

Retail Strategy for the City of Cambridge

A blue-tinted photograph of a busy street in Cambridge, Massachusetts. The street is lined with historic brick buildings. On the right, a storefront for 'LEA HITT & PEIRCE' is visible, with signs for 'GIFTS - TOBACCO - GAMES' and 'JEWELRY'. Pedestrians are walking on the sidewalk, and a cyclist is in the foreground. A bus and cars are visible on the street. The overall scene is a vibrant urban environment.

Action Plan

OUTLINE

OBJECTIVES

MARKET ANALYSIS – MAIN FINDINGS

Updated GUIDING PRINCIPLES OVERVIEW

1. DRIVE EXPERIENCE
2. THRIVE ONLINE
3. HELP SMALL BUSINESSES REMAIN COMPETITIVE
4. IMPROVE ACCESS
5. SUPPORT AND BUILD CAPACITY OF LOCAL BUSINESS ASSOCIATIONS
6. FILL GAPS
7. ADDRESS REGULATORY BARRIERS

OBJECTIVES

Develop best practice policies and programs that will support and enhance the ground level active use and retail environment in Cambridge.

PUBLIC POLICIES/INVESTMENTS: Short and long term strategies for how to meet City's unmet retail needs

MARKETABILITY/VISIBILITY: Actions and best practices that the City might consider to enhance marketability and visibility to retailers

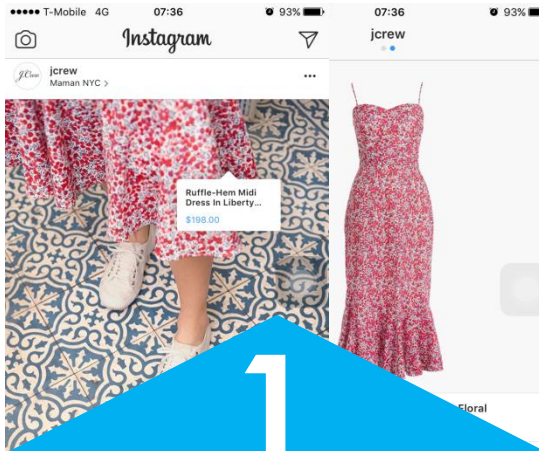
TENANT MIX: Recommendations for appropriate retail mix for each commercial district

ADMINISTRATIVE CAPACITY: Determine roles and responsibilities for advancing retail initiatives

MAIN FINDINGS

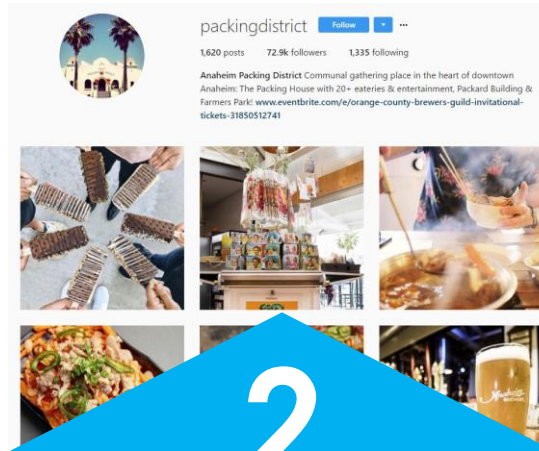
OVERALL STATE OF RETAIL

Changes in consumer habits are creating new pressures on Cambridge businesses and bringing shifts to the City's retail landscape:



1

The growth of e commerce and online tools are leading consumers to merge online and offline into a single shopping experience.



2

Consumer dining habits are changing: people are eating out more.



3

Consumers are spending less on products and more on experiences and service based retail.

MAIN FINDINGS

CITYWIDE ANALYSIS

- **Accessibility is unequal** among the City's districts and less-multi-modal districts may require customized transportation strategies.
- **The City's population remains young but it is diversifying and slightly aging**. Despite making up the greatest proportion of the residential population (43%), millennials are decreasing in numbers.
- **Cambridge is an employment destination** and its workforce is an important segment of the local customer base.
- **Cambridge is a regional eating and drinking destination** and well served by existing retail offerings. Leakage analysis suggests that the City's main opportunities lie in creating environments that support existing retailers (including restaurants).

MAIN FINDINGS

CITYWIDE ANALYSIS

- **Retail rents in Cambridge are reportedly a challenge** for many small business owners despite being comparable to nearby competitive districts.
- **The City's regulatory environment creates hurdles for small businesses,** particularly hybrid retail stores and experience-based retail.
- **The City has a large number of neighborhood and business associations that provide key services** to businesses and commercial districts, but these have a vast disparity of budget and operating capacity.

GUIDING PRINCIPLES

1. DRIVE EXPERIENCE

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1

Drive experience

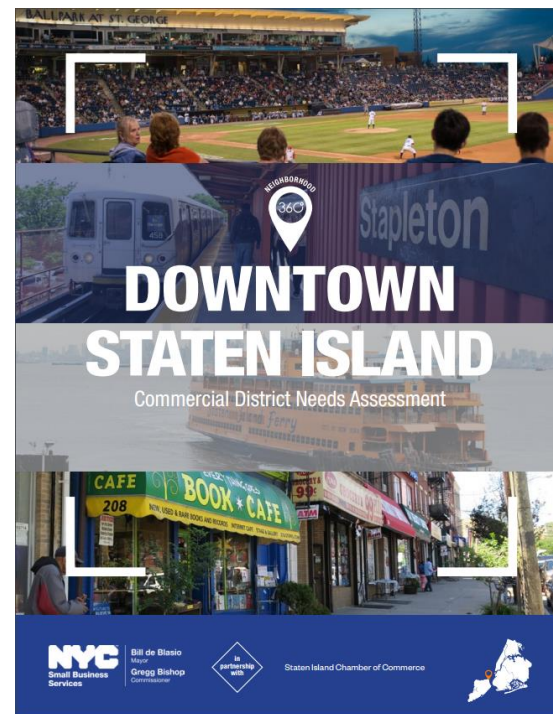
Recommendation: Build experience of the diverse districts through necessary public realm improvements and local activities

ACTION

- Assess physical conditions of the city's commercial districts and promote necessary public realm improvements

BEST PRACTICE

- NYC Small Business Services Neighborhood 360 CDNA (Commercial District Needs Assessment)



Recommendation: Encourage district-wide events + activities

ACTION

- Encourage stewardship and revenue generation through the activation of public spaces
- Consider providing competitive funding for events & programming held by local business organizations

BEST PRACTICE

- San Francisco Plaza Program
 - Local non-profit becomes “City Plaza Steward” of existing public space through license agreements, garners revenue from events





2 Thrive Online

Recommendation: Develop a city-wide effort to establish online marketing presence

ACTION

- Expand technical assistance and training to business associations and businesses on how to have a presence on review platforms
- Consider expanding funding to the City's Small Business Enhancement Program to ensure non-CDBG eligible neighborhoods are covered

BEST PRACTICE

- **Downtown Boulder, CO**
 - Updated and publicly available online database of relevant business journal articles on selling online and marketing



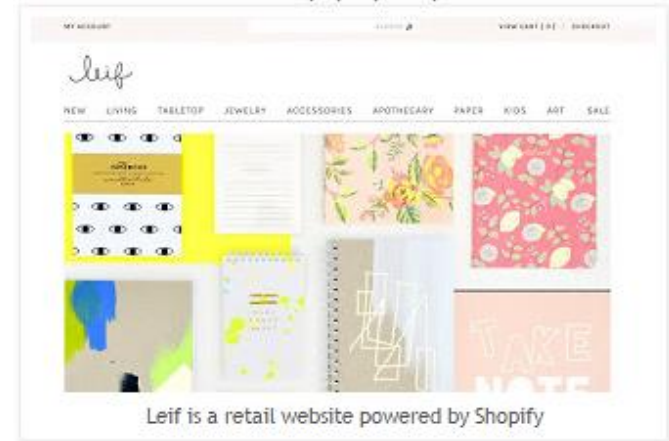
Recommendation: Develop city-wide effort to establish online sales presence

ACTION

- Expand technical assistance to businesses on how to develop websites or join existing platforms for e-commerce via business associations
- Consider expanding funding to the City's Small Business Enhancement Program to ensure non-CDBG eligible neighborhoods are covered

BEST PRACTICE

- Downtown Asheville + Asheville- Buncombe Technical Community College
 - Free online learning modules in online selling, social media and marketing





3

Help small businesses
remain competitive

Recommendation: Address commercial affordability for small businesses

ACTION

- Provide tax exemptions to property owners; offer fee waivers for new small and local businesses

BEST PRACTICE

- **Jump Start Philly**
 - Exempts qualifying businesses from paying the Business Income and Receipts Tax during the first two years of operations. Additionally, fees are waived for eligible new businesses for a variety of licenses and registrations
- **Commercial Affordability Tax Abatement (Seattle, WA)**
 - Provides property tax exemptions for property owners who provide a defined combination of benefits to local small businesses



WHAT ARE THE CONSEQUENCES OF RENT REGULATION?

- Reduces landlords' incomes leading to deferred maintenance/ depreciation of building
- Perpetuates business models that are unsustainable/ poorly planned
- Potentially raises the cost of housing if there's rent control on commercial property but not residential (mixed use building)

WHAT DOESN'T RENT REGULATION ADDRESS?

- Property owners can still claim losses which may be more valuable to them
- Property owners may still prefer to rent out spaces to *creditworthy tenants* rather than small businesses, new concepts and startups
- Banks valuation enhanced by *creditworthy tenants*, or national chains
- Banks offer better loan terms and to property buyers when a chain business is on the lease

Note: According to the 1994 Massachusetts Rent Control Prohibition Act:

"No city or town may enact, maintain or enforce rent control of any kind."

"This policy is based on the belief that the public is best served by free market rental rates"

Recommendation: Enhance business storefronts

ACTION

- Expand Storefront Improvement Program through additional funding to allow for greater use

BEST PRACTICE

- AVENUE NYC
 - Uses a mix of tax levy dollars, CDBG and bank foundation \$\$ to provide community-based organizations with grant funding to support neighborhood storefront improvement programs



Lamplighter is a recipient of Cambridge Storefront Improvement Grant

Recommendation: Provide legal support to businesses during leasehold negotiations

ACTION

- Partner with local lawyers alliance groups to provide legal, compliance and governance support to business associations pro-bono

BEST PRACTICE

- NYC Department of Small Business Services
 - Partners with Lawyers Alliance for New York to provide legal, compliance and governance support to BIDs for free
 - Provides assistance on matters relating to lease or other types of contracts



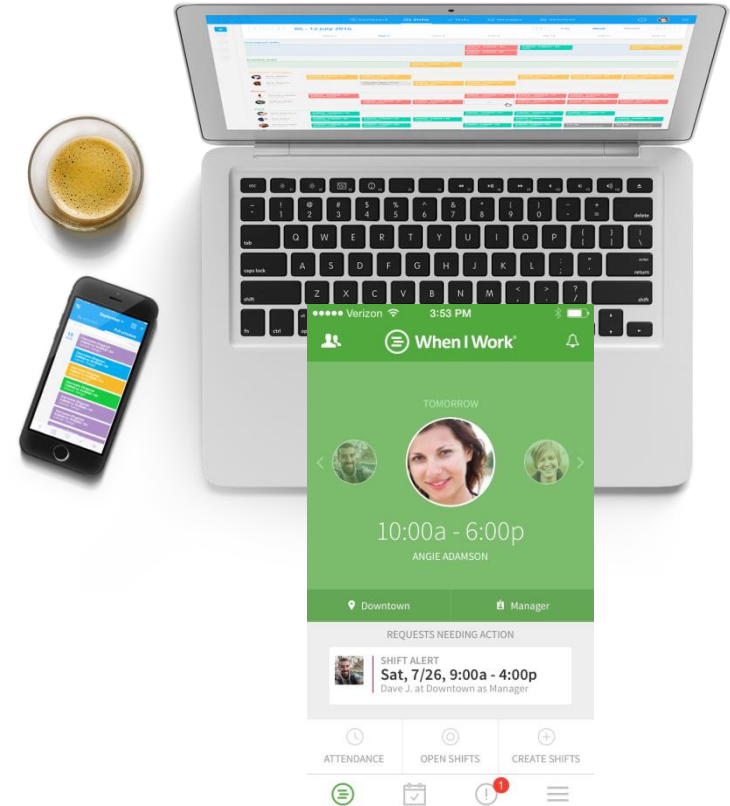
Recommendation: Offer support for small business labor

ACTION

- Educate business owners about shift-sharing platforms and tools to coordinate business activity (e.g. business hours, programming, employees roles and availability)

EXAMPLES

- SLING
- When I Work
 - Scheduling tools that make it possible for businesses to keep everyone connected and informed on the schedules, activities and employees roles/tasks of any participating business. It uses the web, text messaging and mobile apps to give participants access to schedule 24/7/365 —from anywhere.



4 Improve access



KENDALL
INBOUND TO ASHMONT & BRAINTREE
VIA PARK & DOWNTOWN CROSSING



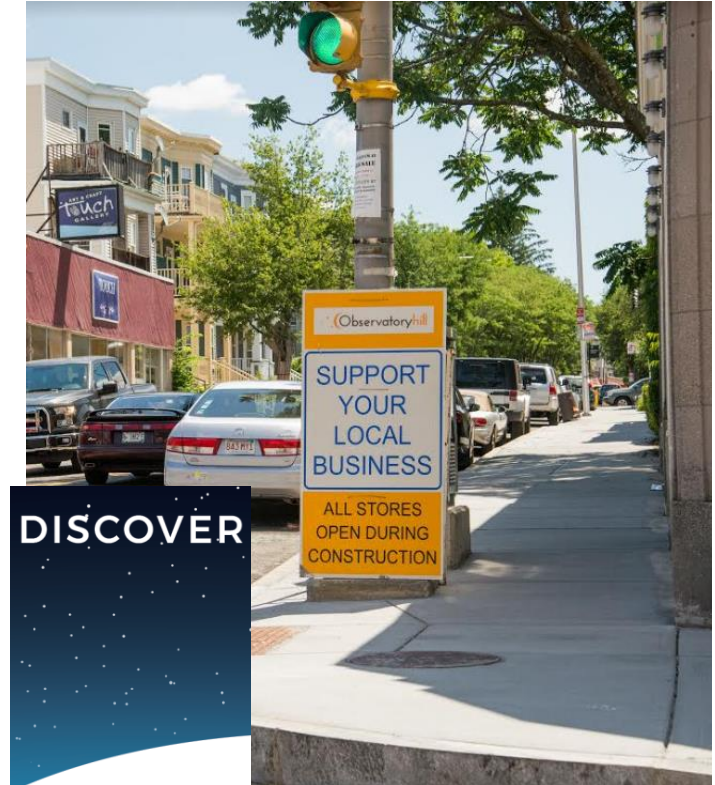
Recommendation: Mitigate impacts of construction projects on small businesses

ACTION

- Continue supporting wayfinding and promotion strategy for businesses in affected areas
 - Assist businesses in procuring additional signage
 - District-wide promotion and marketing during construction periods

BEST PRACTICE

- Myrtle Avenue Construction Mitigation Sign Program (New York, NY)
- City of Sacramento, CA
 - Requires contractors to provide signs noting businesses are open and accessible.



DISCOVER

Observatoryhill

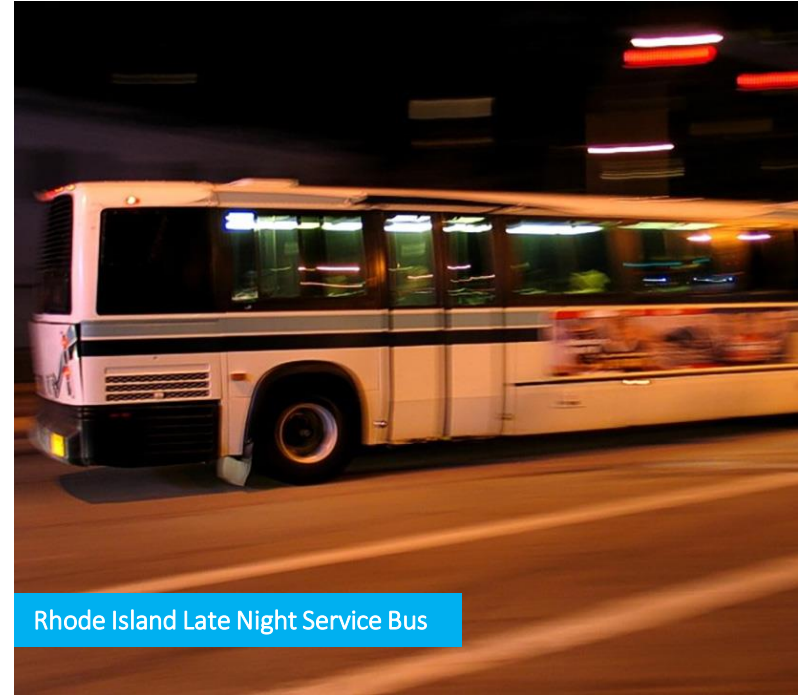
Recommendation: Offer transit support for small business labor

ACTION

- Work with local employers and MBTA to introduce late-night transit service for employees
- Provide small business support for employees to walk, bike and take transit to work

BEST PRACTICE

- Rhode Island Public Transit Authority
- VIA Metropolitan Transit in San Antonio, TX



Recommendation: Further investigate transportation needs of commercial districts

ACTION

- Work with Environmental and Transportation Planning Division to conduct an in-depth study of transportation needs from local businesses, local workers, and special needs groups in less multi-modal districts

BEST PRACTICE

- **Huntington Village Parking Study, Long Island, NY**

The study showed the Village as a successful park-once district with high parking utilization rates. It suggested valet strategies and the creation of loading zone strategies to manage and balance high demand. In addition, the study proposed improving accessibility through investments in multi-modal transportation options.



Huntington Village Parking Consortium

Huntington Village Parking Study

June 2013

Recommendation: Investigate whether on-street parking policies should vary by time of day and allowed use.

ACTION

- Study impact of changing side-street parking to accommodate both commercial and residential use during the daytime.

BEST PRACTICE

- Huron Village



5

Support and build capacity of local business associations



Recommendation: Strengthen the role of local business associations in managing and promoting their commercial districts

ACTION

- Support efforts of local business association(s) surrounding CBD formation and consider funding a CBD feasibility study for interested commercial districts

WHAT IS A COMMUNITY BENEFIT DISTRICT?

CBDs are a geographically defined area in a city in which an assessment funding tool is dedicated to improvements in that area including sidewalk cleaning, landscaping, branding and marketing, creative placemaking, security, small business assistance, historic preservation, park improvement etc.

WHAT ARE THE BENEFITS OF A DISTRICT MANAGEMENT ORG?

A 10 year Philadelphia study found a demonstrable correlation between the presence of a district management organization with sustainable funding and retail sales growth over time.

Recommendation: Provide additional technical and financial support to business associations

ACTION

- Strengthen local business associations by partnering with experts in the fields of organization management and leadership skills and providing additional funds for their operation. Explore partnership with City of Boston and other regional entities.

BEST PRACTICE

LISC Chicago Business District Leadership Program

- Six month program for corridor management professionals
- Training topics include commercial revitalization strategies and leadership skills



BEST PRACTICE

International Downtown Association Emerging Leadership Program

- One week experiential training program for commercial district management professionals

POP UP
FILE A



Fill Gaps

Recommendation: Encourage short term/ pop-up uses

ACTION

- Launch proposed **Cambridge New Food Truck Program** to activate public spaces, expand entrepreneurial opportunities and provide diverse food options

BEST PRACTICE

- Farragut Square, Washington DC, became an outdoor food court since a number of food trucks began selling food at lunch hour for the thousands of workers in the district



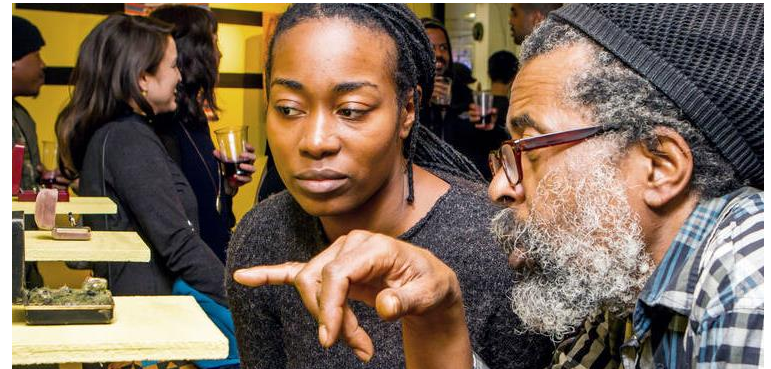
Recommendation: Encourage short term/ pop-up uses

ACTION

- Partner with arts organizations to activate and curate empty storefronts with arts installations

BEST PRACTICE

- No Longer Empty (New York, NY)
 - No Longer Empty presents art in environments that are free and accessible to all.
 - Exhibitions and events put up in vacant spaces focus on encouraging local participation and attracting new visitors to each neighborhood



Recommendation: Encourage small businesses to open up establishments in vacant storefronts

ACTION

- Set up a business relocation grant program to assist with business retention

BEST PRACTICE

- **City of Laurel Main Street Business Relocation Grant Program (Maryland)**
 - Applicants receive reimbursement grants up to \$10,000 and if business meets goals of the City they may also receive property tax credits up to 100%
- **City of Rochester Targeted Business Assistance Program (New York)**
 - Targeted small businesses located within or moving into City of Rochester received financial assistance including low interest loans and interest rate subsidy grants and 50/50 matching equity grants for projects including furniture, fixture, and equipment, construction and renovation
- **Downtown Raleigh Alliance Retail Up-Fit Grant (North Carolina)**
 - Applicants receive a 50/50 matching grant on property improvements up to \$50,000 for tenant build-out (for all retail businesses looking to locate within the Municipal Services District/ BID)

7

Address regulatory barriers



WHAT CAN AND CANNOT BE DONE THROUGH ZONING?

CAN

- Limit store frontage
- Restrict certain uses
- Require transparency

CANNOT

- Control rent
- Differentiate between ownership models

POTENTIAL UNINTENDED CONSEQUENCES:

- Undermines small business growth
- Creates scarcity of existing spaces resulting in higher rents



Recommendation: Adapt commercial land use classification to allow for flexible retail formats

ACTION

- Adopt recommendations from the 2015 Commercial Land Use Classification study

HOW IS THE CURRENT TABLE HURTING SMALL BUSINESSES?

PRACTICE SPACE



Classes triggered higher parking requirements (Educational Institution)

HONEYCOMB CREAMERY



Classified as fast food; required a variance

ZINNEKEN'S BELGIAN WAFFLES



Change of Use triggered a variance or special permit

LAMPLIGHTER BREWING CO.



No classification; required variance

Administrative Capacity

Roles & Responsibilities

City of Cambridge	Business Association	Business
<i>City-wide</i>	<i>District-level/Outside the Store</i>	<i>Inside the Store</i>
<ul style="list-style-type: none">▪ Regulatory/Zoning▪ Clean/safe▪ Public realm improvement▪ Technical Assistance▪ Education	<ul style="list-style-type: none">▪ Promotion/Marketing▪ Placemaking▪ Technical Assistance▪ Outreach/Advocacy	<ul style="list-style-type: none">▪ Operations▪ Merchandise▪ Customer Service▪ Marketing

SUMMARY

GUIDING PRINCIPLES OVERVIEW

1. Drive Experience

- Public realm improvements
- Experience-based retailers
- District-wide events

2. Thrive Online

- Online marketing technical assistance
- Online sales technical assistance

3. Help small businesses remain competitive

- Commercial affordability
- Storefront improvements
- Legal support
- Labor support

4. Improve access

- Wayfinding + promotion strategies in construction areas
- Labor transport needs
- Closer study of transportation issues

5. Support + build capacity of business associations

- Support CBD efforts
- Additional TA and support

6. Fill Gaps

- Short-term/pop-up uses
- Business relocation grant program

7. Address regulatory barriers

- Adopt recommendations from the 2015 Commercial Land Use Classification Study
- Revise fast food order definition and classification for small batch manufacturing

DISCUSSION

Retail Strategy for the City of Cambridge

Action Plan