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NEIGHBORHOOD ECONOMIC RESILIENCE ASSESSMENT

38TH STREET DISTRICT, MINNEAPOLIS, MN



RESILIENT CITIES CATALYST

July, 2020

About Resilient Cities Catalyst

Building on the pioneering legacy of 100 Resilient Cities (100RC), senior 100RC executives have now established Resilient Cities Catalyst (RCC). RCC helps cities and their communities build the capacities and partnerships needed to understand, prioritize, and concretely address their risks and chronic stresses as they pursue their strategic goals or recover from crisis.

RCC partners with city governments, businesses, neighborhoods, organizations and community stakeholders around the globe to:

1. Develop an enabling environment to build strong partnerships between cities and their communities allowing them to drive policy, planning, design, finance, and institutional resources for resilience-building efforts.
2. Ensure that ideas are turned into meaningful action by addressing gaps between project plans, project implementation and desired impacts.
3. Share and replicate learnings through a growing community of practice.

JEB BRUGMANN, AUTHOR/PRINCIPAL

Jeb Brugmann is a Founding Principal at Resilient Cities Catalyst. For 30+ years he has supported cities, local governments, and low-income communities worldwide to address their economic development, sustainability, and resilience challenges.

AMELIA SMYTH, RESEARCH INTERN

Amelia Smyth provided research and data analyst support for this report in her capacity as a Watson Fellow intern with Resilient Cities Catalyst.

DESIGN

Alex Quinto

APPRECIATION

RCC appreciates the generous provision of proprietary data on small business closures by [Homebase](https://joinhomebase.com/). <https://joinhomebase.com/>

1 About This Report

This report provides a snapshot of the neighborhood-level economy of the 38th Street District neighborhood in Minneapolis, MN, both immediately prior to and six months into the COVID-19 pandemic. The aim of the report is two-fold:

First, **to identify worsening or emerging vulnerabilities in the neighborhood economy**, both at the household and small business economy levels.

Second, **to identify ways to apply recovery funds that will not only address those vulnerabilities, but also support the neighborhood to bounce forward economically from the current crisis**, contributing to fulfillment of the neighborhood's own development vision. In addition to recovery funds allocation, the findings in this report can be used to focus the design and programming of community development institutions, business improvement associations, community funds etc. as prioritized in the 38th Street Thrive Plan.

The findings presented in this report are derived from desk research, using a variety of detailed data sets and data services provided by branches of the U.S. government, the State of Minnesota, Environics Analytics, and Homebase. They should be viewed as a starting point for further research on specific vulnerabilities or opportunities through local surveys, consultations, and workshops. Recommendations for such further research and community planning are provided in section 8.

A neighborhood's household and small business economics are just two of the contributing factors to the vitality and resilience of a local community. They are also just two aspects of any local economy, which also includes larger employers and anchor institutions, public sector services and financial supports, as well as the impacts of underlying racial and other socio-economic inequities. However, households and small businesses provide a unique financial foundation not only for neighborhood recovery and renewal, but also for healthy community relations, social development, and resilience.

Strong local small business communities provide convenient access to goods and services as well as unique, tailored consumer experiences. They contribute significantly to community identity and sense of place. Small business communities, together with public institutions and civic organizations, provide the foundation for local employment. Particularly in times of need, small businesses often serve as hubs of neighborhood gathering and service.

Strong local household economies are critical not only to the maintenance of local housing and the stability of property markets, but also to healthy and secure family lives and to the ability of neighbors to provide aid and support to each other in times of need. Strong household economies support the maintenance of local cultures of conviviality and community-mindedness that make communities special and healthy places in which to raise families.

For these reasons, the economic conditions detailed in this report may be used to inform local discussions and strategies that address a much broader range of community initiatives and investments, such as those advanced in the 38th Street Thrive strategic development plan.

2 What is a 'Resilient Economy'?

Resilience is the capacity of households, communities, businesses and institutions to survive, adapt, and thrive in the face of acute shocks (e.g., pandemics, financial crises, super storms) and the interaction of these shocks with underlying chronic stresses (e.g., chronic poverty and household debt, increasing inequality, underfunded institutions, poorly maintained infrastructures). The word 'thrive' is an essential part of the resilience equation.

A resilient country, city, or community has the institutional capacity to 'bounce forward' in the face of shock events, and not just bounce back to a still-vulnerable pre-crisis state. It has the wherewithal to adapt and recover from shock events in ways that advance its fulfilment of development and societal ambitions.

An economy has resilience, and it builds resilience in society, when it is developed and managed in ways that contribute substantially to the reduction of chronic stresses in the national economy as a whole and in its households, communities, and businesses. The key words here are **preparedness** and **contribution**: prepared to continue economic function during a crisis and contributing to that 'bouncing forward' as communities adapt and recover.

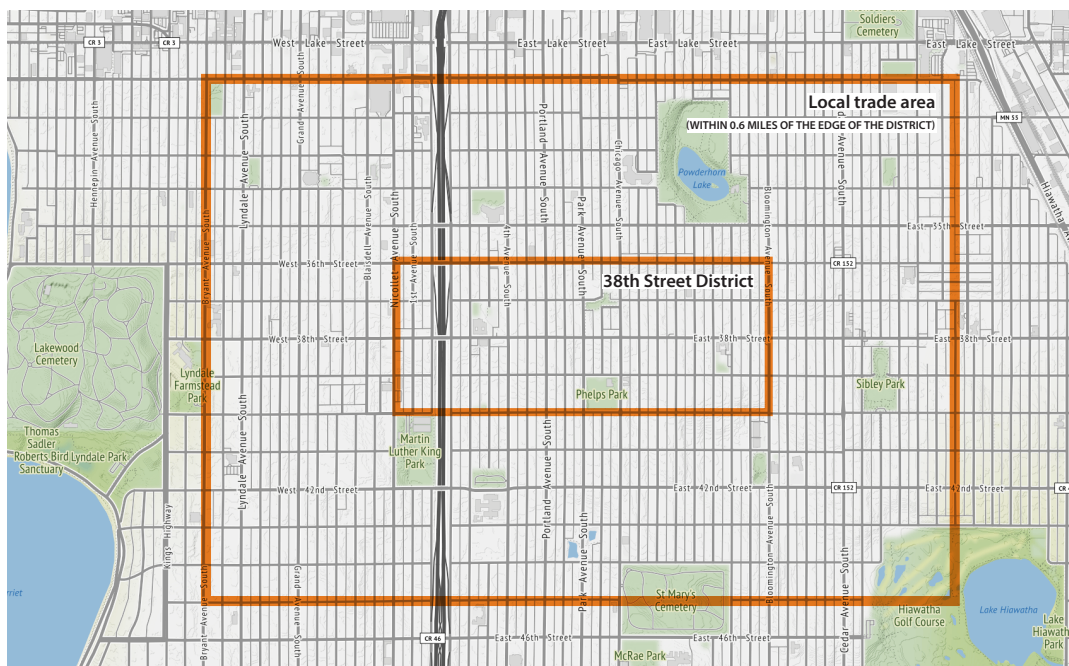
There is a third factor: economic resilience is not ephemeral; it is built in places. Unlike financial markets, which exist largely virtually, a nation's economic life takes place in neighborhoods and in specialized business districts, in ports, farm regions, and industrial campuses. To build resilience, the work of preparedness and economic stress reduction needs to **focus on the evident and distinct vulnerabilities, opportunities, and ambitions within these foundational units of the nation's economic life**. RCC Neighborhood Economic Resilience Assessments are designed to support local stakeholders to advance that essential place-based work.

Resilience is the capacity of households, communities, businesses and institutions to survive, adapt, and thrive in the face of acute shocks and the interaction of these shocks with underlying chronic stresses.

3 Key Findings of this Neighborhood Assessment

This assessment was undertaken using data available as of early June 2020. The assessment identified the following recovery vulnerabilities and opportunities in the 38th Street District.

FIGURE 1. THE 38TH STREET DISTRICT AND LOCAL RETAIL TRADE AREA



Small business opportunity in the neighborhood is evaluated by considering two market areas: a) the area within the 38th Street District neighborhood itself and b) the neighborhood's broader trade area. The trade area for this study is defined as the area of a potential walking or cycling shopping trip from the edge of the 38th Street neighborhood.

Recovery Vulnerabilities

Recovery vulnerability in the local household economy arises from very high unemployment and related loss of health insurance coverage and credit, combined with a high pre-crisis number of cost burdened households and of residents who are earning less than the metropolitan area's living wage.

The immediate Q2-3 2020 impact of these conditions on housing security were moderated through limited-term CARES Act Economic Impact Payments and federal unemployment benefits, combined with Paycheck Protection Program employer loans that slowed the loss of employment income. However, as those supports will wane, an immediate survey-based assessment is recommended to pinpoint current and potential Q4-2020 and Q1-2 2021 rent and mortgage default risks and credit score declines, in particular for cost-burdened households as the winter heating season approaches.

The challenge of stabilizing household residency and small business occupancy is of course exacerbated by the potential of family and proprietor health crisis. As 52% of neighborhood residents had secured health insurance through their employers, this vulnerability is particularly high among those who have recently lost their jobs. Further survey-based assessment is recommended to pinpoint these residents and better understand their insurance options.

For the District's small business community, recovery vulnerabilities reflect a nationwide pattern: the difficulty of restarting operations with depleted working capital in the midst of a deep loss of local consumer purchasing power even as the pandemic demands innovation in business models (e.g., from in-store to online) and spaces (e.g., ventilation, seating arrangements).

Stabilizing the neighborhood's household and small business economies, thus enabling residents and business proprietors to advance their own recoveries once the pandemic has passed, will likely require:

- Timely assistance to help the unemployed re-gain health insurance coverage
- Initiatives with mortgage banks to adjust monthly mortgage payments for cost-burdened homeowners, thereby limiting defaults
- Renewal if not expansion of winter home heating subsidies for low income households
- Extension of rent deferment programs and anti-eviction policies for both residential and commercial tenants, with a view towards the solvency of both landlords and tenants
- Provision of household budget, credit and debt management counseling by organizations with a consumer protection orientation
- Establishment of a small business relief facility to assist proprietors in securing the grant and loan support, rent and tax deferments, and licensing relief needed to avoid permanent closure
- Support for small business continuity planning

Resilience-building Opportunities

As community, City, civic, and corporate partners address immediate and Q4-2020 stabilization issues, the following opportunities to build resilience in the District's economy could be factored into 38th Street Thrive Plan implementation once the pandemic has passed:

- The largest retail 'export' area is food services, which have been particularly hard hit by social distancing requirements. Small business development initiatives could focus in particular on helping interested micro- and small catering entrepreneurs develop into food services contractor operations that serve larger corporate and institutional clients under stable contracts, thus also securing more than a living wage for those working in this sub-industry area.
- In the area of new local retail development, initiatives could focus on reducing the leakage of local household and institutional purchasing power from the neighborhood to other areas of the city. Specific focus should be given to supporting establishments that contribute to community health (i.e., pharmacies and personal care), to neighborhood housing/building maintenance and development (i.e., building materials and supplies), and to educational, cultural and recreational services and activities.
- One of the District's top five areas of retail spending is online and mail order shopping. This accounts for \$14.6 million in annual purchases by local residents and establishments, and 15% of all local retail trade. Unless substantial fulfillment operations are located within the neighborhood, most of this spending represents purchasing power that is leaking out of the area. Online purchases are likely to have substantially increased during the COVID crisis and related local business shutdowns. However, opportunity exists to recapture local purchasing power through the establishment of 'local money' systems and innovative online neighborhood business shopping and home delivery systems.

These above opportunity areas are further elaborated below.

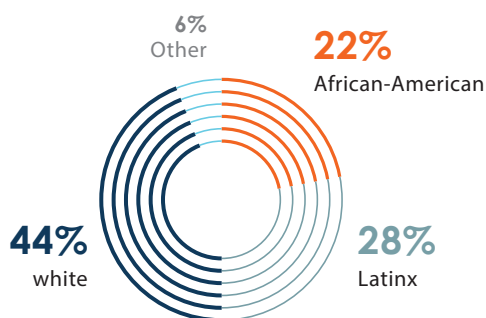
4 Community Profile

Demographics

The 38th Street District and its surrounding residential neighborhood is home to a highly diverse mix of some 24,000 residents.



RACE AND ETHNICITY



Twenty-two percent of neighborhood residents are African-American, 28% are of Latinx origin, and 44% are White. Twenty-three percent of residents have a primary language other than English. The 38th Street District is home to the city's historic African-American community, and the neighborhood continues to invest in the preservation, expression, and evolution of its African-American cultural identity.



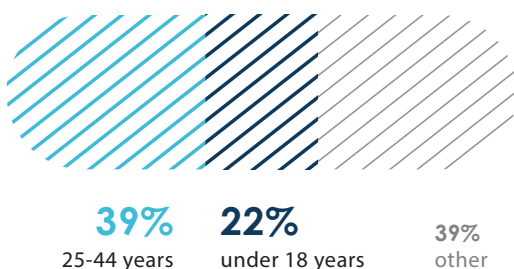
AVERAGE RESIDENCE



The district reflects a relatively stable mix of homeowner and renter households in an aging housing stock. The average residence of homeowners is 16 years, and of renters is 6.5 years. Sixty-seven percent of the housing stock was built before 1940.



AGE DISTRIBUTION



Thirty-nine percent of residents are between 25-44 years of age, and 22% are younger than 18 years. Twenty-five percent of households are single-parent households, which is only slightly higher than the national average of 23%.

A Community with a Vision—and a Plan

While the 38th Street District community has been stable and is rich in local cultural and community institutions, in particular in the face of the COVID-19 crisis, the community today is highly vulnerable to severe household and neighborhood economic strain. The community's new strategic development plan—the 38th Street Thrive Plan—was released in late 2019 to address vulnerabilities and advance community ambitions.



1
Preserve African-American legacy through the arts.



2
Advocate for policies that preserve, protect and build African-American wealth.



3
Deepen the support of businesses and organizations that aligns with the District's mission.



4
Strengthen access to resilience programs and educational institutions.



5
Attain government investments and enhance public infrastructure.

The Plan focuses on the neighborhood's economic resilience challenges (e.g., housing and local independent business displacement) and opportunities (cultural and other local business cluster development). The findings of this report are specifically oriented to support the above objectives, particularly the design and programming of the new community institutions called for in the Plan. These institutions include the establishment of a small business association, a community development corporation, a minority small business relief program, a Black Heritage Land Trust, and a homebuyers' club.

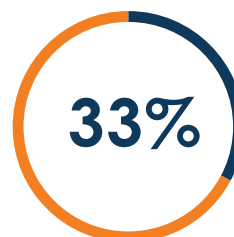
5 Neighborhood Economic Fundamentals

Neighborhood Incomes

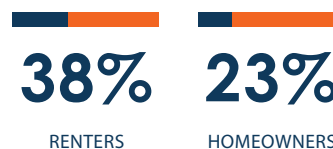
The 38th Street District neighborhood has a mixed income profile, but on average is a lower income neighborhood. The living wage for an adult individual in metropolitan Minneapolis is estimated to be \$26,187¹. An estimated one-third of the neighborhood's work age residents (above 15 years age) have reported incomes that are less than that amount. Fourteen percent of residents live below the poverty line. Forty percent of working age residents are lower middle income, earning between \$25-\$65,000.

Related to below average income levels, the neighborhood has a significant percentage of households that are cost-burdened by housing costs—their housing costs are more than 30% of gross income. Even before the recent large increase in unemployment due to the COVID-19 crisis, 38% percent of renting households were cost burdened, as were 23% of homeowner households.

Individuals with an income of less than \$25,000



Cost-burdened households



Occupational groups with the highest unemployment levels



Employment and Occupations

Unemployment has increased dramatically among neighborhood residents, rising to 24% in the metro area between January and June 2020. Drawing upon state unemployment registration data, the largest occupational groups in the neighborhood that have been affected have been:

- sales workers
- food services industry workers (e.g., restaurants, caterers)
- administrative support workers
- transportation services (taxis, goods delivery)
- education and training
- construction occupations
- and even healthcare (possibly related to the reduction in elective health services)

Occupational groups with the highest unemployment levels are: arts, entertainment, sports, and media workers; agricultural, fishing, and forestry workers; personal care and services workers (ranging from home and elderly care, childcare, and personal care - e.g. hair and nail salons); and food services industry workers.

¹ Living wage calculations are drawn from the MIT living wage calculator <https://livingwage.mit.edu/>.

FIGURE 2. UNEMPLOYMENT RATE BY OCCUPATIONAL GROUP

Occupational Group	Unemployment rate as of May 31, 2020 (based on January 2020 workforce)	Estimated number of neighborhood unemployment claims. January 1 to May 31, 2020
Arts, Design, Entertainment, Sports, and Media Occupations	55%	65
Farming, Fishing, and Forestry Occupations	50%	2
Personal Care and Service Occupations	45%	65
Food Preparation and Serving Occupations	44%	245
Construction and Extraction Occupations	35%	69
Sales and Related Occupations	28%	101
Healthcare Practitioners and Technical Occupations	26%	55
Installation, Maintenance, and Repair Occupations	22%	24
Building and Grounds Cleaning and Maintenance Occupations	20%	32
Production Occupations	20%	43
Transportation and Material Moving Occupations	19%	72
Management Occupations	19%	46
Education, Training, and Library Occupations	18%	65
Office and Administrative Support Occupations	17%	86
Healthcare Support Occupations	14%	19
Community and Social Services Occupations	12%	11
Architecture and Engineering Occupations	12%	5
Legal Occupations	10%	2
Protective Service Occupations	10%	4
Computer and Mathematical Occupations	8%	11
Business and Financial Operations Occupations	7%	13
Life, Physical, and Social Science Occupations	5%	3

Source: Minnesota Department of Employment and Economic Development, Unemployment Insurance Statistics. Higher (labeled red ●) and lower (labeled green ●) than the 24% average unemployment rate for the 7 County Twin Cities as of May 31st 2020 (based on January 2020 workforce).

Health Insurance

Especially in times like these, health insurance coverage plays a central role in the stability of household income and wealth preservation. Prior to the start of the COVID-19 pandemic (January 2020), health insurance coverage among households in the 38th Street District neighborhood was high, with 91% of residents having coverage. Fifty-six percent of neighborhood residents received their health insurance either fully through their employers (52%) or partly through their employers (4%). Therefore, significant loss of health insurance coverage has likely occurred due to loss of employment.

EMERGING HOUSEHOLD ECONOMY VULNERABILITIES

These and other conditions have a compounding impact upon the stability of basic household economy. Further local survey research, consultation, and evaluation with informed neighborhood stakeholders is recommended to assess how to immediately mitigate the combined effects of employment in sectors paying less than the metro area living wage sectors, the high number of cost-burdened households, high pandemic-related unemployment and loss of income, and recent loss of health insurance coverage. To prevent cascading effects for years to come, household support initiatives are likely needed to:



Avoid mortgage, rent, and property tax delinquency and default



Avoid loss of good credit standing



Recover health insurance coverage



Keep up with home energy bills and repairs (e.g., roofs, foundations) in particular in the older housing stock.

Pinpointing and efficiently targeting recovery support resources to households facing the above mix of vulnerabilities will require further local survey research.

6 Neighborhood Business Fundamentals

Figure 3 provides a snapshot of the industry mix within the 38th Street District, as reflected in the distribution of employment in different sectors and industry areas.

The local small business community within the 38th Street District has notable strength in the food services industry. Local caterers and food service contractors sell \$4 million more in goods and services than neighborhood demand. In other words, they export their goods and services to the broader local shopping catchment area (otherwise known as the local trade area within 0.6 miles of the edge of the District) and beyond.

The neighborhood is somewhat underserved in other subindustry areas, but not extremely so. For instance, health and personal care stores and grocery stores are two areas where residents are having to leave the neighborhood to meet their shopping needs (see Figure 5). That being said, residents and establishments of the 38th Street District neighborhood have found local shopping options in almost all retail goods and services areas within the neighborhood's broader local trade area. In the next section, some aspects of leakage of local purchasing power from the local trade area are highlighted as potential small business development opportunities, pending stabilization through the COVID shutdown(s) and associated deep recession.

FIGURE 3. 38TH STREET DISTRICT EMPLOYMENT BY INDUSTRY

NAICS Code	Industry Title	% of Total Employment of 38th Street District Residents, 16 Yrs-Older, as of June 1, 2020
62	Health Care and Social Assistance	16%
55	Management of Companies and Enterprises	12%
61	Educational Services	11%
56	Administrative and Support and Waste Management and Remediation Services	10%
54	Professional, Scientific, and Technical Services	9%
44	Retail Trade	7%
72	Accommodation and Food Services	7%
31	Manufacturing	6%
52	Finance and Insurance	5%
48	Transportation and Warehousing	4%
92	Public Administration	4%
42	Wholesale Trade	4%
23	Construction	3%
81	Other Services (except Public Administration)	3%
71	Arts, Entertainment, and Recreation	2%
51	Information	2%
53	Real Estate and Rental and Leasing	2%

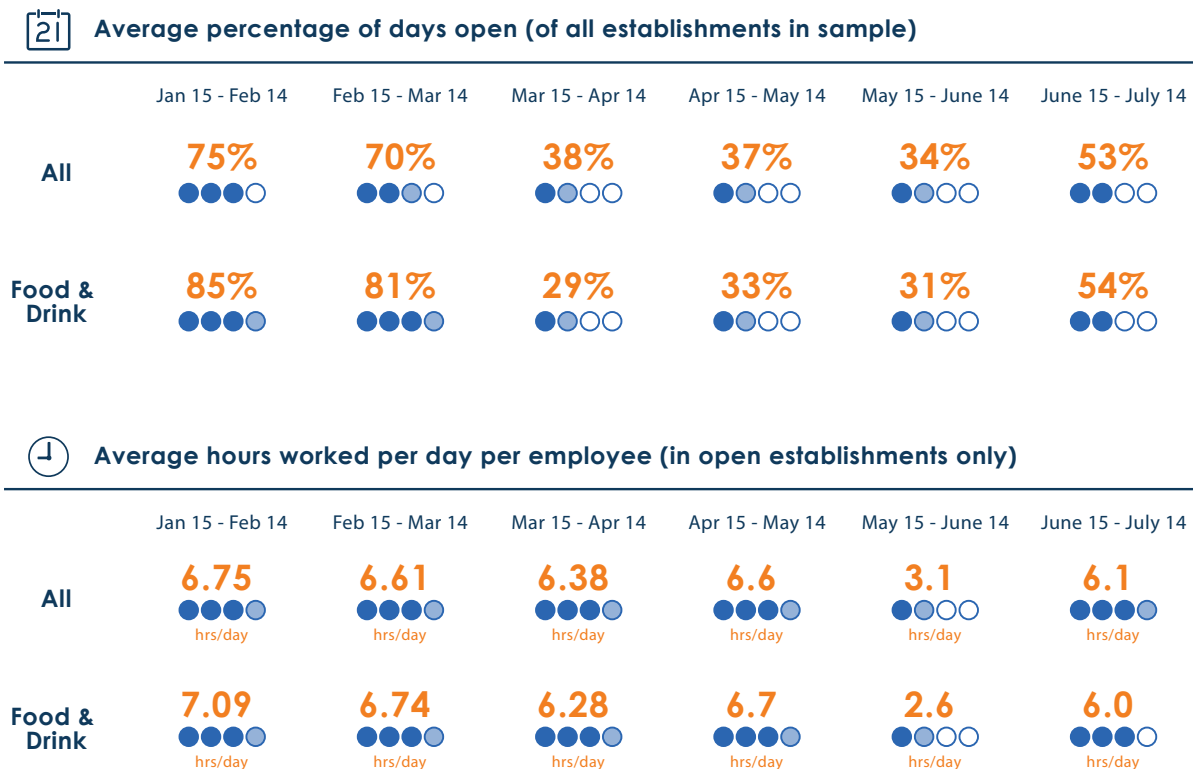
Sources: American Community Survey, and Minnesota Department of Employment & Economic Development

Weekday, daytime shopping in the trade area has been reinforced by a segment of residents who work in the area. For 18% of the residents, travel time to work is 15 minutes or less. In 2018, fifteen percent of residents got to work by walking, cycling, or work at home, reinforcing daytime shopping demand and related small business opportunities.

Small businesses in the 38th Street District have been hard hit by the COVID-19 economic crisis (see Figure 4). Drawing upon daily operations data for small businesses in the six Minneapolis cultural district neighborhoods, collected through the Homebase employee scheduling and time tracking app, an estimated 66% of local small businesses were closed in the May-June 2020 period. In the food services subindustry area—the District's strongest small business cluster—an estimated 69% were closed. By June, among those small businesses that were open and operating, the average hours worked per employee had dropped to 3 hours/per day. Between mid-June and mid-July those businesses that re-opened were operating again at near pre-lockdown levels. However, 23% of the businesses in the original sample did not re-open, an early indicator of a potentially high level of small business failures.

FIGURE 4. COVID CRISIS SMALL BUSINESS CLOSURES IN THE 38TH STREET DISTRICT

Recovery Status: Business Openings & Operations



Source: Homebase user data. Percentages derived from sample of small business users from the six Cultural District neighborhoods who were stable users of Homebase since or before 12/1/2019

Loan support from the federal Paycheck Protection Program (PPP) was widely received by businesses, cultural institutions, and other non-profit organizations in the neighborhood, but the average amount of loan support received was small. U.S. Department of the Treasury data shows that the average PPP loan for retail goods and services businesses in the 38th Street District was \$34,100. Local PPP support in other sectors was broadly received but also low: the average education services sector loan was \$34,000; social assistance agencies received \$57,300 on average; and the average loan to religious and civic non-profits was \$56,550. Financial support at these levels does not likely enable improvements and business modifications required to operate in the 'new normal' context.

Small business closures for such an extended period, and with such a low level of financial support, may have resulted in rent delinquency, loss of working capital for inventory or facility improvements, and insolvencies. Assessing the precise types of businesses that are struggling and that will continue to struggle to recover will require detailed investigation via local survey research.

The impacts of the above local small business closures will have rippled beyond the businesses themselves into the local household economy due to the concentration of local residents' unemployment in key neighborhood subindustry sectors, in particular in food services and health care.

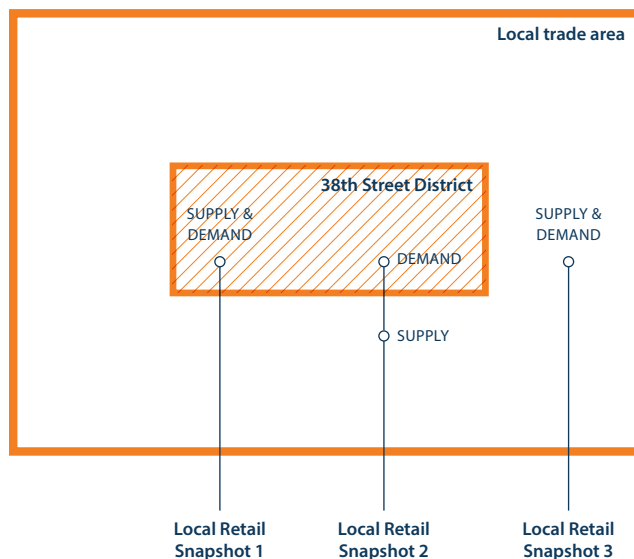
7 Neighborhood Retail Sector Opportunities

This section of the report presents three different local business supply and resident purchasing power snapshots for the retail sector in the 38th Street District area. These are snapshots of retail sector strengths, weaknesses, and opportunities as of January 2020.

Local Retail Snapshot 1 compares neighborhood retail goods and services demand with 38th Street District local retail business supply or sales.

Local Retail Snapshot 2 compares 38th Street District retail demand with the supply of retail goods and services in the shopping catchment or 'trade area' that is 0.6 miles from the outer boundaries of the 38th Street District.

Local Retail Snapshot 3 compares the demand of residents and establishments within 0.6 mile trade area to the supply of goods and services by retail businesses within the trade area.



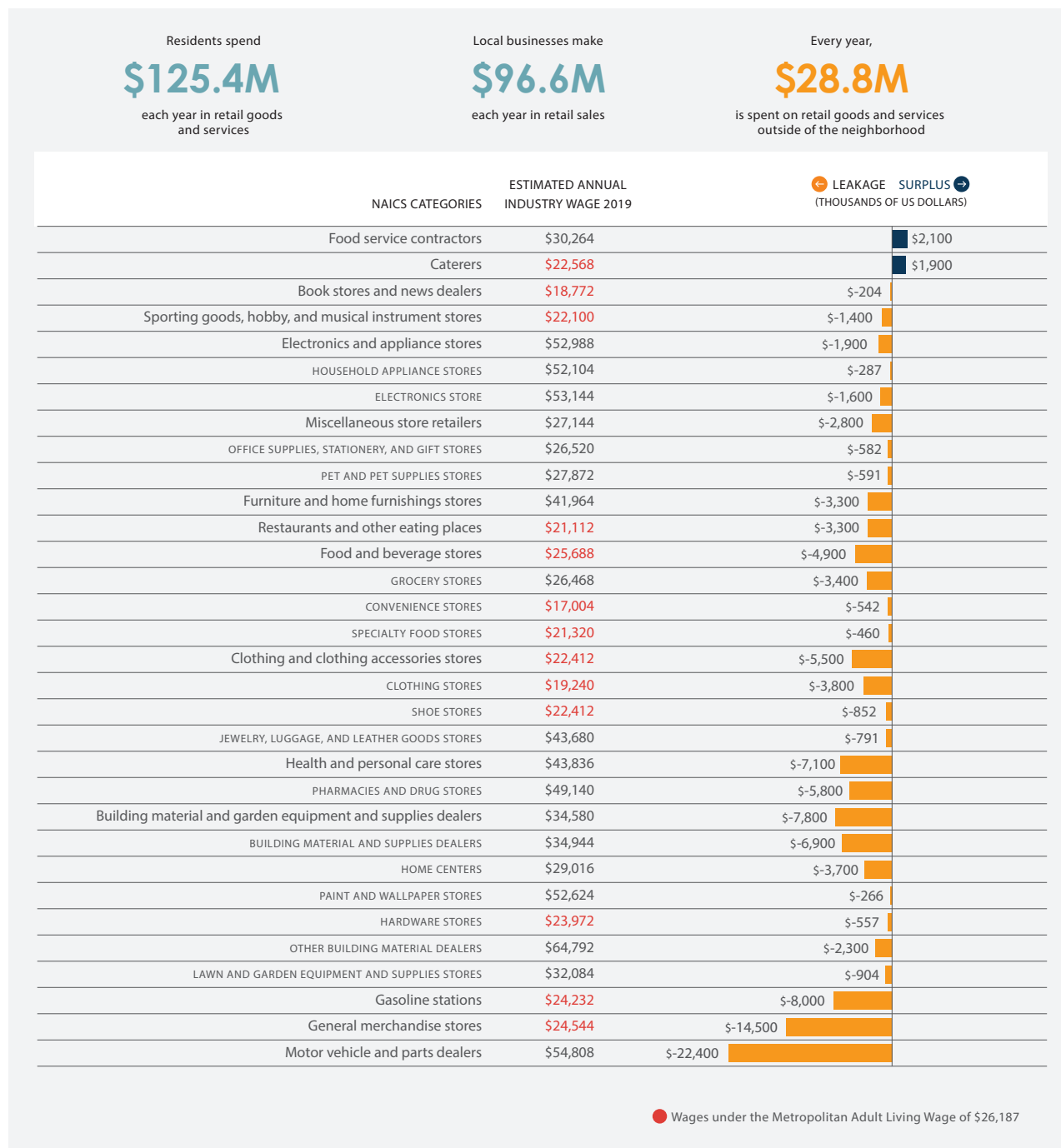
Through exploration of these three supply and demand snapshots the report highlights the potential for local growth in retail goods and services to which recovery investments and small business development support could be directed.

Local Retail Snapshot 1

The figure below indicates the extent to which retailers within the 38th Street District have served the demand of neighborhood residents and establishments. It shows the goods and services areas in which local retail businesses are selling more than is demanded by District residents and establishments; meaning, the retail areas where local retailers are both satisfying neighborhood demand and selling to customers outside of the District. It also shows the areas where local retailers have been unable to fully meet the demand from local residents and establishments; in other words, where local purchasing power is leaking out of the neighborhood to businesses in other geographies. The figure also presents the average annual income of employees in each retail area to indicate which business areas might provide the greatest boost to local employee incomes.

FIGURE 5. LOCAL RETAIL SNAPSHOT 1

How much are retailers within the 38th Street District serving the demand of neighborhood residents and establishments?



1.1 FOOD SERVICES: AN OPPORTUNITY TO INCREASE LOCAL INCOMES BY EVOLVING BUSINESSES FROM CATERING TO FOOD SERVICES CONTRACTING?

The largest local retail sales area is food services, at \$15.6 million in sales per annum. Although restaurants and eating places account for \$13.3 million of that amount, there is still local purchasing power that is not being served by 38th Street District restaurants. Local residents purchase \$3.3 million from restaurants outside of the neighborhood. This could simply reflect the reality that local residents also use restaurants near their work places outside of the area, or just have favorite locales elsewhere. Nonetheless, the strength of the District's restaurant subindustry suggests opportunity for further business development and growth.



Local caterers and food service contractors are net exporters of

\$4
MILLION

in goods and services

In another food services area, local caterers and food service contractors are net exporters of \$4 million in goods and services sold, above and beyond the demand from District residents and organizations. This indicates opportunity to further develop these local businesses through provision of business management support and finance, marketing, and improved supply of suitable operating spaces. In considering options, the annual wage differential between catering and food service contracting establishments is noteworthy. On average, employees in the catering business earn less than a living wage, whereas workers in food service contracting earn on average \$4,000 more than the region's living wage.

1.2 OTHER BUSINESS LEAKAGE AREAS: AN OPPORTUNITY FOR NEW RETAILERS?

Retail areas with large purchasing power leakage due to lack of available local shopping options include building materials and supplies, health and personal care (including pharmacies), groceries, clothing, home furnishings, and a range of general merchandise stores. We recommend evaluating four criteria when considering whether to provide support for local small business development in any of these areas:

- Is the local demand being met by retailers in the immediate local market catchment or 0.6 mile trade area? Is the unmet demand great enough to support a new small business, e.g., more than \$1 million in unmet demand per annum?
- Is improved access to the product or service important to the achievement of community development objectives, e.g., to improved health outcomes?
- Does the retail area offer an average wage that is at or above the metro area living wage?
- Would businesses in this area offer local employment opportunities, in particular to occupational groups facing high unemployment?

Employees in the catering business earn less than a living wage, whereas workers in food service contracting earn on average \$4,000 more than the region's living wage.

These opportunities will be further evaluated with reference to Local Retail Snapshot 2, which indicates whether 38th Street District demand can be satisfied by businesses located in the 0.6 mile trade area.

1.3 NON-STORE RETAIL: AN OPPORTUNITY FOR GREATER LOCAL EMPLOYMENT?

One of the District's top five areas of retail spending is online and mail order shopping. This accounts for \$14.6 million in annual purchases by local residents and establishments, and 15% of all local retail trade. Unless substantial fulfillment operations are located within the neighborhood, most of this spending represents purchasing power that is leaking out of the area. Online purchases are likely to have substantially increased during the COVID crisis and related local business shutdowns. However, opportunity exists to recapture local purchasing power through the establishment of 'local money' systems and innovative online neighborhood business shopping and home delivery systems.



Online and mail
order shopping
accounts for

\$14.6
MILLION

in local purchases

Retail areas with large purchasing power leakage due to lack of available local shopping options include building materials and supplies, health and personal care (including pharmacies), groceries, clothing, home furnishings, and a range of general merchandise stores.

Local Retail Snapshot 2

The figure below indicates the extent to which retailers within the 0.6 mile local shopping trade area are able to serve the demand from 38th Street District residents and establishments, in particular in areas that are not being served by retailers within the District itself. It also shows the areas where 0.6 mile trade area retailers have been unable to fully meet the demand from District residents and establishments; in other words, where the purchasing power of District residents and establishments is leaking out of the trade area to businesses in other geographies.

FIGURE 6. LOCAL RETAIL SNAPSHOT 2

How much are retailers within the broader local area (0.6 mile trade area) serving the demand of 38th Street District neighborhood residents and establishments?



38th Street District residents spend

\$125.4M

each year in retail goods and services

Trade area businesses make

\$887.9M

each year in retail sales

Every year,

\$762.5M

is made by trade area businesses excluding purchases made by 38th Street District residents

NAICS CATEGORIES	ESTIMATED ANNUAL INDUSTRY WAGE 2019	LEAKAGE (THOUSANDS OF US DOLLARS)	SURPLUS (THOUSANDS OF US DOLLARS)
Restaurants and other eating places	\$21,112		\$97,978
Food and beverage stores	\$25,688		\$73,599
GROCERY STORES	\$26,468		\$72,136
CONVENIENCE STORES	\$17,004	\$-537	
SPECIALTY FOOD STORES	\$21,320	\$-444	
Motor vehicle and parts dealers	\$54,808		\$55,947
General merchandise stores	\$24,544		\$21,296
Food service contractors	\$30,264		\$14,697
Gasoline stations	\$24,232		\$12,130
Clothing and clothing accessories stores	\$22,412		\$11,503
CLOTHING STORES	\$19,240		\$8,694
SHOE STORES	\$22,412	\$-850	
JEWELRY, LUGGAGE, AND LEATHER GOODS STORES	\$43,680		\$3,659
Caterers	\$22,568		\$5,662
Building material and garden equipment and supplies dealers	\$34,580		\$2,085
BUILDING MATERIAL AND SUPPLIES DEALERS	\$34,944		\$2,985
HOME CENTERS	\$29,016		\$6,096
PAINT AND WALLPAPER STORES	\$52,624	\$-264	
HARDWARE STORES	\$23,972	\$-552	
OTHER BUILDING MATERIAL DEALERS	\$64,792	\$-2,295	
LAWN AND GARDEN EQUIPMENT AND SUPPLIES STORES	\$32,084	\$-900	
Sporting goods, hobby, and musical instrument stores	\$22,100		\$646
Health and personal care stores	\$43,836	\$-65	
PHARMACIES AND DRUG STORES	\$49,140		\$1,169
Book stores and news dealers	\$18,772	\$-202	
Electronics and appliance stores	\$52,988	\$-575	
HOUSEHOLD APPLIANCE STORES	\$52,104	\$-285	
ELECTRONICS STORES	\$53,144	\$-290	
Furniture and home furnishings stores	\$41,964	\$-1,204	
Miscellaneous store retailers	\$27,144	\$-1,451	
OFFICE SUPPLIES, STATIONERY, AND GIFT STORES	\$26,520		\$165
PET AND PET SUPPLIES STORES	\$27,872	\$-323	

● Wages under the Metropolitan Adult Living Wage of \$26,187

* Bar not shown to scale in relation to the rest of the bars.

2.1 VALIDATING OPPORTUNITIES FOR NEW DISTRICT RETAIL

This retail snapshot shows that trade area businesses cannot fully meet District demand for: convenience stores and specialty foods, shoes, building materials supplies, furniture and home furnishings, electronics, book stores, and miscellaneous other retail goods. However, applying the criteria in 1.3, only the following have more than \$1 million in unmet District demand and offer incomes at or above the living wage:

- Furniture and home furnishings
- Other building materials and gardening equipment

The high unemployment rate for workers in buildings and grounds cleaning and maintenance suggests that there would be a ready local workforce for new local businesses in the building materials and gardening equipment goods and services area. The development of local businesses in these areas is aligned with the 38th Street Thrive Plan objectives to increase the local affordable housing supply and establish a community development corporation.

Retail areas with purchasing power leakage due to lack of available local shopping options include



other building materials and supplies



health and personal care



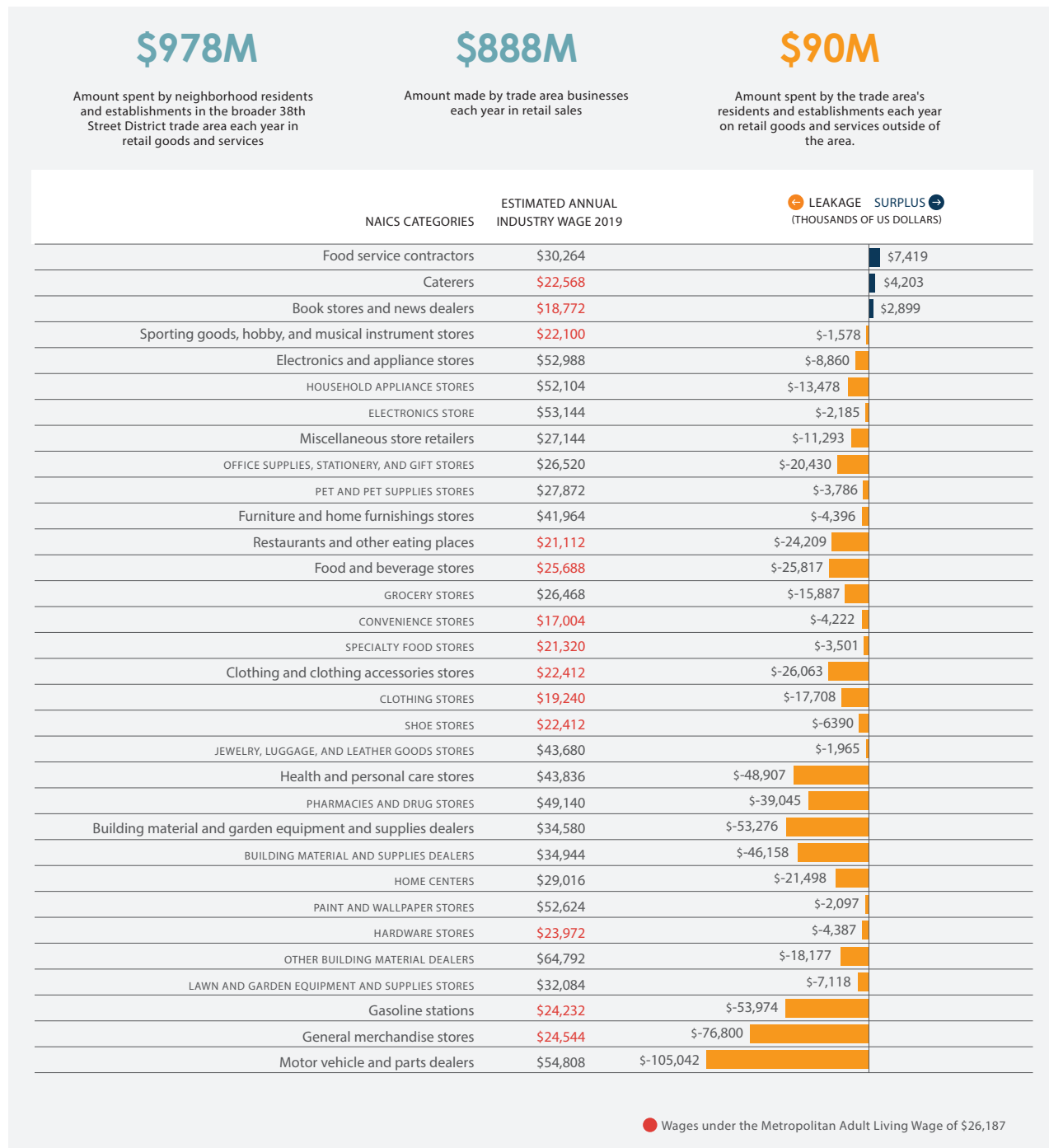
home furnishings

Local Retail Snapshot 3

The figure below indicates the extent to which retailers within the 0.6 mile local trade area have been able to fulfil demand from the residents and establishments located in that trade area. This snapshot indicates potential retail development opportunities for new businesses within the District to serve demand in the trade area that is not being met by existing trade area establishments.

FIGURE 7. LOCAL RETAIL SNAPSHOT 3

How much are retailers within the broader local area (0.6 mile trade area) serving the demand of residents and establishments in that area?



3.1 DEVELOPING DISTRICT BUSINESSES TO MEET GAPS IN DEMAND IN THE RETAIL TRADE AREA

The data for the 0.6 mile trade area show that it has the same areas of business strength as does the District itself; namely, in the food services area. Those strengths aside, the trade area has purchasing power leakage in every other retail area. Considering those retail areas that have an average annual wage above the living wage, consideration should be given to opportunities for District business development in the following goods and services areas (in order of unmet local demand):

- Building materials and gardening equipment
- Health and personal care stores, incl. pharmacies
- Furniture and home furnishings
- Miscellaneous store retailers, incl. office supplies, and pet and pet supplies
- Grocery stores
- Electronics and appliance stores

Of course, local small businesses in some of the above areas are more able to compete with larger, chain retailers and online retailers. Therefore, the level of competition needs to be considered when evaluating the potential for local retailers to capture unmet trade area demand.

FIGURE 8. RECAPTURING LOCAL PURCHASING POWER FOR LOCAL BUSINESS ESTABLISHMENTS

Area	Estimated Annual Online & Mail Order Purchases	% Total Retail Trade
38th Street District	\$ 14.5 million	15%
0.6 Mile Trade Area	\$ 114.4 million	12%

In addition to purchasing power leakage to other city districts, the 38th Street District and its shopping trade area lose significant purchasing power to online retailers. Online purchasing has likely increased during the COVID crisis and local business shutdowns. Concerted efforts will likely be needed to recapture this leakage in support of local business establishments and employment.

8 Recommendations for Further Research & Consultations

The above situational assessment is provided 1) to help local stakeholders consider how pre-existing neighborhood development efforts might be adjusted to factor COVID pandemic crisis impacts and recovery challenges, and 2) to help local researchers focus any further on-the-ground assessment efforts. In addition to the above purposes, the assessment sheds further light on the nature and dimensions of chronic stresses that make the neighborhood vulnerable to shock events. Finally, it highlights issues to be addressed to build a stronger, future foundation for neighborhood economic life.

RCC recommends the following follow-up activities to prepare economic recovery and resilience initiatives for the 38th Street District neighborhood:

Further Research

The data used for this report enables high-level identification of key exposures and vulnerabilities in the neighborhood that could lead to cascading economic losses and hardships. The gathering of more precise municipal and survey-based data is recommended to prepare public and charitable investments to address these vulnerabilities, so that resources can be tailored and directed to the most vulnerable households, businesses, streets and locations.

Issues meriting local survey and interview efforts include:

- Identifying households and businesses currently in or soon facing rent or mortgage payment arrears
- Identifying households without health insurance, particularly those who lost insurance through loss of employment
- Identifying business proprietors who have permanently closed or will soon need to permanently close their businesses
- Identifying rental properties with growing and/or sustained vacancies

The collection and analysis of detailed local data provides an opportunity to provide training and temporary employment to selected local residents, and to build community organization capacity to monitor the recovery process and to evaluate future resilience issues.

This assessment also would be further improved through inclusion of trend data on health, public safety, and equity/justice outcomes; public/urban services provision; property values and rents; and demographic change.

Recovery Planning Workshops

The process of resilience building in any city or location involves the use of investments, grants, and initiatives to address the interacting shock (i.e., risk and exposure) and stress (i.e., vulnerability) dimensions of the community's situation. It further involves using all investments to further advance the community's vision for itself, with its multiple economic, social, and cultural objectives. Therefore, RCC recommends that assessments of this nature be used not only to design and target specific recovery measures but to craft a comprehensive set of initiatives to advance a local development and resilience agenda that addresses the interactions between multiple exposures, vulnerabilities, opportunities, and ambitions. In the case of the 38th Street District, community stakeholders and leaders have already developed such a comprehensive agenda. In this instance, the assessment findings are best used to support more specific designs and relevant adjustments to the initiatives outlined in the 38th Street Thrive Plan in the context of recovery planning.

Neighborhood Recovery and Resilience Monitoring

Resilient communities have the capacity and/or partnership support to monitor their exposures, vulnerabilities, recovery progress, and the achievement of targeted community development outcomes. Recovery resources should be targeted to build that capacity or support. In addition to monitoring the conditions identified in this report, consideration should be given to benchmarking the 38th Street District neighborhood to city-wide conditions and to selected other target neighborhoods, reflecting the City's commitment to achieving equitable outcomes for the 38th Street neighborhood and across the city's neighborhoods.