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Useful Community Development... quick notes

Inside: Keeping the small shops that create community character
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Small Shops and Restaurants: Why They Are in Danger and What You Can Do About It

As you can see from the photos below taken within a three-minute walk from one another, even prosperous neighborhoods have a vacant storefront problem. In fact, as New York City reportedly prepares to consider a small business protection ordinance next month, we should point out that thriving areas may have an even bigger problem than most.

Take a quick walk around your commercial streets and look for vacancies with fresh eyes. We bet you'll find quite a few.



So why is this a problem? These spaces with their big signs or boarded windows are visually unappealing, and they reduce pedestrian and even vehicular traffic as people think "there's nothing to see here." The ripple effect on adjacent businesses shouldn't be ignored. Fewer employees in the area means less business for the coffee shop and reduced appearance of popularity.

Decline in personality-oozing and community-building small shops and food outlets can be attributed to online shopping, and the resulting reduced need to spend time browsing in a physical store. Another major factor is the culture of commercial leasing, which right now requires 10 to 20 year leases during which rents are locked

in. This gives the landlord an incentive to wait for the best possible tenant. When new spaces are developed or redeveloped, lenders are happier with a known national chain as a tenant than with an established local business that the lender hasn't ever heard of. That's another incentive in the worst possible direction from a community-building perspective.

Think of what your local small shops bring. Some of them become almost community gathering places, and this applies not only to a coffee shop but also to a local merchant who is really embedded in the community. They also distinguish your neighborhood from countless others, and inspire not only shopping and eating loyalty, but also a pride of place that spills over into higher property value for homeowners. A sense of history and community continuity also helps to anchor families to their communities and neighborhoods.

Now you're convinced. What can you do? Meeting with city attorneys is an important first step because many states and cities have restrictions on subsidies or preferences for particular private businesses. If you can overcome legal hurdles, you have several options.

Zoning offers some of the most robust possibilities. Prohibiting or limiting chain stores can help locally owned business survive and thrive. For example, Jersey City limits chain stores to no more than 30% of the ground floor of commercial areas, and San Francisco requires an extensive review process for chain stores. This review requires an economic impact analysis and takes into account factors such as the number and square footage of other chains. Palm Beach restricts the size of commercial establishments and establishes a policy that certain businesses must be primarily "town-serving." At least 33 other cities outlaw or highly regulate chains in all or parts of the city through zoning.

A second category of possible approaches relies on careful use of tax incentives, including both offering incentives to locally owned businesses that contribute to a district's overall distinctiveness and restricting the use of financial incentives to help chain stores or large-scale, non-local operators. Look at Phoenix if you need examples.

The most valuable scan of possible policy approaches that we've seen comes from Seattle's study of what they call legacy businesses. If you are serious about protecting the look and feel of a district that is brimming with small ethnic restaurants and tiny shops that serve as de facto community networking facilitators, check out [their report](#).

Related Reading from Our Website: articles on [retail attraction](#), [commercial district revitalization](#), and a somewhat tongue-in-cheek suggestion for a tough approach to commercial vacancy that we called [vibrant downtown ordinance](#)

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