

LSC NY



WNY Economic Inclusion: A Regional Overview

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COVER PHOTO:
Mural painted by
artist Alice Mizrachi
and students of
the Buffalo Center for
Arts & Technology

GLOSSARY

BIPOC

Black & Indigenous
People of Color

BSO

Business Service
Organization

ECONOMIC INCLUSION

An inclusive economy seeks to lift a community that has suffered from generations of disinvestment and racist public policy. It minimizes inequality in neighborhoods, and for individuals, who are susceptible to systemic inequality.

LISC

Local Initiatives Support
Corporation

LMA

Labor Market Analysis

MINORITY-MAJORITY NEIGHBORHOODS

A term used to refer to a geographic subdivision where one or more racial, ethnic and/or religious minority groups make up the majority of a location's population.

MWBE

Minority and Women Owned
Business Enterprise

MWDBE

Minority, Women,
Disadvantaged Business
Enterprise

PLACEMAKING

A participatory process for shaping public spaces harnessing the ideas and assets of people who use it.

PLACEKEEPING

Utilizing existing community resources to develop public spaces, while preserving social and cultural preservation of a space.

POC

People of Color

REDC

Regional Economic
Development Council

WORKFORCE HOUSING

Workforce housing targets middle-income workers. The Urban Land Institute defines as housing affordable to households earning between 60 and 120 percent of area median income (AMI).

WNY

Western New York

ABOVE: Welcome Wall Mural.
COMPLIMENTS OF BFNHS



Executive Summary

In Fall 2019, the Local Initiative Support Corporation (LISC) WNY was funded by the Ralph C. Wilson Jr. Foundation to work with neighborhood groups in developing the East Side Economic Inclusion Plan – a three-year strategy that supports an integrated, place-based approach to furthering economic mobility and justice for communities in the Near East Side of Buffalo. In tandem with the neighborhood plan, and as part of the Economic Inclusion process, the LISC team explored the regional economic climate. Partnered with the neighborhood investment plans, this forms a bridge between neighborhood economic growth and regional growth.

About this Report

This report is designed as a regional overview to examine how economic regional priorities support small and medium sized businesses owned by Black, Indigenous, and People of Color (BIPOC). This report is a sister report to the [WITHIN WNY Neighborhood Planning](#) process. It provides an overview about the state of the regional economy with a racial equity lens, assessing how BIPOC-owned businesses and commercial districts in communities of color benefit from the region's economic growth.

Methodology

The actions laid out in this plan have been informed by existing planning efforts, current development projects, area-specific research, and the insights and experiences of trusted community organizations and partners. This Inclusive Recovery Plan focuses on a set of strategies for LISC WNY and its partners to implement, ensuring that WNY's BIPOC businesses and community members are: (1) plugged into COVID-19 recovery efforts; (2) well-positioned to fully benefit from forthcoming investments and opportunities from public, private, and philanthropic initiatives; and (3) have a strong sense of understanding and comfortability in leading self-sustaining revitalization efforts.

Strategy Recommendations

In this document you will find recommendations for how the region can support self-identified minority and women-owned business enterprises (MWBES) and minority-majority neighborhoods in their economic growth. The first year focuses on deploying programs that address the aftermath of Covid-19. For years 2-3, the recommendations are focused on long-term strategies that represent the visions and ideas that emerged through our multi-year engagement processes spanning from 2019–2022.

The outlined actions nurture the strengths of our local businesses and foster their connection to assets and resources to create ladders of economic opportunity for Western New Yorkers, so that all communities in our region can experience stronger and sustained growth.

Recommendations

Immediate Strategies (0–12 months)

STRATEGY 1 Covid-19 Recovery & Commercial Corridor Support

- Support small and medium-sized existing businesses in their entrepreneurial pursuits and growth by increasing capacity of corridor organizations and entities serving these business populations
- Build up infrastructure for peer learning, shared methodologies, and networking between commercial corridor entities
- Explore opportunities to kickstart the National Main Street model and methodology within New York State.¹ Explore partnerships between LISC New York State, Empire State Development, Homes & Community Renewal, Department of State, and the State Historic Preservation Office

STRATEGY 2 Build up the creative and cultural economies as a sector, as a Covid-19 recovery tactic, and to inhibit long-term cultural erasure of minority-majority neighborhoods

- Analyze the sector, inclusive of for-profit institutions and businesses
- Matchmake between corridor vacancies and light manufacturing/creative industries, to increase vibrancy and decrease blight in commercial corridors while providing clean workspace for light industrial & creative businesses

STRATEGY 3 Support alignment of regional initiatives to support more minority-owned small and medium sized business

- Work with regional entities to understand the economic strengths in predominantly BIPOC neighborhoods
- Elevate industries that are primarily owned by people of color on the regional scale (accommodation & food, retail trade, transportation & warehousing)

1 [National Main Street Center](#)

Long-Term Strategies (2–3 years)

STRATEGY 4 Build connectivity of business supports for small and medium sized businesses

- Develop an easily navigable resource for business owners to access information about business support organizations, capital, and financing, modeled after Source Link Portals
- Engage community organizations to align community and economic networks and resources to assist businesses
- Connect construction/ infrastructure contracting opportunities to business owners and provide integration of supports including small business development, contracting, finance, insurance, workforce, and economic development organizations

STRATEGY 5 Build a network of culturally relevant Business Service Organizations (BSOs), enhancing the capacity to adapt their programs and operations to the needs in the region

- Drive flexible grants and opportunities to BSOs that appeal to minority groups
- Increase cultural competency trainings for existing BSOs to expand their appeal to minority businesses
- Connect regional business support organizations with corridor place-based organizations through this system
- Provide a forum to learn from others doing similar work

STRATEGY 6 Support efforts to expand housing affordability and climate resiliency options in business districts

- Explore 2nd floor redevelopment in minority-majority business districts
- Explore workforce housing and increasing density around anchor institutions and commercial corridors
- Drive funding to corridors for building energy upgrades and climate resiliency retrofitting



ABOVE: Buffalo Niagara Medical Campus

Economic Health & Inclusion: Existing Conditions

Regional Economic Development Council (REDC) Identified Opportunities & Strategies

The existing regional economic climate is largely spearheaded by efforts of Empire State Development, New York State’s economic development arm. The overarching statewide organization developed Regional Economic Development Councils (REDCs), with the key purpose of creating long-term strategic plans for regional economic growth. In 2011, the Western New York (WNY) REDC released its strategic plan, leveraging the region’s strategic advantages in key private industry sectors. These sectors include 1) advanced manufacturing, 2) agriculture, 3) bi-national logistics, 4) energy, 5) health & life sciences, 6) higher education, 7) professional services, and 8) tourism.

Within the WNY region, the City of Buffalo saw an economic shift around 2011 with the announcement of the Buffalo Billion. This initiative, spearheaded by the Governor, commits an historic \$1 billion investment in the Buffalo area, creating thousands of jobs and spurring a billion dollars of new investment and economic activity over the following several years. One avenue for organizations to access these dollars is through the Consolidated Funding Applications (CFA), where applicants are considered for multiple sources of funding by filling out just one application. According to the WNY REDC 2021 Annual Report², 803 projects were funded between 2011 and 2019 through the CFA process, supporting projects within these key industry sectors. Of these 803 projects, 91% of them are moving forward to contract phase or are completed. REDC used the 2020-2021 years to reflect on what the region needs to recover from the COVID-19 pandemic and spent time in planning and engagement for the following efforts: 2020 Western Economic Recovery Strategy, master planning process for the three East Side Corridor Economic Development Fund projects, oversaw the Downtown Revitalization Initiative (DRI) process in Niagara Falls, conducted stakeholder engagement for the Niagara Falls Strategic Economic Development Fund, and lastly, participated in other Buffalo Billion projects for the Buffalo Outer Harbor and ongoing activities on the Northland Corridor.

² [WNY REDC 2021 Annual Report](#)

³ [WNY Regional Economic Development Council Strategic Plan](#)



BELOW: Northland Workforce Training Center

Regionally, there is an additional push to strengthen three fundamental challenges in the job growth and wealth creation environments. The first being job readiness and specifically strengthening the pipeline between P-12 systems, higher education, and business. The second being smart growth, or reinvestment in urban centers, and the third is developing a culture of entrepreneurship by nurturing a risk-taking “ecosystem,” and offering practical business services.³

Workforce Development

Workforce development is an essential component of the region's economic development to support current and future business and industry jobs and job growth. Metrics regionally around preparing the workforce include an increase in minorities in the workforce by 3.4% between 2011 and 2018.⁴ The region's top 10 employers fall in the Health, Professional Services and Food Distribution fields: Kaleida Health, Catholic Health, M&T Bank, Wegmans Food Markets Inc., Tops Markets LLC, Roswell Park Cancer Institute, GEICO, Seneca Gaming Corp., MOOG Inc., HSBC Bank.⁵

After the Covid-19 pandemic affected our communities, new strategies have been identified by the WNY REDC. As a workforce initiative, REDC suggests improving the quality of technology sector training opportunities, providing opportunities for upskilling and reskilling of the workforce, and rethinking where training opportunities take place ensuring physical accessibility. They suggest expanding job training to be both virtual and remote, while also ensuring we have broadband infrastructure to support the growing need. Promoting and embracing an inclusive culture for the workforce across all sectors is crucial, while also appealing to diverse populations outside of the region, as WNY could be an attractive place for remote workers across the country.

Smart Growth

Smart growth is an approach to development that encourages a mix of building types and uses, diverse housing and transportation options, development within existing neighborhoods, and community engagement. After the pandemic arose, REDC identified making public infrastructure investments, like smart city infrastructure and broadband, available in all communities as a major smart growth goal. They suggest rethinking underutilized spaces and assessing opportunities for new uses of workplaces. Additionally, REDC suggests prioritizing the implementation of Complete Streets, while also encouraging cross-sector collaboration to create a sense of place and identity, ensuring no one gets left behind.

BROADBAND Reliable internet is a necessity to effectively work, learn, and communicate. Broadband and internet access are additional opportunities to expand economic growth and to foster more inclusive economic centers across geographies. As the world witnessed through the Covid-19 pandemic, internet access was not inclusive across communities, yet essential to participate in remote learning and work. Broadband specifically is a connection that is sufficient in speed and capacity that does not limit business application. Groups like Mission: Ignite and the John R. Oishei Foundation are spearheading regional initiatives to expand broadband to communities in need.

Digital access has risen to the forefront of critical needs because of the COVID-19 pandemic. According to a December 2021 article in Business First, "More than 108,000 households in Western New York don't have broadband internet connection. That's 17% of the region's total population, according to the New York State Digital Equity Portal." Furthermore, the article states "The percentage of households with no broadband at home generally correlates with a lower level of income." Effects of digital divide on businesses goes beyond companies simply having access to technologies. The gap also speaks to the varied technological skill levels that employees bring to the workplace.

BROWNFIELDS In WNY, brownfield remediation is also a strategy to increase smart growth. Due to land use and zoning practices, brownfield remediation is inextricably linked to equitable

⁴ [WNY Regional Economic Development Council Strategic Plan](#)

⁵ [Invest Buffalo Niagara](#)

development and environmental justice. Brownfields are hazardous waste sites, typically located in areas with good connections to local infrastructure. Brownfield remediation is a tool used for revitalizing industrial areas, where remediation prepares a previously hazardous site for redevelopment. Brownfields can support additional housing development and commercial development, while also cleaning up hazardous waste from urban centers, improving water and air quality for existing residences and businesses. Although the region has experienced 69.9% increase in remediated brownfield sites between 2011 and 2018, the region experienced a decrease in businesses in urban areas by -0.6%, and an increase in commercial vacancy by 1.7% between 2011 and 2018, highlighting the need to connect businesses with these remediated sites.

CASE STUDY

By 1930, Buffalo was a leading industrial center, and was divided into three sectors: the West Side, East Side and South Buffalo, with Main Street already established as a firm dividing line. The pattern of industry and housing on the West Side differed from the East, because several elites associated with the Olmsted Parkway System, college and hospital campuses, and upscale neighborhoods, discouraged factories to be built outside of the industrial belt along the Black Rock Canal, Niagara River, and Lake Erie. In South Buffalo, factories located in Lackawanna, a small industrial suburb.

On the East Side, the story differs. Factories could, and did, locate anywhere. Large manufacturing firms were scattered, with a heavy concentration below E. Delavan, where the Northland Campus and Beltline are now anchored. Homes were scattered between these industrial zones and railways. This story is not unique to Buffalo and can be seen in other parts of the region.

GREEN INFRASTRUCTURE. In 2019, the Buffalo Sewer Authority released the Raincheck 2.0 Opportunity Report: The Next Generation of Green Infrastructure in Buffalo.⁶ The report focuses on green streets, green demolitions and vacant lots, and management of stormwater runoff. A variety of existing initiatives could benefit from integration of green infrastructure and geographically overlaps with the Raincheck 2.0 recommendations: 1) Buffalo's Waterfront Revival, 2) Commercial Corridor Reinvestment, 3) Transportation Enhancements, 4) Environmental Sustainability initiatives like the Green Code and Olmsted Park system enhancements, 5) Strengthening City Neighborhoods through existing comprehensive plan updates, and 6) Boosting the Regional Economy through Buffalo Billion initiatives and Brownfield Opportunity Area remediation.

Further, the Raincheck 2.0 report outlines more equitable processes, inclusive of hiring workforce that reflects the communities in which they serve and providing direct opportunities to MWBE firms through procurement.

Beyond City recommendations, conversations with LISC partner corporations like General Motors indicate that there are goals in place to move towards an Electric Vehicular world by 2025. Between 2020 and 2025, GM will invest \$35 billion in EV and AV product development spending, exceeding GM's gas and diesel investments. Their plans include making their Factory ZERO and Springhill, Tennessee plants dedicated to electric vehicle production.⁷ Catering to these green infrastructure goals with amenities like charging units could help position the region to be forward thinking in climate justice and sustainability.

⁶ [Raincheck 2.0 Opportunity Report: The Next Generation of Green Infrastructure in Buffalo](#)

⁷ [General Motors](#)

Entrepreneurship

Entrepreneurship translates the region’s innovation and talent assets into new businesses and jobs. Entrepreneurship is important, as it can improve standards of living and create wealth, not only for the entrepreneurs but also for related businesses through supply chain demands. Though start up entrepreneurial strategies are outlined within the WNY REDC plans, there is no identified strategy to support small and medium sized existing businesses in their entrepreneurial pursuits and growth, identifying a gap in business supports.

When the Covid-19 pandemic swept the nation, the WNY REDC puts a specific focus on tradable sectors, focusing on manufacturing, agriculture, and tourism. They suggest re-building the manufacturing workforce pipeline, planning for future leadership and succession in the manufacturing industries, and suggest coordinating efforts within the manufacturing sector. In the agricultural field, they suggest building the next generation of farmers through workforce development training programs, and keeping the supply chain strong by addressing gaps, shortages, and bottlenecks. Working towards greater DEI in agriculture through programs that support communities of color is also a key piece in rebuilding the agriculture and food systems pipeline. Lastly, a focus on tourism is presented by marketing WNY as a safe travel destination, rethinking the physical and virtual landscape so people can visit the region’s attractions and businesses safely, and establishing technical assistance initiatives and resources to aid the industry with resiliency.

Covid-19 Realities & Additional Priorities

With the onset of Covid-19, the WNY REDC released a 2020 Economic Recovery Strategy for the region.⁸ The recovery document fills some of the gaps that were witnessed through the Covid-19 era. For instance, the document states that placemaking and public space is still needed and pivotal, but broadband access has been highlighted as an amenity that must be incorporated

According to the Wilson WNY Small and Medium Enterprise Ecosystem Assessment, the highest share of people of color business owners resides in the 1) accommodation and food, 2) retail trade, and 3) transportation/warehousing industries.⁹ These three industries are largely omitted from the priority industries within the WNY Regional Economic Development Council’s goals. They were also among the top 10 industries most heavily hit by the pandemic as seen in Graph 1.

GRAPH 1
Unemployment Claims in NYS and Low-Income Jobs Lost in WNY Due to COVID-19, Hardest Hit Industries, July, 2020

* WNY REDC Target Industry Sector
SOURCE: NYC DOI, Weekly Unemployment Claims, July, 2020. March 8–July 25, 2020; Urban Institute, Where Low-Income Jobs are Being Lost to COVID-19, Census Tract data, July, 2020

Industry	NYS Unemployment Claims	Low Income Jobs Lost in WNY
Accommodation and Food Services*	463,176	26,350
Health Care and Social Assistance*	361,345	6,646
Retail Trade	352,388	8,536
Administrative and Support Services*	256,337	4,762
Construction/Utilities*	218,598	2,562
Manufacturing*	149,976	3,159
Other Service*	147,855	6,152
Transportation and Warehousing*	140,657	3,417
Educational Services	121,187	1,944
Professional, Scientific & Tech.Srvcs*	113,851	988

8 2020 Economic Recovery Strategy

9 Wilson WNY Small and Medium Enterprise Ecosystem Assessment



ABOVE: Youth Workforce Training. PHOTO COMPLIMENTS OF THE BUFFALO COMMONS PHOTOBANK

within these spaces. There is a strong focus on fully embracing and immersing in technology to prosper in a post-covid economy. The document also focuses on committing to investing in communities of color most affected by the pandemic, along with a heightened focus on small business support and business succession.

Key economic metrics that shifted between 2019 and 2020:

- Employment decreased regionally by -8%
- Unemployed workforce increased by 228%, wiping out the 17,700 jobs added between 2011 and 2019 by more than double
- Unemployment rate increased by 9.3%
- The labor force increased by 2%, adding over 10,000 workers in the labor force. This is due to gig workers turning to the regional labor force.

The toll on travel and tourism is also a particular challenge for WNY, considering tourism and visitor spending accounts for 60,000 jobs across the region in 2018, and generated over \$386 million in tax revenue. Of the 10 regions in NYS, WNY is the second largest tourism-focused region after the Mid-Hudson Region of New York.

INNOVATION & TECHNOLOGY. Innovation is a value that was incorporated after Covid-19 changed the world. The WNY REDC suggests taking advantage of product innovations that leverage the digital age, while seeking collaborative and creative solutions in R&D to ensure the region is thinking ahead. They suggest targeting efforts for startups that reached a sustainable threshold just before the pandemic, while developing programs and providing technical assistance for traditional companies as they rethink their business models.

CHILDCARE. Childcare has been escalated to be considered an essential workforce support and economic driver. Childcare is identified as a statewide priority in the updated REDC progress reports that highlights the pressure families experienced during Covid-19. For women caregiving and careers are intertwined, as they are much more likely to be serving as the primary childcare giver in the household. According to research commissioned by American Express, entrepreneurship is pursued by women to allow for flexibility to accommodate childcare needs.¹⁰ It is estimated that 1 in 3 businesses is owned by a mother. This portion may grow because of the pandemic. Childcare accessibility and affordability can alleviate stress and financial burden.

New strategies are incorporated, including expanding access to high-quality affordable childcare, providing robust support to childcare providers and household caregivers, and seeking innovative solutions to develop the childcare workforce, among others. In 2020, a new WNY REDC childcare workgroup was put into action to address the main challenges. Childcare has newly been prioritized as an integral part of community infrastructure, in-migration, talent attraction and business growth. The REDC suggests that placement of childcare facilities should be integrated in conversations about mixed use facilities, transit-oriented development and in business centers.

CASE STUDY

By In 2021 the Western New York Women’s Foundation (WNYWF) partnered with the Buffalo Niagara Medical Campus (BNMC) and the Local Initiatives and Support Corporation (LISC) WNY to participate in the LISC National Building Innovation for Equitable Child Care program (BIEC). BIEC funds pre-development expenses for innovative mixed-use projects that incorporate childcare and support both a resilient childcare system and broader community development strategies. This program is being piloted in Buffalo’s Fruit Belt district, a childcare desert where estimated demand exceeds supply by more than 500 slots. With both technical and organizational support from LISC National and consultation from an Early Childhood Education (ECE) expert, the WNY team was able to focus on building a local project Steering Committee, bringing regional and local information regarding the childcare landscape and community development to the feasibility report, and generating pre-release receptiveness and readiness for the report as a stepping stone to implementation.

ECONOMIC AND ENVIRONMENTAL JUSTICE STRATEGY. The 2021 REDC Progress Report highlights sustainability stating, “Sustainability projects that promote environmental, social and economic health, by their very nature, create resiliency so that communities can more effectively rebound from crises.”

The New York State Climate Leadership and Protection Act set ambitious goals including dramatic reductions in the use of natural gas for buildings, beneficial electrification, and renewable energy development. Critically important, 40% of climate act investments must be targeted in support of disadvantaged communities. In accordance with the Climate Act, the New York State Climate Action Council is developing the State’s Climate Action Plan in 2022. The Climate Action Plan represents a critical opportunity to equitably address housing conditions and help residents and neighborhoods respond to our changing climate. They also represent a tremendous opportunity to develop and support BIPOC energy and climate-focused businesses.

10 [American Express](#)

Underlying Opportunities.

The following opportunities are underlying in the regional economic development landscape and can be pulled out stronger in support of BIPOC businesses.

Government Spending & Procurement

While many private sector jobs and industries are raised through the WNY REDC's strategies and the Buffalo Billion initiative, there are additional opportunities that were not as readily identified. First and foremost, public monies via government spending are large cash opportunities that cannot go undiscussed. Each year, billions of dollars are spent on government contracts, infrastructure and transportation projects, health care, and education. In 2021 Fiscal Year, New York State's budget was a whopping \$164 billion dollars.¹¹ Who the government selects for large contracts, what companies are hired for infrastructure projects, and from where, are all economic opportunities for businesses in the region.

In Western New York the construction industry has a significant impact on the economy, jobs and local wealth creation. In addition to REDC initiatives, the American Rescue Plan and the 2021 Infrastructure Law increased the pipeline of projects in this industry. It is anticipated there will be increased opportunity for minority-owned firms since the city and state governments will now have increased funds to carry out major development and projects to improve vital infrastructure.

In 2018, Policy Link issued a study on Inclusive Procurement which surveyed the landscape on contracting policies and practices in the infrastructure and construction industries, with a goal to specifically determine how to best position disadvantaged businesses to effectively compete for large scale construction projects.¹² Findings about current practices included, but was not limited to, the following:

- Large infrastructure projects tend to favor large prime contractors and unions, which have historically excluded MWDBEs.
- Large-scale public- and private-sector projects increasingly require more sophisticated, automated business systems to handle estimating, project management, and project data for larger projects.
- There is no succession plan or pipeline to continue to build contractor capacity and community wealth. While first-generation MWDBE contractors and procurement professionals have gained knowledge and expertise and have benefitted substantially from the practices and policies of the 1970s, they are aging out.
- The size and structure of infrastructure projects exceed most MWDBEs' bid capacity as subcontractors, much less as primes.

The Policy Link study highlighted recommendations that have been echoed in LISC listening sessions with contractors and professional service providers in Western New York.

- Engage community organizations to align community and business networks and resources to assist contractors in reaching their MWDBE goals.
- Provide more granular data on projects with long-term horizons including the timing and range of opportunities over the arc of the development.

¹¹ [US Government Spending](#)

¹² [Policy Link Inclusive Procurement Study](#)

- Facilitate joint venture projects between large and small firms to create a performance record of increasing size and complexity. A third-party facilitator or best-practices guide might assist in ensuring non-exploitative practices.
- Provide support for bidding and managing projects with different delivery methods, such as indefinite quality contracts, project labor agreements, and public-sector projects.
- Offer more hands-on coaching and pooling of capital in innovative ways. Access to bonding, insurance, and capital remains a legacy supply-side problem for MWDBEs.
- Develop a community of practice to facilitate cross-sector training and sharing of best practices on a geographic basis.

Public works programs have long struggled to achieve targeted inclusion and local economic impact goals. The region could benefit from conducting an extensive research effort throughout the Great Lakes, particularly Syracuse, Rochester, Cleveland, Detroit and Milwaukee to uncover examples of projects and programs that have successfully overcome inclusion challenges both internally and externally.

Supporting Industries with High Levels of BIPOC Entrepreneurs.

According to the Wilson WNY Small and Medium Enterprise Ecosystem Assessment, the highest share of people of color business owners resides in the 1) accommodation and food, 2) retail trade, and 3) transportation/warehousing industries.¹⁴ These three industries are largely omitted from the priority industries within the WNY Regional Economic Development Council's goals, and were among the top 10 hardest hit industries during the Covid-19 pandemic.

As a case study, the WITHIN East Side¹⁵ geography covers about 9 distinct minority-majority neighborhoods. Based on 2021 data, only 9% of businesses in these neighborhoods falls within the WNY REDC key industries. There could be potential to elevate these industries on the regional scale, knowing there is such a high concentration of businesses owned by people of color in these industries. Understanding how other minority-majority neighborhoods in the region fare in relation to the REDC key industries would help us understand whether the region's goals are supportive of Black and brown businesses and neighborhoods. This can be seen more closely in Figs 21–23 in the WITHIN East Side Neighborhood Plan.¹⁶ We further need to support those industries that have movement and desire to build better infrastructure. Using the WITHIN East Side Neighborhood Planning process as a case study, one example of this is the creative and cultural economies.

Creative & Cultural Economies

CREATIVE & CULTURAL ECONOMIES DEFINED. Though there are many definitions and interpretations for the creative economy, for the purposes of this report, the creative economy includes sectors whose goods and services are based on intellectual property. The creative economy occurs where individual creativity is the main source of value and cause of a transaction.¹⁷ Examples include:

- Architecture & Landscape Architecture Firms
- Artisan Markets & Makerspaces
- Broadcasting & A/V Services

As a case study, the WITHIN East Side geography covers about nine distinct minority-majority neighborhoods.¹³ Based on 2021 data, only 9% of businesses in these neighborhoods falls within the WNY REDC key industries.

13 WITHIN East Side

14 Wilson WNY Small and Medium Enterprise Ecosystem Assessment

15 WITHIN East Side

16 WITHIN East Side

17 Howkins, J. (2002). *The creative economy: How people make money from ideas*. Penguin UK.

- Design Services
- Performing Arts Businesses
- Publishing & Printing Services
- Retail Galleries

Cultural industries are a subsection of the creative industries. It includes cultural tourism & heritage, museums & libraries, sports & outdoor activities and “way of life” activities that deliver value in cultural and social wealth, rather than primarily providing monetary value.

- Culinary Arts
- Cultural Centers
- Cultural Businesses
- Libraries
- Museums
- Historically significant cultural sites & Historic building preservation

CREATIVE & CULTURAL ECONOMIES AS A COVID RECOVERY STRATEGY. The WNY Nonprofit sector is a \$352.1 million industry. These industries support placekeeping initiatives, a priority of the WNY REDC. As more placekeeping projects are available, creative industries and culture-bearers are natural talent to gain these contracts and lead placekeeping efforts in Covid-19 recovery. Currently, a study on the for-profit industry sectors is not publicly available, but would benefit the region by providing a view of the full landscape.

Analyzing the creative and cultural economy, inclusive of for-profit institutions allows us to amplify placekeeping as a strategy and allows us to create infrastructures to support this segment of the workforce. Understanding where these creative and cultural economy businesses and institutions are located allows us to build geographically relevant support systems and connections with vacancies and commercial districts close by.

Several cities around the country have developed systems to integrate light manufacturing and creative industries as potential ways to fight blight and support business districts as cultural centers of historic and creative vibrancy. The Minneapolis Creative Index is one example of a creative industry report that is used to analyze the sector in Minneapolis.¹⁸

As part of the Covid-19 recovery platform, several statewide initiatives have been deployed to support artists and culture bearers. One of which is the Creative Rebuild New York (CRNY) program, a \$125 million initiative provided guaranteed income or employment opportunities to artists.¹⁹ Conceived and funded by The Andrew Mellon Foundation, with support from the Ford Foundation and Stavros Niarchos Foundation, CRNY is led by a think tank of artists and arts leaders dedicated to securing the future of New York State artists as part of a Covid-19 recover strategy. In addition, the New York State Council on the Arts (NYSCA) provides funds for individual artists and arts and cultural organizations statewide. In 2022, an historic NYSCA budget of \$140 million for the arts was dedicated to fuel the cultural recovery of New York State.²⁰ These funds provide flexible operating dollars, regrowth and capacity enhancement dollars, support for partnerships, and programming dollars.

18 [Minneapolis Creative Index](#)

19 [Creative Rebuild New York](#)

20 [NYS Council on the Arts](#)

21 [NYS Council on the Arts](#)

Additionally, the LISC National Creative Placemaking team has been working with cohorts across the country to better understand how the arts play a role in income and wealth building within



In 2022, an historic NYS budget of \$140 million for the arts was dedicated to fuel the cultural recovery of New York State.²¹



21 NYS Council on the Arts

The Broadway Sattler Theater Renovation

communities of color. The cohort, titled the 'Arts & Wealth Building Learning Lab' serves as a mechanism to bring together arts organizations and community development wealth building systems. It aims to deepen the relationships between arts organizations larger systems, analyzes gaps and opportunities to create stronger pathways for individual wealth building and training, co-creates a methodology for measuring systems change impact, and creates pathways for quality jobs with good wages and benefits.

Strengthening Commercial District Infrastructure

As outlined by REDC, high growth companies are strongly supported in regional goals and priorities, though small existing businesses are largely omitted. Although small businesses may not grow exponentially like high growth companies, they are the life blood of neighborhoods, providing wealth to local families and jobs to residents and neighbors. They also aid in the placemaking goals of the region through their ability to create vibrant commercial districts.

By building better infrastructure for commercial districts, small businesses have a better chance of succeeding, while also bolstering the placemaking goals of the region. The National Main Street Center provides a proven methodology for corridor revitalization.²² The Main Street America Program is a tool that could be implemented statewide to support small businesses in rural and urban settings, and from upstate to downstate corridors.²³

Building ownership, business succession and co-operative ownership models are additional tools that may be integrated and explored through the lens of small mom and pop businesses looking for ways to expand wealth within their neighborhoods.

Build Connectivity between Business Support Organizations and Small Businesses

Achieving minority business development and wealth-building initiatives are critical strategies to shift local paradigms of racial inequities in WNY. In recent years, WNY has made significant strides towards increasing business support systems.

In 2018, a partnership between the Ralph C. Wilson, Jr. Foundation and Next Street, led to the development of the Wilson Small Medium Enterprise Ecosystem Analysis.²⁴ The analysis addresses the questions of: 1) What does the Small Medium Enterprise (SME) community look like in WNY, considering sector, size, stage and workforce characteristics; 2) What is the current state of the business support and capital ecosystem in WNY based on entrepreneurial need; and 3) Where are there needs/gaps and opportunities to act?

Findings show that Niagara, Erie and Monroe Counties are siloed in their own bubbles, limiting collective opportunities with physical and mental divides existing between Niagara Falls, Buffalo, and Rochester communities. There is also a widespread perception that the region suffers from lack of collaboration and coordination of macro-economic development efforts across and within major metro areas, exemplifying the need to have more formal coordination and convening to eliminate the duplication of services. The Wilson report states, "For a SME ecosystem to be 'best in class,' it must have offerings specialized by segment, stage of business and demographic characteristics." Findings within the report show that very few business service organizations (BSOs) have a specialization.

22 [National Main Street Center](#)

23 [Main Street America Program](#)

24 [Wilson WNY Small and Medium Enterprise Ecosystem Assessment](#)

Contributors to the report expressed a strong desire to have a single resource guide for business owners to help them understand service offerings. One option that has been adopted in other WNY cities is SourceLink.²⁵ SourceLink is a company that provides the digital infrastructure that cities can adopt to develop online support portals, connecting entrepreneurs with business supports.

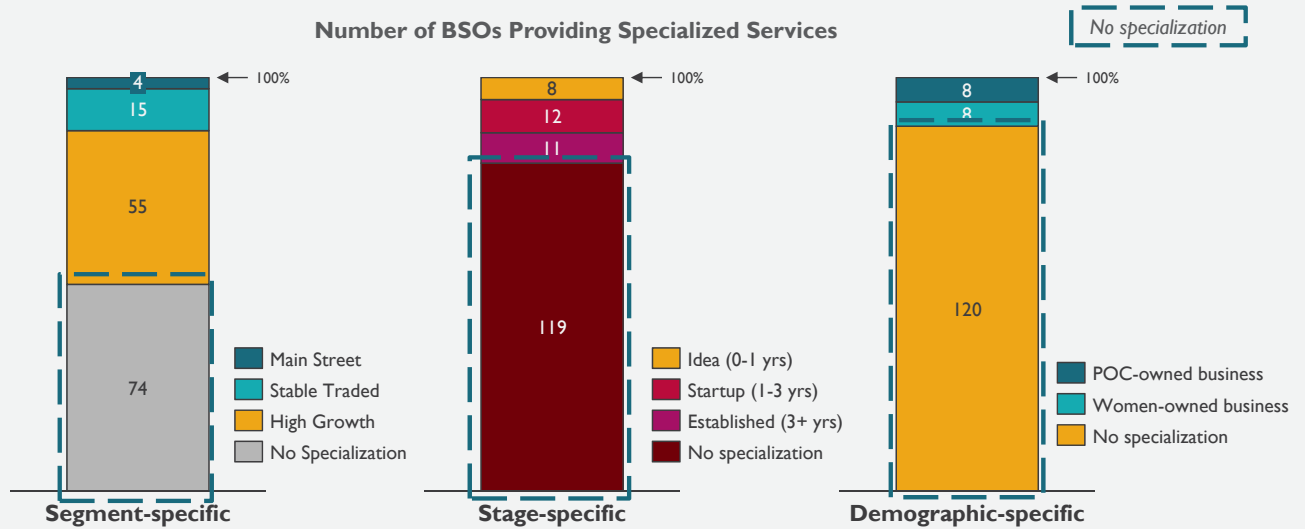
The Wilson SME Ecosystem report highlighted a variety of gaps and opportunities for consideration:

First, a strong focus on inclusive entrepreneurship and Main Street support is needed. This includes cultivation of culturally relevant BSOs, increased funding for BSOs, cultivating high-capacity CDFIs because friends and family capital is lacking, helping to align available jobs and well-trained workers to replace retiring populations, and increasing financial readiness pathways.

Second, there is currently no organized mechanism to connect SMEs with stable contracts through larger corporations or anchor institutions, which are growth catalyzers for small and medium enterprises. Small and medium manufacturers lack clean industrial space and a need for funding for next-generation workforce development initiatives. Lastly, there is minimal programming targeted at addressing challenges in jumpstarting legacy manufacturers.

25 SourceLink

BUSINESS SUPPORT ECOSYSTEM: SPECIALIZATION



Illustrative Examples

<p>Main Street</p> 	<p>Idea</p>  <p>Startup</p>  <p>Established</p> 	<p>POC-owners</p>  <p>Women-owners</p> 
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SOURCE: Wilson WNY Small and Medium Enterprise Ecosystem Assessment



ABOVE: Celebrating Fillmore Forward's Storefront Improvement Program

The third set of opportunities focuses on high growth incubation and scale. Added support is required for early-stage companies. Meanwhile, there is limited attention on sustained growth and innovation of established enterprises. Finally, intentionality for creating on-ramps for individuals from underrepresented communities is lacking in the business service offerings.

The fourth and final set of opportunities from the Wilson SME Analysis has suggestions around business and capital supports. Added coordination around business services and financial service offerings can help minimize duplication, and an easily navigable resource for business owners is a growth opportunity for the current ecosystem.

Similar findings were affirmed in 2019, when Forward Cities was engaged by LISC to work with a group of cross-sector stakeholders in Buffalo to develop a set of strategies to strengthen the city's inclusive entrepreneurial ecosystem. The final reporting showed an earnings gap ratio of \$1 (White Male) : .78 (white female) : .71 (Black Male) : .63 (Black Female).²⁶ The report also showed self-employed men to women was almost double at a 24,116 : 12,540 ratio. For every 1,000

residents in 2019, there were 3.6 female business owners to 14.6 male business owners. Lastly, for every 1,000 residents in 2019, there were .9 Black business owners to 11.0 White business owners.

Barriers posed were both race-based opportunity gaps and practical support gaps. Racial gaps include: 1) Systemic evidence of wealth/opportunity gaps as seen by the geographic framing of the city, along with various race-related reports, 2) Limited access to business advancement with minorities underrepresented in high paying industries, 3) Absence of trust across subgroups

Practical support gaps include: 1) Lack of accessible transportation solutions, with minorities living further from commercial zones and spending 17% more of their income on transportation than the white population, 2) Small proving ground for underrepresented populations to start a business, with access to business supports being limited to rising African American entrepreneurs.

Anecdotal evidence, as well as findings from Forward Cities, suggests that communities of color shy away from the business supports housed in large institutional organizations. A report by the Greater Buffalo Racial Equity Roundtable notes that public institutions were largely created in an era that did not consider diversity and equity as public mandates and suggests that public institutions should explicitly name equity as an important tenet to their strategy and operations.

²⁶ LISC – Forward Cities
Inclusive Entrepreneurship
Groundwork Initiative

Housing Affordability as an Economic Driver

Affordable and stable housing has long been associated with positive health and economic outcomes for individuals and families. Yet, similarly to broadband, housing can be viewed as an infrastructure investment. Having sufficient supply of housing affordable to households along the income spectrum is also critical to support a vibrant local economy.

Housing affordability is measured by the percentage of cost-burdened homeowners and renters, defined as the proportion of households paying 30% or more of gross income toward owners' costs or rents. Housing affordability supports diverse jobs and wage levels, attracts and retains workers, and is widely acknowledged as essential to boost density, entrepreneurship, and economic growth. The development and rehabilitation of affordable housing generates local jobs and allows householders more disposable income to purchase goods and services in the local economy.

Without healthy and safe affordable places to live, both at the region and individual levels, communities cannot compete in the workforce. Several research studies provide evidence that an increase in homeowner and renter cost burden has a statistically significant adverse effect on business growth.^{27 28} Further, lower-wage workers are first to feel the pressures of higher rents and prices; this can include workers in the retail and restaurant sector, childcare workers health sectors and tourism. As workers have a harder time finding places to live, businesses have a harder time finding workers to hire.

In several WNY communities, householders are rent burdened, paying more than 30 percent of income on rent. Black and Latino households are more likely than White households to be cost burdened regardless of whether they rent or own. In addition, a number of homes in Buffalo's neighborhoods receiving less resources do not meet the definition of a healthy and safe home: dry, well ventilated, pest-free, hazard-free, well maintained, and able to protect residents from extreme heat or cold. This is complicated by the fact that most residents in Buffalo's

27 T and F Online Journal: [Housing Affordability & Economic Growth](#)

28 Sage Publications: [A Regional Analysis of the Relationship Between Housing Affordability and Business Growth](#)

The Erie Niagara Regional Housing Market Study documents a shortfall of approximately 76,000 affordable housing units, impacting over 150,000 individuals.



disadvantaged areas do not own the housing in which they live, cannot afford to make necessary renovations to their homes, or find it difficult to get financial assistance to make housing improvements.

Despite the many benefits, the costs to construct affordable housing can be untenable and presents significant hurdles to our communities. In a 2021 LISC research focus group of local minority developers, it was explained that incentives provided by lenders support housing subsidies that assume a housing project only, without consideration for commercial or mixed-use developments, making a neighborhood of residential units with goods and services nearby harder to finance. We also discovered through the focus group that you cannot combine funding sources for development, making it difficult to round out the capital stack (ie. If you receive funds from BURA, you cannot receive funds from ESD for the same project). It was also reported that several financial instruments and support agencies for minority developers don't operate well in smaller markets.

Regional Economic Inclusivity

Economic Inclusivity Defined

An inclusive economy seeks to lift a community that has suffered from generations of disinvestment and racist public policy. It minimizes inequality in neighborhoods, and for individuals, who are susceptible to systemic inequality. Economic *exclusion* is harmful to the economy as a whole. Inequality strains our economy's health and region's competitiveness.

Though there are many definitions of 'Inclusive Economy,' the Rockefeller Foundation provides five key characteristics of what makes up an Inclusive Economy:

- 1. Participation.** People are able to participate fully in economic life, with the ability to access and participate in markets in all forms – workers, consumers and business owners.
- 2. Equity.** Opportunities are available to enable upward mobility for more people, allowing all segments of society to partake in these opportunities. All people have equal access to an economic foundation, make up of access to public goods, services and infrastructure like public transit, education, clean air and water.
- 3. Growth.** An economy growing in not only goods and services that enable broad gains in income, but good job and work opportunities are growing, economic systems are transforming to allow for growth of opportunities, and economic growth is not only captured by GDP, but includes and measures outcomes that capture overall well-being.
- 4. Stability.** Individuals, businesses, communities, and governments have an increased ability to predict the outcome of their economic decisions. Individuals, households, communities and enterprises are secure enough to invest in their future and are resilient to shocks and stresses.
- 5. Sustainability.** Economic and social wealth is sustained over time, maintaining inter-generational well-being. In the case of natural capital, human use preserves or restores nature's ability to produce goods and services, enforcing incorporation of long-term costs and benefits in the decision-making process.



Economic Inclusivity Indicators

According to the WNY REDC 2011 Strategic Plan, WNY's workforce was relatively homogeneous compared to the state and US in 2009.²⁹ Making strides toward a more inclusive environment has been a priority, as outlined in the WNY REDC's 2019 Progress Report.³⁰ Between 2011 and 2017, WNY saw an increase of 3.4% in minorities in the workforce, bringing the region to a record high of 17%. The Labor Market Analysis goes on to express that jobs in advanced manufacturing, which requires specialized training for workers, pay on average nearly \$15,000 above the regional annual average. Further, salaries in the life sciences industry range from \$25k to \$100k+, offering varied career options. Understanding how different racial groups are concentrated in these industries is crucial to advance an inclusive economy.

There is also a stark contrast in the wage gap for high-paying jobs. It is documented that Black people participate in higher number in the early career stages of the pipeline but fall away dramatically in the senior ranks, whereas Asians fare much better in senior leadership. It is also documented that proportionally, Black people are more likely to be found in larger companies than start-ups. These factors indicate that it would be advantageous to the region to study the talent pipeline from entry to executive level.

²⁹ [WNY REDC Strategic Plan](#)

³⁰ [WNY REDC's 2019 Progress Report](#)

Conclusions & Next Steps

Overall, this Economic Inclusion Analysis was designed as a regional overview to examine how economic regional priorities support small and medium sized businesses owned by Black, Indigenous, and People of Color (BIPOC). It provides an overview about the state of the regional economy with a racial equity lens, assessing how BIPOC-owned businesses and commercial districts in communities of color benefit from the region's economic growth.

Beyond the WNY REDC's target market areas, underlying opportunities are called out within the report as opportunities to strengthen the landscape for businesses owned by people of color. These underlying opportunities include:

- Government spending & procurement
- Supporting industries with high levels of BIPOC Entrepreneurs
- Strengthening and supporting the creative and cultural economies as a Covid-19 recovery and placekeeping strategy
- Strengthening Commercial District Infrastructure
- Build Connectivity between Business Support Organizations and Small Businesses
- Focus on housing affordability as an economic driver

As we have come to understand, while the region has accelerated growth in the key industries outlined by the WNY Regional Economic Development Council, neighborhoods concentrated with people of color may not always see that economic growth. For example, in Buffalo's Near East Side in 2021, only 9% of existing businesses fall within the WNY REDC key industry sectors.

With an understanding that businesses led by people of color lead in the accommodation and food, transportation and warehousing, and retail trade industries, there could be potential to elevate these industries on the regional scale, ensuring these business sectors are brought into the region's economic strategy. We further need to support those industries that have momentum and desire to build better infrastructure, such as commercial district organizations and creative and cultural economy for-profit businesses. In tandem, there need to be stronger pathways for people of color to enter the regionally defined target industries.

Understanding how other minority-majority neighborhoods in the region fare in relation to the region's key industries would help us understand whether the region's goals are supportive of Black and brown businesses and neighborhoods.

Appendices

APPENDIX A

Research Methodology

Document Review & References

- All References here 1-32

Data Driven Mapping Exercises

- Figs 21-23 in the [Economic Inclusion](#) section of the WITHIN East Side Neighborhood Plan map and identify connectivity between the regional key industries of focus and the realities for businesses in neighborhoods of color.

Formal Interviews & Community Discussion

- The reports and data referenced above were partnered with focus group discussions, one on one individual meetings, and group meetings with partner organizations. These conversations began in 2018 when LISC partnered with Forward Cities to explore the inclusive economic landscape. Between 2019 and 2022, LISC did extensive listening with community and regional partners in support of the WITHIN East Side planning process. The qualitative data highlighting lived experiences of our neighbors, partnered with the data-driven reports listed above culminated in this Economic Inclusion Analysis.

APPENDIX B

Acknowledgements

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APPENDIX C

East Side Neighborhood Plan Companion Document

[Read the report](#) ►►



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