



# Small Businesses in Crisis in the San Francisco Bay Area

## Displacement Trends and Solutions



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**Small Businesses in Crisis in the San Francisco Bay Area:  
Displacement Trends and Solutions**

**A report issued by:**



**September 2016**

## ACKNOWLEDGEMENTS AND CONTRIBUTORS

This report is prepared by the Lawyers' Committee for Civil Rights of the San Francisco Bay Area. Founded in 1968, Lawyers' Committee is a non-profit civil rights law firm that works to advance, protect, and promote the legal rights of communities of color, and low-income persons, immigrants, and refugees. Assisted by hundreds of *pro bono* attorneys, we provide free legal assistance and representation to individuals, businesses, and organizations on civil legal matters through direct services, impact litigation and policy advocacy. As part of our mission for economic equality and community empowerment, Lawyers' Committee directly serves small businesses and local communities through our Legal Services for Entrepreneurs program. The program provides *pro-bono* legal services to: 1) low-income individuals who want to start businesses, 2) businesses committed to investing in low-income neighborhoods, and 3) businesses located in areas where gentrification is a force for displacement. More information about our programs is available at [www.lccr.com](http://www.lccr.com).

This report significantly benefitted from the contributions of members of our staff and dedicated volunteers, including Legal Services for Entrepreneurs Attorney Crystal Cole Matson, former Economic Justice Attorney Miya Sakai Chen, Volunteer Attorney Julia Ma Powers, and Law Clerks Andrea Long Chavez and Kiran Sidhu. Special thanks to Executive Director Kimberly Thomas Rapp, Legal Director Elisa Della-Piana, Executive Assistant Tiara Morris, Program Specialist Carlos Mojica, Communications Assistant Katie Tertocha, and Volunteer Attorney Arthur Barrios, who provided the feedback and support necessary to complete this effort.

We would also like to thank Silicon Valley Community Foundation (SVCF) for its generous financial support, its commitment to economic justice, and the encouragement of its staff throughout the development of this report. SVCF is the largest community foundation in the world, and helps build and strengthen the community by bringing together people and organizations that want to strengthen the common good. The Foundation makes all forms of philanthropy more powerful, and serves as a catalyst and leader for innovative solutions to the region's most challenging problems. As Silicon Valley's center of philanthropy, the Foundation provides individuals, families and corporations with simple and effective ways to give locally and around the world. Find out more at [www.siliconvalleycf.org](http://www.siliconvalleycf.org).

Finally, we thank Faith In Action, Urban Habitat, and students from Stanford University's Sustainable Cities class, for their work toward more equitable and inclusive communities, particularly in Silicon Valley, and their contributions to this report regarding San Mateo County. We especially thank Dr. Jennifer Martinez for her leadership and advocacy on the ground through Faith In Action, a faith-based non-profit based out of Silicon Valley that conducts community organizing among diverse communities to address local problems. Faith In Action's work includes organizing to increase affordable housing, homeless shelter services, and mental health services for the disadvantaged in Silicon Valley.

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## EXECUTIVE SUMMARY

This report describes the growing phenomenon of small business displacement in the Bay Area, including its particular impact in San Mateo, and proposes legal and policy solutions to mitigate that displacement. Housing shortages, drawn-out development approval processes and the influx of wealth from the technology sector have renewed popular interest in the changing character and demographics of the Bay Area.<sup>1</sup> But despite increasing dialogue around affordable housing and housing evictions, there is little literature describing the unique characteristics of small business displacement in the Bay Area.

Small business displacement and displacement of residents go hand-in-hand. Redevelopment efforts affect residential and commercial buildings, and the changing demographics of residents disrupts the clientele of small businesses. Growing property values force rents too high to be affordable. Consequently, new community investments (e.g., better infrastructure, improved schools or lower crime) have the effect of benefiting new-comers rather than the existing community by pricing out previously existing members of that community. The systematic flight of small businesses from their existing communities into areas with lower property values perpetuates a cycle of poverty and hinders equity and wealth creation within lower-income populations and communities of color.

Cities have a strong interest in retaining diverse small businesses. Small businesses provide opportunities for employment and wealth creation among traditionally disenfranchised populations. In addition, small businesses foster innovation and have the unique ability of catering to a neighborhood's day-to-day needs, which help to define a neighborhood's character and identity. Finally, small businesses contribute to local environmental and public health efforts by encouraging residents to conduct business locally, resulting in lower emissions and increased physical activity by walking to local shops. Conversely, the costs of small business displacement include lower employment rates among traditionally low-income individuals and people of color, social disruption, and public health issues.

In summary, this report concludes that Bay Area small businesses are in crisis and in need of strategic support from the public, non-profit, and private sectors. Specifically, this report finds:

- 1) Commercial displacement is occurring throughout the region, though at varying rates;
- 2) The causes of displacement differ depending on the locality; for instance, some small businesses in San Mateo are most concerned about losing clientele, while in the Mission District of San Francisco the primary concern is increasing commercial

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<sup>1</sup> *How Burrowing Owls Lead to Vomiting Anarchists (or SF's Housing Crisis Explained)*, TechCrunch (April 14, 2014) available at <http://techcrunch.com/2014/04/14/sf-housing/>.

rents; and

- 3) A lack of communication and engagement with communities experiencing small business displacement exacerbates displacement effects.

Given the complex nature of small business displacement, there is no single solution to this issue. However, local governments and other interested parties may tackle small business displacement through a number of avenues. For direct small business displacement due to redevelopment or new development, policy measures providing for the interests of existing small businesses in that community may be addressed directly in the development agreements for that site. Broader strategies focused on future development of an entire area could include special use districts, which limit the types of businesses in a community, or provisions for the creation of community land trusts as an option for small businesses. In existing communities, legal assistance and partnerships with other business assistance providers and community leaders is imperative to creating networks for communication and support for these small businesses. Strong commercial leases are an effective and practical solution in preventing the immediate displacement of small businesses, therefore, legal representation and advocacy for strong commercial leases on behalf of small businesses is vital to the continued success of these businesses and their communities. By providing necessary legal tools, avenues for communication and a strong support network, these businesses are in a better position to both adapt and adjust to changes in their neighborhoods, and bargain for the preservation of their commercial spaces.

A combination of proactive legal assistance, local government policy support, and community engagement has proven to be an effective strategy to ensure that many of these businesses survive and thrive in the face of environmental and economic changes. When this happens, the result is a strong and vibrant neighborhood, where the positive aspects of gentrification benefit both existing community members and new arrivals to the community.

The introductory section of this report will first discuss the characteristics of small businesses, their benefits and contributions, and the factors contributing to their displacement. In the next section, the report will summarize LSE's observations of small business displacement in San Francisco and Oakland as well as discuss a recent study of San Mateo County mom-and-pop shops. Finally, the report will discuss potential solutions to commercial displacement, from legal, legislative, and community engagement perspectives.

## I. INTRODUCTION

Over the last few decades, the San Francisco Bay Area has experienced an influx of wealth and economic prosperity. According to the Milken Institute's annual "Best-Performing Cities" index, which measures job growth across the United States, San Francisco experienced the highest level of growth among 200 of the nation's largest metropolitan areas in recent years.<sup>2</sup> However, this wealth has not been equally distributed. As economic prosperity increased, economic inequality also increased more rapidly in the Bay Area than in the State of California as a whole and the entire United States.<sup>3</sup> In the Bay Area, the gap between high- and low-income households is nearly 68% higher than the national average.<sup>4</sup>

As income inequality continues to drastically increase, there has been considerable impact on local small businesses, especially the smaller "mom-and-pop shops"<sup>5</sup> owned, staffed, and previously patronized by displaced residents. In the San Francisco Bay Area, commercial leasing opportunities are as equally in high demand as the residential market. For example, in 2015, commercial leases by the technology industry in San Francisco grew to occupy more than half of the 1.1 million square feet of office space available in the city.<sup>6</sup> Since then, CBRE released a 2016 report stating that "[m]ore than 172 million square foot [of real estate] are occupied by tech firms, concentrated in Silicon Valley and San Francisco" – with Silicon Valley housing 73% of these tech firms and San Francisco accounting for 13% of all tech occupancy.<sup>7</sup> Consequently, more traditional<sup>8</sup> (i.e., non-technology, independent, and/or family-owned) small business owners, with less bargaining power and fewer resources, are grossly disadvantaged in the fierce competition for limited commercial space. The businesses most vulnerable to displacement are businesses that: a) employ fewer than ten employees,<sup>9</sup> b) require small amounts of capital (e.g., \$35,000) for initial investments, and c) identify as independent, or one-person private

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<sup>2</sup> Ross DeVol et al., *2014 Best-Performing Cities: Where America's Jobs are Created and Sustained*, Milken Institute (Jan. 2015), available at <http://www.best-cities.org/2014/best-performing-cities-report-2014.pdf>.

<sup>3</sup> Research Brief, *Income Inequality in the San Francisco Bay Area* (June 2015), available at <https://www.jointventure.org/images/stories/pdf/income-inequality-2015-06.pdf>.

<sup>4</sup> *Id.* (showing the gap between high and low income households in the Bay Area is \$263,000 as compared to \$178,000 nationally).

<sup>5</sup> A "mom-and-pop shop" is "[a] colloquial term for a small, independent, family-owned business. Unlike franchises and large corporations, which have multiple operations in various locations, mom and pop shops usually have a single location that often occupies a physically small space. The 'shop' could be any type of business, such as an auto repair garage, bookstore or restaurant." *citing* Investopedia, *Mom and Pop*, <http://www.investopedia.com/terms/m/momandpop.asp> (last visited June 2, 2016).

<sup>6</sup> CBRE Research Market Reports, *San Francisco Office, Q3 2015: Largest demand expansion streak marches on*, <http://www.cbre.us/o/sanfrancisco/Pages/market-reports.aspx> (last visited Nov. 13, 2015).

<sup>7</sup> Trevor Thorpe, *CBRE Issues "Techbook San Francisco Bay Area 2016"* Jan 28, 2016. See <https://www.linkedin.com/pulse/cbre-issues-techbook-san-francisco-bay-area-2016-trevor-thorpe> (last visited June 13, 2017). (This report was for office space, but increased rents in office spaces also result in increased rents for surrounding businesses.)

<sup>8</sup> Investopedia, *Supra*, (last visited June 2, 2016).

<sup>9</sup> Small Business Administration, *Is Your Small Business a Microbusiness? If So, You May Be In Luck!* (Mar. 5, 2009), <https://www.sba.gov/blogs/your-small-business-microbusiness-if-so-you-may-be-luck>.

enterprises.<sup>10</sup> In fact, people who have maintained their businesses in the communities in which they live, and in some cases, where their families have lived for generations, are being pushed out of their neighborhoods.

Studies have been conducted about the effects of small business displacement on cities in other states.<sup>11</sup> While they can be distinguished from the Bay Area's experience insofar as their unique historical and economic contexts, these studies are nonetheless helpful tools in providing guidance on the cause and effects of displacement.<sup>12</sup> In California, a report was published focusing on displacement of Bay Area communities as a result of new public transit construction.<sup>13</sup> Even though the number of studies on small business displacement remains low, they provide evidence of a widespread recognition that commercial displacement is a national phenomenon across the country, and merits increased attention.<sup>14</sup> The remainder of this report explains the roles small businesses play in grounding and stabilizing communities, examines the threat of displacement for small businesses in San Mateo County, and the Bay Area, and discusses possible strategies and tools that could be leveraged to stave off the threat.

## II. SMALL BUSINESSES – THEIR BENEFITS AND DISPLACEMENT

### A. BENEFITS OF DIVERSE AND LOCAL MOM-AND-POP SHOPS

Small businesses are the backbone of the California economy. According to the federal Small

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<sup>10</sup> The Role of Microbusinesses in the Economy, Small Business Administration Office of Advocacy (February 2015), available at [https://www.sba.gov/sites/default/files/Microbusinesses\\_in\\_the\\_Economy.pdf](https://www.sba.gov/sites/default/files/Microbusinesses_in_the_Economy.pdf).

<sup>11</sup> **Maryland** - Marie Howland and Gerrit Knaap, *Minimizing Small Business Displacement in a Revitalization Zone*, University of Maryland Urban Studies and Planning Program (2005), available at [http://www.arch.umd.edu/sites/arch.umd.edu/files/attachments/projects/Small\\_Business\\_in\\_Silver\\_Spring\\_%281%29.pdf](http://www.arch.umd.edu/sites/arch.umd.edu/files/attachments/projects/Small_Business_in_Silver_Spring_%281%29.pdf); **Texas** - Robert H. Wilson, Lodis Rhodes, Norman J. Glickman, *Community Change in East Austin*, Policy Research Project on Business and Community Development in East Austin (2007), available at [http://www.utexas.edu/lbj/archive/pubs/pdf/prp\\_160.pdf](http://www.utexas.edu/lbj/archive/pubs/pdf/prp_160.pdf); **Minnesota** - Shireen Malekafzali and Danielle Bergstrom, *A Healthy Community for All: A Community Health Impact Assessment of Transit-Oriented Development Policy in Saint Paul, Minnesota*, PolicyLink (2011); **New York** - Daniel Browne, Mark Woltman, Dana Brodsky, Asa Craig, *The Subway Shaft: How Second Avenue Subway Construction Hurts Businesses in its Path*, Public Advocate Betsy Gotbaum (2009), available at <http://www.nyc.gov/html/records/pdf/govpub/moved/pubadvocate/SecondAveReportFinalWeb.pdf>; **Massachusetts** - Joseph Sacchi, Maria Martinez, Patrick Kelsey, Sarah Jimenez, *Development and its Discontents: Commercial Gentrification in Somerville's Union Square*, Tufts University Department of Urban Environmental Policy and Planning (2014).

<sup>12</sup> For a more extensive discussion of findings from most of these reports, please see the discussion provided by Matthew Hernandez, Fidel Salgado, Madeleine Morales, *Addressing Small Business Displacement in San Mateo County* (2016), available at [http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat\\_finalreport.pdf](http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat_finalreport.pdf)

<sup>13</sup> *Development Without Displacement; Development with Diversity*, Association of Bay Area Governments (December 2009), available at <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-cravens-et-al.pdf>.

<sup>14</sup> Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>

Business Administration, small businesses—of one or more employees—make up 99.2% of California businesses and employ almost half of California employees.<sup>15</sup> The smallest businesses, referred to as “mom-and-pop” shops, are especially critical to local economies, particularly in minority and low-income communities.<sup>16</sup> Generally, mom-and-pop shops are businesses owned by community-based residents or their families that employ fewer than 10 employees. This type of small business serves as an important community cornerstone in low-income neighborhoods by providing a host of benefits to the neighborhood and the surrounding area, including: economic stability, job security, neighborhood-centered goods and services, and reinvestment of wealth into the communities they serve.<sup>17</sup>

In California, small businesses create more than **244,000** net new jobs, of which **18%** are created by businesses **with less than 20** employees.

## 1. Economic Growth and Entrepreneurship

Small businesses were responsible for the creation of more than 244,000 net new jobs in California over the past year and 18% of those jobs were created by businesses with fewer than 20 employees.<sup>18</sup> In addition, research has shown strong relationships between locally-owned businesses and community well-being, such as lower poverty rates, increased levels of civic engagement, and lower rates of crime and homelessness.<sup>19</sup> There is a direct correlation between the success of local mom-and-pop shops and the success of local communities. Once sustained, these businesses, owned and operated by local residents, are more likely to reinvest in and directly contribute to neighborhood improvement by hiring and maintaining jobs for other low-income and minority residents.<sup>20</sup> Significantly, these small businesses are also more likely to encourage local spending and consumption, increasing the tax base of that locality.<sup>21</sup>

<sup>15</sup> U.S. Office of Small Business Office of Advocacy, *Small Business Profile California* (2016) Administration, available at <https://www.sba.gov/sites/default/files/advocacy/California.pdf>.

<sup>16</sup> This report focuses on the types of small businesses that exist in Neighborhood Business Districts (“NBDs”), which primarily exist to satisfy the day-to-day convenience shopping needs of a neighborhood. These NBDs can differ from city-to-city, however, typically small business in these areas lease spaces in buildings that are one to three stories in height – with residential or small commercial offices on the higher floors and occupy sidewalk storefronts. This is distinct from Central Business Districts that are the “downtown business core of a city.” Jeffrey Morgan, *(Re)vitalizing Inner-City Neighborhood Business Districts: An assessment and strategy framework for integrated microbusiness and real estate development by nonprofits*, Joint Center for Housing Studies of Harvard University (November 2011), available at [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w12-1\\_morgan.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w12-1_morgan.pdf).

<sup>17</sup> Patrick Duggan, *Small Businesses Can Drive A Quality Jobs Economy* (March 2, 2016), available at <https://www.pacificcommunityventures.org/2016/03/02/small-businesses-can-drive-quality-jobs-economy>.

<sup>18</sup> *Id.*

<sup>19</sup> See e.g., Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), p.5, available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>.

<sup>20</sup> John Arensmeyer, *Small Business Success Crucial to That of Local Communities*, Living Cities (May 2014), available at <https://www.livingcities.org/blog/556-small-business-success-crucial-to-that-of-local-communities>.

<sup>21</sup> Paul Nugent, *10 Ways Small Businesses Benefit the Local Community* (May 2015), available at <http://www.shopkeep.com/blog/10-ways-small-businesses-benefit-the-local-community>. See also *San*



## 2. Neighborhood-Centered Communities

According to a survey commissioned by the Public Affairs Council, 68% of Americans say they prefer to shop at local small businesses.<sup>22</sup> This is not surprising, as small businesses, specifically mom-and-pop shops owned by local residents, are often more equipped to cater to the unique needs of a community,<sup>23</sup> and can be more flexible in responding to their community's needs. The responsive nature of these businesses strengthens the sense of community among shop owners and residents. In many low-income neighborhoods, "the commercial street is perhaps the greatest source of vitality and character" of the community.<sup>24</sup> The neighborhood commercial corridor serves as a social center providing places for neighbors to gather outside of their homes and connecting neighborhood residents to one another. This connection often forms the fabric and identity of a community.<sup>25</sup>

Additionally, small businesses create cultural identity, leadership and social cohesion within communities, as well as support cultural connections and exchange between various demographic groups.<sup>26</sup> For instance, minority-owned businesses are more likely to hire people of color as employees.<sup>27</sup> This is crucial as adults of color typically face higher unemployment: during the second quarter of 2016 unemployment was at 8.3% among black or African-American people and 5.6% among Hispanic or Latino people, compared

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*Mateo's North B Street Improvement Initiative*, City of San Mateo, available at <http://www.gethealthysmc.org/sites/default/files/users/AHerson/Case%20Study%20North%20B%20Street.pdf>. (Conversely, despite some perceived benefits, big-box stores are sometimes associated with increased obesity of area residents, higher crime rates, lower employment rates, and lower tax revenues than mixed-use development. See also *The Impact of Big-Box Retailers on Communities, Jobs, Crime, Wages and More: Research Roundup*, Journalist's Resource (December 2015), available at <http://journalistsresource.org/studies/government/municipal/impact-big-box-retailers-employment-wages-crime-health>.)

<sup>22</sup> John Arensmeyer, *Small Business Success Crucial to That of Local Communities*, Living Cities (May 2014), available at <https://www.livingcities.org/blog/556-small-business-success-crucial-to-that-of-local-communities>. See also Public Affairs Council, *2012 Public Affairs Pulse Survey Americans' Views on Business in an Election Year*, available at <http://pac.org/pulse/files/2012/report.pdf>.

<sup>23</sup> Jack Kleinhenz, *How Important is Small Business to the U.S. Economy?* National Retail Federation (May 16, 2014), <https://nrf.com/news/economy/how-important-is-small-business-the-us-economy>. See also Marvin D. Feit, David Feehan, *Making Business Districts Work: Leadership and Management of Downtown, Main Street, Business District, and Community Development Organizations*, Haworth Health and Social Policy (July 20, 2006).

<sup>24</sup> See Mark Cohen, *San Francisco's Neighborhood Commercial Special Use District Ordinance: An Innovative Approach to Commercial Gentrification*, 13 Golden Gate U.L. Rev. (1983).

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at p. 16. See also *San Mateo's North B Street Improvement Initiative*, City of San Mateo, available at <http://www.gethealthysmc.org/sites/default/files/users/AHerson/Case%20Study%20North%20B%20Street.pdf>.

<sup>27</sup> Matthew Hernandez, Fidel Salgado, Madeleine Morales, *Addressing Small Business Displacement in San Mateo County* (2016), p. 15, available at [http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat\\_finalreport.pdf](http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat_finalreport.pdf).

to 4.2% for white people.<sup>28</sup> In addition, people with “very African American sounding” names have been shown to be discriminated against when applying for jobs.<sup>29</sup> Small businesses have the ability to combat these practices due to their relationships with local communities and people who may experience workforce challenges. Neighborhood businesses, in particular, can protect a community’s culture, provide for particular needs in a community, and build wealth for women and people of color.<sup>30</sup>

Small business mom-and-pop shops also tend to be in industries that meet the basic daily needs of local residents and neighborhoods, such as the food or restaurant, retail, and services industries.<sup>31</sup> Therefore, the displacement of mom-and-pop shops may also strip a community of the businesses upon which they most heavily rely from day to day.

### **3. Environmental Health**

Small businesses are also an essential partner in supporting environmental health at the local level. The federal Environmental Protection Agency has recognized that “[s]mall businesses today are revolutionizing the tools available to protect human health and the environment.” More than 30 major U.S. cities and counties, including those in the Bay Area, have committed to reducing their greenhouse gas emissions. Local food markets and other local stores reduce carbon emissions drastically by reducing the need for customers to drive and transport goods.<sup>32</sup>

#### **B. CAUSES OF SMALL BUSINESS DISPLACEMENT**

Despite the critical range of benefits small businesses bring to their neighborhoods, they are being forced to leave their existing communities at alarming rates across the United States.<sup>33</sup> Ultimately, commercial displacement is an undesirable outcome and the underlying causes of displacement often include a combination of direct, indirect and social factors.

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<sup>28</sup> United States Department of Labor, Bureau of Labor, *Labor Force Statistics from the Current Population Survey* available at [http://www.bls.gov/web/empsit/cpsee\\_e16.htm](http://www.bls.gov/web/empsit/cpsee_e16.htm)

<sup>29</sup> Marianne Bertrand and Sendhil Mullainathan, *Are Emily and Greg More Employable than Lakisha and Jamal? A field experiment on labor market discrimination* (2003) available at <http://www.nber.org/papers/w9873.pdf>.

<sup>30</sup> Tiffany C. Wright, *Why Are Small Businesses Especially Important to Women & Minorities?* available at <http://smallbusiness.chron.com/small-businesses-especially-important-women-minorities-59831.html>. See also Gwendolyn Whitefield, *Supplier Diversity and Competitive Advantage: New Opportunities in Emerging Domestic Markets*, *Graziadio Business Review*, Vol. 11 Issue 3 (2008), available at <https://gbr.pepperdine.edu/2010/08/supplier-diversity-and-competitive-advantage-new-opportunities-in-emerging-domestic-markets/>.

<sup>31</sup> Investopedia, *Mom and Pop*, <http://www.investopedia.com/terms/m/momandpop.asp> (last visited July 25, 2016).

<sup>32</sup> Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>

<sup>33</sup> *Id.*

## 1. Direct Displacement

Direct commercial displacement occurs when a single activity (usually instituted or approved by a local government) forces the existing occupiers of a building to vacate. This may occur when re-zoning, redevelopment, or other large construction and transportation projects require the building in which the small business is located to be physically moved, altered or demolished.<sup>34</sup>

In San Francisco, for example, small businesses are closing due to a mandatory soft story seismic retrofitting program. This program “was created in 2013 as a multi-year community-based effort led by the [Earthquake Safety Implementation Program](#)” and requires commercial property owners of wood frame buildings to “ensure their properties are seismically safe in anticipation of the next big [earth]quake.”<sup>35</sup> Mom-and-pop shops, like “Bibliohead Bookstore,” that have been in business for a decade, are forced to close for months due to the retrofitting process. Once the process is complete, their rent will likely double as a result of the building upgrades.<sup>36</sup> Bibliohead Bookstore’s owner reports that it will be difficult for her and other mom-and-pop shops to stay in business once their spaces are retrofitted due to the extended closure period and the anticipated rent increase.

## 2. Indirect Displacement

Indirect commercial displacement, on the other hand, most often occurs as a result of one or more of the following:

- Increased Property Values - Increasing property values such that the commercial tenant can no longer afford the rent;
- Decreased Revenues: Changing demographic constitution of local residents, or neighboring construction projects, lead to fewer clientele;
- Increased Costs: Neighboring construction and development (e.g., a new bus line, or other government transit or renovation projects) lead to increased marketing costs (to advertise/maintain business continuity during construction and to compete with anticipated incoming businesses), property values, or forced renovation costs of existing buildings; and

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<sup>34</sup> *Preventing Displacement Policy Fact Sheet*, Greater Communities Collaborative, available at <http://www.greatcommunities.org/wp-content/uploads/pdf/2007%2011%20Preventing%20Displacement%20Policy%20Fact%20Sheet.pdf>.

<sup>35</sup> San Francisco Department of Building Inspection, *Mandatory Soft Story Program*, available at <http://sfdbi.org/softstory> (last visited June 13, 2016).

<sup>36</sup> Stephen Jackson, *Bibliohead Bookstore May Have To Vacate By End Of September*, See [http://hoodline.com/2014/07/bibliohead-bookstore-to-vacate-in-september?utm\\_source=story&utm\\_medium=web&utm\\_campaign=stories](http://hoodline.com/2014/07/bibliohead-bookstore-to-vacate-in-september?utm_source=story&utm_medium=web&utm_campaign=stories) (last visited June 13, 2016); Also see Stephen Jackson, *Staying In Business: What To Do To Survive Soft-Story Seismic Retrofits*, available at <http://www.lccr.com/newsroom/staying-in-business-what-to-do-to-survive-soft-story-seismic-retrofits/> (last visited June 13, 2016).

- Competition: Inability to compete with new stores matching the new demographic, or chain stores who can compete for higher rents.<sup>37</sup>

The commercial activity in Oakland is an example of indirect displacement as “[r]etail rents have soared 16% in the last year [2015-2016], to \$27 per square foot, and are up 42% since 2013,” causing small local businesses to close.<sup>38</sup> While Oakland has recently been under significant pressure, other commercial corridors throughout the Bay Area are experiencing similar trends.

#### CLIENT STORY: THUY

**Thuy, a monolingual Vietnamese-speaker, ran a café in the Tenderloin District of San Francisco for 15 years. She exercised two previous options to extend the business lease for five year terms. However, when her lease was about to expire again, the landlord refused to allow her to extend or renegotiate the lease to remain in the space. The landlord claimed others were interested in leasing the space for much more than the amount Thuy paid in rent.**

**With the help of Lawyers’ Committee attorneys, Thuy negotiated a settlement agreement with the landlord (colloquially called a “buyout”) that extended her term, rent free, in the space by two months. During that time, she could continue to operate her business while she searched for a new space. Additionally, with the money saved and the help of attorneys, she negotiated to secure a multi-year lease of a new space blocks away from her original space and successfully relocated her business.**

**Where real estate costs are rising, property owners are often interested in leasing space to new tenants at higher rates. In these circumstances, landlords are often unwilling to negotiate new leases with existing small business tenants, and unless the small business tenants are protected by an option to extend their lease, they are likely to be forced to close their business or relocate. The associated costs can be devastating for the business. However, as in Thuy’s case, attorneys can assist by negotiating agreement terms that provide some level of protection for small business tenants, even in the midst of transitions.**

<sup>37</sup> Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>.

<sup>38</sup> *Id.* at p. 8.

### 3. Complexities of Displacement Causes

Frequently, there is interplay between direct and indirect contributing factors that are further complicated by the larger societal trends that drive small businesses out of their communities:

- Gentrification and Change in Community Residents: Gentrification increases the risk of commercial displacement when there is a constricted supply of rentable commercial and residential space that rapidly increases property values.<sup>39</sup> Displacement is most likely to occur when the median income in the existing neighborhood is relatively low in comparison to the remaining region that surrounds it.<sup>40</sup> Those outside of the neighborhood with higher incomes often become attracted to the neighborhood both because of its relative affordability and its proximity to the apparent boom happening in the region. This creates an influx of newcomers that gives rise to a phenomena where the existing community is forced out as demand increases costs (e.g. taxes and the local cost of living) and the newcomers become the ultimate beneficiaries of the regional boom and wealth investment.<sup>41</sup>
- Urbanization: The United States has been experiencing a resurging trend towards urbanization for decades, as economic opportunity is increasingly concentrated in cities. The urban areas are continuing to attract more residents, constricting supply of commercial and residential space even further.<sup>42</sup>
- National Chains: Big-store chains have saturated the suburbs, and are under pressure from their shareholders to continue to expand. As a result, more big-store chains are turning to urban areas to compete directly with small businesses for market share. For example, Wal-Mart's Neighborhood Market and City Target are disrupting the existing and traditional urban commercial landscape. Moreover, lenders and commercial landlords favor national chains, as they can take up newer, re-developed spaces (that tend to have a larger square footage), and are seen as

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<sup>39</sup> *Preventing Displacement Policy Fact Sheet*, Greater Communities Collaborative, available at <http://www.greatcommunities.org/wp-content/uploads/pdf/2007%2011%20Preventing%20Displacement%20Policy%20Fact%20Sheet.pdf>.

<sup>40</sup> *Development Without Displacement; Development with Diversity*, Association of Bay Area Governments (December 2009), p. 3, available at <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-cravens-et-al.pdf>.

<sup>41</sup> *Id.*

<sup>42</sup> Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), p.5, available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>. This issue is particularly vexing in the San Francisco Bay Area, where there has historically been an aversion to new construction of buildings. Please see *How Burrowing Owls Lead to Vomiting Anarchists (or SF's Housing Crisis Explained)*, TechCrunch (April 14, 2014) available at <http://techcrunch.com/2014/04/14/sf-housing/> for further discussion.



more stable lessees than small businesses.<sup>43</sup>

Neighborhoods in the Bay Area are directly affected by these causes of displacement, as well as an influx of high-income neighbors and investment by local government and private sector actors. Pre-existing populations of the most affected neighborhoods in the Bay Area are predominantly low-income people, immigrants, or communities of color. Rather than experiencing a net benefit from local government and private sector investment, these populations are displaced. While such displacement may be unintentional, it remains nonetheless contrary to many municipal and public interest goals.

### **III. LEGAL SERVICES AS A TOOL TO SUSTAIN SMALL BUSINESSES AND MITIGATE DISPLACEMENT IN THE BAY AREA**

Recent displacement trends in the Bay Area have increased demand for legal services for small businesses. However, mom-and-pop shops have been unable to access legal services due to high attorneys' fees. As legal service provider for small businesses, the Lawyers' Committee has long recognized that the long-term viability of a small business may be jeopardized when it forgoes legal assistance on fundamental business law matters. Knowing that small businesses serve as an economic engine for California and they are essential members of low-income communities of color, Lawyers' Committee has developed a model program responsive to the legal needs of Bay Area mom-and-pop shops.<sup>44</sup>

While legal services alone cannot prevent gentrification, legal services for small businesses, along with public policy initiatives, are proving critical in supporting community and business engagement to mitigate its negative impacts. Lawyers' Committee, in collaboration with other small business advocates, has found that anti-displacement work requires a multi-faceted approach to bridge the economic divide. Therefore, this section of the report focuses on effective strategies implemented by Lawyers' Committee that can be scaled and applied in other communities to directly counter threats to small business, including the pressures leading to local business displacement.

#### **A. LEGAL SERVICES FOR ENTREPRENEURS – A LAWYERS' COMMITTEE PROGRAM TO STRENGTHEN SMALL BUSINESSES AND EMPOWER COMMUNITIES**

Nearly twenty years ago, in 1997, Lawyers' Committee established Legal Services for Entrepreneurs (LSE), an economic justice and community empowerment project tailored to meet the legal needs of small businesses.<sup>45</sup>

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<sup>43</sup> *Id.*

<sup>44</sup> For more information about Lawyers' Committee and all of its programs, please see appendix A, "Lawyers' Committee Organizational Brochure," or visit [www.lccr.com](http://www.lccr.com).

<sup>45</sup> See appendix B, "Legal Services for Entrepreneurs" program material.

In response to an increasing need for small, local entrepreneurs to have access to legal counsel and representation, Lawyers' Committee began offering free legal assistance through LSE to: 1) people of color and low income individuals

LSE Client Jennifer V. (2105): "So happy and grateful this program exists. Low-income people like me who lack access to resources would not be able to pursue dreams and projects without programs like yours. The economic atmosphere in SF needs a way to keep its diversity and I think this program helps promote that."

who wanted to start or develop for profit businesses, and 2) for-profit businesses committed to investing in economically distressed communities. Since its inception, the LSE program has provided legal representation to more than two thousand entrepreneurs and small businesses. Many of the businesses served are among the mom-and-pop shops most vulnerable to displacement, including food businesses, retail shops, and cleaning services. Recently, within the last four years, Lawyers' Committee matched over 600 such businesses with attorneys for direct legal services, counsel and advice. More than a third of these clients sought support for commercial leasing matters.

The LSE program continues to be an effective tool to help low-income individuals and communities of color create pathways out of poverty, build economic assets, and secure financial stability in their own communities. In addition to supporting healthy small businesses,<sup>46</sup> the program has expanded to assist small businesses with counsel vital to a business's long-term survival, including, for example, business risk and liability (e.g. protecting business owners from business liability, managing against contractor or business partner issues, and addressing other business risks), zoning, employment law, and commercial lease terms. LSE endeavors to equip clients with the legal knowledge and assistance necessary to run sustainable businesses, while also creating access to a broader community of legal and business professionals, a community traditionally out of reach for many LSE clients. As a result, the program expands these business owners' networks and empowers them to succeed.

LSE Client Dana A. (2016): "I really appreciated all your work and advice, without you I will not be able to do it..."

(Dana received support from LSE to recover funds spent on damaged business equipment. LSE successfully helped her recover her equipment investment.)

The LSE program is threefold, providing:

1. Workshops:<sup>47</sup> LSE has compiled training materials to educate small businesses. Topics address a range of legal issues entrepreneurs face when starting or growing a business, including business entity formation, hiring 101, commercial leasing basics, and contract drafting.

<sup>46</sup> See appendix C, "Healthy Business Checklist," distributed by LSE.

<sup>47</sup> See appendix D, "Community Event/ LSE Workshop Samples," for sample announcements of events held in Oakland and San Francisco that included an LSE workshop for small businesses.

LSE Client Terrence H. (2015): "I think this is one of the best programs out there. It's more valuable th[a]n many of the programs that get more notice and more money. I was blessed the day I found out about LCCR, and can't wait to be able to donate to their great services. The next thing I think you should focus on is having a program for raising capital, for businesses that focus on social impact endeavors."

2. Clinics and consultations: LSE offers one-on-one *pro bono* attorney consultations to small businesses with legal questions related to starting or managing an existing business.

3. Attorney matching: In partnership with Bay Area law firms and corporate legal departments, LSE matches clients with *pro bono* legal assistance from experienced business attorneys. LSE also handles some matters in-house as circumstances require.

Small business owners have responded favorably to this area of work by the Lawyers' Committee

indicating that LSE's services are helpful, educational and informative. Moreover, the majority of small business owners reported feeling better equipped to run their business more effectively and sustainably after attending a legal workshop or meeting with an attorney.<sup>48</sup>

LSE Client Jared G. (2014): "I was [a]ble to open my business more quickly," with LSE services and "I had more confidence in running my business."

In addition to directly serving business clients, LSE has become a valued complement to other business services provided by a variety of organizations and agencies. Over the past 18 months, LSE has received more than 90 referrals from 27 different community partners and various city agencies throughout the Bay Area. Some of these partners include:

Alameda County Small Business Development Center - Main Street Launch	San Francisco Office of Small Business Score
Anew America	Small Business Administration (San Francisco)
Centro Community Partners	Small Business Assistance Center
Northern California Community Loan Fund	The San Francisco LGBT Center
Oakland Business Development Center	Urban Solutions

<sup>48</sup> Often small businesses become repeat clients (more than 50 clients returned for assistance in the past 18 months) and seek LSE referrals to other providers of business services, such as insurance brokers and incubator programs.

**B. CASE STUDIES FROM LSE DISPLACEMENT WORK**

Since most small businesses rent commercial spaces and do not own them, a weak, short-term, or nonexistent commercial lease places a small business owner at great risk of losing their space. Unlike residential tenants who may rely on common law protections and other tenant rights, a commercial tenant's legal rights and obligations are completely prescribed by the written commercial lease agreement.

Unfortunately, many small businesses are not aware of the importance of strong lease terms and put themselves in compromised positions when initially renting commercial space. Due to the high cost of legal counsel, the lack of commercial real estate knowledge among small business owners, and the sense of urgency many feel when looking for and securing commercial space, these small businesses are an easy target for displacement. The underlying presumption that small business owners often make, to their detriment, is that signing a commercial lease, regardless of its terms, will secure a stable commercial space. Unfortunately, the presumption often leads the business owner to later face precipitous eviction.

The terms and provisions of a commercial lease are so important that LSE attorneys have, in some instances, counseled small business clients not to sign new lease agreements but rather, look for new space despite the short-term loss that may be sustained by lack of business operations. These are known as "killed deals," when problematic terms are evident in a commercial lease and the risk to business sustainability is too great. For example, an older, monolingual Spanish-speaking small business client sought to expand her home-based childcare center to another space in her apartment building. Her attorneys, however, discovered that the building was not zoned for allowing childcare providers of more than a certain number of children, and thus discouraged the client from signing the lease. In that case, had the small business client signed the lease, she would not have been legally permitted to expand her daycare to provide care for a larger number of children but she would have been locked into the lease agreement. Attorneys provide legal assistance to guard against the worst case scenario for the small business owner, even if that assistance comes at a cost of not moving forward with a commercial space.

Though many small businesses negotiating rental agreements for the first time may not have been successful in securing their first choice for commercial space due to heavy competition and high rental rates, they were in an infinitely stronger position with LSE assistance. From a business sustainability standpoint, it is better for business owners to be in a position of empowerment with the option to be selective and negotiate their leases, than to accept a “take it or leave it” proposition from a landlord.

In addition, for small businesses as tenants, it is equally important to renegotiate leases to accommodate changing business needs. While leases are not unilaterally amended, tenants may propose amendments to leases at any time in the lease term. When a business decides a neighborhood no longer suits the business model, the ability to terminate an existing lease and relocate the business could be critical to its future success.

Under these and other circumstances, legal counsel on commercial leases may protect the small business tenant from liability for unexpected costs, the flexibility in the tenant’s option to extend the lease for multiyear periods, anticipate a worst case scenario for the business space, and suggest other avenues to protect the business from additional risks. As described in this report, for a variety of reasons, many small businesses are in a compromised position when initially renting a commercial space because they: do not fully understand the lease that they sign; do not negotiate the terms to benefit them as a tenant; rely on a handshake agreement to lease the space with nothing in writing; or allow the lease to expire and remain on a month-to-month basis, with no rights to the space beyond 30 days. Since the commercial lease sets the legally enforceable contractual relationship between the landlord and small business tenant, and with external factors like a skyrocketing real estate market, it is more important than ever that small business tenants have access to LSE services to be advised and counseled by attorneys regarding their commercial leases.

The value of legal counsel for the small business tenant on commercial leases is the added legal protections within a structured deal to insulate the business tenant from liability for unexpected costs, provide flexibility at the tenant's option to extend the lease for multi-year periods, and anticipate the worst case scenario for the business space and incorporate avenues to protect the business from additional risks.

## **1. Case Study: Mission District - San Francisco**

Throughout the years, LSE has provided legal counsel for commercial leases; however, in 2012 LSE began receiving an increasing number of inquiries and urgent legal requests, predominantly from the Mission District of San Francisco, regarding commercial leases. Many refer to the Mission District of San Francisco as “Ground Zero for Gentrification” because an overwhelming number of immigrant-owned shops have been forced to close or relocate due to rising real estate costs, intense competition from higher-resourced commercial tenants, and other displacement factors resulting from gentrification. These business owners, the majority of whom were non-native English speakers, had been operating in their commercial spaces for decades. Often, these businesses had informal



leasing arrangements with their landlords. Many had been served with notices to vacate the premises or notices of rent increases at amounts that they could not afford (effectively displacing them). With property values rapidly increasing in San Francisco, and without adequate lease provisions to protect them, these mom-and-pop shops had little leverage and were often forced to give up their businesses and the lifetime of investments they had built in them.

#### CLIENT STORY: ROSALINDA

**Rosalinda, a single mother of a developmentally disabled son, ran a small and struggling taqueria by herself in the Mission District of San Francisco. She invested all of her savings in the business and worked tirelessly as the cook, cashier, waiter, and maintenance staff, with occasional assistance from her son or family members.**

**Rosalinda came to LSE for help after falling behind on her rent and receiving a 30-day notice to vacate from her landlord. Her lease had expired years ago, and she remained on a month-to-month lease. LSE attorneys assisted Rosalinda in lengthy negotiations with the landlord spanning three months. In the end, the landlord agreed to a multi-year lease. In addition, her attorneys help structure a partnership between Rosalinda and two of her neighbors, who joined her in the business venture. Together, they are able to maintain rental payments and sustain a stronger business.**

**By the time a notice to vacate issues, it is usually quite clear the landlord wants the small business tenant out of the space and there are very limited legal options available to help the tenant remain in the space. Although her landlord refused to negotiate with her, Rosalinda's attorneys were able to negotiate a more stable long-term agreement with rent security for both Rosalinda and the landlord placing her in a much stronger business position.**

In combating indirect displacement due to increased property values, gentrification, and urbanization as seen in the Mission District, LSE found the most helpful tool to be a formal written commercial lease with terms intentionally negotiated to mitigate the threat of displacement.

In response to small commercial tenants' fear and lack of information to negotiate sound leases, LSE has supported businesses by reviewing and (re)negotiating their commercial leases. LSE's primary service goal has been to ensure the lease benefitted the client, prevented common pitfalls that many small businesses face, and minimized future risks and exposures by counseling clients regarding leasing strategies. LSE achieved this by hosting commercial leasing workshops and legal clinics where small businesses could have one-on-one consultations with attorneys. LSE also created a commercial "cheat sheet"<sup>49</sup> for small businesses highlighting key terms they should remember whenever reviewing and negotiating a lease.

LSE has counseled many clients at various stages in the leasing process. However, more often than not, clients find LSE when they are most at risk of displacement. One client, a hair salon owner in San Francisco, was referred by a city agency after receiving a notice to vacate from her landlord. Her lease had expired and the landlord had ignored her requests

to negotiate a new lease. LSE was successful in bringing the landlord to the table to negotiate an extended lease for the client. As a result, she was able to keep her business open and continues to run her business from the same location almost three years later. In other instances where small businesses were forced to leave their spaces due to unfavorable lease terms – and failure to address the issues early on – LSE attorneys successfully assisted with negotiating extensions, "buy-outs" as well as leases for new spaces, and thereby improved the viability of each business served.

In Thuy's case (pg. 12 above), Lawyers' Committee attorneys assisted her by negotiating a settlement agreement with the landlord called a "buyout", extending her term in the space by two months, rent free, in order to find a new space and to continue to operate her business. Even in instances where the original lease is not drafted in the best interest of the small business, attorneys can assist with negotiating agreements that provide some cushion and relief for the small business tenants as they are forced to transition.

While gentrification may be challenging to many local communities, legal services for small businesses have proven to be an effective core strategy, particularly when leveraged alongside public policy initiatives, to mitigate the negative impacts of gentrification. For example, in San Francisco, the Mayor's Office of Economic and

Workforce Development (OEWD), in addition to other agencies, have adopted explicit initiatives to strengthen local neighborhoods, support small business sustainability, and implement anti-displacement strategies. In collaboration with San Francisco's OEWD, LSE has provided legal assistance to over 200 small businesses threatened by displacement between 2012 and 2015.<sup>50</sup> The majority of the threatened businesses were businesses run

<sup>49</sup> See appendix E, "Small Business Leases: Top Ten Issues."

<sup>50</sup> In response to the demand for legal assistance in San Francisco's Mission District, LSE – through a grant from the City of San Francisco's Office of Economic and Workforce Development – formed the Community Business Resiliency Project (the "CBR Project"). For the CBR Project, LSE convened a network of Bay Area commercial real estate attorneys to provide real estate law expertise to clients and small business advocates.

by women, immigrants, and people of color. Many were non-native English speakers and communicated in primary languages such as Spanish, Vietnamese, Cantonese, Korean, Urdu, and Russian, among others. They operated in their places of business for periods of time ranging from a few years to multiple decades. There were some circumstances in which adult children were running the family business that their parents started the generation before. The businesses were predominantly restaurants, but also included cafes, markets, beauty salons, auto repair shops, flower shops, retail shops, home-based childcare centers, and art galleries, among others. A synthesis of demographic data for the business clients having the greatest need and served in this neighborhood corridor is summarized in the chart that follows:

Snapshot: LSE Small Business Commercial Lease Assistance Clients (SF Mission District)

Race	%
Asian/Pacific Islander	16
Black/African American	10
Hispanic/Latino	45
Other	11
White	18

Other Characteristics	%
Non-native English speaker	36
Woman	71
Man	28
Age 18-59	88
Age 60 and over	11

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The goal of the CBR Project was to address small business tenant issues and strategize regarding retention of immigrant-owned businesses in rapidly changing commercial corridors. LSE developed and implemented a training entitled, “Commercial Leasing Basics for Small Business Tenants,” in Spanish and English to provide legal assistance to San Francisco small business clients. This training was the bases of other trainings provided to small businesses at risk of displacement in Oakland.

## 2. Case Study: Oakland – International Boulevard

As an outgrowth of the anti-displacement work LSE was doing in San Francisco, in early 2013, the Lawyers' Committee was invited by the City of Oakland to join a coalition of community and faith based organizations and public agencies to address and prepare for the impacts of a multimillion dollar transit-oriented Bus Rapid Transit development slated to break ground along International Boulevard the following year.

The International Boulevard Corridor is a nine-mile span of rich cultural diversity, lined predominantly by small business owned by immigrants and people of color. These small businesses have operated in the area for years, with some businesses being run by multiple generations, and are highly susceptible to commercial displacement. There are Southeast and Central Asian refugee resettlement centers, Latino arts, culture, and heritage districts, and historic African American landmarks and churches, including the headquarters of the Black Panther Party – all of which are facing imminent impacts from Bus Rapid Transit development project.

The working group of the coalition is focused on assessing small businesses' preparedness for the effects of the development along International Boulevard corridor in an effort to advocate for and provide services to assist these business owners. The working group seeks to assist these small businesses both during the period in which the corridor would be under construction and also with thriving sustainably after the construction completed, in a community that will likely undergo major changes in demographics and customer base, traffic, property value, and business competition, among other factors.

While the Bus Rapid Transit project is expected to greatly benefit Oakland's residents – and the City of Oakland and AC Transit have been thoughtful in their approach to prevent displacement – the impact of the project will likely result in displacement of some small businesses along the corridor.<sup>51</sup> According to a study performed by the Center for Community Innovation at the University of California, Berkeley, there is a “significant positive relationship between transit investment, gentrification, and displacement . . . .”<sup>52</sup> During Bus Rapid Transit construction, for example, a number of small businesses will have to forfeit access to customer parking, limit business deliveries, and lose customers due to construction impacts to their premises. Small businesses also fear the large infusion of outside capital that many expect to be invested into the corridor post-construction. Their concerns are not misguided as construction improvements can lead to investment or disinvestment, both of which can result in displacement as a result of the changed environment.<sup>53</sup> In this instance, commercial landlords have already begun to raise rental

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<sup>51</sup> Center for Community Innovation, *Case Studies on Gentrification and Displacement in the San Francisco Bay Area*, p. 8 (July 2015), available at [http://www.urbandisplacement.org/sites/default/files/images/case\\_studies\\_on\\_gentrification\\_and\\_displacement- full\\_report.pdf](http://www.urbandisplacement.org/sites/default/files/images/case_studies_on_gentrification_and_displacement- full_report.pdf). (“Public investment, from infrastructure investment like . . . fixed rail transit systems, can accelerate processes of displacement.”)

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

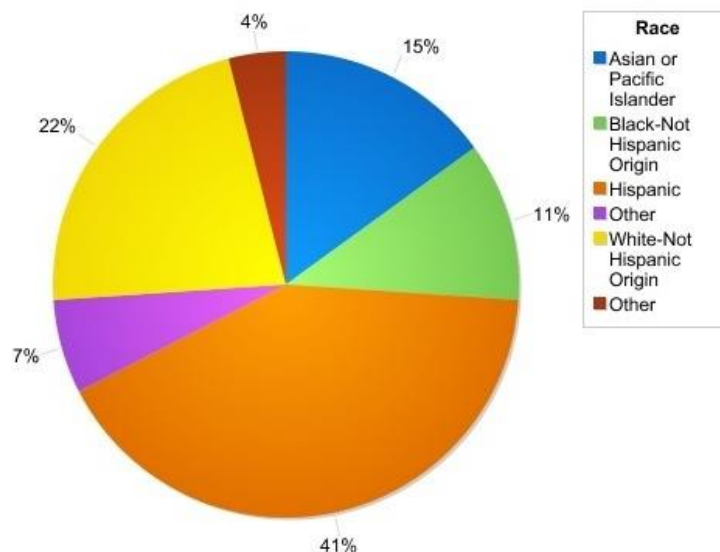
rates and terminate small business leases along the corridor in anticipation of improvements increasing investment interest in the corridor.

A local arts organization situated along the corridor is an example of a small business that now faces rental insecurity. This organization has been trying to secure a lease for years, with no success. LSE attorneys have now intervened on the client's behalf. While negotiations continue as of this writing, the client is in an improved negotiating position with legal experts that have increased the client's knowledge of their legal rights and supported the client in negotiating the terms of a long-term lease agreement. The progress made to date in this matter has been substantially different than in previous years when the landlord wholly disregarded and dismissed the client's requests. The landlord is negotiating with LSE attorneys and there is an increased likelihood that the organization will be more rent stable due to its access to legal services.

Similar to businesses served in San Francisco's Mission District, many along the Oakland International Boulevard Corridor have no leases, bad leases, or leases they do not understand. As the construction date of the Bus Rapid Transit nears, more small businesses are requesting commercial lease reviews and negotiations. Therefore, LSE, in conjunction with other coalition members in Oakland, continues to employ a hands-on community engagement approach. An organization within the coalition was assigned to contact small businesses along the corridor and LSE has provided a flexible general legal counsel service model tailored to meet small business needs in their neighborhoods.

### C. LESSONS LEARNED: THE BENEFITS OF LEGAL COUNSEL

LSE's direct service experiences across the Bay Area further corroborate the need to share the information contained in this report and the need for further implementation of anti-displacement strategies. A survey of LSE clients served revealed:



*Lawyers' Committee LSE Client Demographics*



**1. Businesses owned by people of color, women and immigrants are particularly in need of access to legal services to counter potential displacement.**<sup>54</sup> These business owners, compared to the broader small business community, particularly lack sufficient resources necessary to combat increasing rents and other factors that contribute to displacement. Of the LSE clients requesting commercial leasing support, over 67% were people of color as demonstrated in the preceding chart.

One of LSE's most recent clients was the owner of a Mexican Salvadoran restaurant along Oakland's International Boulevard that recently closed. The restaurant owner was an immigrant and a former hotel worker who started the business three years ago and provided jobs for three employees (including herself).

At the end of her three year rent term, her landlord unexpectedly increased the rent by more than 100%. The client could not afford to pay the increased rent and her landlord was unwavering on the rate. She was referred to LSE and received assistance in her lease negotiations. While the client was ultimately forced to move out of the premises, LSE was able to extend her termination date by 60 days. This additional time allowed her to move out of the space in a mutually agreeable timeframe, avoiding the possibility of holdover and eviction. LSE remains in touch with this client to negotiate the new lease for her next restaurant space.

**2. The businesses most at-risk lack a strong commercial lease.** Most of the businesses at the greatest risk for displacement and/or eviction either did not have a signed commercial lease, signed a commercial lease that was against their interests without consulting an attorney, or often did not have the protection of incorporating a legal entity.

**3. Legal assistance for small businesses to negotiate commercial lease terms, advise about entity formation, and implement other legal protections, is effective in and vital to combating commercial displacement.** Without LSE's legal representation, guidance and advocacy, many Bay Area businesses reported that they would not have been able to stay in their leased business spaces.

The small businesses most often served by the LSE program, particularly for assistance with commercial displacement challenges, tend to have shared experiences in that the business owners:

- Signed a lease without fully understanding the terms, including tenant responsibility for significant costs (e.g. certain structural repairs, maintenance, etc.), liability issues (e.g. safety, negligence, indemnity, and other risk exposure), timeframes for action, and options to extend the lease.
- Did not negotiate terms of the lease with the property owner directly;

<sup>54</sup> 70% of LSE clients requesting commercial leasing assistance have been women over the last four years.

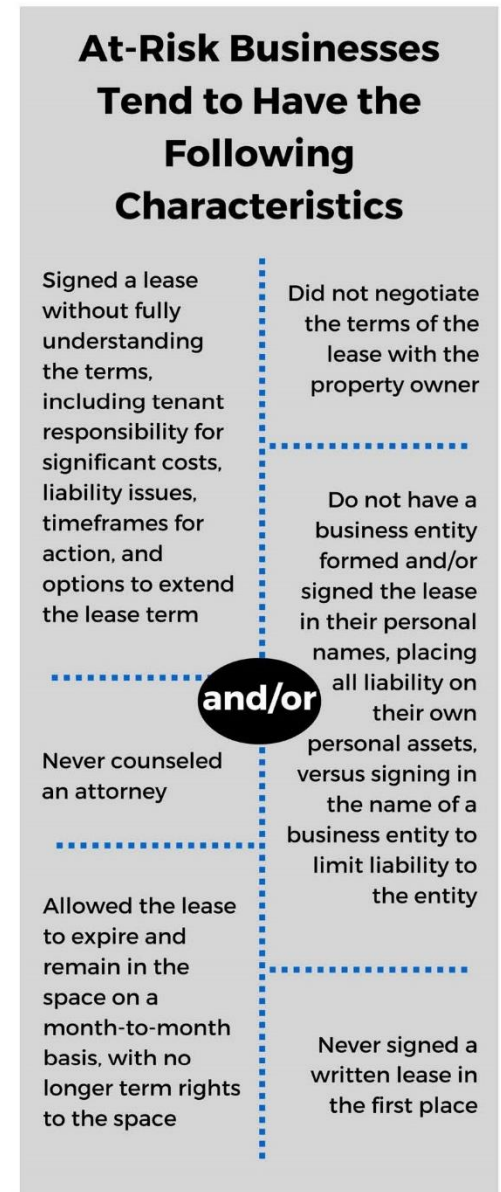
- Allowed the lease to expire and remain in the space on a month-to-month basis, with no longer-term rights to the space;
- Never counseled with an attorney;
- Never signed a written lease in the first place; and/or
- Do not have a business entity formed and/or signed the lease in their personal names, placing all liability on their own personal assets, versus signing in the name of a business entity to limit liability to the entity.

All of the above create substantial vulnerability for displacement. Many of these contributing factors for displacement are exacerbated for businesses run by women, people of color and non-native English speakers, whom studies show tend to be smaller and less profitable with lower survival rates than their non-minority or male counterparts. These types of small businesses, in comparison to the average business, have even fewer resources to educate themselves on these risks and to protect themselves from losing their business. Legal services and public policy initiatives that benefit small businesses are especially crucial for these business owners.

#### IV. DISPLACEMENT AND NEED IN SAN MATEO COUNTY

In both San Francisco and Oakland, community organizations and local agencies partnered with LSE to identify displacement trends and reach at-risk small businesses. This collaborative approach is essential to anti-displacement work. Other Bay Area communities are also beginning to grapple with the business implications of gentrification. For example, in the past few years, San Mateo County has experienced rapid growth, and Redwood City as well as other cities within the county are “on a path toward immense change.”<sup>55</sup> As a community partner and stakeholder, the Silicon Valley Community Foundation (SVCF) joined other community members in querying whether the changing demographics will impact local small businesses and whether commercial displacement is a concern in San Mateo County. Therefore, SVCF provided support for Lawyers’ Committee and Faith in Action to better understand commercial displacement in the Bay Area and its relevance to San Mateo’s commercial landscape, as it relates to local mom-and-pop shops.

<sup>55</sup> *Id.* at 80.



This section discusses the current landscape of mom-and-pop shops in two primary areas of San Mateo County: **North B Street and the 3<sup>rd</sup>/4<sup>th</sup> Street corridor and Middlefield Road**. San Mateo's North B Street and the 3<sup>rd</sup>/4<sup>th</sup> Street corridor is adjacent to the downtown area of San Mateo and has historically been a working class community of color. Middlefield Road is in an unincorporated area of San Mateo County, called North Fair Oaks. This neighborhood has a large Latino community and many small businesses that serve this population.

To gain more information about business displacement in the area, Lawyers' Committee drafted a survey that was administered by Faith In Action.<sup>56</sup> The survey posed questions targeted specifically at identifying whether displacement warning signs (including changes in accessibility and sustainability in commercial property and changes in community and client demographics) were present in the county. Faith In Action, in partnership with Stanford University's Sustainable Cities class, found survey participants along North B Street and the 3<sup>rd</sup>/4<sup>th</sup> Street corridor and Middlefield Road.<sup>57</sup> In its analysis and recommendations to mitigate displacement of small businesses in the county, this report draws on survey and case study work compiled from specific neighborhoods in San Mateo County as outlined in the report of survey findings, "Addressing Small Business Displacement in San Mateo County," including its summary of findings from other reports (collectively, "San Mateo Report").<sup>58</sup>

#### **A. Summary of Data from the San Mateo Report**

San Mateo County neighborhoods, like many working class neighborhoods of color across the region, are undergoing rapid transitions. Over the past few years, downtown San Mateo has seen the settlement of small tech start-ups anchored by Draper University, a small-scale start-up incubator for young tech entrepreneurs. With this influx of relatively young, affluent and educated professionals, the downtown small business scene has changed to meet the tastes of this new clientele. Once a sleepy, small business district, San Mateo's downtown has turned into a very active zone, with a new nighttime culture. The adjacent North Central neighborhood, as a result, is experiencing extreme gentrification pressures.<sup>59</sup> Just since June 2015, Faith In Action has fought the eviction and extreme rent increases of hundreds of residents surrounding San Mateo's downtown through organizing.

According to the Urban Displacement Study done by the University of California, Berkeley, Center for Community Innovation, the North B Street and 3<sup>rd</sup>/4<sup>th</sup> Street

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<sup>56</sup> Appendix F, "San Mateo Small Business Survey."

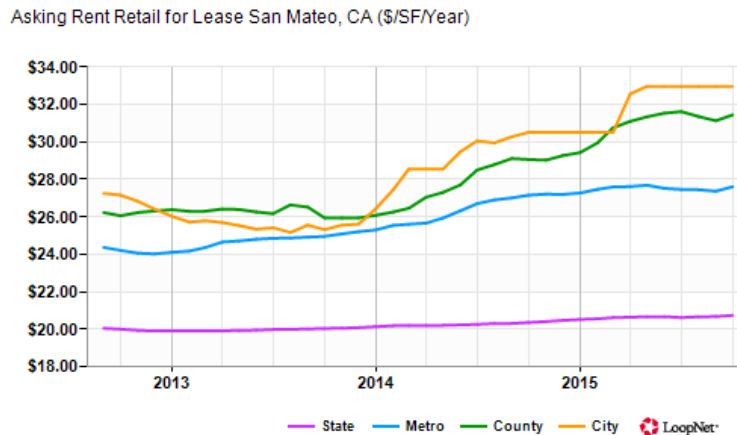
<sup>57</sup> See, Appendix G.

<sup>58</sup> Appendix G, "Addressing Small Business Displacement in San Mateo County" (Also available at, [http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat\\_finalreport.pdf](http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat_finalreport.pdf).) This report also reviews the reports mentioned in footnotes 12 through 14, supra.

<sup>59</sup> UC Berkeley recently did a study on gentrification and displacement in the Bay Area region and concluded that San Mateo's North Central neighborhood was in state of "undergoing displacement" to "advanced displacement" (<http://www.urbandisplacement.org/>).

corridors are undergoing a process of gentrification, while the North Fair Oaks neighborhood along Middlefield Road is at risk of gentrification. Redwood City is mid-way through the construction of almost 2,000 new units of market rate apartments and condos in its own downtown neighborhood, just three-quarters of a mile from North Fair Oaks. In addition, the County of San Mateo is investing in streetscape improvements along Middlefield Road, which will include new lighting, vegetation, storefront improvements, bicycle and pedestrian ways, among other infrastructure upgrades. As is the case in other areas where public investment has improved street conditions (e.g. International Boulevard in Oakland and Cesar Chavez Street in San Francisco), gentrification is a possibility, if not a likelihood.

While retail rents in the City of San Mateo dropped below the county average in 2013, by 2014 as seen in the chart below, they began to climb quickly and now rents are higher than the surrounding county.<sup>60</sup>



### *Survey of San Mateo Small Businesses<sup>61</sup>*

The goal of the San Mateo business survey was to engage 50 small businesses and collect 25 completed surveys as a sample representation of the small business population in North B Street, the 3<sup>rd</sup>/4<sup>th</sup> Street Corridor and Middlefield Road. Faith In Action collected 18

<sup>60</sup> Loopnet Market Trends, available at <http://www.loopnet.com/markettrends/>.

<sup>61</sup> Several small businesses had to be contacted multiple times before they were willing to participate and many declined to participate for fear of the information getting into the hands of their landlord or local jurisdiction where they worried there would be consequences.

There was a higher return of surveys in San Mateo than in North Fair Oaks. Faith In Action suggests this was the case for two reasons: 1) North Fair Oaks small businesses had just completed a survey issued by the County, related to the street improvement plans, and were reticent to do a second survey, and 2) those issuing the survey in San Mateo had more direct relationships with the local small businesses and were able to engender trust more quickly.

completed surveys that were used to characterize San Mateo small businesses.

The survey was distributed to food, service and retail businesses. Each survey took approximately 40 minutes to complete and many small businesses, while willing to share their experiences verbally, were hesitant to share detailed financial information or information about their lease contract.

#### *Summary of San Mateo Report Findings<sup>62</sup>*

As a preliminary matter, of the small businesses surveyed, 100% of them reported satisfaction with their current business location. This is telling because it not only shows their strong connection to the neighborhood as is – serving Latino and working class communities of color – but also their desire to continue their business in the area. From this sample of small businesses, it seems businesses along the North B and Middlefield Road corridors are not intentionally leaving the area, but rather that there are other factors contributing to their departure. In fact, most of the businesses surveyed have been in the community for an average of 12 years, rent their business locations and a number of them have expired leases, or short-term leases.

Faith In Action summarized the survey of small businesses in San Mateo County as follows.<sup>63</sup>

- **Neighborhoods had predominantly older businesses that are more resilient** – 67% of the businesses surveyed were more than ten years old. These businesses tended to have better relationships with their landlords, and have more profitable businesses to weather increases to their rent.
- **Loss of clientele and demographic changes drive potential displacement** – Most of these businesses divulged that they were concerned about losing their clientele, found adjusting to the new clientele challenging, and did not want to relocate their businesses.
- **Most businesses had not received any outside assistance, including legal assistance** – 87.5% of small businesses<sup>64</sup> had generally not received business assistance or legal assistance.

Based on the above findings, although small businesses in San Mateo County seem less concerned with increasing rents, community changes seem to threaten their existence. As the below graph shows, the number of very small retail businesses decreased by 6% between 2009 and 2013, according to the U.S. Census.<sup>65</sup>

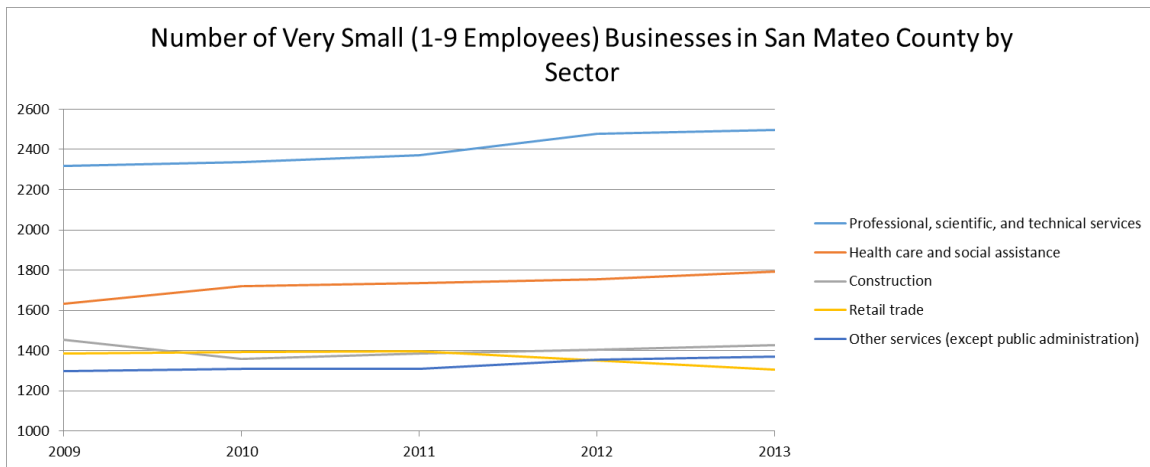
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<sup>62</sup> This summary includes information that may not have been captured in the San Mateo Report, but was available from raw data collected by Faith In Action.

<sup>63</sup> Matthew Hernandez, Fidel Salgado, Madeleine Morales, *Addressing Small Business Displacement in San Mateo County* (2016), available at [http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat\\_finalreport.pdf](http://sustainablecities.weebly.com/uploads/1/2/3/3/12335040/urbanhabitat_finalreport.pdf).

<sup>64</sup> 16 small businesses responded to this question.

<sup>65</sup> US Census- 2009, 2010, 2011, 2012 and 2013 Business Patterns



Additionally, the San Mateo survey revealed a number of the businesses were unsure of the state of their current leases. When asked the question “[w]hen does your lease expire and how many years are left in the lease?,” 27% of respondents<sup>66</sup> admitted they were unsure or responded “N/A.” The respondents did not state why the question was not applicable, but it could be inferred they were unsure of the lease term since 95% of respondents were renters. Also, 36% of small businesses had one year or less left on their existing leases, which could leave those small businesses vulnerable to displacement.

The survey and current market trends tend to substantiate the rumblings that San Mateo County is the next frontier of commercial displacement. Many of the displacement warning signs were present among the small businesses surveyed.

- Business size: Mom-and-pop shops, hiring a mean of three employees.
- Industry: Many of the businesses were in the food and retail industry, providing basic needs for daily life (e.g. clothing stores, grocery stores, and taquerias) for Latino and Hispanic clients.
- Owners’ Ethnicity/Background: All but one of the small businesses surveyed were owned by immigrants, most of them Spanish-speaking.
- Financial and Business Resources: Businesses attested to changes in the neighborhood and have responded to those changes independently, with no outside help. They have not consulted a lawyer or business professional to assist them in responding to their business concerns.
- Neighborhood: Small businesses reported that neighborhoods are shifting,

<sup>66</sup> The percentage reflects those small businesses that responded to this survey question. For this question, 11 of the 18 small businesses responded.



residential rents are rising and clientele is being forced to move out of the neighborhood. Commercial leasing rates have also risen and many of them have experienced rent increases in the last couple of years.

Elisa, a monolingual Spanish-speaker, ran a Latin restaurant in the Mission District of San Francisco, where she lived and worked for over a decade. Like many small business owners in the Mission, she was affected by rising rent prices and rapid gentrification. Despite having a multi-year lease agreement, the property owner broke the lock and entered her restaurant without permission in order to show the space to a potential buyer. Upon contacting LCCR for assistance, LSE attorneys learned Elisa was intimidated by the property owner and had never spoken with her landlord before. The attorneys reviewed her lease documents with her and explained her rights and responsibilities under the terms of the lease. The attorneys assisted her in contacting the property owner and renegotiating her lease to include more tenant's rights. Elisa was successful in remaining in her space and securing a multi-year extension to her existing lease.

Like many of LSE's monolingual Spanish speaking small business clients, Elisa was subjected to poor treatment by her landlord because she did not fully understand the terms of her lease, as it was never explained or provided to her in Spanish. She was unaware of the landlord's liability for structural repairs, and of her notice responsibilities to extend the lease. Although her landlord was initially disinclined to renew her lease to rising demand from commercial tenants, LSE attorneys were able to leverage Elisa's existing lease to negotiate an extended lease at the premises. Many small businesses, however, have nothing in writing and rely on verbal lease agreements to their detriment in a dispute.

Whether these small businesses are ready or not, change is coming. These mom-and-pop shops have a great risk of commercial displacement and action should be taken swiftly to stay the onslaught. Moreover, the mom-and-pop shops surveyed need direct legal services. Two of the 16 clients who had sought legal support did so in reaction to potential litigation. It is important that mom-and-pop shops understand the benefits of being proactive and retaining legal services early as a risk mitigation tool.

## **B. CURRENT NEED FOR SAN MATEO SMALL BUSINESSES**

The San Mateo Report highlights the need for continued anti-displacement advocacy and assistance for small businesses. It confirmed:

**1. Economic investment in a community does not always benefit that community.** Often this investment, such as improved infrastructure, new stores or other amenities, does not benefit those already living in that community; rather, those same improvements drive out existing community members who are replaced by a new demographic, reinforcing the cycle of poverty.<sup>67</sup>

**2. Poor information exchange exacerbates displacement.** For local governments that have attempted revitalization efforts or new transit developments, a lack of information for the affected small businesses (ranging from lack of information about assistance available for the business to a lack of information on the project to complicated paperwork to receive assistance)

<sup>67</sup> Id., p. 12-15.

hurts businesses that might otherwise have been able to survive environmental changes.<sup>68</sup>

**3. Residential demographic shifts, networks and community affect displacement trends.** Small businesses do not exist in isolation; they are integral parts of their communities. As a result, when residents and clientele change, small businesses may feel increasing isolation and lack of community. In addition, minority-owned small businesses often feel they have fewer networks and organizational capabilities to draw on to combat demographic shifts.<sup>69</sup>

All of these displacement trends are relevant to the current Bay Area commercial climate. As can be seen from both Faith In Action's survey in San Mateo County and LSE's direct services work in San Francisco and Oakland, the causes of small business displacement in the Bay Area are not homogenous in nature and are dependent on the locality itself. For instance, in North Fair Oaks, most of the small businesses surveyed have existed for a longer period of time, and are primarily suffering from a demographic change in their clientele. On the other hand, Oakland and San Francisco's small businesses who come to LSE for legal assistance tend to not have long-term leases and are primarily facing increases to their commercial rents from hyper gentrification<sup>70</sup>.

Whether as a product of rising commercial rents or changing clientele, commercial displacement is occurring at high rates throughout the Bay Area, and requires a host of measures to mitigate and address both the causes and the effects.

## V. SOLUTIONS AND BEST PRACTICES

The factors contributing to commercial displacement in any particular community are complex and ever-changing, and as a result, there is no single answer or policy to completely prevent small businesses from being forced out of their neighborhoods. However, LSE's experience has shown that with legal support, in addition to community organizing and collaboration on varying levels, small businesses can remain and continue to thrive in their communities:

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<sup>68</sup> Id., p.11.

<sup>69</sup> Id., p.13.

<sup>70</sup> Anna Marie Erwert, *Oakland ascends to nation's fourth most expensive rental market*, SF Gate (December 21, 2015), available at <http://blog.sfgate.com/ontheblock/2015/12/21/oakland-ascends-to-nations-4th-most-expensive-rental-market/>. See also Carol Pogash, *Gentrification Spreads an Upheaval in San Francisco's Mission District*, New York Times (May 22, 2015), available at [http://www.nytimes.com/2015/05/23/us/high-rents-elbow-latinos-from-san-franciscos-mission-district.html?\\_r=0](http://www.nytimes.com/2015/05/23/us/high-rents-elbow-latinos-from-san-franciscos-mission-district.html?_r=0).

## **A. COMMUNITY-BASED SOLUTIONS**

### **1. Coalitions**

Few nonprofit community organizations focus specifically on serving small local businesses, but there are a broad range of organizations for whom these local business owners fall within the scope of their client base. For example, community economic development organizations – focused on serving low-income residents and revitalizing economically distressed neighborhoods – often have local small business owners among those with whom they work. A place-based youth organization in Oakland provided neighborhood assistance to small local business owners, many who were parents of local youth in their program. Also, faith-based organizations work with local businesses, many of whom are parishioners or partners in serving the community. When these, along with organizations focused on providing small businesses services and technical assistance, worked together to collectively advocate for the local businesses, they were tremendously effective. The Oakland Sustainable Neighborhood Initiative (“OSNI”) coalition is a good example of this kind of effective coalition. It is comprised of organizations and people who live and work along Oakland’s International Boulevard and who are actively engaged in the planning related to the Bus Rapid Transit initiative. Together, this diverse group of people and organizations with various interests have worked together to educate local small businesses and community members about the Bus Rapid Transit impact, and they have worked to advocate on a policy level with AC Transit and the City of Oakland to mitigate the negative impacts of the Bus Rapid Transit system.

### **2. Merchant Associations**

In order for the community based model to be successful, small businesses must trust their service providers. An effective vehicle to address the difficulty of scheduling and maintaining trust and relationships with small local businesses was forming merchants associations along commercial corridors or business and cultural districts. While it may take considerable capacity and bandwidth from the organization responsible for creating and managing the association, the results can be enormously beneficial for the local businesses, and include:

- clear means of real time information dispersal and sharing regarding policies and news relevant to that community;
- technical and legal assistance, otherwise unaffordable, is provided by organizations affiliated with the convening organization; and
- the network of local businesses is an effective advocacy instrument for making their voices heard among policymakers, public agencies, and legislators.

### 3. Public Agency Engagement

Small and micro businesses were better, more comprehensively served when public agencies, namely the local municipalities, invested in their survival and success. The San Francisco Office of Economic and Workforce Development (the “OEWD”) provides a positive example of such public investment and collaboration. The office created staff positions to concentrate on individual neighborhoods and commercial corridors. They work directly with the residents and local businesses to strengthen their ability to remain in the area in an effort to combat displacement. The OEWD not only works directly with the local business owners and conducts door-to-door outreach to them, but also builds relationships with community organizations and funds them to provide services to specific communities on issues where there is a need.

Any measures to support small businesses should be coordinated with policy measures supporting the retention of local residents in their communities.

The result of City of San Francisco’s involvement is a comprehensive service provider network that can lend technical and legal assistance to strengthen local businesses. The public agency assumes responsibility for identifying, assessing, and serving local businesses on an individual, neighborhood, and citywide basis. Additionally, the local municipality’s involvement allows for increased (often) non-monetary resources that are very important in assisting small businesses at risk of displacement (e.g., increased political and media resources).

#### B. ADVOCACY – LEGAL SERVICES

##### 1. Direct Legal Assistance

Legal assistance is extremely important for small businesses in securing and negotiating a strong commercial lease to maintain in their existing locations. Attorneys advise small business clients on not only the clauses to include or add to leases in order to strengthen a tenant’s options to stay in the space at reasonable rental rates, but also warn of the liabilities, pitfalls, and increased risk that leasing a space would place on their business and resources.

An effective legal strategy in addressing the displacement of small local businesses must begin with an analysis and explanation of an individual businesses’ commercial lease during an individual counsel and advice session. Attorneys work with community partners and small business clients to set up appointments, often at their places of business at a convenient time (e.g., when business is slow). Over the years, LSE has observed that small businesses often achieve a better result when an attorney leads the negotiation on behalf of the business owner. Therefore, engaging an attorney has proven to be the most effective strategy to address most leasing issues once they are diagnosed.

## 2. Community Engagement and Partnerships for Legal Assistance

In order to comprehensively address small, local, diverse business displacement in areas where gentrification is a force for displacement, multi-pronged strategies are needed on a broad and coordinated scale. The legal assistance provided by LSE attorneys is important to address immediate legal issues and stabilize the long term viability of the business, including sustainable commercial space. In addition, community partners are an important complement to increasing the likelihood of business success. When community organizations, economic development organizations, and public agencies are working with the small businesses at the outset, the team is in an optimal position to flag potential legal issues early on and refer businesses to LSE at the earliest possible stage before it is too late.

### C. Legislative and Policy Solutions

#### 1. Special Use Districts

Zoning and planning ordinances have been successful in maintaining communities' cultural diversity and small businesses in San Francisco. Current San Francisco zoning laws allow the City's Planning Commission to prevent community imbalances in the interest of public welfare. It is not conclusive that these zoning ordinances have reduced displacement, however, it is a step in the right direction.

The implementation of "Special Use Districts" is lawful, but the goal must be toward promoting public welfare. Creating zoning and planning laws with the intention to regulate economic competition has been found unlawful.

Currently, San Francisco's Planning Code designates certain neighborhoods as "Special Use Districts."<sup>71</sup> These districts exist to implement objectives and policies to support public welfare, at the exclusion of certain types of businesses and housing. Each neighborhood's "Special Use District" is particular to the character of that neighborhood. The goal is to prevent neighborhood imbalance. For example, a neighborhood with only bars and work-sharing spaces would not likely meet the needs of neighborhood residents. In contrast, a neighborhood with a mix of commercial uses and housing options would make for a

healthier and balanced community.<sup>72</sup>

The implementation of "Special Use Districts" is lawful, but the goal must be toward promoting public welfare. Creating zoning and planning laws with the intention to regulate

<sup>71</sup> Mark Cohen, *San Francisco's Neighborhood Commercial Special Use District Ordinance: An Innovative Approach to Commercial Gentrification*, Golden Gate University Law Review Vol. 13 Issue 2 (2010), p. 371, available at <http://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1300&context=ggulrev>.

<sup>72</sup> Id., p. 372.

economic competition has been found unlawful.<sup>73</sup> Moreover, to chart this course of action, a city's zoning code must empower its planning commission to prevent community imbalances. Without such power, this strategy fails.

Assuming the city's planning commission is empowered appropriately, it may create regulations and impose restrictions on property uses. Characteristics of restrictions that could be enforced through the planning code include limits on the square footage of a business and on the number of certain types of businesses. These sorts of restrictions tend to support the practice of renting certain commercial spaces to small businesses.

## **2. Community Land Trusts, Publicly-Owned Commercial Spaces and Promotion of Small Business Ownership**

Some interesting policy solutions include re-envisioning ownership of the property at stake. These may include:

Community land trusts – Community land trusts are typically non-profit organizations governed by business owners, building owners, and/or the public.<sup>74</sup> Through these community land trusts, decisions regarding use of the land, ownership and capital expenditure, are decided collectively. Local governments may support such efforts by providing tax incentives and establishing procedures by which such trusts may be created.

Condominium office space – As part of a development agreement, the local government may institute additional zoning for condominium office space, where the business owners are also owners of their flats and commercial spaces. Maintenance fees can contribute to common space maintenance, and mortgage fees may be lower and more stable than rental fees.<sup>75</sup>

Government commercial space – Finally, if the government owns property, it can establish preferences for small locally-owned businesses.<sup>76</sup> For example, the City of Oakland has leased commercial space to artists and local small businesses near its city hall. As a landlord, the city can directly protect and promote local small businesses.

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<sup>73</sup> *Ensign Bickford Realty Corp. v. City Council* (1977) 68 Cal. App. 3d 471.

<sup>74</sup> Aaron Tanaka, *The Transformative Vision of Community Land Trusts*, Dissent Magazine (November 20, 2015), available at [https://www.dissentmagazine.org/online\\_articles/transformative-vision-community-land-trusts-boston-dsni](https://www.dissentmagazine.org/online_articles/transformative-vision-community-land-trusts-boston-dsni).

<sup>75</sup> Marie Howland and Gerrit Knaap, *Minimizing Small Business Displacement in a Revitalization Zone*, University of Maryland Urban Studies and Planning Program (2005), p. 17, available at [http://www.arch.umd.edu/sites/arch.umd.edu/files/attachments/projects/Small\\_Business\\_in\\_Silver\\_Spring%281%29.pdf](http://www.arch.umd.edu/sites/arch.umd.edu/files/attachments/projects/Small_Business_in_Silver_Spring%281%29.pdf).

<sup>76</sup> Olivia LaVecchia and Stacy Mitchell, *Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses and What Cities Are Doing About It*, Institute for Local Self-Reliance (April 2016), available at <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>.



### 3. California Prohibition on Rent Control and Alternatives

While the city of Berkeley had experimented with various forms of commercial rent control in the 1980s, there was immense backlash from developers and landlords, resulting in state-wide legislation banning commercial rent control as a policy tool throughout California.<sup>77</sup> This legislation (Costa-Keene-Seymour Commercial Property Investment Act of 1987, or the Act)<sup>78</sup> is far-reaching, as it not only prohibits enacting any kind of rent control, and prohibits mandatory arbitration, mediation, and eviction requirements in leases.<sup>79</sup>

Despite these restrictions, local governments may, under the Act, enact other types of requirements that indirectly address commercial rents.<sup>80</sup>

Developer Agreements – Commercial rent controls may be included in a contract between a developer and a public entity in exchange for a “direct financial contribution” from the public entity to the developer. “Direct financial contributions” may include discounting the price of the land, or other developmental bonds on the part of the city.

Redevelopment Agency Agreements – Contracts between a redevelopment agency and a developer of commercial property are exempt from commercial rent legislation. However, in the event the owner of the property did not have knowledge of the contract and became an owner more than thirty days before the recording of the contract with the county recorder, such commercial rent terms are unenforceable. It is also important to note that due to changes at the state level, most local redevelopment agencies are now “Successor Agencies to Redevelopment” that continue to implement outstanding redevelopment projects.

Notice Provisions – Local governments may establish general notice requirements that commercial landlords must follow prior to renewing leases at the end of the term. However, these notice provisions are subject to a number of restrictions, and may still be open to additional negotiation. Such provisions could ensure that both parties have adequate notice of a pending termination and opportunity to consider improving lease terms prior to termination or renewal.

### 4. Development Agreements and Business Assistance

In addition to commercial rent controls that may be negotiated into a development agreement as discussed above, other contingencies may also be included at the time the

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<sup>77</sup> Margot A. Rosenberg, *Commercial Rent Regulation: Preserving the Diversity of Neighborhood Commercial Districts*, Ecology Law Quarterly, Vol. 15 (1988). Available at <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1327&context=elq>.

<sup>78</sup> Cal. Civ. Code Sections 1954.25-31.

<sup>79</sup> Margot A. Rosenberg, *Commercial Rent Regulation: Preserving the Diversity of Neighborhood Commercial Districts*, Ecology Law Quarterly, Vol. 15 (1988), p. 293, 307. Available at <http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1327&context=elq>.

<sup>80</sup> Id., 308-310.

development project is being negotiated between the developer and the local government.

For instance, where there is a large-scale public development project, as along International Boulevard in Oakland, there are certain conditions that advocates may incorporate into the development agreement between the City and the developer or other parties prior to the approval of the development project that provide vital assistance to local small businesses through the project. These agreements should be negotiated by a broad base of community advocates and stakeholders, the public agency, and the developer, to ensure that they are comprehensive and representative of community needs and interests. These components may include low to no-interest business loans, storefront improvement projects, relocation assistance loans, and technical assistance programs to strengthen local businesses, including legal, accounting, and business planning.

## **5. Affordable Housing and Development Policies**

In addition to technical and loan assistance and storefront improvements, businesses must ultimately rely on clientele to survive – after all, the purpose of these businesses is to sell goods and services. While mom-and-pop shops owned by people of color and low-income individuals have to adapt to the needs and tastes of new clientele, they must also have access to their existing clientele in order to survive and keep a sense of community. As a result, any measures to support small businesses should be coordinated with policy measures supporting the retention of local residents in their communities.

## **VI. CONCLUSION**

San Mateo County as well as a number of other Bay Area communities are at risk of losing small businesses due to commercial displacement. The main causes of this displacement are increased property values and rents, local neighborhood improvement efforts, and gentrification. As this report suggests, it is in the interest of local governments and communities to support diverse, local small businesses for the overall health and financial stability of the community. In addition to having positive effects on unemployment rates public health, local investment and the environment, diverse local small businesses help build the strength, character and cultural identity of cities.

Numerous interconnected and complex factors contribute to commercial displacement, and the effects of commercial displacement play out differently depending on the neighborhood and community. Consequently, while there are general policy measures that may be applied to all communities experiencing commercial displacement, it is important to understand the unique characteristics of each community in order to develop

**While gentrification may be inevitable, legal services for small businesses, along with public policy initiatives, are proving critical in supporting community engagement to mitigate its negative impacts.**

the most appropriate strategy. In order to do so, it is vital to involve the local business community early on, understand and hear their concerns and needs, and engage business owners and other interested community members as partners in the process of local improvements and policymaking for their community.

Additionally, LSE found that while community strategies may vary, legal services for small businesses are critical to directly challenge commercial displacement. The most at-risk small businesses are likely women or immigrant owned, or owned by persons of color, because they are more likely to lack sufficient resources necessary to combat increasing rents and other factors that contribute to displacement. In communities like San Francisco and Oakland, where small businesses have been most affected by increasing rents, the Lawyers' Committee LSE program has confronted commercial displacement head on by providing legal services to small businesses to address commercial leasing and other vulnerabilities that jeopardized the presence and stability of businesses in the community. This support has successfully resulted in small business retention.

In San Mateo County, small businesses report being particularly impacted by a changing market and clientele base due to gentrification, in addition to being subjected to increasing rent. Access to trustworthy and high quality legal services, such as the Lawyers' Committee LSE program, would serve as an important tool in the community arsenal to ensure the survival of local small businesses. Further, collaborative and coordinated strategies among legal service providers, policy makers, business owners and associations, business service providers, community organizations and others, will be critical to protect small businesses in the midst of the significant changes underway in local communities.

Ultimately, as discussed in this report, many Bay Area mom-and-pop shops are in crisis. A holistic approach including legal services, business support services, and local policy initiatives will effectively thwart the threat of displacement and loss of small businesses from local communities. Community partners, local government and legal service providers are necessary partners in ongoing anti-displacement work. The strategies discussed herein are tangible starting points to address displacement and continue the forward momentum of sustaining small businesses and mitigating growing displacement trends throughout the Bay Area.

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**The year was 1968, one of the most tumultuous years in civil rights history.** The assassination of Dr. Martin Luther King, Jr. in April rocked the nation. In the San Francisco Bay Area, sixteen prominent members of the San Francisco Bar were motivated by these troubled times and pondered how attorneys in private practice could support civil rights advocacy and ensure the enforcement of new civil rights laws. To this end, they formed the San Francisco Lawyers' Committee for Urban Affairs, now known as the Lawyers' Committee for Civil Rights of the San Francisco Bay Area (LCCR).

LCCR has since grown in breadth and size. We work in three core priority areas—**Racial, Immigrant, and Economic Justice**.

We advance civil rights law through:

- direct services
- impact litigation
- policy advocacy
- community outreach and education.

Combining these strategies, we provide leadership and expertise in identifying legal issues and cases that are critical to the advancement of people of color and low income, and immigrant communities.

## Confronting Challenges

In the ensuing decades, the demand for equal treatment under the law has not ceased. The Lawyers' Committee has had to remain vigilant as challenges to civil rights have persisted. We acknowledge that some optics have changed — we elected an African American President twice; people of color are represented at all levels of the public and private sector; and, the blatantly obvious vestiges of discrimination and racism have largely been relegated to historical archives.

## LAWYERS' COMMITTEE PRIORITY AREAS

However, in all the sectors on which we are focused — **Racial, Immigrant, and Economic Justice** — huge challenges remain and our mandate to affect structural change is clarified by real-life, real-time examples:

- The epidemic of unarmed African Americans murdered by law enforcement, who are sworn to protect and serve, gives rise to the #BlackLivesMatter movement forcing all to confront hard truths about the deadly impact of racial and implicit bias.
- The displacement of people of color and low-income in housing and small businesses throughout the Bay Area is detrimentally changing the tenor of the Bay, creating a toxic “haves and have-nots” culture.
- The mistreatment of the immigrant community continues in myriad ways, including efforts that disregard basic constitutional values and principles.
- Recently codified challenges to federal voting rights laws threaten to reverse a half-century of gains to secure the franchise for all, regardless of race.





## Racial Justice

Advancing racial justice is essential to achieving civil rights for all. The history of racial injustice in this country is long, complex and emotionally charged. Although decades of struggle, determination, litigation and advocacy have removed the most egregious and blatantly racist laws from local, state and federal governments, systemic and structural racism still exists. We are committed to challenging policies or abuses of power that disproportionately impact communities of color. Issues of focus include:

- Ensuring Education Equity
- Protecting Voting Rights
- Creating Equal Opportunity for Minority-owned Businesses
- Removing Legal Barriers for Formerly-Incarcerated Individuals

We accomplish this work through impact litigation and policy advocacy. We also provide individual direct services through our **Second Chance Legal Clinic**, which removes barriers for formerly-incarcerated individuals, and our **Education Advocacy Project**, which matches *pro bono* attorneys with youth needing advocacy to assert their rights to educational opportunities.

## Immigrant Justice

Meeting the legal needs of immigrant communities is central to the broader mission of civil rights for all. Immigrants in the United States, and more specifically in the Bay Area, have been historically marginalized and continue to face various legal obstacles in an increasingly punitive immigration system. The Immigrant Justice Program aims to empower immigrants who face significant barriers to fair treatment and civic engagement by challenging particularly unjust systemic processes. Issues of focus include:

- Advocating For Asylum-Seekers
- Ensuring Education Equity for Immigrant Youth
- Pursuing a Right To Counsel for Immigrants Facing Deportation

In addition to policy advocacy and impact litigation in these areas, we offer individual direct services through our **Asylum Program**, which matches *pro bono* attorneys with refugees in need of representation. Through our **Immigrant Post-Conviction Relief Project**, we also provide legal representation to individuals who have been unlawfully convicted, to secure effective post-conviction relief for immigrants who would face deportation without it.



## Community Empowerment & Economic Justice

The Lawyers' Committee is committed to empowering communities of color and low-income by increasing economic opportunities to help overcome barriers to advancement and enable individuals to control their livelihoods. We know that a strong economy fuels a community and, without it, the disparities that result can last for generations. Issues of focus include:

- Advocating to mitigate the negative impacts of gentrification
- Pursuing access to equal opportunity for small businesses, particularly those that are owned by people of color and/or immigrants
- Challenging economic injustices that thwart the civil rights of an individual or a group based on race, gender or immigrant status.

Through our signature direct services program, Legal Services for Entrepreneurs (LSE), we provide free transactional legal services to low-income individuals who want to start or develop businesses committed to investing in economically distressed communities, including those hiring people with arrest and conviction records, and “mom and pop shops” located in areas where gentrification is a force for displacement.

## HOW YOU CAN HELP

Our success is made possible with the support of the *pro bono* community and other volunteers.

By marshalling the resources of the private bar, we help affect change by introducing and/or supporting new laws and policies that will protect those who suffer the consequences of unfair treatment. A dedicated corps of volunteers from throughout the legal community and other agencies donate their time and effort but, most importantly, their dedication to equal justice knowing that access to sound legal representation is critical to the civil rights struggle. Mentors and training is available.

We welcome:

- Attorneys
- Paralegals
- Interpreters
- Translators

If you are interested in supporting any of our core priority areas, please contact us at: [admin@lccr.com](mailto:admin@lccr.com) or call 415-543-9444 x200.

## OUR VICTORIES ARE MANY

Over the decades the Lawyers' Committee has achieved many key victories. Following are a few examples from each priority area.

**2015** The report “**Not Just a Ferguson Problem – How Traffic Courts Drive Inequality in California**”, which examines the practice of suspending drivers licenses for the inability to pay traffic fines, is released to critical and public acclaim. Copious media coverage leads to a unanimous vote by California’s court system to end requirements that people pay the fines before being allowed to challenge them. California Governor Jerry Brown introduced a traffic ticket amnesty program that will reduce some of the overall fines owed by people with eligible tickets. It will also reinstate drivers licenses that were suspended for failure to appear in court and/or failure to pay ticket fines. **(Racial and Economic Justice)**

**2014** In **Scott v. Bowen**, an Alameda County Superior Court Judge ruled that Secretary of State Debra Bowen illegally stripped tens of thousands of people of their voting rights, holding that people on Post Release Community Supervision (PRCS) and mandatory supervision under California’s Criminal Justice Realignment Act are eligible to vote. **(Racial Justice)**

**2014** **Uelian de Abadia-Peixoto, et al. vs. United States Department of Homeland Security, et al.** – Settlement reached in class action lawsuit between immigration authorities and immigrants held in custody during their civil immigration proceedings in San Francisco. The settlement ended the federal government’s practice of forcing detained immigrants to go through their civil immigration painfully shackled at the waist, wrists, and ankles in every hearing before the immigration court, regardless of individual circumstances. **(Immigrant Justice)**

**2013** **The Ninth Circuit Court of Appeals** affirmed the California Department of Transportation’s outreach program to promote fairness and equity in its federal contracting. LCCR represented minority and women-owned businesses in the case. **(Racial Justice/Economic Justice)**

**2013** Enactment of the Reentry & Employment Opportunities Act (**AB 651**). Under this state law, people sentenced under Realignment will have the opportunity to clean up their records upon a showing of rehabilitation. **(Racial Justice)**



**2011** The Federal Railroad Administration (FRA) ordered California's **High-Speed Rail Authority** (CHSRA) to open up its closed contracting system to resolve a civil rights complaint filed by small minority-owned businesses. Citing evidence of insular bidding practices and misrepresentations regarding receipt of federal funds, the FRA ordered far-reaching reforms to CHSRA's system for awarding contracts to private businesses. **(Racial Justice/ Economic Justice)**

**2011** The U.S. Ninth Circuit Court of Appeals struck down as unconstitutional an ordinance in a southern California town that prevented day laborers on public sidewalks from soliciting work from passing drivers. **(Immigrant Justice)**

**2007** In first suit testing constitutionality of the **California Voting Rights Act**, California Court of Appeals upholds the Act and U.S. Supreme Court declines to reverse ruling. **(Racial Justice)**

**2003** Settlement provides damages to airline passenger who was a victim of racial profiling for looking "Middle Eastern" – first ever cash payout in a post-September 11th airline profiling matter. **(Racial Justice/Immigrant Justice)**

**2002** Enactment of state legislation **(AB540)** entitling undocumented immigrant students and others at California higher education institutions to obtain waiver of non-resident tuition fees. **(Immigrant Justice)**

**1996** U.S. Supreme Court orders California's governor to implement the federal "Motor Voter" law requiring states to provide voter registration opportunities to people seeking licenses and other state social services. **(Racial Justice)**

**1994** San Francisco Superior Court restraining order blocks implementation of Proposition 187 in schools. Prop. 187 would have denied access to public education to undocumented immigrant children. **(Immigrant Justice)**

**1987** U.S. District Court injunctive orders and consent decree result in the hiring of the first San Francisco women firefighters and hiring and promotional goals for minorities and women within the San Francisco Fire Department. **(Racial Justice)**



## ABOUT THE LAWYERS' COMMITTEE

Lawyers' Committee for Civil Rights of the San Francisco Bay Area works to advance, protect and promote the legal rights of communities of color, low-income persons, immigrants, and refugees. Assisted by hundreds of *pro bono* attorneys, LCCR provides free legal assistance and representation to individuals on civil legal matters through direct services, impact litigation and policy advocacy.

## WE BELIEVE:

- Injustice must be rooted out
- Equal access to justice depends on access to quality legal services
- Neither race nor immigration status should affect a person's success or failure
- Economic empowerment is key to the civil rights movement
- The true needs of the community must be central to any litigation or advocacy agenda

## CONTACT US

**Lawyers' Committee for Civil Rights of the San Francisco Bay Area**

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[www.lccr.com](http://www.lccr.com) | Twitter: [@lccrbayarea](https://twitter.com/lccrbayarea) | [www.facebook.com/LCCRSF](https://www.facebook.com/LCCRSF)





## CLIENT TESTIMONIALS

“LSE has changed my life forever. I never would have been able to invent something and pursue a patent on my own. It’s been extremely fulfilling. I feel more imaginative and excited about life.”

—Daniela Semeco, *Polyglotte Keyboards*

“My attorney provided outstanding free legal services for my business! He drafted the necessary contracts I needed, and he also reviewed contracts submitted by potential clients and negotiated the terms on behalf of my company. I felt extremely fortunate and blessed to have his expertise.”

—Adele Berry, *Brandora Collective*

LAWYERS' COMMITTEE FOR  
**CIVIL  
RIGHTS**  
OF THE SAN FRANCISCO BAY AREA

**Lawyers' Committee for Civil Rights** of the San Francisco Bay Area, founded in 1968, works to advance, protect and promote the legal rights of communities of color, low-income persons, immigrants, and refugees. Assisted by hundreds of *pro bono* attorneys, LCCR provides free legal assistance and representation to individuals on civil legal matters through direct services, impact litigation and policy advocacy.

**Legal Services for Entrepreneurs (LSE)** is pleased to assist clients with business legal needs, but we do not provide advice on litigation matters or business disputes.

ALL services are 100% free.  
Registration for clinics is required

## CONTACT US

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Twitter: @lccrbayarea  
[www.facebook.com/LCCRSF](https://www.facebook.com/LCCRSF)

LAWYERS' COMMITTEE FOR  
**CIVIL  
RIGHTS**  
OF THE SAN FRANCISCO BAY AREA



**LEGAL SERVICES  
FOR ENTREPRENEURS**

ADVANCING CIVIL RIGHTS, EMPOWERING COMMUNITIES AND TOUCHING LIVES



## PRO BONO ATTORNEY TESTIMONIALS

“It was great to be able to help [the client] navigate a very difficult legal landscape and, hopefully, provide some peace of mind with regard to her business.”

—Ropes & Gray

“Working with LSE clients is rewarding. We are happy to have helped someone start a new business with so few resources. We look forward to watching their business grow and flourish.”

—Morgan, Lewis & Bockius, LLP

“LSE provided the opportunity to help someone in the local community launch a new business for the first time. As a new lawyer, through direct client contact, I learned the types of issues entrepreneurs face. It was a rewarding change of pace from my day-to-day corporate law assignments.”

—Davis Polk & Wardwell, LLP



## ABOUT LSE

Legal Services for Entrepreneurs (LSE), a project of the Lawyers' Committee for Civil Rights, assists entrepreneurs start new businesses that create local jobs, invest in diverse communities, and provide goods and services to local residents.

Want to start or grow a business? LSE provides expert advice from lawyers who will guide you through potential pitfalls and help steer your business in the right direction.

LSE serves diverse communities including:

- low-income individuals starting businesses
- businesses in economically distressed areas
- “mom and pop shops” where gentrification is a force for displacement
- non-profit businesses

## OUR SERVICES

**Need business law advice? We can help!**

LSE offers FREE legal assistance on:

- liability issues
- terms of a commercial lease
- business contracts
- employment law
- intellectual property
- non-profit businesses
- other business concerns

LSE offers FREE services for business owners:

**Legal Clinics:** General advice provided to entrepreneurs on a drop-in basis on legal issues that arise in the formation or operation stages of their businesses.

**Ongoing Legal Representation:** Business attorneys are matched with clients and provide continuing one-on-one representation on a *pro bono* basis.

**Legal Workshops:** Facilitating legal workshops to groups of entrepreneurs at community organizations, covering a wide range of business legal topics:

- Business Law Basics – Legal Tips for Starting a Small Businesses
- Choosing the Right Entity – Legal Structures for Your Business
- Commercial Leasing Basics for Small Business Tenants
- Contracts and Negotiations
- Employment Law Basics: Hiring 101
- Intellectual Property Basics for Small Businesses and Social Media



# Healthy Business Checklist

Reach us at [LSE@LCCR.com](mailto:LSE@LCCR.com) or (415) 542 9444 ext. 217

## Entity Formation

- Have you chosen an entity: sole proprietorship, GP, LP, LLC, C-corp, S-corp?
- Have you chosen the business' name? Is the name available (with Sec. of State)?
- Do you plan to use a fictitious business name?

## Registration

- Has your LP/LLC/LLP/corporation filed with the Secretary of State?
- Do you have a Federal Employer ID Number (FEIN)? (unless sole prop. without employees)
- Do you have a local tax registration certificate?
- Are you in compliance with zoning laws?
- If selling goods, do you have a CA seller's permit?
- Do you have all necessary business licenses (*e.g.*, plumbing contractor's license, liquor license)?

## Record Keeping

- Are all of your important agreements *in writing*? (*e.g.*, leases, employment contracts)
- Are you recording revenues and expenses?

## Commercial Lease

- What spaces do you get to use? Who is responsible for maintaining them?
- How long is the lease term? Can you renew it?
- What do you need in the space to make it ready? What happens if the space is not ready in time?
- What will the rent be? Can it be raised?
- Who pays property taxes? The utilities?
- Can you assign or sublet the space?
- How can the space be used? Can you make changes? What kinds of signs can you put up?
- Under what circumstances may you terminate the lease or withhold rent?

## Employees

- Are you giving new hires *written* offer letters?
- Do you have an employee handbook of policies, expectations, and benefits?
- Are you properly classifying workers as employees or independent contractors?
- Are you properly paying the minimum wage, overtime?

## Paying Taxes

- Have you paid all city and county taxes (*e.g.*, sales taxes, property taxes, use taxes)?
- Have you paid all state taxes (*e.g.*, income tax, California's special LLC tax and fee)?
- Have you paid all federal taxes (*e.g.*, income tax, self-employment tax)?

## Insurance

- Are all vehicles used in the business insured?
- If you have employees, do you have (mandatory) workers' comp. and unemployment insurance?
- Is the property of the business insured against theft/fire/flood/earthquake/etc.?
- Do you have personal injury liability insurance?

## Intellectual Property

- Do you plan to protect your business's good name with a trademark registration?
- Is your business seeking copyright protection for its creative works?
- Do you have measures in place to protect your company's trade secrets?
- Does your online business make its terms of service and privacy policy easily available to visitors?
- Do you assign IP rights from your independent contractors to the company?
- Does your business generate patentable inventions?



City of Oakland  
**Business Sustainability Program**  
for  
**Bus Rapid Transit (BRT)**  
"Build Your Business While We Build BRT"

## 2 FREE WORKSHOPS

**Workshop  
1**

### Crowdfunding with Kiva Zip

Date: Monday, February 29, 2016

Time: 10:00am - 12:00pm

Do you need Capital for your Small Business? Come and learn how to get an interest free loan for your business.

#### Top Reasons to Attend:

1. Learn how to crowdfund up to \$10,000 in a 0%, interest free loan
2. Market your small business to 100,000 Kiva Zip lenders
3. Learn more about Kiva's Launch in Oakland on March 16th.

Presented by:



Register: Call (510) 830-3226 or <http://bit.ly/20CaOmg>

Walk-ins Welcome

#### Workshop held at:

6504 International Blvd.  
Oakland, CA 94621

Space donated by:



#### Refreshments will be served

**Workshop  
2**

### Commercial Leasing for Existing Small Businesses

Date: Monday, March 14, 2016

Time: 10:00am - 12:00pm

This free workshop will provide tips and tools small business owners can use when working with a landlord.

#### Top Reasons to Attend

1. Learn about the importance of a written lease and the terms to review and monitor
2. Learn to renegotiate your lease prior to its termination
3. Learn the truth behind a Landlord's assertion regarding compliance with local, state and federal regulations, including seismic upgrades and Americans with Disabilities Act (ADA) accessibility
4. Learn how to use insurance as a risk management tool

Presented by:



Register: Call (510) 830-3226 or <http://bit.ly/20jRj5g>

Walk-ins Welcome

#### The City of Oakland Business Sustainability Program

The Oakland Business Sustainability Program (BSP) offers free consulting and seminars to support businesses along the East Bay Bus Rapid Transit (BRT) route.

Schedule a free one-on-one  
appointment today:

Call us at 510.830.3202 or email us  
at [brt-consulting@obdc.com](mailto:brt-consulting@obdc.com)





# **Supervisor Norman Yee's District 7 Small Business Summit**

**Thursday, May 19 from 2-4pm  
Ingleside Presbyterian Church, 1345 Ocean Ave**

Get connected to free resources from the City, nonprofits and other local organizations on online marketing, legal issues, permit applications, health inspections and more!

Co-hosts:



Participating organizations:







# 市參事余鼎昂

## 第七區小商業會議

星期四 5 月 19 日下午 2 時至 4 時

地點：Ingleside Presbyterian 教堂

地址：海洋大道 1345 號

建立連結以獲取市府、非牟利機構及其他本地組織所提供的有關網上營銷、法律問題、許可申請、衛生檢查、《美國殘疾人法案》（ADA）無障礙事宜的免費資源以及更多資訊！

協辦單位



參加組織



# SMALL BUSINESS LEASES

## TOP TEN ISSUES

### 1. Write it down!

Sounds obvious, but you can avoid lots of disputes and misunderstandings by writing down the terms and conditions of your agreement.

### 2. Read it or have someone explain it to you ... and make sure to negotiate

Sounds obvious, but when presented with a "standard contract" or "standard lease," you need to read and understand it, including the "fine print." You are legally bound by this agreement.

### 3. Rent (Base Rent & Additional Rent)

When do you have to start paying? What is included in the rent, and what additional charges can Landlord pass-through to Tenant (utilities, taxes, janitorial services, base building improvements, common area maintenance, operating expenses)? If rent is based on square feet, make sure you and Landlord agree on size of the space. Does rent increase by fixed amount every year? Do you have to pay rent even if you can't occupy?

### 4. Term and Option to Extend

The term sets the length of time you're entitled to occupy the space. You can often negotiate for "options" to extend the term. You need to understand when you can exercise the option (usually a window of time well before expiration of initial term). You also need to understand how the rent you pay during extension term will be determined.

### 5. Condition of Premises

In what condition will the Premises be upon delivery? Make sure heating and air conditioning are in good working order and the premises is up to code, including upgrades that may be triggered by Tenant improvement work (ADA bathrooms, for example). Beware "as-is" provision.



# **SMALL BUSINESS LEASES**

## **TOP TEN ISSUES**

### **6. Landlord/Tenant Improvements**

Who is responsible for improving the space to suit your needs? Who is responsible for paying for improvements (be specific)? Will Landlord give a "tenant improvement allowance" to offset the cost? When do you have to start paying rent?

### **7. Maintenance and Repairs**

Who is responsible for fixing what? Usually Landlord maintains "base building" (beware the pass-through costs!), and Tenant maintains fixtures and equipment within the premises.

### **8. Insurance**

Commercial General Liability (CGL) insurance. Get it. Don't let it lapse. List Landlord as additional insured. Require Landlord to carry property insurance that includes a "waiver of subrogation" so Landlord's insurance carrier can't sue you to collect an otherwise insured claim.

### **9. Assignments and Subletting**

If you sell the business, can you assign the Lease to the new buyer? If your business shrinks, can you sublease a portion of the space to defray costs? Most landlords will allow this with their prior approval "not to be unreasonable withheld." Important way to give your business flexibility.

### **10. Default**

Two kinds of default: economic (failure to pay rent) and non-economic (failure to perform an obligation under the Lease). Make sure lease includes "notice and cure period" – you are only in default after notice from Landlord and default continues for a period of time after notice (usually 10 days for non-payment of rent, 30 days for failure to perform non-economic obligation).



# San Mateo Small Business Survey

## Survey Guidelines

Businesses should have the following two factors:

- have been in neighborhood at least two years, and
- provide goods and services at affordable prices and meet the needs of moderate to low income residents.

Research questions guiding the survey (Goals of survey):

- Who is at risk of being displaced and why?
- What does the average small business owner look like?
- How has displacement of small businesses impacted the small business owners and/or the small businesses themselves?
- For businesses that have remained in their community and continued to thrive, what were the determining factor(s)?

What services would help local businesses become stronger and more resilient?

## Survey Questions

### **Basic Information:**

1. **Business Name:** \_\_\_\_\_
2. **Business Address:** \_\_\_\_\_
3. **Business Description:** \_\_\_\_\_
4. **Target Clientele:** \_\_\_\_\_
5. **Price Point** (circle one): \$ (low)    \$\$ (moderate)    \$\$\$ (expensive)
6. **Which applies to your business:** ☐ family owned    ☐ minority owned    ☐ female owned  
☐ franchise unit
7. **Business Structure** (circle one): sole proprietor    partnership    LLC    C-corp    S-corp    LLP
8. **Race/Ethnicity of each owner** (circle all that apply): Asian/Pacific Islander  
Hispanic/Latino    Arab    African American    Caucasian    Other: \_\_\_\_\_
9. **2014 business income:** \_\_\_\_\_
10. **2015 business income to date:** \_\_\_\_\_



## San Mateo Small Business Survey

11. How long has your business been operating? \_\_\_\_\_
12. How much money do you spend marketing your business? \_\_\_\_\_
13. If you are a business where customers dine-in, do you have wifi and internet connection? yes no
14. How many employees does your business have? \_\_\_\_\_

### The Place of Business

15. Length of time at business premises: \_\_\_\_\_
16. Do you rent or own your commercial space? \_\_\_\_\_
17. Who is your landlord or managing company: \_\_\_\_\_
18. Do you currently have a written lease? yes no
  - a. If yes, how long have you had the lease? \_\_\_\_\_
  - b. When does the lease expire and how many years left in the lease?  
\_\_\_\_\_
19. Has your landlord changed in the past two years? (circle one): yes no
  - a. If so, who was the old landlord and who has replaced it?  
\_\_\_\_\_
20. Has your rent increased in the past two years? yes no
  - a. Was the increase a function of the lease? yes no
  - b. What was your rent before the increase? \_\_\_\_\_
  - c. What is your current rent? \_\_\_\_\_
21. If your rent has increased, did the landlord negotiate the terms with you?
  - a. Explain how you learned of the increase:  
\_\_\_\_\_
22. Do you have any concerns regarding your leased space? \_\_\_\_\_



## San Mateo Small Business Survey

23. Are you happy with your current location? yes no  
a. If not, why: \_\_\_\_\_
24. How much of an increase in rent in your commercial lease would you be able to afford?  
\_\_\_\_\_
25. If your commercial rent increased more than you could afford, what would you do?  
(check one): \_\_close the business \_\_relocate the business in the same neighborhood  
\_\_relocate business in new neighborhood

### The Neighborhood

26. Have your neighboring businesses changed in the past two years? (circle one): yes no  
a. What caused them to move: \_\_\_\_\_  
\_\_\_\_\_
27. Have you noticed other changes in your neighborhood in the past two years?  
yes no  
a. If so, explain: \_\_\_\_\_  
\_\_\_\_\_
28. Has your business clientele changed in the past two years?  
a. If so, explain: \_\_\_\_\_  
\_\_\_\_\_
29. Has the demand or request for the type of goods you offer changed over the past two years? yes no  
a. If so, explain: \_\_\_\_\_
30. What changes have you implemented to improve your chances of success?  
\_\_\_\_\_  
\_\_\_\_\_



## San Mateo Small Business Survey

31. Have you received outside help to help you make these changes? If so, explain:

---

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### Issues

32. Has your business ever been in danger of closing? yes no

a. If so, describe what happened: \_\_\_\_\_

---

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b. Would it have helped to have a lawyer or merchants association to help you during that situation? yes no

c. How would you avoid a situation like this in the future?

---

33. If your business is declining or has ever been in danger of closing, what services would be useful to you to help reverse the decline?

---

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34. Have you ever hired or consulted with a lawyer for something related to your business? yes no

a. If so, when: \_\_\_\_\_

b. For what reason did you hire or consult with the lawyer: \_\_\_\_\_

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## San Mateo Small Business Survey

35. Describe any current business legal issues you have: \_\_\_\_\_

---

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a. Would you like for an attorney to follow up with you about this issue? yes no

### Personal Demographic Information

36. Business Contact: First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

37. Business Owner Name(s): \_\_\_\_\_

38. Phone Number: \_\_\_\_\_

39. Email Address: \_\_\_\_\_

40. Home City: \_\_\_\_\_ Zip Code: \_\_\_\_\_

41. Language Preference: \_\_\_\_\_

42. Do you live in the same neighborhood as your business? yes no

a. If not, why: \_\_\_\_\_

---

43. Sex of each owner (if multiple owners, put number next to each designation):

\_\_\_ male \_\_\_ female

44. Country of origin of each owner: \_\_\_\_\_

45. Date of birth of each owner: \_\_\_\_\_

Provide information for the Know Your Rights Training for Small Business Tenants.

Thank you for your participation in the survey! Your answers will help us create ways to assist your business to become stronger and resilient to changes in the neighborhoods so you can remain here and thrive.

# Addressing Small Business Displacement in San Mateo County

Matt Hernandez  
Fidel Salgado  
Madeleine Morales



Colorful storefronts line parts of Middlefield Road, in North Fair Oaks, Calif. (Allison McCartney/Peninsula Press).

## Acknowledgements

First, we would like to thank Deland Chan for making Sustainable Cities such a fantastic class. She taught us about many different aspects of urban sustainability and provided real world strategies and applications for each. Beyond that, she made these partnerships possible and facilitated those relationships. Deland helped us every step of the way, and we could not have done this work without her.

We would also like to give major thanks to Tony Samara, Urban Habitat's Program Director of Land Use and Housing, for being our community liaison. We appreciate his guidance, as he helped us better understand the goals of our project, issues relevant to local communities, and challenges that community organizers and non-profits can face.

Finally, would like to thank all of our community partners: Urban Habitat, Faith in Action, the Lawyer's Committee for Civil Rights of the San Francisco Bay Area, and the San Mateo County Health Department. We would also like to thank the small businesses that talked with us and agreed to complete the surveys. Chun Tang from Donut Depot deserves special mention, as we would not have been able to carry out our survey collection without his coffee and donuts.

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## Executive Summary

We've spent the quarter cooperating with Urban Habitat, a Bay-Area non-profit working to create a just and connected Bay Area for low-income communities and communities of color, to address the issue of small business displacement in San Mateo County. Urban Habitat collaborates with Peninsula Faith in Action, the Lawyer's Committee for Civil Rights of the San Francisco Bay Area, and the San Mateo County Health Department to approach the issues of gentrification and displacement from an interdisciplinary standpoint. Although this dilemma pervades the entire Peninsula region, as has been documented by surveys collected from downtown San Mateo and Redwood City, most of our effort was focused on the unincorporated area of North Fair Oaks, situated along Middlefield Road and bordered by the municipalities of Atherton to the south and Redwood City to the northwest.

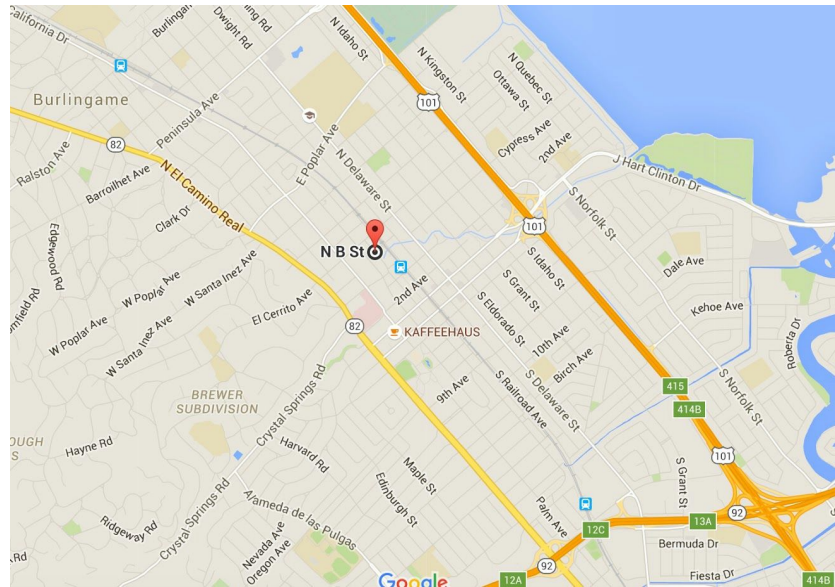
Our primary goal was to identify, through fieldwork involving solicitation of written surveys and voice-recording personal testimonies, the principal causes of small business displacement, and suggest methods of relieving pressures associated with these causes. We made frequent visits to small businesses along the main strip of Middlefield and conducted interviews, primarily in Spanish, with owners and employees of taquerías, salons, joyerías, income tax and insurance services. Despite steadily increasing commercial rent, most owners felt that increasing rent in the residential areas was forcing the relocation of lower-income community members to more affordable cities, thereby decreasing clientele and constituting the major cause of small business displacement.

We incorporated the survey and audio responses into our interactive GIS map, which is publicly available as an online resource for neighborhood residents, as well as visitors, to learn more about small businesses in their respective communities. By providing more personal information like photos and testimonies, we hoped to encourage patronage so that these ethnic, at-risk businesses continue to thrive and serve the ethnic, lower-income communities reliant upon such establishments.



## Project Purpose

Originally, the project area of interest was the North B Street Corridor, a vibrant, one block strip of largely immigrant-owned small businesses at the northern edge of downtown San Mateo. We were tasked with creating digital entries for survey responses and organizing them into a website that would allow the user to identify significant trends causing small business displacement.

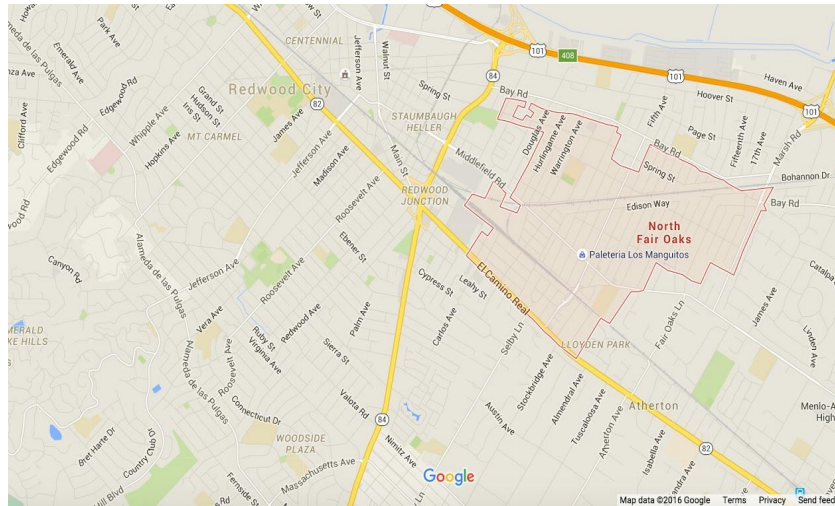


North B Street, San Mateo, CA



However, Urban Habitat and Faith in Action had already collected a sufficient number of surveys from this area as well as Redwood City, so they requested that we move our concentration to North Fair Oaks. North Fair Oaks, CA is a 73.1% Hispanic, residential

unincorporated area, and one of the poorest communities in the Peninsula. Fair Oaks was originally a residential area north of Menlo Park which incorporated as the town of Atherton in 1923, leaving North Fair Oaks unincorporated.



Middlefield Road, North Fair Oaks, CA



Taquerías, panaderías, paletérias, joyerías, salons, bodegas, coin laundries, and social service providers line the approximately one mile stretch of Middlefield Road and produce quality goods and services for the surrounding community. The area is known for its large population of Latino residents with ties to the Mexican state of Michoacán. Many of these small, ethnic business have served the neighborhood for over a decade. However, few own their commercial space, with many still operating on month-to-month leases. The area has been largely overlooked by both public and private investment, apart from the recent county-sponsored initiative.

Our community partner, Tony Samara, is employed by the non-profit organization Urban Habitat (UH). Urban Habitat was founded by Carl Anthony in 1989, after he saw the inequitable distribution of public funds and undemocratic decision-making disadvantaging low-income communities of color in the Bay. Anthony hoped to push the mainstream environmental movement to confront the often sensitive issues of race and class. Anthony and UH also helped to bring Bay Area land-use and transportation authorities under the scope of environmental impact, while simultaneously broadening the definition of sustainability to include equity and justice across demographic boundaries. UH's mission statement, displayed proudly on their website, reads as follows:

Urban Habitat works to democratize power and advance equitable policies to create a just and connected Bay Area for low-income communities and communities of color. We confront structural inequalities impacting historically disenfranchised communities. Through strategic partnerships, we support increasing the power and capacity of low-income communities and communities of color.

They value democratizing power, enabling disenfranchised communities to determine their own destiny. Sustainability is another core value, upheld by challenging racial and class-based segregation, urban sprawl, and climate change. UH also believes that reversing oppression of low-income communities and maintaining diversity benefits the Bay Area as a whole and builds a stronger and more economically resilient community. One method by which these values are enforced is advocacy, which involves analyzing funding and planning decisions, as well as providing alternatives to equalize public investments by race and class. Another method is to train leaders of color to analyze regional planning through a race/class lens. In many situations, the goal is to reframe the debate on policy decisions shaping transportation, land use, and housing. These decisions principally impact low-income communities of color and not necessarily the consultants and government planners who usually weigh in.

North Fair Oaks consists primarily of small, locally-owned ethnic businesses that are very important contributors to neighborhood's well-being, as they provide employment for local residents. In addition, the businesses owned by people of color tend to provide jobs for people of color, who have higher than average unemployment rates. Small business owners also live and spend locally, further supporting the local economy. Ethnically serving businesses create cultural identity, leadership, and social cohesion within communities, as well as support vibrant cultural connection by providing niche goods and services. Because NFO is an unincorporated area without a formal Chamber of Commerce, HOA, or ancillary city leadership and staff, there are fewer stakeholders capable of voicing their concerns to those with the resources to create measureable change. Despite this setback, community



stakeholders include merchants, local residents, the North Fair Oaks Community Council, and the San Mateo County Board of Supervisors. Nonetheless, small businesses in particular are vulnerable to displacement due to rising rent, incoming competition, and loss of clientele.

Our project task was to partner with Tony Samara and Urban Habitat to analyze existing survey data from the San Mateo Anti-Displacement Coalition and Peninsula Faith in Action, develop criteria for assessing the vulnerability of small businesses, refine existing survey instruments, conduct additional outreach to small businesses, and offer legal strategies for public policy recommendations. Although we'd initially been assigned to investigate the North B St Corridor in downtown San Mateo, refocusing to North Fair Oaks proved to be relatively facile, as the two areas share many economic and cultural aspects. In both neighborhoods, however, preservation of small ethnic businesses is not limited to sentimental value. These businesses provide affordable goods and services unavailable at larger retailers, as well as aspects of diversity and stability to the local economy. Much of San Mateo County's business displacement is being driven by its transformation into an affluent region with an economy centered around the technology industry. Surrounding cities like Redwood City, Atherton, and Palo Alto are becoming increasingly expensive to cater the needs of the wealthier job-sector, while pockets like East Palo Alto and North Fair Oaks illustrate the widening gap between rich and poor. Nonetheless, gentrification associated with the continued influx of tech employees threatens to displace residents and businesses in these areas. Small businesses serving such communities may either choose to relocate due to lack of clientele and lower profit margin, or be forced to leave because of failure to adjust to the new market.

As described by Professor Chan in the course syllabus, sustainability encompasses issues of *social equity* and *economic vitality*, as well as environmental issues. Truly sustainable cities make it possible for everyone to share benefits and experience a high quality of life without marginalizing certain populations. "High quality of life can be characterized by access to clean air, water, and land; safe and affordable housing; reliable and non-polluting transport; and opportunity to jobs, schools, open space, and food security" (Chan). Urban Habitat's mission of advancing equitable policies to empower lower-income communities like North Fair Oaks fits into the broader theme of sustainability outlined in the course description. As expressed by Kaid Benfield, Director of Sustainable Communities, Energy & Transportation Program at the Natural Resources Defense Council, "Sustainability isn't just about numbers, and it isn't always explicitly about 'the environment' by which most of us mean issues related to pollution and resource consumption. If our urban solutions don't work for people--if we don't make cities wonderful places to live, work, and play--they will never sustain enough favor to work for the planet" (Chan). Small businesses are vital to a neighborhood's well being, and thus contribute to the standard for a high quality of life.

Because small businesses owned by people of color tend to provide jobs for people of color as well, these small business owners support the local economy by hiring, spending, and living locally. They create a sense of cultural identity and connection by providing niche goods and services, and promote leadership and social cohesion within communities. However, they are particularly vulnerable to displacement due to rising rent and incoming competition, so corridors like North B and North Fair Oaks must be protected and enhanced.



## Literature Review

We conducted a literature review to better identify and understand the causes of small business displacement as a part of overall gentrification, as well as investigate different solutions to prevent this displacement. Through our review of ten sources, we found several approaches to combating gentrification, as well as many business displacement and gentrification case studies done on various American cities.

Our biggest takeaways and most recurring themes throughout the literature review are that:

- Ethnic communities should flaunt their cultural identity, to both connect the community and attract outside visitors
- Poor communication between local government officials and small business owners leads to a lack of trust and knowledge for the business owners
- Lack of communication among business owners and lack of community network
- Proactive community outreach and legal aid is critical, as many small businesses are unaware that they can get help, and some don't even know what help they could benefit from
- There are many negative aspects of revitalization, including a Catch-22 where investment in neighborhoods can lead to displacement of its businesses
- Housing displacement can lead to a lack of business clientele, causing an unsustainable loss of profit that business owners cannot adjust to

Our summaries and conclusions for each report below. First we discuss a commercial stabilization toolkit, then provide seven case studies on gentrification and business displacement, including San Mateo and North Fair Oaks themselves. After that, we look at two articles that explore the use of GIS in combatting business displacement.

### **Equitable Development Toolkit for Commercial Stabilizing**

PolicyLink, a national think tank dedicated to ensuring economic and social equity, provides a toolkit for commercial stabilization that lists a variety of strategies to help communities strengthen their commercial districts. Commercial stabilization is most commonly achieved through targeted business assistance, capital investment, design guidelines, business attraction, facade improvement, and community controlled commercial development. Of all these tools, the most important is widespread community involvement. Communities need to identify for themselves what kind of business growth they want, so as to avoid bringing in businesses that add to social issues such as gentrification. All planning processes should involve a wide range of stakeholders, including (but not limited to) residents, local merchants, community development organizations, and local government. Additionally, there should be open community input throughout the entire process, as well as feedback on all proposed measures. PolicyLink recommends forming a community development corporation (CDC) to connect low-income neighborhood residents with real

estate, finance, and legal professionals. This CDC will be able to create a clear development plan that can identify the types of businesses that will best serve neighborhood residents.

PolicyLink recommends a 4-point approach to economic revitalization: organization, restructuring, promotion, and design. Organization involves coordinating a wide range of neighborhood stakeholders, as well as ensuring their involvement and communication. Economic restructuring includes strengthening exist businesses and attracting new ones - making sure the new businesses are ones that sufficiently serve the local community. Promotion refers to active efforts to bring in new customers, such as advertising efforts. Better physical design and other ways of improving storefront appearances will also help to attract more customers.

This toolkit also lists activities most commonly used in stabilization efforts. One such activity is the introduction of business assistance organizations and commercial stabilization programs. The former work from the bottom up, offering aid to any businesses that serve the community. The latter target struggling commercial districts and work to determine which local businesses have the greatest future potential to contribute to the community. They then find resources to aid and address the specific needs of those selected businesses. Storefront facade improvement efforts include providing merchants grants and low interest loans as well as design assistance. If these efforts are coordinated and strategized, neighborhoods can develop and strengthen their cultural facilities. This will make it easier for the community maintain its cultural identity, which helps with both establishing a unifying centerpiece in the fight against gentrification and attracting new customers. Streetscape improvements, unlike storefront design ideas, should focus on repairing and maintaining basic infrastructure such as sidewalks, parking spots, and public parks rather than putting up flashy signs or fancy banners. Commercial development can also be a remarkably powerful tool in fighting business displacement, but only if it is both community initiated and community serving. Large-scale reinvestment in local businesses should be a major component of this development, as it is the abandoned neighborhoods lacking viable economic niches that are most at risk for “discovery” and subsequent gentrification. Neighborhood commercial districts are a better option than shopping centers, as shopping centers can pick and choose their tenants to craft a specific economic identity that might not actually help the community.

PolicyLink uses San Francisco’s Mission District as an example of the planning process. Suffering from a perception of heavy crime and unmaintained streets while also dealing with rising gentrification, the local community came up with goals for the Mission Corridor Project. The primary goal is ensuring business stability within the community, ensuring local ownership and employment. All new development should serve local residential needs as well as maintain local architectural and cultural identity. In addition to preventing business displacement, the Mission District wanted to expand housing options for families with low to moderate-incomes, both in terms of rental and ownership. The

community also wanted to improve safety by providing more youth activities and family entertainment, as well as promoting street maintenance and lighting improvements to increase nighttime safety. The toolkit also presents Fruitvale Main Street as an example of successful stabilization efforts and really stressed the long-term impact of small-scale things. One of the best programs is the annual Dia De Los Muertos festival, which features local artists, performers, and food in order to both draw in new customers and reinforce local identity. Fruitvale also established a Main Street Manager who is able to provide informal assistance to struggling businesses, able to bring in committee volunteers that can help merchants with their issues.

Some of the greatest challenges in fighting business displacement include getting funding for organizing and keeping merchants involved, but these can be mitigated by finding experienced professionals to lead community efforts. Another issue stems from the fact that Investing in community-serving retail spaces is riskier than investing in affordable housing. This makes it hard to convince commercial brokers to list spaces in “tough” neighborhoods and find the right financing tools. Oftentimes a developer will insist that there is no market for a certain business, in which case it is up to the community to collect and provide their own data to meet the market in the middle and show that there is in fact a demonstrable need. It is also important to remember that there is no one space that will attract everyone - communities must make choices as to whom they’re targeting and trying to serve.

### **Silver Spring (MD) Case Study**

The study, performed by the Urban Studies and Planning Program at the University of Maryland’s School of Architecture, Planning, & Preservation, identifies the issues facing small business owners brought on by the County’s redevelopment effort. Many were struggling to adjust to the negative externalities of the revitalization effort, such as the disruption caused by construction activity, losing market share to the new businesses, rapidly increasing rent, and insufficient exchange of information both among local businesses and between the businesses and the county government. The study cited poor exchange of information as a critical issue regarding small business displacement. Many owners didn’t take advantage of county assistance programs either because they were unaware or they believed that the programs were inaccessible to them. Others lamented about the excessive paperwork required by the programs, and claimed the process took too long to justify the work needed to see benefits.

These issues are pertinent to the situation currently unfolding in North Fair Oaks and the B Street Corridor in downtown San Mateo. But rather than a county-funded revitalization effort like that of Silver Spring, the Peninsula’s business displacement is being driven by its transformation into an affluent region centered around the tech-industry. Many of the small, ethnic businesses in affected areas will either choose to relocate due to lack of

clientele and lower profit margin, or be forced to leave because of failure to adjust to the new market. Nonetheless, the Silver Spring case study asserts that small ethnic businesses provide affordable goods and services unavailable at larger retailers, as well as aspects of diversity and stability to the local economy, proving that loss of these businesses is more than just a sentimental issue.

### **Portland (OR) Case Study**

The Portland Gentrification and Displacement Study commissioned by the City of Portland Bureau of Planning and Sustainability, authored by Dr. Lisa K. Bates, provides a working definition for gentrification, an underlying cause of small business displacement in downtown San Mateo and the Peninsula region as a whole. “Gentrification occurs when a neighborhood has attractive qualities—for example, location or historic architecture—but remains relatively low value. This disconnect between potential value and current value (called ‘the rent gap’) may occur due to historic disinvestment by public and private sectors.” The Bay Area is becoming desirable to higher-income households and investors, and as a result, lower-income households are being outbid and forced to relocate. New developments catered to these higher-income residents induces a demographic shift in the affected region, causing economic and cultural changes. This study identifies housing displacement as the defining feature of gentrification and addresses the need for an equitable and inclusive approach to development. This approach must take into consideration adverse effects on low-income communities, to ensure that benefits are shared and burdens are not disproportionate for underrepresented groups.

The bureau asserts that the cost of displacement is not simply a lost sense of community for those left behind. Measurable changes to a neighborhood, such as concentrated poverty in schools, spatial separation between low-wage workers’ homes and jobs, loss of wealth when households are displaced without benefitting from increased property value and economic revitalization. Bates cites both positive and negative vignettes of gentrification from observers and victims in various U.S. cities such as New York, San Francisco, Portland, Chicago, and Washington. Though there are ostensible rewards of new development, the Portland Plan strives to secure the accessibility of quality housing, food, education, living wage jobs, safe neighborhoods, basic goods and services, public transit, and green spaces for all community members.

Specifically, the Portland Plan will move forward by embracing three new principle in regards to new development and investment in low-income neighborhoods:

1. An inclusive development paradigm with a racial/ethnic equity lens.
2. A recognition of how public investments affect the market.
3. Ways to utilize opportunities of the role of the public sector in the housing market by anticipating change, regulating appropriately, and engaging networks of development and community actors.

Another important aspect of the Portland Plan is that it does not resign itself to changes that have already occurred, but employs a number of strategies to mitigate displacement by strengthening the existing community. Because neighborhood residents can gain a sense of community empowerment through cultural expression, city-facilitated festivals and celebrations can attract new customers of culturally-specific goods and promote cultural diversity and economic development. Leadership training is another effective strategy for building community organizing capacity. Business owners of underrepresented communities can often benefit from legal guidance and collaboration amongst fellow owners when addressing plans for economic development.

### **Austin (TX) Case Study**

This case study carried out in the East Austin neighborhood of Austin, Texas tracks challenges to local small businesses as a result of gentrification. The relationship between East Austin and Austin is similar to that of the relationship between East Palo Alto and Palo Alto, as East Austin is both economically and racially segregated from the rest of Austin. This study identifies soaring rent as the main driver of business displacement and explains that there has been a change in the mix of local businesses due to demographic shifts within the community. As an example, many African American small businesses are moving from East Austin and into Plungerville not only because rents are cheaper, but also because other African Americans are moving there. Small business owners seek to maintain both their clientele (from a business perspective), and their friends (from a personal perspective). When their entire community seems to move elsewhere, business owners have little choice but to follow.

The new business owners are primarily white and are wealthier than the older, minority owners, who were upset about the fact that they have such difficulty accessing credit while it is so much easier for new owners to access it. Small business owners repeatedly wished for an increased ability to network with other local businesses. They felt that a large part of the problem was that non-minority owners had better networking systems that extended beyond the neighborhood businesses to also form a social and emotional community, while minority owners struggle more on their own. Many minority owners are reluctant to ask for help when they're struggling because they are more hesitant to share sensitive personal information with strangers and oftentimes don't even know who they *could* ask for help. Community organizers can help by providing technical assistance and connecting small businesses with microlending companies. Ideally, small businesses will work with these microlending companies until they become bankable, but some can even continue to work with the microlenders if they are uncomfortable with (or mistrusting of) big banks.

It is also very helpful and effective to create a business district with a distinct identity in order to strengthen the community base and draw additional customers. PeopleFund, a



small business loan provider runs the Focus East Insight Forum Series in East Austin to keep local small business owners informed about local economic and political trends. The city itself has also started a Commercial Preservation and Revitalization program that provides loans to nonprofits and other businesses as an incentive to relocate to East Austin.

### **St. Paul/Minneapolis (MN) Case Study**

"I'm concerned people will be taxed out of their properties because of light rail and new construction," said Swan, an African-American and one of about a dozen members of the Save Our Homes Coalition." The Central Corridor study uses a Health Impact Assessment to analyze the impact of a light rail transit line moving into and along neighborhoods from downtown St. Paul toward Minneapolis. "The area is a growing medium for many small and minority-owned businesses, which are typically 'more disadvantaged than their white-owned and large counterparts,' the report suggests, and thus are more likely to be disrupted by a major development project such as the LRT line." Doran Schrantz, the project's executive director, insists that the light rail line's success must not infringe upon that of those living and working in the corridor.

### **2nd Avenue (NY) Case Study**

*The Subway Shaft: How 2nd Avenue Subway Construction Hurts Businesses in its Path* is a 2009 study conducted by Betsy Gotbaum at the Office of the New York City Public Advocate. Since its fourth groundbreaking over two years ago, the lack of a firm completion date has aroused numerous public concerns. The construction has been plagued by delays and cost overruns while the neighborhood's vibrancy as well as local businesses owners' livelihoods are being threatened. Many small businesses have been forced to either lay off employees, cut operating hours, or relocate, and there is no foreseeable end to the construction. What's worse the city, state, and MTA have done little to mitigate the economic deterioration of the area. "Second Avenue in Manhattan's Upper East Side is defined by its strong community of small businesses. Some of these establishments have served the neighborhood for generations. The locally owned and operated restaurants, bars, beauty salons, hardware stores, locksmiths, grocery stores, and bodegas give this area the unique character that is essential to New York City as a whole. This character, however, is being threatened by the construction of the Second Avenue subway line."

The Public Advocate surveyed businesses in the area, as has been done by Urban Habitat and Faith in Action in the Bay Area, with the goal of determining what effect the construction has had on commerce. Similar to North Fair Oaks and the B St Corridor, the majority are small, owner-run businesses with ten or fewer employees, that all feel they would benefit from government grants until the construction is complete. In response to the data collected in surveys, the Public Advocate recommended the following to mitigate



economic downturn from the Second Avenue Subway construction: negotiate with banks to provide no- or low-cost loans to Second Avenue businesses, help owners renegotiate their leases, provide property tax abatements to landlords, suspend sales tax on all goods and services for the duration of the project, improve advertising, and create a “Lunch Bus” program for government employees to draw customers back to the corridor. Although the MTA could not afford to compensate businesses for lost revenue, the agency paid for signs on scaffolding obscuring business entrances. In addition, the MTA created the “Shop Second Avenue” campaign on its website promoting affected businesses. The Second Avenue Business Association, a coalition of local merchants, has created its own campaign called “Save Our Stores,” a technique which could be implemented in the Bay Area as well.

### **North B Street (CA) Case Study**

As discussed in the Silver Spring case study, there is a Catch 22 of sorts between investment and displacement. How is it possible to support and retain existing small businesses while simultaneously revitalizing the corridor? When improvements are made to an area desperate for amenities that support a healthy community, the area’s desirability tends to increase which spurs escalating property values and rents. Surges in property values and rents can place low-income residents and merchants at risk of having to relocate or close down. Existing residents may start to feel like outsiders in their own community as neighborhood-serving shops are replaced by new upscale establishments. They will no longer be able to purchase affordable, culturally relevant goods and services or pay for the rising cost of housing. Second, what are the most effective strategies to build trust with merchants and facilitate communication between stakeholders and city officials? Strong proactive and bilingual outreach process was crucial in identifying merchants’ needs and visions for the corridor in the North B Improvement Initiative led by the city. Some owners even previously reported feeling neglected and burdened by city programs. The intent to support and retain businesses must be clearly communicated to owners if any sort of connection is to be established. Third there is the question of how to make quick and low-cost improvements to see tangible results in the near term? In the past, the North B Improvement Initiative organized sidewalk and alley clean-up days, installed planters and banners, extended downtown festivals to the corridor, and had police train local merchants on safe alcohol sale practices. Implementing short-term tactics could reinforce our intentions to the owners, patrons, and neighborhood residents.

Despite the corridor consisting of primarily small, locally-owned businesses, they are important contributors to neighborhood’s well-being by providing employment for local residents. In addition, the businesses owned by people of color tend to provide jobs for people of color who have higher than average unemployment rates. Small business owners also live and spend locally, further supporting the local economy. Ethnically serving businesses create cultural identity, leadership, and social cohesion within communities, as

well as support vibrant cultural connection by providing niche goods and services. Stakeholders in the community include the merchants and property owners, the San Mateo Chamber of Commerce, the Central Neighborhood Association, the Economic Development Growth Initiative, the HOA of North San Mateo, as well as City leadership and staff. However, small businesses in particular are vulnerable to displacement due to rising rent and incoming competition, so corridors like North B must be protected and enhanced. The City of San Mateo's North B Street Improvement Initiative represents a successful model of small business corridor preservation and equitable economic development.

### **North Fair Oaks (CA) Case Study**

“As you drive north on Middlefield Road from the affluent town of Atherton toward Redwood City, the thick tree canopy suddenly vanishes from above and the lush bushes and grasses morph into gravel and cement. Iron gates fronting set-back mansions are suddenly replaced with concrete business facades, and utility wires begin to crisscross the sky above like a spider's web.” North Fair Oaks, CA is a 73.1% Hispanic, residential unincorporated area, and one of the poorest communities in the Peninsula. Fair Oaks was originally a residential area north of Menlo Park which incorporated as the town of Atherton in 1923, leaving North Fair Oaks unincorporated.

The San Mateo County Board of Supervisors has approved a plan to widen sidewalks, cut traffic lanes, and paint new bike lanes in order to make the 1-mile stretch of Middlefield Road more pedestrian friendly by 2019. However, North Fair Oaks is struggling to keep life affordable for residents as tech money fuels a boom in neighboring Redwood City's downtown. The area's greatest advocate is Linda Lopez, chairwoman of the North Fair Oaks Community Council, who can bring the district's concerns to San Mateo County supervisors but has little independent governing authority of her own. She hopes use her authority to increase the volume of affordable housing instead of market-rate rental units, beyond the price range of most residents.

San Mateo County created the North Fair Oaks Forward initiative in 2013, a feedback process intended to guide the revitalization effort and design a project reflective of the community's needs by distributing bilingual surveys and posting informational door hangers throughout the neighborhood. Both the county and Community Council have jointly held community meetings to offer residents and business owners an opportunity to voice their questions and concerns. Despite the initiative's inclusive approach to the Middlefield Road redevelopment project, many Latino small business owners fear displacement pressures will arise from the street project, and are frustrated by lack of detailed information exchange. One owner complained that the meetings were held in the evenings, preventing attendance of restaurant owners due to peak business hours; another claimed the only knowledge she'd acquired about the project was from local newspaper articles. Still, the county maintains the

fact that they want as much North Fair Oaks community engagement in this process as possible.

### **GIS-Based Spatial Narratives**

This study argues that political relationships of urban planning, problem solving, and service delivery have changed dramatically in the past twenty years. For instance, state and private funders' growing emphasis on technical expertise, use of "best practices", and demonstrable achievement of measure outcomes has led to what some characterize as a professionalization of the field. A growing number of community organizations use digital spatial technologies such as geographic information systems (GIS) to carry out statistical and spatial data analysis and mapping for program planning and implementation, fundraising, and monitoring neighborhood change. We hope to help Urban Habitat and Faith in Action develop a dynamic map that will allow them to perform data analysis, which will allow them to negotiate, plan, and implement urban change.

The study defines spatial knowledge to the characteristics and meanings that individuals, social groups, and institutions ascribe to particular places. Through an ongoing ethnographic research with two Chicago community organizations, the study shows how they produce flexible forms of spatial knowledge to support different objectives at different times, cultivating multiple roles in urban planning, development, and social life simultaneously. Moreover, it shows how GIS plays a key role for these organizations since it is used to create narratives about neighborhoods that interpreted and reinterpreted to support different roles and activities.

State institutions, the private sector, and nongovernmental organizations all engage in a range of spatial politics through which they attempt to influence urban change and decision-making process. Urban politics play a role in the decision-making progress as well which might include lines of authority between different actors in urban government, strategies that these institutions can use to try to influence one another, and allowable terms of negotiations over urban spatial change. This complicated process shows that different types of knowledge and ways of representing the needs and conditions of a place influence the power and legitimacy of different actors' claims in spatial decision making. In North Fair Oaks, we have witness the many challenges Urban Habitat is currently facing with policy-makers and small business owners. Another implication of the complicated decision-making process is that spatial knowledge and cartographic representations produced using a GIS and other digital technologies are often given greater weight in planning and policymaking than knowledge presented in other ways. This reassures us that developing a dynamic map will allow Urban Habitat to address some of the challenges is currently facing.

The Near Northwest Neighborhood Network (NNNN) and the West Humboldt Park Family and Community Development Council (WHPFCDC) are community organizations

that work in rapidly changing neighborhood on Chicago's northwest side. The area is characterized by a complicated range of social, economic, and infrastructural conditions—just like North Fair Oaks. For the past decade, the Humboldt Park area has been the focus of intensive efforts by local government, community organizations, and residents trying to improve quality of life in the neighborhood. Similarly to Urban Habitat, WHPFCDC and NNNN, work to retain the remaining industrial and manufacturing activities. Both community organizations work on gentrification since is the source of many problems for some long-time residents and businesses as property values and housing cost increase dramatically. NNNN and WHPFCD carry out their neighborhood improvement and advocacy efforts in an urban governance context that is fraught with ambiguities. The City of Chicago and other state structures are sources of funding and political advantage, as well as targets for grievances. The public, private, and philanthropic institutions they interact with promote a paradigm of inner-city revitalizations focused on capital investment in the built landscape.

The NNNN and WHPFCDC organizations have developed complex strategies for negotiating spatial knowledge, and institutional politics. They use GIS to develop spatial narratives that allows them to share their spatial knowledge, which can be used to pursue multiple objectives and to engage other actors and institutions in multiple ways. Visualization is a way of expressing knowledge about place and spatial relations and also a way of creating spatial meaning through exploration and interpretation. In their GIS-based maps, NNNN and WHPFCDC produce multiple narratives about neighborhoods, conditions, and capacities, and use them to inform and strengthen a diverse range of projects, arguments, and decisions. For example, a map showing distribution of vacant lots in Humboldt Park might be presented through a needs narrative as sites of criminal activity. It could also be presented through an assets narrative as showing opportunities for building affordable housing. Similarly, we are building a narrative for our interactive map, which will help to create awareness of business displacement in the neighborhood and create a more cohesive community. It would also help Urban Habitat to clearly identify the locations in which small business are affected the most.

Urban planning, problem solving, and service delivery are carried out by an ever-growing range of actors. Relationships are increasingly complex as public and private institutions are simultaneously the target of community organization grievances and increasingly an important source of financial and administrative support. Navigating this complex system requires operating in relationship to an extremely diverse range of actors, positioned at multiple levels, who may have competing or conflicting understanding of the neighborhood and its needs. The strategic use of GIS allows organizations to engage in a multilayered politics that produce and transform urban spaces in a way that cannot be fully characterized as either cooperation or resistance. And although community organizations are less powerful agents in terms of their access to capital and formal political power, they have

a deep and detailed knowledge of the institutional, spatial, and knowledge politics of urban planning and problem solving, and the capacity to manipulate these in strategic ways.

### **San Francisco (CA) GIS Case Study**

In 1998, the South Market neighborhood, affectionately known as ‘SoMa’, protested because of new developments being made next to or in place of diverse, mixed-use buildings that were housing immigrant families, artists, start-up companies, and manufacturers. A ‘living neighborhood map’ was used to start a conversation with policy-makers, and was used to illustrate changes in development that portended zoning changes at a city-wide level. This study shows how information-based maps helped to educate a diverse community of people, which empowered them to act. The result was a vision that embraced the existing character and flavor of the neighborhood, while also accommodating its growth. Currently, North Fair Oaks is going through a similar process where businesses and families are being displaced due to the high commercial and residential rent. Unfortunately, North Fair Oaks does not have a living neighborhood map that can educate small business owners to convince and persuade policy-makers to create favorable policies that would benefit the entire community. Our goal is to gather information from small business owners, through surveys, so that a dynamic neighborhood map can be developed.

South Market (SoMa), as the name implies, is just south of Market Street. Historically, it hosted the city’s manufacturing and light industry and provided provided infrastructure serving the port. Moreover, it served as a transient zone by acting as a portal where immigrants and urban poor could establish themselves before moving to a higher standard of living. South of Market Foundation (SOMF) developed a GIS living neighborhood map of SoMa, linking information about buildings, businesses and residents to produce a dynamic physical map. SOMF established a strong political neighborhood voice and influence in 1985 San Francisco Planning Department South of Market re-zoning study, which revealed that SoMa was evolving into an important service district for the financial core and it was a haven for start-up businesses. ‘Live--Work’ was created at this time as a special type of mixed-use development that allowed people to legally have studios and workshops in the same space where they lived. Nonetheless, Planning Department quickly became aware that the code was difficult to enforce since it was almost impossible to verify whether people were actually working the same spaces they were living in.

San Francisco Planning Department collaborated with SOMF in a series of GIS studies documenting traditional manufacturing and emerging high-tech industries. They learned that live-work units were a serious threat to SoMa’s economy due to business displacement caused by incompatible uses or evictions. Moreover, the high influx of computer workers led to many housing permits, especially live-work permits, which created conflicts between existing inhabitants and newcomers. Despite the evident issues, the Planning Department—backed by the Mayor—decided to shelve the GIS-based studies,



which was a major blow to the community because the studies documented live-work as a major threat to important industries in San Francisco. This led residents to create a new group called Save Our Shops (SOS) to confront the city Planning Department and Planning Commission regarding compatibility issues between small businesses and residents. In the next public hearing the Planning Department announced that over the next six months they were going to undertake a land-use study, and they were hoping that this study would show that there was an abundance of industrial land in San Francisco. If that was the case, then these industrial lands would be re-zoned. Furthermore, the Planning Department stated that there would be no community participation due the short time involved.

SOS became a more powerful organization called the Coalition for Jobs, Artists and Housing (CJAH). This group had at its disposal a very powerful GIS database, which helped disprove false claims made by developers regarding job and industry displacement and assisted in identifying potential new zoning boundaries. The living neighbourhood map became a tool that helped people move beyond their own opinions, judgments and naiveté. Maps allowed people to see complex information more easily. Economic jargon and statistics became clearer when re-drawn as pictures. At public hearings rather than reacting emotionally, people could present intelligent and well-informed fact-based economic arguments. Mapping fostered a sense of connection and commitment to place, people really started to ‘know’ their neighbourhood and its streets.

After a year, the Planning Department finished its land-use study and came to the opposite conclusion that it had reached a year earlier. The study concluded that all industrial land in the city was being used to capacity and was needed in order to support the predicted growth in business services over the next 20 years. The study also concluded that the city was experiencing a housing supply crisis. In the following public hearing, the Planning Commission voted unanimously to approve an Interim Industrial Protection Zone, which was by far the best-compromise solution.

The most significant outcome was that the community’s voice was heard and documented. It is unlikely that the Planning Department would have engaged in such a detailed study and invited public participation had it not been for the actions of a very informed and sophisticated group of community activists. At the core of this effort was the GIS generated living neighbourhood map, which empowered the community, educated community members, and offered a means by which people could shed their individual opinions and judgments in order to see the situation for what it truly was. It is our hope that North Fair Oaks will partner with Faith In Action and follow a similar story to SoMa. The GIS map currently being developed can help small business owners reach to fact-based solutions to the many problems North Fair Oaks is currently facing.



## Methodology

### I. Survey Collection

We helped Urban Habitat collect and digitize surveys from North Fair Oaks and San Mateo. We started by digitizing the whole survey through a Google form. Digitizing the survey had many advantages such as providing data for our visualization tools and the ability to divide the survey into multiple sections. Our survey included five sections: basic information, place of business, neighborhood, issues, and personal demographic information. The first section was basic information, which asked a variety of questions regarding the business such as the contact information, target clientele, and yearly income. The second section was place of business, which asked how long the business in their current location and information about the lease, landlord, and rent increase. By far, the second section was the section that business owners were the most hesitant to answer since it asked very specific and personal information about their business. The third section was neighborhood, which asked if there have been any apparent changes in their neighborhood in the past couple of years. The fourth section was issues, which asked if the business has had any legal issues or if they need a lawyer for any legal help. Finally, the last section was simply basic personal information about the owner. Please see appendix III for the specific questions.

After creating the Google form, we digitize 15 surveys conducted by Urban Habitat and Faith in Action. By digitizing each one of the surveys it was clear that questions regarding yearly income and lease information were the hardest one to receive answers from. Digitizing the surveys before conducting one was extremely helpful since it allowed us to better prepare for each one of the questions. Moreover, we knew that in order to conduct a successful survey it was crucial to make the interviewee comfortable. To do this we conducted the survey in Spanish and we memorized the sequence of the questions so we could easily drive the conversation.

During our fieldwork, we stopped at the building in the intersection between Middlefield Rd and Eighth Ave. We attempted to interview many businesses along Middlefield Rd, and we ended up successfully surveying Donut Depot, Plaza Jewelers, Piñatas Surprises, Computer Repair, and Adrian's Income Tax. The key advantage of conducting the survey in person was the meaningful conversation we had with small business owners. However, we did face many challenges such as the owner not being in the location or the owner was hesitant to provide specific information about their business. For our survey findings please see the deliverables section.

## II. CartoDB Mapping

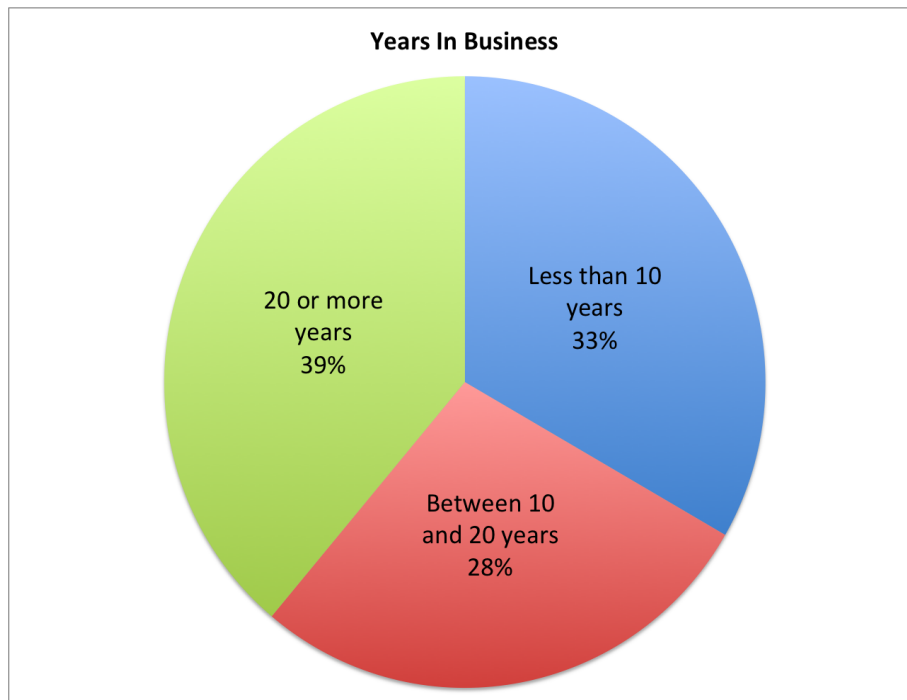
We decided to build a dynamic interactive map that would create awareness about the current challenges business owners are facing in North Fair Oaks and North B Street Corridor. We decided to build our map using CartoDB, which is a geographical information system (GIS) that allowed us to easily render the data we gather from the surveys. CartoDB is very easy to update and it can be easily synchronized with a Google form, which helped us to automate the process of rendering new conducted surveys. It is aesthetically pleasant and very simple to navigate. To see the website please see the deliverables section.

## Deliverables

### I. Community Surveys

Google form link: <http://goo.gl/forms/lp2l1xfWW3>

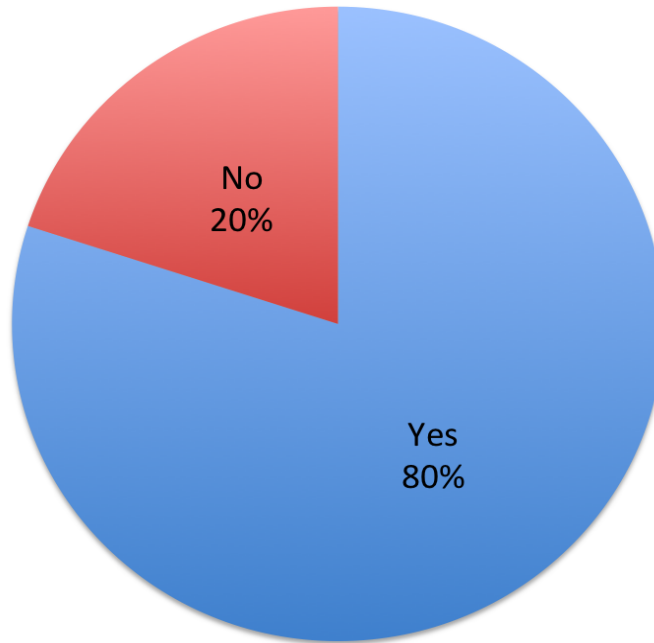
The entire process of surveying was eye-opening for us. We learned about the many challenges small business owners are facing in North Fair Oaks, and we would like to share a few of our findings in the process.



Surveys Figure 1 (18 responses)

In Figure 1 we can see that 67%, of the businesses surveyed, have owned their business for more than 10 years. Moreover, while we were conducting our surveys we found the pattern that long-standing businesses are the only ones making enough profit to stay in business. The owner from Piñata Surprises stated that many of the new businesses are not aware of the high rent costs. We hypothesized that long-standing businesses have a better relationship with the landlord and that rent can be increased more frequently with shorter leases and new tenants.

### Rent Increase in the Past Two Years

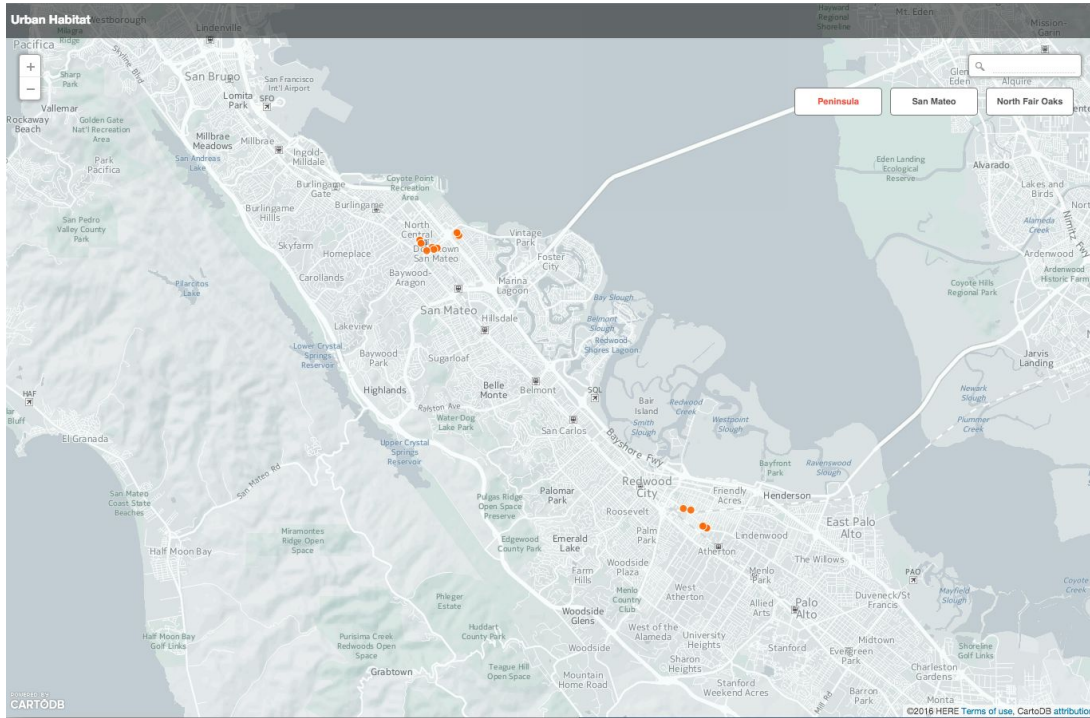


Surveys Figure 2 (15 responses)

As it can be seen in Figure 2, the vast majority of businesses are suffering from rent increase. It was difficult to quantify the exact amount of the increase since many owners were not comfortable sharing an exact figure and others owners shared only a relative increase. The figure may be startling at first glance but our key finding was that it was *not* the root of the problem. The rent increase is stipulated in terms of the lease so it was not a surprise for the business owners. They were not too concerned that their rent was increasing every year. However, they were extremely concerned about their loss of clientele. The residential rent increase was directly affecting their business since many of their clients were being displaced from North Fair Oaks. Maribel Osorio from Tacos al Vapor Nueva Italia explained to us that “many clients have moved out” while Omar Magdaleno from Piñatas Surprises stated that “since rent is so high, families cannot afford parties”. It was clear to us that the main concern business owners had was that they were losing many of their clients. Moreover, the surveys showed that every business target clientele was Hispanic and that they were satisfied with their current location. This implied that businesses are having a hard time adjusting to the demands of a new clientele demographic, and they do not want to move their business to a location where the majority are Hispanic.

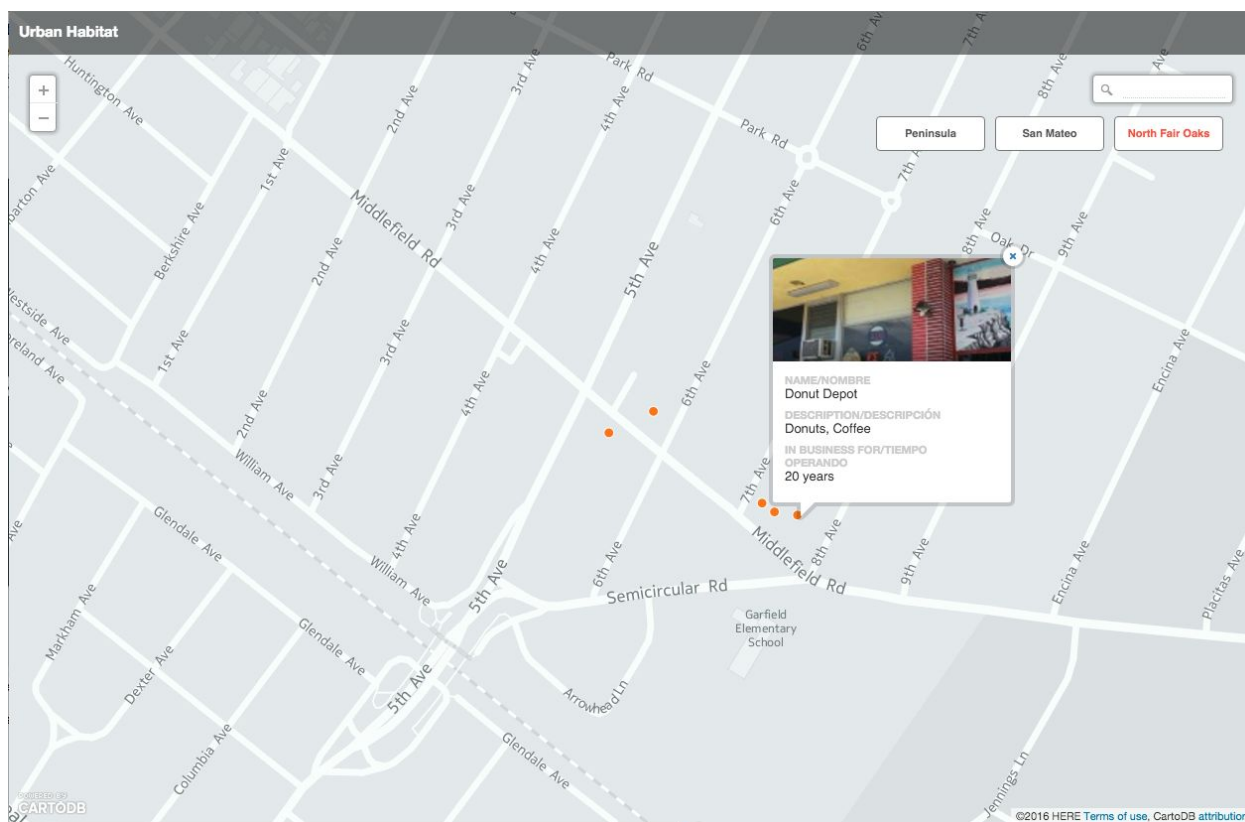
## II. Online Map

CartoDB Map Website link: <http://fidelsalgado.github.io/urban-habitat/>



CartoDB Map Website Figure 1

CartoDB allowed us to easily implement a website that embedded a map showing the small businesses we surveyed. In Figure 1 we can see that there two clusters of data points, the north one is San Mateo and the south one is North Fair Oaks. We implemented two buttons that can be seen in the top right corner that automatically zooms to these two areas. The third button is for zooming out so we can get the overview of the Peninsula that is shown in Figure 1. As we mentioned in our methodology, whenever a Google survey is completed CartoDB allows us to automatically render it in our map. In other words, a data point is added to our website.



CartoDB Map Website Figure 2

In Figure 2 we can see detailed information about a business. In this specific example we show Donut Depot, and we can easily see how long it has been in business form and a short description. Moreover, notice that each one of the labels is also in Spanish since we want this tool to be used by the small business owners as well. We hope that this tool can help the community by creating awareness of business displacement. We also hope that it will serve Urban Habitat to make fact-based arguments to policy-makers that will benefit the entire community.

We plan to provide any type of training to Urban Habitat or anyone interested in contributing to the website. CartoDB allow does not require to have technical knowledge to add features to the map. However, the implementation of the website is available in Github, which makes it extremely easy to add web developers who are interested in developing new features.

### III. Recommendations

#### Longer Term Business Leases



An employee at Piñata Surprise in North Fair Oaks notified us of the issue of long-term vs. short-term leases affecting small business displacement. Longtime business owners who have been renting their commercial space for years, such as Chun Tang from Donut Depot, are at lower risk of displacement than new establishments like the Electronics Repair shop. The stronger relationship these owners have with their landlord encourages the landlord to offer longer-term leases, which incur a steady, regular increase in monthly rent. Only at the end of the lease period, which can last for five years or more, can a new price be negotiated, preventing drastic spikes in rent due to market fluctuations. Short-term leases on the other hand, lasting for only a few months at a time, are subject to price hikes after each period. As landlords haven't had the time to foster trusting relationships with tenants, they are typically given to newly entering businesses who quickly discover that profit cannot compensate for the sum of operating costs, employee salaries, and rent. Continuation of this cycle leads to chronic instability of small businesses in certain commercial spaces, facilitated by short-term leases. To impede this cycle, we would like to have the Lawyers' Committee for Civil Rights help small business owners negotiate longer-term leases, particularly those who are new to the neighborhood.

### **Rent Control and Affordable Housing**

Many businesses in North Fair Oaks were suffering due to a loss of clientele, as many neighborhood residents were forced to relocate due to rising housing rents. This connection was previously unrealized, so most earlier outreach efforts have been focused on business rent increases. We believe it would be beneficial to have Urban Habitat organize a coalition of small business owners in support of rent control and other affordable housing measures. This would also require outreach efforts to make sure the small businesses understand that rent control *does* affect them and *is* worth their time and effort to support, not just as community members but also as community business owners.

### **Community GIS Map**

In both the literature review and our survey collection, small business owners expressed an inability to network and collaborate with their neighbors. By connecting small businesses to each other, they will feel more connected to the community and be able to communicate and share resources, as well as hopefully find a support network. Many of the businesses have similar problems but often tackle them alone, as they don't realize how many of their neighbors are similarly struggling. To connect small businesses, we have created the first version of an online map that shows local, minority-owned small businesses in both the Middlefield and B Street corridors. We hope that Urban Habitat (or another partner) will maintain and expand this map. To simplify the updating process, we have connected our map directly to the GoogleForm for inputting survey results. This means the map will automatically update as each new business survey is captured online, though it will still require some effort to attach appropriate photos.

## Conclusion

Moving forward, the survey findings will be presented by Urban Habitat and Faith in Action to the San Mateo County Health Department and Chamber of Commerce. The results demonstrate the connection between residential rent increase and decline in business for small, lower-income, ethnic-serving retail and restaurants. If the geographic boundaries of survey collection were expanded, a large scale effort to recognize the prevalence of this issue across the Bay Area could be undertaken. Although government-imposed rent control cannot legally be applied to commercial spaces, residential areas are under the jurisdiction of the California State Government. Thus, our findings directly correlating increased residential rent to small business displacement could potentially be used to mitigate the unfortunate trend.

We're delegating duty of website operation to our community partners, who have been familiarized with the user-friendly CartoDB interface. The map can be altered to display whatever information the County, community partners, and owners themselves deem most relevant. Inputting survey entries into the bilingual Google form automatically adds data entries to CartoDB and updates the map. The ease with which additional survey responses can be added to the database will help to corroborate existing evidence of small business displacement in the Peninsula. Our community partners plan to publicize the map to raise awareness among business owners and local residents of the growing threat. By increasing awareness, we're hoping that the push to protect threatened businesses gains traction to ensure that their owners' complaints are heard amongst discussions regarding economic development, particularly in revitalization efforts.

## Appendices

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### III. Survey

#### Section One: Basic Information

##### Small Business Displacement Survey

###### Basic Information

###### Business Name

Your answer

###### Business Address

Your answer

###### Business Description

Your answer

###### Target Clientele

Your answer

###### Price Point

- ☐ \$ (low)
- ☐ \$\$ (moderate)
- ☐ \$\$\$ (expensive)

###### Which applies to your business?

Check all that apply.

- ☐ Family Owned
- ☐ Minority Owned
- ☐ Female Owned
- ☐ Franchise Unit

☐ African American

☐ Caucasian

☐ Other: \_\_\_\_\_

###### 2014 business income

Your answer

###### 2015 business income to date

Your answer

###### How long has your business been operating?

Your answer

###### If you are a business where customers dine in, do you have wifi and internet connection?

- ☐ Yes
- ☐ No

###### How many employees does your business have?

Your answer

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## Section Two: Place of Business

### Small Business Displacement Survey

#### Place of Business

Length of time at business premises

Your answer \_\_\_\_\_

Do you rent or own your commercial space?

Your answer \_\_\_\_\_

Who is your landlord or managing company?

Your answer \_\_\_\_\_

Do you currently have a written lease?

☐ Yes

☐ No

If yes, how long have you had the lease?

Skip if not applicable.

Your answer \_\_\_\_\_

When does the lease expire and how many years are left in the lease?

Skip if not applicable.

Your answer \_\_\_\_\_

Has your landlord changed in the past two years?

☐ Yes

☐ No

☐ No

What was your rent before the increase?

Your answer \_\_\_\_\_

What is your current rent?

Your answer \_\_\_\_\_

If your rent has increased, did the landlord negotiate the terms with you? Explain how you learned of the increase.

Your answer \_\_\_\_\_

Do you have any concerns regarding your leased space?

Your answer \_\_\_\_\_

If not, why?

Skip if not applicable.

Your answer \_\_\_\_\_

How much of an increase in rent in your commercial lease would you be able to afford?

Your answer \_\_\_\_\_

If your commercial rent increased more than you could afford, what would you do?

☐ Close the business

☐ Relocate the business in the same neighborhood

☐ Relocate the business in a new neighborhood

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## Section Three: Neighborhood

### Small Business Displacement Survey

#### Neighborhood

Have your neighboring businesses changed in the past two years?

- ☐ Yes  
☐ No

What caused them to move?

Skip if not applicable.

Your answer

Have you noticed other changes in your neighborhood in the past two years?

- ☐ Yes  
☐ No

If so, explain.

Skip if not applicable.

Your answer

Has your business clientele changed in the past two years?

- ☐ Yes  
☐ No

If so, explain.

Skip if not applicable.

Your answer

Has the demand or request for the type of goods you offer changed over the past two years?

- ☐ Yes  
☐ No

If so, explain.

Skip if not applicable.

Your answer

What changes have you implemented to improve your chances of success?

Your answer

Have you received outside help to help you make these changes?

- ☐ Yes  
☐ No


If so, explain.

Skip if not applicable.

Your answer

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## Section Four: Issues

### Small Business Displacement Survey

#### Issues

Has your business ever been in danger of closing?

☐ Yes
 ☐ No

If so, describe what happened?

Skip if not applicable.

Your answer

---

Would it have helped to have a lawyer or merchants association to help you during that situation?

Skip if not applicable.

☐ Yes
 ☐ No

How would you avoid a situation like this in the future?

Skip if not applicable.

Your answer

---

If your business is declining or has ever been in danger of closing, what services would be useful to you to help reverse the decline?

Your answer

---

Have you ever hired or consulted with a lawyer for something related to your business?

☐ Yes
 ☐ No

If so, when?

Skip if not applicable.

Your answer

---

For what reason did you hire or consult with the lawyer?

Skip if not applicable.

Your answer

---

Describe any current business legal issues you have.

Your answer

---

Would you like for an attorney to follow up with you about this issue?

Skip if not applicable.

☐ Yes
 ☐ No

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## Section Five: Personal Demographic Information

### Small Business Displacement Survey

#### Personal Demographic Information

**First Name**

Your answer

**Last Name**

Your answer

**Business Owner Name(s)**

Your answer

**Phone Number**

Your answer

**Email Address**

Your answer

**Home City**

Your answer

**Zip Code**

Your answer

**Language Preference**

Your answer

**Do you live in the same neighborhood as your business?**

☐ Yes

☐ No

**If not, why?**  
Skip if not applicable.

Your answer

**Sex of each owner**  
If multiple owners, put number of each sex in "Other".

☐ Male

☐ Female

☐ Other :

**Country of origin of each other**

Your answer

**Date of birth of each owner**

Your answer

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