

GROWING THE RESTAURANT & RETAIL SECTOR IN MONTGOMERY COUNTY



This report responds to the Council’s request to examine strategies that would encourage revitalization and increased occupancy in areas of the County underserved by the dining and entertainment sectors. To do so, OLO met with Executive Branch staff to gather data on existing County programs and developed case studies of 21 different restaurant and retail attraction, retention programs in 17 jurisdictions.

SUMMARY OF CASE STUDIES

OLO selected case studies that link to challenges and opportunities identified by stakeholders. For each program, OLO reviewed goals, operations, and target populations. OLO does not recommend specific programs for implementation, rather best practices and case studies are presented as a toolbox for Council consideration when exploring options to encourage growth in these sectors.



FINANCIAL INCENTIVES & INVESTMENTS

Ex. façade improvements, fee waivers, rent subsidies, crowdfunding, etc.

- Goals: activate communities; support local businesses; provide affordable capital
- Operated by local governments and private businesses with programs available to landlords and business owners (tenants)
- Programs may require long-term leases, jobs, hours of operation, etc.
- Review may include fiscal, community, and competitive impact



RESTAURANT INCUBATORS

Ex. shared commercial kitchens, culinary training, business services, etc.

- Goals: food diversity, training, social purpose, etc.
- Non-profit incubators – offer zero to low-cost programs to emerging entrepreneurs and work with immigrant communities, low-income residents, etc.
- For profit incubators – accelerate business growth through intensive training or pop-ups coupled with stringent application requirements and high monthly fees



RETAIL INCUBATORS

Ex. shared retail space, business training, etc.

- Goals: Offer retail variety, build on community strengths, training, etc.
- Highly –visible locations with foot traffic is essential to success
- May be spaced-based or program-based with entrepreneurs charged rent and utilities

CASE STUDY LOCATIONS

Arlington Heights, Illinois
Baltimore, Maryland
Brentwood, Maryland
Carrollton, Texas
Cleveland, Ohio
Denver, Colorado
Des Plaines, Illinois
Escondido, California
Laredo, Texas
Mandan, North Dakota
Midland, Michigan
New York, New York
Portland, Maine
Rochester, New York
San Francisco, California
Washington, DC
Watsonville, California

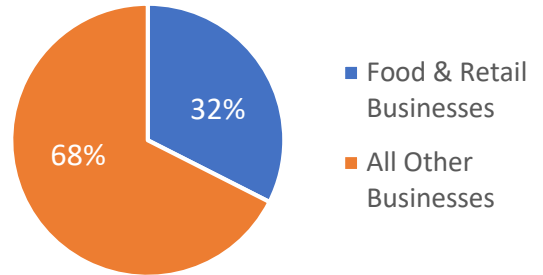


REVIEW OF EXISTING COUNTY PROGRAMS

OLO found that current County economic development incentive programs are not aimed at attracting restaurants and retail businesses to the County. Four out of eight Economic Development Fund (EDF) Programs (the primary mechanism to encourage growth) are geared to targeted sectors – technology, cybersecurity, and life sciences. Similarly, County business incubators focus on targeted sectors and do not include restaurants and retail stores.

Microloan Program: Four EDF Programs are available to restaurants and retail, but only one – the microloan program – is not limited by business type or geographic location. Food and retail business comprise 50 (32%) out of 154 businesses that participated in the Microloan Program in FY18 and FY19. OLO found detailed data on the microloan program is not readily available. Further participating lender websites do not advertise the program as a County-funded program. This limits transparency, ability to track data, and promote success stories.

Business Types Awarded Microloans



KEY RECOMMENDATIONS

Create a Pilot Program for a Specific Geographic Area in the County: Leverage best practices to implement programs that target restaurants and retail, including offering industry specific training to help entrepreneurs navigate the complexities of running a successful business. Explore opportunities to change regulatory barriers impeding development of restaurants and retail and reuse of existing structures to increase availability of space.

Increase Transparency: Information on existing County economic development programs is located on multiple sites, making it difficult for business owners to navigate. Examine ways to improve customer service, including enhancing ways to improve coordination with municipality laws and incentives. Increase use of microloan program to better reach food and retail businesses and ensure the program is prominently advertised as a County program to increase transparency and marketability.

Increase Focus of Incentive Programs on Targeting Restaurants and Retail Businesses: Current County programs are limited to targeted sectors or geographies. Explore opportunities to expand existing programs to better reach restaurants and retail. Examine feasibility of providing financial assistance in first two years of operation, when profit margins are slim.

Questions, Comments?

Blaise DeFazio, Senior Legislative Analyst
Blaise.Defazio@montgomerycountymd.gov

Stephanie Bryant, Legislative Analyst
Stephanie.Bryant@montgomerycountymd.gov

Access the full OLO Report 2020-6 at <https://www.montgomerycountymd.gov/olo/>

