



Date: 8/15/2025

To: Councilmember Mark Solomon, Chair, Land Use Committee
Councilmember Dan Strauss
Councilmember Maritza Rivera
Councilmember Alexis Mercedes Rinck
Councilmember Debora Juarez

From: Office of Planning and Community Development
Office of Economic Development
Equitable Development Initiative Advisory Board

Subject: Response to 2025 Statement of Legislative Intent OPCD-005S-A: Expansion of EDI to Advance Small Business Development and Prevent Commercial Displacement

Background

Statement of Legislative Intent (SLI) OPCD-005S-A requested the Office of Planning and Community Development (OPCD) in partnership with the Office of Economic Development (OED) develop a strategy to:

- 1) Expand the eligibility of Equitable Development Initiative (EDI) funding specifically for small business development, support, and ownership through programs such as the Tenant Improvement Fund, the Business Community Ownership Fund, and others; and
- 2) Support the creation of spaces designed to meet the needs of future small business tenants in EDI projects.

Council stated an intent to support the growth of businesses owned by Black, Brown, BIPOC, immigrants, and refugees to advance economic mobility and opportunity and prevent commercial displacement.

Introduction

As Seattle works to adopt the major update to the Comprehensive Plan in 2025, the City is again at the forefront of integrating race and social equity into urban development. EDI is rooted in ongoing community advocacy and joint planning efforts within historically redlined communities facing significant neighborhood change. Since its inception in 2016, EDI has been key to delivering on the City of Seattle's equity goals, ensuring principles of inclusion and sustainability guide the city's growth. Seattle is innovating in anti-displacement efforts by facilitating community ownership of space and investing in historically marginalized neighborhoods. This approach centers co-creation, ensuring investments are aligned with the needs and desires of local communities. By combining

long-term strategies for community empowerment with a focus on equity, Seattle is shaping an inclusive model for community development that serves as a national example for other cities committed to addressing displacement and fostering equitable growth.

Origins of the Equitable Development Initiative

EDI was created from an understanding that Seattle's rapid growth has had negative impacts on its historically (and currently) marginalized communities and that inequity would continue to increase without intervention. Demographic trends¹ showed a decline in racial and ethnic population counts in neighborhoods throughout Seattle, and this research led to the 2015 vision for the city's future which established Seattle as "*a diverse city where all people are able to achieve their full potential regardless of race or means.*" A displacement risk analysis² also revealed that historically redlined and disinvested communities would continue to bear the brunt of redevelopment pressures, regardless of the City's growth plans.

In 2015, the Seattle City Council adopted Statement of Legislative Intent (SLI) 32-2-A-1,³ which directed OPCD to develop an Equitable Development Implementation Plan (EDIP) as part of the Seattle 2035 Comprehensive Plan. The City Council's goal was to address racial disparities and prevent displacement in historically underserved communities through targeted investments and community-led strategies.

As funding for EDI has expanded from year-to-year, the program has provided critical support to local organizations to address specific community needs through diverse projects. The availability of EDI resources enables grantees to impact their communities significantly - and the benefits reflect the diversity of the grantee organizations and their goals. EDI is a powerful tool for inclusive growth, cultural preservation, and economic development that shifts power into the hands of marginalized communities. This includes the provision of resources that empower local organizations to implement strategies and solutions that improve access to commercial spaces where community members can provide critical services and programming that utilize more stable and long-term operating models.

EDI also supports crucial capacity building work, allowing community-based organizations to explore and execute site acquisition and development without impacting their existing services or taking on substantial debt. The real estate market itself is a primary driver of displacement in Seattle, and EDI helps community-based organizations compete in the Seattle market by enabling projects that would not otherwise be represented.

¹<https://www.seattle.gov/documents/departments/opcd/ongoinginitiatives/equitabledevelopmentinitiative/equitabledevelopmentinitiativeimpactreport2025.pdf>

²

<https://www.seattle.gov/documents/departments/opcd/ongoinginitiatives/equitabledevelopmentinitiative/equitabledevelopmentinitiativeimpactreport2025.pdf>

³ "Statement of Legislative Intent 32-2-A-1," Seattle City Council, accessed June 29, 2025,

<https://seattle.legistar.com/View.ashx?M=F&ID=4114717&GUID=BFF262ED-285F-493F-B6C5-2778EAC2D383>

EDI Program Scope and Legal Considerations

Why EDI Invests in Commercial Space

EDI addresses the impacts of racialized displacement and economic exclusion by investing in community-led anti-displacement strategies—particularly those that foster cultural resilience, economic opportunity, and community ownership in neighborhoods most impacted by displacement and gentrification due to rapid growth. EDI prioritizes community-driven control of community-serving commercial spaces that provide a return on the investment of public funds through the delivery of “public benefit” services and programming.

In Washington State, “public benefits” are not defined by a single universal statute. Instead, the term is interpreted based on constitutional provisions, case law, and statutes that govern the use of public funds, particularly under the Washington State Constitution Article VIII, Section 7, which prohibits gifting public funds to private entities. However, courts have consistently held that this restriction does not apply if the expenditure serves a valid public purpose, even if private parties incidentally benefit.

EDI prioritizes commercial and community-serving space investments because:

- Commercial and cultural spaces are critical to community identity, economic mobility, and social cohesion—especially for BIPOC communities. These spaces are often the first to be lost in gentrifying neighborhoods.
- Stabilizing community-based organizations and small businesses by supporting the acquisition, development, and long-term control of commercial real estate ensures the continued delivery of public benefit services, such as childcare, workforce training, arts and culture, health services, and retail vital to community life.
- These spaces provide “public benefit” services and programming that increase access to determinants of equity, local amenities, and serve as a primary anti-displacement strategy.
- EDI investments prioritizing capacity building for community self-determination, helping organizations establish a permanent physical presence from which they can pursue future development projects, including housing, if desired.

EDI's geographic focus is on areas throughout Seattle, prioritizing those with a history of marginalization and a high risk of displacement. Demographically, the initiative prioritizes BIPOC communities, low-income households, and other vulnerable populations who are at risk of both physical and cultural displacement. The goal is to prevent these communities from being pushed out due to rising costs and neighborhood changes, and to support their ability to thrive and maintain their cultural identity. [Seattle's 2035 Equity Analysis](#) uses geographic and demographic data to identify culturally rooted, place-based displacement risks, helping guide EDI's focus on equitable growth strategies that protect marginalized communities in their connection to place.

EDI Investments with Small Business Outcomes

Recent EDI investments in small business development have supported property acquisitions, renovations, and incubator programs that preserve cultural spaces, prevent displacement, and expand economic opportunities for BIPOC and immigrant communities across Seattle. These include shared investments with the Office of Economic Development (OED) and direct investments to small businesses.

1. Shared investments with OED

- **Midtown Square:** EDI was the sole funder in the acquisition of a ground floor condo by Arte Noir in the Midtown Square project, led by Lake Union Partners. The acquisition was completed in 2023. OED simultaneously supported Marjorie, a restaurant, to re-open in the building through the Business Community Ownership Fund (BCOF).
- **Hillman City Partners-Gloster Building:** Hillman City Partners (HCP) is comprised of SouthEast Effective Development (SEED), Black and Tan Hall (BTH), and Multi-Cultural Community Coalition (MCC). HCP acquired the Gloster Building in 2024. The partnership will renovate the top floor of the building to provide affordable arts, cultural and entrepreneurial space. Specifically, they envision several artist's studios or private spaces for local creatives, as well as a larger shared maker or creative space on the rear of the property. The Gloster building has two active ground floor leases with small business tenants (Archipelago Restaurant and Twilight on Rainier) that are not part of the public benefit provision. HCP will take on the deferred maintenance of the property, which will create additional stability for the small businesses in the long term.
- **Cultural Space Agency-El Barrio:** Cultivate South Park, in partnership with the Cultural Space Agency, applied to the Strategic Investment Fund in 2021 for the acquisition of four properties located on the southwest corner of 14th Avenue S and S Cloverdale Street in the heart of the South Park commercial district. The property already houses community space, small businesses, and a few residential tenants. The intent of the project is to both preserve these uses and increase their impact by maximizing the development potential and establishing innovative ownership models and wealth creation accessible to low-income South Park residents.
 - The grantee is currently providing the following public benefits:
 1. The South Park Hall operates as an arts, performance, celebration, and community gathering space.
 2. In the outdoor space between the buildings at 1253 South Cloverdale Street and 1257 South Cloverdale Street, there is a small courtyard of approximately 1,200 square feet. This courtyard is a community gathering space, an intimate performance and installation space, and a celebration space. It will be publicly

available and will be programmed in concert with the South Park Hall. South Park Gathers also operates Idea Lab, a community support and meeting space that is available to South Park residents and cultural community organizations.

3. A surface parking lot that currently serves as a daytime amenity for the existing commercial and residential tenants hosts outdoor celebrations, pop-up markets, outdoor movies, and concerts on evenings and weekends. The parking lot will continue to be programmed as outdoor cultural space, and this programming will be expanded over time.

- ***Multi-Cultural Community Center (MCC): Cultural Innovation Center.***

- In 2021, MCC acquired a single-story small business center with active leases with eight small businesses in operation. MCC plans to redevelop the site to serve as a shared multi-cultural community center, while preserving space for the small businesses. They are currently in the planning phase for the redevelopment.

2. Direct Investment in Small Businesses or Small Business-related public benefits

- ***Interim CDA-Uncle Bob's Place*** ground floor commercial, including Bush Gardens: Interim Community Development Association (ICDA), applied to the EDI fund in 2022 for the build-out of tenant improvements for the commercial space in the newly constructed Uncle Bob's Place in the Chinatown/International District. Uncle Bob's Place has developed an arrangement with the Chan family who owned the land to allow the construction of affordable housing in exchange for acquisition of the commercial condominium on the ground floor once construction was completed. ICDA would continue to be responsible for the residential portion, as well as a large community room, as part of the Low-Income Housing Tax Credit financing. Public benefits include:

- Enhancing the cultural business district, providing culturally relevant goods and services, and creating an arts and culture community anchor in the Chinatown/International District.
- Programming in the community room will reflect the cultural character of the Chinatown/International District community.
- Creating restaurant incubator space and providing technical assistance to the new businesses to advance economic opportunity.
- Maintaining public access to the community room for programming and meeting spaces for community and civic organizations.

- ***African Community Housing and Development, Seattle Immigrant and Refugee Public Market Project:*** The Project acquired an assemblage of four parcels adjacent to West Crest Park in the Highland Park neighborhood of West Seattle along the Delridge Corridor, plan to develop a commercial space housing

up to 25 small retail and food-centered small businesses, and provide economic development services through business incubation and financial services.

- Incubation of approximately twenty-five small businesses owned by immigrant and refugee entrepreneurs.
 - Small business incubation services including but not limited to technical assistance and financial services.
 - Operation of commercial kitchen and courtyard gathering space.
- **Black and Tan Hall (B&TH)** is intended to create a model for community-focused investment in economic and cultural development. The site at 5608 Rainier Avenue South is an old nightclub that has been converted into a restaurant and event space that was formed by cooperative shareholders within the Hillman City neighborhood pooling resources to start the business. B&TH has partnered with the 501c3 Community Arts Create to develop the Good Jobs Fellowship, which integrates the operations of the for-profit enterprise with a job training program to help neighborhood residents gain training and job experience in food and entertainment industry careers and then helps place Fellows at other restaurants and venues in the area.
- Piloting an innovative community-wealth building strategy of cooperative ownership and investment accessible to BIPOC and low-income residents.

Current OED & OPCD Coordination on EDI and Future Strategy Development

The City currently offers several key programs aimed at supporting small businesses, particularly those owned by Black, Brown, immigrant, refugee, and BIPOC communities. These initiatives are structured to comply with Washington State laws prohibiting direct investments in for-profit businesses:

1. OED Capital Access Program (CAP):

The CAP prioritizes small businesses by providing access to affordable loans and financing, helping businesses navigate financial challenges, especially those that haven't had equitable access to financial services.

2. Tenant Improvement Program (TIP):

The TIP offers financial assistance to businesses to help with storefront expansion and other commercial business-related improvements. The program includes:

- **Signage Package:** Cash award up to \$15,000 for exterior signage, excluding installation, for eligible commercial businesses.
- **Equipment Package:** Cash award up to \$50,000 for equipment purchases from commercial suppliers for eligible businesses.

3. Business Community Ownership Fund (BCOF):

This fund addresses the rising cost of commercial rent by securing affordable, stable rents for businesses. The BCO Fund helps ensure that marginalized business owners can stay in their neighborhoods or return to them after displacement. The fund offers benefits like:

- Shared ownership of commercial real estate.
 - Stable, affordable occupancy costs.
4. EDI and OED prioritize early and frequent coordination on funded and future projects. A previous response to [SLI OED-011-A-00](#) outlined opportunities for deeper alignment, which EDI and OED are actively incorporating into existing practices.
- **Community and Commercial Space:** If community or commercial spaces are included in an EDI project, OED's Community Wealth Building (CWB) team should be included in construction conversations. This team has firsthand experience with best practices for constructing commercial spaces to attract a diverse mix of uses, understands what can lead to costly retrofits, and brings expertise in the BCOF as a funding model.
 - **Commercial and/or Community Uses:** OED recently conducted retail studies for 11 business districts around Seattle. If an EDI project is in one of the areas studied, OED's Community Wealth Building (CWB) team and Business Districts team may integrate this retail study, which is designed to identify what type of goods/services are needed in a specific area, into the above recommendations for spaces. This study can also be a reference for how a business can contribute to district needs, including local economic health, access to essential services, or enhanced opportunities for community gathering, cultural expression or local business development.

Future Community and Stakeholder Engagement to Further Inform and Advance the Council's Goals

The EDI Strategic Plan will guide the next phase of the program by centering community expertise, aligning resources, and strengthening internal systems to support long-term accountability and impact. It emphasizes culturally responsive engagement with internal and external stakeholders, centering the voices of community-based organizations and leaders most impacted by displacement.

The plan will operationalize key pillars of the EDI program—equity, responsiveness, cultural connection, and community co-creation—ensuring that people, place, purpose, and prosperity remain central. It will align existing City initiatives with EDI's strategic direction by identifying gaps and opportunities to expand operational capacity and improve resource alignment for community transformation.

This effort will ground the strategy in EDI's origins and long-standing commitments, while incorporating new goals informed by current and prospective grantees, Advisory Board input, and the community of practice. It will frame an adaptive roadmap that connects short- and long-term goals to tangible community benefits and establishes relevant performance indicators.

The Strategic Plan will also enhance the City's internal capacity through the development of new policies, practices, and protocols—ensuring the next phase of EDI is values-driven, community-guided, and built for lasting impact.

Timeline for EDI Strategic Planning

Q3 2025	RFP Published (pending MO approval) Consultant Selected & Onboarded
Q4 2025	Discovery Phase Launches Initial external and internal stakeholder interviews, listening sessions, and research
Q1 2026	Community Visioning & Stakeholder Engagement - Facilitation of community-centered visioning sessions - Engagement with community-based organizations and residents impacted by displacement - Engagement with internal stakeholders - Synthesis of shared values, goals, and themes - Identification of strategic priorities and opportunities
Q2 2026	Draft Strategic Plan & Internal Review
Q3 2026	Finalization of Strategic Plan
Q4 2026	Plan Launch & Transition to Implementation

Next Steps and 2026 RFP Alignment

Before the release of the 2026 EDI RFP, OPCD will consider strategies to:

- Align with existing OED funding tools
 - Better Integrate Projects Intake/Application Process:
 - Coordinate application processes to include questions about ground floor and commercial spaces.
 - Coordinate and identify opportunities early for recommendations on approach for funding a project.
 - Build a Shared Pipeline

- In the near term, senior staff and directors will meet on a regular cadence (e.g. quarterly) to discuss our pipelines and identify project opportunities to coordinate investments earlier in the development process. For example, acquisition opportunities for affordable housing and community projects, or commercial space strategies for affordable housing projects in commercial corridors. A learning from the projects discussed above is the importance of having conversations about potential ground floor uses more upstream, even before a project formally enters the funding pipeline.
- Incorporate recommendations from the strategic planning process related to supporting small BIPOC businesses.
- Expand scoring criteria to include components that measure the degree the proposals:
 - Provide long-term affordability or ownership pathways for small businesses.
 - Serve businesses owned by BIPOC, immigrants or refugees.
 - Include small business technical assistance or workforce development linkages.
- Clarify allowable use of funds for:
 - Commercial build-out.
 - Predevelopment feasibility studies.
 - Business stabilization if embedded in nonprofit/community-based ownership.

Conclusion

Together, OPCD and OED are uniquely positioned to strengthen small businesses and prevent commercial displacement in historically marginalized communities across Seattle. The City has successfully supported ownership, access to commercial space, and economic mobility through indirect investments, structural programs, and community-led design. These approaches can be scaled to meet community needs.

By coordinating with OED, engaging stakeholders, and aligning funding tools, OPCD can help ensure that EDI investments advance racial equity, economic resilience, and commercial stability—delivering more than just buildings, but inclusive economic opportunity.

These efforts directly respond to the urgent challenges of displacement and underinvestment in BIPOC-owned businesses. Existing programs—such as the Small Business Capital Access Program, Tenant Improvement Program, and Business Community Ownership Fund—demonstrate the City’s commitment to equitable development.

EDI remains committed to creatively supporting small businesses so that public funds yield shared community benefit while unlocking long-term, inclusive economic growth.