



March 1, 2018

Re: Preliminary Comments on the Union Square Community Benefits Agreement

To Whom It May Concern:

Union Square Main Streets (“USMS”) would like to ensure that the Community Benefits Agreement (“CBA”) meets its mission of securing appropriate benefits from the development of Union Square for the community as a whole, including the brick and mortar businesses. To help meet this goal, we are working with the businesses to determine their needs and suggested mitigation actions for the upcoming years. Based on our initial discussions, we have drafted the following preliminary recommendations for inclusion in the CBA. It is our belief, supported by our and others’ experiences, that these benefits will help our local businesses survive and even thrive throughout the upcoming development years.

A. Revolving microloan fund

Too often, businesses are unable to find funding for improvements and expansions. It will be critical that Union Square businesses are able to take advantage of the anticipated larger customer base to offset rising rents. If they are unable to make investments, such as expanding their footprint, purchasing additional inventory, or hiring more staff, they will not be able to sufficiently increase revenue. Thus, we recommend that the CBA include provisions for a revolving microloan fund.

A 2018 study from the Small Business Administration¹ regarding their microloan program is very encouraging about this type of benefit. Although loans may be taken up to \$50,000, the average loan size was less than \$14,000. They state that “small businesses can be at a disadvantage, compared with other businesses, when trying to obtain access to sufficient capital and credit”, a disadvantage that is amplified for startups and businesses with fewer than five employees. Many of our local businesses fall into these categories. This federal program also includes expanded access to technical assistance, which we discuss in the next section.

B. Technical assistance

Even in the current environment, many Union Square businesses could benefit from assistance in developing and implementing business plans, increasing their general financial literacy, and improving marketing and outreach. This will become even more critical as development begins. A recent study done by the City of Cambridge² recommended the following additional types of support:

¹ <https://fas.org/sgp/crs/misc/R41057.pdf>

² https://www.cambridgema.gov/~media/Files/CDD/EconDev/retailstrategy/retailstrategy_actionplan_presentation.pdf

- 1) Technical assistance and training to increase presence on online review platforms;
- 2) Technical assistance focused on developing websites or joining existing platforms for e-commerce;
- 3) Guidance when applying for Storefront Improvement funds – USMS has helped several businesses with the process of completing applications, including Optical Internationale, Juliet, and RiverDog. We estimate that we’ve worked in some capacity with over half the businesses in the Square toward taking advantage of this program, so there is clearly demand;
- 4) Legal support to businesses during leaseholder negotiations – USMS has been able to provide some of this support, but our ability to do so is limited. We held a leasing workshop last fall in partnership with the City and a group from Harvard Law School. USMS has also informally advised local businesses during such negotiations, including Jose Garcia, owner of Ebi Sushi, and Dirce Silva, owner of Union Square Tailoring, so we know these measure are helpful. Increased support from legal alliance groups would allow more businesses to benefit; and
- 5) Education on small business labor issues, such as scheduling tools and employee healthcare options.

We recommend that the CBA include a fund for broad-based technical assistance that can be tailored to each business’s specific needs.

C. Assistance through transition period

Because the development of Union Square will take decades, businesses will be faced with increasing rent long before their customer bases grow. They will also have to deal with the disruption that construction brings – obstruction of their storefronts and possible closures due to unforeseen circumstances. For this, we recommend various benefits be included in the CBA to support businesses during this time.

- 1) Creation of a Construction Mitigation Plan (CMP) – For each phase of construction, the Master Developer should work with USMS on the appropriate strategies for mitigating the impact of construction. Funding should be allocated for both the resources needed to develop the plan as well as implementing best practices, such as increased signage, shuttle buses, and a "marketing match" for increasing funding spent on advertising. We can learn from CMP’s implemented in Minneapolis³ and elsewhere as well as a study done by the University of Wisconsin-Madison⁴;
- 2) Exploration of a plan to provide targeted, temporary, transitional rent subsidies for appropriate and qualified small businesses in new construction areas. This strategy will increase the vitality of the Square while preserving its unique character, and will distinguish it from developments such as Kendall Square and the Seaport District;
- 3) Inclusion of subsidized incubator and startup space in new construction to support and grow current Union Square business trends; and
- 4) Viable relocation plans for appropriate and qualified businesses displaced by construction, ensuring seamless continuity of operations. USMS has already begun this process by connecting businesses in development parcels with the Master Developer.

D. A business-friendly mobility and transit hub

For Union Square to continue and expand its vibrant culture, we need to capitalize on the Square’s role as a “mobility hub” or transit hub. Union Square is a natural crossroads for all forms of mobility, whether public transit, cars, bikes, or pedestrians. This must be turned from a liability into an asset, so that Union

³ <https://minneapolisfed.org/publications/community-dividend/helping-small-businesses-survive-big-construction-strategies-from-the-green-line-lrt-project>

⁴ <http://www.lafollette.wisc.edu/research/publications/city-of-milwaukee-construction-mitigation-program>

Square is a natural place to stop and meet and engage with local businesses. This means getting people out of their cars, the bus or T, and off their bikes. We need foot traffic in all corners of the square. To do this and support the needs of our businesses, we recommend the following measures be included in the CBA:

- 1) Centralized parking on the western half of the Square to support existing businesses in the area, and the expansion of businesses along Somerville Avenue and Washington Street. Union Square's center of gravity is likely to shift eastward due to the T station and development parcels. We recommend a centralized parking structure, perhaps in D7, to encourage movement throughout the whole Square;
- 2) Consideration of a district-wide parking plan, ensuring maximum availability and sharing of all parking resources;
- 3) Pedestrian-friendly and bike-friendly street design, built on ongoing refinement and improvement of traffic signals, bike lanes, seating areas, and bike parking facilities, designed to make moving through all areas of Union Square an easy and pleasant experience; and
- 4) Community-building public spaces and indoor and outdoor meeting areas, to encourage utilization of the business and conversations with neighbors.

E. Computers and training

Many of our local businesses owners do not have computers on site. This hampers their ability to reach new customers on the internet, develop business plans, use accounting software, find new employees, and promote their businesses via social media. USMS recommends that the CBA include computers and training in business plan development, online marketing and accounting software for eligible businesses.

We have heard from our businesses that they would like to increase their online presence, but lack the technology and knowledge to do so. Some of our businesses don't even have email addresses. Providing hardware and training could help solve many of the problems facing our businesses and strengthen their ability to take advantage of opportunities that will come with the upcoming changes.

F. Job training and apprenticeship programs

Part of what makes Union Square so unique and attractive are our many restaurants, but they are suffering from a serious shortage of employees. To support our businesses, we worked collaboratively with the City and SCC to initiate a restaurant worker training program focused on kitchen workers. Additional funds would enable us to increase the number of people being trained and to expand it to other employment needs.

Thank you for your time and consideration of these matters.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lindsay Neu". The signature is fluid and cursive, with the first name "Lindsay" written in a larger, more prominent script than the last name "Neu".

Lindsay Neu, President, Board of Directors on behalf of Union Square Main Streets