

SOUTHSTRONG CITIES

PEOPLE FIRST. EQUITY CENTERED

EQUITY IN ECONOMIC DEVELOPMENT

SouthStrong Cities Grab-N-Go Policies

Equity in Economic Development

JUNE 2021

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What's the issue?

The COVID-19 pandemic clearly revealed the numerous ways in which systemic inequities limit progress and create harm for individuals and their communities. Post-pandemic, local governments are working on recovery initiatives that address economic impacts and achieve more sustainable and equitable growth. In this context, it is important to apply an equity lens to economic development plans so community investments are designed and carried out in a way that improves outcomes for the hardest-hit community members. This goal is at the core of the significant federal funding delivered to local governments via the American Rescue Plan (ARP).

Why does it matter?

Among policymakers, there is increasing recognition of the impact within US communities from neighborhoods that suffer from entrenched poverty, segregation of opportunity and poor access to resources. As a result, there is a growing commitment to use economic development tools to respond to structural racism and make equity goals explicit within these programs. In this context, there is also a recognition that economic development initiatives that incorporate equity goals help raise economic outcomes for the entire community.

During the COVID-19 crisis, many cities found themselves implementing new business support programs due to the scope of the emergency and the availability of CARES funds for cities to distribute. Some of the City programs during COVID-19 included the identification of equity goals and recognized the disproportionate need and challenges within underserved communities. This recent experience offers an opportunity for cities to consider continued support for their local economies, using the COVID-19 programs as a reference. Post-COVID economic development efforts will establish outcomes and priorities for the next business cycle. Implementing an equity-based approach could expand the impact of cities' upcoming investments and plans.

The [Norfolk, VA economic development strategy](#) adopts a framework of inclusion and introduces why this inclusive approach matters, in general, and for their community in particular.

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Policy Options: What Cities Can Control

1. City funding or staff support for efforts to map resources and assets against community needs.

Most cities now use GIS mapping tools for at least some part of municipal operations. Mapping can also help communities identify gaps between services and needs and pursue economic development policies with more targeted goals.

Once a city has implemented GIS tools, it can use the tools across a range of information. Cities can use GIS to track development activity (construction, redevelopment, zoning changes, etc.), community profile demographics and assets like schools, employers, and transportation infrastructure.

This [Auburn, AL GIS example](#) provides a range of mapped information about services, plans and resources.

Community resource maps can place key economic development data (large employers, business ownership, transit systems) against community profile characteristics to identify high-need neighborhoods.

In Louisville, KY, the [Neighborhood Resource Center: Maps are Power!](#) is a wide-ranging project used to map neighborhood resources led by a local nonprofit.

An emerging and related effort is the work by some cities to develop an “equity atlas” to map differences between community neighborhoods across various outcomes. This [Equity Atlas example](#) from Charlotte, NC, provides a series of maps that connect data on historically red-lined neighborhoods to current demographics on education, racial diversity, education, employment, homeownership and poverty: [Charlotte's Arc and Wedge](#).

The Wake County, NC [social equity atlas maps](#) data on poverty, housing, education, and food resources to identify areas where support resources are most needed.

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2. City funding or staff support to support small businesses in low-income neighborhoods.

More cities are currently engaged in direct support to local businesses due to the impacts from COVID-19. The unprecedented restrictions on local businesses, combined with cities' access to federal CARES funding, placed cities at the center of local economic response efforts. As a result, many cities are newly providing direct assistance to small businesses in the context of COVID-19 or are expanding existing programs. The arrival of significant ARP funds to local governments will drive additional focus on the opportunity to develop or continue this type of program.

Most of the examples below are specific to the immediate context of the ongoing emergency response and are mainly supported by federal funding. However, the basic structure of these programs could continue with support from the city's own resources. Cities can partner with local economic development agencies or nonprofits to reduce administrative effort and leverage the cities' funding contributions.

Loan Programs

Savannah, GA uses city funds to support several local loan programs, which a regional community development institution administers. One of these programs, the Martin Luther King Jr. Revolving Loan Program, is targeted at businesses located in a particular district within the city.

Grant Programs

Frequently, grant amounts are small (\$5,000 or less) to help expand availability to the greatest number of participants and to emphasize the limited nature of the city's support. But access to this type of support, when targeted to businesses within communities of need, can provide meaningful impact.

- This Emergency Business Assistance Program in Covington, KY, targeted small businesses serving low- to moderate-income residents.
- This Resilient Restart EBR program in Baton Rouge, LA also added eligibility for businesses located within low- to moderate-income census tracts in a particular district.

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Cont. 2. City funding or staff support to support small businesses in low-income neighborhoods.

Technical Assistance

Many cities direct small businesses to local development agencies for access to free technical assistance. However, cities can also participate more directly in the provision of support services for local businesses.

The provision of a “navigator” position can help small businesses overcome knowledge barriers and lack of experience for small business development and planning. Navigator support may be particularly beneficial for businesses in under-served communities, where there is less familiarity with regulatory issues or access to economic development programs.

As an example of a navigator program, Largo, FL offers city staff to assist businesses with plans for new or expanding opportunities.

As an example of a more expansive initiative, Sacramento, CA implemented a technical assistance program to provide free assistance to local small businesses, emphasizing assisting businesses in underserved neighborhoods. The city contracted with the various private sector and nonprofit organizations to deliver technical assistance, including one-on-one consulting services and other content via webinars.

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Policy Options: What Cities Can Control

3. Changes to zoning rules to encourage business development in high-need neighborhoods.

Traditional zoning has separated areas based primarily on different uses (residential, commercial, industrial, civic, etc.). As cities experience increasing disparities in economic conditions within communities and seek more equitable outcomes, zoning policies are emerging as an important policy tool for consideration.

Home-Based Businesses (HBBs)

Due to the expansion of online retailing and internet access, HBBs are increasing as a source of economic opportunity and business activity. Cities should review traditional zoning rules to ensure there is a balance between the need to regulate activities that could impact neighbors and the opportunity to encourage small business development. Because HBBs have lower start-up costs than other businesses, HBBs can be a particularly valuable pathway for disadvantaged groups.

- Zoning for Opportunity: A Survey of Home-Based-Business Regulations

To better support HBBs, cities can review relevant land-use codes to remove any outdated language, limit regulations to issues related to health and safety, and remove permit fees for those HBBs with no impact on neighbors.

Urbana, IL recognizes the economic significance of HBBs, and provides a Home Occupation program with four levels of business activity/impact, with different rules for each category.

Albemarle County, VA provides different HBB restrictions for rural areas and residential districts.

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Cont. 3. Changes to zoning rules to encourage business development in high-need neighborhoods.

Food Trucks

Food trucks can provide economic vitality and a point of entrance for emerging businesses seeking to reach customers. Cities can struggle with zoning requirements for this activity and equitably balance regulations for food trucks and requirements for traditional restaurants. This [M-Group article](#) provides an overview of the key zoning issues.

As an example of food truck regulations, see this [Greensboro, NC website](#) explaining their food truck requirements and approved zoning areas.

Knoxville, TN, adopted permanent food truck regulations after a successful two-year pilot [program](#).

Form-Based Codes

A more comprehensive approach to revisit zoning rules is to consider a shift away from use-based regulation and instead adopt "form-based codes." Policymakers increasingly acknowledge how traditional zoning has contributed to disparate outcomes between neighborhoods. As a result, form-based codes are seen as an approach to land use regulation that can encourage more equitable communities.

Form-based codes regulate the scale and character of development, and the impact on surroundings and public space, more so than the use and function of each building. Form-based codes also promote a more mixed housing portfolio, which can facilitate more integrated and equitable neighborhoods.

For a general introduction to this concept:

- [Form-based codes: A means to equity in a compassionate city](#)
- [6 Reasons Your City Needs a Form-Based Code](#)

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Cont. 3. Changes to zoning rules to encourage business development in high-need neighborhoods.

This [Place Makers website](#) tracks the implementation of form-based codes.

As an urban example, Chattanooga, TN has adopted form-based codes for three neighborhoods within the downtown district:

- [Form-Based Zoning – Chattanooga, TN](#)
- [A Small City with a Big Vision: Chattanooga's New Form-Based Code](#)

As a more rural example, see this [Fauquier County, FL website](#), which provides an FAQ and overview of form-based codes adopted for the unincorporated area of Marshall, FL.

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4. City policy that large-scale development projects will include local training and employment opportunities

For larger development projects, cities often establish “community benefits” to be obtained as part of the project’s outcomes. Traditionally, these have included amenities related to the built environment, such as sidewalks or public spaces or the creation of affordable housing units.

Increasingly, cities are also requiring that development projects include the employment of residents, both as part of the project construction and through future commercial businesses. One tool to formalize these goals is a Community Benefit Agreement (CBA). The intent is to ensure that public investment in development generates improved outcomes for residents, particularly those in low-income areas.

This [Shelter Force article](#) provides an overview of local hire policies related to development projects and strategies for success.

This [Partnership for Working Families listing](#) provides examples of local hire projects, including each projects’ CBA and some outcomes.

This [All in Cities article](#) summarizes CBA elements and provides links to several examples.

This [Stand Up Nashville website](#) summarizes the recent (2018) use of a CBA as part of a stadium project in Nashville, TN.

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Additional Resources

Equity in Economic Development:

- [5 Ways to Expand Equitable Economic Development in Your City](#)
- [How Six Cities Are Pursuing Equity and Innovation in Economic Development](#)
- [Cities, Here's Your Small Business Survival Playbook](#)
- [Equitable Economic Development: The Why and the How](#)
- [Economic Inclusion: Advancing an Equity-Driven Growth Model](#)
- [Remaking Economic Development](#)
- [The 'Who's Who' in Support of Equitable Economic Development](#)
- [Shared Equity in Economic Development \(SEED\)](#)
- [City focuses on inclusion and equity in its economic growth plan](#)
- [Equitable Innovation Economies](#)
- [Economic Inclusion Initiative](#)
- [Equitable Development as a Tool to Advance Racial Equity](#)
- [How Do I Use The Maps?](#)

Community Benefits Agreements:

- [CBA Resource Guide FAQs](#)
- [Key Reforms: Community Benefits Agreements](#)

Equity Atlas Initiatives:

- [Building a Cultural Equity Plan](#)
- [Neighborhood and Regional Opportunity and Equity Planning](#)
- [Spatial Equity Data Tool](#)
- ['Economic mapping' can help cities target the best places for density and growth](#)
- [Equity Mapping Tools Combine the Power of Data and Narrative Change](#)
- [City of Asheville earns GIS award for racial equity mapping project](#)
- [Neighborhood Equity & Stabilization \(NEST\)](#)
- [Equity Matrix](#)
- [Denver Neighborhood Equity Index](#)
- [Operationalizing Racial Equity](#)