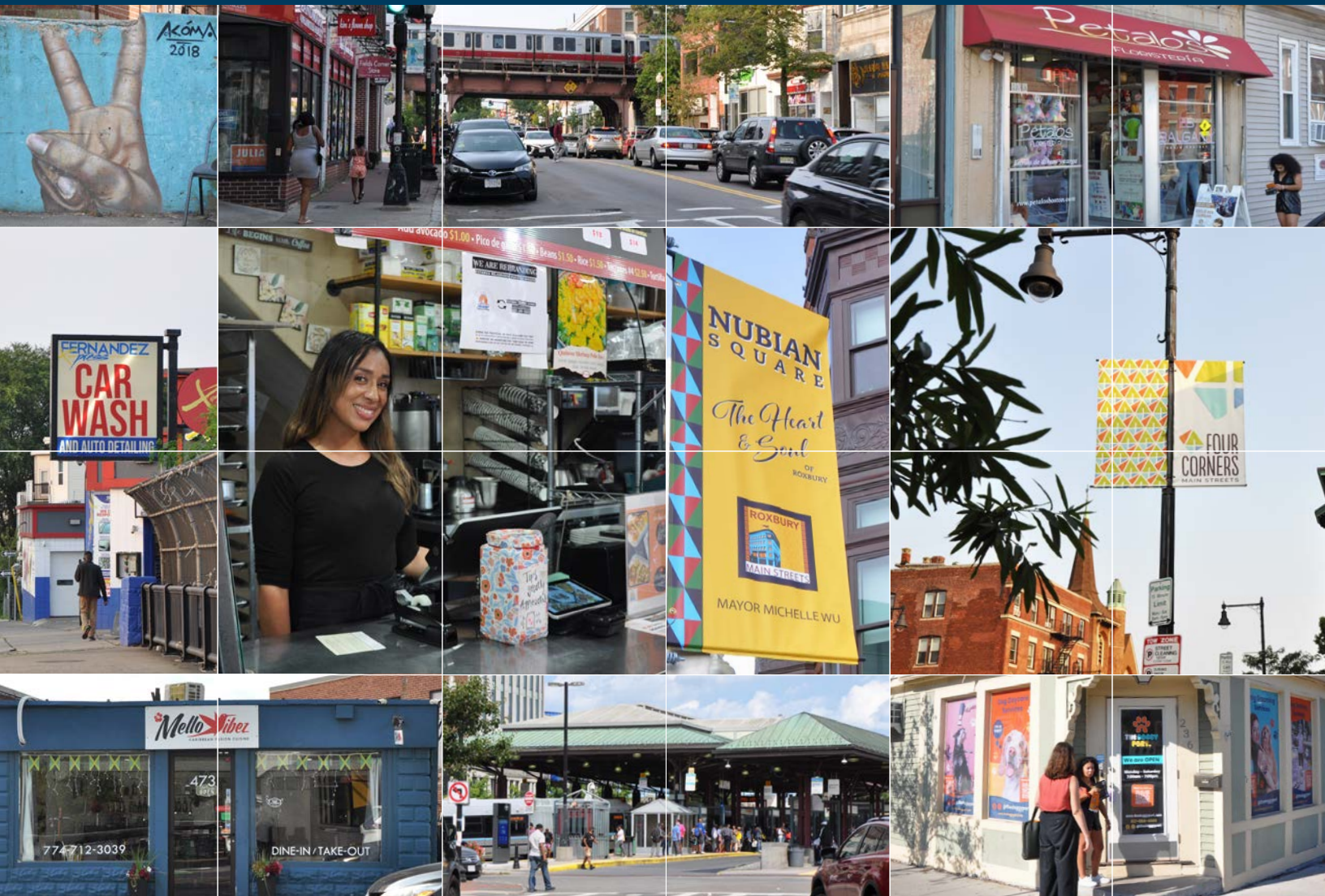


Supporting Diverse Small Business Owners in Boston

Development of Effective Short- and Long-Term Support for the Business Owners of Dorchester, East Boston, Mattapan, and Roxbury



Supporting Diverse Small Business Owners in Boston

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Executive Summary

Small businesses are essential to the vitality of neighborhoods, but in cities where histories of segregation and disinvestment have led to inequities in everything from access to education, to housing, and healthcare, we also see that small businesses face significant barriers to accessing capital and support. Recognizing this, in early 2022, JPMorgan Chase (JPMC) invited proposals from researchers to develop place-based, small business strategies to support business owners in four diverse Boston neighborhoods: Dorchester, East Boston, Mattapan, and Roxbury. The focus on these four neighborhoods is essential and meaningful. Boston has a long and challenging history of racial and economic segregation.

The four neighborhoods selected represent the residential core of the Black and Latinx community in the city.¹ **Nearly two-thirds of the city's Black residents, over half of the city's Hispanic or Latino residents, and nearly half of the city's foreign-born residents live in these four neighborhoods.**

In addition, they are all areas of the city that have struggled economically, often cut off from the vibrant knowledge economy flourishing in the city's downtown. The University of Massachusetts Donahue Institute (UMDI) was selected to conduct this research, and the following report presents our findings and recommendations.

This report draws on nearly a year's worth of research into the current experiences of small business owners in these four neighborhoods. The city of Boston and the nation are at a unique point in time. The COVID crisis highlighted the precarious position that many small businesses find themselves in, especially during economic shocks. As the COVID-19 pandemic recedes, new challenges emerge for small businesses. For example, in 2023, businesses in Boston and around the state faced extreme weather, such as flooding and other once rare events. In addition, immigrants are a source of talent, entrepreneurship, and workers in the region, but with the recent increase in foreign migrants, the systems that support immigrants are severely strained in the Commonwealth and beyond. Being a small business owner has always required risk-taking, but in low- and moderate-income communities of color, the safety nets of personal and family wealth are often missing for reasons related to historical racism, disinvestment, and neglect. Building wealth in diverse neighborhoods requires multi-faceted and sustained efforts that often go beyond supporting individual owners and instead focus on the broader elements of a community. JPMC has identified four pillars of focus to address these issues: **jobs and skills, small business, neighborhood development, and financial health.** This report focuses on small business but touches on all four pillars as the health of a neighborhood is connected to all these areas.

¹ Throughout the report we use the terms Hispanic, Latino, Latinx, and Latine interchangeably depending on the context and data source.

If Black businesses accounted for 10.6 percent of employer firms (equivalent to the Black population), there would be 10,596 more Black businesses.



Small business development is an essential focus of any community development strategy because small businesses provide jobs to local residents. In many cases, local small businesses provide key entry points to the labor market for workers who may be overlooked by larger employers. For example, immigrants, those without formal education, or those who are formerly incarcerated may be more easily hired in construction or the food services industries, or in smaller business operations. Small businesses are also essential to creating vibrant main streets and neighborhoods. Retail businesses and food services provide neighborhood essentials, such as pharmacies and grocery stores, or the places that make a neighborhood home, such as a bar or restaurant to meet friends, or a store that sells unique goods that reflect the tastes of the local community. In all four neighborhoods in this study, small businesses also cater to immigrant communities and draw clients not only from the local community, but also the larger region. Finally, small businesses are essential to wealth creation for individual owners.

According to the U.S. Census Bureau's 2020 Annual Business Survey, 83.2 percent of firms in the Boston metro area had white business owners, 1.9 percent had Black owners, 8.7 percent had Asian owners, and 3.4 percent had Hispanic owners. In total, only 15 percent of businesses were at least fifty percent owned by a person(s) or color. According to estimates created

by the Brookings Institute, there are 1,453 Black businesses in the Boston metro area. If Black businesses accounted for 10.6 percent of employer firms (equivalent to the Black population), there would be 10,596 more Black businesses. Black businesses in Boston are also smaller, on average, employing 12 employees compared to 25 for all businesses. If Black businesses reached the same level of average employment as businesses overall, it would create an estimated 18,309 jobs (Perry et al., 2022).

To understand the current challenges and opportunities facing small businesses in Dorchester, East Boston, Mattapan, and Roxbury, UMDI used a mixed-methods approach. First, we examined secondary data sources to understand at a high-level the demographic and business profiles of each neighborhood. In addition, we engaged with key stakeholders who work with small businesses, including City officials, lenders, technical assistance providers, community development corporations, and local Main Streets organizations.² Through interviews and meetings with these organizations we sought to understand what services are currently available and the gaps in services. The interviews and secondary data analysis informed a small business survey which was shared through multiple channels with small business owners in the neighborhoods. In addition, we conducted four focus groups with 19 businesses. Together the experiences of business owners and leaders in the

small business ecosystem, data from the small business survey, and analysis of secondary data inform this report and our recommendations.

Driven by the high concentration of universities and hospitals, Boston is known as a hub of professional, scientific and technical services, medical services, life sciences, biotechnology, and research and development. Residents in the four study neighborhoods largely work outside the neighborhoods, and the neighborhoods' industry mix reflects the needs of the residents who call them home. Most small businesses are sole-proprietorships or microbusinesses. In Roxbury, which is in the geographic center of Boston and the heart of the city's African American community, there are projects underway to bring life sciences industry to the area and talk of making Roxbury the next Black Wall Street (Obi & Francis, 2023). Small businesses in Boston have the potential to benefit from being in the same ecosystem as world-class anchor institutions, including hospitals such as Mass General and higher education institutions like UMass Boston and Northeastern. There is the potential for professional development, investment, and contracting opportunities with anchor institutions if the City and anchor institutions can continue to commit themselves to undoing the histories of injustice that have contributed to current disparities. Examples of such include Massachusetts Institute of Technology working with Commonwealth

Kitchen to bring immigrant-owned restaurants into the campus student center and as preferred caterers, and Northeastern University creating an impact lending program.

Many of the key challenges facing small businesses in these neighborhoods are shared by business owners throughout Boston. What sets our four study neighborhoods apart is the decades-long history of disinvestment in these communities, coupled with the predatory lending practices experienced during the foreclosure crisis that began in 2007. While business owners and local service providers would like to see long-overdue investment in their communities, they also worry that such investments are intended to serve mostly white or high-income newcomers and could lead to the displacement of existing residents and businesses. This tension belies economic development efforts in historic neighborhoods of color, as gentrification and displacement are a common story in urban revitalization.

We organize our findings and recommendations into four broad areas: **access to capital, displacement and gentrification, need for technical assistance, and neighborhood conditions.** In the landscape analysis of the report, we present analysis of secondary and survey data at the neighborhood level and discuss steps the City is taking to support small business owners.



² Main Street organizations are independent non-profits that work to promote, maintain, and revitalize commercial corridors in their neighborhoods.



Related to **access to capital**, we found that business owners of color struggle to access capital due to owners having limited personal or intergenerational wealth, personal debts (e.g., student loans and medical expenses), or poor credit or no credit histories. In addition, for businesses just starting out, traditional lending requirements create a barrier to growth. Many business owners have been frustrated by negative experiences attempting to access capital or grants and many require additional support in accessing these resources. To address these challenges, we recommend that policymakers and potential funders make and encourage investments in the neighborhoods to:

- Expand access to microloans and support the development of loans that do not require traditional forms of collateral.
- Increase the availability of targeted grants to support business owners.
- Support non-traditional forms of capital or equity partners for business owners who may be reluctant to take on debt or pay interest on loans.
- Support efforts to build credit histories and reduce personal debt.

Related to **gentrification and displacement**, we found that even though these neighborhoods are considered relatively affordable, owners face difficulties securing commercial space due to high rents and low vacancy rates in the local commercial real estate market. To address these concerns, we recommend that policymakers and potential funders:

- Support collective ownership models for commercial real estate.
- Explore the potential of community land trusts and community investment trusts to meet the needs of small business owners.

Related to **technical assistance** (TA) needs in the neighborhoods, we found that start-ups need support navigating complex City regulations related to opening and operating a business. In addition, due to the high number of immigrants there is a need for culturally competent technical assistance and resources in multiple languages. Both start-ups and established business owners are seeking support with accessing markets and customers. Established businesses are especially interested in developing procurement opportunities with anchor institutions. Many players in the city's small business eco-system are new and have grown out of the COVID crisis and Black

Lives Matter movement. As attention shifts to other crises, there is optimism, but also concern about the sustainability of new collaborations and partnerships in an environment of limited resources. To address these technical assistance needs we recommend that policymakers and funders:

- Support and increase access to industry-specific supports for business owners across neighborhoods.
- Support neighborhood-based and culturally relevant services.
- Create incentives for TA providers to collaborate and share resources to ensure that business owners are directed to the appropriate supports.
- Support efforts to increase procurement opportunities for neighborhood-based businesses with anchor institutions to help sustain and grow businesses that have moved beyond the initial start-up phase.
- Increase accessibility to technical assistance services for small business owners.





Efforts to build personal and community wealth through small business ownership should focus on both building business owners' capacity to meet lending requirements and reducing barriers to accessing capital...

Related to **neighborhood conditions** we found that business owners were interested in seeing the City and others invest in improving the accessibility and appearance of their main streets. They sought improvements to sidewalks, public transit, and commercial spaces to enhance their commercial districts in a way that would attract customers who would spend time and money in brick-and-mortar establishments. Therefore, we recommend that policymakers in the City and funders:

- Support the preservation, maintenance, and renovation of neighborhood sites and main streets.

These recommendations are supported by an in-depth needs assessment and landscape analysis, which drew on multiple sources of information. Our team conducted analyses of demographic, business, and economic data from multiple sources, including the 2022 MassINC and Coalition for an Equitable Economy Massachusetts small business survey and UMDI's own small business survey, which focused on the study area. In addition, we conducted interviews with stakeholders and focus groups with small business owners in all four communities. We open the report with our recommendations and then provide the methods and quantitative and qualitative evidence in support of those recommendations.

We hope that this report will provide those who support small business owners in Boston with the necessary data to make informed decisions on how to support one of the City's most vital resources—small businesses.

Key Definitions:



Sole Proprietorship: A business operated by one person.



Microbusiness: A business with between two and nine employees.



Small Business: In this study, small business is defined as a business with fewer than 50 employees.

Recommendations

Through our research, which drew on qualitative and quantitative sources, four key themes arose. First and foremost, business owners and stakeholders emphasized the importance of **access to capital**, especially for members of groups that have experienced histories of being systematically excluded from traditional pathways to build capital, such as homeownership. Second, concerns about **gentrification and displacement** were present in all four neighborhoods. Third, **technical assistance** needs in the neighborhoods often exceeded the resources available and those who connected with service providers often experienced a mismatch between their needs and objectives and what was available. Finally, business owners, especially those with brick-and-mortar stores, were interested in maintaining or improving the **neighborhood conditions**. In the sections below, shown in bold text, we make recommendations to address these four areas of concern.

Access to capital

Our study has reaffirmed that access to capital is the primary challenge for small business owners. This is especially true as many BIPOC business owners do not have access to intergenerational and personal wealth, which are the initial sources of capital for many entrepreneurs. In addition, owners in our study neighborhoods are more likely to face barriers to capital due to poor credit or no credit histories, challenges related to immigration status and language, and other systemic barriers. There is no single solution

to improving access to capital. Efforts to build personal and community wealth through small business ownership should focus on both building business owners' capacity to meet lending requirements and reducing barriers to accessing capital by expanding opportunities for targeted businesses that have promising business plans and deep community connections.

Expand access to microloans and support the development of loans that do not require traditional forms of collateral.

In interviews and focus groups it was clear that often businesses are held back from pursuing opportunities due to very low amounts of capital. One solution to this challenge may involve increasing the availability of character-based loans or relationship-based loans to support business owners in need of very small loans (for example less than \$15,000). Character-based loans require that entrepreneurs have social capital rather than strong credit histories or collateral. In addition, they are non-interest-bearing. These loans often require that trusted local partners act as guarantors or trustees to help provide assurances that the loans will be repaid. In addition, paying back the micro loans would help to build credit. The Northeastern University Impact Lending Program, working with Local Initiatives Support Corporation (LISC), offered character-based loans. Demand was high for microloans in that program among targeted businesses (minority-owned, women-owned, and local) (Kelleher & Porcena, 2019). Mission-driven investors, such as



Community Land Trust models allow small businesses to pool their resources to afford commercial properties that would otherwise be out of reach, and in some cases invite the community to become investors in a property to further reduce the cost burden on each member of the trust.

Boston Impact Initiative, offer various loan products that consider the character of the entrepreneur alongside other traditional metrics.

Access to capital is a major hurdle for businesses seeking to pursue vendor opportunities with anchor institutions, such as hospitals and universities, or major retailers. One potential alternative to traditional loans is using purchase orders as collateral. Organizations like Local Enterprise Assistance Fund (LEAF) are developing products where a purchase order can serve as the collateral allowing small business owners to pursue contracting opportunities with large retailers or anchor institutions, even if they do not have the capital on hand to purchase the materials necessary to fulfill the orders. A challenge with these models is that they require extensive relationship building and due diligence on the part of the lender and small business owners have reported that the terms were not favorable or flexible enough to allow them to meet their needs.

Increase the availability of targeted grants to support business owners.

Grants are a direct means of supporting business owners who may not have personal wealth or collateral to take on loans but have promising business models and community support. The City of Boston has made grants available to fill vacant commercial property. The SPACE (Supporting Pandemic Affected Community Enterprises) program targets specific neighborhoods and industries affected by the pandemic and

provides up to \$200,000 to cover start-up costs like rent, infrastructure build-out, security, deposit, and wrap-around services, including technical assistance through City-approved providers. Demand for this program has far exceeded available funding and it is too soon to evaluate outcomes, but the program is promising as a means of supporting business owners.

Support non-traditional forms of capital and equity for business owners who may be reluctant to take on debt or pay interest on loans.

We heard from business owners and stakeholders that in many communities debt is either avoided or forbidden due to cultural or religious reasons. In other instances, community members may be wary of taking on debt due to historic patterns of discrimination and predatory lending. One example of this work is being carried out by African Community Economic Development of New England (ACEDONE) which has designed programs to offer no-interest loans for entrepreneurs where a fee is charged to cover the cost of lending rather than a typical loan structure. Another example is the LISC's Massachusetts Small Business Growth Fund, which is designed to support entrepreneurs of color located in economically disadvantaged communities. The fund provides growth capital from \$50,000 to \$250,000 that is only repaid when the business is successful and growing its revenue. The capital loan is paid back once the business is stable and able to turn a profit and the payments are used to fund investment in other projects.

Support efforts to build credit histories and reduce personal debt.

For new businesses without an established financial history, loan eligibility is often determined by the owner's personal credit score. Yet, there are significant racial disparities in personal credit scores. In addition, personal debt for many small business owners is a barrier and often debt is tied to student loans or medical expenses for the business owners or their family members. Black Americans are more likely to have student loan debt and medical debt than all other racial groups in the U.S. (Fulford et al., 2022; Wiltshire et al., 2016). Thus, while seemingly unrelated to disparities in access to small business loans, policies that reduce medical and educational debt will have an unintended benefit of increasing capital for small business owners. Technical assistance providers can help guide business owners looking to build their credit in a manner that protects business owners from predatory practices.

Gentrification and displacement

Boston has some of the highest real estate prices in the nation. The high cost of leasing or purchasing commercial real estate is a challenge for existing businesses and those looking to open brick and mortar establishments. While there is considerable variation in the cost of leasing across the neighborhoods in our study area, we heard from owners in all four neighborhoods that commercial costs are high. Furthermore,

the commercial real estate market can be difficult to navigate as commercial leases may require legal expertise to understand and the marketplace lacks transparency. For example, some commercial listings may never be public. Business owners are worried they will lose their space due to rising rents, conversion to condominiums, or changes in the neighborhood. Broadly, these concerns center around displacement of existing residents and business owners by higher income newcomers. Addressing these challenges will require a multi-pronged response, drawing upon existing efforts in Boston and elsewhere to serve as a model for preserving the identity of the neighborhoods.

Support collective ownership models for commercial real estate.

Collective ownership of commercial property as a bulwark against gentrification has grown in popularity over recent years, with strategies like Community Land Trusts (CLT) and Community Investment Trusts (CIT) finding success across the country. These models allow small businesses to pool their resources to afford commercial properties that would otherwise be out of reach, and in some cases invite the community to become investors in a property to further reduce the cost burden on each member of the trust. The core purpose of these models differs across each, with some focused purely on keeping rent affordable while others seek to build wealth in communities that have not traditionally had access to property investments. Several Boston-



based organizations like the Boston Impact Initiative, the ACEDONE, and the LEAF have either expressed interest in or already established funds to assist local communities that seek to purchase land for residential or commercial use. There are also examples of successful worker owned cooperatives in the study area such as the East Boston-based Cleaning Collective and Dorchester-based CERO Cooperative, which offers organic waste management services.

Worker Cooperatives often face difficulty receiving loans from traditional lenders, often due to little more than lenders being unfamiliar with worker-owned business models. The structure of cooperatives also presents barriers, as there is often not one person able to personally guarantee a loan and co-ops are often unwilling to give up any control of the business to investors. According to the US Federation of Worker Cooperatives, this gap can be filled by a mix of non-bank lenders like community development financial institutions, cooperative funds, and government programs, though some government programs face the same hurdle of unfamiliarity. Some co-ops look to issuing shares to the public to raise money, but almost always limit the total number of shares a single shareholder can own.

Explore the potential of community land trusts and community investment trusts to meet the needs of small business owners. Boston has a rich history

of utilizing land trusts to fight residential displacement, with organizations such as Boston Neighborhood Community Land Trust (CLT), Chinatown Community Land Trust, and Dudley Neighbors, Inc. (DNI) forming the Greater Boston CLT Network. DNI, which manages 32 acres of land across Dorchester and Roxbury, was the first to integrate commercial property into their CLT to protect their local small business ecosystem, and currently manages seven affordable commercial units reserved for local businesses. DNI recently expanded to Upham's Corner, where they are redeveloping a mixed-use affordable housing and affordable commercial space building. Codman Square Neighborhood Development Corporation (CSNDC) also holds several commercial units that it reserves for local small business. Residential community land trusts were recently the subject of the 2023 Greater Boston Housing Report and there appears to be renewed interest in the potential for this model to help address the housing crisis and broader issues related to the high cost of real estate in the region (Kennedy et al., 2023).

Community land trusts typically operate by acquiring land and maintaining long-term ownership. Commercial CLT structures can include lease models, ownership models, cooperatives, or co-working spaces. Under a lease model, the CLT owns both the land and any buildings on that land and leases both to commercial tenants. An ownership model allows tenants to purchase their commercial

space through various mechanisms, such as a long-term ground lease or a lease-to-own option. A ground lease means that the new property owner does not own the land under their purchase property, but instead leases it from the CLT in a long-term (typically 99-year) agreement. The lease typically includes provisions that restrict the building's sale price so it remains affordable. In a cooperative structure, business owners buy shares that entitle them to partial ownership with variable stakes in a property. With a co-working model, members pay to use shared space provided by the CLT.

Many CLTs partner with established nonprofits and public entities to raise the significant amount of capital needed to fund their purchases. CLTs must incorporate as nonprofits, a process that includes filing articles for incorporation and adopting bylaws. Small business owners or other CLT stakeholders may need assistance in navigating this process. Larger established institutions that partner with CLTs can provide both financial backing and technical expertise that small businesses like those in the neighborhoods may lack and could partner with existing CLTs like DNI, or other non-profit commercial property owners like CSNDC, to allow them to expand their portfolios.

A community investment trust is a variation on the CLT model that has seen early success across the country. The East Portland

Community Investment Trust, operated by Mercy Corps in Oregon, was the first major effort at testing the CIT model, opening up their CLT to community investment to build economic prosperity and promote financial inclusion. The area that the East Portland CIT operates in is traditionally asset-poor, and the CIT provides residents of specific zip codes the opportunity to invest small amounts (\$1-100/month) in a loss-protected investment vehicle. This model not only accomplishes the goal of keeping rent affordable for and space available to local businesses, but also grows overall wealth while keeping the community engaged in and aware of changes to the local business environment.

Mercy Corps is currently developing a national network of CITs, an effort already funded by a grant from JPMorgan Chase. The thriving CLT ecosystem in the four neighborhoods could make them fertile ground to expand the CIT model, but any new model should keep in mind the importance of working with existing community organizations. This idea was continuously emphasized to us during our focus groups and interviews, and we were advised that any new initiatives that did not directly engage the community would likely fail, no matter how altruistic the motives. Bringing organizations like Dudley Neighbors, Inc. into this pilot program could set an example for other organizations in the four neighborhoods while leveraging the local knowledge that these pre-existing CLTs possess.

“ One of the greatest barriers to small businesses of color thriving is the lack of one-on-one mentoring and the transfer of intellectual knowledge.”

Technical assistance

Technical assistance (TA) is a catch-all phrase for a wide range of services that support businesses with a range of issues including: financial literacy, developing a business plan, marketing, or implementing new technology. The challenge is matching business owners and aspiring entrepreneurs with the right assistance. While there are dozens of organizations across the Commonwealth and Boston that offer services, competition for scarce resources, coordination, and information sharing can be barriers to ensuring that business owners are able to access services that are appropriate for their size, stage of development, industry, cultural background, and neighborhood. We heard from owners that navigating the TA ecosystem is a challenge and while recent efforts at the state-level have made progress in addressing these challenges, there is room for growth. The State funds technical assistance through the Small Business Technical Assistance Grant program. For fiscal year 2025 the Governor proposed funding this line in the state budget at \$7.5 million. Increasing this line item could help to ensure that the technical assistance needs of small businesses are met. Also important is increasing access and coordination of technical assistance that is tailored to the needs of business owners, which would help to foster sustainable businesses in the four study neighborhoods and Boston as a whole. COVID and the Black Lives Matter movement spurred the formation of

several coordinated efforts to support small businesses and Black-owned businesses, including Small Business Strong, Coalition for an Equitable Economy, Massachusetts Associations of Community Development Corporations Community Business Network, and industry-specific and local efforts, such as the Black Boston Hospitality Coalition. It is unknown how sustainable efforts born from the pandemic era will be. Based on our study there is a need for continued funding and coordinated support for the diverse array of technical assistance providers in the city.

Support and increase access to industry-specific supports for business owners across neighborhoods. Across the neighborhoods, businesses owners are concentrated in the industries that were hardest hit by the pandemic: accommodation and food services, retail, and personal services (i.e. "other services"). These same industries are essential to creating vibrant neighborhoods and are valued by residents.

To support existing establishments, policymakers and funders can focus on building up industry-specific support organizations for these sectors. Dorchester-based Commonwealth Kitchen is an example of an industry-specific, non-profit incubator that offers vertically-integrated support to entrepreneurs in a specific industry. The City of Boston has identified approved consultants that are industry-specific and support restaurant owners, as well.

Based on our interviews and survey data there are several specific forms of technical assistance that are needed. This includes assistance with marketing, assistance obtaining appropriate certifications and pursuing procurement opportunities, legal support, and accessing technology to support the business.

The recent declines in retail and accommodation and food services, combined with the relatively low wages, point to a need to diversify the industries in the neighborhoods. Construction is an industry that could benefit from focused efforts to support growth. P3 development in Roxbury is focused on increasing jobs in life sciences, though this is an industry where it could be difficult for microbusinesses to gain a foothold.

Support neighborhood-based and culturally relevant services. For some communities, particularly new immigrants, culturally relevant services in their native language are essential to building trust and increasing access to services. Local CDCs have deep roots in their communities and can provide a portal to connecting business owners to services.

Create incentives for TA providers to collaborate and share resources to ensure that business owners are directed to the appropriate supports. In many cases tailored assistance is needed to help businesses overcome a specific obstacle to growth. Therefore, investment should be directed to specific areas of need or phases of business growth. Based on our interviews and survey data there are several specific forms of technical assistance that are needed. This includes assistance with marketing, assistance obtaining appropriate certifications and pursuing procurement opportunities, legal support, and accessing technology to support the business. While

often overlooked, legal services are essential to creating resilient small businesses and helping businesses navigate commercial real estate markets. Lawyers for Civil Rights Boston have supported small business owners by providing free legal support to entrepreneurs. They have also supported policy advocacy to support inclusive procurement and supported commercial tenants fighting eviction.

Support efforts to increase procurement opportunities for neighborhood-based businesses with anchor institutions to help sustain and grow businesses that have moved beyond the initial start-up phase. BECMA, Amplify Latinx, Commonwealth Kitchen, and LEAF are all examples of organizations working to increase the share of government and anchor institutions contracts with Minority Business Enterprises (MBEs). Given the high concentration of MBEs in the four neighborhoods these efforts could have a direct benefit for small business owners in the area. These opportunities require that businesses are mature and have access to capital, therefore, technical assistance should focus on increasing businesses capacity either before or alongside efforts to obtain certification and secure large contracts. In many instances anchor institutions will be outside of the four neighborhoods, or outside of Boston. Thus, the partners in these efforts should be organizations with the reach and networks to ensure that the business owners have access to opportunities beyond their neighborhoods.



“ The main reason is because I see hope here.”

Increase accessibility to technical assistance services for small business owners.

Lack of organizational membership and networks beyond the local community can be a barrier to accessing technical assistance for some small business owners. Our survey data found nearly a quarter of business owners are not members of organizations that traditionally connect small business owners to technical assistance, provide industry specific support, or increase their networks. Many organizations use a member-based model and thus a lack of membership may create a barrier to accessing networks and support. For those who are not members of organizations, the City of Boston or another non-membership-based organization could serve as a useful bridge to resources. Boston Impact Initiative has a comprehensive list of small business resources on its website, and the City of Boston has approved consultants on its website. Massachusetts Associations of Community Development Corporations Community Business Network is working to collect information on the services offered by its members and may be well positioned to share this information with providers and business owners.

Neighborhood conditions

Recognizing the symbiotic relationship between small businesses' success and the well-being of the neighborhood, direct investment in basic neighborhood amenities can have positive outcomes for both residents and business owners. At the same time, such investment should be made in a way that is informed by the needs and desires of residents and does not lead to displacement.

Support the preservation, maintenance, and renovation of neighborhood sites and main streets.

For example, in Uphams Corner both the Pierce Building, home to Dorchester Bay EDC, and Comfort Kitchen, an award-winning restaurant located in a hundred-year-old building that had been a comfort station for streetcar riders decades ago, were recognized by the Boston Preservation Alliance for outstanding renovations in 2023. In addition, investment in beautification and streetscaping projects can help neighborhoods be more accessible and welcoming.



Needs Assessment

The recommendations outlined in the previous section were developed in response to a detailed needs assessment conducted by UMDI. Our needs assessment relied on a combination of focus groups with small business owners, interviews with community stakeholders, and a survey of small businesses in the four study neighborhoods. Through that process, access to capital, displacement and gentrification, the need for technical assistance, and neighborhood conditions emerged as critical concerns for the local small business community. In this section we describe the methods we used to understand the experiences of business owners and service providers in the four study neighborhoods. Then we present our findings around these four themes. We allow the business owners and service providers words to give dimension to our findings but anchor them in existing research and survey data.

Interviews and Focus Groups

To understand the small business ecosystem in the four study neighborhoods, our team conducted outreach to non-profits, impact investors, City leaders, lenders, community

development corporations, and other stakeholders who support small businesses in Boston. In total we interviewed or met with over 20 organizations. In addition, the study team conducted four focus groups. One focus group was held in Uphams Corner in Dorchester at a local restaurant with support from the Uphams Corner Main Streets. Three additional focus groups were held over Zoom, including one focus group that was conducted in Spanish. In total, 19 business owners participated in our focus groups including businesses from all four neighborhoods. The focus groups were one hour in length, audio recorded, transcribed, and analyzed for key themes using NVivo. Whenever possible, interviews with stakeholders were also recorded and transcribed. When interviews were not recorded, detailed notes were taken. Notes and transcripts from interviews were analyzed using NVivo.

Survey Methodology

UMDI also conducted a small business survey to hear directly from business owners on the challenges they face and what resources they use to help address



these challenges. The survey was translated into four languages, Spanish, Vietnamese, Haitian Creole, and Cape Verdean Creole. We piloted the survey instrument with a small business owner outside of the study area. The survey was conducted online using Qualtrics. The survey was distributed through multiple channels. We created flyers in English and Spanish for each neighborhood and distributed the flyers to every Main Street Director in our study area and other community organizations that have regular contact with business owners. We created postcards that were distributed to businesses directly and to Main Street offices. We also created a business list from publicly available data sources. Survey respondents were offered a chance to provide their email address and be entered into a raffle to receive one of thirty \$50 gift cards. The survey was open from September 1, 2023, through October 30, 2023. In total, we collected 279 responses from small businesses in the four study neighborhoods.

The survey responses reflected the diversity of the businesses in the neighborhoods. The majority were based in Dorchester (55%, n = 154), followed by Roxbury (13%, n=37), East Boston (13%, n=36), and Mattapan (10%, n=27). Nine percent of businesses reported that they operated in multiple neighborhoods. Businesses varied in size but were overwhelmingly microbusinesses (less than ten employees) or sole proprietorships. Nearly half of businesses reported having fewer than ten employees (48%, n=134), over one third were sole proprietorships

(39% n=110) and only 13 percent had ten or more employees. Most of the businesses were still very new, having opened in 2020 or later (39%, n=109), though 18 percent (n=49) were well established and had been open since before 2000. The top industries included beauty and personal care, education and social services, restaurants, bars, food or beverage services, retail trade, arts, entertainment and recreation, construction, health care, and other business or professional services. Forty percent reported that their owner(s) identified as Black or African American, 26 percent identified as Latine, five percent as Asian or Pacific Islander, and ten percent had owners that identified as more than one race. Overall, 80 percent of businesses had at least one BIPOC business owner. Most businesses had at least one woman owner (65%), 27 percent had at least one immigrant owner. Full survey results can be found in the appendix. Below we integrate the findings of the survey into our discussion of key themes from the interview and focus groups.

In addition to our survey, we obtained results from the 2022 survey of Massachusetts businesses with under 500 employees that was conducted by the Coalition for an Equitable Economy in partnership with the MassINC Polling Group and Mass Growth Capital Corporation. MassINC Polling shared with our study team results for the survey for the zip codes that make up the four study neighborhoods. When referencing these results, we refer to them as the MassINC and Coalition survey.

Nationally, in 2020, Black business owners were twice as likely to be denied loans, compared to white business owners. They were also significantly less likely to receive the full amount that they were seeking.

Needs Assessment Findings: Four themes

Capital access and systemic financial barriers

Systemic requirements for obtaining capital can prevent business owners that are from historically disadvantaged groups from growing and building wealth. Small-scale businesses with modest but critical financing needs are particularly underserved. These differences in access to capital have repercussions for small business owners of color and the communities they serve. Business owners can be discouraged from starting their businesses, while others are prevented from being able to grow. Nationally, in 2020, Black business owners were twice as likely to be denied loans, compared to white business owners. They were also significantly less likely to receive the full amount that they were seeking (Federal Reserve Board, 2022).³ Even after accounting for observable differences, prior research has found that Black applicants are more likely to be denied a loan if other aspects of their business (cash flow, employee numbers, etc.) are the same, and are more likely to be discouraged from applying in the first place.

In Boston, there are efforts to address these issues, but there is still a need for more lenders to accommodate micro, community-based businesses like those in Dorchester, East Boston, Mattapan, and Roxbury. This includes removing barriers where possible, accommodating different cultural practices and languages, and exploring

alternative loan structures like co-op style or microlending programs, where traditional forms of collateral are deemphasized. There is a need for technical assistance to support accessing capital, but there are also ways to remove or lower certain barriers to capital so that the process is not so difficult or time-consuming for business owners. There are several organizations in the Boston region that provide such technical assistance and support for businesses as they apply for capital, but there is still a need for more accessible funding.

Racial wealth gap and access to capital

Two-thirds of entrepreneurs use personal or family savings to start a business, and entrepreneurs of color are often at a disadvantage for this type of capital because of the racial wealth gap. White families have five to eight times more wealth than Black or Latinx families, meaning Black and Latinx entrepreneurs are less likely to be able to use resources from their family and social networks (Mattos & Brewster, 2021). In Boston University's survey of service providers in Boston's small business ecosystem, they found that "lack of personal wealth or assets for collateral" was the number one reason survey participants believe BIPOC small business owners have a harder time accessing credit and capital (Glick et al., 2022). In stakeholder interviews we heard that, "initial capital access is the main issue for a lot of small businesses" and

³ Excludes loans that were forgiven as part of a government response to the coronavirus pandemic.

There is a need for technical assistance to support accessing capital, but there are also ways to remove or lower certain barriers to capital so that the process is not so difficult or timeconsuming for business owners.

"access to capital has probably been the biggest problem for this community." In one interview with an organization that serves BIPOC small businesses in Massachusetts, they talked about structural racism and barriers in accessing capital for BIPOC communities:

"One of the major barriers that I see is definitely access to capital, especially in BIPOC communities. The BIPOC communities have to give more paperwork, the structural racism that's in place, it's still there. Some of the redlining that happened before, it still happens. But I think capital access would be one of the major barriers."

Lending requirements prevent many business owners, especially sole proprietors, from accessing capital to get their business started or to grow their existing business. Without initial capital from personal sources, owners must rely on their financial history to get a business loan or grant. These systemic requirements for capital access create a "chicken-or-egg" problem. For example, one business owner from Dorchester shared that she needed two years of business tax returns to get a loan to start her business, but she cannot fully start her business without the loan. Her business currently is small enough that she files personal tax returns with a Schedule C, but then she does not have business tax returns needed to apply for loans.⁴ She said, "so if you're

small, and you need the capital to actually get started, how do you get started? They want you to already be started."

Business owners in the study neighborhoods want to expand their businesses but may struggle to get the capital needed to do so. In the survey for this study, 77 percent of respondents said that they want to expand their business in the next year. 25 percent of those who do not plan to expand their business indicated that they would like to expand but do not have access to enough capital to do so.

Traditional lending requirements prevent small business owners from accessing capital

Systemic barriers exist within traditional banking and government grants and programs. One focus group attendee talked about a similar issue with applying for a grant from the City of Boston. He said he did not feel it was meant for small businesses because they asked for so many things. They wanted the last three years of business tax returns, but he has only been in business for one and a half years.

Even established businesses with a long financial history can struggle to get capital because of requirements. A flower shop owner with over 20 years of experience, said she cannot get a loan for more than about

⁴ Schedule C is used to report income or (loss) from a business you operated or a profession you practiced as a sole proprietor (IRS).



\$5,000 because of personal debt with her daughter's student loans.

"I know I have the potential. I know how to run a business. I've been doing this for 20 years; I can only qualify for five grand tops. So, with that being said, it's very hard for me now to have the working capital in order for me to get to the next step."

Despite her 20 years of experience running her business, her personal debt prevents her from accessing capital to grow or expand. She recently could not take on a \$4,000 job because the customer could not pay until after the order was fulfilled and she did not have the working capital to pay for the flowers needed to fulfill the job.

There is a demonstrated need for loan programs with fewer requirements and lower barriers to entry to access working capital. In the case of the florist a small amount of money could have helped her gain a new client and expand her business. By considering her personal debt, traditional lenders do not allow her to grow her business and build more wealth. There are examples of organizations that have started programs to loan businesses money based on a contract or purchase order as a guarantee. An attendee in another focus group discussed being able to get pre-income lending from Local Initiatives Support Corporation (LISC) Boston, using a contract as collateral. A program like this could have helped in the flower shop

owner's situation. The challenge is that these programs are not well-known and do not have the capacity to help as many businesses as is needed. Furthermore, they still require lenders to complete due diligence and may not be able to get the capital on a quick enough timeline for some businesses.

Small business owners are discouraged by past experiences and limited availability of resources

Systemic barriers can discourage small business owners from even looking for capital when they have been rejected in the past. The MassINC and Coalition survey revealed that 87 percent of small business owners in the neighborhoods had experienced issues accessing loans, compared to 74 percent across all of Boston. Twenty-five percent of owners in the neighborhoods had experienced a loan rejection, compared to 20 percent in the city as a whole. Boston's Small Business Plan cites research that shows there are higher rates of loan rejection in minority-owned businesses, even after controlling for factors such as business size and credit worthiness (City of Boston Small Business Plan, 2016). Oftentimes, business owners do not know where to go for capital or are discouraged by the lack of success when they do apply for funds. A business owner in a focus group talked about how brick-and-mortar business operators in Boston



can get to a point where they do not even look or ask for help because they assume that they will get rejected. He said, "in the Black community, we have this phrase called crabs in a barrel...we're fighting for one prize, or ten prizes, but there's a need for 300, 400, 1,000 applicants." He also pointed out that each of these applications takes time away from day-to-day business operations just to get rejected. The time it takes to apply combined with the low rate of success discourages business owners to continue looking for and applying for capital. These challenges with accessing capital were seen across the different focus groups and applied to business owners trying to get money from banks, government, non-profit organizations, or other private investors.

One focus group discussed the City's recent SPACE grant program which provides grants to brick-and-mortar businesses in targeted industries and neighborhoods.⁵ Out of over 350 applicants, only 24 grants were awarded in the first round. While some recognized the effort the City is making to invest in small businesses and specifically in minority- and women- owned businesses, others noted the high number of applicants compared to the number of awards given. There is still a greater need for funding than the City can currently offer.

In focus groups, business owners also pointed out that there is a lot of money

in and around Boston, but it does not seem to reach the neighborhoods or small businesses. One focus group attendee said,

"The City and the State will invest in biotech startups that are highly risky, they will invest in certain kinds of startups, which tend to be white led, white invested in, but they won't invest in startups that serve communities that are led by people of color, women of color, disabled folks."

There is a feeling of inequity among these community members that the money in the region often goes to certain startups rather than diverse, community-based businesses. The MassINC and Coalition survey showed that 12 percent of business owners in the neighborhoods reported discrimination in the loan process, compared to four percent across the city. An attendee in another focus group also talked about how there is a lot of innovation and money in Boston and the state but not in the neighborhoods:

"I think for a lot of black and brown business and working-class communities, we need more different types of investors and not just traditional banks... because there's a lot of money in Boston and Massachusetts, but they're not investing in neighborhoods. So having access to even investors willing to take the risks on ideas that are local."

⁵ The SPACE (Supporting Pandemic Affected Community Enterprises) Grant Program prioritizes helping small businesses, with a priority for industries that were most affected by the COVID-19 pandemic. The full list of priority industries can be found here: <https://www.boston.gov/economic-opportunity-and-inclusion/space-grants>.

There is a feeling of inequity among these community members that the money in the region often goes to certain startups rather than diverse, community-based businesses.

Potential solutions to help alleviate historic and modern inequity is to consider other, innovative types of loans that are more accessible to these communities and business owners of color. For example, a focus group member talked about having capital programs like co-ops that are more community-based and more common in other regions of the world, like Latin America. She said this type of support is especially needed in the immigrant community:

"More collectivist forms of entrepreneurship, which are common in a lot of other countries, all across Latin America. And actually, including all the forms of capital, microloans that come from and are rooted within community, that kind of thing is common outside the United States, but we don't have that here. So, I would say, exploring those kinds of avenues would actually be a definite help for the businesses in my neighborhood."

There is demand for non-traditional loans and grants and culturally-relevant lending

Participants encouraged experimentation and innovation to meet the financing needs of black and brown business and working-class communities. One focus group participant thought it would help to create new types of products catering to the needs of early-stage, lower-income business owners, "a product that is geared towards people who would ... fit the same model as a first homebuyer who's on the lower income side."

A relationship-based lending approach, one based on less tangible assets of a business, was also recommended by focus group participants. One person encouraged lenders to look beyond traditional definitions to determine eligibility:

"I know how it works. And you have to have at least the three C's, right? You gotta have the credit, the collateral and the capacity to repay. But monetizing something like the collateral in Michela's business is not the building, it's in her and it's in what she's been able to build and what she's been able to do. And that should be worth something... recognition of capital that is perhaps nontangible."



Embracing certain cultural practices, as well as offering different services in different languages, could improve equity by improving access to capital for immigrant communities. Language was mentioned across focus groups as a barrier that can prevent businesses from accessing capital. The Boston Small Business Plan also discussed some of these barriers that impact populations that have been historically disadvantaged like immigrant business owners:

"In addition to possibly not having the personal capital to start a business, immigrant entrepreneurs often lack credit histories—making obtaining traditional capital difficult. Compounding these issues, a lack of familiarity with U.S. financial systems, government programs, and other resources present additional barriers to success. This lack of familiarity also makes immigrant business-owners vulnerable to predatory financial practices." (City of Boston Small Business Plan, 2016).

The loans that are available for people without credit or financial history typically have high interest rates if they can even get approved for those loans. This includes organizations like community development financial institutions (CDFIs) that can have higher interest rates than traditional banking. The high interest rates can be another disadvantage for business owners trying to build wealth.

The poor experience with capital access for many owners in the neighborhoods has led to a general culture of being debt-averse—several focus group attendees mentioned that they do not generally take out loans and do not get into debt. As one focus group attendee said, "My dad taught me that cash is king, don't get into a lot of debt. Don't owe people."

African Community Economic Development of New England (ACEDONE), an African immigrant and refugee support organization and CDC, noted that among the people that they work with borrowing money can be a cultural issue. Many of the small businesses that they serve borrow money from family or friends in the neighborhood instead of getting a loan. ACEDONE also noted that in parts of the community they serve traditional loans are forbidden for cultural and religious reasons. In response, ACEDONE has developed small business loan programs that are structured differently and do not have interest rates but charge a fee for service. However, immigrant communities and others that are reluctant to take on debt might be more interested in non-traditional loan programs that are community-based, microloans for smaller amounts, or programs that do not have high interest rates or interest rates at all. ACEDONE says that they have a huge waiting list for their small loan program that has a fee for services rather than interest rates.

In an interview with a neighborhood-based organization, they talked about how the businesses they serve need more "low-cost loans" and say there is a feeling of inequity in rates. They also talked about a need for change in traditional ways of banking:

"Banks and traditional lenders have very traditional ways of thinking, there's nothing fundamentally creative about what they do. They're in it to make money, they're not interested in- they like the ideas of cooperative businesses and housing and that kind of thing, but it doesn't work for them. Because they may not get the kind of returns that they want."

There are existing organizations in Boston or the state who are working on more innovative, alternative loan programs that are more accessible to more people, however, there is still a gap in the available funds and programs to meet the demand. There are CDFIs, community and cultural-based economic development organizations, grants from the City, and various other grant and funding opportunities available, yet this still does not seem to meet the need in these communities. This could be because of the systemic and structural barriers that prevent them from accessing the available capital. There also might be a lack of awareness of existing programs, especially if business owners have been discouraged from past experiences.

A quasi-state organization for small business lending described their organization in an interview saying that they "provide access to capital when others don't." They also said that their rates are higher than other loans, but they say they provide money to businesses that cannot access capital traditionally. However, they also say that they do consider personal debt in lending, so there are still barriers even with non-traditional lenders. This organization provides microlending as low as \$10,000, but there is a need for even smaller amounts than that. Again, as an example, the flower shop owner mentioned earlier only needed \$4,000 to complete a contracted job that could have helped grow her business.

The Boston Small Business Plan also talked about microlending and how the U.S. Small Business Administration (SBA) microlending "offers a bright spot." In referring to recent SBA loan programs, the report says, "these programs aim to simplify and streamline the SBA process in ways that reduce time, cost, and risk for banks." The report goes on to say while these practices of removing certain barriers have been impactful, the SBA loans account for only a small portion of small business lending in Boston compared to traditional bank lending (City of Boston Small Business Plan, 2016).

Another existing, innovative small loan program is The Boston Ujima Fund, which in a report from the U.S. Impact Investing Alliance, is described as a "participatory



Our survey showed that nearly two-thirds of small business owners are concerned or extremely concerned that they will be displaced in the next five years, with 22% citing issues affording current rent and 26% citing future rent increases as the reason they may lose their space.

model for local wealth building and small dollar investor engagement." The Ujima Fund is democratically managed by community stakeholders; there are three tiers of stakeholders in the fund's structure where investors can purchase notes⁶ for as low as \$50. The goal of the fund is to "support small businesses, as well as real estate and infrastructure projects in Boston's working-class communities of color." There are other innovative components to the fund's structure that better accommodate the needs of the communities they serve. The report notes that this type of program is not meant to be scaled up as its goal is to provide small loans within a specific community. However, the Ujima Fund can be a model for other similar programs. The report says, "initiatives like the Ujima Fund represent a growing trend that could create impactful outcomes for those historically excluded from financial decision-making and investment opportunities in their own communities." (The U.S. Impact Investing Alliance, n.d.) While Ujima is an innovative and community-based lending solution, one downside, that a community stakeholder pointed out in an interview, is it can be a long process to get a loan approved because of the democratic management.

Another local program addressing barriers and needs is the Dorchester Bay Economic Development Corporation. They have several small business loan programs that provide funding to businesses in Dorchester, Roxbury, Mattapan, Roslindale, Jamaica Plain and Hyde Park. These include the Dorchester Bay Neighborhood Loan Fund that can provide up to \$250,000 and the Rapid Resilience Loan Program that provides smaller amounts between \$5,000 and \$15,000. They also list resources for other loan programs such as the Quick Capital Through SEED (South Eastern Economic Development) that provides microloans as low as \$1,000 and can be approved within two business days. This program, however, still has requirements like having a credit score at a certain level.

Gentrification and displacement

Focus group participants referred to the needs of working-class communities, as well as lower-income business owners and the challenge to remain in the neighborhoods. Rapidly increasing commercial property prices, combined with the increased costs of doing business due to high inflation, have left many small business owners increasingly unable to afford to remain in business. A recent market report for the third quarter

of 2023 found that Boston retail rents are at an average of \$26 per square foot and growing, driven by low vacancy rates and reduced construction of new commercial space.⁷ Available data suggests higher rents in the four neighborhoods compared to the city overall, especially for newly developed spaces. Prices in Dorchester ranged from \$25-\$42 per square foot, and most of the spaces on the lower end of the price range were prohibitively large for a small business. East Boston saw rent costs from \$45-65 per square foot.⁸

Available retail space in these neighborhoods is difficult to find online and can be an added barrier to starting a business. More transparency in the commercial real estate market or assistance with finding spaces and understanding commercial leases could be helpful for small businesses. Neighborhood economic development organizations are likely in a better position to know about available real estate and help businesses find space. Nevertheless the affordability of space is still an issue. One focus group participant from Dorchester, who runs his business from home, said he thinks if he had the money, he could find a space, but there is a greater problem with affordability rather than availability.

A report from the Boston Fed on Massachusetts Working Cities⁹ discusses the challenges with commercial real estate in newer, mixed-use development like much of the new construction seen in the neighborhoods in this study. The authors noted that "developer's need to identify an anchor tenant 36 months in advance of delivering space in order to secure project financing which does not align with the timeline of most businesses and organizations seeking space," and that the businesses that are more likely to contribute to the goals of the community are the least likely to be able to afford the space (Federal Reserve Bank of Boston, 2016).

The increasing cost burden faced by small businesses is supported by our qualitative research. Results from our survey showed that nearly two-thirds of small business owners are concerned or extremely concerned that they will be displaced in the next five years, with 22 percent citing issues affording current rent and 26 percent citing future rent increases as the reason they may lose their space (see Figure 1). Small business owners are already seeing the effects firsthand; one focus group participant had learned only a few days prior to our session that her landlord, planned to sell the building that housed her business so that it could be transformed into condos.

⁶ A note is a legal document that serves as an IOU from a borrower to a creditor or an investor. Notes have similar features to bonds in which investors receive interest payments for holding the note and are repaid the original amount invested—called the principal—at a future date.

⁷ Matthews Real Estate Investment Services, Tri-State Market Report Retail 2023

⁸ LoopNet, CoStar Group. Note: Roxbury and Mattapan did not have enough data to draw any conclusions from.

⁹ Working Cities are cities of more than 35,000 people (excluding Boston), characterized by below median family income and above-average poverty rates, have been termed "Working Cities" by the Federal Reserve Bank of Boston (the Fed).



This trend also played out in our survey, with 31 percent of respondents indicating that they feared their landlord would sell the property or refuse to renew their lease, suggesting that even small businesses that have no issue affording their rent may be at risk as landlords are bought out by residential developers or businesses that are more attractive to a gentrifying population.

Fear of displacement often leads to counterintuitive situations where business owners are not interested in potential beautification or crime reduction measures as this could lead to increasing rent if the neighborhood is seen as a more desirable place to live or a safer place to purchase property as an investment. As one of our focus group participants put it:

"When you're doing community-based violence reduction, the people who are causing the violence to go down, should benefit from that. But instead, they get displaced."

Increasing residential real estate prices have an equally negative effect on small businesses, who struggle to stay in business as the neighborhood around them changes through gentrification. It is not only the loss of community that is detrimental for the

business owners, but gentrification also erodes the customer base to which they may have tailored their services. Several examples of this include a soul food restaurant in Dorchester that serves a large portion of their community with southern roots, or a daycare service in East Boston that mostly serves customers with childcare vouchers. The four neighborhoods have an economic base reflective of a largely residential area, and many businesses shared that they do not get much foot traffic from people who do not already live in their neighborhood.

The importance of serving the neighborhood was reflected in survey responses, with 82 percent of respondents indicating that providing culturally relevant services was "very" or "extremely" important to them and 90 percent indicating that contributing to their neighborhood was "very" or "extremely" important. Eighty-five percent of respondents indicated that it was "moderately", "very" or "extremely" important to the viability of their business that it was located in their neighborhood, indicating that their business would be unlikely to survive either leaving the neighborhood in search of cheaper rent or a significant change in local demographics.

31%

of respondents indicating that they **feared their landlord would sell the property or refuse to renew their lease**

A local community organization remarked that:

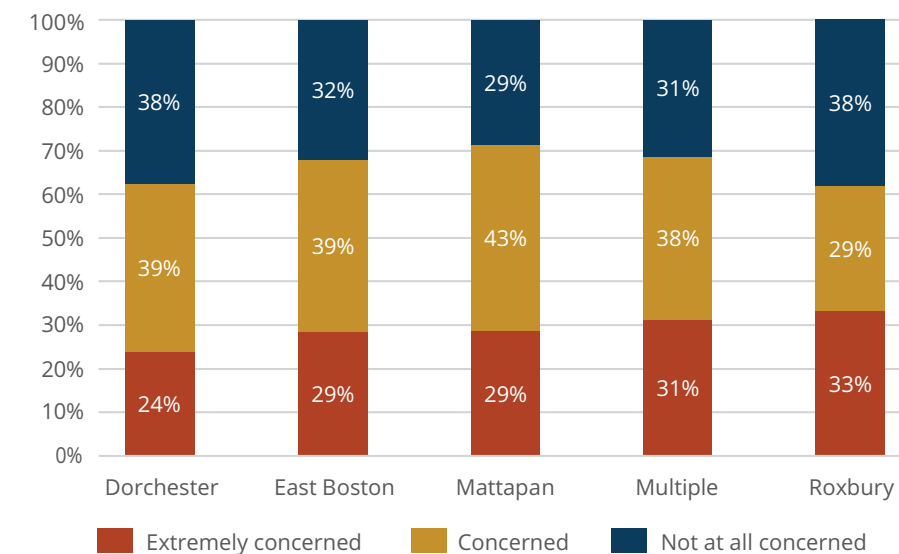
"I think as the community, the thing that may impact it in the long term is that, outside of the land trust, there's market rate housing...as the community changes, the makeup of the community changes, it will start to have an impact on some of those [neighborhood-focused] businesses because it may look very different in five years."

Fear of displacement is not limited to existing businesses. The expectation that

commercial rents will quickly become unaffordable can have a chilling effect on people who are considering opening a small business or transitioning from online only to a physical storefront. These potential businesses will instead either never open, remain online only, or open in a more affordable area outside the neighborhood. One survey respondent who ran their business out of their home put it plainly:

"I am starting to think of where my first brick and mortar will be and it is clear that I will no longer be able to stay in my neighborhood, let alone Boston. It's very sad and unfortunate."

Figure 1: How concerned are you that your business might lose its space in the next 5 years?
Answers from neighborhood survey





Microbusiness owners need tailored services to help them navigate complex City systems like permitting, licensing, and grant applications, and applications to access capital through banks, CDFI's and other lenders.

The lack of technical expertise among many small business owners also contributes to increasing displacement. Many tenants do not know their rights and do not attempt to contest measures that could lead to their displacement. Even if a commercial tenant desired to fight a potential eviction, the same factors that have led to their inability to afford rent make it impossible to afford legal counsel. One interviewee who worked with a community development organization relayed an anecdote about

a developer who had made a handshake agreement with small business owners to work with them and keep rent affordable, only to serve eviction notices the next year. The interviewee's organization was able to get an injunction and eventually win a civil rights case against the landlord; however, many of the businesses had left before the case was even filed due to not even realizing they had a right to contest their eviction based on the prior agreement.

Technical assistance needs

Demand for TA exceeds the supply

While there is a wealth of providers in Boston, the demand for services is greater than the supply. Organizations serving small business owners of color are collaborating, but also working with a limited pool of resources that can lead to challenges in coordinating efforts and meeting the needs of small business owners. The mismatch between the need and the supply of services, and the large number of organizations can lead to business owners feeling ignored or defeated in their attempts to access services.

One long-time owner in Roxbury remarked:

"Boston and Massachusetts are very resource rich, [...], but very impact-poor, and you can see that in the results ... when it comes down to the streets, they don't change. [...] I, as a brick-and-mortar business operator, [...] get to a point where [I] don't even look or ask for help, because we know [I'm] going to get rejected."

Another focus group participant acknowledged the difficulty of meeting the neighborhood demand for technical services:

"Business in Boston needs some sort of handholding. Right. And I know it's hard. It's hard. And I think that's what the CDC's, and Main Street's intentions were, but even they're overwhelmed. We're understaffed, or whatever it is."

Other microbusiness owners expressed the sentiment that the City is focused on supporting and serving larger and more established businesses, or businesses in other neighborhoods. One East Boston Latine small business owner related being told by a City consultant that he had opened his massage business in the wrong neighborhood. "And I say 'No, I'm trying to open over here, and to work over here because I'm trying to work with the Latino community.'" A Boston University survey of service providers supporting Boston's BIPOC small business found that 71 percent of service provider respondents indicated that the City of Boston is least responsive to local microbusinesses, those with five or fewer employees (Glick et al., 2022) suggesting that these business owners perception are widely shared.

On the front lines of supporting microbusiness owners are local Community Development Corporations (CDCs), CDFIs, and mission-based lenders. Many businesses we heard from had successfully utilized technical assistance to grow their businesses and

highlighted the role of community-based organizations in accessing workshops on topics such as marketing, creating a business plan, building business plans, and accounting. In our focus groups with small business owners, there were several owners who cited the support of a CDC or non-profit as essential to their success. For example, one restaurant owner stated:

"Codman Square Neighborhood Economic Development, those are my people. They helped me, they're just instrumental. I mean, I don't think I would be where I am now, if it wasn't for them [...] You know, [the small business coordinator] would literally just walk into my establishment and say, 'Have you heard about this? The SBA is doing this', or he'd send me emails and different things like, did you hear about this grant, there's a grant [...] So very instrumental."

Microbusinesses are different than larger small businesses and their technical assistance needs are unique. This is particularly true in the start-up phase when businesses are struggling to access capital. As one technical assistance provider who works with Latine business owners put it, "The problem with accessing capital is the preparation and what is needed to qualify." Microbusiness owners need tailored services to help them navigate complex City systems like permitting, licensing, and grant applications, and applications to access capital through banks, CDFI's and other lenders. This was especially true during the



pandemic. Recognizing the need to build capacity among small businesses, some mission-based lenders such as Massachusetts Growth Capital Corporation, have made it a requirement of their lending that owners participate in training.

One way of tailoring services to business owners that stakeholders referenced is mentoring and one-on-one coaching. One artist and small business owner in Upham's corner said:

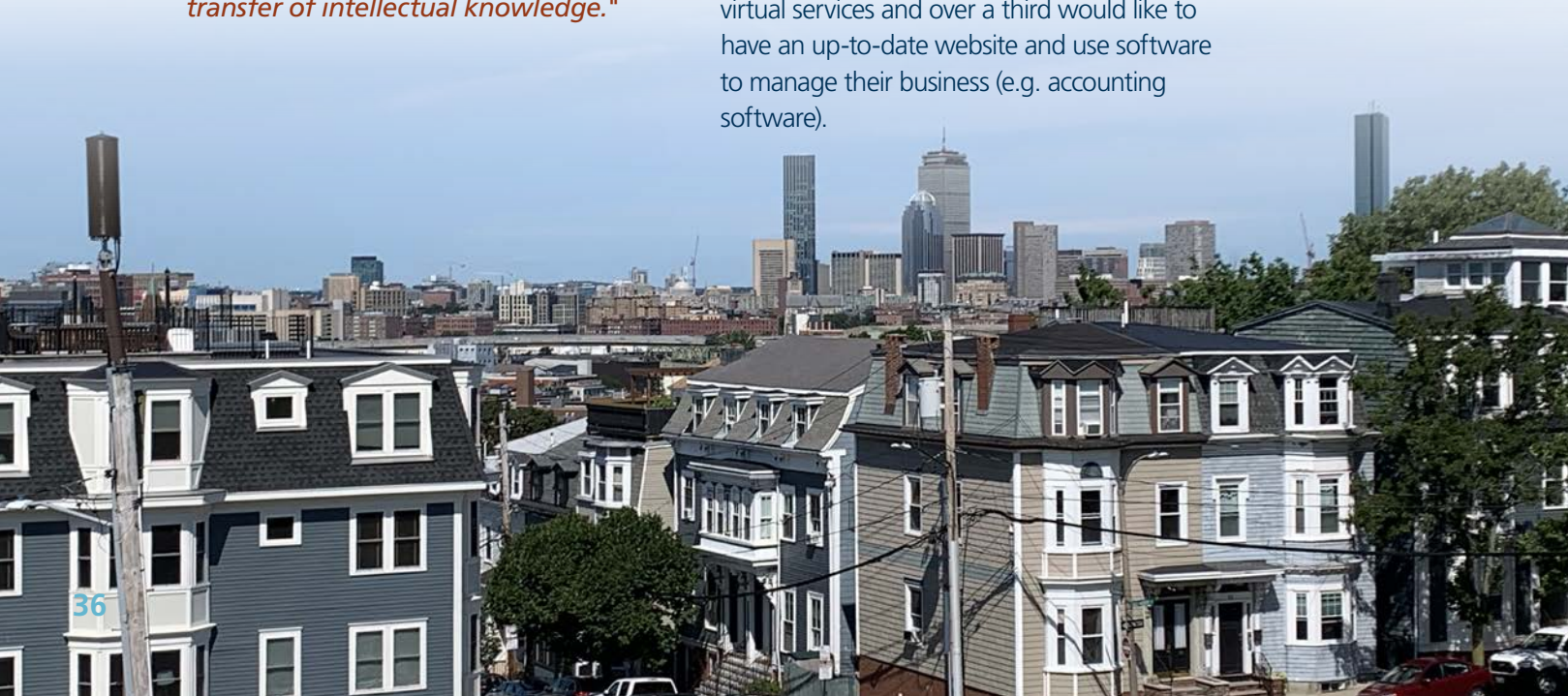
"I'm a big fan of coaching, to have access to business coaching, [because] there can be common issues that we have, but then there's also very much individual issues too."

A survey participant wrote:

"One of the greatest barriers to small businesses of color thriving is the lack of one-on-one mentoring and the transfer of intellectual knowledge."

In our survey we found that after the City of Boston, the most popular source of support was an industry expert. The challenge is that this level of support requires significant and targeted resources. Several providers have adopted a model where they offered tiered support.

While the most basic level of support expressed by providers and owners was the need for assistance organizing and obtaining the paperwork and documentation necessary to open a business in the City and secure capital, another common need was for improving access and knowledge of technology that can support small businesses. We incorporated questions about the use of technology in our survey and found that many businesses were already using technology to run their business, but in many instances there is a desire to do more with technology. For example, 45 percent of business owners would like to be able to accept online orders (see Figure 2), 38 percent would like to offer virtual services and over a third would like to have an up-to-date website and use software to manage their business (e.g. accounting software).

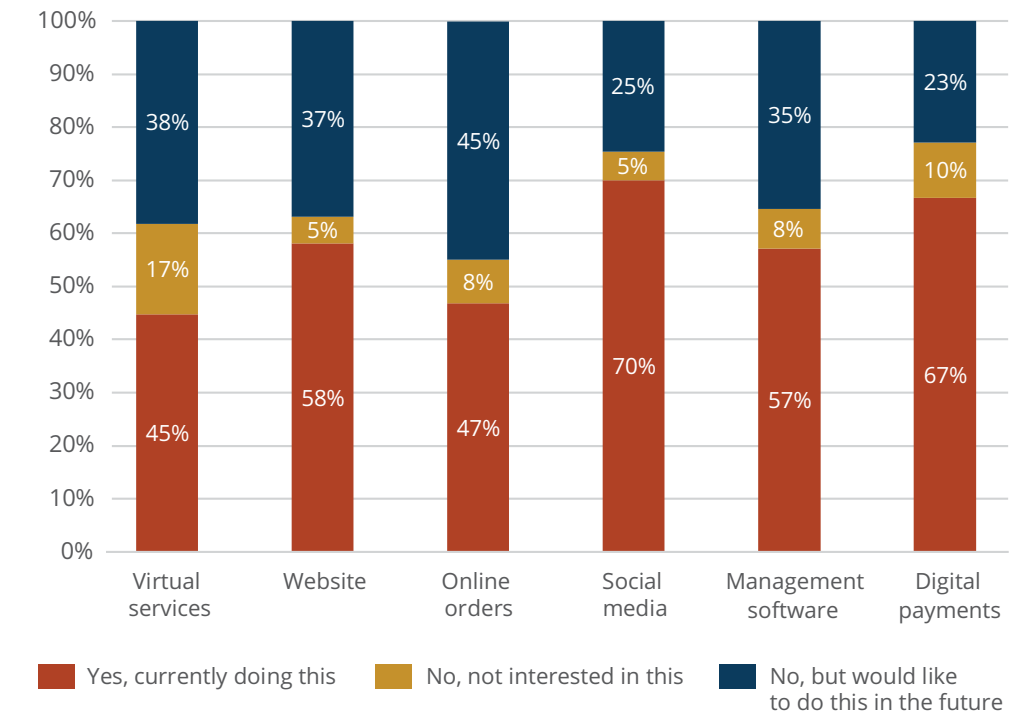


45%

of business owners **would like to be able to accept online orders**

Figure 2: Consider the following uses of technology, indicate whether your business does any of the following?

Answers from neighborhood survey



Established businesses benefit from procurement focused TA

For more established and larger small businesses, there is a role for service providers to act as a bridge between the business owner and potential procurement opportunities. There are several instances where organizations are playing this role. Examples include LEAF, BECMA, and Commonwealth Kitchen. In these cases the "brands" of the service providers

can offer the small businesses credibility when going after opportunities outside of the neighborhood. Pacesetters is a program of the Greater Boston Chamber of Commerce that is focused on increasing economic inclusion through supplier diversity, its "pacesetters" are companies that are committed to increasing the diversity of their suppliers and spending more of their procurement dollars locally and with minority business enterprises. The City and State have also committed to increasing supplier diversity, thus ensuring



that small businesses are able to obtain the appropriate certifications (e.g. MBE/WBE) is a role of service providers working with businesses with the capacity to do business with anchor institutions, both within and outside of their organizations.

Need for culturally-relevant TA

Finally, just as culturally relevant funders were needed to help increase access to capital, culturally relevant technical assistance services were cited as key to meeting the needs of Boston's small business owners. **Stakeholders with experience providing technical support in the neighborhoods expressed the need for those entering the communities to invest time and resources in learning about local strengths and needs and recognizing the diversity within each neighborhood.** For example, one key informant noted:

"It is important to capture the subgroups, because they vary significantly in terms of immigration, in terms of economic background; the Vietnamese community is a refugee community, and that's very different than the Chinese community."

The importance of services in the languages of immigrant communities was mentioned repeatedly, as was the need for supporting immigrants who have brought business practices from their home countries to Boston, which may be poorly understood

or stigmatized in the United States. Organizations like African Community Economic Development of New England (ACEDONE) and VietAid were cited as essential providers to ensure that business owners could access appropriate services. Increased virtual services has made it easier to deliver services in the appropriate language and to connect business owners with service providers who share their cultural background, even if they are not in the same neighborhood.

Need for sustainable coordination and collaboration among TA providers

COVID-19 negatively impacted small businesses. However, the COVID crisis and the Black Lives Matter movement contributed to a sense of urgency to support BIPOC business owners and neighborhoods of color. In Boston this was also fed by the Color of Wealth report from the Federal Reserve Bank of Boston (Muñoz et al., 2015), which spurred the formation of the Black Economic Council of Massachusetts (BECMA) and inspired other existing organizations to focus on increasing wealth in the Black community of the region.¹⁰

The COVID-19 pandemic had a severe and disproportionate impact on small businesses, particularly microbusinesses.

¹⁰ The Federal Reserve Bank of Boston is currently leading efforts to update this research and examine current wealth divides in the Commonwealth. See: <https://www.bostonfed.org/news-and-events/press-releases/2022/boston-fed-and-community-partners-launch-research-effort-to-explore-wealth-divides.aspx>

A nationwide survey conducted from March to April 2020 found that microbusinesses were more likely to be closed than larger small businesses (Bartik et al., 2020). **While most small business owners reported experiencing financial hardship during the pandemic, the highest rate was reported by Black business owners at 92 percent, followed by 89 percent of Asian-owned firms, 85 percent of Latino- or Hispanic-owned firms, and 79 percent of white-owned firms.** Black small business owners were also the most likely to experience difficulty accessing credit when compared to other race groups, at 53 percent (Perry et al., 2022).

Lessons can be learned from the COVID-19 relief programs. The Paycheck Protection Program (PPP), an SBA-backed loan that was intended to help businesses keep their workforce employed during the COVID-19 pandemic. Access to the paycheck protection program was not equal across race (Lester & Wilson, 2022). **The PPP initially relied on traditional banks to deliver loans, which favored existing customers at large banks and disfavored microbusinesses, non-employer businesses, and Black- and Latino- or Hispanic-owned businesses (which are likely to be unbanked or underbanked) (Perry et al., 2022).**¹¹ Firms with Black ownership were half as likely to have obtained bank funds (23%)

¹¹ According to the FDIC, an "unbanked" person is someone that does not have a checking or savings account with an FDIC insured institution. The term "underbanked" means that the household had a checking or savings account with an FDIC insured institution, but regularly used alternative financial services such as a check cashing company or payday lender.

than white owned firms (Federal Reserve Banks, 2020). On average, it took 31 days for small businesses with paid employees in majority-Black ZIP codes to receive PPP loans—seven days longer than those in majority-white communities (Liu & Parilla, 2020). For non-employer businesses, the delay between majority-Black and majority-white neighborhoods grew to nearly three weeks. These delays had a much larger impact on Black-owned businesses than any others because businesses in majority Black or Hispanic communities have a cash buffer of less than three weeks, meaning a three-week delay could be the difference between staying open and closing permanently (Farrell et al., 2019). The reasons for the delays in employer firms had multiple causes, one of which is the structure of the PPP loans themselves. In majority-Black neighborhoods financial technology companies and online lending companies issued nearly 80 percent of loans for non-employer small businesses in 2019. But, online lending companies were not allowed to distribute PPP loans until April 14, further delaying access to pandemic relief funds in majority-black neighborhoods (Liu & Parilla, 2020).

In Massachusetts, three state-wide collaborations emerged to help the small business community respond to the pandemic. Small Business Strong was funded by large corporations with ties to

Over 1,900 businesses received services and Small Business Strong came up in interviews as an example of an effective, but expensive, model of delivering much needed technical assistance.

the state and created a one-stop-shop for businesses to access pro-bono support. Small Business Strong focused on supporting women- and minority-owned firms. Advisors from all over the state worked to connect small business owners with functional specialists who could assist businesses with navigating pandemic challenges. Over 1,900 businesses received services and Small Business Strong came up in interviews as an example of an effective, but expensive, model of delivering much needed technical assistance. It was noted that the model was unique in that the services did not require membership to an organization:

"And that's why Small Business Strong worked because it was not member-based. You know, basically if you had a need they'd help you. [...] You know, [Small Business Strong] could be like a one hit wonder."

The Massachusetts Equitable Paycheck Protection Program (PPP) Access Initiative, which was born out of the pandemic to assist BIPOC-owned business access federal supports, transformed into the Coalition for an Equitable Economy (the Coalition). Unlike Small Business Strong, the Coalition is focused on research, policy, and advocacy to increase state funding to support small business technical assistance. According to their mission statement the Coalition "seeks to convene and partner with a broad cross-sector coalition of stakeholders from across Massachusetts aligned around a shared commitment to building an equitable small

business ecosystem and to the values of racial equity, collaboration, and shared leadership." The Coalition has plans to focus on education and convenings on issues related to increasing equity in the small business ecosystem in the State. They are focused on closing the generational wealth gap and addressing other systemic challenges facing the state's diverse business owners.

In March 2020, the Massachusetts Association of Community Development Corporations (MACDC) formed the Ad Hoc Small Business COVID-19 Response Group, which is now the Community Business Network (CBN). The Network provides a space for peer exchange in support of small business technical assistance providers. The network meets regularly over Zoom to share initiatives, advocate for funding for small business technical assistance, and share information on emerging issues. CBN operates in partnership with the Coalition for an Equitable Economy and the Massachusetts Growth Capital Corporation, which funds many of the states TA providers.

All three of these coordinated efforts are relatively young and their sustainability will be determined in the upcoming years. Interviews and focus groups reflected a need for coordination and collaboration among service providers to ensure that resources are being used efficiently and to improve access to resources. For example, one funder noted that culturally relevant and translated training materials are important, but wondered if more could be done to share limited resources:



"But it doesn't make sense for somebody to create new material, or, you know, why don't we interpret or translate all the Interise¹² information into different languages, so everybody can use it?"

This funder also pointed to the need to create a list of vetted or trusted organizations that could be compiled and shared with service providers and small businesses. Coordination has been used to fund research, such as the 2022 survey of Massachusetts small businesses. **Ongoing coordination focused on the needs of microbusinesses and business owners of color, at either the state or city level, could benefit the community even as the pandemic recedes.** This will prepare service providers to meet new and emerging challenges. Furthermore, increasing state funding for initiatives that increase coordination and collaboration among technical assistance providers could lead to economies of scale, such as sharing materials in multiple languages or lists of vetted providers.

Neighborhood conditions

Local owners are focused on supporting their communities

Small business owners were in tune with the needs of the neighborhoods, because their business viability is interconnected with the wellbeing of the neighborhood and often the neighborhoods are also their homes. In the MassINC survey, owners were asked "Over the next few years, what are the main goals you would like your company to achieve?" Overall only two percent of respondents in the state selected "community and diversity engagement and growth" but in the zip codes representing the study area 11 percent selected this option. Concern for the community was a common thread throughout the interviews and focus groups as well. For example, one Caribbean immigrant reported creating a tax preparation business focused on meeting the needs of the Caribbean community in his neighborhood. A Haitian therapist opened her practice in Mattapan to provide access to the Haitian community.

"I've always worked with communities of color, specifically immigrant communities of color, Haitian community, of Haitian background, I immigrated here when I was young, around eight. My work has centered around under resourced, underfunded agencies, the other agencies I work with as well are in Fall River. Some of those health centers

¹² Interise is a Boston-based organization that aims to facilitate connections, knowledge-sharing, and networking among established small businesses.



there, and Fall River being a Gateway City and not having a lot of resources, those are the kinds of places I tend to want to work with, because I feel like I can provide more impact. So, I chose Mattapan."

A Dorchester restaurateur reported attending community meetings consistently before determining the cuisine.

"I really love the aspect of being in the community. I even spent time in the community asking them what type of restaurant do you want in this neighborhood because I wasn't set in my cuisine, I hadn't selected my cuisine, I wasn't even thinking soul food."

Businesses also value being located in their communities for practical reasons, one florist in a focus group noted:

"The main reason is because I see hope here [in her neighborhood], because it's not as expensive as having a business in downtown or going to JP, or any of the areas like Seaport, which is ideal for my line of business. But having the support of Dorchester Bay[EDC], Upham's Corner Main Street, being ten minutes away from home, less than ten minutes away from the flower market down the street, and further down to the flower exchange is less than 20 minutes, it just makes sense."

Serving the community can be beneficial for the business owner, but it also helps the

community by providing jobs and services. The challenge is that in some instances the desire to serve the community can take precedence over a business' viability. One service provider noted that:

"Based on our information that [roughly] 90% of all businesses that we encounter, actually open their business for the benefit of the community, and sometimes to the detriment of their business. Because not only supporting their family, but supporting a community, supporting people with jobs within that community that are like them, and that they can support but that they feel that their business is there to support the community, for the benefit of the community."

Local infrastructure

The Mayor's Office of Economic Opportunity and Inclusion, the City of Boston's primary office for economic development, has made neighborhood revitalization one of its main goals. This goal is described on the Office's web page as, "We will focus on strengthening our Main Streets—which should operate as our 'little City Halls' — and turning all our neighborhoods into destination areas." This idea also resonated in focus groups with small business owners who expressed a desire to see greater investment in local infrastructure and transportation and for their neighborhoods and storefronts to be frequented by customers who would linger in the

neighborhood. Supporting small business owners through technical assistance and grants focused on improving storefronts and physical spaces can ensure that the broader community continues to benefit from the services provided. The loss of these businesses with deep ties to the community can also mean the loss of culturally relevant services and sense of community from residents.

In focus groups and interviews, participants discussed issues and challenges surrounding the physical environment of the neighborhoods. This includes the infrastructure of the neighborhoods; attendees talked about the need for streetscape improvements including sidewalks, lighting, and other beautification needs. Attendees also discussed issues of public safety in their neighborhoods.

When asked about the challenges of operating a business in their neighborhood, one focus group participant in Dorchester said people want businesses and storefronts there to look "more presentable". A couple other participants echoed this idea saying the buildings can look old and many need renovation. Eighteen percent of the survey respondents indicated that poor building conditions were a challenge they had faced with their business. Additionally, 38 percent reported that they had difficulty covering the expense of improvements to their business space or location. Others noted issues with the pavement and sidewalks. One focus group participant noted how

beautification and arts can help bring up the economic value of a neighborhood, which can be a double-edged sword for those concerned with displacement.

Public safety

These physical improvements can also include lighting, which a couple of focus group participants mentioned, and is related to both streetscaping and public safety. Public safety issues related to crime or homelessness also came up in talking about challenges in Dorchester. One business owner talked about how they switched from accepting cash to only taking cards because of their concern with crime in their neighborhood. They also said they close early because of safety concerns in the neighborhood, and they have heard of other business owners getting held up at gunpoint in the past. Another participant noted that they never see police in their neighborhood, saying they have not seen police officer in the neighborhood in five years. The lack of police presence can make business owners and potential customers of those businesses feel unsafe. A leader of a main streets organization also mentioned the need for more security in the community. Other participants referenced issues with people experiencing homelessness in their neighborhoods. The presence of people experiencing homelessness could add to the feeling that the neighborhood is not safe. For their businesses to thrive, there needs to be a sense of safety in the community.





Another public safety concern was from a childcare provider in East Boston who said she did not feel the commercial areas were as safe for children. She noted the presence of liquor stores and drunk people in these areas. She also noted the commercial areas can have high traffic with a lot of cars. Many of these neighborhoods have similar issues where there is more car traffic, and the neighborhoods are not as walkable or easily accessible by public transportation. In Upham's Corner in Dorchester, for example, it is about a 20-minute walk to any MBTA stop. This adds to the challenges of attracting people there.

Walkability and public transit

The lack of walkability or access by public transportation can affect the ability to make their neighborhood a retail destination. Main streets directors and business owners all remarked on their desire for landlords to consider the mix of small businesses in the community. One focus group participant in Dorchester noted that their neighborhood is not as conducive to foot traffic and customers do not stay in the neighborhood to shop. She referenced SoWa market in the South End of Boston as an example of a place where people go to shop with multiple retailers and artists. Retail clusters like she described are a recognized economic development strategy to help bring in foot traffic and vitality to a neighborhood, but investment and coordinated planning is needed to create these clusters in these neighborhoods. In all four neighborhoods, there were mentions of the need for capital investments like renovating older buildings, streetscape improvements including adding more streetlights, or beautification projects can help increase the value of a neighborhood.

In making any improvements like this, however, gentrification and displacement should be considered as well. Any improved structures or infrastructure should benefit the existing members of the community and not price them out of the neighborhood. Capital investments should be made with programs like helping develop business cooperatives or other shared space concepts.



Landscape Analysis

Introduction

Dorchester, East Boston, Mattapan, and Roxbury are home to more than 250,000 Bostonians, well over a third of the city's population. Nearly two-thirds of the city's Black residents, over half of the city's Latine residents, and nearly half of the city's foreign-born residents live in these four neighborhoods. Dorchester, Roxbury, and Mattapan, the three contiguous neighborhoods in the study, have a particularly strong shared history among Black residents, whereas East Boston has the largest Latine population of any neighborhood in Boston. Businesses in these neighborhoods—from Caribbean restaurants in Mattapan to the bustling Latin American arts scene in East Boston—provide a taste of home and specific services and goods that cannot be found anywhere else in Boston.

All four neighborhoods are dominated by small businesses that are oriented towards serving residents rather than commuters or tourists, as you might see in places like Downtown Boston or the Seaport. When we look at the industry mix in the Boston metro area, we see that businesses owned by people of color are concentrated in accommodation and food services, retail trade, and other or personal services, the same businesses that occur most frequently in the four study neighborhoods. These industries, and by extension diverse firms, were hit disproportionately hard by pandemic closures, and face continued erosion of their customer bases due to gentrification. While Massachusetts overall has nearly reached pre-pandemic job levels, as of January 2024, accommodation and food services, retail trade, and other services have yet to recover and are lagging job recovery in relation to other sectors in the state.

Nearly two-thirds of the city’s Black residents, over half of the city’s Latine residents, and nearly half of the city’s foreign-born residents live in these four neighborhoods.

There was a need for technical assistance providers and incubators that serve the needs of the neighborhoods of Boston that are often overlooked.

Table 1: Neighborhood resident demographics

	Dorchester	East Boston	Mattapan	Roxbury	Boston
Total Population	124,865	45,501	26,938	53,399	672,814
Race					
White Alone	27%	55%	10%	20%	50%
Black or African American Alone	44%	3%	74%	49%	23%
American Indian and Alaska Native Alone	0.2%	0.2%	0.1%	1%	0.3%
Asian Alone	9%	5%	2%	4%	10%
Native Hawaiian and Other Pacific Islander Alone	0.004%	0.02%	0%	0.03%	0.1%
Some Other Race Alone	9%	7%	4%	15%	7%
Two or More Races	11%	31%	10%	10%	10%
Ethnicity					
Hispanic or Latino of any race	20%	55%	15%	28%	20%
Immigration and Language					
Foreign Born	33%	46%	34%	28%	28%
Speak English less than well	4%	24%	4%	8%	5%
Educational Attainment					
Less than High School	17%	25%	13%	20%	12%
High School Graduate or GED	27%	26%	32%	28%	19%
Some College	24%	16%	32%	23%	18%
Bachelor’s Degree	18%	22%	13%	18%	28%
Master’s Degree	11%	8%	8%	7%	16%
Professional School Degree	2%	2%	2%	2%	5%
Doctorate Degree	1%	1%	1%	1%	4%
Poverty Level					
Under 100% of Poverty Level	14%	11%	12%	19%	13%
100% to 200% of Poverty Level	41%	42%	36%	46%	35%

Source: US Census Bureau, ACS 5YR Estimates 2017–2021

Over 90 percent of businesses in Dorchester, East Boston, Mattapan, and Roxbury are small businesses with less than 50 employees and, not including non-employer firms, the percentage that are microbusinesses with less than ten employees ranges from 65 percent in Roxbury to 78 percent in Mattapan. Employment growth in the neighborhoods over the past decade has been concentrated in the health and social assistance industry, which tends to be dominated by large hospitals, but other occupations that tend to be employed by small businesses have grown across all for neighborhoods. These tend to be lower-paying jobs that are in the same resident-focused industries mentioned earlier, but higher paying jobs in the construction sector and specialty contracting, jobs often filled by small businesses, have also seen significant growth across the four neighborhoods.

When we look at the 2022 MassINC and Coalition survey data we see that business owners in these neighborhoods are different than owners in the state and Boston. Forty seven percent of respondents to the survey were Black compared to five percent in the state and 15 percent in Boston. The survey showed that 27 percent of respondents from the study area had "received assistance, coaching, or advice in the last 12 months?" This was higher than in the state or Boston. Overall respondents found the assistance useful, but respondents from the four neighborhoods were somewhat

less likely to report that they found the assistance that they received useful than respondents in the state or Boston. This may speak to the fact that the business owners in these communities have unique needs.

Focus group participants lamented that services were not targeted at their needs. Many of the business owners in our study shared the perception that technical assistance services are targeted at businesses in the dominant industries in Boston and other neighborhoods, such as finance and insurance, professional scientific and technical services. There is a need for technical assistance providers and incubators that serve the needs of the neighborhoods of Boston that are often overlooked. What is most needed by existing businesses in these neighborhoods are tools to support food services, retail trade, construction, and other services (e.g. day cares and beauty salons).

The gateway to services for many small businesses are local organizations such as Main Streets and neighborhood CDCs. The challenge is that many neighborhood organizations have limited staff and resources. Ensuring that these organizations are well networked with other city and state technical assistance providers and lenders, who have more capacity to meet the needs of business owners, is essential. Our survey asked business owners about their plans for the next year and **the vast majority have plans to grow their business** in the next year (77%). Of those looking to grow,

72 percent would like to expand the products or services offered and 31 percent would like to open a new location. Thus, these businesses will need capital and support navigating commercial real estate markets and City bureaucracy.

Nearly one in four business owners in our survey (23%) reported that they were not members of any business organizations. This is a potential barrier as many services are provided through membership-based organizations. Furthermore, organizations

provide a means of connecting to other business owners who have experience navigating challenges. For example, industry specific technical assistance providers and incubators have the advantage of crossing neighborhood boundaries and offering specialized services and identity-based organizations are effective at providing services in a culturally relevant manner. In Figure 3 we provide a snapshot of the organizations actively supporting small businesses in the neighborhoods.

Figure 3: Select organizations supporting small businesses in Dorchester, East Boston, Mattapan, and Roxbury

State level (or higher)	Local level (Boston)	Neighborhood Level
Asian Business Empowerment Council (ABEC)	African Community Economic Development of New England (ACEDONE)	Main Streets Organizations
Amplify Latinx	City of Boston	Codman Square Neighborhood Development Corporation
Black Economic Council of Massachusetts (BECMA)	The Boston Foundation	Dorchester Bay Economic Development Corporation
Boston Impact Initiative (BII)	The Boston Ujima Project	Dudley Street Neighborhood Initiative
Coalition for Equitable Economy (CEE)	<div style="border: 1px solid black; padding: 5px;"> <p>Legend</p> <ul style="list-style-type: none"> Lender or Funder Direct Support / Technical Assistance Identity-based Advocacy </div>	East Boston Community Development Corporation
Commonwealth Kitchen		East Boston Chamber of Commerce
Local Enterprise Assistance Fund (LEAF)		Greater Mattapan Neighborhood Council
Local Initiatives Support Corporation (LISC)		Roxbury Innovation Center
Massachusetts Growth Capital Corporation (MGCC)		The Vietnamese American Initiative for Development (VietAID)
Mill Cities Community Investments		
Small Business Strong		

Please see supplemental materials for a full description of the selected organizations. Note that these organizations are only a selection of those active in the area. While we attempted to capture the primary focuses of each, we were unable to interview every organization, and therefore, they may be engaged in additional activities.

Only a handful of business owners had successfully obtained a certification and many were unaware of MBE or WBE certifications and why it might be advantageous to obtain a certification.

For businesses in our interviews and survey the City of Boston was often the first stop for support. The level of trust in the City positions it well to continue to coordinate and lead efforts to support small businesses. The challenge is ensuring that support is targeted appropriately and there is capacity to meet the high level of demand. **When asked "if you were looking for help running your business, who would you trust to help you?" 63 percent of owners selected the City of Boston.** At the same time, we heard from many business owners that the City's bureaucracy was a barrier to accessing services, and others who believed that the City was oriented towards serving larger businesses or businesses from other industries or neighborhoods. Since taking office in late 2021, Mayor Michelle Wu has created several programs to support equity and diversity in small businesses in Boston. The Wu Administration created the Economic Opportunity and Inclusion Cabinet that focuses on equity and creating opportunities to build generational wealth in all communities in Boston. The Mayor's Office of Economic Opportunity and Inclusion is led by Segun Idowu, former CEO of The Black Economic Council of Massachusetts (BECMA). Furthermore, over the course of the year while this study was being conducted, the City was also undertaking a small business planning process.

One recent program aimed at helping minority-owned and women-owned business is the SPACE (Supporting Pandemic Affected

Community Enterprises) Grant Program, which was created using American Rescue Plan (ARPA) funding. The SPACE program provides grants of up to \$200,000 to small businesses disproportionately impacted by COVID-19 that are looking to fill vacant commercial space in the city. The grant program prioritizes industries most affected by the pandemic such as restaurants, retail, and service businesses. It also prioritizes businesses located in qualified census tracts, which include areas in Dorchester, Roxbury, Mattapan, and East Boston.

In late July 2023, Mayor Wu announced the first round of 24 grant recipients. This first round of grants will distribute \$2,830,000 across the 24 small businesses to help them expand and move into vacant storefronts across the city (City of Boston, 2023a). Of the 24 recipients, 75 percent are minority-owned and more than 60 percent are women-owned. Recipients were from a variety of industries and included retail stores, art studios, daycare centers, bars, and food vendors. **The SPACE program received more than 350 applications from across all neighborhoods for this first round of funding, indicating an even greater need for this type of funding.** In spring 2024 the second round of grants were made to 37 grantees for a total of just over \$4.5 million. Because the program is funded by federal ARPA grants, the sustainability of the program at its current scale may be limited, while the need is likely to continue.

82%

believed it was extremely or very important to provide culturally relevant services or products to their community

Mayor Wu has also further advanced equitable procurement policy changes. As a city councilor, she helped lead the initiative for a disparity study report and review of the procurement policy. The report showed that only 1.2 percent of the \$2.1 billion in City's contracts for construction and professional goods and services went to Black and Latinx-owned businesses (City of Boston, 2021). Based on this report, and pressure from organizations including Amplify Latinx and BECMA, the City adopted changes to their procurement policy. In early 2021, Mayor Marty Walsh issued an executive order to "utilize at least 25 percent minority- and woman-owned businesses across all contracts awarded in any fiscal year, with a goal of 15 percent utilization for woman-owned businesses and a goal of ten percent utilization for minority-owned businesses" (*Disparity Study*, 2019). Mayor Wu has furthered this effort since becoming Mayor. In late 2021, she launched a pilot program known as a sheltered market program that allows the City of Boston to designate up to six city contracts for procurement from minority- and women-owned businesses. Then in 2022, Mayor Wu announced a \$17 million contract was awarded to City Fresh Foods, a Roxbury-based employee- and Black-owned food service company, to provide meals to Boston Public Schools. This is the largest non-construction contract the city has awarded to a certified Black-owned business (Hill, 2022).

In late 2023, Mayor Wu announced the City's progress toward reaching its supplier diversity goals; in the 2023 Fiscal Year, the City awarded 14 percent of contracts to certified Minority and Women Business Enterprises (MWBs), up from six percent in the previous fiscal year (City of Boston, 2023b). The mayor also announced the release of an RFP for a new business accelerator program called the Supplying Capital and Leveraging Education (SCALE). The SCALE program will support businesses through technical assistance, educational programming, and consulting services. The program targets specific industries, which were chosen based on high levels of City spending. The goal is to help disadvantaged small businesses with the tools "needed to compete for public, private, and institutional contracts." The program plans to support 18 businesses in its first year. Mayor Wu continues to work toward removing barriers for minority and women-owned business to compete for city contracts that provide great economic opportunity.

Efforts to increase supplier diversity have the potential to uplift businesses in the four study neighborhoods, but many business owners will require assistance to increase the capacity of their business or to obtain appropriate certifications. **In our survey we found that only a third of businesses with an owner of color were certified MBE and 28 percent of businesses with women owners were certified WBE.**

In our focus groups, **only a handful of business owners had successfully obtained a certification and many were unaware of MBE or WBE certifications and why it might be advantageous to obtain a certification.** There is a clear need to support businesses in all four neighborhoods with obtaining certifications.

Below we outline some of the ways each neighborhood is unique. At the same time, we found that in keyways the neighborhoods are similar. The majority are looking to expand and grow and are focused on giving back to the diverse neighborhoods they serve. In our survey we found that 90 percent of owners believed it was extremely or very important that their business contribute to the neighborhood/community and **82 percent believed it was extremely or very important to provide culturally relevant services or products to their community.** At the same time these businesses are vulnerable to displacement. **Seventy-two percent lease their spaces.** Of those with an office or storefront **nearly two thirds are concerned they might lose their space in the next five years.** Thus any policies to support small businesses in these neighborhoods should be concerned with ensuring that current residents and owners have a voice in shaping their commercial corridors and neighborhoods.



Dorchester

Figure 4: Dorchester neighborhood boundaries

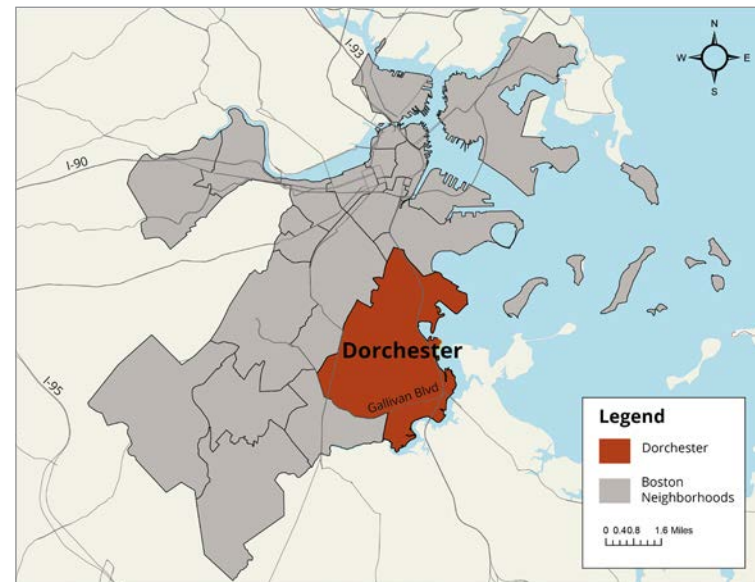
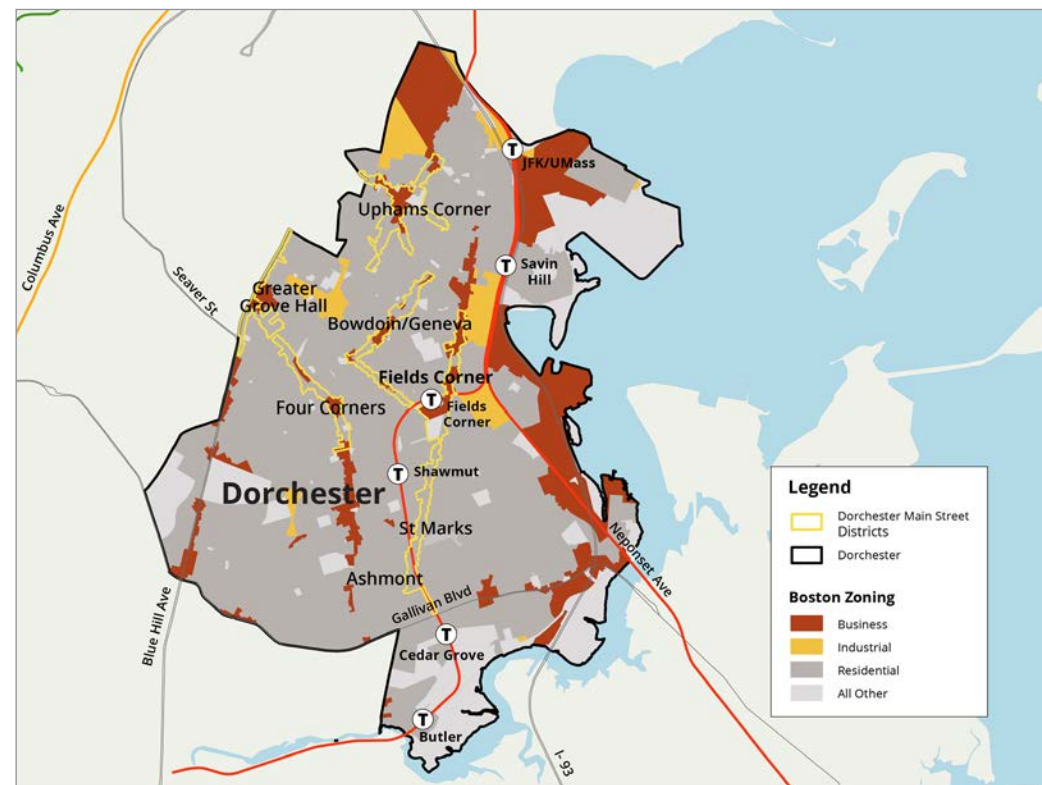


Figure 5: Dorchester Main Street districts and zoning



44% OF RESIDENTS ARE BLACK OR AFRICAN AMERICAN
1 in 3 RESIDENTS IS FOREIGN-BORN

TOP COUNTRIES/REGIONS OF ORIGIN FOR FOREIGN-BORN POPULATION:

DOMINICAN REPUBLIC, WEST AFRICA, VIETNAM, HAITI, JAMAICA, AND OTHER CARIBBEAN NATIONS

Neighborhood demographics

Dorchester is the largest neighborhood in the city, both in area and population, and is more racially and ethnically diverse than Boston overall. One in five Boston residents live in Dorchester. Nearly half of the population in Dorchester is Black or African American and 20 percent are Hispanic or Latino. Approximately one in three Dorchester residents are foreign-born, with significant concentrations from the Dominican Republic, West Africa, Vietnam, Haiti, Jamaica, and other Caribbean nations. The neighborhood's size, both in terms of geography and population, means that it is home to several vibrant commercial centers. At the same time Dorchester is a predominantly residential area, with over 90 percent of the population commuting outside the neighborhood for work.

Small business and industry analysis¹³

Dorchester's industry mix reflects the residential nature of the neighborhood (see Figure 7). Other services and retail trade are the largest industry sectors in Dorchester, each make up 16 percent of the total business establishments.¹⁴ Healthcare and social services is close behind

these industries, making up 15 percent of businesses in Dorchester, followed by construction and accommodation and food services, making up 11 and ten percent of businesses, respectively.

Dorchester has a mix of food establishments, ranging from nationally recognized restaurants to casual restaurants serving food from around the globe, to fast food chains. Employment in food services and beverage places added over 1,000 net new jobs over the past decade in Dorchester. Food and beverage stores also increased employment over the past decade, adding more than 300 new jobs. These food and beverage businesses may have additional potential to grow in Dorchester, providing employment and wealth-building opportunities to small business owners and essential services to the community. The challenge is in ensuring a mix of establishments that serve the neighborhoods' needs.

In addition, food-based businesses have the potential for contracting with anchor institutions and government, provided they can access the capital and support necessary to go after contracts. Commonwealth Kitchen, a unique food-business incubator, is based in Dorchester and serves

¹³ Sources for neighborhood small business and industry analysis include: Lightcast, US Census Bureau, Zip Code Business Patterns 2020

¹⁴ The Other Services (except Public Administration) sector comprises a wide breadth of establishments including equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services. Because of this, it is difficult to draw conclusions from the high number of establishments that are classified under this code.

entrepreneurs from the neighborhood and across the state. It has been active in supporting businesses as they grow and facilitating contracting opportunities.

Another area for growth with the potential for government contracting is the construction industry. Construction saw significant employment growth in the past decade. Specialty trade contractors have higher wage and earnings potential than many other industries, with wages around \$83,000 for jobs in this industry in Dorchester. In comparison, the average wage for occupations in food services and beverage places is around \$39,000. Specialty trade contractors also have opportunities to win contracts through procurement agreements with anchor institutions like hospitals, schools, or government bodies, potentially giving these small business owners access to much larger pools of capital than they would be able to command on their own.

Currently, professional, scientific, and technical services make up only six percent of all business establishments in Dorchester, compared to 16 percent in Suffolk County overall. Over the past decade, this industry has added fewer than 200 jobs in Dorchester. There is potential for more growth in small businesses in this industry in Dorchester, especially in the area of services to support community businesses. For example, in our focus groups we spoke with consultants who provided research services and tax preparers who specialized in working with Caribbean business owners and individuals.

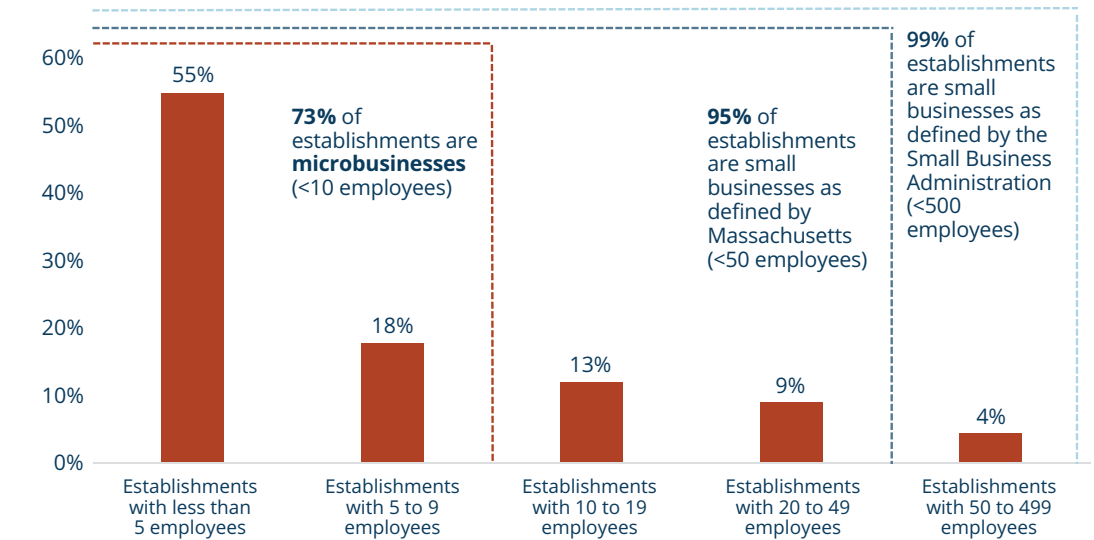
While the retail sector has struggled overall, the sector has grown in Dorchester over the past decade. Growth was particularly strong in general merchandise retailers, health and personal care retailers, and furniture, home furnishings, electronics, and appliance retailers. The wages or earnings for these retail industries vary by type but can provide wealth-building opportunities for small business owners. General merchandisers have annual wages or earnings of around \$35,000.

Table 2: Employment growth of selected* industry sectors in Dorchester

	2012 Jobs	2022 Jobs	2012–2022 Change	2012–2022 % Change
Retail Trade	3,622	4,549	927	26%
Accommodation and Food Services	2,120	4,018	1,899	90%
Other Services	4,729	3,970	(759)	(16%)
Construction	2,435	3,293	859	35%
Professional, Scientific, and Technical Services	907	1,071	164	18%

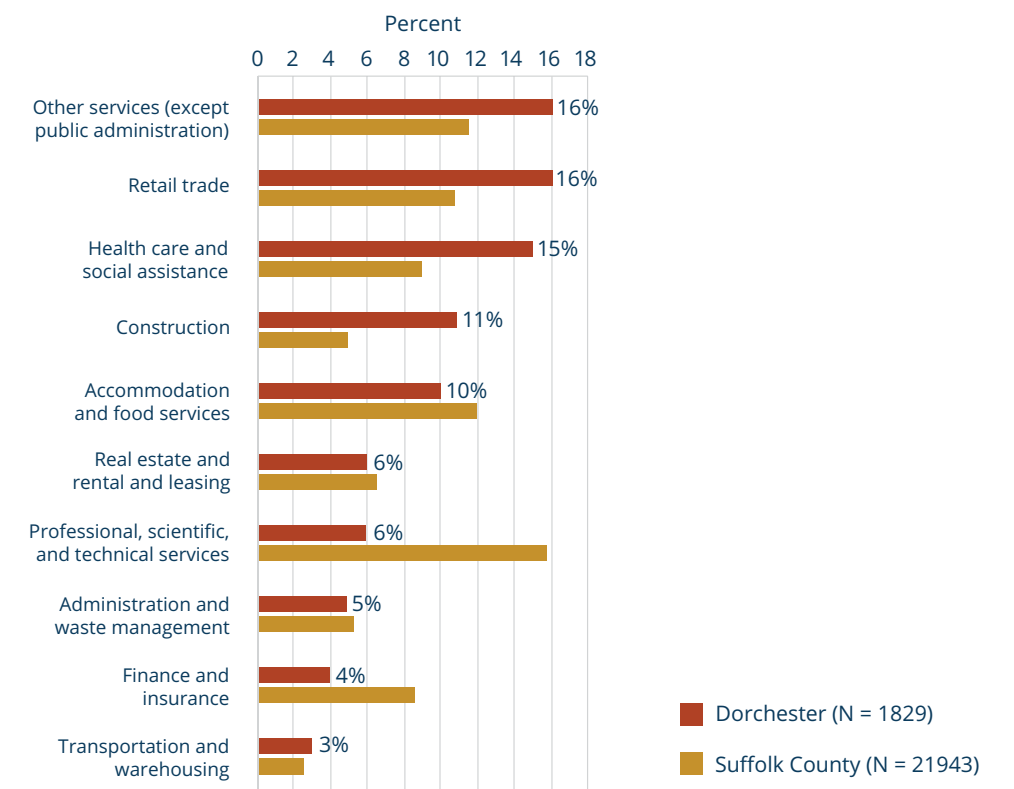
Source: Lightcast
 *Industries selected based on relevance to small businesses and the size of industry in the neighborhood

Figure 6: Business size by employee count, Dorchester, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Figure 7: Top 10 industries in Dorchester, employer firm establishment share, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Gaps & Opportunities:

-  INCUBATOR SPACE AND SUPPORT FOR SMALL BUSINESSES IN PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES
-  SUPPORT FOR SPECIALTY TRADE CONTRACTOR SMALL BUSINESSES
-  SMALL BUSINESS SUPPORT FOR CONTINUED GROWTH IN FOOD SERVICES AND RETAILER BUSINESSES

Survey results

There were 175 survey respondents from small businesses in Dorchester, which accounts for more than half of all the survey respondents.

- **43%** of businesses are sole proprietorships and **47%** are microbusinesses. Less than **10%** of the respondents had businesses with ten or more employees
- **Approximately half** of respondents operate home-based businesses
- Around **20%** have a storefront
- **17%** have an office or studio space
- **13%** are in a shared space (co-working space, community kitchen, or shared maker space)
- **40%** of the respondents with businesses in Dorchester are Black or African American
- **Nearly a quarter** are Latino/a
- **7%** are Asian or Pacific Islander
- **Over 40%** started their businesses after 2020
- **Two-thirds** of respondents identified as woman-owned businesses and around **25%** identified as immigrant-owned businesses
- **40%** conduct business in Spanish
- Cape Verdean Creole, Haitian Creole, Vietnamese, and Portuguese each had **5%** of businesses say they conduct business in that language



Existing small business support

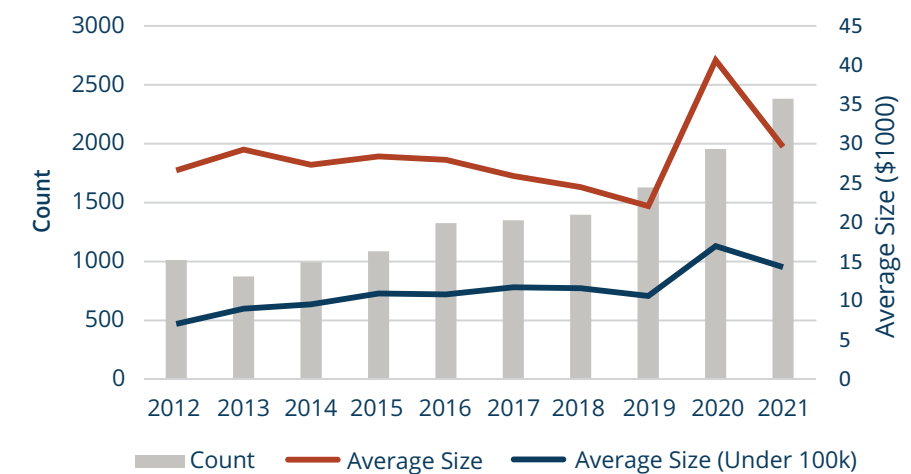
As the largest neighborhood in the study, Dorchester also has a high number of small business support organizations including economic development organizations and several main streets organizations. This includes Codman Square Neighborhood Development Corporation (CSNDC), Dorchester Bay Economic Development Corporation, Bowdoin Geneva Main Streets, Fields Corner Main Streets, Four Corners Main Streets, Greater Ashmont Main Streets, Greater Grove Hall Main Streets, and Upham’s Corner Main Street. There are also organizations that support different cultural groups such as Viet Aid and incubators, such as the non-profit Commonwealth Kitchen.

Many of these organizations have loan programs to support small businesses

or provide other forms of small business support such as technical assistance, hosting workshops, beautification efforts, and other economic development activities.

The number of small business loans reported through the Community Reinvestment Act disbursed in Dorchester has been increasing over the past decade, reaching its peak in 2020, likely due to loans given out as part of pandemic relief programs (see Figure 8). These loans, made by traditional banks, represent both small loans (smaller than \$1 million) and loans to small businesses (those making \$1 million or less in revenue). The number of loans disbursed to Dorchester businesses has steadily increased to just under 2500 in 2021. In 2021 the average loan size was roughly \$30,000.

Figure 8: Small business loans made in Dorchester, 2012–2021



Source: Federal Financial Institutions Examination Council, Community Reinvestment Act Data Report, 2021

East Boston

Figure 9: East Boston neighborhood boundaries

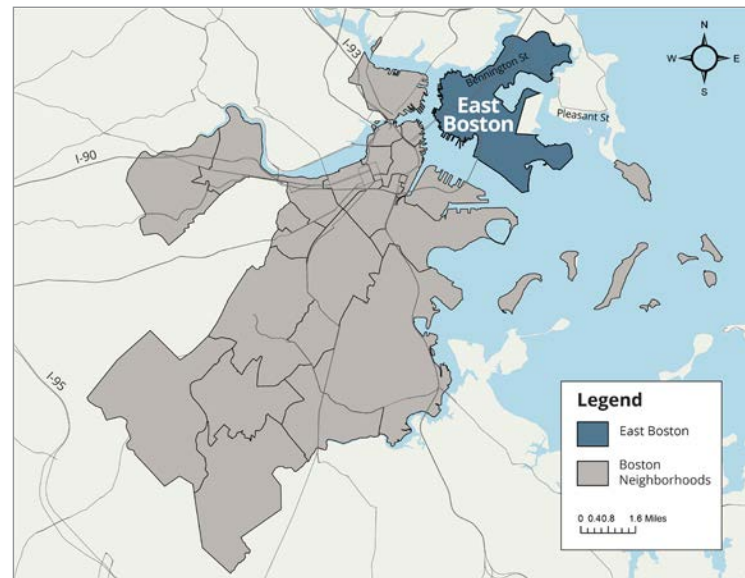
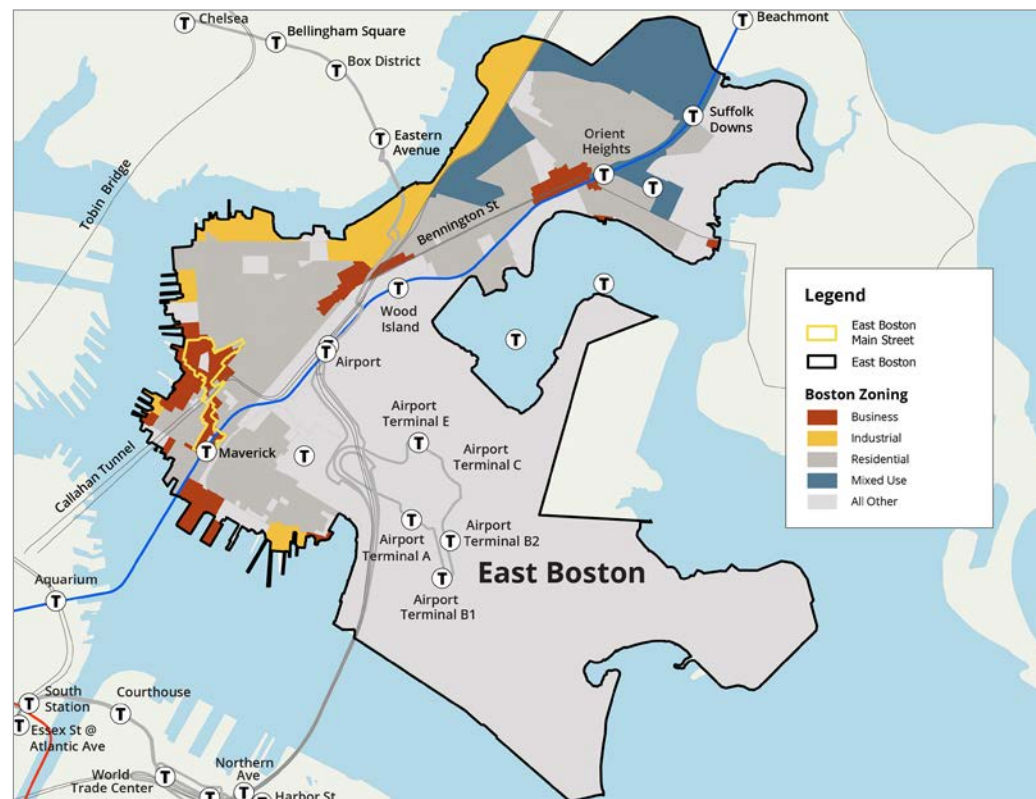


Figure 10: East Boston Main Street district and zoning



55% OF RESIDENTS ARE HISPANIC OR LATINO
46% OF RESIDENTS ARE FOREIGN-BORN

TOP COUNTRIES OF ORIGIN OF FOREIGN-BORN POPULATION:
 EL SALVADOR, COLOMBIA, OTHER CENTRAL AMERICA,
 DOMINICAN REPUBLIC, MEXICO, AND CHINA

Neighborhood demographics

Located across the water from Downtown Boston with Boston Logan International Airport and the Port of Boston, East Boston is a transportation hub and is characterized by its large Latinx and immigrant population. As of 2021, East Boston has a population of roughly 45,000 or seven percent of the total population of Boston. Hispanic or Latino residents make up over 55 percent of the population in East Boston, which is significantly higher than Boston overall.

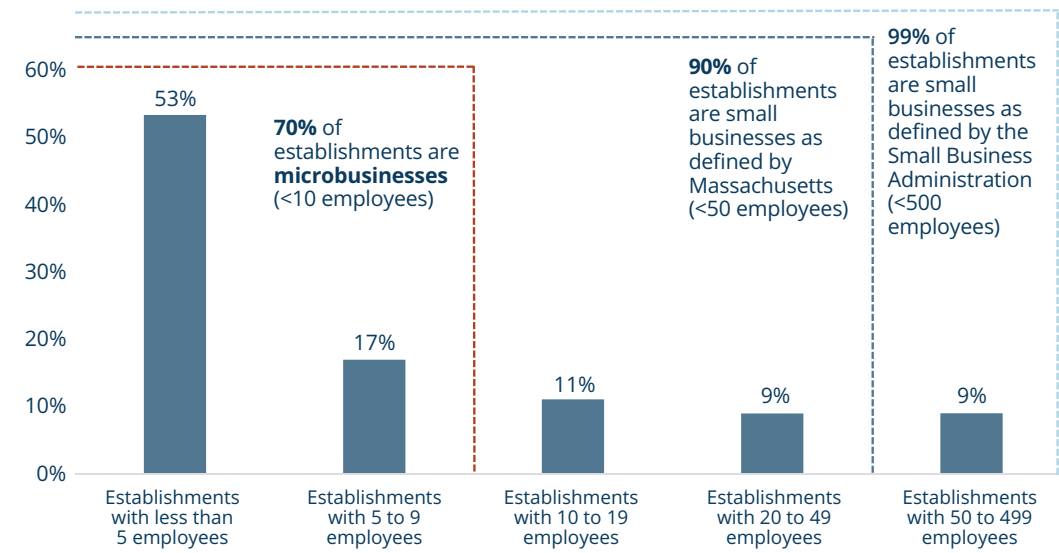
Nearly half of East Boston residents are foreign-born. Most of the foreign-born population in East Boston comes from the Americas and Latin America, with high shares of immigrants from El Salvador, Colombia, the Dominican Republic, and Mexico. There is also an immigrant population from Asia, primarily coming from China. Due to the large immigrant population, nearly one in four East Boston residents live in a household that speaks English less than well. One-third of the population of East Boston has a bachelor's degree or higher and over a quarter of the population in East Boston have not graduated high school.

Reflecting the residential nature of the neighborhood, in 2020, 89 percent of East Boston's working age population was employed outside of East Boston. Logan International is the dominant

institution in East Boston's transportation and warehousing sector. While the transportation and warehousing sector accounts for over 11,000 jobs in the neighborhood, less than 1,000 of those jobs are held by people who live in East Boston. There may be opportunities to increase local hiring and contracting in this industry.

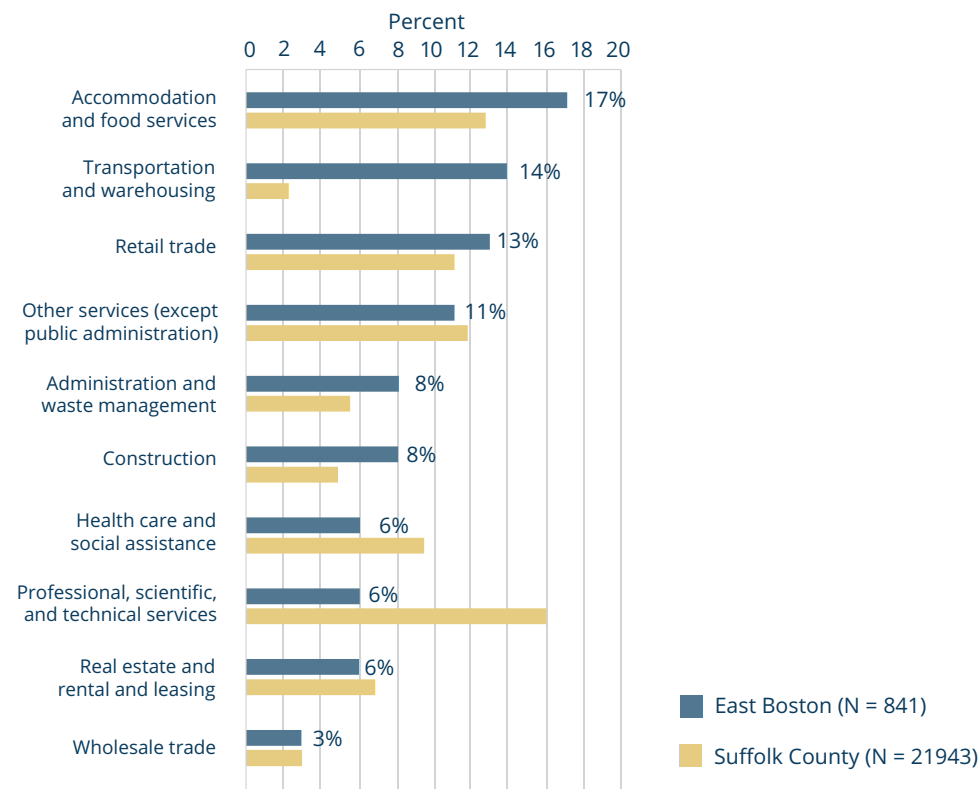
Like the other neighborhoods in our study, residents who live and work in East Boston are much more likely to work in retail trade, health care and social assistance, and accommodation and food service than those who commute in. Thirteen percent of East Boston residents work in professional and technical services, but these jobs are mostly outside of the neighborhood. Growing the number of professional and technical service firms in East Boston could provide opportunities to both access this existing workforce and expand better paying jobs into the neighborhood. This type of support would need to be targeted in a manner that would support existing residents. It could include funding a coworking or incubator space in the neighborhood or grant funds or loans for small businesses in this industry. The challenge is to ensure that investment and jobs benefit existing residents. This is especially important as our qualitative research indicates long-term residents have been displaced due to rising commercial and residential rents.

Figure 11: Business size by employee count, East Boston, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Figure 12: Top 10 industries in East Boston, employer firm establishment share, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Table 3: Employment growth of selected* industry sectors in East Boston

	2012 Jobs	2022 Jobs	2012-2022 Change	2012-2022 % Change
Transportation and Warehousing	11,475	17,232	5,758	50%
Accommodation and Food Services	3,235	4,686	1,451	45%
Retail Trade	2,065	1,839	(226)	(11%)
Construction	562	709	146	26%
Other Services	609	668	59	10%
Professional, Scientific, and Technical Services	374	495	121	32%

Source: Lightcast

*Industries selected based on relevance to small businesses and the size of industry in the neighborhood



Gaps & Opportunities:

-  INCUBATOR SPACE AND SUPPORT FOR SMALL BUSINESSES IN PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES
-  SUPPORT FOR CONTINUED GROWTH IN BUSINESSES FOR SPECIALTY TRADE CONTRACTORS AND CONSTRUCTION OF BUILDINGS
-  SMALL BUSINESS SUPPORT FOR CONTINUED COMMERCIAL KITCHEN AND INCUBATOR FOR FOOD SERVICE BUSINESSES

Small business and industry analysis¹⁵

The presence of the airport and port have turned East Boston into a major transportation hub but make it difficult to differentiate how much of the employment is in the airport compared to the residential neighborhood. Transportation and warehousing make up 14 percent of all businesses in East Boston (see Figure 12). Related to the presence of Logan, accommodation and food services make up 17 percent of all business establishments in East Boston and retail trade makes up 13 percent of all businesses.

Professional, scientific, and technical services only make up six percent of all businesses in East Boston, compared to 16 percent for all of Suffolk County. This industry has high earning potential and there is opportunity for growth in that industry in East Boston due to the large resident workforce. Professional service businesses include small businesses that provide consulting services. For example, in a focus group in Dorchester, a business owner who provides consulting and accounting services talked about the strong demand and the need for his services in the neighborhood. He has helped other small business owners with their tax preparation and organizing financial documents to apply for loans. As discussed in the report, there is high demand for technical assistance for small business owners. While business owners would need to pay for these services, it could expand capacity within the neighborhood to support its own business community.

Small businesses in the construction industry have potential opportunities for growth and have potential to get contracts through procurement. Specialty trade contracting has potential to continue to grow in East Boston. Jobs in this industry have higher wages and earnings.

Food services and drinking places had a 64 percent increase in jobs over the past decade in East Boston, adding over 1,700 new jobs. One way to help support food service businesses in East Boston could include a commercial kitchen or incubator following the model of incubators like CommonWealth Kitchen (CWK). East Boston does not currently have a commercial kitchen space like CWK. In addition to providing access to expensive commercial kitchen equipment, an incubator could support businesses with individualized technical assistance including helping find opportunities to scale their businesses and win large contracts. Commercial kitchens can help BIPOC-owned or women-owned businesses build wealth without having higher education and there could be opportunities to do this in East Boston.

Accommodation is a growing industry in East Boston, again likely due to the location of the airport. There was a 52 percent increase in jobs in accommodation in East Boston over the past decade, adding almost 200 new jobs. The average wages and earnings for jobs in this industry are around \$62,000.

An asset-based economic development strategy can help support small businesses in East Boston to continue to build on the asset of their location near major transportation assets, and partnerships with Logan Airport could encourage them to hire locally and contract with local businesses.

Survey results

There were 42 survey respondents with businesses in East Boston, which accounted for around 13 percent of all survey respondents.

- **55%** of these respondents are microbusinesses, **24%** are sole proprietorships, and **21%** have ten or more employees
- **42%** are Latino/a business owners
- **15%** are Black or African American
- **38%** identified as immigrant-owned, which is higher than the share of all survey respondents
- **85%** conduct business in English and **60%** conduct business in Spanish

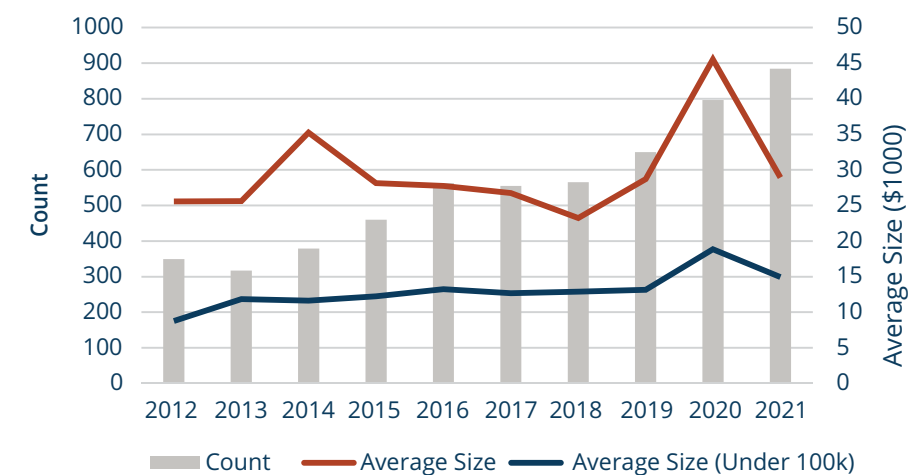
- **37%** of the East Boston businesses have a storefront, compared to only **23%** of storefront businesses in the responses from all neighborhoods
- **25%** said they are concerned their landlord will not renew their lease
- **22%** are concerned the landlord will sell the building. In the full sample, only around **13%** of businesses were concerned the landlord would not renew the lease and **17%** were concerned about the landlord selling the building

Existing small business support

The key small business support organizations are East Boston Community Development Corporation, East Boston Chamber of Commerce, Veronica Robles Cultural Center, and East Boston Main Streets.

The number of small business loans reported through the Community Reinvestment Act dispersed in East Boston has steadily increased each year since 2013 (see Figure 13). The number of loans disbursed in East Boston rose from around 300 in the early 2010s to nearly 900 in 2021. The average loan size peaked in 2020 at over \$45,000. It dropped back closer to the pre-pandemic average to under \$30,000.

Figure 13: Small business loans made in East Boston, 2012–2021



Source: Federal Financial Institutions Examination Council, Community Reinvestment Act Data Report, 2021

¹⁵ Sources for neighborhood small business and industry analysis include: Lightcast, US Census Bureau, Zip Code Business Patterns 2020

Mattapan

Figure 14: Mattapan neighborhood boundaries

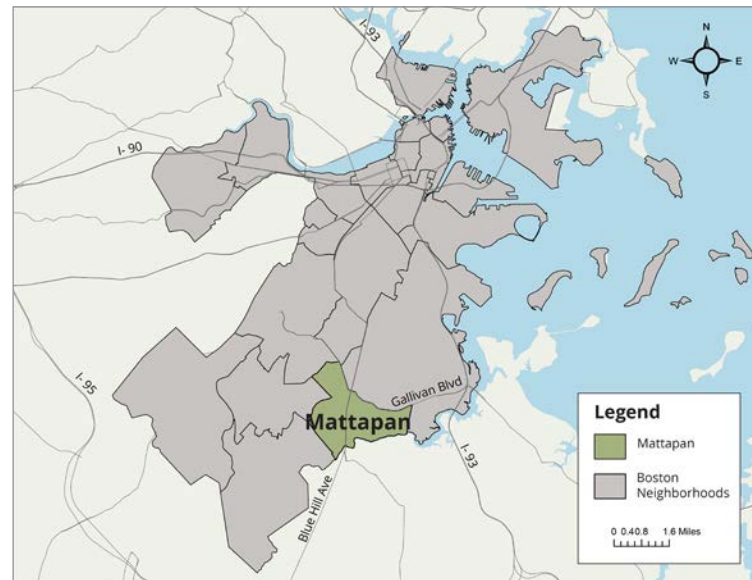
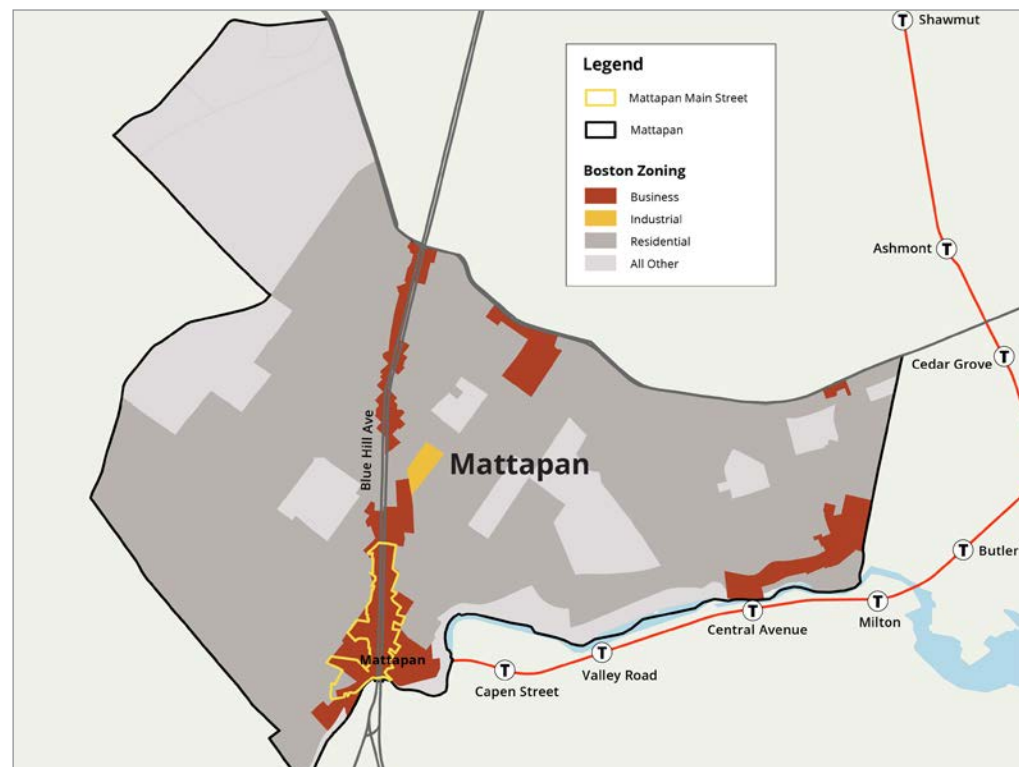


Figure 15: Mattapan Main Street district and zoning



74% OF RESIDENTS ARE BLACK OR AFRICAN AMERICAN
1 in 3 RESIDENTS IS FOREIGN-BORN

TOP COUNTRIES OF ORIGIN OF FOREIGN-BORN POPULATION:
 HAITI, JAMAICA, DOMINICAN REPUBLIC, AND TRINIDAD AND TOBAGO

Neighborhood demographics

Mattapan is a primarily residential neighborhood and is widely known as the center of Caribbean culture in Boston. The neighborhood has so far resisted the sort of gentrification that is impacting the other three neighborhoods, with the highest rates of Black homeownership in Boston and a reputation for affordable housing. These two aspects are reflected in demographic data. The smallest of the four neighborhoods, Mattapan has a population of 27,000, of which 75 percent are Black or African American. The share of foreign-born residents in Mattapan is higher than in Boston, at 34 percent compared to 28 percent. The foreign-born population in Mattapan mostly comes from the Caribbean including Haiti, Jamaica, Dominican Republic, and Trinidad and Tobago.

In 2020, 97 percent of Mattapan’s working age population was employed outside of Mattapan. Much of this outflow is due to the low number of jobs available in the neighborhood; only around 2,500 people are employed in neighborhood businesses, compared to a working population of almost 10,000. However, of the 2,500 people employed in neighborhood businesses, only 300 live in the neighborhood.

The Boston Planning and Development Agency (BPDA) adopted PLAN: Mattapan in May 2023 after five years of community meetings and plannings. The neighborhood

plan includes recommendations for "mobility improvements and mixed-use zoning that will cultivate a 10-minute neighborhood¹⁶, transit improvements, and promoting investment in Mattapan Square and opportunities to strengthen local businesses" (BPDA Board Adopts PLAN, n.d.).

Small business analysis¹⁷



Retail trade, healthcare and social services, and accommodation and food services dominate the industry mix in Mattapan, likely due to the neighborhood’s residential nature. Retail trade and healthcare and social services in particular stand out, with both nearly twice as prevalent in Mattapan as they are in Suffolk County as a whole (19% vs 11% and 17% vs 9%, respectively) (see Figure 17).

Between 2012 and 2022, nearly 600 hospital and other healthcare-related jobs were added in Mattapan, significantly more than any other industry. However, these jobs tend to be concentrated in large hospital systems, not small businesses. The industries with the most significant growth outside of the healthcare sector were specialty trade contractors, food services, and accommodation. Mattapan’s relatively small workforce means that this growth only constituted a few dozen employees added per industry (55 new specialty contractor jobs over ten years, for example) but shows that Mattapan has the potential to add jobs in these typically small business centered industries.

¹⁶ 10-minute neighborhood is where essential services, retail, parks, and transportation are no more than a 10-minute walk from any resident’s doorstep (BPDA)

¹⁷ Sources for neighborhood small business and industry analysis include: Lightcast, US Census Bureau, Zip Code Business Patterns 2020

Gaps & Opportunities:

-  SUPPORT FOR CONTINUED GROWTH OF SPECIALTY TRADE CONTRACTOR BUSINESSES
-  SUPPORT FOR GROWTH IN FOOD SERVICE BUSINESSES

Survey results

Mattapan had the smallest survey sample size, with 39 respondents indicating their business had a location in Mattapan.

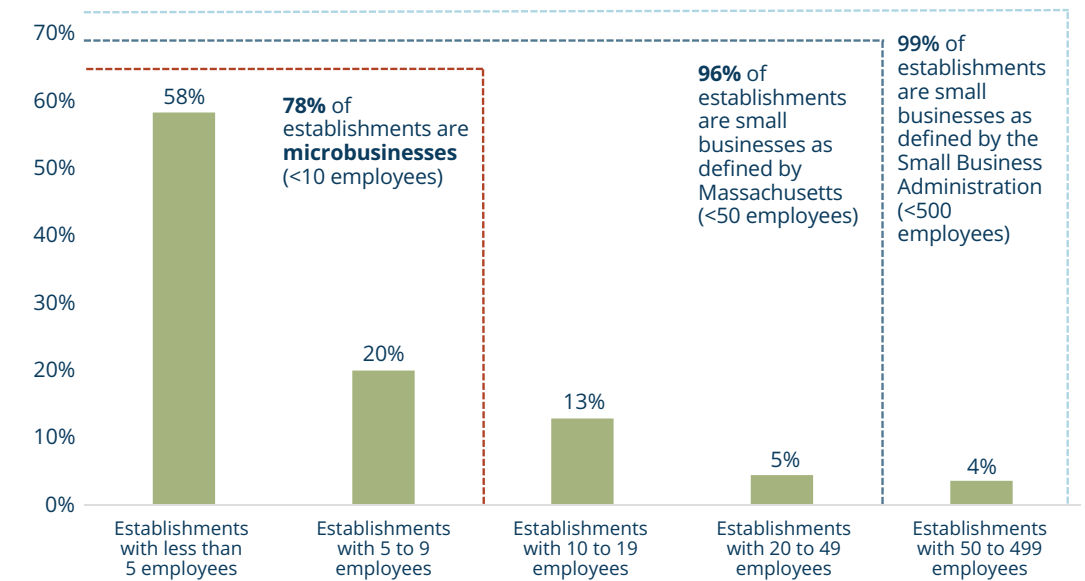
- **39%** of respondents' businesses are sole proprietorships
- **46%** are microbusinesses
- Over **60%** operate home-based businesses
- **21%** operate traditional storefronts
- **Nearly 75%** of respondents are Black or African American
- **10%** are Latino/a
- **17%** identified with two or more races
- **33%** of respondents are immigrants
- **64%** are women
- **34%** conduct business in Spanish
- **21%** in Haitian Creole
- **16%** in Portuguese or Cape Verdean Creole
- **79%** of respondents indicated they plan to expand in the near future

Existing small business support

As the smallest neighborhood in our study, Mattapan only has one dedicated small business organization, Mattapan Square Main Streets. However, many of the larger small business organizations based in other neighborhoods offer their services to Mattapan, including the Dorchester Bay EDC. Mattapan also has several anti-displacement organizations, including the Greater Mattapan Neighborhood Council and the Southwest Boston CDC.

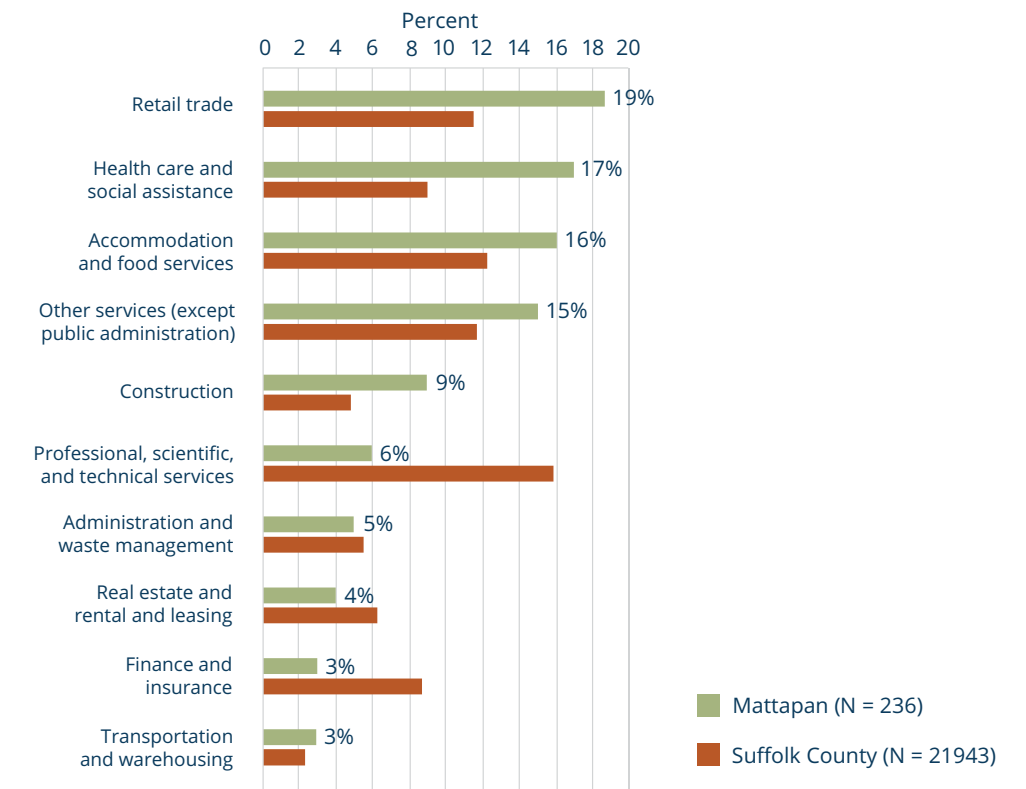
The number of small business loans reported under the Community Reinvestment Act that were dispersed in Mattapan has steadily increased each year since 2013, from 273 to 452 (see Figure 18). Average loan size typically ranged between \$25,000 and \$35,000.

Figure 16: Business size by employee count, Mattapan, 2020



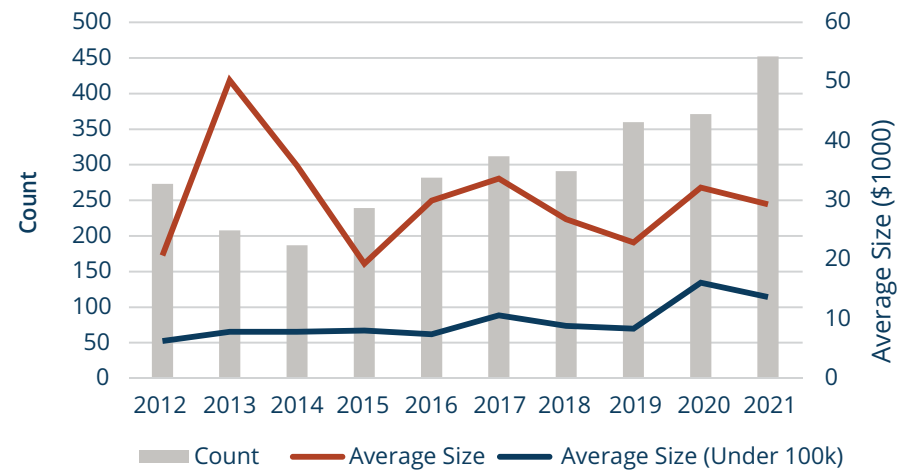
Source: US Census Bureau, Zip Code Business Patterns 2020

Figure 17: Top 10 industries in Mattapan, employer firm establishment share, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Figure 18: Small business loans made in Mattapan, 2012–2021



Source: Federal Financial Institutions Examination Council, Community Reinvestment Act Data Report, 2021

Table 4: Employment growth of selected* industry sectors in Mattapan

	2012 Jobs	2022 Jobs	2012–2022 Change	2012– 2022 % Change
Other Services	1,831	1,602	(229)	(12%)
Retail Trade	457	466	9	2%
Accommodation and Food Services	143	237	95	66%
Professional, Scientific, and Technical Services	140	208	68	49%
Construction	133	194	61	46%

Source: Lightcast
 *Industries selected based on relevance to small businesses and the size of industry in the neighborhood



Roxbury

Figure 19: Roxbury neighborhood boundaries

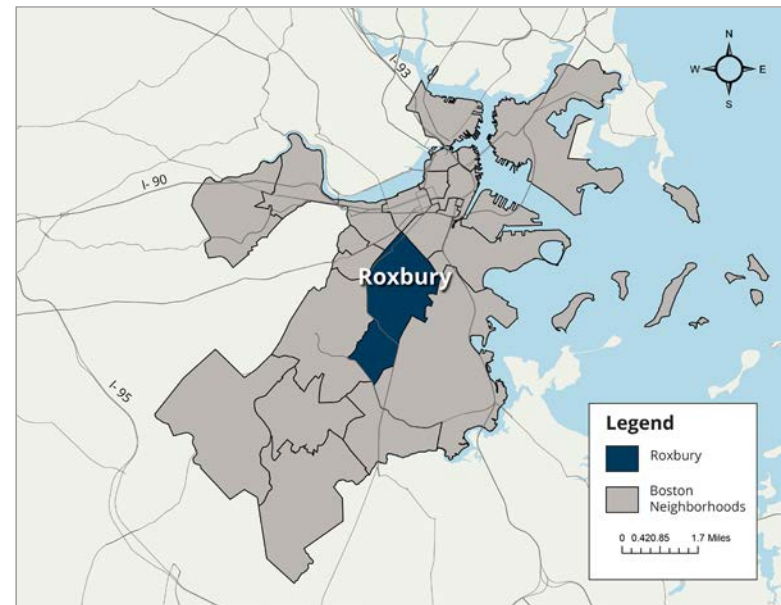
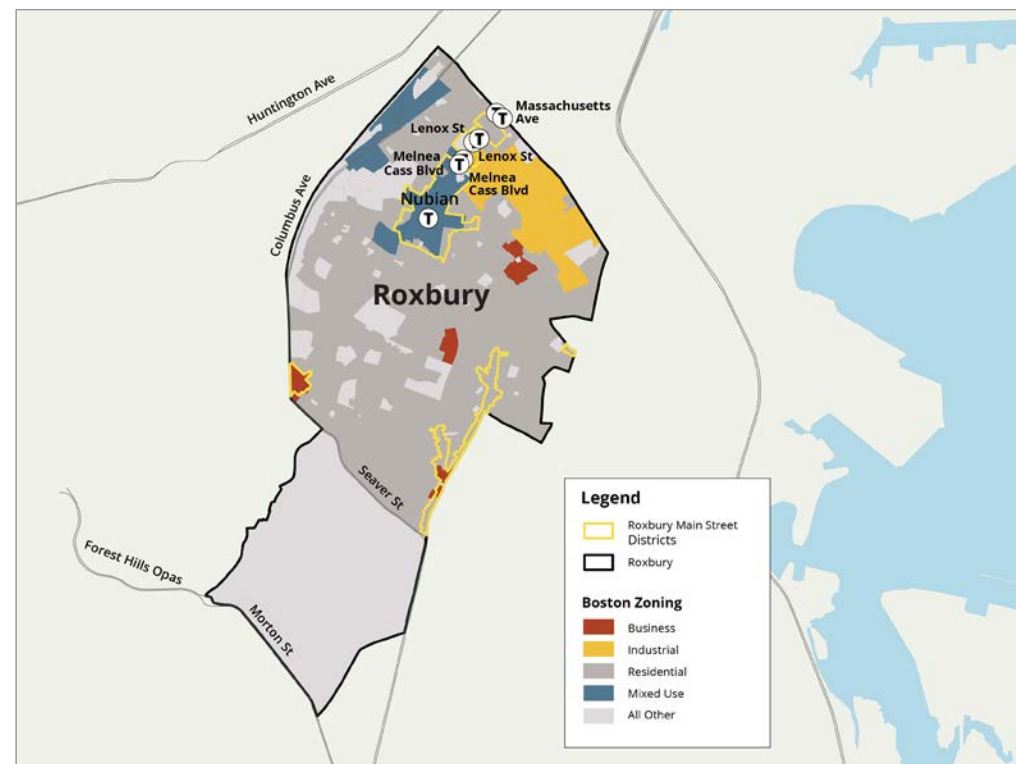


Figure 20: Roxbury Main Street districts and zoning



49% OF RESIDENTS ARE **BLACK OR AFRICAN AMERICAN**
28% OF RESIDENTS IS **FOREIGN-BORN**

TOP COUNTRIES OF ORIGIN OF FOREIGN-BORN POPULATION:
DOMINICAN REPUBLIC, TRINIDAD AND TOBAGO, HAITI, AND JAMAICA

Neighborhood demographics

Roxbury is a racially and ethnically diverse neighborhood that is considered the heart of the Black community of Boston. It is the second largest neighborhood in our study with a total population of around 53,000 as of 2021, eight percent of Boston’s population. Roxbury’s population is nearly 50 percent Black or African American.

Over one in four residents of Roxbury are foreign-born. The majority of the foreign-born population in Roxbury comes from the Americas, including the Dominican Republic, Trinidad and Tobago, Haiti, and Jamaica. There are also significant immigrant populations coming from Western Africa and China.

In 2020, 94 percent of Roxbury’s working age population was employed outside of Roxbury. Much of this outflow is driven by the difference in the skills of the workforce that lives in Roxbury and the neighborhood’s industry mix. Nearly 40 percent of people who work in Roxbury are in the educational services sector, and eight percent are in the construction sector, while only seven percent of people who live in Roxbury work in education and two percent in construction. This suggests that employers in these sectors mostly hire from outside of Roxbury.

Nearly eight percent of Roxbury residents work in the professional, scientific, and technical services industry, compared to

only two percent of people who work in Roxbury. This could provide fertile ground for any initiatives to open tech businesses in Roxbury, as there is a large workforce that already lives in the neighborhood and could prefer taking a job closer to home.

Small business analysis¹⁸

Healthcare and social services dominate the industry mix in Roxbury, with retail trade and construction also playing a large role (Figure 22). Construction has been a significant driver of employment growth over the past decade, with construction jobs growing over 100 percent between 2012 and 2022, adding over 1,200 jobs. Specialty trade contracting, a subsector of construction, grew by over 200 jobs. The construction industries produce high-paying jobs, with building construction and specialty trade contracting seeing salaries of approximately \$144,000 and \$90,000 respectively. Construction is an industry with the potential to capitalize on procurement opportunities with government and anchor institutions.

PLAN: Nubian Square, a two-year community-driven planning initiative aimed at gathering input to shape the City’s requests for proposals for publicly owned vacant parcels in Nubian Square, reports that stakeholders expressed that they want to connect Roxbury and Nubian Square to the larger economy in Boston. The plan promotes strategies that build on

¹⁸ Sources for neighborhood small business and industry analysis include: Lightcast, US Census Bureau, Zip Code Business Patterns 2020

Gaps & Opportunities:

-  SUPPORT FOR SMALL BUSINESSES IN CONSTRUCTION AND SPECIALTY TRADE CONTRACTING
-  SUPPORT FOR SMALL BUSINESSES IN PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES
-  SUPPORT FOR SMALL BUSINESSES IN FOOD SERVICES INCLUDING COMMERCIAL KITCHEN AND INCUBATORS

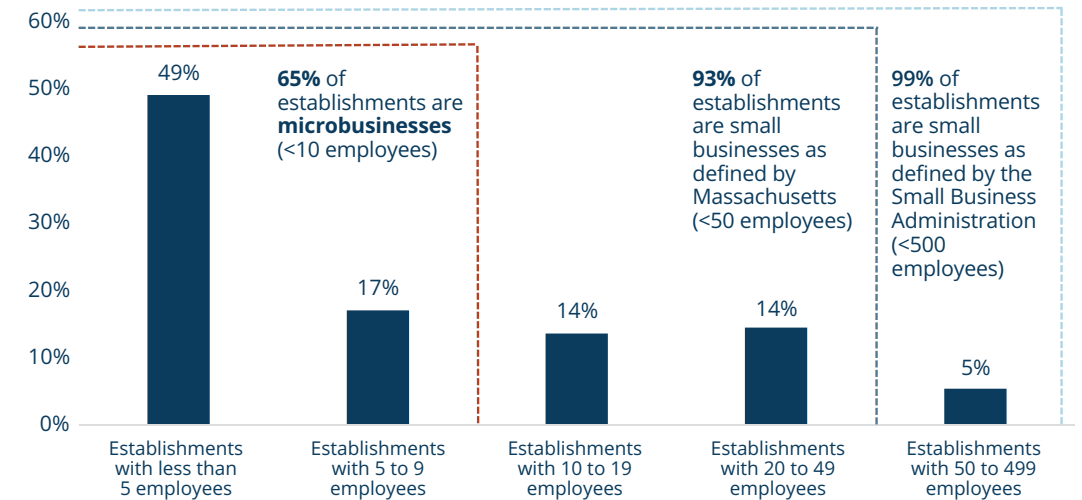
existing jobs and industries in Roxbury and connect to "sectors of Boston's economy that are growing," which included finance and insurance, management, professional/technical services, utilities, and construction. Benjamin Franklin Cummings Institute of Technology is moving to Nubian Square and may provide a boost to efforts to grow the number of firms in these sectors. Roxbury has existing momentum in the construction industry. Furthermore, potential development for the long vacant P3 lot, may provide support for several key industries. The site has a long history of development potential and community debate over its future. Currently, a proposal by My City at Peace and The HYM Investment Group follows the goals outlined for the lot in PLAN: Nubian Square. Their P3 Roxbury proposal includes plans for affordable homeownership or rental opportunities and good-paying jobs with long-term career tracks. In addition to construction jobs, P3 Roxbury plans to create approximately 2,710 permanent jobs, with 2,400 of those in the life sciences industry. They are partnering with local community colleges and high schools for job training for those jobs. They also plan to create opportunities for woman and minority-owned businesses in their

proposed development. While this proposal has not yet been selected for the vacant lot in Roxbury, their plan could serve as a model for equitable development that involves the local community and aims to provide jobs and wealth building opportunities for the residents of a diverse community.

Unlike the other neighborhoods in this study, Roxbury saw declines in the more typical small business sectors like accommodation and food services. As discussed in some of the other sections, accommodation and food services have lower wages than many other industries, but they provide opportunities for business ownership and wealth building without having higher education.

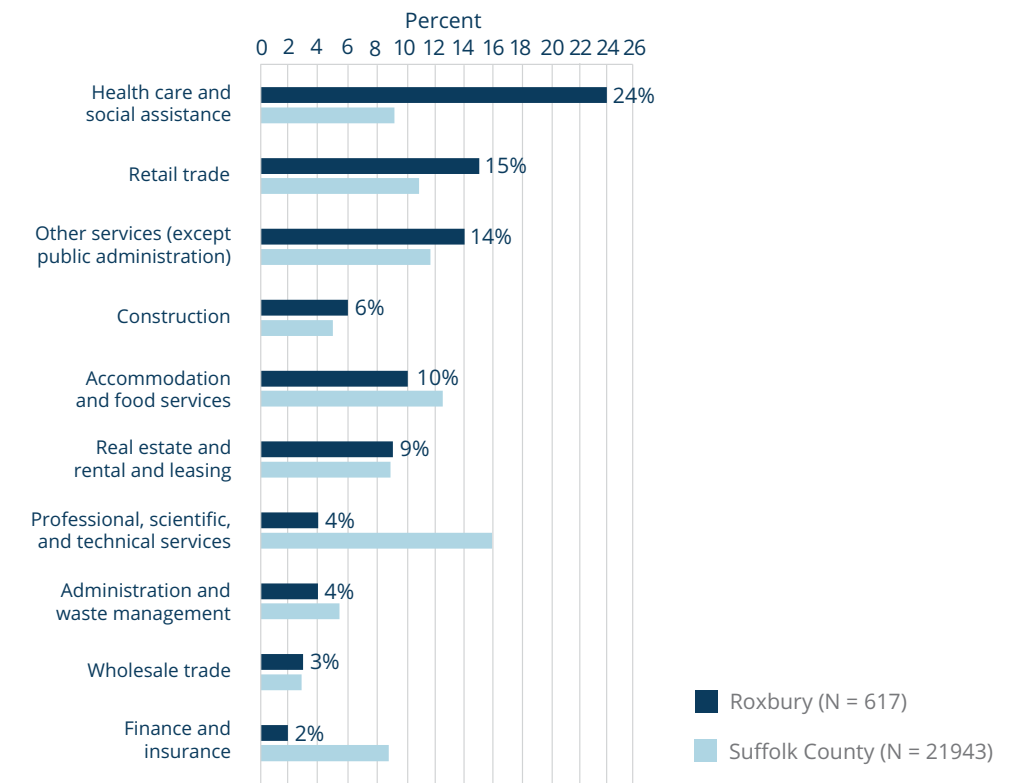
Roxbury already has a history of community-centered development with Dudley Neighbors, Inc. (DNI), which manages land across Dorchester and Roxbury, and was the first to integrate commercial property into their community land trust (CLT) to protect their local small business ecosystem and currently manages seven affordable commercial units reserved for local businesses. Growing these community-owned commercial spaces can help continue to grow businesses and jobs in Roxbury.

Figure 21: Business size by employee count, Roxbury, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020

Figure 22: Top 10 industries in Roxbury, employer firm establishment share, 2020



Source: US Census Bureau, Zip Code Business Patterns 2020



Survey results

Roxbury had the second largest survey sample size, with 51 respondents indicating their business had a location in the neighborhood.

- **33%** of respondents' businesses are sole proprietorships
- **41%** are microbusinesses
- **46%** operate home-based businesses
- **28%** operate traditional storefronts
- **30%** operate out of an office or studio
- **12%** operate a food truck
- **52%** of respondents are Black or African American
- **26%** are Latino/a
- **10%** are two or more races
- **29%** of respondents are immigrants
- **79%** are women
- **53%** of respondents indicated they also conduct business in Spanish
- **14%** in Haitian Creole
- **16%** in Portuguese or Cape Verdean Creole
- **87%** of respondents indicated they plan to expand

Table 5: Employment growth of selected* industry sectors in Roxbury

	2012 Jobs	2022 Jobs	2012-2022 Change	2012- 2022 % Change
Construction	1,133	2,338	1,205	106%
Other Services	1,279	1,299	20	2%
Retail Trade	651	825	174	27%
Accommodation and Food Services	646	512	(135)	(21%)
Professional, Scientific, and Technical Services	162	359	197	121%

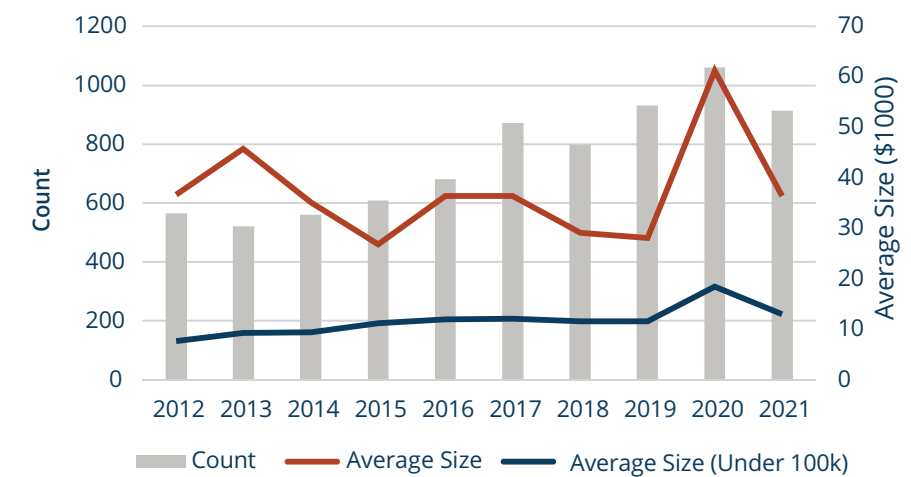
Source: Lightcast
 *Industries selected based on relevance to small businesses and the size of industry in the neighborhood

Existing small business support

The key small business support organizations include African Community Economic Development of New England (ACEDONE), Dudley Street Neighborhood Initiative, EforAll Roxbury, Egleston Square Main Street, Roxbury Innovation Center, and Roxbury Main Streets.

The number of small business loans reported under the Community Reinvestment Act that were dispersed in Roxbury increased to a peak of over 1,000 in 2020 followed by a slight downturn in 2021 (Figure 23). The average loan size in 2021 was \$34,000; loans under \$100,000 averaged \$13,000.

Figure 23: Small business loans made in Roxbury, 2012-2021



Source: Federal Financial Institutions Examination Council, Community Reinvestment Act Data Report, 2021

Glossary

BIPOC: The acronym BIPOC stands for Black, Indigenous, and people of color.

Community Development Corporation (CDC): In Massachusetts, M.G.L. Chapter 40H creates a new definition for the term "Community Development Corporation" and establishes a certification program for CDCs. This definition states that a CDC "focuses a substantial majority of the corporation's efforts on serving one or more specific neighborhoods or municipalities, a region of the commonwealth or a constituency that is economically disadvantaged". The CDC also "has as the corporation's purpose to engage local residents and businesses to work together to undertake community development programs, projects and activities which develop and improve urban, rural and suburban communities in sustainable ways that create and expand economic opportunities for low and moderate income people." (Source: Mass.gov)

Community Development Financial Institution (CDFI): CDFI's are specialized organizations that provide financial services in low-income communities and to people who lack access to financing. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions like loan and venture capital funds. By building the capacity of a nationwide network of CDFIs, the CDFI Fund works to empower low-income and underserved people and communities to enter the financial mainstream. (U.S. Department of the Treasury).

Industry Earnings (also called Current Wages, Salaries, & Proprietor Earnings):

The industry earnings discussed in the landscape analysis are a measure from the data source Lightcast. Lightcast defines industry earnings are the total industry wages, salaries, supplements, and proprietor income in the region, divided by the number of jobs in the region.

Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)

Certifications: Minority-owned and Women-owned businesses can get certifications with majority (51% or more) ownership of a business by a minority group member or woman. The City of Boston's certification is part of the Supplier Diversity Program that adds certified businesses to a list to outreach for City projects. These certifications allow these businesses to compete for city contracts. There is also state certification for minority and women-owned businesses through the Supplier Diversity Office.

Microbusiness: A business with between two and nine employees.

Small Business: In this study, small business is defined as a business with fewer than 50 employees. Note this is different than other measures of small businesses. The federal Small Business Administration (SBA) defines small business size by industry, but in general, they define small businesses as having 500 or fewer employees. Their size standards can also depend on the average annual receipts rather than the number of employees.

Procurement: Procurement refers to the public procurement process of governments purchasing goods and services through contracts. Massachusetts defines this process as "the acquisition of commodities or services, or both, which may be made through an outright purchase, license, lease-purchase, lease, rental, fee-for-service or other method approved by OSD or authorized by law." (Source: Mass.gov)

Technical Assistance: In this report, technical assistance, also known as "TA", refers to an organization providing direct business support to help businesses increase their capacity. For small businesses, this can include workshops, webinars, 1-on-1 meetings, or other forms to teach business owners knowledge in topics such as finance, applying for grants and contracts, certifications, marketing, websites and business technology, and other targeted business needs.

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