



## Office of the Mayor

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### **City Leaders Advance a Proposal to Support Wealth Creation in Communities of Color**

Mayor Satya Rhodes-Conway and numerous Alders today advanced the Commercial Ownership Assistance (COA) program to increase opportunities for commercial property ownership among historically disenfranchised communities. The measure was added by amendment to the 2020 budget and the program will be introduced by title at today's Common Council meeting with details of the legislation to be released at Wednesday's Economic Development Committee meeting.

Alder Samba Baldeh championed the funding for this program in the 2020 budget. "Racial justice cannot be achieved without programs like this to address economic justice, which will allow African Americans the ability to become more autonomous in our destinies," he stated this week.

Council President Sheri Carter sees this as a promising tool to support business owners of color in the Park Street corridor, which is experiencing gentrification pressure. "During our Common Council leadership meetings, Alder Baldeh and I initiated the COA program. This program will encourage and support entrepreneurship in minority communities that have historically faced barriers in accessing capital to start and grow their businesses, especially in the Park Street corridor," said Council President Carter. "In addition, this program will integrate people of color in the business community which lacks diversity in ownership. This isn't a hand out but a pathway to entrepreneurship."

The Commercial Ownership Assistance program establishes a forgivable loan fund to help Madison business owners transition from renting to owning commercial property. The program is being launched as a pilot with \$500,000 of funding in 2020, which may increase if the pilot is successful. The program loans for buying or constructing a business space with no payment due to the City unless the property is sold. The program will focus resources toward communities that have historically faced barriers to purchasing commercial property, including communities of color, immigrant communities, women, disabled residents, and veterans, and will also prioritize support for businesses in under-invested geographic areas.

The COA program is another City effort to reduce racial disparities and increase economic empowerment in communities of color. While people of color represent approximately 27% of Madison's population, they represent only 3-9% of business owners. The City is directing more support toward building wealth and economic empowerment in communities that are not sharing in the City's prosperity as part of its ongoing work to reduce these disparities.

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“This is a good first step to support wealth-building and also to help prevent displacement in our communities, especially in neighborhoods at risk of gentrification,” said Mayor Rhodes-Conway. “It is one of numerous steps we must take to fully address the disparities in our community.” The City has also recently doubled its support of the Black and Latino Chambers of Commerce, and is developing an expansion of the Kiva loan program to help residents of color start and grow small businesses.

“Black owned businesses have an uphill battle to succeed,” says Alder Barbara Harrington-McKinney. “More likely to rely on credit cards and personal savings. More likely to be denied access to outside investors and small business bank loans. The coronavirus pandemic came with more challenges for black owned businesses to thrive. Of the \$2.2 trillion CARES Act for forgivable loans an estimated 90% of black owned businesses were either ineligible or denied loans. We have an opportunity to help reset some of the ways racism operates in our community. We must not lose this opportunity to optimize and build wealth for Black businesses. Generational wealth creates more opportunities and without that it is difficult for our Black businesses to compete. By helping grow generational wealth, generational experience, connections, and support passed down to the next generation, we can begin to dismantle ‘the racial gap in our community.’”

An ordinance details will be discussed at the Economic Development Committee meeting on Wednesday, June 17 at 5:00 p.m.

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