

Commercial Affordability for Black Businesses in Atlanta

Policymakers and practitioners generally define levels of housing affordability through the Area Median Income (AMI). However, more work needs to be done to establish a similarly straightforward definition of **commercial affordability** that reflects the conditions Black businesses face in rapidly gentrifying neighborhoods. A general rule is that businesses should pay no more than 10% of their annual revenue toward rent. Trends for brick-and-mortar commercial activity among Atlanta's Black business owners are essential to study and monitor to assess the economic mobility of Black residents in the city.

Historically Black Commercial Corridors (HBCCs) offer insightful lessons for supporting Black businesses and residents. These corridors are not limited to the conventional notion of 'Black Wall streets,' but reference a more comprehensive understanding of commercial districts serving Black patrons, business owners, and the extended community throughout generations.

Recommendations

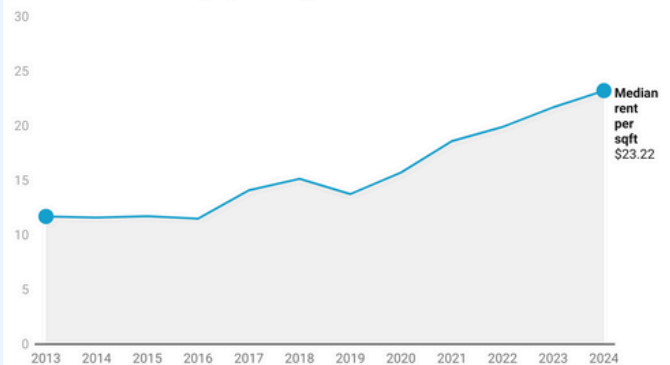
Pilot methods for achieving affordable commercial space: A definition of affordable commercial space does not currently exist as an industry standard, but multiple vehicles have been suggested. Some considerations include increasing access to tenant improvement funds, negotiating leases based on a percentage of sales, and developing subsidies that support businesses hiring locally and serving communities at 60% or below the AMI.

Enact a Legacy Business Program to support business Historically Black Commercial Corridors: Businesses that have served Black residents for decades are pillars of the community, provide vital resources, and help retain cultural significance. Anchor institutions of 15 years or more can be supported through this program that may offer landlords subsidies to keep long-term businesses in place, provide marketing and technical assistance, offer grants for renovations, and more.

Partner with local mission-driven developers to develop smaller square-footage retail space and community-owned real estate: The current market availability for retail space often offers too large a footprint for small business owners. This challenge can be addressed by working with local developers seeking to develop small land plots. Their mission-driven and community-based approaches align more closely with residents' perspectives within a given neighborhood. This can enable the construction of micro-retail spaces and mixed-used developments that offer more affordable commercial space for entrepreneurs. Investments in commercial land trusts and other models of community-owned commercial real estate can further these models.

Commercial rents in Atlanta's majority Black neighborhoods are rising fast

Between 2013-2024, the median commercial rent* in Atlanta's majority Black neighborhoods increased 98%. During that same period, the highest annual rate of change in commercial rent was 2.26 times more for majority Black neighborhoods than for all others.

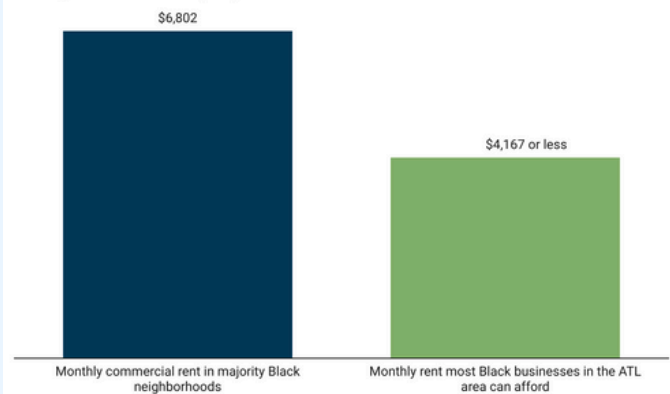


*Commercial rent calculations are based on the median rents of available commercial space marketed for retail use only as of Q1 2024.

Chart: Atlanta Wealth Building Initiative • Source: CoStar | American Community Survey • Created with Datawrapper

Commercial rents in majority Black neighborhoods are too high for most Atlanta Black businesses

Median commercial rents* in Atlanta's majority Black neighborhoods compared to 10% of the monthly revenue** of most (62%) Black owned businesses in the area.



*Commercial rent calculations are based on the median rents of available commercial space marketed for retail use only as of Q1 2024. **Data based on employer-firms only. Most Black-owned businesses in Atlanta earn less than \$500,000 annually, with the greatest distribution among businesses earning between \$100,000 - \$249,000 per year.

Chart: Atlanta Wealth Building Initiative • Source: CoStar • Created with Datawrapper