

MONTGOMERY COUNTY

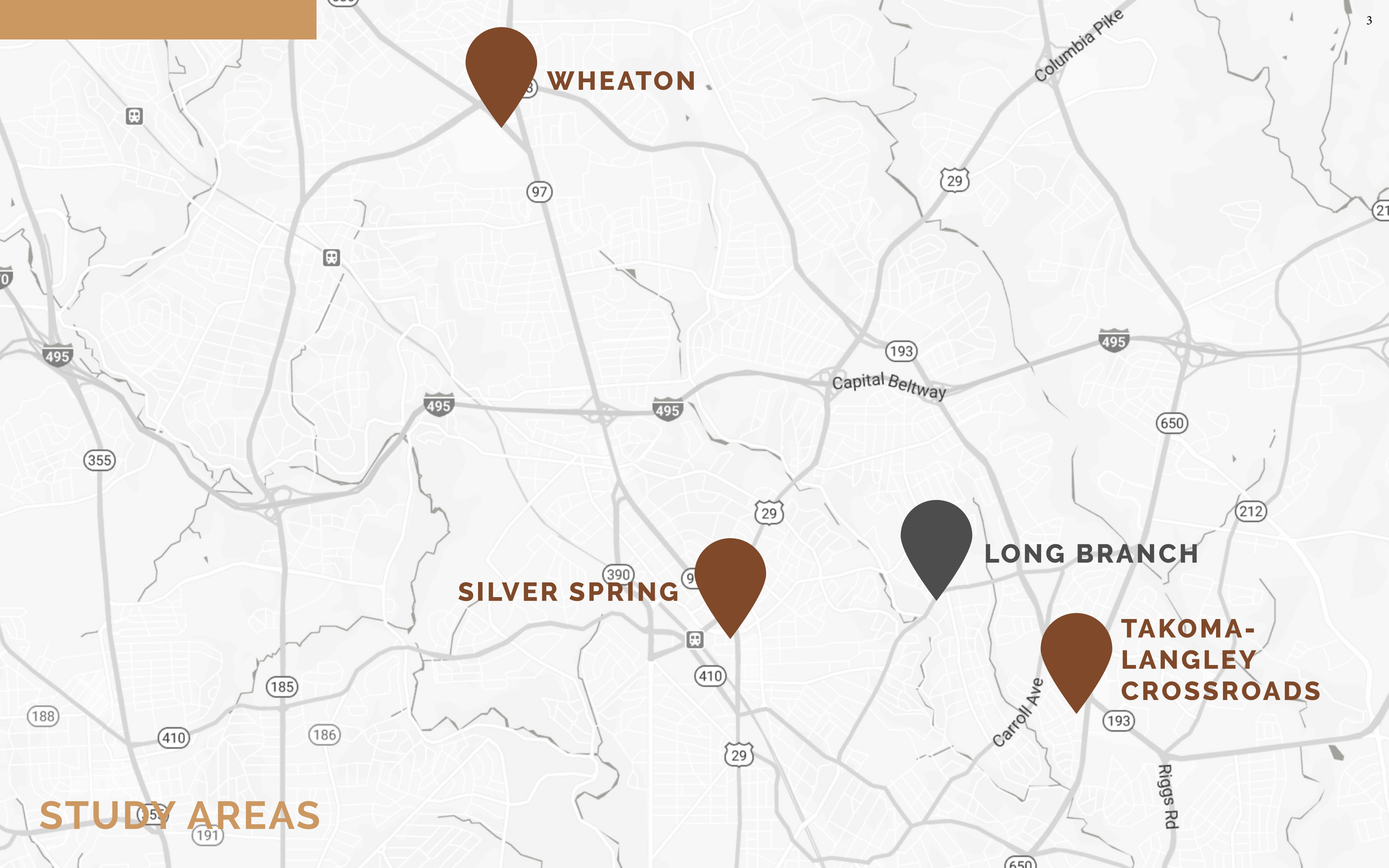
# RETAIL IN DIVERSE COMMUNITIES STUDY

PLANNING BOARD MEETING  
APRIL 22, 2021

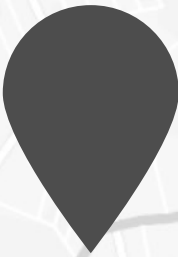


# PURPOSE OF STUDY

1. To analyze conditions in the international retail clusters in Silver Spring, Wheaton, and Takoma-Langley
2. To identify how to both preserve and strengthen them in the face of pressures for change and redevelopment



**WHEATON**



**LONG BRANCH**



**SILVER SPRING**



**TAKOMA-  
LANGLEY  
CROSSROADS**

**STUDY AREAS**

# KEY PHASES



## KICKOFF & REPORT REVIEW

IDENTIFICATION  
OF KEY ISSUES  
IN EACH  
COMMUNITY



## DATA COLLECTION

INTERVIEWS W. 40+  
BUSINESS OWNERS

FOCUS GROUPS  
WITH DIVERSE  
RETAIL SUPPORT  
ORGANIZATIONS

SOCIO ECONOMIC  
DATA ANALYSIS



## EVALUATION OF TOOLS

FINDINGS MEMO

ASSESSMENT &  
REFINEMENT OF  
TOOLS

ECONOMIC  
IMPACT OF  
DIVERSE RETAIL



## REPORT & PRESENTATION

FINAL REPORT

EXECUTIVE  
SUMMARY

PLANNING  
BOARD  
PRESENTATION

# STAKEHOLDERS SERVING DIVERSE RETAILERS

## STEERING COMMITTEE:

- Montgomery County Business Portal
- Montgomery County Economic Development Corporation
- Montgomery County Planning Department

## OTHER ENGAGED STAKEHOLDERS:

- Asian American Chamber of Commerce
- CHEER
- Councilman Tom Hucker's Office
- Crossroads Community Food Network
- Ethio-American Chamber of Commerce
- Fenton Village Inc.
- Greater Silver Spring Chamber of Commerce
- Latino Economic Development Center
- Long Branch Business League
- Maryland Black Chamber of Commerce
- Maryland Women's Business Center
- Montgomery Housing Partnership
- Silver Spring Regional Center
- Takoma/Langley Crossroads Development Authority
- Takoma Park Food Co-op
- Wheaton & Kensington Chamber of Commerce
- Wheaton Hills Civic Association
- Wheaton Urban District Advisory Committee

**“[Better] define what classifies as a small business, so to distinguish a business my size (10 or fewer employees) from those with many more. I shouldn’t compete with businesses with 50 employees or more for programs and funding [an unfair advantage due to staff and financial resources available].”**

**- CAFE OWNER, SILVER SPRING**



## DIVERSE RETAILER DEFINED

### INDEPENDENT RETAILER:

A privately owned, non-franchised business. A small business owner will have complete autonomy over product or service choices due to changing markets, whereas a franchise owner would not.

### MINORITY SERVING AND/OR OWNED:

National and independent brands that cater their products or services to a diverse audience. Our team gauged this by signage or menu items, the clientele, or other visual representation obtained through in-store visits or online. Categories included, but not necessarily present, in the inventory are:

- Latinx
- Caribbean
- Black American
- Native American
- Black - African
- Black - Other
- East Asian
- South Asian
- Middle Eastern
- Immigrant - Other

# DIVERSE RETAILERS ARE INTEGRAL TO MONTGOMERY COUNTY.

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.



# BENEFITS



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



**“People are worried that prices, cost of living, everything might go up and change the demographic of the area, who are my target customers.”**

**- GAFO RETAILER, TAKOMA-LANGLEY CROSSROADS**

# SILVER SPRING

24%

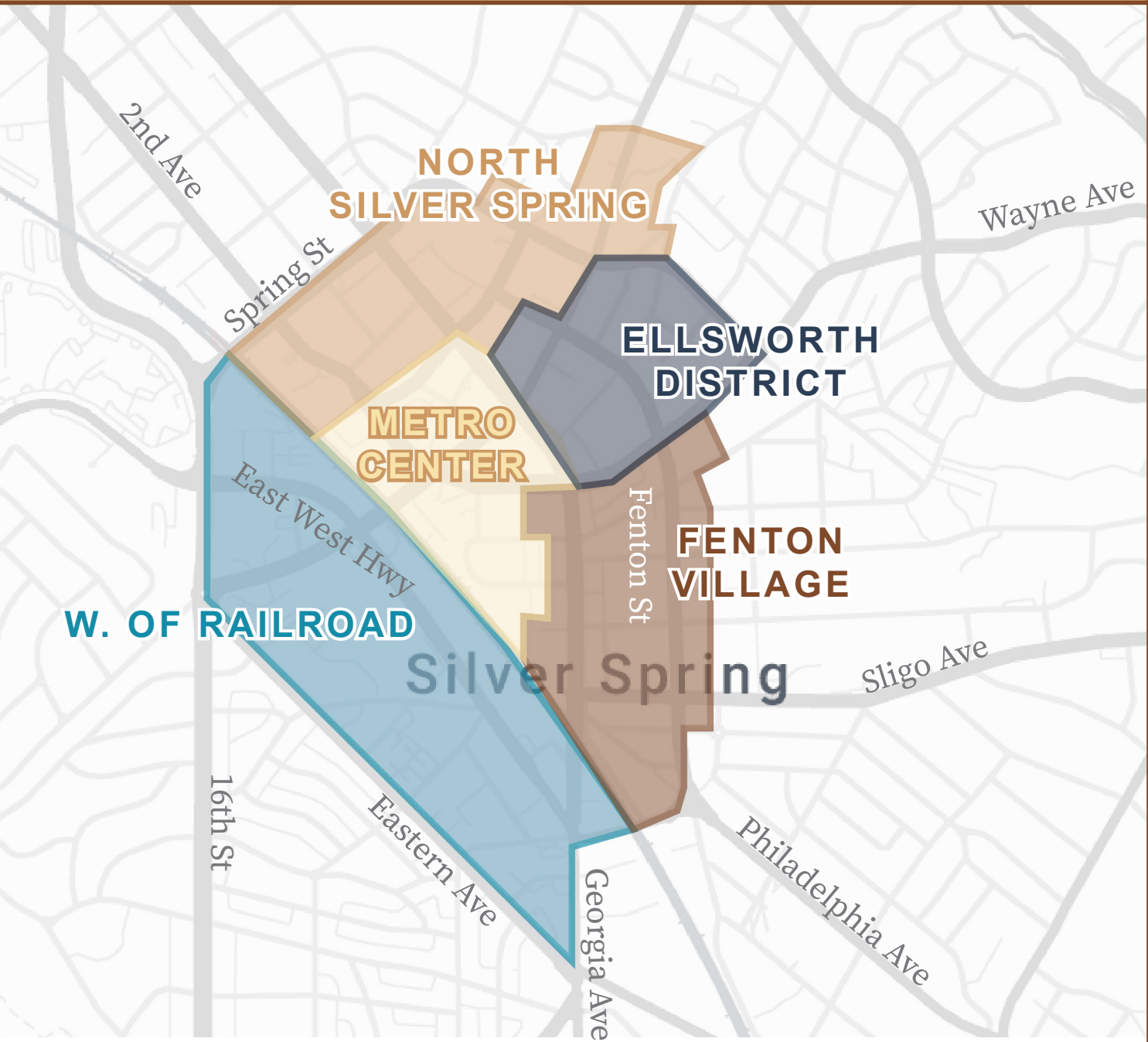
MINORITY-SERVING  
(105 OF 451 RETAILERS)

51%

FOOD & BEVERAGE

42%

NEIGHBORHOOD GOODS  
& SERVICES

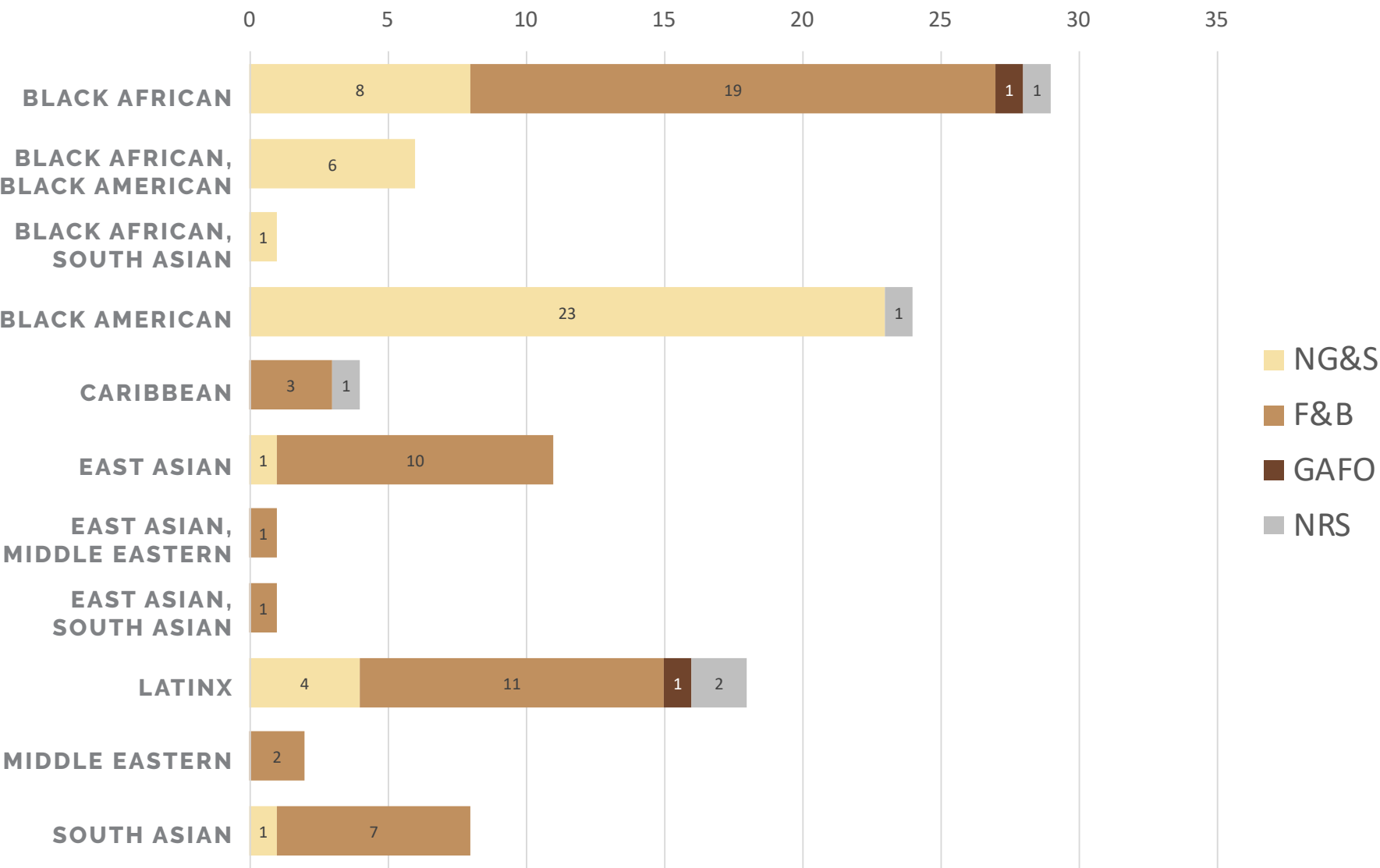


## POPULATION GROWTH BY RACE/ETHNICITY DOWNTOWN SILVER SPRING PRIMARY TRADE AREA

	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

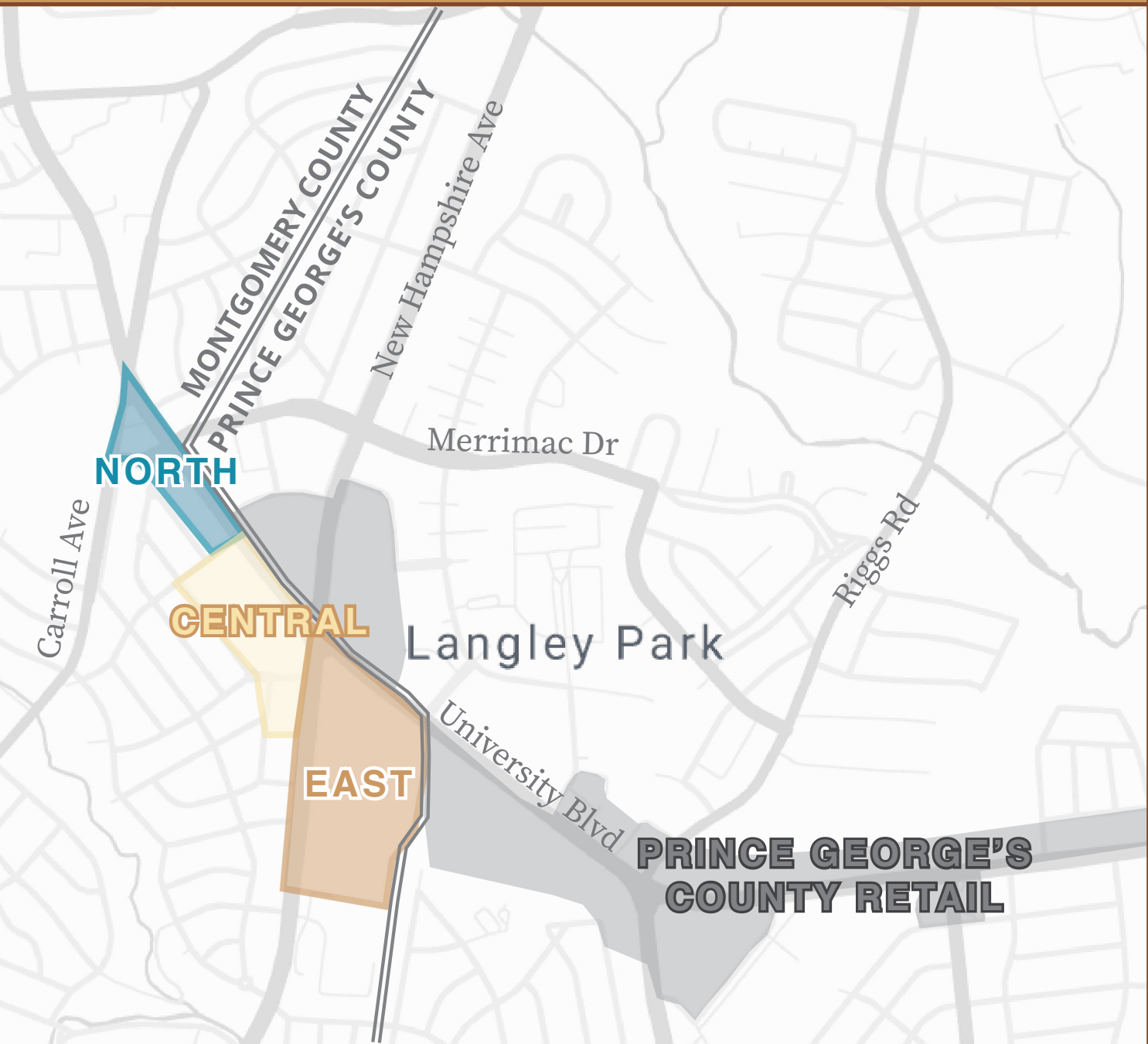
## RETAIL TYPE BY MINORITY SERVED



# TAKOMA-LANGLEY

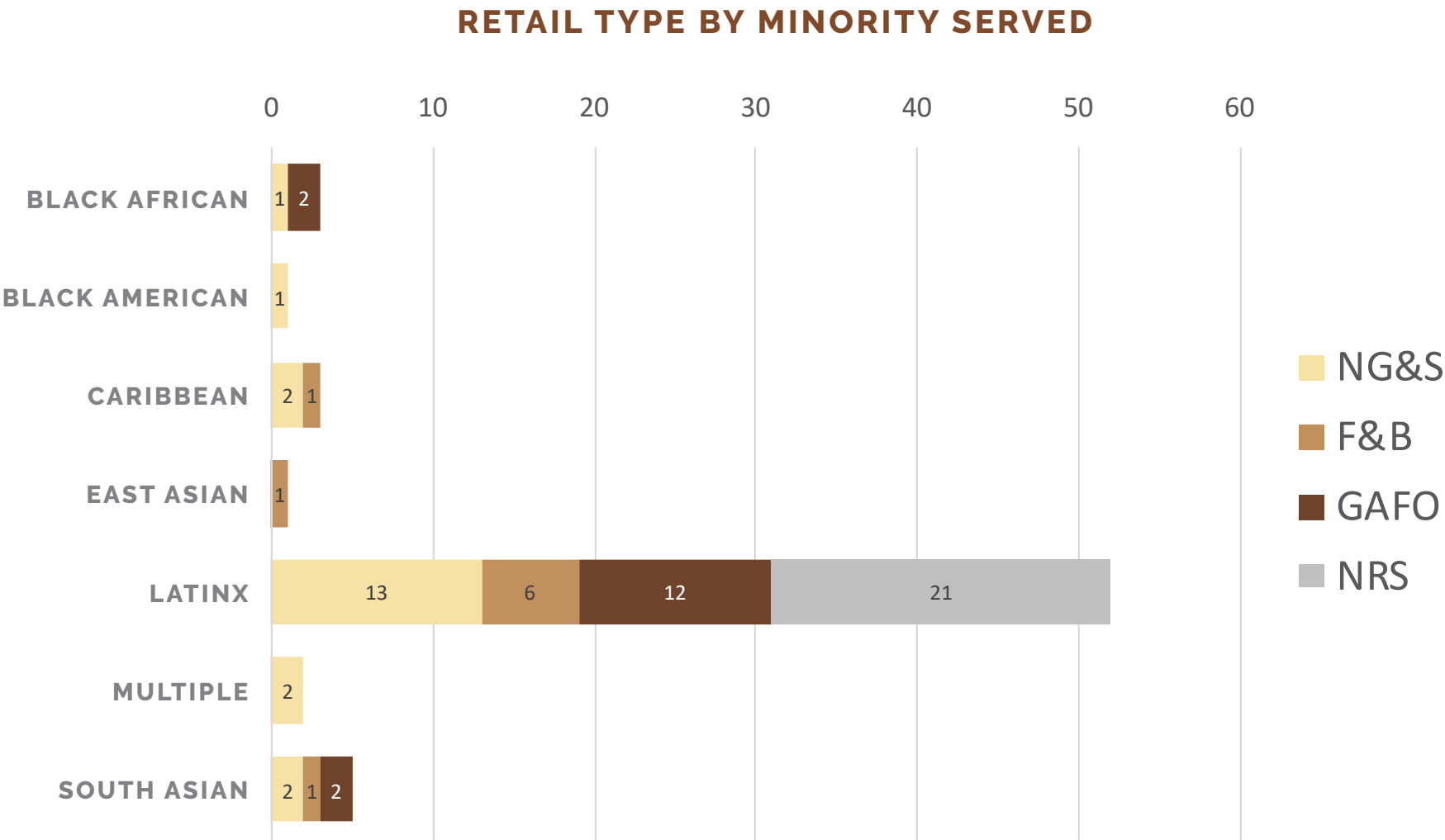
50%

MINORITY-SERVING  
(67 OF 133 RETAILERS)



POPULATION GROWTH BY RACE/ETHNICITY 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%

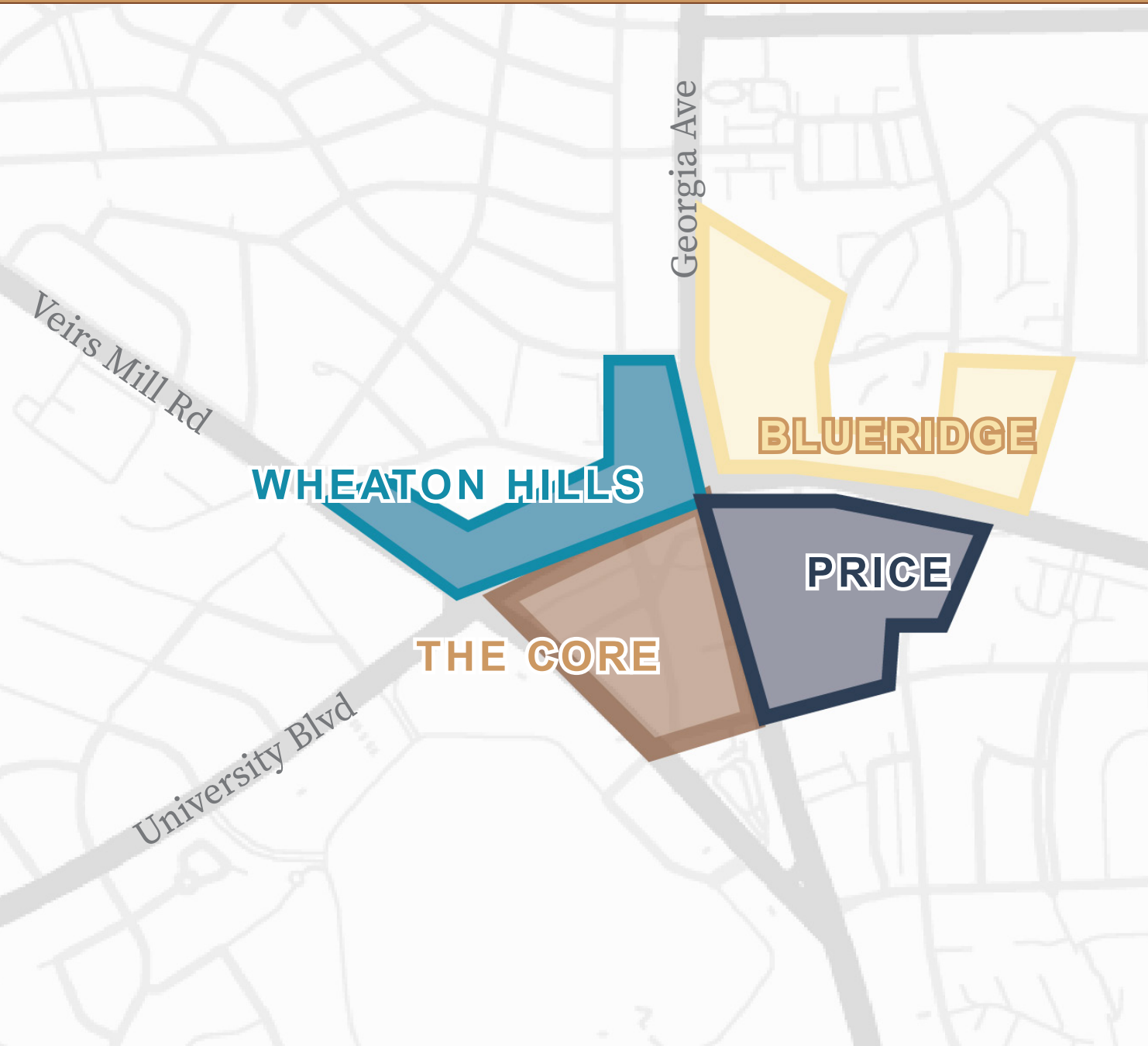
See Appendix A for the map of the Primary Trade Area, as the geography is larger than the study area.  
Source: ESRI, 2020; PES 2020



# WHEATON

41%

MINORITY-SERVING  
(108 OF 219 RETAILERS)

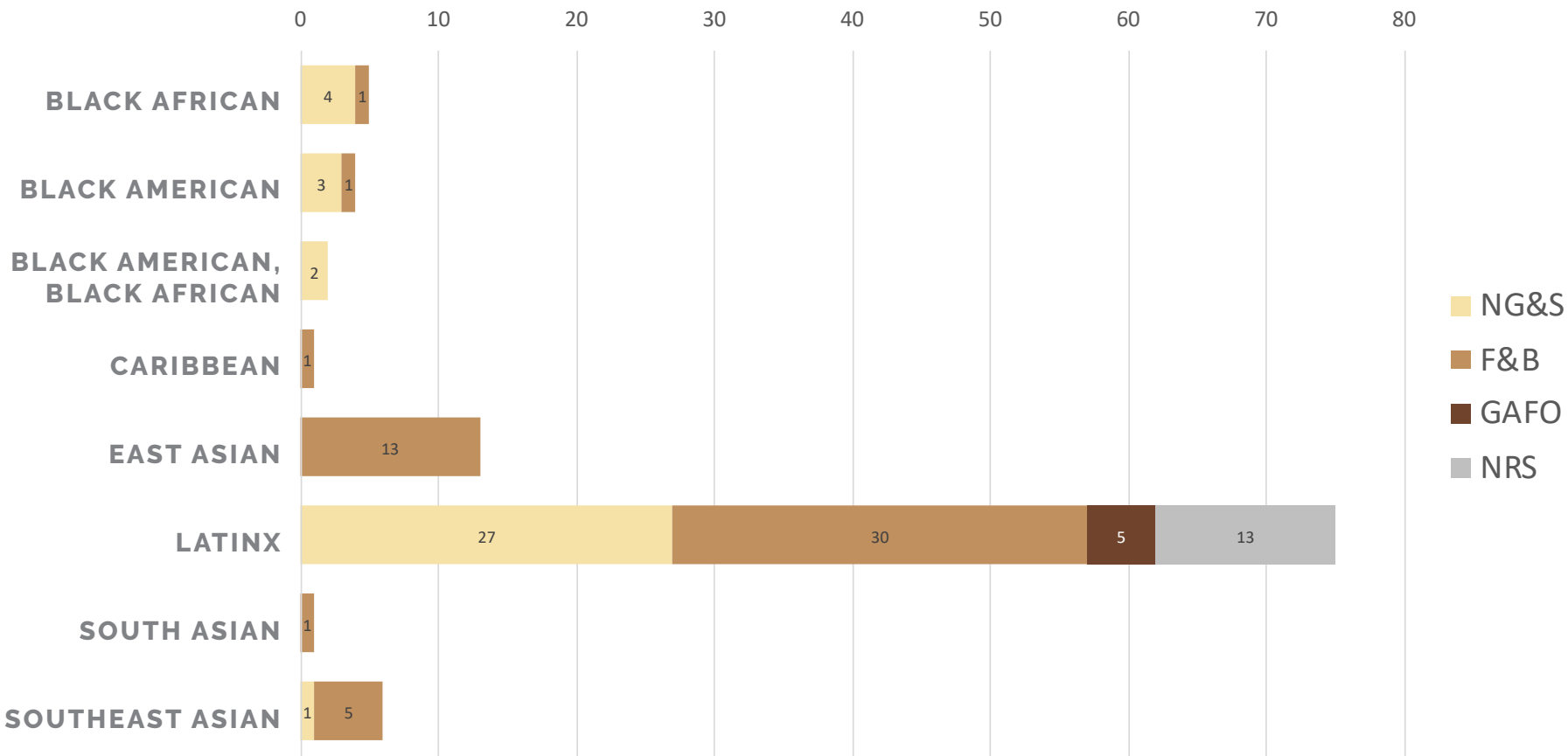


## POPULATION GROWTH BY RACE/ETHNICITY: WHEATON WHEATON PRIMARY TRADE AREA

	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

## RETAIL TYPE BY MINORITY SERVED



# MONTGOMERY COUNTY COULD LOSE ITS DIVERSE RETAILERS.

## **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

## **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

## **CAPITAL & FINANCING:**

- Finite Funding and Financing Opportunities
- Rare Small Business Eligibility
- Increased Costs of Doing Business

**“Clearly redevelopment is coming...  
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**

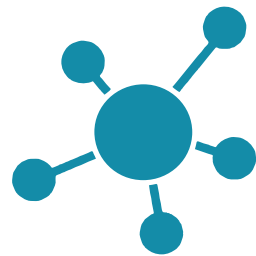
**“I wouldn’t want to move, because  
all of my regulars live in nearby  
apartment buildings and do not  
drive.”**

**- FULL SERVICE RESTAURANT OWNER**



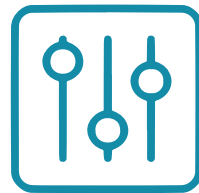
# STRATEGIES NEEDED TO STRENGTHEN DIVERSE RETAIL CLUSTERS

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

# CHALLENGES SOLUTIONS MATRIX

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

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



## 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.

### **Recommendations:**

- **Identify a non-profit organization to host Diverse Retail Liaisons**
- **Assign one coordinator per cluster**
- **Expand the capacity of Diverse Retail Liaisons**
- **Utilize the Diverse Retail Liaisons to inform other programs**

## LEGACY & 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.

### **Recommendations:**

- **Utilize business designation for data collection and monitoring**
- **Design the program as a self-selection process**
- **Align with the roles and responsibilities of the Diverse Retail Liaisons**
- **Create linked incentives**



## 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.

### **Recommendations:**

- **Leverage the Office of Landlord-Tenant Affairs**
- **Consider requiring specific commercial lease provisions**

## CONTROLS

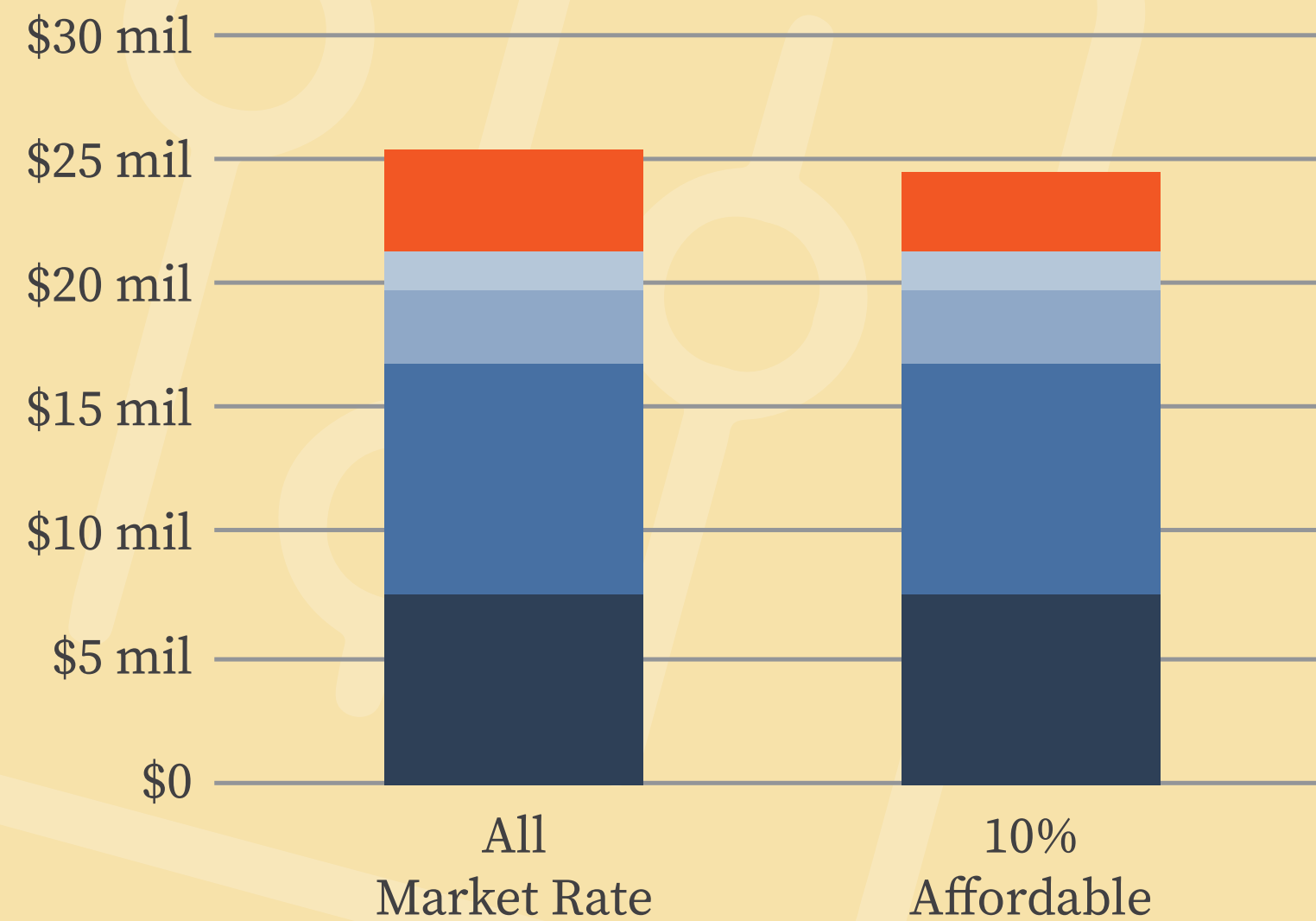
### MICRO-RETAIL ZONING

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.

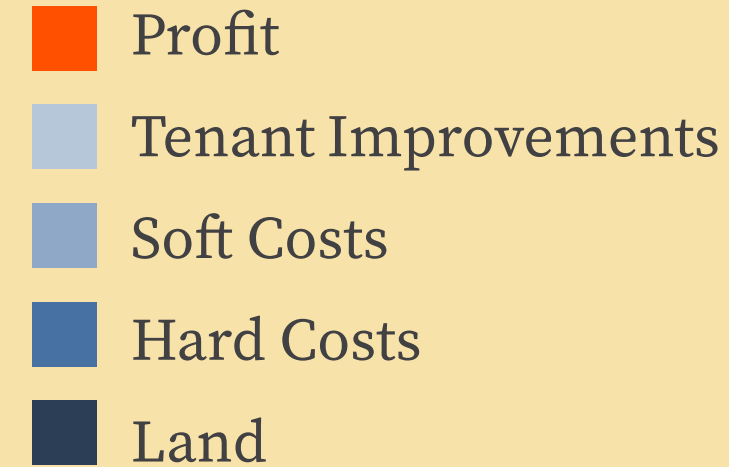
#### **Recommendations:**

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

## COMMERCIAL INCLUSIONARY ZONING DEVELOPMENT COSTS



*A 3.7% (\$940,000) loss in total project value is significant and could make the development infeasible. This tool is not recommended.*





REDEFINING AFFORDABILITY



**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

## CONTROLS

### OVERLAY ZONE

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.

#### **Recommendation:**

- **Create a Takoma-Langley Overlay Zone**
- **Provide small business space through limited retail frontage**
- **Require a mix of retail space sizes**
- **Incentivize smaller retail spaces with decreased parking requirements**

## CAPITAL

### 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.

#### **Recommendation:**

- **Explore a Range of Funding Sources**
- **Establish a geographically targeted pilot program**
- **Target Legacy and Minority Designated Businesses**
- **Fund fixed assets**
- **Consider creating a new application process**
- **Integrate a needs assessment**

## 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.

### **Recommendation:**

- **Require that landlords provide the opportunity to pay pass-through fees monthly**
- **Extend policy to other assessments**

## 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.

### **Recommendation:**

- **Host a standing meeting with Diverse Retail Liaisons**
- **Create a business impact checklist**
- **Provide a grace period for compliance**

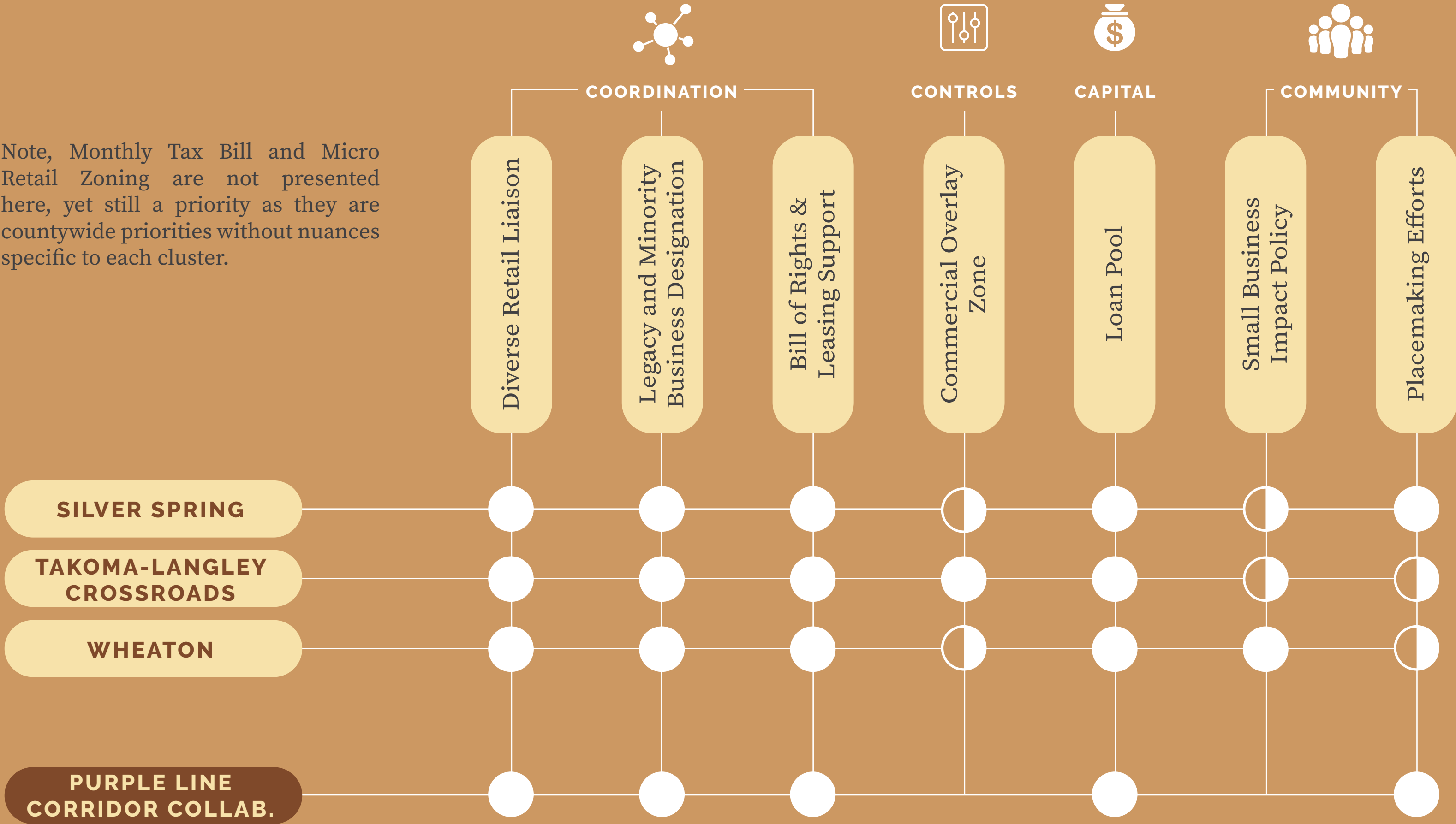
A stylized graphic on the left side of the page consists of several light orange silhouettes of people. Some are simple circles representing heads, while others are more complex shapes representing torsos and legs. They are arranged in a loose, overlapping cluster, suggesting a group of people or a community.

## PLACEMAKING EFFORTS

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.

# SHORT TERM IMPLEMENTATION PRIORITIES

Note, Monthly Tax Bill and Micro Retail Zoning are not presented here, yet still a priority as they are countywide priorities without nuances specific to each cluster.





**“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**

# THANK YOU

 **Access**



**OCHOA  
URBAN**  
COLLABORATIVE