable business owners to seek solutions to adapt within their budgets.

Utilize the MOUs with the Diverse Retail Liaisons to help create factsheets to navigate required changes. The factsheets should include all of the policy changes and steps to navigate.

> **"There have been negative impacts from construction, where contractors are disrespectful and do not care that they are inhibiting sales at businesses"**
>
> \- PERSONAL SERVICES BUSINESS OWNER, SILVER SPRING

PLACEMAKING EFFORTS

Geography Assigned: Silver Spring, Takoma-Langley Crossroads, Wheaton

Placemaking is the process of shaping the public realm to maximize shared value and to strengthen the connection between people and the places they share, often achieved through the installation of public art, seating, or planters, and programming the space with frequent formal and informal community events. Placemaking must be iterative and ongoing to endure. At this point, Silver Spring, Takoma-Langley Crossroads, and Wheaton have opportunities to celebrate the cultural diversity apparent in their business and residential populations through placemaking efforts. In addition to celebrating current cultures occupying the community, the area histories should be ingrained into physical form through design and storytelling.

Currently, urban districts and other community organizations provide mutually beneficial public services to businesses and property owners within their specified geographic areas. Commonly, these are the organizations that manage placemaking efforts, addressing concerns of safety, cleanliness, homelessness, and marketing. There is an opportunity to utilize these organizations to serve diverse retailers' needs better through increased marketing and promotion activities.

Recommendation 1: Silver Spring

Utilize public art, programming, and marketing to celebrate the Black American, African, and Caribbean business community. Existing efforts such as the Taste the World and Ethiopian Festival events and the neighborhood's historical markers serve as an example of placemaking efforts to continue.

Recommendation 2: Takoma-Langley Crossroads

This community has the opportunity to utilize the optional method of development to integrate public art and programming that celebrates the Hispanic business and residential population into redevelopment projects. Explore other opportunities to incentivize real estate developers to reach the same outcome if the optional method is not utilized.

Recommendation 3: Wheaton

Utilize the recently developed plaza to host programming and install public art that promotes existing businesses' diversity. The programming should highlight the study area's businesses and encourage attendees of the events to visit their stores during and after by deploying marketing tactics.

PRIORITIZED TOOLS BY CLUSTER

SILVER SPRING

Silver Spring's primary cluster of diverse retail is Fenton Village. The neighborhood benefits from the Fenton Village Overlay Zone and organizational support. Diverse retail businesses in this area have been hindered by construction and they struggle to access resources. They are concerned about maintaining their leases, especially during the COVID-19 pandemic. The following tools were identified as the priority to address many of these concerns:

- Diverse Retail Liaison
- Small Business Impact Policy
- Legacy + Minority Business Designation
- Bill of Rights
- Loan Pool

TAKOMA-LANGLEY CROSSROADS

Takoma-Langley Crossroads has the most significant potential for the redevelopment of large shopping centers at the intersection of New Hampshire Avenue and University Boulevard. Redevelopment could displace the 67 diverse retailers that call the community home. Purple Line construction and rent escalations also exacerbate businesses' current ability to produce revenue. To increase the short-term viability of the tenants while creating opportunities for diverse retailers to occupy newly constructed space after redevelopment, consider the following:

- Diverse Retail Liaison
- Overlay Zone
- Legacy + Minority Business Designation
- Loan Pool
- Bill of Rights

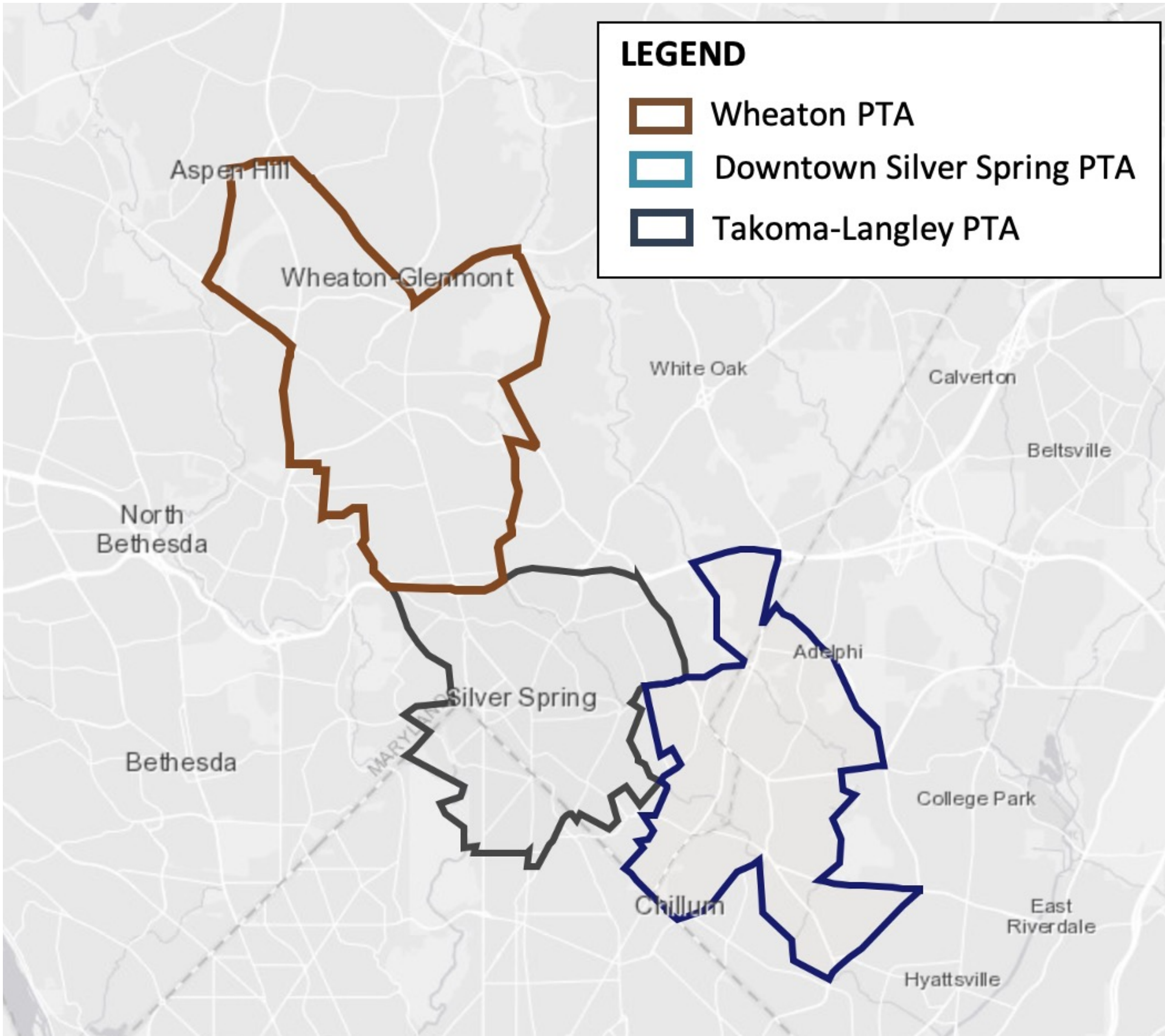
WHEATON

In Wheaton, the M-NCPPC office building recently opened, altering the neighborhood's core subdistrict where a concentration of diverse retailers exists in small parcels with disparate ownership. Overall, the neighborhood's retailers are concerned about accessing resources, understanding their leases and rights as commercial tenants, and visibility to consumers — especially for retailers located in the inner blocks. Prioritize the following tools for Wheaton's diverse retailers continued preservation and growth:

- Diverse Retail Liaison
- Legacy + Minority Business Designation
- Bill of Rights
- Placemaking Efforts
- Loan Pool

RETAIL IN DIVERSE COMMUNITIES STUDY

APPENDIX


LEGEND
Wheaton PTA
Downtown Silver Spring PTA
Takoma-Langley PTA
Aspen Hill
Wheaton-Glenmont
White Oak
Calverton
Beltsville
North Bethesda
Adelphi
Silver Spring
Bethesda
College Park
Chillum
East Riverdale
Hyattsville

ACKNOWLEDGMENTS

To collect data to determine the tools best suited for each retail cluster, the project team conducted stakeholder engagement. Focus groups and interviews were conducted with individual retailers, neighborhood business associations, ethnic/racial cohort-based chambers of commerce, and county planning and economic development officials. Special thanks to the following people who contributed their valuable time and knowledge to this study:

Interviewees:

- Cindy Shao, President, Asian American Chamber of Commerce
- Bruce Baker, Executive Director, CHEER
- Julio Murillo, Deputy Chief of Staff, Councilman Tom Hucker's Office
- Lauren Goldberg, Executive Director, Crossroads Community Food Network
- Selamawit Tefera, Board Member, Ethio-American Chamber of Commerce
- Karen Roper, , Fenton Village Inc.
- Mike Larson, Business Partner, Greater Silver Spring Chamber of Commerce
- Ed Fineran, Business Partner, Greater Silver Spring Chamber of Commerce
- Jane Redicker, President & CEO, Greater Silver Spring Chamber of Commerce
- Javier Rivas, Program Manager, Latino Economic Development Center
- Alexandra Samaniego, Small Business Coach & Liaison, Latino Economic Development Center
- Melissa Romero, Small Business Coach & Liaison, Latino Economic Development Center
- Nicole Andonie, Regional Program Coordinator, Empowered Women International, Latino Economic Development Center
- Alexandra Boycheck, Regional Program Manager, Empowered Women International, Latino Economic Development Center
- Paul Grenier, Coordinator, Long Branch Business League
- Stacey Brown, Member, Maryland Black Chamber of Commerce
- Martha Jimenez, Montgomery County Senior Business Counselor, Maryland Women's Business Center
- Morgan Wortham, Managing Director, Maryland Women's Business Center
- Amee Bearne, Neighborhood and Policy Coordinator, Montgomery Housing Partnership
- Reemberto Rodriguez, Director, Silver Spring Regional Center
- Kayleigh Gunnoud, Executive Director, Takoma/Langley Crossroads Development Authority
- Mike Houston, General Manager, Takoma Park Food Co-op
- William Moore, President, Wheaton & Kensingon Chamber of Commerce
- Sarah Jackson, Vice President, Wheaton Hills Civic Association
- Stuart Amos, Large Business Representative, Wheaton Urban District Advisory Committee
- Joe Calloway, Wheaton Urban District Operations Manager, Wheaton Urban District Advisory Committee
- Leah Haygood, Small Business Representative, Wheaton Urban District Advisory Committee

Steering Committee:

- Daniel Koroma, Business Liaison Officer, Montgomery County Business Portal
- Judy Stephenson, Small Business Navigator, Montgomery County Business Portal
- Sarah Miller, VP of Strategy, Montgomery County Economic Development Corporation
- Daniel Parra, Director, Business Diversity and Inclusion, Montgomery County Economic Development Corporation
- Peter Toth, Special Projects Manager, Montgomery County Economic Development Corporation
- Luis Estrada, Planner Coordinator, Montgomery County Planning Department
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- Caroline McCarthy, Research & Strategic Projects Chief, Montgomery County Planning Department
- Tanya Stern, Deputy Director, Montgomery County Planning Department
- Gwen Wright, Planning Director, Montgomery County Planning Department

Consultant Team:

&Access

PES Partners for Economic Solutions

OCHOA URBAN COLLABORATIVE

Through data-driven, design-centric real estate strategies, &Access fosters the success of community-serving retail that brings us together and enriches our daily lives. Inherently collaborative in name and approach, &Access engages stakeholders of all types—from small business owners and community organizations to corporate developers and municipalities—to bring essential goods and services within reach for all. Making meaning from disparate data, &Access uncovers opportunities for growth, innovation, and differentiation that enable everyone to experience the full potential of retail.

Partners for Economic Solutions (PES) is an MFD urban economics consulting firm dedicated to fostering sustainable economic vitality and growth in America's neighborhoods, cities, and regions. Its founders, Anita Morrison and Abigail Ferretti leverage decades of experience working for and consulting with public agencies across the nation. The firm specializes in market-driven analyses, real estate advisory services, economic development, revitalization strategies, and public policy evaluation and strategies.

Manuel Ochoa launched Ochoa Urban Collaborative (OUC) in Montgomery County as a planning, community, and economic development firm to prioritize equity through strategy, policy, and implementation services. With over 25 years of experience, Manuel served as a member of the Wheaton Redevelopment Advisory Committee and as disaster recovery, fair housing, and CDBG policy advisors at Enterprise Community Partners and the National Association for Latino Community Asset Builders.

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For more information on this study, visit
https://montgomeryplanning.org/tools/research/real-estate-and-land-use/retail-in-diverse-communities/