

## Notes on Business Groups Meeting

March 2, 2017

### Overall Issues, Challenges and Trends

#### Greater influence of international investors:

- New international investors are changing the dynamics of the City's retail environment (especially in Harvard Square), but stakeholders estimate that this will spread to other parts of the city, including the stretch between Harvard Square and Porter Square
- There's an overall sense that changes are coming: "a shifting climate", "it feels uncertain"

#### Increase in the cost of real estate is playing big role in the city's retail landscape and affecting many businesses:

- Increase in property values have affected not only rents, but especially property taxes; one stakeholder mentioned that property taxes in his business have gone up 20% per year in past few years, while his rent went up by only 3%. That's what happened at UNO at Harvard Square: when the building was sold for premium new price its assessed value increased and so did its property taxes
- City appears to be more aggressive to reassess commercial versus residential properties
- Retail affordability is hard to achieve with high rents and high taxes

#### More parking is needed in certain areas:

- Residential streets should allow people to be parked during business hour; residential streets could be metered during the day. The City is testing this in Huron, but there are issues with enforcement
- Also worth exploring the possibility of having 2 -3 parking spaces on intersecting streets
- Possibility of issuing daytime business parking stickers for business owners to free up the metered parking and the customers would borrow from the owner
- It is hard for a business to ask residents for parking; the City should be the one bringing that issue to make it more politically feasible
- The parking will become more of an issue as the city will start converting spaces into bike lanes

#### Marketing plays a key role:

- Kiosks and wayfinding signs are useful tools to let people know about what's in the districts: in Kendall they have been very successful (perhaps the City could help installing them in other districts?)
- Business directories (printed and online) are a common marketing tool among a number of the districts including Kendall, Porter and Harvard Square

- Events help attracting people to the districts; the City could help business organizations do more/better events

### **Online competition is a reality all businesses must face:**

- Many businesses sell online as a way to complement walk-in sales; we need to help the ones who are not to move in that direction

### **What Can the City Do?**

#### **Negotiate desired benefits with property owners and developers during planning approval process, for example:**

- Create the conditions to allow for smaller businesses in the first floors while allowing for larger tenants in the upper floors, e.g. the Curious George building is going through the planning process and developers are asking for approvals for higher ceilings (which is ideal for a very large entity like an Apple store ), so the City could require the developer to have lower ceilings on the first floor (more conducive to smaller businesses) in exchange for allowing them to have high ceiling on the second floor: “We need to make sure the design of the building allows for that”.
- When developers ask for an increased FAR ask them what they can give the City in exchange.

#### **Educate new entrepreneurs/expand technical assistance:**

- Economic Development could help businesses during its initial stages: when someone new sign up to open a business, give a packet with key info, like how much rent they should be paying as a percent of their annual sales, and tell them to stop if it doesn't match. New entrepreneurs are not really thinking about that.
- There are new businesses that don't take advantage of lease negotiation assistance, so finding a way (perhaps during its initial approval process) to help
- City could help by directing entrepreneurs to the right district for their business (appropriate price point and retail mix)

#### **Activate vacant storefronts:**

- The City could require landlords to keep storefronts active (through art installations, pop ups, etc.) if property is vacant for longer than a specific time period (like 3 months)

#### **Explore a tiered tax system that looks at first floor retail and commercial spaces differently:**

- A second tiered of commercial taxation for small businesses would definitely help; the key is how to make sure it actually transfers to small business owners

**Consult businesses prior to proposing new legislation** that may affect them: “the plastic bag legislation has affected many”

**The permitting process is onerous:**

- “The thing we keep hearing is how long it takes to open a business... there are not enough inspectors. We should look at our budget and put more money to increase the number of city inspectors.” For example, for every X amount of new retail space the City should have an additional staff person (for inspection). Since fees and taxes are so high for businesses the City should allocate more funds for businesses related functions.
- What would be the ideal time for the approval and permitting process once a business rents a space? Up to 60 days is a reasonable time frame.

**Mitigate the impact of construction to businesses:**

- A mitigation fund should be used to pay for businesses that can show that current construction is impacting their businesses (e.g. use some of the mitigation money fund)

**Update Table of Uses and Zoning to reflect new business dynamics:**

- For example, Zineckers a Belgian a waffle place needed a variance to go from being a creperie to a waffle place, which generated lots of uncertainties and additional costs to local business owner.
- Experience-based retail is the future and should be encouraged and not constrained (e.g. a place offering occasional art classes shouldn't be considered a school that requires parking)