



## ANC 2A FOGGY BOTTOM/ WEST END COMMUNITY - BASED ECONOMIC DEVELOPMENT INITIATIVE EXPLORATION

### Background & Summary

To aid ANC2A in their efforts to strengthen the commercial corridor and revitalize the neighborhood of Foggy Bottom/West End, District Bridges proposes the pilot Community-Based Corridor Enhancement Lab (CCEL), model. Together, we can build a strong community-focused economic development initiative that allows for maximum flexibility and creativity in developing a model that meets the needs of various stakeholders and addresses key concerns.

District Bridges was put in touch with representatives from ANC 2A by Councilmember Brooke Pinto to discuss the potential for establishing a Foggy Bottom/West End community-based economic development initiative, such as a Main Street, Business Improvement District (BID), or CCEL program.

### Initiative Overview

ANC 2A is seeking to establish the foundation for a sustainable economic development initiative in Foggy Bottom/West End that will:

- Support small businesses
- Develop neighborhood branding that establishes a sense of place and identity for the two neighborhoods
- Assess the appropriate vehicle for long-term economic development
- Engage community stakeholders
- Leverage the unique assets of the respective communities to promote equitable economic prosperity for businesses of all sizes

### Key Areas of Concern

- Lack of neighborhood identity/branding
- Previous opposition from major property owners for the establishment of a BID
- Lack of dedicated support for small businesses
- Long-term vacancy due to high commercial rents and the cascading impacts of the COVID-19 pandemic

### Current State

The Foggy Bottom and West End neighborhoods are home to diverse and dynamic community stakeholders and significant landmarks that make the area a highly-trafficked and sought-after destination for both visitors and Washingtonians alike. The neighborhoods are home to the White House, Kennedy Center, George Washington University, World Bank, and the Watergate Hotel. They are also home to many acclaimed small local businesses such as Founding Farmers, Tonic at Quigley, Rasika West End, and the Blue Duck Tavern. These neighborhoods not only have attractions that make them appealing to visit but also many high-end hotels that make them a prime location for visitors and tourists to stay and easily access the surrounding amenities.

Despite all of these fantastic features, Foggy Bottom and West End have no established economic development initiative such as a Main Street or Business Improvement District. Previous attempts to establish a Business Improvement District were unsuccessful due to a lack of buy-in from several of the major property owners. However, due to the highly dynamic nature of this area, local small businesses continued to thrive and vacancy in the area remained low. But that changed when the Covid-19 pandemic hit and the city went into lockdown, the high foot traffic from visitors, students, and the local workforce suddenly disappeared. This was catastrophic for small and big businesses. With the closure of the major hotels and high commercial rents, many small businesses have found it difficult to stay afloat, many closing their doors permanently. As we hopefully near the end of this pandemic and we turn our attention to economic recovery, the establishment of new community-based economic development initiatives will be critical in reimagining recovery and reigniting our local economy.



# MAIN STREET? BID? OR SOMETHING NEW?

**Over the last twenty years, Washington, DC has relied on two models for community or place-based economic development - Main Streets and Business Improvement Districts.**

## **Business Improvement Districts (BIDs)**

BIDs are self-taxing districts established by property owners to enhance the economic vitality of a specific commercial area. The tax is a surcharge to the real property tax liability. The tax is collected by the District of Columbia and all revenues are returned entirely to the nonprofit organization managing the BID. Business and property owners control the BID and how funds are spent. BIDs primarily focus on maintaining the commercial corridors through litter and graffiti removal as well as landscaping, promoting the commercial district and the businesses operating therein, providing homeless services, and making capital improvements (i.e., street furniture, decorative lighting) to supplement city services.

## **Main Streets**

Main Street programs are funded through an annual grant provided by the DC Department of Small and Local Business Development (DSLBD). Main Street programs revitalize communities by retaining and recruiting businesses, providing direct technical assistance to small businesses, improving commercial properties and streetscapes, and attracting consumers. Main Street programs utilize a Four-Point Approach that incorporates the community in a holistic community-driven approach to revitalization efforts.

Both of these models have proven successful but they also have their respective limitations. In DC, BIDs have traditionally been established in high-density/highly trafficked areas while Main Streets have more often been established in neighborhood commercial corridors. One key differentiator between these two models is who they are beholden to. A BID is beholden to the property owners who make up its board of directors, while Main Streets are beholden to the community and small business owners within the designated corridor established by DSLBD.

BIDs excel at maintaining a clean and safe environment within their districts. Their clean teams are usually better funded than city-funded clean teams which enables them to provide a higher level of service resulting in cleaner corridors. Additionally, because their operating budgets far exceed that of a Main Street program they are able to invest significant funding into branding and design to more effectively market an area, drawing customers to frequent the businesses within the corridor. Businesses and property owners within a BID benefit from the marketing and maintenance of the district.

However, one significant limitation of a BID is that it typically does not provide direct technical assistance to small businesses. So while the BID does provide marketing and promotion for the businesses within its boundaries, it will not support businesses in improving their individual business practices or achieving their business goals. Because the BID is beholden to the property owners, they are not a resource to businesses when negotiating a favorable lease or managing a landlord/property issue. Additionally, most commercial lease agreements are "triple net", meaning the business leasing the property is responsible for the rent as well as all the expenses of the property, such as real estate and BID taxes, building insurance, and maintenance. The result is that small businesses shoulder the cost of the BID but reap a few of the benefits. The BID tax can also be reassessed annually and increased to help cover capital improvements or other expenditures approved by the BID board, which can be an increased burden on small businesses.



# MAIN STREET? BID? OR SOMETHING NEW?

In contrast, Main Streets' first priority is to serve the small businesses within its designated corridor. The Main Street Approach tends to be more holistic in nature and engages the surrounding community more directly through its reliance on volunteers. However, the annual grant award is only \$150,000 which is the same for each Main Street regardless of size and complexity. Additionally, the traditional Main Street model employs only one full-time staff person and relies heavily on volunteer support. The single employee is responsible for all programmatic and administrative activities which result in significant limitations in capacity, systems development, and sustainability.

Over the last few years, there have been attempts to improve on these two models. In 2017, District Bridges developed the first multi-Main Street model in the nation. Our model makes launching new Main Street programs in DC a turnkey operation streamlining the operational setup of a new program, creating economies of scale, return on investment, increased staff capacity, and most importantly a strategic approach to community development that looks at the holistic needs of the city to create collaborative solutions that leverage the unique skills and assets throughout the entire city to address the most pressing and critical needs.

Since District Bridges' development of the first multi-Main Street model, other organizations have followed suit in developing innovative structures to address some of the challenges Main Street programs face. BIDs however have not found it necessary or of interest to adapt their model. While there have been attempts to transition Main Streets into BIDs or to develop a hybrid model there has yet to be a successful example to point to.

District Bridges believes that while both of these models have their strengths and successes they are not the only tools available to communities for community/place-based economic development. This is why we have developed a new pilot program to develop a new model that builds on the strengths of both Main Streets and BIDs.

## **District Bridges Community-Based Corridor Enhancement Labs**

District Bridges' Community-based Corridor Enhancement Labs (CCEL) was a concept born out of experience. In 2005, a small group of passionate community members came together to plan a community event that would highlight the small businesses and unique community groups in the Washington, DC neighborhood of Columbia Heights. This event grew into a beloved annual event, and, in 2009, the small group of community volunteers established a nonprofit entity called the Columbia Heights Day Initiative to enable the event to grow and become sustainable.

After 10 years of running successful festivals and growing the volunteer board of directors, the organization wanted to support the community beyond just a single event per year. It was with that vision that the board hired the first executive director and began developing dedicated programs that would serve the small business community of Columbia Heights, engage residents and community stakeholders, and support a holistic economic development strategy. It was that community-based grassroots movement that enabled the Columbia Heights Initiative to pursue a Main Street grant in 2016, which provided dedicated long-term funding for this work. It is that legacy that built the organization that District Bridges is today.



# COMMUNITY - BASED CORRIDOR ENHANCEMENT LABS

## District Bridges Community-Based Corridor Enhancement Labs

CCELs are place-based designations offering a comprehensive package of resources that support holistic strategies for community development, revitalization and sustainability by leveraging District Bridge's organizational capacity to support emerging community-based economic development initiatives. Our experience launching seven successful Main Street programs in the District has given us insight into what is required for these types of initiatives to be sustainable and successful. Through this experience, we have developed a three-phased approach to launching new community-based economic development initiatives that we call the Three Building Blocks of Success.

### Building Block 1: Community Commitment

Many communities already have active citizens associations, business associations, arts and humanities organizations, community stakeholders, and engaged businesses who are committed to supporting their communities. The first step necessary for establishing a CCEL program is identifying and engaging the active community stakeholders and gaining their commitment to a shared vision. Once identified, we work with the community stakeholders to form a Neighborhood Strategy Council or Cultural Trust. In partnership with this group, we develop a fundraising campaign to raise an initial financial commitment to launch the program.

#### The How

- Ecosystem mapping - Ecosystem mapping is a method we use to understand all the stakeholders that exist within a community. Once the stakeholders have been identified, we map how they are connected, the influence or power they have, and the past battles that may impact the outcomes we seek to achieve. Depending on the complexity of the community we are working with, the ecosystem mapping can be completed in two to five dedicated working sessions.
- Stakeholder Outreach & Engagement - Once the ecosystem mapping is complete we work with our partners to identify a list of key stakeholders to serve as our Neighborhood Strategy Council or Cultural Trust. Our team then reaches out to these stakeholders to introduce them to the idea and get their buy-in.
- Neighborhood Strategy Council/Cultural Trust Kick-Off Meeting - Once we have established our founding group our first engagement is a kickoff meeting. This is typically a two to three-hour session where we listen to our stakeholders to understand their challenges, hopes, and vision for their community. We also outline the CCEL process in this meeting and set expectations for the engagement.
- Visioning Sessions - Once the key stakeholders are identified and engaged, the next step is to help clarify the shared vision for the initiative moving forward. We generally recommend two visioning sessions. The outcome of the sessions is a shared mission statement and Community Commitment letter, and Memorandums of Understanding between partners outlining the roles and responsibilities of the partners. These commitments can include both time and financial commitments.

### Building Block 2: Community Needs Assessment

Once we have an established Neighborhood Strategy Council (NSC) /Cultural Trust (CT) and the initial financial investment we start our community needs assessment. Through a collaborative process, we work with the community, to conduct a business survey to understand the individual needs and challenges businesses are facing. We will use this data to develop business technical assistance programs unique to the needs of the area businesses. We also conduct a community survey to understand all of the unique perspectives of the community and the assets and resources available to make the program a success.



# COMMUNITY - BASED CORRIDOR ENHANCEMENT LABS

## Building Block 2: Community Needs Assessment Continued...

### The How

- Business and Community Surveys - working with the NSC or CT, we develop two surveys to understand the challenges and desires of the businesses and community members. Once the surveys are developed, we deploy them through a variety of methods to ensure we capture a representative response from the community. We typically develop the surveys in one joint session and follow up the session with the documents digitally for edits and final approval.
- Survey Presentation - Once the survey is closed, our team evaluates the responses and puts together a report for the NSC/CT, and presents that in a working session.
- Planning - Using the responses from the survey and the input from the NSC/CT, we work together to develop a workplan that moves us forward to achieving the desired outcomes identified by the survey. The District Bridges team works with the NSC/CT to set realistic goals and timelines and determine the financial investment necessary to achieve success.

## Building Block 3: Identity/Communications and Sustainable Development

Through a series of facilitated community sessions in collaboration with the Neighborhood Strategy Council and community stakeholders, we develop a brand and identity for the program. With this brand, we develop dedicated social media and communications channels to share out what the program is doing and how the community can get involved.

programs are intended to be a launchpad to establish long-term, community-based economic development efforts in a community. Developing a sustainable funding strategy is critical to making a CCEL successful. Because each community is different, each funding strategy is also different. We work with our community stakeholders to develop a strategy that leverages their unique assets and will provide the support and programming the community needs sustainably. The fund development strategy evaluates all the available funding sources and designs a plan that ensures a diverse financial portfolio that will fund the current proposed activities of the initiative as well as the needed investment into future activities and development.

### The How

- Branding and Identity Package - working with the NSC/CT, we will develop a collateral package that helps to brand the initiative. The branding process starts with a kickoff meeting with the outcome of delivering three potential brand options to be reviewed by the team.
- Marketing - our team will develop and launch a strategic communications strategy that includes how-to guides and evergreen content for the newly launched social media and communications channels.

## Why CCEL?

A Community-based Corridor Enhancement Lab focuses on the core elements of building a strong community-based economic development initiative. Because a CCEL program is initiated by the community and self-funded, it allows for maximum flexibility and creativity in developing a model to suit that community. Additionally, by developing broad-based community support and engagement from the outset, stakeholders are invested in the long-term outcomes the initiative seeks to achieve because they were part of their development. While above we have proposed a year-long timeline, a CCEL can develop at whatever pace makes sense for that community. The flexibility to develop over time also enables a CCEL to develop broad-based community support to understand objections or opposition to change that inevitably arises when such an initiative is launched. This holistic approach allows for all stakeholders to be heard and serves as a mediator ensuring all stakeholder concerns are addressed and solutions are incorporated into a functional/ realistic long-term plan.