

**Equity of Wealth and Health**

*Expand and promote the resiliency of small businesses, particularly those owned by people of color, and encourage large employers to invest in local economies and advance equity*



## Recommendation:

# Expand and promote the resiliency of small businesses, particularly those owned by people of color, and encourage large employers to invest in local economies and advance equity

### Strategy 1

Strengthen and diversify the local supply chain to promote local and regional economic resiliency.

The economic disruption caused by the COVID-19 pandemic demonstrated the strengths and weaknesses of the regional economy. Although some areas of the economy faced fewer disruptions in the supply chain due to local sourcing, other elements of the economy were more vulnerable and severely affected. Growing the economy from within by leveraging the assets of the existing businesses, rather than making significant investments in attracting companies from outside of the region, is an important step toward local and regional economic resiliency. Incentivizing local sourcing creates the opportunity for local businesses to thrive and keeps more money within the local economy. Furthermore, building a more diverse local supply chain not only improves the ability for the economy to weather shocks, but also promotes operating efficiency, lowering transportation costs and associated greenhouse gas emissions.

- ▶ **Action 1.1: The Commonwealth's Economic Development Districts should develop a resiliency implementation strategy to complement the Comprehensive Economic Development Strategy.** While the supply chain needs across sectors vary widely, there are some common approaches that would benefit local and regional economies across the Commonwealth. Building off the Comprehensive Economic Development Strategy (CEDS), the Commonwealth's Economic Development Districts should develop a complementary resiliency implementation strategy. This should happen in coordination with regional economic development blueprints spearheaded by the MassHire Workforce Boards (see Policy Action 3.2 in **"Improve the accessibility and efficacy of the Commonwealth's workforce development infrastructure."**). This effort should identify specific vulnerabilities in local and regional supply chains and opportunities to bolster the role of local businesses in the regional economy. These strategies should also include discussion of how housing, transportation, and climate change

may help or hinder economic resiliency. Advisory bodies should convene to guide development of these strategies. These entities should include representatives from local governments, businesses, and educational institutions; representatives of larger corporations headquartered within or otherwise with a large presence in the region, and local artists.

- ▶ **Action 1.2: Increase supplier diversity on yearly and multi-year contracts from government and anchor institutions.** The state and local governments represent key customers throughout the region, purchasing goods and services to meet the needs of their residents. The Greater Boston Chamber of Commerce, through its Pacesetters program, has set an ambitious goal of 10 percent of all business and government contracts going to businesses of color in the Commonwealth in the next five years.<sup>1</sup> Cities and towns should adopt procurement policies that are in line with these goals. For example, in February 2021, the City of Boston adopted an Executive Order Establishing Equitable Procurement Goals in Support of Minority- and Women-Owned Businesses.<sup>2</sup> This executive order set a goal to award 25 percent of discretionary and contract spending to minority- and women-owned businesses (MWBs) and required the City to establish a Supplier Diversity Plan that outlines how it will achieve these goals.

Additionally, cities and towns and the Commonwealth should be required to evaluate bids more highly if they have participation from a subcontractor or contractor of color, as is the practice with the MassPort supplier diversity program. To measure the impact of these changes in increasing participation of businesses of color in local and state contracting, municipalities and the Commonwealth should be required to report on metrics around supplier diversity and the Commonwealth's Supplier Diversity office should provide guidance on such metrics. These changes must be accompanied by additional training and technical support for businesses of color, so they are able to respond to solicitations for larger contracts.

- ▶ **Action 1.3: Authorize public banking in Massachusetts and incentivize municipal investment in local financial institutions.** Developing a public bank allows local and state governments to pursue social equity in the course of a public entity's objectives and operations. Public banks operate in the public's interest, for the long-term benefit of the community, in partnership with local banks and credit unions. A public bank would hold the finances of the state or municipalities, and would issue loans to fulfill the purposes set out in the charter. In the 2021-2022 legislative session, three bills have been filed that would enable the creation of a statewide public bank: *An Act to establish a Massachusetts public bank* (S.665/H.1223, filed by Senator Jamie Eldridge and Representatives Mike Connolly and Nika Elugardo) and *An Act establishing a public bank of Massachusetts* (S.682, filed by Senator Adam Hinds). The Legislature should advance this legislation and cities and towns should consider whether creating public banks of their own could meet community-specific needs. In the interim, municipalities should deposit their revenue in local banks, particularly banks of which most shares are owned by people of color. This action can be tied to an agreement from the bank to provide increased flexible lending to local businesses.

---

1 <https://www.bostonchamber.com/economic-opportunity/pace-setters/>.

2 [https://www.boston.gov/sites/default/files/file/2021/02/An%20Executive%20Order%20Establishing%20Equitable%20Procurement%20Goals%20in%20Support%20of%20Minority%20and%20Woman-Owned%20Businesses\\_0.pdf](https://www.boston.gov/sites/default/files/file/2021/02/An%20Executive%20Order%20Establishing%20Equitable%20Procurement%20Goals%20in%20Support%20of%20Minority%20and%20Woman-Owned%20Businesses_0.pdf).

## Strategy 2

Facilitate creative use of land to support emerging business sectors and respond to changing economic realities.

Downtowns, strip malls and commercial spaces are facing increased vacancy rates because of economic disruptions brought about by the COVID-19 pandemic. The pandemic has also bolstered the rise of online shopping and e-commerce activity, further hurting local storefronts that lack a digital presence. Without interventions to support more mixed-use development and flexible use of commercial space, sustained vacancies could stall a robust economic recovery. Cities and towns and the Commonwealth should take this opportunity to rethink the use of these spaces and allow for needed housing, open space, public amenities, shared commercial spaces, and creative space for emerging business sectors.

- ▶ **Action 2.1: Combat commercial vacancy by rezoning to incentivize the creative redevelopment of downtowns, business districts, and commercial spaces while instituting the appropriate commercial displacement protections and mechanisms to protect small business diversity.** Mixed-use development in downtowns, business districts, and other areas facing a surge in commercial vacancy could help foster long-term economic resiliency. By creating living downtowns and linking commercial and residential development, cities and towns can create districts with built-in economic demand. Municipalities should rezone these vulnerable commercial areas for economic resiliency. This means creating more flexibility in zoning for multiple uses and limiting the number of districts that are solely zoned for commercial use. These efforts must be paired with measures to prevent residential and commercial displacement, and site design guidelines must prioritize walkability to maximize the accessibility of these areas. Site design guidelines developed as part of a broader redevelopment effort must prioritize walkability to maximize the accessibility of these areas.

While promoting redevelopment can have ample long-term economic benefits for a community, these efforts should not come at the expense of the long-term viability of established local businesses. Nor should redevelopment foster conditions that could shut out new, small, or minority-owned businesses. Redevelopment projects should not exacerbate commercial displacement concerns, particularly in high opportunity areas near transit; rather it should encourage variety and diversity of business – factors that add to a community’s vitality. Special efforts should be made, whether through zoning or title covenants, that reserve commercial space for small and disadvantage businesses. Properties in designated small business entrepreneurial zones should possess a variety of square footage potential such that properties are ‘right-sized’ for purpose and budget. Too often, redevelopment, even in mixed use areas, is accompanied by large but sub-dividable commercial spaces; these are attractive for large chain stores but subdividing and outfitting out of reach of small business.

There are a range of policy tools local leaders can pursue to prevent commercial displacement brought on by rising rental costs. For example, the Small Business Anti-Displacement Network has presented a variety of solutions ranging from establishing real estate and community investment corporations, tax abatements, and legacy business preservation programs.<sup>3</sup> These and other similar avenues should be pursued in tandem with a broader creative redevelopment strategy.

Looking ahead, as a complement to these zoning changes to support responsible commercial redevelopment, municipalities should also consider using financial incentives to catalyze further economic activity. Cities such as Philadelphia have encouraged the redevelopment of vacant commercial or industrial properties through tax abatements over a period of years, which are offset by the tax revenue created by new residents and commercial activity. Another complementary effort could include making publicly owned buildings available for rent by local businesses at reduced rates.

- ▶ **Action 2.2: Provide additional financial resources and technical assistance to accelerate the creation of additional cultural districts and bolster the creative economy.** The changing economic landscape and changes in the physical business landscape open an opportunity for the development of new cultural spaces in commercial districts. These spaces are particularly vulnerable to extended closures due to the COVID-19 pandemic. The state should provide targeted financial support and incentives for businesses interested in launching or locating in cultural districts. As municipalities are establishing strategies to create or reinvigorate their cultural districts, creative entrepreneurs should be involved in the redesign of these districts to facilitate the creation of needed assets to allow the creative economy to thrive. California provides one model of targeted cultural district development paired with financial assistance to cultural organizations. The expansion of this type of assistance could promote greater racial equity in cultural representation and economic opportunity through the region and state. For more recommendations around strengthening the creative economy and arts and culture sector, see **“Promote cultural development and preservation, public art and public realm design.”**
- ▶ **Action 2.3: Reduce barriers to local community-based food production and agriculture.** One of the first goals described in the Massachusetts Food Plan is to increase the production, sale, and consumption of Massachusetts-grown food.<sup>4</sup> One barrier on the production side lies in current regulations that make it difficult to obtain use permits for agricultural production on open space or underutilized land. Per the recommendations of the Massachusetts State Food plan, the Executive Office of Energy and Environmental Affairs should provide technical assistance and model zoning bylaws and ordinances to facilitate local agricultural production on land, rooftops, and underutilized open space.

---

<sup>3</sup> <https://antidisplacement.org/tool-kit/?strategies=commercial-preservation-and-property-improvement>

<sup>4</sup> <https://mafoodsystem.org/static/plan/pdfs/MLFSPGoals.pdf>

These bylaws could also enable vertical farming to promote more compact and efficient agricultural practices. In addition to zoning changes, municipalities should adopt Right to Farm bylaws, local legislation which encourages “the pursuit of agriculture, promotes agriculture-based economic opportunities, and protects farmlands within the community by allowing agricultural uses and related activities to function with minimal conflict with abutters and town agencies.”<sup>5</sup> Though traditionally an avenue for more rural communities, Right to Farm bylaws can be configured to address opportunities for urban agriculture as well. For complementary efforts related to increasing the share of local food procured in Massachusetts, see Action 4.3 in “**Ensure land preservation, conservation, and access to recreational spaces.**”

---

<sup>5</sup> <http://www.pvpc.org/sites/default/files/files/PVPC-Right%20to%20Farm%20Bylaws.pdf>.

### Strategy 3

Increase the percentage of local ownership and business ownership by people of color by increasing funding for business support and development and decreasing the cost of doing business.

In addition to facilitating more local ownership, building a resilient local economy must include direct, targeted assistance to increase the share of local businesses owned by people of color, and to ensure the long-term viability of these businesses. Communities of color have been systematically excluded from opportunities to build wealth in ways, including barriers to entrepreneurial opportunities. Small business assistance, whether in the form of support getting one's businesses online, assistance with financial management and tax preparation, or other support, must be targeted in a way to actively address these disparities. Furthermore, the economic consequences of the COVID-19 pandemic have disproportionately fallen on communities of color. To ensure a robust and equitable economic recovery and promote long-term economic resilience, municipalities and the Commonwealth must prioritize local businesses and businesses owned by people of color.

- ▶ **Action 3.1: Promote economic resiliency in a changing economic landscape by providing resources for businesses to transition employee-centered business models.**<sup>6</sup> Throughout the region, many business owners are facing crucial decisions regarding the future of their companies. The option to sell a business to its employees can allow the wealth and knowledge of the company to stay in the hands of its workers. Conversion to a cooperative or an employee stock ownership plan (ESOP) requires business management training and support for the new worker-owners, as well as significant legal support. The Administration and Legislature should increase funding for the Massachusetts Center for Employee Ownership so they can expand technical assistance offerings and allow more businesses to stay in the hands of local residents.
- ▶ **Action 3.2: Create a technical assistance program designed to help small businesses adapt to changing business and customer landscapes.** Over the next 30 years, the business landscape will continue to change, with the expansion of online shopping and changes in customer preferences. Some businesses have pivoted easily when faced with such disruptions, moving their operations online and developing new products and services to respond to these changing needs. Many smaller and less well-resourced businesses have struggled to adapt. The Massachusetts Office of Business Development should create a program specifically to meet the needs of small businesses that need assistance adapting to the digital age. Tailored business coaching and support can support entrepreneurs as they transition into new, more resilient business practices. Technical assistance should be prioritized for small businesses owned by people of color and non-English speakers. Areas of support should include assistance with creating an online storefront, digital marketing, and social media communications.

---

<sup>6</sup> Erik K. Olsen, The Relative Survival of Worker Cooperatives and Barriers to Their Creation, in *Sharing Ownership, Profits, and Decision-Making in the 21st Century*, 85 (vol. 14, Dec. 2013), available at <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-olsen.pdf>.

- ▶ **Action 3.3: Create a student debt relief program for entrepreneurs.** Given the existing wealth inequality in the region and the level of debt experienced by many people of color, individuals with business training and business ideas might be dissuaded from launching a business due to their level of personal debt and the high costs of health care and other basic expenses. At the federal level, House Small Business Committee Chairwoman Nydia M. Velázquez of New York filed the [Supporting America's Young Entrepreneurs Act](#), which would create a student loan debt forgiveness and deferment program for entrepreneurs. While awaiting action at the federal level, the Commonwealth should establish a program that would provide debt relief based on certain metrics or milestones completed by new businesses participating in other business support programming.
  
- ▶ **Action 3.4: Decrease the cost of doing business by streamlining licensing and permitting and provide small business owners resources to navigate these processes.** Regulatory processes have been adapted over time to respond to the changing business landscape. Often, new regulations are grafted on to existing ones to respond to these new realities, resulting in increasingly complex processes for small businesses to navigate. The complexity results in significant delays, as well as potentially costly measures such as hiring lawyers or permit expeditors to assist with the process. Municipalities should conduct an audit of their licensing and permitting processes to determine which requirements or processes can be consolidated or potentially eliminated based on need. To supplement this effort, the Commonwealth should have staff dedicated to provide key information about navigating local permitting and licensing processes, while also providing businesses with guidance about important decisions regarding their business development.