

Community Wealth Building Program Update

City Council Committee Meeting
Economic Development, Technology & City Light
July 26, 2023



The problem we are addressing

- Rising **commercial rents** are displacing community businesses.
- Pre-existing **inequities** were compounded by the pandemic and many businesses have yet to recover.
 - Black-owned businesses twice as likely to permanently close as white-owned businesses.
- **Racial wealth gap** and systemic barriers in **access to capital** make it harder to start and scale businesses owned by people of color.
 - Black entrepreneurs start their businesses with about \$35,000 of capital, while white entrepreneurs begin with \$107,000 –over three times as much.

Sources: Federal Reserve Bank of NY, [McKinsey](#), [Kauffman Foundation](#)



Strategies for Building Community Wealth

Working to close racial wealth gaps and interrupt displacement

**Commercial
Affordability
& Ownership**

**Access to
Affordable
Capital**

**Culturally
Responsive
Business
Assistance**

**Community
Engagement &
Neighborhood
Partnerships**



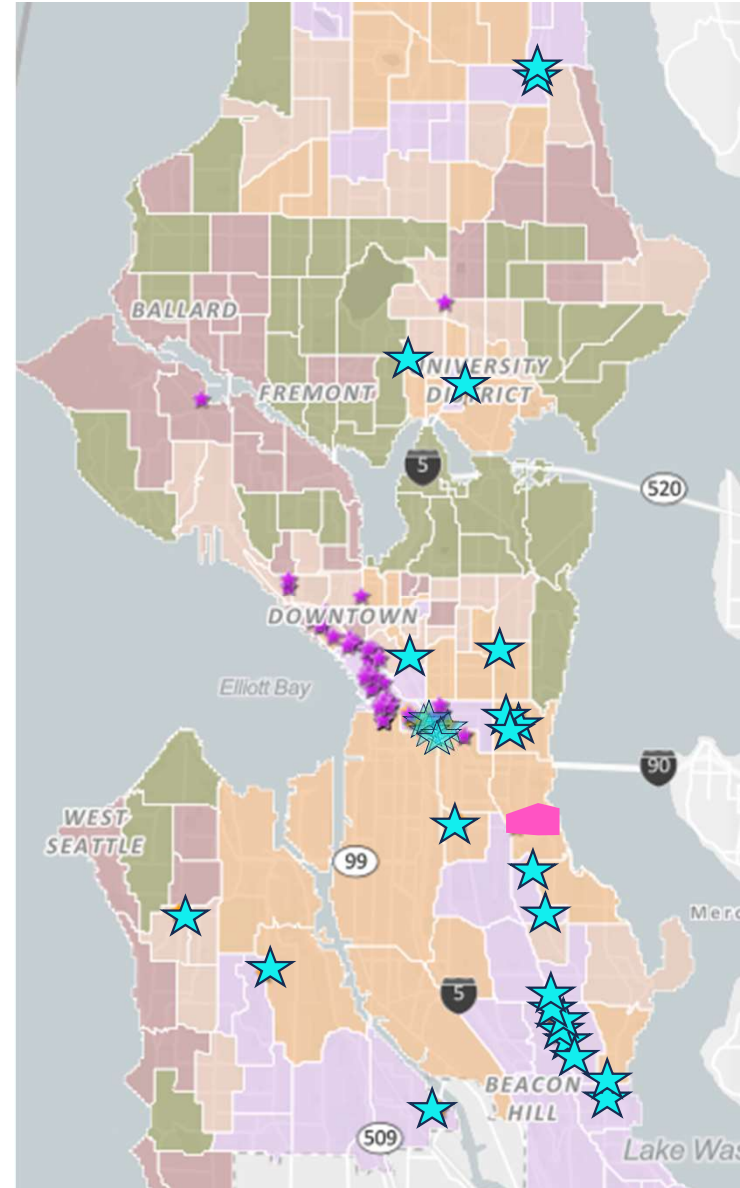
Responding to Community



Commercial Affordability



TENANT IMPROVEMENT FUND



Racial and Social Equity Composite Index Current

- Lowest
- Second Lowest
- Middle
- Second Highest Equity Priority
- Highest Equity Priority

- ★ Seattle Restored
- Business Community Ownership Fund
- ★ Tenant Improvement Fund

Reviving Seattle with Creativity and Commerce



74 activations to date

- 50% retail pop-ups
- 5% collective markets & QR code shopping
- 45% art installations

Out of 84 participants

- 74% identify as BIPOC
- 70% female, 8% Trans/nonbinary, 12% male
- 18% identify as LGBTQIA+
- 8% identify as entrepreneurs with disabilities

8 long term leases signed or in negotiation

Example of Current Long Term Lease Activation



TASWIRA

Pop Up Shop | PIONEER SQUARE

Black Owned

Women Owned

"Seattle Restored gave us the opportunity to have a brick-and-mortar presence without the overhead costs typically associated with renting commercial property. This allowed us to reach new and different customers, to test out space configurations, and to dream about having a storefront of our own, which is something we hadn't previously thought possible. After participating in Seattle Restored we have a clearer vision for our business's future and growth goals."

Seattle Restored



What we are learning

- Not all businesses are ready for brick and mortar
- Challenges in a changing market—properties are increasingly harder to secure.
- Businesses want business coaching and technical assistance.

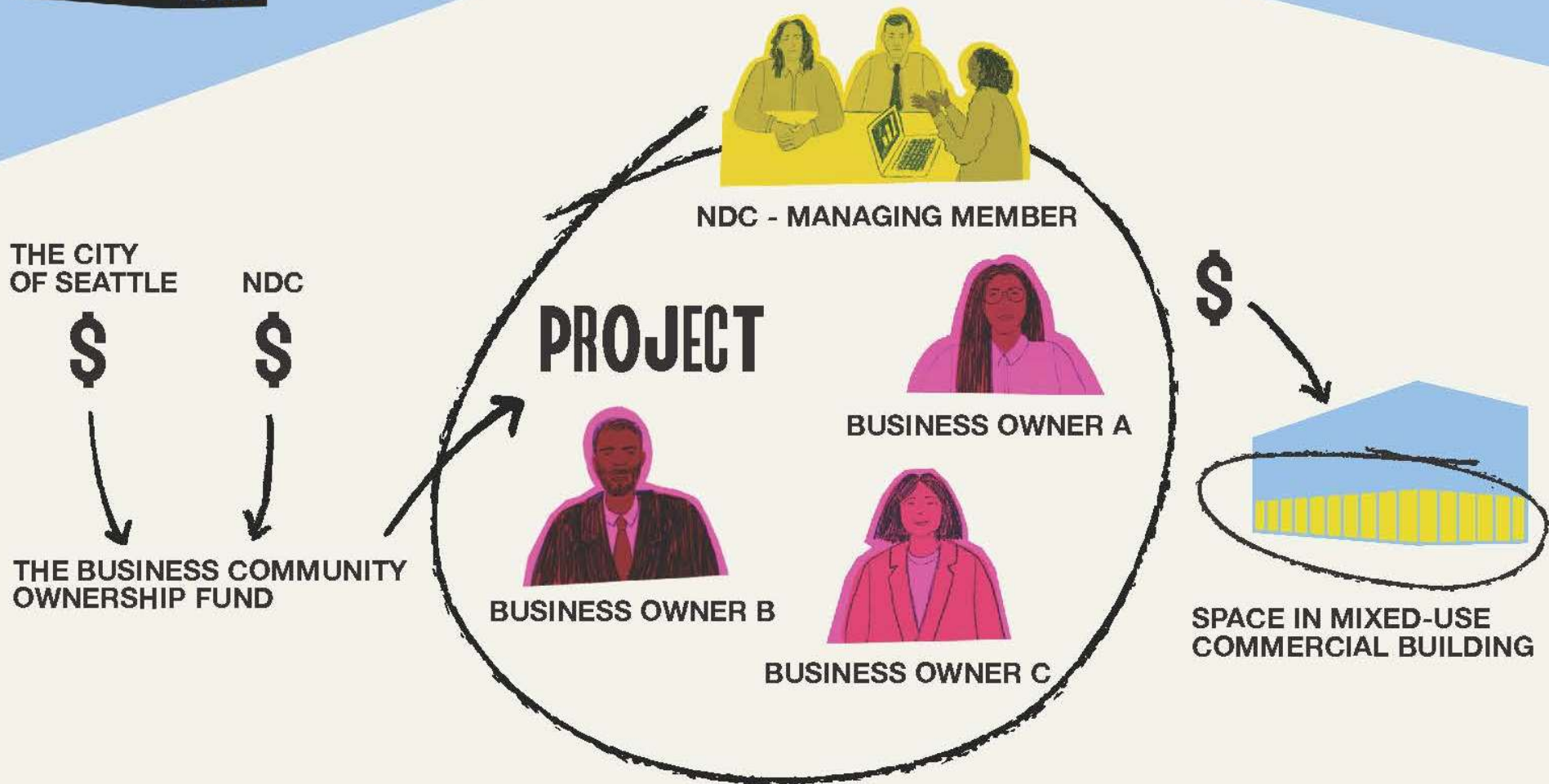
Evolving the program

- Focus on longer term leases
- Microenterprise vendor strategy
- Scale up matchmaking
- Deeper integration of technical assistance

**BUSINESS
COMMUNITY
OWNERSHIP FUND**



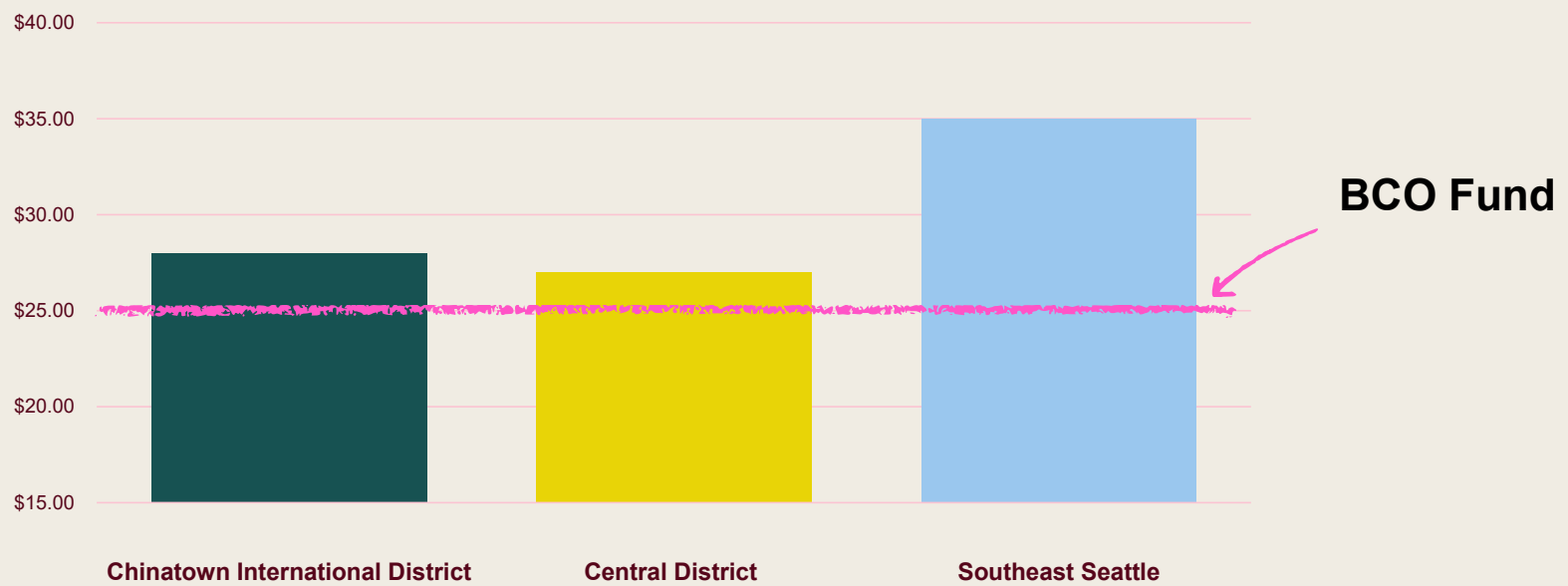
 **Seattle** Office of
Economic Development



BENEFITS TO THE BUSINESS OWNER

Aggregate Office Rent, 2022 YTD

Sources CoStar 2022; Community Attributes Inc., 2022

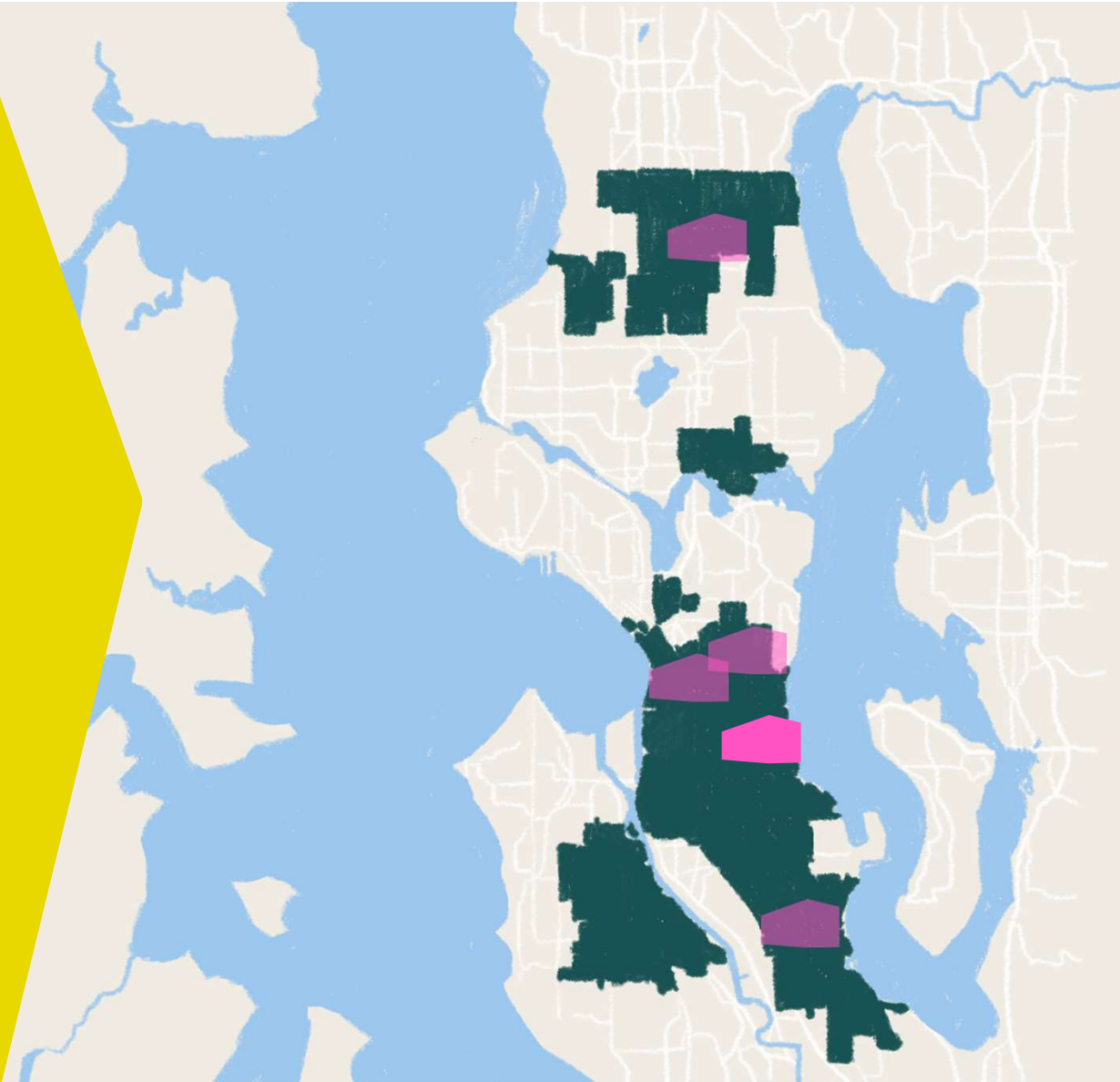


FUTURE AND ACTIVE PROJECTS

Benefits to small businesses:

- ✓ Permanent physical space
- ✓ Stable, affordable rent
- ✓ Increased business income goes directly to owners
- ✓ Community of support with other business owners
- ✓ Access to tools and resources that promote future growth

Source: City of Seattle OPCD Racial and Social Equity Composite Index Update 2022



Tenant Improvement Program

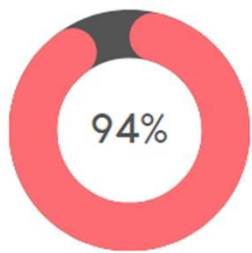


- Tenant Improvement Fund awards **up to \$100,000** and professional services to build out or renovate commercial spaces.
- Make **initial tenancy costs more affordable** for small businesses at risk of displacement.

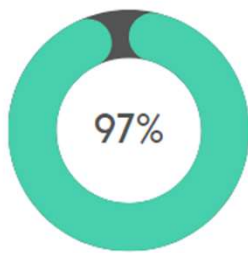
Tenant Improvement Fund

37 projects moving forward in 2023 representing **\$3.4M** investment

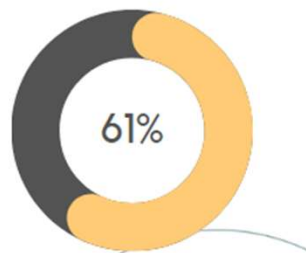
TI FUND RECIPIENTS



HIGH
DISPLACEMENT
AREA

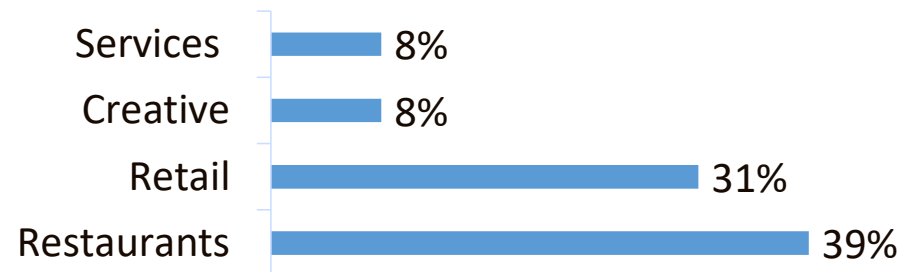


BIPOC
OWNED



WOMAN
OWNED

56% speak languages other than English; 11 languages represented
50% are Legacy Businesses (10+ years)



Technical Assistance

- ✓ **Commercial Space Consulting Services & Business Coaching:**
 - Landlord advocacy and lease review, Real Estate Broker Services
 - **Space Planning and Design**, General Contractor, Restaurant Expertise
 - **Accounting & Business Consulting, Marketing, Branding**
- ✓ **Expedited Permitting and Coaching** for small businesses
(with SDCI)



Tenant Improvement Fund

What we are learning

- Businesses are all at very different places and not always ready once awarded.
- Continue to work through complexities of using public funds for TI projects (e.g. prevailing wage, public benefit, compliance)

Evolving the Program

- Rethinking tenant improvement as a process with distinct phases (planning, permitting and design, buildout) with targeted support for each phase.



Capital Access Program

Foster equitable access to affordable capital for small business owners who have been historically marginalized and faced limitations in obtaining funding through traditional channels.

- ✓ **Capital/Loan Readiness Support** (Direct Technical Assistance and Strengthening Financial Intermediaries' capacity)
- ✓ **Subsidized Financial Product** for businesses owned by BIPOC, immigrants, and other minorities. (Loan Paydown, subsidized revenue-based financing)
- ✓ Reduce additional **barriers to accessing capital** through partnerships with Financial Institutions and developing new investment models.

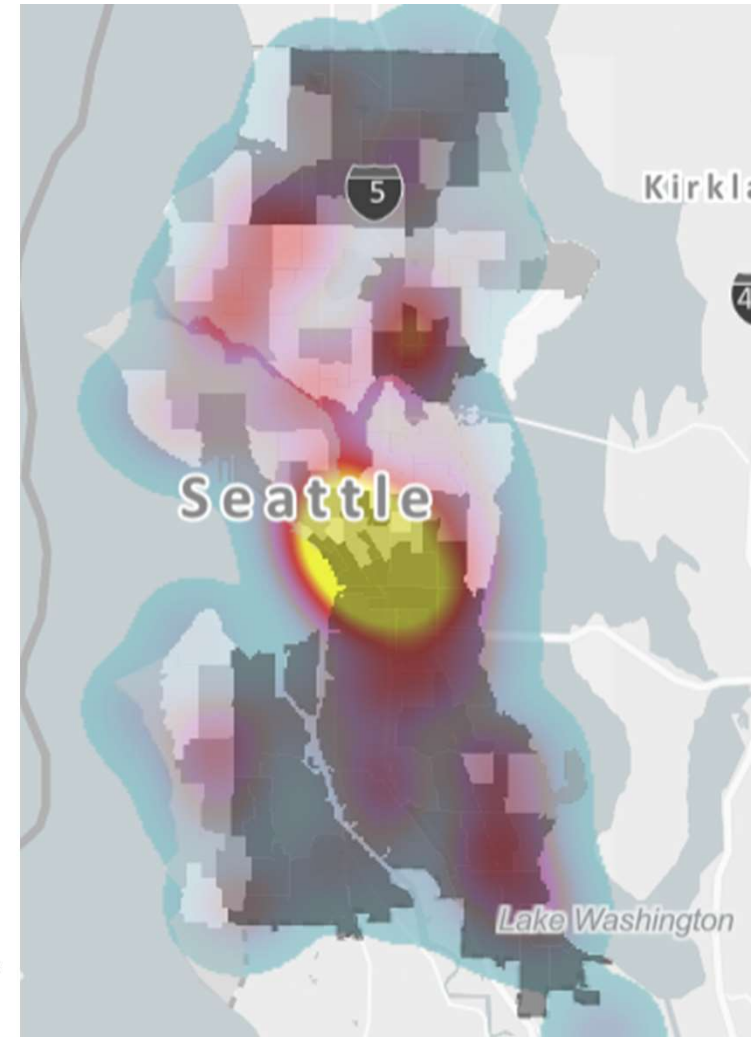


Capital Access Program 1.0

Lowered cost of WA Flex Fund loans by paying down 25% of the loan principal

295 Businesses received **\$6.97M** in CAP awards (July 2021-May 2023)

- Leveraged **\$27.8M** in loan funds
- **56%** BIPOC, **52%** women-owned
- UX Design Research



Capital Access Program 2.0

What we learned

- Communication gaps and better role clarity among partners
- Loan readiness and understanding the financing process

Evolving the Program

- Expansion of loan readiness support and community lender capacity
- Capital paydown strategy (leverage Flex Fund 2.0)
- Support new culturally responsive models such as Revenue Based Financing
- Explore risk mitigation strategies in partnership with community lenders



Small Business Partners



CHEF MICHAYA POLLARD
OWNER/OPERATOR OF MLK COMMISSARY KITCHEN

MLK Commissary:
Michaya Pollard



La Union Studio:
Sonia-Lynn Abenojar
& Sergio Max Legon-Talamoni

Thank you! Community Wealth Building Team

Heidi Hall

COMMUNITY WEALTH BUILDING MANAGER

206-561-2135

heidi.hall@seattle.gov

Celwyn Green

COMMUNITY DEVELOPMENT SPECIALIST

206-561-4225

celwyn.green@seattle.gov

Robyn Duckett

COMMUNITY DEVELOPMENT SPECIALIST

206-586-7779

robyn.duckett@seattle.gov

Jenn Charoni

COMMUNITY DEVELOPMENT SPECIALIST

206-561-3616

jenn.charoni2@seattle.gov

Chera Amlag

REAL ESTATE ADVISOR

206-914-7130

chera.amlag@seattle.gov

Agraj Dangal

CAPITAL ACCESS & FINANCE ADVISOR

206-665-1012

agraj.dangal@seattle.gov

Adriana Vining

SENIOR GRANTS & CONTRACTS SPECIALIST

206-914-7632

adriana.vining@seattle.gov

