

Yesler Terrace Economic Development Project

Full Report – Phases I and II

To the Seattle Housing Authority

By

The Innovation and Entrepreneurship Center

Seattle University / Albers Business School

December 1, 2014



**INNOVATION &
ENTREPRENEURSHIP
CENTER**

SEATTLE UNIVERSITY ECONOMIC DEVELOPMENT PROJECT

For The Seattle Housing Authority

Executive Summary

The Seattle Housing Authority (SHA) engaged the Seattle University (SU) Albers Innovation & Entrepreneurship Center (SU IEC), via a JP Morgan Chase grant, to conduct an economic development project (SU/SHA Project) to support the current Yesler Terrace neighborhood revitalization initiative. Over the next few years, the SHA will replace 561 housing units that are past their useful life and, according to its vision, will create a “diverse, connected, safe and sustainable neighborhood of choice for people of all backgrounds and incomes, adjacent to downtown and major regional employers, for the benefit of the entire city.” The new Yesler Terrace will include a mix of low-income and market rate housing units, developed by developers including Vulcan and Spectrum, with a nearly ten-fold increase in population density.

This SU/SHA project’s short-term objective was to support the Yesler Terrace resident-owned businesses to grow and thrive during the early stages of the SHA redevelopment (Phase I) and to assist the SHA in finding and supporting businesses to thrive in the newly developed commercial retail space (Phase II). The project’s longer-term objective was to create a sustainable model for how Seattle University can successfully partner with local and state organizations to catalyze the economic growth and development of its neighborhood. The next section includes the project’s plan.

The SU/SHA team included seven Seattle University students from the Albers business school, a variety of local subject matter experts, including UW’s Michael Verchot, Inside Works LLC, Barry Blanton, and the SU IEC director. The team conducted secondary and primary research among Yesler Terrace resident business owners during the summer of 2014, followed by technical assistance in October and November 2014. The affordable retail analysis took place during fall of 2014.

Special acknowledgments and gratitude to: SU’s student team (Juan Arango, Diane Fisch, Hannah Tsai, Bradley Brown, Laura Delgado, Emily Allen, and Cathy Phan), Inside Works LLC (Brian Jaeger, Margo Robb), UW’s Michael Verchot, Blanton Turner’s Barry Blanton, JP Morgan Chase and to the SHA team.

Phase I: Yesler Terrace Resident-Owned Business Inventory and Technical Assistance

The SU IEC team identified 36 Yesler Terrace resident business owners who were living in the neighborhood or who had been recently relocated (26 female childcare providers, 8 male taxi/limo drivers, and two male service providers). During the summer of 2014, the team conducted a group session among 16 of the childcare providers, followed up by phone interviews with the drivers and service providers, to better understand their situations and current needs. The team contracted Inside Works LLC to provide technical assistance to these business owners during October and November 2014, primarily through one-on-one interviews with 15 individuals, as well as a group session with 8 individuals. Somali translation services

were available throughout the process. Shown next are the key observations, conclusions, and recommendations from this Phase of the project.

Key Observations

- The impending 2017 GED requirement (or equivalent) for in-home childcare providers is a big concern for the interviewed childcare providers. Very few of them, if any, will be able to take the time away from their families and businesses to complete the requirement, which is very rigorous. As such, many of these women will no longer be able to legally operate their childcare businesses in the near future.
- In group formats, the childcare providers expressed frustration and angst in the face of both the GED requirement and the SHA's announcement of the Stepping Forward program.
- The male resident business owners expressed concerns about their future in light of the redevelopment (limited parking), Uber/Lyft competition, and future career options. In addition, having a consistent, relatively inexpensive place to park a taxicab or town car is important to their success, as is a consistent/stable home base.

Conclusions and Recommendations

- There remains an ongoing need for technical assistance for existing business owners who seek business continuity and growth during the Yesler Terrace redevelopment.
- Future training/TA sessions should include one-on-one or very small group formats that are simple, clear, and easy to follow. Recommended topics include job training for careers/businesses beyond in-home childcare, as well as ways to maximize their business revenue prior to the 2017 GED deadline. Many options, including self-employment and co-operatives, that respect the business owners' interests, talents, and experience are shown in the Phase I report.
- To provide this training/TA, the SHA can leverage its EEOC's services and include greater access to third-party services, including consultants such as InsideWorks LLC, Washington CASH, and SU students/ programs. It can also provide valuable information (translated as needed) on local training programs and classes via postcards and telephone outreach.
- In the interim/until 2017 when the GED requirement kicks in, offering training on business best practices, basic job training, and information on career options, beyond what the SU IEC has provided for this project, may benefit some of the women.
- For those few women who want to pursue the GED, the SHA can leverage the various local resources that already provide support in this area.
- Creating some parking spots for the limo/taxi drivers in the redeveloped Yesler Terrace would positively impact their businesses.

Phase II: Yesler Terrace Affordable Retail Analysis & Recommendations

During this project Phase, the SU IEC examined the feasibility of using 10,000 to 15,000 square feet of commercial space in the early phases of the Yesler Terrace redevelopment for affordable retail businesses. The team provided recommendations regarding the amount of commercial retail space that the neighborhood could support, the types of businesses, their space configurations, and how Choice Neighborhood funds could be best leveraged. Between September 1 and November 25, 2014, the SU IEC team conducted both secondary and primary research to address these components, including 19 in-depth interviews with subject-matter experts. Below are the key observations, conclusions, and recommendations.

Key Observations

- Leasing affordable retail space is often unattractive to commercial developers, given the overall high risk of commercial retail, in general, and the magnified risk of affordable retail, specifically.
- Small businesses have a very high attrition rate and success requires several key factors.
- The commercial real estate market in Seattle is strengthening, which could lead to higher rents for commercial properties.
- The amount of commercial retail businesses that Yesler Terrace can support in the short-term is relatively limited.
- Yesler Terrace businesses must be able to support both current and future residents.
- The most viable commercial retail businesses with storefronts include food-related and retail pet businesses.
- Small, flexible commercial retail space configurations will be key in the short term. The Phase II report includes a variety of recommendations regarding these configurations.

Conclusions and Recommendations

- The SHA can incent commercial developers to allocate a limited amount of commercial space to affordable retail tenants (1-2 businesses) that are highly likely to succeed in terms of key success criteria and their types of business. Choice Neighborhood funds can be used to provide technical assistance to these businesses, provide access to capital, and to incent developers to lease to them.
- Choice Neighborhood funds can also be used to support the following recommendations:
 - Maintaining the cultural environment of the new Yesler Terrace community.
 - Increasing access to capital for affordable retail businesses.
 - Activating vacant commercial space before development.
 - Partnering with Seattle University to create a Yesler Terrace small business incubator/accelerator.
 - Support affordable retail services businesses that require little to no retail space/footprints.
 - Attract and incent local businesses that preferentially hire local residents.

**SEATTLE UNIVERSITY/SEATTLE HOUSING AUTHORITY
ECONOMIC DEVELOPMENT PROJECT
PROJECT PLAN AND DETAILS**

Overview: The Seattle Housing Authority (SHA) engaged the Seattle University (SU) Albers Innovation & Entrepreneurship Center (IEC), via a JP Morgan Chase grant, to conduct an economic development project to support the Yesler Terrace neighborhood revitalization initiative.

Background: The Seattle Housing Authority (SHA) is a public corporation that provides affordable housing to more than 28,000 people. Of these, approximately 84 percent have incomes below 30 percent of the area median income. Nearly 10,000 SHA residents are elderly or disabled and more than 9,600 are children. In keeping with its mission, the SHA supports a wide range of community services for residents, including employment services, case management, and youth activities.

Problem: SHA will replace 561 housing units in Yesler Terrace that are at the end of their useful life. There are 1,200 individuals who will be temporarily relocated during the redevelopment

Solution: SHA's goal is to create a revitalized neighborhood. These individuals will live in a community that is healthier and more sustainable, with enhanced education, employment and health care services.

Project objectives: This project offers economic development assistance to the resident-owned businesses in Yesler Terrace. The project's short-term objective is to support the Yesler Terrace resident-owned businesses to grow and thrive throughout the SHA redevelopment and to assist the SHA in finding and supporting businesses to thrive in the newly developed commercial retail space. The project's longer-term objective is to create a sustainable model for how a university can successfully partner with local and state organizations to catalyze the economic growth and development of its neighborhood.

The SHA/SU project has two phases:

Phase I: Consulting/technical support for existing Yesler Terrace resident-owned businesses (e.g., business and marketing plans, licensing support, legal structures).

Phase II: An economic development study for the early phases of the Yesler Terrace redevelopment. This study will support the provision of affordable retail space to existing and future Yesler Terrace businesses.

Support for Existing Yesler Terrace Resident-Owned Small Businesses

The SU IEC provided technical assistance to Yesler Terrace resident owned businesses that are based at Yesler or Yesler Terrace resident businesses that have relocated from Yesler within a three-mile radius of the public housing development. This technical assistance was provided through the following sequential components:

1. Creating an inventory of existing resident-owned businesses which included discussions with the Yesler Terrace resident-owned business owners to understand their current needs for technical or other assistance, as well as their needs relative to the redevelopment process/future; and,
2. Providing technical assistance to these Yesler resident-owned businesses that included, for example, business plan development, addressing business license and other state/local requirements, training, marketing/advertising needs to maintain or grow businesses, and identifying lenders of small business loans.
3. Providing recommendations for ongoing technical assistance to these Yesler resident-owned businesses beyond the scope of this project.

Economic Development Study

The SU IEC also reviewed and analyzed the feasibility of commercial space in the early phases of the Yesler Terrace redevelopment, which included reviewing and making recommendations regarding the following elements:

1. The amount of commercial space for small businesses that the market can support at Yesler;
2. The types of small businesses that should be courted;
3. The space size configurations that would be most appropriate; and,
4. The potential uses of the federal Choice Neighborhoods grant funding of \$600K. This funding is intended to help create opportunities for affordable retail space within the broader Yesler community. The SU IEC developed and evaluated ideas for using these funds. Such uses included, but were not be limited to, a revolving loan fund for Tenant Improvements or up front business costs, or buying down debt on commercial space in order to lower needed rents.

Key Stakeholders

- **Seattle Housing Authority**
 - John Forsyth, Community Services Administrator
 - Maria Ursua, Supportive Services Coordinator
 - Judy Fani, Real Property Acquisitions & Commercial Leasing Coordinator
 - Terry Galiney, Development Program Manager
 - Stephanie Van Dyke, Yesler Terrace Development Manager
 - Also Sven Koehler, Joy Bryngelson, Ron Jenkins, and Fitsum Abraha

- **JP Morgan Chase:** Catherine Martin, VP & Community Relations Officer
- **Current Yesler Terrace Resident Business Owners (and other businesses entering the neighborhood, as well as those having relocated within 3 miles)**
- **Seattle University**
 - Sue Oliver, Innovation & Entrepreneurship Center
 - Kent Koth & Rachael Steward, Seattle University Youth Initiative
 - Joseph Phillips, Albers Business School Dean
 - SU IEC Advisory Board members
 - Holly Ferraro and Greg Scully, Albers SUYI representative
 - SU IEC Local Small Business Development Initiative team
 - SU graduate assistants and interns:
 - Bradley Brown, Cathy Phan, Laura Delgado, Emily Allen (Albers undergraduates)
 - Juan Arango, Hannah Tsai (Albers MBAs)
 - Diane Fisch (Albers Executive MBA)
 - SU faculty & staff
 - Others, as determined

Potential Community Partners & Resources

- Michael Verchot, UW Business Development & Consulting Center
- Brian Jaeger (business consultant) and Margo Robb (project coordinator), InsideWorks LLC
- Seattle Office of Economic Development (OED) – Lance Randall and Darryl Russell
- Washington CASH, others
- Translation services (e.g., Marian Ahmed, Neighborhood House)
- Report analysis/writing/creation services
- Various community & neighborhood associations
- Affordable commercial retail consultant
- Technical assistance consultant(s)
- Others, as determined

Proposed Project Outcomes & Metrics (by stakeholder)

Stakeholders: Yesler Terrace Resident-Owned Businesses

- Current Yesler Terrace resident-owned businesses (and those relocated nearby) feel supported in business continuity during the neighborhood redevelopment by Seattle University team members. The business owners feel heard, understood, and empowered to take their businesses to the next level. **Measurement:** Survey/interviews
- The project creates a launching pad for SU to offer further technical support to Yesler Terrace and SUYI small businesses in 2015 and beyond. **Measurement:** SU IEC receives additional funding and support to continue

Stakeholders: SHA & JP Morgan Chase

- SU IEC project deliverables are on time and within budget & scope. **Measurement:** Contract dates/deliverables
- Seattle Housing Authority and JP Morgan Chase are satisfied with the project deliverables & outcomes (we'll need their metrics). **Measurement:** SHA & Chase feedback
- SHA obtains greater understanding of Yesler Terrace resident-owned businesses, including their owners, profiles, needs/requirements, etc. **Measurement:** SHA feedback
- SU IEC provides viable options and approaches for retail commercial space that is affordable and attractive to tenants. **Measurement:** SHA feedback

Stakeholders: Seattle University/Albers/SUYI

- Seattle University, Albers, and the Seattle University Youth Initiative stakeholders are satisfied, based upon solicited feedback.
- SU develops and grows strong partnerships with local organizations, neighborhood associations, and city, state & other civic organizations.
- Select SU faculty are engaged, as feasible, in the areas of economic development and community engagement, for possible publication purposes.
- The SU IEC is able to secure additional funding for providing technical assistance to Yesler & other small local businesses for 2015 and beyond.

Other Stakeholders

- SU students, faculty, team members, and others involved in the project have high satisfaction levels, as measured by interviews & formal survey.

Longer-Term Objectives (beyond 2014)

- The project becomes a sustainable CSL (community service learning) model for how a university, across campus, can engage with the local community small businesses and support the local neighborhood's economic growth and development. It also envisions how to engage State and National opportunities for economic development.
- SU IEC fosters greater partnerships among neighborhood associations, groups, etc., as well as local and national organizations in support of Yesler and the Central District.

Project Timing

Technical Support Inventory and Provision

- Inventory topline by September 1, 2014
- Technical assistance recommendations by October 1, 2014
- Provide assistance between October 1 and December 1, 2014

“Affordable Retail” Space Study

- Draft by October 29, 2014
- Final Report by November 12, 2014

Project Milestones

- Contract signing
- Project team formation:
- Identify Affordable Retail resources
- Engage & train SU students
- Engage Affordable Retail resources
- Technical support - survey fielding
- Survey topline report
- Begin Affordable Retail analysis
- Deliver inventory to SHA
- Final report/technical assistance recommendations
- Create technical assistance process
- Deliver technical assistance
- Deliver Affordable Retail draft report
- Provide recommendations for ongoing assistance
- Deliver Affordable Retail final report

Deadlines

May 6, 2014
June 15, 2014
June 15, 2014
June 15 – July 30th
July 1, 2014
June 23 – August 12, 2014
September 1, 2014
September 1, 2014
September 15, 2014
September 30, 2014
October 1, 2014
October 1 – December 1, 2014
October 29, 2014
December 1, 2014
December 1, 2014

Yesler Terrace Economic Development Project

PHASE I: INVENTORY AND TECHNICAL ASSISTANCE

To the Seattle Housing Authority

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PHASE I: YESLER TERRACE RESIDENT-OWNED BUSINESS INVENTORY AND TECHNICAL ASSISTANCE

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PART I: RESIDENT-OWNED BUSINESS INVENTORY

Background

Based upon discussions with Seattle Housing Authority (SHA) representatives, including Fitsum Abraha, Ron Jenkins, Sven Koehler, and Joy Bryngelson, the Seattle University Innovation & Entrepreneurship Center (SU IEC) obtained contact information for 26 early learning/childcare providers, 8 town cab/limo drivers, one driver who is attempting to start a janitorial service, and one language interpreter. These 36 providers were listed as having business income as tracked by SHA. While many are still living in Yesler Terrace, several had already been relocated to another SHA property (primarily New Holly) or beyond. The SU IEC held a focus group for the childcare providers and conducted telephone interviews among the other resident-owned business owners.

Childcare Provider Focus Group

The SU IEC utilized Marian Ahmed, a social worker with Neighborhood House, to assist in recruiting as many childcare providers as possible (among the 26) to attend a 90-minute focus group at the Epstein Building on Wednesday, August 13, 2014. She also translated between Somali and English during the meeting. A postcard translated into Somali was sent out a week in advance and Marian made three outreach calls prior to the focus group, with 16 RSVPs including two women who came who were not on the original list.

It was challenging to get a critical mass of the providers to this focus group. As incentives, gift and debit cards were offered, as were light Somali refreshments during the session. Additionally, childcare was available during the focus group. SU IEC representatives included Sue Oliver, as well as Brian Jaeger and Margo Robb of InsideWorks LLC. Five Seattle University students attended, as well as SHA's Joy Bryngelson. The SU IEC created a moderation outline and guests (see APPENDIX I). It took about 30 minutes for all of the RSVP-ed women to assemble and be ready to share. The group discussion lasted one hour. (Details are shown in APPENDIX II.)

Telephone Interviews with Taxi-Cab/Limo Drivers and Interpreter

During the period, seven telephone interviews were conducted among the drivers, janitor and the one interpreter (APPENDIX III). Given their ability to speak in English, no interpreters were needed. However, it was difficult to understand them by telephone. All of these men were contacted again during the technical training phase of the project and Brian Jaeger was able to discuss business options either on the phone or in person with a few of them.

Childcare Provider Focus Group Highlights (Details in APPENDIX II)

- Many of the childcare providers indicated that they are struggling in light of the Yesler Terrace redevelopment and the requisite construction. They noted that their childcare clients are not as likely to come downtown to drop off their children given the construction

and new rail system. In addition, they mentioned that the building conditions amidst the redevelopment are less than optimal (dust, debris, noise, rodents migrating from demolished buildings, etc.).

- The impending 2017 GED requirements for in-home childcare providers were a big issue for this group, as expected. Many of the women are discouraged, skeptical, and angry about the requirements. Some believe that they are being targeted as immigrants and others feel that the GED is too hard or would take too long to pass. A prerequisite for the GED is an academic level of English, while most of the women “learned their English from TV.” The SU IEC found only one potential “GED success story,” who has taken two years off from her childcare business to improve her English (via child development courses) in order to later take the GED classes. As can be seen, it’s a very long, difficult journey. (Details on GED requirements, regulations, etc. are shown in APPENDIX IV.)
- In the past, Seattle University’s Center for Service & Community Engagement (CSCE) worked with Literacy Source to offer basic English language training for the childcare providers, as discussed with CSCE’s Rachael Steward. During the first year, the women received personalized training and five successfully completed the program. The second year of the program, CSCE included scholarships for the women and only one woman completed this program from beginning to end. In both cases, childcare was offered. **Implication:** Engaging the childcare providers in a series of training workshops (versus a single workshop) appears to be a challenge, even with financial incentives, given their work schedules and family commitments.
- We wanted to better understand the childcare providers’ relationship with their clients so as to offer TA/training in marketing and customer service, as appropriate. The group’s feedback indicated that they do not know their clients very well; as they are DSHS clients who are referred to them. **Implication:** There may be value in offering training in offering basic customer service in American culture.
- Most of the women are interested in some kind of training for business best practices, as well as general job training. As a whole, they were less interested in the GED training, given the difficulty and length of time required. They mentioned a need to “have options” for what to do for work/business in lieu of childcare, given the GED requirements. **Implication:** Incorporate a variety of options into the technical assistance and ongoing support.
- Some of the women have already moved: one to Minnesota, one to Rainier Valley, and one is considering a move to Texas. Several had moved or were considering moving to New Holly.

Observations/Lessons Learned:

1. These childcare providers are working very hard, are very “proud to not be on welfare,” yet are still struggling to maintain their livelihoods in the face of the Yesler Terrace redevelopment and the impending GED requirements. Given these two factors, it’s highly unlikely that they will legally continue their in-home childcare businesses when requirements take effect in 2017, whether or not they relocate back to the neighborhood.
2. The impending GED requirement appears intractable for these childcare providers. It’s likely to put them out of their businesses and force them into another occupation. There are other ways to meet the childcare requirements, including taking child development coursework.
3. Other job training/occupations should focus on those not requiring a GED (e.g., gardening, tailoring/sewing, house cleaning, food preparation/serving).
4. The women were interested in the concept of a cooperative; however, were not familiar with it. A cooperative model could be effective for the abovementioned occupations in #3.
5. We heard of one “success story” of a childcare provider who moved from Yesler Terrace to Rainier Valley and continued her business there, apparently with success. She does not plan to return to the neighborhood.
6. Working with Neighborhood House and Marian as our translation and meeting coordinator, made a huge difference in the turnout for the childcare providers. She would be invaluable in recruiting the providers for future training and/or technical assistance.
7. It took a lot of effort and incentives to recruit the women to one focus group. Trainings in the future should be relatively short (under 90 minutes), with incentives, refreshments, and lots of outreach prior to the meeting. The training should occur between 6 and 9pm after their childcare businesses are closed. (Note: some of the providers are working in the evenings given the slowdown in their businesses).
8. Leveraging Somali community leaders made a big difference in turnout for the childcare providers. However, they also tended to dominate the conversation during the focus group, so we had to make special efforts to hear others’ opinions. In the future, we need to make sure that there is balanced discussion to hear more voices and viewpoints, perhaps by breaking into small groups.
9. Childcare was provided during workshops and training for the childcare providers.
10. Offering childcare during the training is necessary. Best times are between 6-9pm, including weekends, after their childcare hours. The Yesler Terrace Community Center is a good location as it is a known entity in the community.
11. In the interim/until 2017 when the GED requirements kick in, offering training on business best practices and basic job training may benefit some of the women. Topics might include (in collaboration with existing community partners & resources): basic business cash flow & financial management, getting & keeping clients/client service, marketing basics, time management, finding a new job, etc. Seattle University students and other local resources

can assist in supporting these women to weather the upcoming transitions in their businesses.

- 12.** According to Rachael Steward (Seattle University CSCE community liaison), there are significant cultural barriers to these childcare providers' being able to work, care for their families as is expected, and to also study and/or train for another job, learn academic English, take the GED, and/or attend regular business workshops. For most first-generation immigrant Somali women, studying and training that require a lot of time away from their home and families are neither culturally accepted nor widely supported for the older generation.
- 13.** Based upon feedback from Bob Hughes, Associate Dean of Seattle University's College of Education, there are several factors compounding the childcare providers' ability to obtain their GED. According to Dean Hughes,

 - "Many of the affected people in the community have interrupted formal education in their primary language and very limited formal education in English. That's complicated by changes in the GED last January when it evolved from a test that focused on recitation of facts to a test that requires more analysis and synthesis of ideas — skills that require a relatively sophisticated use of English. As a result, many of the local agencies that prepare folks for the GED are looking at alternative pathways that focus more on high school diplomas of different sorts.
 - The time required to educate to either a high school diploma or GED-passage level can be daunting and the solution requires a significant amount of resources and won't be a quick fix. People addressing this challenge need to be prepared for a long-term commitment.
 - Development of curricula and instructional materials for this population requires someone (or an agency) with skills in workplace and workforce development, high school equivalency content, as well as language acquisition and culturally appropriate instructional skills.
 - Moreover, there are more challenges that have to do with sustainable funding, overall reduced funding in basic skills in the state, and coordination with services outside instruction (e.g., childcare, ORIA funding, etc.).
- 14.** Dean Hughes suggested that the SU IEC connect with groups that are already tackling the GED issue to see where it can support their efforts. These groups include the City of Seattle's Office of Immigrant Affairs and its Office of Community Technology. Additional resources include Seattle (Central) Colleges, Literacy Source, and the Seattle Goodwill.
- 15.** It is possible that if a Somali woman received her diploma in Somalia, she may be able to apply it to the requirement. The process could be long and fruitless, but may be an option for a few of the women.

 - Paula Steinke from Childcare Resources notes that any diploma needs to be verified by University of Washington and there's a whole process to go through, plus a fee.

- Lisa Beaulaurier, SEIU childcare union organizer, adds that providers have used the services of this organization – Foundation for Educational Services (<https://www.fis-web.com/>) to verify their diploma documents that have been accepted by Department of Early Learning (DEL).
- World Education Services (<http://www.wes.org/index.asp>) evaluates foreign academic credentials, but not from Somalia. This is the statement on their website: Due to prevailing circumstances in Somalia, WES is unable to validate academic documents. As a result, we regret to inform you that WES cannot accept applications for evaluation from Somalia at this time. WES is monitoring the situation and will resume accepting applications as conditions allow. If you have educational credentials earned in another country, we invite you to submit your application and follow the instructions for that particular country.

16. The team investigated the requirements of having an adult child of a childcare provider assume ownership and/or management of the childcare business:

The child who assumes the in-home childcare business must;

- Be at least 18 years of age,
- Have a minimum high school education or GED,
- Be present for 20 hours "STARS" training (closest location is Renton),
- Obtain their own childcare license,
- Be on the childcare premises at all times that the children are present,
- Obtain a food handlers permit, a CPR/first aid training certificate and an HIV/AIDS training certificate, AND

All occupants of the residence over the age of 16 must pass a background check and pass tuberculosis screening (or being treated sufficiently if not).

Note: The original childcare provider would be an “employee” of the business.

Based upon this information and the very big time and resource commitment, it’s possible that a couple of the childcare providers’ children might consider owning and running the business after the GED requirements take place in 2017. Follow-up research could include interviews with these children to understand the likelihood better, including their education and career aspirations.

Another scenario could include the creation of a childcare center that could involve several childcare providers under the oversight of a next-generation son or daughter business owner. This scenario would entail a whole new set of childcare center requirements, including a dedicated, code-compliant space and many new rules and regulations. This option would need to be weighed against other potential cooperative/business models for these business owners (See APPENDIX VI and Phase II: Affordable Retail Analysis).

Taxi-Cab/Limo Drivers and Interpreter Highlights (Details in APPENDIX III)

- Parking has been an ongoing issue for taxi-cab/town car drivers in Yesler Terrace. It will only get worse after redevelopment. **Implication:** A low likelihood that the drivers will return to Yesler Terrace if they have to park their vehicles near their homes.
- Business has slowed for these business owners, but not necessarily because of redevelopment. The rise in popularity of the Uber/Lyft application is one source of the slowdown. **Implication:** They may benefit from technical assistance to more effectively compete for business.
- The drivers are not happy about having to move from Yesler (as might be expected).
- There is an interest and willingness to attend training by these drivers; however, they are not sure what kind of training would be most beneficial. Some possible examples include budgeting and marketing.

Observations/Lessons Learned

1. Having a consistent, relatively inexpensive place to park a taxicab or town car is important to a driver's success, as is a consistent/stable home base.
2. In-depth workshops/trainings for these male drivers should be done apart from the female childcare providers, both from a cultural standpoint and based upon the tightly knit community among the childcare providers.
3. Future discussions should be face-to-face, if possible, to facilitate the discussion and comprehension.
4. These men do not face an impending GED requirement as do the childcare providers. So they have time to decide if they wish to continue driving or to pursue another job or business. However, their options that don't require a GED may be limited to manual labor, a trade, or a production job.
5. If these men decide to continue their taxi/town car businesses, they could benefit from basic business training, including marketing, cash flow management, customer service, etc. If not, they would benefit from job training and other information on possible job opportunities/options.
6. Given the difficulty in communicating in English with some of these drivers, using a translator for the training sessions could be very beneficial.

PART II: RESIDENT-OWNED BUSINESS TECHNICAL ASSISTANCE

The next part of the SHA/SU Economic Development project included the SU IEC's providing appropriate technical assistance (TA) to the resident-owned businesses of Yesler Terrace during the months of October and November 2014. The SU IEC engaged InsideWorks LLC's Brian Jaeger to provide the TA. Jaeger brings decades of experience consulting to small local businesses, including his having managed the Washington CASH accelerator and was an invaluable partner in this engagement. Appendix VIII shows the full InsideWorks LLC report.

There remains an ongoing need for technical assistance for existing business owners who seek business continuity and growth during the Yesler Terrace redevelopment. Currently, Ron Jenkins, SHA's Economic Opportunities Director, refers Yesler Terrace residents to Washington CASH for self-employment opportunities, especially for startups.

The first technical assistance session was a 90-minute "open house" session on October 30, 2014, at the Yesler Community Center where the childcare providers reviewed and discussed their businesses and career options. (See Appendix IV for a transcription of the meeting). During this open house, the SU IEC consultant, InsideWorks' Brian Jaeger, discussed the following questions with childcare providers:

1. What do you do?
2. What benefits do your clients receive from your work?
3. What is unique about your business?
4. What problems and needs do you currently have?
5. Given the GED requirements (for childcare providers), is getting the GED (or college equivalent) a realistic path for you? If not, how do you want to use the upcoming two years before the requirements are implemented? What do you do?
6. Who are your clients?

It was difficult to keep the focus of the discussion on their businesses and career options; instead, the women wanted to discuss the Stepping Forward program and were very resistant, as a group, to considering options beyond childcare ("It's what we've always done. We do not want to do anything else.") Upon InsideWorks recommendation, the SU IEC began TA sessions with individual childcare providers and the town/taxi cab drivers and found a much better response. InsideWorks met in person with five resident business owners and talked with an additional ten owners on the phone. See Appendix VIII for the full InsideWorks report.

HIGHLIGHTS FROM INSIDEWORKS' CONSULTANT REPORT ON TA SESSIONS

Overview

InsideWorks collaborated with the SU IEC as the project coordinator and consultants to analyze the Yesler Terrace residential/commercial redevelopment effects on a select group of in-home, self-employed tenants, particularly Somali childcare providers and Ethiopian/Oromo taxicab and town car drivers. During a large community discovery meeting, one small group workshop, and numerous telephone and in-person interviews, we have heard the challenges that each family experiences with their reassigned housing or pending moves.

Margo Robb, InsideWorks' project coordinator, was instrumental in organizing meetings with the collective of SU IEC interns, SHA tenants, Yesler Terrace Community Center staff, the translator and Brian Jaeger. She partnered with Somali translator Marian Ahmed to create messaging to encourage the Somali childcare owners to participate in our exploratory evening and planned workshops. SUIEC sent out invitations to both events in Somali. She also distributed information and maintained communication among the various stakeholders.

Interviews

In addition to our participating in the childcare owners' community meeting and business-related workshop, InsideWorks interviewed fifteen SHA tenants. We conducted ten telephone interviews and five in-person interviews in the tenants' home or the InsideWorks International District offices. Five were childcare providers, one owns a janitor business while driving a taxicab, one has a medical career background hoping to become a nurse, and eight currently drive for a living. These men drive either a taxi or town car for themselves or a cab business. Several in-person meetings extended to 90 minutes. The interviews with Somali language tenants were made possible with the assistance of translator Marian Ahmed whose scheduling skills, follow up, and professionalism made these interviews possible. Each of the Oromo/Ethiopian tenants spoke English well enough for us to communicate.

The open dialogue during one-on-one telephone and in-person meetings appreciably contrasted from the group encounters where the SHA Stepping Forward proposal was center stage. One day care provider, who was particularly vocal against the SHA proposal during the group meetings, surprised us during an interview by sharing her desire to move out of that business due to family matters and increasing risk factors in the field. Despite her very committed concerns regarding the Stepping Forward program and people's abilities to meet the yearly rent increases, she herself will not be impacted by the rent increase plan due to her age.

Challenges

- The sixteen childcare providers who attended at least one of SU IEC's events shared common concern over Washington State childcare requirements that will require owners to achieve at least a GED by March 2017. Lack of native language literacy compounds the English acquisition requirements, heightening anxiety among the group.

- The nine taxi and town car drivers we interviewed are troubled with the loss of parking spaces and potentially reduced parking available in the newly constructed building.

There were common threads to these entrepreneurs' experiences that reveal opportunities for ways SHA may be able to assist.

The invites to the discovery evening and workshops were specifically designed for the twenty-six Somali day care providers. SUIEC provided a native speaking translator, food, babysitting and gift cards as incentives to secure attendance for the first evening conversation. Unfortunately, the timing of the meeting coincided with the unveiling of SHA's Stepping Forward Rent Policy for Work-Able Households. With the awareness that we had been hired by SHA, we were met with substantial angst over SHA's proposal and consistent suspicion as to our intentions. Representatives from the Service Employees International Union (SEIU) and SHA attended the Thursday, October 30th evening workshop and the latter exited part way through the presentation due to participants' repetitive commentary referencing the rent increase proposal and distracting from the intended purpose of the evening. The SEIU representative came to connect with the childcare providers and share information she had about efforts to ameliorate the impending licensing requirement change. There seemed greater interest among the Somali childcare providers in showing a unified front and preparing for the impending protest against the rent increase proposal than in our conversation focused on bolstering their current business or thinking about alternative methods of income generation.

Initially, we strategized offering three evening workshops for the day care providers covering a range of small business operational, financial, and marketing needs. As the team evaluated the distractions outlined above, we pivoted our efforts to meeting one-on-one with this pool of SHA tenants. Once these interviews commenced, individuals were much more interested in methods for advancing their careers and supporting their families. Many of the participants were no-shows for scheduled appointments.

Yesler Terrace community members made several relatively common recommendations during our one-on-one interviews, including:

- Facilitate any future meetings with smaller groups. Some reported the difficulties being heard in the larger setting, which is a common group dynamic concern related to factors other than cultural issues.
- Having stations in a large room with separate issues addressed at each one would be helpful. For instance, many people do not understand what having a credit rating means. How to build "credit" for individuals living in the household, not just the ones whose names are on the rental, is an example of need for greater understanding of Western financial requirements. This idea was explored, but wasn't ultimately used. One stumbling block was locating up to four translators. The groups we considered were getting a job (WorkSource), exploring a new business possibility (Washington CASH), continuing education (Goodwill) and basic business training (InsideWorks LLC).
- Inform them of a variety of career/self-employment options then offer opportunities to think about their best options. Childcare business owners shared a range of vulnerabilities inclusive of the GED requirements, but also how the housing and streetcar construction

cacophony has impacted business, fatigue working with children (many accept DSHS clients whose parents work night shifts), and awareness that Child Protective Services (CPS) can be called even for small scrapes or for any reason. They shared a story about CPS getting called on a community member.

- Taxi and town car drivers are facing a changing market, mostly unrelated to the housing development project. The emergence of transportation network companies Lyft, Uber, and SideCar initiated a year-long debate with Seattle city council, mayor, and taxi cab companies. As a result, there will be more taxicab licenses and unlimited TNCs. In business terms, the competition just skyrocketed and it is a good time for career taxicab drivers to consider at least supplemental income sources.
- Deliver business-training courses that are respectful to their acquired level of English language acquisition. Pacing is important. Respectfully repeating information, speaking clearly (like not facing a white board when talking), with the opportunity to work on tasks one-on-one if necessary would be helpful.
- Assist them with attaining small business loans, as underlying issues are not necessarily related to credit worthiness. One woman shared that she qualifies for a \$100,000 loan. Habitat for Humanity frequently determines that some immigrants are better qualified for their programs rather than long-time U.S. citizens due to stronger credit application results. The fundamental issue challenges us to consider the Western loan repayment model inclusive of accrued interest, then evaluate ways in which micro-financing could be Islamically compliant (repaid without interest).

Interviewee Quotes

- “Help us decide (what to do with their business/career). I do not know what to do.”
- “I am not complaining. The move is hard on my family and children. But things will get better.”
- “There is nothing you can do (for me). They (Uber & Lyft) are stealing our clients. I don’t get called to work that much.”
- “I have nothing to say. Work is slow. I drive maybe three days a week. What else can I do?”
- “Parking is bad. I don’t think parking will be good after new apartments are built.”
- “If you teach business class, I can tell five of my friends.”
- “I don’t think they (SHA) want us here.”
- “I want to know more about (operating) my day care.”

Opportunities

SHA tenants, when interviewed in person, expressed interest in anything that could be offered to help them move forward. Needs included basic technology skills (including email procedures) and general small business development training, financial management and marketing workshops, exploration for further education and of course uncertainty about housing options. One man, who wants to earn his RN degree, has eight children including an 8-year-old

wheelchair bound son with severe developmental disabilities and lives in a four-bedroom apartment with no ADA provisions. He is a highly motivated, humble father and has not wanted to appear as unappreciative to the SHA. He did approve forwarding his housing concerns to SHA.

Childcare providers have several options for earning a GED. Timing and cost for these extensive training sessions appeared prohibitive for many at this time. Concerns included having to leave their own families in the evening or their children joining them, both challenges loomed large. Having earned a GED equivalent in another country is considered for licensing. However, Somali's political unrest compounds this issue. One company that verifies high school requirements from international educational sources would not certify this data coming from Somalia.

Most were interested in the idea of culturally sensitive and locally relative business development training courses. "Culturally sensitive" training includes honoring cultural origins *and* the manner in which business is conducted in the U.S. When asked about finances to start a business, several indicated they would qualify for a bank loan but could not accept, as a Muslim, a financial transaction with attached interest.

One woman expressed interest in qualifying through the Washington State Department of Social and Health Services (DSHS) to become a foster parent. Currently there are no minimum education requirements. The DSHS recruits from all backgrounds and welcomes immigrants as foster parents. The agency tries to accommodate anyone who needs to complete the application process in a language other than English. Foster parents must have sufficient income to support themselves without relying completely on foster care payments. Parents would have to pass first aid/CPR (childcare providers are likely certified with these skills) and pre-service training, other orientations and informational workshops. Ongoing training is also required to remain qualified.

First step qualifications to becoming a foster parent include:

- Being at least 21 years old
- Single or married is okay
- Approval process takes about 90 days and includes an FBI and Washington State Patrol background check everyone living in home
- *Families can live in a rented or owned home*
- Take a TB test

Another care-giving field to explore is elder care. Earning a Nursing Assistant Certification (NAC) requires a modest investment of time and resources and is offered through several community colleges and technical colleges, including North and South Seattle Community Colleges, Renton and Lake Washington Technical Colleges. Renton gets good reviews as well as the Shoreline Community College program. Some programs start with NAC that leads to RN if desired. The caregiver's union starting wages are at \$11.07 minus required dues. After working long hours and seeing taxes reduce take home pay below \$10, the burn out rate can be significant. However, finding private pay clients can double this wage. Several of the people we interviewed were interested in this option.

The U.S. Census shows that by 2020 the 65+ year-old population is projected to explode to 61.9M. Estimated costs for caring for elders have increased by \$9.4B to \$22.4B since 2004. For those tenants concerned about passing the comprehensive GED, providing elder care may be a positive alternative. It is worth noting, however, that those with very limited English skills may find the NAC curriculum difficult to pass.

One Oromo tenant is working to own a home in order to operate an elder care business and has attended a Habitat for Humanity (H4H) orientation to support this goal. She understood much of the presentation but would benefit with further one-on-one consultation to clarify the opportunity. This case represents the need to offer cash flow projection workshops to help tenants make informed, economically sound, career decisions. We researched H4H options that are available. Important elements to consider beyond income guidelines and credit worthiness are the explicit requirements of investing at least 400 hours of sweat equity, contributing their story to H4H public relations/marketing campaigns, and the interest-based home loans.

With 561 Yesler Terrace homes being replaced with up to 5,000 residents and plans for office developments, the potential for those tenants/businesses needing an array of services along the Yesler corridor becomes a significant consideration for self-employment start-ups. Self-employment options include house cleaning, auto detailing, food service, tailoring, gardening, and bike repair. With a little business development training, a house cleaner can competently charge \$25 or more per hour. Profitability can be realized by hiring hourly help starting in the range of \$10 - \$12 range. Agreements with commercial property owners could conveniently place modest car detailing businesses in building garages. A pick up/delivery tailor and/or laundry service would likely meet the needs of busy families and professionals living in the community.

There is an uptick in interest for what I refer to as micro-cooperatives. Examples of modest-start cooperatives that have shown spectacular growth include Nationwide (a mutual insurance cooperative), AgriBank (a Minnesota-based farm-credit cooperative), and Recreational Equipment Inc. (REI). Small businesses and even local government agencies have banded together forming purchasing and marketing cooperatives. Most notably are cooperatives in Minnesota that were formed to increase health insurance buying power. SHA tenants could benefit by banding together to market same skills, paying only a fraction of marketing costs and perhaps lower other costs. I believe the tight cultural ties of these immigrant populations set them on a good foundation to consider the benefits of cooperative practices.

Please review the SU IEC report, APPENDIX VII: Cooperative Opportunities for in-depth research compiled by SU student Cathy Phan.

Access to Capital, Asset-Building Loans

There exists overwhelming data revealing that access to capital is the number one challenge of microenterprise startup ventures and the issues are worse for minority-owned businesses. Limited financial and human capital, lack of community support and racial discrimination are

primarily responsible for the disparities. Analyzing the use of Choice funds to infuse micro-financing opportunities for SHA resident-owned businesses is one option. Several qualified, federal/state micro-loan compliant, organizations would be excellent partners to this end.

Which leads to another barrier for Muslim-owned businesses. Local solutions could initiate very real impact if we rethink and carefully manage a system for lending money in a manner that compliments the Western financing model.

Micro-financing is offered through a myriad of nonprofits throughout the nation and Washington State who typically receive funding from national banks, U.S. Small Business Administration (SBA), foundations, and states' departments of economic development. Interest rates may be higher than average as startup loans are a higher risk. Higher interest rates are often charged to those who can afford them less. Since the SHA tenants with whom we spoke practice the Muslim faith, the cost of these interest bearing microloan products initiated conversations relating to how lenders could structure loan programs differently.

The Islamic Development Bank provides definitions of the foundational boundaries of Islamic finance, "It emphasizes the balance between for-profit activities, or the market, and not-for-profit activities, including social and philanthropic activities." This financing method is counter to standard Western financial practices where financing with accrued interest payments are the means to an end. In the Islamically-compliant finance model, the means justify potential financing. This can be achieved through a number of financial instruments, including equity financing, leasing, and mark-up sale.

J.P. Morgan Chase is one of the international banks offering Islamic banking solutions in regions like the Middle East & North Africa. Frankly, alternative-financing models can appear at first, incompatible with current practices. For that reason, I recommend convening community members inclusive of the Muslim community who could advance the conversation in a manner that leads to assisting SHA's Muslim tenants. I am confident that solutions are closer than we might first think.

Seattle University finance and business students could engage in expanding the lending practice conversation alongside organizations researching these options. Community Sourced Capital is a crowd sourced, *interest free* lending organization located in Pioneer Square. Tollefsen Law attorneys Julia Johnson and Fara Daun are local experts for Sharia compliant financing. They are facilitating a discussion of how Islamic compliant financing models could be aligned with local micro-financing organizations in December. InsideWorks would be interested in hosting a preliminary conversation to discover possibilities for using Choice funds and other sources for Muslim borrowers. These partners would be charged with developing the groundwork for a sustainable, alternative system of asset building products that could benefit SHA tenants.

Ongoing Workshops

InsideWorks encourages SHA to support tenants with workshops first designed to help them discern what realistic career options are available to them. These exploratory workshops could offer related but preliminary information to the self-employment/business development

trainings. These culturally sensitive trainings should be mindful of both immigrants’ cultural origins while motivating them to engage the culture of business ownership or employment procedures in the U.S.



Trainings should include tenants’ revealed anxiety of, and perhaps misunderstanding over, SHA’s Stepping Forward program. According to SHA data, “employment services are not broadly available, and many households lack a connection to existing resources.”

- Stepping Forward proposal would affect about 35 percent of households served – those who are defined as “work-able.”
- “Work-able” means that at least one person in the household is age 24-61 and does not have a disability that prevents them from working.
- The proposed changes would not affect people with disabilities or those over age 61.
- The Stepping Forward proposal pairs rent changes with job services.

Linking career choices with the Stepping Forward rent increase metric is one method of supporting SHA workforce assessment plans for the 4,600 work-able households. Making informed choices with sustainable income employment/self-employment options may greatly assist in work-able adults feeling secure in their housing opportunity throughout the six or seven year Stepping Forward process. By directly addressing, “Training and support are offered to help participants progress in the workplace and gain the capacity to pay higher rents,” SHA goals and improved tenant income generation could be targeted.

Qualified Seattle University fourth-year business or finance majors and MBA graduate students would be terrific contributors to reducing facilitator-participant ratios during business development trainings. Creating train-the-trainer opportunities where SHA tenants become workshop facilitators would be a remarkable goal. The community-based trainers could be placed in an uncomfortable position of getting challenged by their neighbors. However, there are ways to circumvent this and provide a sense that “our” community is making a difference. While recruiting resources to facilitate these trainings, *how* the English language learner best retains information should be included in the decision making process.

There are self-employment/employment resources for SHA tenants who qualify as disabled. The Division of Vocational Rehabilitation, a Washington State managed and federally funded agency, provides comprehensive services to assist in a return to work. “Work-able adult” is a term that may also apply to a segment of SHA tenants living with a disability who are unaware of employment options. Seattle area DVR offices are conveniently located near Seattle Center and light-rail accessible SeaTac airport.

Initiatives like Grow Seattle and non-profits Washington CASH or Community Capital Development provide business development trainings that are terrific local resources. Fast-paced presentations may leave immigrant, English language learners feeling left behind. Workshops must have clear objectives that enable tenants, and their SHA housing counselors, to acknowledge how it advances their achieving milestones as they advance through the Stepping Forward process.

Additional Self-Employment Options

In addition, the SU IEC team discovered a variety of other self-employment opportunities, including co-op models, for the Yesler Terrace resident-owned business owners. These ideas include the following (based upon discussions/interviews):

- Housecleaning (model like Maids Pro).
- Sewing/Tailoring. Ron Jenkins reported that seventeen women are interested in taking the class through the EOO. Donated sewing machines are available and will be housed in the Epstein Building. Ron and his team are finding job placement opportunities with sewing companies in Western Washington. **Note:** Timing of these classes is important so that the women can attend them.
- Catering/food carts and trucks (e.g., to activate developing land)
- Laundromat/dry cleaning/laundry services
- Car detailing
- Bicycle repair (e.g., a relationship with BikeWorks down in Columbia City)
- Henna work
- Franchise opportunities
- Pet sitting/care

RECOMMENDATIONS AND NEXT STEPS

Below are the technical recommendations and other action steps for the childcare providers and town/cab drivers, given the information gleaned to date. (APPENDIX VI includes additional resources for these resident-owned businesses.)

Recommendations	Next Steps
<p>1. Offer GED Support Via Other Existing Community Providers.</p> <p>The SHA can continue to encourage the childcare providers to take advantage of existing GED and GED equivalency programs in the area by providing regular updates/information to residents on classes and opportunities. However, it's likely that very few childcare providers will be able and willing to take advantage of them.</p> <p>The SU IEC and other SU departments can support existing organizations/resources that are already addressing the GED issue within the Yesler Terrace community (including ESOL and computer literacy), although there are no formal programs/services to do so at this time.</p>	<p>Literacy Source, Goodwill, and Seattle Colleges are potential partners. Many initiatives are already launched in the community. This approach will require long-term support and funding to sustain basic education training, particularly reading and writing. For the childcare providers, the process for obtaining a GED or GED-alternatives takes a lot of time, energy, and (in most cases) funding.</p>
<p>2. Provide Clear, Simple Career Options.</p> <p>The current and relocated Yesler Terrace residents could benefit from additional career- and skill-building workshops that support increased choices in their next career steps. The recommended format would be smaller, more personalized sessions offered during weekend or evening hours. The childcare providers will need Somali translation services for these sessions.</p>	<p>Leverage the SHA EEOC's services and include greater access to third-party services, including consultants such as InsideWorks LLC.</p>

<p>3. Provide Short, Basic Business-Building Workshops and Technical Assistance.</p>	<p>Leverage the SHA EEOC's services and include greater access to third-party services, including consultants such as InsideWorks LLC, WA Cash, Seattle Office of Economic Development, SBDC, Workforce, Seattle Vocational Institute (SVI), Seattle Colleges, etc. are among the various TA services that are already available to these resident-owned businesses.</p> <p>Future ideas include: use of marketing postcards/newsletter and outreach phone calls (translated into Somali, as needed) to notify participants, a centralized bulletin board, and a Somali television public broadcasting channel (as in Minneapolis).</p>
<p>4. Support the Creation of Member-Owned/Co-Op Models in the Future</p> <p>The SU IEC and other SU departments can research (and assist in the launching of) member-owned cooperative business models for childcare and other appropriate services/products, in conjunction with additional funding & resources.</p>	<p>See APPENDIX VII for current co-ops in the area, including childcare models that leverage local volunteers. Successful models already exist, although the organizational structure and processes can be complex. Next steps can include the creation of grant proposals to fund the research, development and implementation of a co-op.</p>
<p>3. Facilitate Access to Capital</p> <p>Explore access to capital options for new businesses, including use of Choice funds, National Development Council (NDC), and other micro lending opportunities (as described by InsideWorks LLC).</p>	<p>SHA to review Affordable Retail recommendations, which present different access to capital approaches and use of Choice funds.</p>

APPENDIX I: YESLER TERRACE CHILDCARE PROVIDER MODERATOR OUTLINE QUESTIONS

- Welcome, sign-ins, and childcare
- Purpose and Process
- SU IEC and childcare provider introductions
- Questions (show below)
- Final questions
- Thank you and gift/debit cards

Focus Group Questions

1. How is business? (Hours of operation? Number of kids?)
2. What are the ages of the kids you take care of?
3. What's your biggest concern regarding your childcare business at this time?
4. What challenges do you have now that you didn't have in the past?
5. How is the redeveloping of Yesler Terrace impacting your childcare business?
6. If you have already moved, have your clients continued to use your services? Have you gotten any new clients?
7. How might increasing expenses, including rent, impact your business?
8. What are your thoughts about the new DEL requirements, including getting a high school equivalency (GED)?
9. What aspects of your business would you like support for?
10. What options for growth do you see for your business in the next year? Two years?
11. What options do you see for yourself if you no longer are running your business? E.g., another job, business, schooling.
12. What do you think about joining with other childcare providers in cooperative where you could share space and other resources?
13. Anything else that you'd like to add?

APPENDIX II: FOCUS GROUP OF CHILDCARE PROVIDERS ON 8/13/14 (TRANSLATED FROM SOMALI)

- “The business is so low.” Traffic is causing problems. People needing childcare are moving out. Coupled with the trolley. “People are stuck in the traffic – they don’t bring their kids back again...When you move from one place to another, you lose your clients.”
- “When you move your business to a new neighborhood, your clients aren’t inclined to follow them to the new location. Once they’re in the new location, it takes 3 or so months to recover from the damage. Business also is interrupted because you need to get a new business license for the new location.”
- “We don’t ask our clients what they do, etc., (so we don’t know about them). It’s illegal for us to do that. In respecting their personal lives, I choose not to ask them about themselves.”
- “People are a mixture, different races, and income brackets that bring their children.”
- “There’s a lot of debris, vacant homes now, it’s really concerning for some parents to bring their children to this environment.”
- “With the construction – so much debris and dust – hard to convince people to bring their children. Plumbing issue – creating an unpleasant odor. There are also rodents and other small animals. “
- “Rats from other houses come to your place.”
- GED requirements: “How would you feel if someone came to you at your age and told you that you needed a GED in another language? ...Why do they force us to do this?”
- “If that’s something required, that’s okay, as long as the support is there for us to obtain it.”
- “Takes a long time to get GED, especially us who are foreigners. ...we learn English from TV.it’s too hard to take (GED).”
- (Just recently moved, loves YT, has had 6 children here): “These GED requirements have further reaching implications because every job we apply for requires it. I’ve applied for several jobs, including home care and they constantly ask for GED, feel like it’s a systematic target against refugees. Unattainable (certifications) because of age, language barriers, struggles.”
- “As a mom and refugee, it’s further complicating my life to have GED and high school diplomas.”
- “It’s hard.”
- “When we come here, America gave us free stamps/card, and we say ‘no’, we want to work, to support ourselves. When we get out of welfare, they want to put us back there. ...where do we go?”
- What are your options? “Go back home. Stay hungry.”
- “There’s a lot of emotion in discussions like this. What can we expect moving forward?”
- What support do you need (that is what we want to support you in getting, if possible)?
 - “Computer training”

- “Training would be good – computer, language. It’s unreasonable to get a GED in two years; I cannot do it. Different training. Still I want my business to be successful. I’m open to different training, including for my business or other things.”
- “The times when training is scheduled conflict with our childcare business. Impossible to make it work.”
- “Orally we can speak the language, but can’t read or write it. If that’s the case it would take much longer.”
- How about a cooperative (shared resources, location, etc.)?
 - “Everyone in one place will be tough.”
 - “How does that address the education requirements?” Higher requirements if not in home, including the workers (it seems)
 - (Not much interest/skepticism of its viability)
- “How about a GED in Somali?”
- (Taking GED conversation offline)
- Anything else that would make a difference, especially in terms of training?
 - “I appreciate offer of training and am open.”
 - Time and where? “Yesler.” “Weekends. 6-9pm best.” “Childcare would help.”
 - “Any other job opportunities that you can make available for us?”
 - “We don’t get enough kids (in childcare) anymore. Hard for me to do childcare and school, homework. Takes a long time. My kids are educated, they love to go to school. It’s hard for me. It’s going to take longer.”
 - “Daytime, you take care of your kids in childcare. After that, you have your own kids.”
 - “6 – 8pm or 6 - 9pm would work.”
- “If you help us with childcare, we can learn in the class or training. You can’t learn with your kids in the class.”
- If we provided childcare, would that help (e.g., with Seattle University students)? “Yes”
- “We took a class with Seattle U at Bailey Gaitzert. We brought our kids and SU students take care of them. Parents could learn. It was ‘How to Raise a Teenager’. Class was 9 weeks and had to bring our kids every class and they helped us. If we get something like that, perfect.”
- A couple of the younger women asked to have “more training options”.
- “Maybe start with CDA (Child Development Associates coursework) before going to the GED.”

APPENDIX III: TELEPHONE INTERVIEWS WITH TAXI-CAB/LIMO DRIVERS AND INTERPRETER

Questions for Taxi Drivers

1. Have you already moved? If not, when do you expect to move? If yes, when do you expect to move back, if at all?
2. How is the redeveloping of Yesler Terrace impacting your business?
3. Are there any other things that are impacting your business?
4. What options for growth do you see for your business in the next year? Two years?
5. What types of training would help you the most?
6. What days/times would be best for this training?

Diane Fisch (SU Executive MBA and Consultant)

- “I spoke with 4 of the 5 drivers. Resident X was no longer living at the number provided and the woman I spoke to did not have another number for him.
- Only one of the men has relocated so far. His only complaint was it now took him longer to get to work because he drives his taxi in downtown.
- All of the men said their business had slowed down a lot and they were not making the same money they had in the past, but this was unrelated to the Yesler redevelopment.
- The town car driver has not been working for a while because his car needs repairs and is not operable.
- All of the men said they would be interested in help with either improving their businesses or creating new ones. None had a particular idea of the type of training or what kind of business they would like to start. Because most work for a taxi company, I'm not sure if there are marketing strategies that could benefit them individually.”

Margo Robb, InsideWorks LLC (Project Coordinator & Consultant)

“I have talked to 3 of the 5 people on my list. One number has gone to voicemail each time I’ve called. I’ll try a few more times. One said it was a ‘bad number’ - that the man I was calling for was ‘outside’ – does that mean that he doesn’t live there anymore? The woman didn’t speak English very well but was very clear that it was a ‘bad number’.

Resident A: He was very hard to understand. He was in a loud place and moved to a very echoey place. Here is what I was able to decipher:

- He has already moved
- He doesn't plan on moving back
- Parking has always been an issue for taxi drivers at Yesler Terrace
- He ended the call very quickly. I called back and left a message thanking him for his time and telling him that we are interested in knowing if he would like training to further his business. I have not heard back.

Resident B: The woman I spoke to said that her husband wanted to do janitorial work but is currently driving taxi. She works in health care with individual clients.

- They still live in Yesler Terrace. Their phase has not come up yet. They are not happy about having to move two times. Trying to see if they can only move once into the final spot.
- Both she and her husband have to work outside of the community.
- They would like to work out of their home, but do not have the space currently. She would like to have people from the community come to her residence for health care concerns.
- She is interested in training but she would like to receive a flyer giving her different options so she can think about it more.
- The things on her mind right now are when they move, how far it will be from their work, what happens with the children's schooling and transportation (she has four kids) and what will happen with her current clients – will it be manageable to still meet with them?

Resident C:

- They do not have to move out of Yesler Terrace. Parking is an issue but since his work is on First Hill, he can primarily walk.
- He wants to go back and get a nursing degree but has no resources to make this happen. He would love some help finding financial assistance for tuition.
- He is very concerned about the proposed plan to increase rent. He understands why they want to do it, but he wonders what will happen to the people pushed out of the housing. He noted that "there is no guarantee that people will get jobs even with training."

APPENDIX IV: TECHNICAL TRAINING 10/30/14 MEETING TRANSCRIPTION

Brian presented 5 questions:

1. What do you do?
2. What benefits do your clients receive from your work?
3. Problems solved? Needs fulfilled?
4. What is unique about your business?
5. Who are your clients?

Q1: Provide childcare for families (By far the easiest question!)

- My business is day care. Doing day care has led to distress. Four women in the room run day cares right now. One woman has never done day care.
- Taking care of children while their parents work.

Q2: This question thinks about how to market your business. Safety, trust and licensed dependable care. Some providers provide night time care to help fulfill a need. The providers have different rates based on time of day and ages. For school age kids that receive before and after school care through Working Connections, parents pay \$14/day (subsidized rate).

Q3: Helping clients work while also helping themselves make money. These providers are flexible with families. They understand that timing is hard and they don't charge if parents are late. As parents themselves, they understand that the bus could have been late, traffic was bad, they were stuck at work, etc. Highlights: Night time care is really hard to find. Also, we are helping ourselves while helping the families.

Q4: Some women are open on the weekends. Some have extended care from 6 am to 8 pm. Brian noted that competition helps us understand our own business better – helps us define what is special about our own work.

Q5: Clients primarily come from referrals from the Childcare Resources website (<https://www.childcare.org/family-services/>). There are 750 licensed facilities in Seattle. The website lists the name, location, address and schedule of childcare providers. The women give updates every 3 weeks with how many openings they currently have in their childcare. Parents fill out application with necessary information to receive the care through Working Connections, subsidized childcare for DSHS clients.

Brian next talked about the upcoming changes for in-home childcare providers. How will these women adapt if they can't meet the high school diploma/GED requirements? One participant noted that they want to work and don't want to be dependent on the government. What is next? What brainstorm do the women have? The room was silent and the women asked for guidance as they didn't know.

The Yesler Terrace community is changing from the initial 561 units to up to 5000. Brian noted that this uptick in residents could benefit the women. A participant noted that it sounded great, but the timing was the problem. Those people won't move in for at least two years and the GED requirement kicks in in March 2017, right as they would be moving in.

Brian asked about some other options besides childcare – One woman suggested selling clothes -- retail? Brian suggested a restaurant (start with a food cart or truck?). Also, sewing. The women said that the YT Economic Opportunities office is offering sewing lessons but they are weekdays during the day – when all of these women are working their childcare jobs. The teacher isn't available to meet in the evenings or weekends? Many of these women would be interested in getting training, if at a time they could attend.

A Somali man who attended the meeting noted that these women are accustomed to working hard but that making a job change would be hard. He requested that we advocate for the women to stay in childcare.

A few additional options, with potential scholarships:

1. The women could take the Childcare Development Associate program – takes 1 year and could be taught in Somali
2. The women could take 2 quarters of education to get an Initial Learning certificate through Highline Community College, which is offering the class in Somali.

The meeting ended in Somali. Marian Ahmed, the translator, noted afterwards that one participant was telling all the other women to not further participate with this project as it was funded by SHA. Marian was asking the women to re-consider as there was great information being made available to them. The women said they could not attend the next meeting on Thursday, November 6 but would consider coming on Thursday, November 13.

Since the meeting, Marian, Brian, Sue and Margo have been brainstorming on how best to proceed. Current planning includes setting up meetings with 1 to 3 people, either meeting at the YCC on November 13th or in their home(s) to provide specialized training to their needs.

Possible Recommendation to divide the women into Cohorts

- Cohort 1: Individuals will be able to continue in childcare
- Cohort 2: Individuals starting a new business
- Cohort 3: Individual needs to investigate getting their Somali diploma
- Cohort 4: Individual wants to explore more education – GED or language training to obtain GED.
- Cohort 5: Individual not able to get childcare requirements met and don't know what to do next.

Those in Cohorts 1 and 2 could benefit from basic marketing and finance management training. Those in Cohort 5 need to spend some help making a new plan. Cohorts 3 and 4 need help figuring out the bureaucracy and costs associated with seeking out their Somali diploma or exploring continuing education.

APPENDIX V: GED REGULATIONS AND RELATED INFORMATION

The legislation that requires in-home childcare providers to have GED or high school diploma WAC 170-296A-1725 – Licensee minimum education.

(<http://app.leg.wa.gov/WAC/default.aspx?cite=170-296A-1725>)

(1) For any initial family home childcare license issued on or after March 31, 2012, the applicant must have a high school diploma.

(2) If the applicant does not have a high school diploma, he or she must submit written evidence of equivalent education. As used in this section, "equivalent education" means:

- (a) Passing the general educational development (GED) tests;
- (b) Completion of twelve years of elementary and secondary education;
- (c) Possessing a current child development associate (CDA) credential as approved through the council for professional recognition;
- (d) Completion of forty-five credits of post-secondary education; or
- (e) Completion of the department approved early childhood education initial certificate.

(3) In addition to equivalent education defined within this section, a family home childcare licensee licensed prior to March 31, 2012, and continuously maintaining the license may meet the "equivalent education" requirement by achieving a level three rating in the early achievers program, Washington State's quality rating improvement system, prior to March 31, 2017.

[Statutory Authority: RCW 43.215.060, 43.215.070 and chapter 43.215 RCW. WSR 14-16-039, § 170-296A-1725, filed 7/28/14, effective 8/28/14; WSR 13-21-112, § 170-296A-1725, filed 10/22/13, effective 11/22/13; WSR 11-23-068, § 170-296A-1725, filed 11/14/11, effective 3/31/12.]

Somali Diplomas

If a Somali woman has a diploma from her country, she can work to track it down and submit it for review. Providers have used the services of the Foundation for Educational Services (<https://www.fis-web.com/>) to verify their diploma documents that have been accepted by DEL.

GED Training (Research compiled by Bradley Brown, SU student)

The women need to be assessed individually to find out where they are academically so a specific program can be built to help them advance in their education, if they want that opportunity. The GED test requires many components – computer skills, reading and writing as basic requirements. Additionally, there are questions about history and the math component is very challenging. (http://www.gedtestingservice.com/testers/policy_wa)

- A test taker must be 18 years of age (to not need a waiver)
- Washington state residency must be proven. A driver's license is the preferred method. Alternatively, an id card from another state and a utility bill to prove residency will be acceptable.

- WA charges \$30 to take the GED test
- Retakes for sections of the 4 section test cost \$20 (limited amount)
- A test-taker must score at least 150 (out of 200) on each section of the test
- The test can be taken in Spanish or English language
- As of 2014 all testing is computer-based

There are four sections on the GED test

1. Social Studies
2. Science
3. Language Arts, Reading / Language Arts, Writing
4. Mathematics

Social Studies

50 multiple questions

- History 40% (U.S. or Canada 25%; World 15%)
- Geography (15%)
- Civics and government (25%)
- Economics (20%)

Science

50 multiple choice questions

- Physical science (physics and chemistry, 35%)
- Life science (45%)
- Earth and space science (20%)

Language Arts, Reading

40 multiple choice questions; there is a combination of fiction and non-fiction questions

Language Arts, Writing

Part 1: 50 multiple choice questions. The essay is score on a four point scale. Test-takers must have at least 2 points to pass.

- Organization (15%)
- Sentence structure (15%)
- Usage (30%)
- Mechanics (25%)

Part 2: 45 minutes to write an essay

- Focused main points
- Clear organization
- Specific development of ideas
- Sentence structure control, punctuation, grammar, word choice, and spelling.

Mathematics

50 questions

- Number operations and number sense (20-30%)
- Measurement and geometry (20-30%)
- Data analysis, statistics, and probability (20-30%)
- Algebra, functions, and patterns (20-30%)

Barriers to Getting a GED

Inability to read and write is the number one issue for these childcare providers, with access childcare being a close second. They need someone to watch their kids so they can have a chance to attend classes and study. Transportation can be another barrier. In addition, their culture may not support a woman's taking time away from their family and home to study/take classes.

GED Resources

1) Washington Colleges – BEST program costs \$1500 (full credits -- \$100 credit for 15 credits) but gives students GED training. Students have to pass competency test to show that they meet intermediate literacy requirements in order to enroll. Getting to class and having childcare are big barriers.

Based on an assessment done by Anne at Literacy Source 2 years ago, the majority of the women have only basic writing and reading skills. Some of the women will need help with learning to form letters (Writing Without Tears is a great learning-to-write program) and read.

2) Literacy Source (LS) – an organization that works with groups like the Somali childcare providers in Seattle to help them with basic learning skills. The CSIS had attempted to get a grant two years ago from the Casey Foundation. A GED training class was started at Yesler Terrace with the idea that the grant would fund it moving forward, but they did not get it. Anne Soerens, who taught the course, found that basic education was needed before any efforts could be put towards passing the GED.

This organization does a needs assessment and looks at how to work around barriers – childcare, transportation, scheduling around employment. They can run a course with 1-2 people as they know it takes a while (word-of-mouth, confidence building) to build a class. Ideal size is 6-8 people. Can put up to 10 people in a class as on any given day 6-8 people will attend.

LS also offers an external diploma program which can take 6 months or longer to study for, depending on the skills the individuals already have. They will work with the group to customize the classes to the individual needs of the participants. Margo Robb and Sue Oliver talked with Lynn Livesley, Janet Arbogast and Anne Soerens from Literacy Source (via phone on 9/19/14). Literacy Source is interested in doing more work with this community and sent a proposal of what it would take to finance a yearlong basic education course.

From: Lynn Livesley (lynnl@literacysource.org)

“Literacy Source is very interested in being involved in the continuing conversation about how best to provide support, educational and employment opportunities for in-home childcare providers at Yesler Terrace. As Janet mentioned, the women that participated in the class previously had little formal education, and the path forward to obtaining a GED will not be easy or short.

To really meet the needs of the anticipated students, I would estimate that it would cost **about \$30,000 annually** (including childcare - assuming at least 2 providers) for us to develop and run a year-long basic literacy course truly customized to meet the specific needs of the 16 to 25 Yesler Terrace eligible in-home childcare providers. I’m assuming not all 25 identified women would participate, but if 15 did, this would cost out to about \$2,000 per student per year. This would cover 5-6 hours of small group instruction each week as well as childcare, individual trained tutors providing additional support and instruction outside class time for interested participants, materials for students, and a budget for participant events. Students who were ready to move to the next step would be provided with support to navigate the world of community college and/or job training programs.

I could develop a more detailed budget for this model if that would be helpful, and could also adjust the cost, services and timeline if this does not seem feasible. A customized class only model (without childcare or individualized tutoring support) would be less - and could be determined at a per quarter rate (with additional funding at the startup for planning purposes - including conducting outreach, orientation and assessment of students, and developing a customized curriculum to meet the needs of the individuals involved). I estimate that this would cost about \$3,300- \$4,000 per quarter.

As a side note, we have begun a direct partnership with Seattle Central College to provide this kind of support to basic skills students in their offsite community classes (beginning with their class at the downtown library this fall). I think the individualized aspect of our approach really makes a difference for students.”

3) This training should be offered for the women who want continuing education but most women won’t be able to pass the GED test in time for the 2017 deadline to meet the in-home childcare requirement.

Interview with Eddie Lincoln, (former) SU CSCE Liaison

During an interview with Eddie Lincoln, former SU liaison for the Center for Service and Community Engagement at Bailey Gatzert after School Program, who now works for Equal Opportunity Schools (www.eoschools.org), he noted that until basic education becomes achievable for these women, it is hard to talk about further steps.

- He emphasized that the majority of the Somali women have not had access to formal education in either country; that they are illiterate in both languages.
- This is a culture that hasn’t adapted to American culture. We need to understand their culture – decisions get made within the community, their events are family-style meals. Childcare is essential to any training.
- There are 200-250 Somali women living in Seattle that this requirement will likely impact.

- The only concession that advocates garnered on the GED question was the 5 years that those without it would be grandfathered in.
- There are some resources (programs and financial aid) for getting GED training, but for many of the women, they do not have basic literacy, let alone academic English.
- Rachael Stewart suggested looking at the Family Friends and Neighborhood Care Providers (FFN) program through DSHS. Perhaps this could be an avenue for these women. DSHS also pays for childcare to FFN providers and they do not have the same requirements.
 - Early Achievers Program – If a childcare provider can get a 3 rating (based in part on the physical conditions of the childcare facility), they do not need to meet the GED/diploma requirement. Unfortunately, Yesler Terrace does not currently qualify for the Early Achievers program because of the construction.

Washington Early Achievers (<http://www.del.wa.gov/care/qris/>)

Early Achievers is a voluntary Quality Rating Improvement System (QRIS) for childcare facilities that commit to providing high-quality early learning experiences for children birth to 5 years old. Washington State is among 30 other states that are in the process of implementing or testing a QRIS. Early Achievers is designed to support all programs no matter if you are just starting out in childcare or if you've been providing high quality care for years.

Early Achievers participants receive support and training from Childcare Resources in preparation for a quality rating based on a set of standards that have been shown to promote school readiness in children. The four quality standard areas are:

- Child Outcomes
- Curriculum & Learning Environment & Supports
- Professional Development
- Family Engagement & Support

We know that when children have access to high-quality experiences from birth through age 5, they are more likely to be successful in school and later in life.

Early Achievers is unique among other states' QRIS programs, in that participation is inclusive of many different early learning settings. Early Achievers participants can be licensed family childcare homes or licensed childcare centers, as well as Head Start or ECEAP and certified tribal or military facilities. The program is a statewide system administered by the Department of Early Learning. Childcare Resources is the contracted agency in King County that partners with participating licensed family childcare homes and childcare centers to provide onsite technical assistance, coaching and professional development and training.

Early Achievers also provides early learning professionals with incentives and support for participating early learning facilities that includes:

- Free STARS training
- Onsite, personalized technical assistance and coaching
- Access to professional development
- Financial incentives

APPENDIX VI: ADDITIONAL INFORMATION AND RESOURCES

Best Practices – Minneapolis, MN

(Researched by Diane Fisch, SU Executive MBA and Consultant)

Successes within the East African Communities in Minneapolis/St. Paul have been supported in part by the African Development Center of Minnesota (<http://www.adcminnesota.org/>). This organization provides profit-based small loans that are in keeping with Islamic laws of borrowing and credit. They provide initial business training and on- going coaching as businesses are developed.

Businesses that have been established with their assistance include barbershops, restaurants, a gym, African grocery stores, halal butchers, and a number of stalls at the international bazar. One example of particular interest to our Yesler Terrace project is Shega Bakery & Spices.

“Shega makes injera bread...It is gaining fans and customers from all Minnesota ethnic backgrounds. As evidence of its growing popularity, Shega has expanded beyond supplying just ethnic and neighborhood grocery stores. It is now stocking injera for Cub Foods at a number of Twin Cities locations... Side-by-side with the bakery on East Franklin, Shega sells various food and gift items from East Africa. The bakery itself employs 15 people. Shega has also started a Minnesota-licensed commercial trucking business to support its growing bakery and spices wholesaling.” (Made in Minnesota 2012: Building Cross-cultural Commerce)

Earlsworth “Baba” Letang, Market Manager at the Midway Global Market in Minneapolis, said he had received many requests about childcare facilities, especially before the largest space in the market became a restaurant, but it hasn’t been explored. He is interested in continuing to stay in touch and share information about cooperatives. Availability of space is a big issue. (612) 876-4449, eletang@ndc-mn.org. The Midway Global Market is an excellent example of providing affordable retail space to create a cultural rich environment with vendors from around the world.

Additional reading: Yusuf, Somalis in Minnesota, 2012.

Interview with Rachael Steward, SU CSCE

SU Executive MBA graduate student, Diane Fisch, interviewed Rachael Steward as her experience in working with the Yesler Terrace community and whether or not she believes it would be possible to replicate similar businesses to those in Minneapolis.

1. What work did childcare providers do prior to coming to US?

Rachael said she has limited knowledge of what the Somali residents did for employment prior to coming to the U.S. One woman owned a hotel and restaurant, but she is currently a childcare provider. Another has indicated an interest in opening a clothing retail store. Other than these examples, there is nothing specific about what they have done or what they aspire to do in the future. She suggested the best method for getting this information is to speak with them individually with patience and to be aware their answers will not be direct or linear. She thought most would be open to the discussion.

2. Do you believe they could start businesses like grocery stores, retail, and restaurants?

There are East African restaurants and groceries in the neighborhood, but they are not listed as Yesler Terrace businesses (per Fitsum Abraha's list). Rachael said, given the economic condition of the tenants, it would be unlikely they would start businesses like these. However, non-resident businesses might be able to do so, especially if they have access to "affordable retail" space.

Organizations with Services for the Somali Population (researched compiled by Laura Delgado, SU student)

Afrique Service Center

About/mission: The focus is on East African communities in King County by promoting social welfare through a variety of services.

Address: 5700 Rainier Ave South suite #A, Seattle, WA 98118

Phone: (206) 380-8826 and (206) 725-0958

Website: www.afrsc.org/index.html

Educational Services:

- East African Girls Group.
- After School Programs.
- Other cultural awareness educational programs.
- Advocacy.
- Domestic violence prevention.
- Referral services.
- Senior/elderly services.
- Meals and nutritional education.

Centerstone

About/mission: Centerstone offers a variety of services and programs with the goal of helping people move from poverty to self-sufficiency.

Address: 722 18th Ave Seattle, WA 98122

Phone: (206) 812-4949

Website: www.center-stone.org

Educational Services:

- Financial education.

Social services:

- Housing Assistance and Homelessness Prevention (this program helps with eviction prevention).
- Energy assistance (income-eligible Seattle households can qualify for assistance with home-heating costs).
- Other energy services (assistance with repairs etc.)

- Food bank (open for anyone in the 98102, 98112, 98122 zip codes) and delivery service for elderly and other homebound individuals.

ChildCare Aware of Washington (<http://www.childcarenet.org>)

About/mission: To support families and caregivers, shape policy, and build communities that promote the learning and development of children and youth throughout Washington State through a strong statewide network of local childcare resource and referral programs.

Vision:

- Children receive quality care;
- All parents have access to affordable, quality childcare for all children;
- Childcare providers are professionals who are well trained and earn a living-wage;
- Childcare providers receive the support of parents, employers and the local community in order to provide consistent, high quality and developmentally appropriate care for children;
- Local communities address needs for childcare by involving childcare resource & referrals, parents, childcare providers, employers, and local and state agencies, and private organizations providing services to families.

Social Services:

- Parent Information & Referral
- Caregiver Support
- Community Building and Education
- Data and Research

East African Community Services

About/Mission: “East African Community Services (EACS) is dedicated to improving the well-being and quality of life for East African youth and their families in Seattle. We provide tools to adjust to life in the United States, preserve diverse cultural heritages, and participate in broad and integrated community life.”

Address: 7054 32nd Ave S, Suite #207 Seattle, WA 98118

Phone: (206) 271-1119

Email: info@eastafriancs.org

Website: www.eastafricans.org

Educational Services:

- Summer Learning Program.
- After School Program.
- Parent Engagement Campaign.
- Robotics.

Social Services:

- ESL tutoring.
- Citizenship and naturalization classes.
- Case management and counseling services

Horn of Africa Services

About/mission: Horn of Africa Services (HOAS) is a nonprofit organization that offers assistance to East African immigrants and refugees primarily from Somalia, Sudan, Eritrea, Ethiopia, Djibouti, and other neighboring countries. HOAS focuses on health, employment, housing, and educational needs. The staff is bilingual in order to offer counseling, referral services, classes, workshops and other services.

Rainier Office

Address: 4714 Rainier Avenue South, Suite 105 Seattle, WA 98118

Phone: (206) 760-0550

Yesler Terrace Office

Phone: (206) 344-5872

Other Offices: New Holly Office

Email: info@hoas.org

Website: www.hoas.org

Education and Employment Services

- Computer based employment training and basic computer education.
- After school program (tutoring) for youth.
- Tech night program for young adults focusing on the math and technology fields/subjects.
- Environmental program that provides information on how to participate in environmentally friendly practices such as recycling and saving energy.

Social Services:

- Citizenship classes.
- Legal immigration clinic.
- Various advocacy oriented programs.

Refugee Women's Alliance (ReWA)

About/mission: "ReWA is a non-profit, multi-ethnic organization that promotes inclusion, independence, personal leadership, and strong communities by providing refugee and immigrant women and their families with culturally and linguistically appropriate services. ReWA advocates for social justice, public policy changes, and equal access to services while respecting cultural values and the right to self-determination."

Main Office

Address: 4008 Martin Luther King, Jr. Way South, Seattle WA 98108

Phone: (206) 721-0243

South King County Office

Address: 15245 International Boulevard, Suite 20 SeaTac, WA 98188.

Phone: (206)957-2029

Other offices: Kent, International District, SeaTac, and Rainier Vista.

Website: www.rewa.org

Educational and Employment Services:

- Youth Programming.
- Early childhood education.
- English as a second language program.
- Employment and vocational training.
- Domestic violence assistance.
- Family support and case management.
- Naturalization and legal services.
- Senior assistance.
- Housing and homelessness prevention.

Seattle Central College Basic and Transitional Studies

About/mission: This program offers General Educational Development (GED), English as a Second Language (ESL), and Adult Basic Education (ABE) courses. Tuition costs \$25.

Address: 1701 Broadway Seattle, WA 98122

Phone: (206) 934-4180

Website: www.seattlecentral.edu/basic/#

Educational Services:

- Adult Basic Education (ABE)
- General Educational Development (GED®)
- English as a Second Language (ESL).

The Seattle Foundation | Somali Community Services of Seattle

About/mission: Our mission is to work for the success of refugees to undergo a smooth transitional process, and attain self-sustainable status in their new country.

Address: 8810 Renton Ave S Seattle, WA 98118.

Phone: (206)760-1115

Email: somcss@yahoo.com

Website:

<http://www.seattlefoundation.org/npos/Pages/SomaliCommunityServicesofSeattle.aspx>

Education and Family Programs:

- Youth and sports programs.
- After school program.
- Parent education.
- Senior program focusing on education and nutrition.
- Social Service:**
 - Housing assistance.
 - Assistance for homeless families.
 - Counseling and case management.

- Job search assistance and employment referrals

Seattle University Youth Initiative

About/Mission: To create a pipeline of support for neighborhood children and families focusing on the Yesler Terrace area. The mission is to unite Seattle University and the wider Seattle community to break the cycle of poverty for families.

Address: 1223 East Cherry Street Suite E, Seattle WA 98122.

Phone: (206) 296-2569

Website: www.seattleu.edu/suyi

Educational Services (Engaging Families):

- Family Talk Time.
- Strengthening Families Program.
- Read Out Loud Early (ROLE) Parent Workshop Program.

Educational (Engaging Youth):

- Early learning.
- K-12 assistance at Bailey Gatzert.
- Summer learning and programs.

Somali Community Services Coalition

About/Mission: Social services organization that serves the Somali population and other immigrant and refugee groups. The organization is a community center which holds meetings and provides resources for community members.

Address: 15027 Military Road South, Upper Terrace #2-4 SeaTac, WA 98188

Website: www.somalicsc.org

Education and Advocacy Services

- Youth education.
- Family Nights.
- Language assistance.

Social Services

- Case management for employment assistance and referrals.

South Seattle Community College Basic and Transitional Studies

About/mission: “Basic & Transitional Studies provides instruction in reading, writing, speaking, listening, and math so students learn English, earn their high school credential, enter employment, and begin college-level studies.” The GED course cost is \$25.

Address: 6000 16th Ave SW, Seattle, WA 98106

Website: www.sites.southseattle.edu/bts/

Educational Services:

- Adult Basic Education (ABE)
- General Educational Development (GED®)
- English as a Second Language (ESL).

Millionair Club Charity_(On Behalf Of Lindsey Webb (lindseyw@millionairclub.org))

“The Millionair Club Charity is a Seattle non-profit organization helping to rebuild lives by offering jobs and other support services to individuals experiencing homelessness or unemployment. One of these important services is a meals program - we serve breakfast and lunch every weekday from our certified kitchen. In the afternoons, evenings, and on weekends, the kitchen is unused, and we are interested in offering it for rent to small and/or up-and-coming food businesses.

This is a first-time endeavor for us; therefore, terms would be both competitive and negotiable. We can offer a variety of equipment, including but not limited to: 3-compartment sink, prep tables, dishwashing station, convection oven, stovetop/oven, deep fryer, meat slicer, hot hold, 20-qt. mixer, cold storage, dry storage and pots, pans, and utensils.

If interested, please send an email to Lindsey Webb, Food Programs Manager and include information about what type of food business you have and what you are looking for. You must be licensed, bonded, and insured. Unfortunately, we are not able to provide parking for food trucks.”

APPENDIX VII: COOPERATIVE OPPORTUNITIES

Co-Operative Opportunities (research compiled by Cathy Phan, recent SU Albers graduate)

An alternative for the resident-business owners is to form a Co-operative, which is an autonomous association created and governed by a group of members with common economic, social and cultural needs. There are four common types of Co-Ops: Retail, Credit Union, Service Provider and Housing. Service Provider is a potential co-op type that is most appropriate for these women. The International Co-operative Alliance (ICA) has adopted the following seven principles:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, Training and Information
6. Co-operation among Co-operatives
7. Concern for community

(According to *“What is a Co-operative?”* by *The Co-operative Learning Centre*)

Steps to Forming a Co-op:

- Become a for-profit organization, file articles of incorporation in writing, duplicate and send to the Secretary of State (the contents of articles can be viewed at <http://app.leg.wa.gov/rcw/default.aspx?cite=23.86.050>). For a foreign profit organization, a Certificate of Authority must be filed.
- Filing fee is established by the Secretary of State by rules (\$180 and \$230 for expedited service)
- Directors are elected by members of the association.
- Office and agent must be registered. (defined at <http://app.leg.wa.gov/rcw/default.aspx?cite=24.06.050>)
- Association may pass Bylaws to govern itself.
- Members have the right to vote, rules are specified in Articles of Incorporation and Bylaws
- Failure to appoint a registered agent may lead to failure to be recorded as active organization; the secretary of state will notify this 30 days prior.
- Apportionment of Earnings and Distribution of dividends are prescribed in Bylaws.

(Washington State Legislature, Chapter 23.68 RCW, Cooperative Associations)

Examples of Existing Service Co-Ops in Washington:

Children's Center 4759 15th Avenue NE, Seattle, WA 98105

Phone: 206-522-5388, Email: executive_director@coopchild.org

"We are still a private, parent owned, non-profit childcare and preschool center where parents play a major role in the program and the classroom. Parents participate weekly by working in their child's classroom, attend semi-annual all classroom meetings, make up the majority of our board, and account for the majority of voting members of the cooperative. Parents vote on budgets, create policies, spearhead fundraising, and so much more."

Central Co-op (Grocery Cooperative) 1600 E Madison St, Seattle, WA 98122

Phone: 206-329-1545

"Central Co-op is a member-owned natural foods cooperative in the heart of Seattle dedicated to sustainable practices, community accountability, and the local food economy."

Main Market Co-op 44 W. Main, Spokane, WA 99201

"Main Market Co-op is a retail food co-op owned by its members. We are a not for profit organization dedicated to supporting local and organic producers and educating our community about the benefits of both. As supporters of sustainable business and agriculture, we endeavor to provide excellent food selections and world-class customer service while using less of our community's resources. Membership is voluntary and open to the public."

Sno-Isle Natural Foods Co-op 2804 Grand Avenue, Everett, WA 98201

Phone: 425-259-3798, Email: Info@SnoIsleFoods.coop

"Our mission is to operate a regionally-based, community-supported food cooperative that will:

- Feature wholesome, bulk and organic foods
- Encourage its members to contribute and participate in its growth
- Be supportive of local growers and producers
- Be a resource for the community for education toward a healthy lifestyle
- Welcome diversity in its membership
- Operate as eco-friendly as possible."

UW Consolidated Laundry – A Cooperative Hospital Laundry 2901 27th Avenue S., Seattle, WA 98144

Phone: 206-520-4700, Email: laundry@u.washington.edu

"To assist our customers, to effectively and efficiently manage linen resources and costs, while maintaining quality patient care and comfort."

APPENDIX VIII: INSIDEWORKS LCC FULL REPORT



December 1, 2014

Sue Oliver, Executive Director
Seattle University Innovation & Entrepreneurship Center
Albers School of Business & Economics
901 12th Avenue
Seattle, WA 98122-1090

RE: Yesler Terrace Resident-Owned Businesses
Inventory, Technical Assistance & Recommendations

Dear Sue:

It has been a privilege working with you and the Seattle University (SU) students during the Chase funded, SU Innovation & Entrepreneurship Center (SUIEC) /Seattle Housing Authority (SHA) Yesler Terrace Resident-Owned Businesses grant. Thank you for this opportunity to witness your sincere community engagement efforts and those of each student.

This report provides recommendations related to assisting SHA tenants and SU's long term objectives, specifically:

1. SU mission creating sustainable model for university engagement with local residences and businesses, economic growth, and economic development progress while partnering with city, state, and national stakeholders.
2. Increased job creation and sustainable income within the Yesler Terrace community

Overview

InsideWorks collaborated with SUIEC as the project coordinator and consultants to analyze the Yesler Terrace residential/commercial redevelopment effects on a select group of in-home, self-employed tenants, particularly Somali childcare providers and Ethiopian/Oromo taxicab and town car drivers. During a large community discovery meeting, one small group workshop, and numerous telephone and in-person interviews, we have heard the challenges each family experiences with their reassigned housing or pending moves.

InsideWorks LLC
318 - 6th Avenue So. #102
Seattle, WA 98104
206.619.4345
brian@insideworks.net

Background

In addition to providing affordable housing to more than 28,000 people, Seattle Housing Authority (SHA) supports a wide range of community services for residents, including employment services, case management and youth activities.

SU and SUIEC staff and faculty attract opportunities for students to positively influence the economic development, education, and other community needs of Seattle residents.

InsideWorks consults with agencies, universities, and the private sector in areas of economic development, small business growth, and entrepreneurial education towards improving economic standards in our communities.

Comprehensive Problem

SHA created and is executing a far-reaching redevelopment plan including the demolition of 561 Yesler Terrace housing units. The plan includes up to 5,000 new housing units addressing affordable housing and market rate properties, commercial retail, office buildings and open space. In addition to the ongoing construction, the Seattle Department of Transportation light rail project disrupted Yesler Terrace tenants, especially challenging for those with home-based businesses described in this report.

Solutions

SHA's revitalization objectives for the current Yesler Terrace residences include improved education, employment and affordable housing options. SUIEC and InsideWorks addressed these issues, contributing to a sustainable, vibrant foundation to this community renaissance.

Interviews

In addition to our participating in the childcare owners' community meeting and business-related workshop, InsideWorks interviewed 15 SHA tenants. We conducted 10 telephone interviews and five in-person interviews in the tenants' home or InsideWorks International District offices. Five were childcare providers, one owns a janitor business while driving a taxicab, one has a medical career background hoping to become a nurse, and 8 currently drive for a living. These men drive either a taxi or town car for themselves or a cab business. Several in-person meetings extended to 90 minutes. The interviews with Somali language tenants were made possible under the direction of translator Marian Ahmed whose scheduling skills, follow up, and sincere professionalism made these interviews possible. Each of the Oromo/Ethiopian tenants spoke English well enough for us to communicate.

The open dialogue during one-on-one telephone and in-person meetings appreciably contrasted from the group encounters where the SHA Stepping Forward proposal was center stage. One day care provider, who was particularly vocal against the SHA proposal during the group meetings, surprised us during an interview by sharing her desire to move out of that business due to family matters and increasing risk factors in the field. Despite her very committed concerns regarding the Stepping Forward program and people's abilities to meet the yearly rent increases, she herself will not be impacted by the rent increase plan.

Challenges

The 16 childcare providers who attended at least one of SUIEC's events shared common concern over Washington State childcare requirements that will require owners to achieve at least a GED by March

2017. Lack of native language literacy compounds the English acquisition requirements heightening anxiety among the group.

The nine taxi and town car drivers we interviewed are troubled with the loss of parking spaces and potentially reduced parking available in the newly constructed buildings.

There were common threads to these entrepreneurs' experiences that reveal opportunities for ways SHA may be able to assist.

The invite to the discovery evening on 8/13/14 and workshops, the first of which was on 10/30/14, were specifically designed for the 26 Somali day care providers. SUIEC provided a native speaking translator, food, babysitting and gift cards as incentives to secure attendance for the first evening conversation. Unfortunately, the timing of the meeting coincided with the unveiling of SHA's Stepping Forward Rent Policy for Work-Able Households. With the awareness that we had been hired by SHA, we were met with substantial angst over SHA's proposal and consistent suspicion as to our intentions. Representatives from the Service Employees International Union (SEIU) and SHA attended the evening workshop on 10/30/14 and the latter exited part way through the presentation due to participants' repetitive commentary referencing rent increase proposal that distracted from the intended purpose of the evening. The SEIU representative came to connect with the childcare providers and share information she had about efforts to ameliorate the impending licensing requirement changes. There seemed greater interest in showing a unified front and preparation for the impending march against the rent increase proposal than our conversation of bolstering the current business or thinking about alternative methods of income generation.

Initially we strategized offering three evening workshops for the day care providers covering a range of small business operational, financial, and marketing needs. As the team evaluated the distractions outlined above we pivoted our efforts to meeting one-on-one with this pool of SHA tenants. Once these interviews commenced, individuals were much more interested in methods for advancing their careers and supporting their families. Many of the participants were no shows for scheduled appointments.

Yesler Terrace community members made several relatively common recommendations during our one-on-one interviews, including:

- Facilitate any future meetings with smaller groups. Some reported the difficulties being heard in the larger setting, which is a common group dynamic concern related to factors other than cultural issues. Extroversion and introversion personality traits exhibited in a large group setting could have factored in to this concern.
- Having stations in a large room with separate issues addressed at each one would be helpful. For instance, many people do not understand what having a credit rating means. How to build "credit" for individuals living in the household, not just the ones whose names are on the rental, is an example of need for greater understanding of Western financial requirements. This idea was explored, but wasn't ultimately used. One stumbling block was locating up to 4 translators. The groups we considered were getting a job (Worksource), exploring a new business possibility (Washington CASH), continuing education (Goodwill?) and basic business training (InsideWorks LLC).
- Inform them of a variety of career/self-employment options then offer opportunities to think about their best options. Day care owners shared a range of vulnerabilities inclusive of the GED requirements, but also how the housing and light rail construction cacophony has impacted business, fatigue working with children (many accept DSHS clients whose parents work a night shift), and awareness that Child Protective Services (CPS) can be called even for small scrapes or for any reason. They shared stories when CPS was called and destroyed employment opportunities for a community member.

- Taxi and town car drivers are facing a changing market, mostly unrelated to the housing development project. The emergence of transportation network companies Lyft, Uber, and SideCar initiated a year-long debate with Seattle city council, mayor, and taxi cab companies. As a result, there will be more taxicab licenses and unlimited TNCs. In business terms, the competition just skyrocketed and it is a good time for career taxicab drivers to consider at least supplemental income sources.
- Deliver business-training courses that are respectful to their acquired level of English language acquisition. Pacing is important. Respectfully repeating information, speaking clearly (like not facing a white board when talking), with the opportunity to work on tasks one-on-one if necessary would be helpful.
- Assist them with attaining small business loans, as underlying issues are not necessarily related to credit worthiness. One woman shared that she qualifies for a \$100,000 loan. Habitat for Humanity frequently determines that some immigrants are better qualified for their programs rather than long time citizens due to stronger credit application results. The fundamental issue challenges us to analyze the Western loan repayment model inclusive of accrued interest then evaluate ways in which micro-financing could be Islamically compliant (repaid without interest).

Quotes:

- “Help us decide (what to do with their business/career). I do not know what to do.”
- “I am not complaining. The move is hard on my family and children. But things will get better.”
- “There is nothing you can do (for me). They (Uber & Lyft) are stealing our clients. I don’t get called to work that much.”
- “I have nothing to say. Work is slow. I drive maybe three days a week. What else can I do?”
- “Parking is bad. I don’t think parking will be good after new apartments are built.”
- “If you teach business class, I can tell five of my friends.”
- “I don’t think they (SHA) want us here.”
- “I want to know more about (operating) my day care.”

Opportunities

SHA tenants, when interviewed in person, expressed interest in anything that could be offered to help them move forward. Needs included basic technology skills (including email procedures) and general small business development training, financial management and marketing workshops, exploration for further education and of course uncertainty about housing options. One man, who wants to earn his RN degree, has eight children including an 8-year-old wheelchair bound son with severe developmental disabilities and lives in a four-bedroom apartment with no ADA provisions. He is a highly motivated, humble father and has not wanted to appear as unappreciative to the SHA. He did approve forwarding his housing concerns to SHA.

Childcare providers have several options for earning a GED. Timing and cost for these extensive training sessions appeared prohibitive for many at this time. Concerns included having to leave their own families in the evening or their children joining them, both challenges loomed large. Having earned a GED equivalent in another country is considered for licensing. However, Somali’s political unrest compounds this issue. One company that verifies this information from international educational sources would not certify this data coming from Somalia.

Most were interested in the idea of culturally sensitive and locally relative business development training courses. “Culturally sensitive” training includes honoring cultural origins *and* the manner in which business is conducted in the U.S. When asked about finances to start a business, several indicated they would qualify for a bank loan but could not accept a financial transaction with attached interest.

For some families an alternative to operating a childcare business may include qualifying through the Washington State Department of Social and Health Services (DSHS) to become foster parents. Currently there are no minimum education requirements. They retain parents from all backgrounds and welcome immigrants as foster parents. The agency tries to accommodate anyone who needs to complete the application process in a language other than English. Foster parents must have sufficient income to support themselves without relying completely on foster care payments. Parents would have to pass first aid/CPR (childcare providers are likely certified with these skills) and pre-service training, other orientations and informational workshops. Ongoing training is also required to remain qualified.

First step qualifications to becoming a foster parent include:

- Being at least 21 years old
- Single or married is okay
- Approval process takes about 90 days and includes an FBI and Washington State Patrol background check everyone living in home
- *Families can live in a rented or owned home*
- Take a TB test

Another care-giving field to explore is elder care. Earning a Nursing Assistant Certification (NAC) requires a modest investment of time and resources and is offered through several community colleges and technical colleges, including North and South Seattle Community Colleges, Renton and Lake Washington Technical Colleges. Renton gets good reviews as well as the Shoreline Community College program. Some programs start with NAC that leads to RN if desired. The caregiver's union start's wages at \$11.07 minus required dues. After working long hours and seeing taxes reduce take home pay below \$10, the burn out rate can be significant. However, finding private pay clients can double this wage. Several of the people we interviewed would consider this option.

The U.S. Census shows that by 2020 the 65+ year-old population is projected to explode to 61.9M. Estimated costs for caring for elders have increased by \$9.4B to \$22.4B since 2004. For those tenants concerned about passing the comprehensive GED, this may be a positive alternative. Those with very limited English skills may find the NAC curriculum difficult to pass.

One Oromo tenant is working to own a home in order to operate an elder care business and has attended a Habitat for Humanity (H4H) orientation to support this goal. She understood much of the presentation but would benefit with further one-on-one consultation to clarify the opportunity. This case represents the need to offer cash flow projection workshops to help tenants make informed, economically sound, career decisions. We researched H4H options that are available. Important elements to consider beyond income guidelines and credit worthiness are the explicit requirements of investing at least 400 hours of sweat equity, contributing their story to H4H public relations/marketing campaigns, and the interest-based home loans.

With 561 Yesler Terrace homes being replaced with up to 5,000 residences and plans for office developments, the potential for those tenants/businesses needing an array of services along the Yesler corridor becomes a significant consideration for self-employment start-ups. Self-employment options include house cleaning, auto detailing, food service, tailoring, gardening, and bike repair. With a little business development training, a house cleaner can competently charge \$25 or more per hour. Profitability can be realized by hiring hourly help starting in the range of \$10 - \$12 range. Agreements with commercial property owners could conveniently place modest car detailing businesses in building garages. A pick up/delivery tailor and/or laundry service would likely meet the needs of busy families and professionals living in the community.

There is an uptick in interest for what I refer to as micro-cooperatives. Examples of modest-start cooperatives that have shown spectacular growth include Nationwide (a mutual insurance cooperative), AgriBank (a Minnesota-based farm-credit cooperative), and Recreational Equipment Inc. (REI). Small businesses and even local government agencies have banded together forming purchasing and marketing cooperatives. Most notably are cooperatives in Minnesota that were formed to increase health insurance buying power. SHA tenants could benefit by banding together to market same skills, paying only a fraction of marketing costs and perhaps lower other costs. I believe the tight cultural ties of these immigrant populations set them on a good foundation to consider the benefits of cooperative practices.

Please review the SUIEC report, Appendix VII: Cooperative Opportunities for in-depth research compiled by SU student Cathy Phan.

Access To Capital, Asset Building Loans

There exists overwhelming data revealing that access to capital is the number one challenge of microenterprise startup ventures and the issues are worse for minority-owned businesses. Limited financial and human capital, lack of community support and racial discrimination are primarily responsible for the disparities. Analyzing the use of Choice funds to infuse micro-financing opportunities for SHA resident-owned businesses is one option. There are several qualified, federal/state micro-loan compliant, organizations who would be excellent partners to this end.

Which leads to another barrier for the Muslim-owned businesses. Local solutions could initiate very real impact if we rethink and carefully manage a system for lending money in a manner complimenting the Western financing model.

Micro-financing is offered through a myriad of nonprofits throughout the nation and Washington State who typically receive funding from national banks, U.S. Small Business Administration (SBA), foundations, and states' departments of economic development. Interest rates may be higher than average as bankers justify that startup loans are a higher risk. Higher interest rates are often charged to those who can afford them less. Since the SHA tenants with whom we spoke practice the Muslim faith, the cost of these interest bearing microloan products initiated conversations relating to how lenders could structure loan programs differently.

The Islamic Development Bank provides definitions of the foundational boundaries of Islamic finance, "It emphasizes the balance between for-profit activities, or the market, and not-for-profit activities, including social and philanthropic activities." This financing method is counter to standard Western financial practices where financing with accrued interest payments are the means to an end. In the Islamically-compliant finance model, the means justify potential financing. This can be achieved through a number of financial instruments, including equity financing, leasing, and mark-up sale.

J.P. Morgan Chase is one of the international banks offering Islamic banking solutions in regions likes the Middle East & North Africa. Frankly, alternative-financing models can at first appear incompatible to current practices. For that reason, I recommend convening community members inclusive of the Muslim community who could advance the conversation in a manner that leads to assisting SHA's Muslim tenants. I am confident that solutions are closer than we might first think.

Seattle University finance and business students could engage in expanding the lending practice conversation alongside organizations researching these options. Community Sourced Capital is a crowd sourced, interest-free lending organization located in Pioneer Square. Tollefsen Law attorneys Julia

Johnson and Fara Daun are local experts for Islamically compliant financing. They are facilitating Islamic compliant financing models to local micro-financing organizations in December. InsideWorks would be interested in hosting a preliminary conversation to discover possibilities for Choice Neighborhood funds and other sources. These partners would be charged with developing the groundwork for a sustainable, alternative system of asset building products that benefit SHA tenants.

Ongoing Workshops

I encourage SHA to support tenants with workshops first designed to help them discern what realistic career options are available to them. These exploratory workshops could offer related but preliminary information to the self-employment/business development trainings. These culturally sensitive trainings should be mindful of both immigrants' cultural origins while motivating them to engage the culture of business ownership or employment procedures in the U.S.



I suggest that trainings include tenants' revealed anxiety of, and perhaps misunderstanding over, SHA's Stepping Forward program. According to SHA data, "employment services are not broadly available, and many households lack a connection to existing resources."

- Stepping Forward proposal would affect about 35 percent of households served – those who are defined as "work-able."
- "Work-able" means that at least one person in the household is age 24-61 and does not have a disability that prevents them from working.
- The proposed changes would not affect people with disabilities or those over age 61.
- The Stepping Forward proposal pairs rent changes with job services.

Linking career choices with the Stepping Forward rent increase metric is one method of supporting SHA workforce assessment plans for the 4,600 work-able households. Making informed choices with sustainable income employment/self-employment options may greatly assist in work-able adults feeling secure in their housing opportunity throughout the six or seven year Stepping Forward process. By directly addressing, "Training and support are offered to help participants progress in the workplace and gain the capacity to pay higher rents," SHA goals and improved tenant income generation could be targeted.

Qualified Seattle University fourth year business or finance majors and MBA graduate students would be terrific contributors to reducing facilitator-participant ratios during business development trainings. Creating train-the-trainer opportunities where SHA tenants become workshop facilitators would be a remarkable goal. Trainers selected from communities whom they then present to can face challenges from their neighbors. However, there are ways to circumvent this and provide a sense that "our" community is making a difference. While recruiting resources to facilitate these trainings, *how* the English language learner best retains information should be included in the decision making process.

There are self-employment/employment resources for SHA tenants who qualify as disabled. The Division of Vocational Rehabilitation, a Washington State managed and federally funded agency provides comprehensive services to assist in a return to work. “Work-able adult” is a term that may also apply to a segment of SHA tenants living with a disability who are unaware of employment options. Seattle area DVR offices are conveniently located near Seattle Center and light-rail accessible SeaTac airport.

Initiatives like Grow Seattle and non-profits Washington CASH or Community Capital Development provide business development trainings that are terrific local resources. Fast-paced presentations may leave immigrant, English language learners feeling left behind. Workshops must have clear objectives that enable tenants, and their SHA housing counselors, to acknowledge how it advances their achieving milestones as they advance through the Stepping Forward process.

Yesler Terrace Affordable Retail Report

This comprehensive report is a terrific accomplishment completed during a short time frame. I echo Michael Verchot’s commentary that much of the findings could be unattainable to current Yesler Terrace tenants. Offering developers incentives does not directly address tenant-improvement asset building financing for the micro-enterprise retail operator. National companies like State Farm or a bank, credit union or national restaurant chains like Subway are likely suitors. This leads to an issue that may have not yet been addressed: branding.

A portion of the Choice Neighborhood grant could focus efforts on branding the rebirth of this neighborhood. Briefly, if SHA does not help direct the conversation about the “Phoenix rising” acknowledging its (hopefully) diverse community, developers will likely accept nearly *any* financially viable business.

The food cart rodeo is a brilliant idea and timely for all the references made in the SUIEC report. Presently, food carts offer a wide range of international foods and may offer relatively low market entry costs compared to developer-owned retail space. Each cart requires an agreement with a commercial kitchen, defining an excellent co-operative opportunity. In Portland, Celtic, Peruvian and Samoan foods are among the 600 food cart options. Several local food carts have transitioned to include storefront restaurants like Skillet and Maximus/Minimus. Partnering with Washington CASH may prove helpful as this month they purchased a food truck and are launching a food-related business development training and technical assistance program.

Concluding Remarks

The Somali, Oromo and Ethiopian immigrants we interviewed cherish the close-knit Yesler Terrace community and many mourn leaving this urban center. Our research revealed that many of these people are not planning to return, opting for housing options at New Holly, other SHA properties, or moving out of the area. It is likely this location will not approach the high percentage of Yesler Terrace immigrant tenants that were historically housed on those 22 acres.

The exodus from this historic urban housing development could lead to reduce opportunities for former residences. However, with planning and re-visioning microenterprise development and micro-financing practices, it could also revitalize and reconnect these immigrant communities who utilize SHA housing and ancillary services. One agency or well-intentioned non-profit organization can solve these issues. Going forward, SHA and select partners can work to implement innovative opportunities that push

necessary boundaries and adequately support small business development in their Yesler Terrace community.

Upon request, InsideWorks could offer solutions to improve trainings and provide resources for the dialogue towards culturally sensitive and locally compliant micro-financing options. It has been extraordinarily humbling to work alongside the energetic wisdom and passion invested in this project by you, SU students, and the courageous immigrant contributors impacting our community's prosperity.

Sincerely,

A handwritten signature in black ink, reading "Brian J. Jaeger", followed by a long horizontal flourish line.

Brian J. Jaeger
Business Producer
InsideWorks LLC

Yesler Terrace Economic Development Project

PHASE II: AFFORDABLE RETAIL ANALYSIS AND RECOMMENDATIONS

To the Seattle Housing Authority
By
The Innovation and Entrepreneurship Center
Seattle University / Albers Business School
December 1, 2014



**INNOVATION &
ENTREPRENEURSHIP
CENTER**

PHASE II: AFFORDABLE RETAIL ANALYSIS & RECOMMENDATIONS

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Phase II: Yesler Terrace Affordable Retail Analysis & Recommendations

BACKGROUND

The SHA engaged the Seattle University Innovation & Entrepreneurship Center (SU IEC) to conduct an affordable retail analysis and recommendations, described below, as Phase II of its economic development project for the Seattle Housing Authority (SHA). The project team, which included the SU IEC Director and several SU students (Juan Arango, Hannah Tsai, Emily Allen, Diane Fisch, Cathy Phan, Bradley Brown, and Laura Delgado), conducted a series of interviews among local commercial real estate experts and investigated secondary research among existing resources.

SCOPE

The purpose of the SHA/SU affordable retail study was to examine and analyze the feasibility of 10,000 to 15,000 square feet of commercial space in the early phases of the Yesler Terrace redevelopment, which included reviewing and making recommendations regarding the following elements:

1. The amount of commercial space for small businesses that the market can support at Yesler Terrace;
2. The types of small businesses that are likely to be successful in the redeveloped Yesler Terrace;
3. The space size configurations that would be most appropriate; and,
4. The potential uses of Federal Choice Neighborhoods grant funding of \$600K. This funding is intended to help create opportunities for affordable retail space within the broader Yesler Terrace community (Map shown in APPENDIX I). The SU IEC developed and evaluated ideas for using these funds. Such uses may include, but are not be limited to, a revolving loan fund for Tenant Improvements or up front business costs, or subsidizing rent on commercial space.

RESEARCH METHODOLOGY

Between September 1 and November 25, 2014, the SU IEC team conducted both secondary and primary research to address these four components, including nineteen in-depth interviews with subject-matter experts (APPENDIX I). See APPENDIX II for secondary research sources.

RESEARCH ASSUMPTIONS

The SU IEC made the following assumptions based on the project's scope, discussions with SHA representatives, and its research findings:

- There will be 10,000 to 15,000 square feet of retail space in the early stage of the redeveloped Yesler Terrace. However, this retail space will not be owned or managed by the SHA. Instead, it will be located within the properties of private developers, including Spectrum Development Solutions, Vulcan Real Estate, and possibly others.
- Currently there are no contractual obligations between the SHA and these private developers regarding the use or purpose of this space for affordable retail use/purposes.

- The SHA will build out and use approximately 1,200 square feet in the 820 Yesler building for its Yesler Terrace management offices. This space falls outside of the scope of the current study.
- The fully-redeveloped Yesler Terrace area will provide up to 90,000 square feet of office space and at least 561 units for residents with incomes below 30% of area medium income (approximately 11% of the total possible 5,000+ housing units).
- By 2016, approximately 3,000 square feet of commercial space will be included on the ground floor of the 12th and Yesler building being developed by Spectrum. This workforce housing is intended to serve nurses working at nearby hospitals, teachers, policemen, firemen, civil servants and others working in downtown Seattle.
- Vulcan recently acquired three building sites for market-rate residential development that will include commercial space up to approximately 15,000 square feet.
- There is interest in collaboration among developers and current commercial space owners as to the types of businesses that would be brought into the redeveloped Yesler Terrace. For example, the 12th Avenue Business District has recently formed that includes developers, retail business owners, and other related groups. Its goal is to create and implement a successful commercial retail strategy along the lower 12th Avenue corridor.
- There is strong interest among community organizations and Yesler Terrace residents and business owners to have access to more affordable retail space in their neighborhood.
- The SHA has allotted up to \$600,000 in Federal Choice grant dollars to help create opportunities for affordable retail space within the broader Yesler community/Choice neighborhood. These funds are relatively unencumbered and may be used in a variety of ways.

RESEARCH FINDINGS

1. Leasing Affordable Commercial Retail Space Is Often Unattractive to Seattle Developers

According to Enterprise Community Partners, which is currently studying commercial retail space within affordable housing buildings in the city of Seattle, “from a financial perspective, ground floor retail in affordable housing buildings, has generally not been a success” in Seattle. One of their conclusions is that the “financial return on investment is lacking” for this real estate use; therefore space is often allocated with offices or left vacant. Discussions with other commercial real estate experts corroborated this information. One of the primary reasons for the low expected investment return is the higher risk profile and failure rates among most affordable commercial retail tenants, especially younger and/or smaller businesses. Developers incur major sunk costs (and losses) for build out when a tenant cannot pay its rent and/or goes out of business and a new tenant needs a different/new build-out. Thus, some developers use a break-even lease length well over five years to evaluate potential commercial retail tenants. Enterprise’s research indicates that the SHA has one of the most successful track records among Seattle commercial retail property managers, in terms of attracting sustainable businesses within its various properties. A key factor in the SHA’s success is its requirement for

potential commercial retail tenants to produce a robust business plan, as well as its support of business owners in creating this plan.

Commercial developers consider a variety of factors when evaluating potential commercial retail tenants which are similar to those that an institutional investor would consider in making a major investment. Such factors include: a solid business plan that demonstrates sustainability, particularly in terms of current and future revenues, cash flow, debt & liquidity ratios, ownership & leadership team (skills, experience, credentials, ease of doing business with & connections), costs of build-out (and who pays), and access to capital.

In essence, the ideal commercial retail tenant is expected to be highly successful and profitable for the next twenty years. Interestingly, the tenant/landlord relationship is evocative of the entrepreneur/angel investor relationship. What this implies is that establishing a relationship where mutual trust is generated can contribute towards creating a mutually beneficial and enduring partnership. In addition, factors such as time spent on due diligence, developer experience in tenant industry, and developer participation may be strategic options that influence commercial tenant success. This will be discussed further in this report.

Implications. These research findings indicate two potential areas of affordable retail support for Choice funds that could be much more effective than merely providing debt financing buy-downs or subsidized tenant improvements. One approach would be to assist commercial developers and property managers in finding attractive, sustainable small businesses as affordable retail tenants, by pre-screening these businesses using a simple matrix tool to evaluate the relative strength of letters of intent (LOI) for retail deals. Most developers have their own criteria and a process for evaluating deals; however, a matrix could be tailored towards screening affordable retail clients.

In addition, small businesses could receive coaching and technical assistance well before they apply for commercial leases to ensure that they are sustainable and present themselves as attractive retail tenants to property managers. To this end, supporting them in creating a solid business plan and financial forecast could make a big difference, especially in terms of their having access to capital funding. (Critical success factors for small business growth are discussed on page 5.)

2. Affordable Commercial Retail Investing Is Similar to Angel Investing

Apart from the external economic vagaries presented previously as the four-year survival rate by industry type, there are a series of internal strategic factors that play into the success of a commercial retail tenant that occupies a new space. There are two sets of these factors, those relating to an analogous relationship with startup investing, and others relating to retail strategy. If we are to accept the analogy with the angel investing industry mentioned previously, research by Dr. Robert Wiltbank from Willamette University indicates that three factors may impact commercial retail tenant outcomes:

1. Due diligence time: More hours of due diligence positively relates to greater returns.
2. Experience: An investor's (developer's) expertise in the potential tenant's industry is also related to greater returns.
3. Participation: Angel investors (developers) that interact with their portfolio companies (tenants) at least a couple of times per month by mentoring, coaching, providing leads, and/or monitoring performance experience greater returns.

The second set of strategic questions refer to retail strategy and originate in the work of Blanton Turner:

1. Target Market: Targeted marketing communication (sniper approach) attracts specific types of residential tenants (and therefore retail tenants), which, combined with broad range communication (shotgun approach), results in a more effective marketing campaign.
2. Residential and Commercial Tenant Synergy: Commercial tenants that cater to resident needs thrive while decreasing residential turnover.

Average Attrition Rates for Small Businesses Are Very High

Attrition rates for small businesses in the United States are very high on average. Below is a small sampling of statistics gathered from various industry sources (summary by M. Mason and B. Ritholtz):

- The Small Business Administration (SBA) estimates that over one-half of all new businesses fail within five years, while a National Business Incubator Association (NBIA) and *Inc. Magazine* study showed a much higher eighty-percent failure rate over five years.
- Some statistics indicate that 90% of small businesses fail within ten years.
- Dun & Bradstreet reports that, "Businesses with fewer than 20 employees have only a 37% chance of surviving four years (of business) and only a 9% chance of surviving 10 years."
- Higher risk companies such as restaurants only have a 20% chance of surviving two years. Of these failed business, only 10% of them close involuntarily due to bankruptcy and the remaining 90% close because the business was not successful, did not provide the level of income desired or was too much work for their efforts.
- According to the SBA, the primary causes for small business failure (in order of decreasing importance) include lack of experience, insufficient capital, poor location, poor inventory management, over-investment in fixed assets, poor credit arrangements, personal use of business funds, unexpected growth, competition, and low sales.
- Critical success factors and competencies for small business growth and development include a strong, experienced leadership team/owners, strong cash flow and liquidity, access to capital, good location, solid value proposition, good customer service & operations, and a solid fixed asset/capital management plan.
- A business plan can assist a small business in achieving these success hurdles, especially in terms of obtaining needed capital from banks and investors. However, a 2005 Babson study found no significant difference in success between small businesses with business plans and those without plans, except for their ability to attract funding, albeit an important factor.

Sources: Small Business Administration, <http://www.moyak.com/papers/small-business-statistics.html>, and <http://www.ritholtz.com/blog/2012/01/small-business-successfailure-rates/>; http://fusionmx.babson.edu/entrep/fer/2005fer/chapter_xii/paperfr_xii3.html

Implications. A big factor in the success of affordable commercial retail in Yesler Terrace will be selecting tenants that have a high likelihood for success, particularly in terms of the previously-mentioned critical success factors. In addition, providing technical assistance and business planning can make a difference and may be more valuable than providing short-term rent or build-out concessions.

3. Commercial Retail Tenant Relationships Can Be Complicated (and Unattractive) for Developers.

Commercial retail tenants will typically scrutinize the commercial lease provisions that have direct economic impact on their operations. While a tenant's ability to modify these provisions will depend on a number of factors, every tenant eventually makes an effort to rearrange the impact of these terms. One of the most contentious issues is tenant improvements. If improvements are to be made to the leased premises prior to the tenant's occupancy, the tenant will want to make certain that the obligation to pay rent and other charges does not begin until the tenant improvements are complete.

In allowance arrangements, the tenant will want final space plans and estimates for the work so not to be exposed to the cost of improvements in excess of the landlord's allowance. The tenant will also give very specific requirements for the space to be built out to satisfy his needs. For example, the tenant will request that the allowance not be used up for base-building work, such as bathrooms located in common areas, asbestos abatement, or sprinkler systems; and he will want to arrange for disposition of the landlord allowance if the actual tenant improvements cost less than the allowance. The landlord will want to keep the unused portion of the allowance, but the tenant will attempt to get the landlord to apply the allowance to the costs of other work that is the responsibility of the tenant under the lease or ultimately allow the tenant to use some portion of it. Conversely, the landlord will want to offer minimum tenant improvements or do away with the provision altogether.

Implications. Most commercial property managers would rather leave their retail space unoccupied than to lease it to a higher-risk tenant such as businesses that need subsidies due to financial constraints. Subsidized tenant improvement or allowances (using Choice funds) could make commercial retail more affordable to a small business and somewhat more attractive to commercial developers and property managers. However, if an affordable retail business fails, the landlord might have to invest an additional tenant improvement sum for the next tenant. In the words of Blanton Turner's founding Principal Barry Blanton, "often in small retail space that doesn't rent for a lot, the landlord doesn't break even on the money given in T/I until late in the first 5-year term; given that, they actually don't make money unless the tenant renews for a second 5-year term." This is without further tenant improvement expenses paid by the landlord. As previously mentioned, providing technical assistance and capacity-building consulting would provide greater and longer-lasting benefits for both the small business owner and the commercial developer.

4. The Market for Commercial Real Estate Appears to Be Strengthening in Several Cities, including Seattle.

The outlook for U.S. non-residential real estate operating returns is very positive. The expanding economy will boost occupancy and provide opportunities to increase rents. There is relatively little new supply coming to market in most cities, so landlords will be in the driver's seat for a few more years¹.)

Vacancy rates in the U.S. retail market are expected to decline from 9.8 percent currently to 9.6 percent in the third quarter of 2015. Currently, the markets with the lowest retail vacancy rates include San Francisco, at 3.5 percent; Fairfield County, Conn., 3.9 percent; San Jose, Calif., 4.6 percent; Long Island, N.Y., 5.2 percent; and Orange County, Calif., at 5.3 percent. Average retail rents are forecast to rise 2.0 percent in 2014 and 2.4 percent next year. Net absorption of retail space is likely to total 11.2 million square feet this year and 19.3 million in 2015².

Locally in Seattle, the commercial retail outlook is relatively positive. According to a recent Price Waterhouse Coopers and the Urban Land Institute report, Seattle ranks 8th as overall investment prospect location within the five U.S. regional markets for commercial real estate investment in 2015³. In specific numbers, Loopnet, the leading commercial real estate market place online, indicates in its current Seattle real estate market data that the median asking price per square foot for commercial properties experienced an increase of 7.3% compared to the previous 3 months, following a decrease of 9.0% compared to last year's data. The sales price, however, underwent a decrease of 2.6% in the past three months compared to an increase of 11.0% last year. The demand on housing sales market increased by 2.2% compared to the past three months, with an increase of 16.3% in the past year.

Implications. A stronger commercial real estate market in the Seattle could lead to higher rental rates as businesses seek to locate in the new Yesler Terrace buildings. With greater

¹ Commercial real Estate Forecast 2014-2015 Forbes Magazine <http://www.forbes.com/sites/billconerly/2014/03/27/commercial-real-estate-forecast-2014-2015/>

² National Association of Realtors "Improving Economy Slowly Brightens Outlook for Commercial Real Estate."

³ "Emerging Trends in Real Estate United States and Canada 2015", PWC, Urban Land Institute.

demand, commercial property managers are likely to be even more selective in choosing new tenants, making it more difficult for retail businesses to afford the new space.

5. The Amount of Commercial Retail Space for Small Businesses in Yesler Terrace that the Market Can Support (in the Short Term) Is Relatively Limited.

In order to better understand the amount of commercial retail space that could succeed within Yesler, the SU IEC team analyzed average commercial retail space requirements, as well as the density and characteristics of the near-term Yesler neighborhood. An average commercial retail space is approximately 1,500 square feet (or 6 to 10 businesses within 10,000 – 15,000 square feet). As shown below, the most popular businesses within a short walking distance (0.25 mile) from Yesler Terrace include coffee shops, cafes/diners, and grocery/convenience stores. The SU IEC team analyzed the discretionary spending capacity and habits of current and future Yesler Terrace residents to determine which businesses would be most viable (pg 11).

An analysis of neighborhood businesses in the Yesler community within walking distance and 0.5 miles of 100 10th Ave (central point) indicates the following out of 382 businesses:

Type of Business	0.25 miles (walking distance)	0.5 miles
Coffee Shops / Cafes	2	26
Bakeries	1	1
Restaurants/ Diners	46	133
Ice Cream shops / Juice bars, etc.	1	1
Fitness related businesses	1	3
Convenience stores / markets	11 ⁴	22
Green Markets/ Grocery Stores	1	6
Banks	0	7
Medicine related businesses	8	11
Children's needs related businesses ⁵	1	2
Pet related businesses	0	0
Salons	11 ⁶	12

Source: Seattle University Analysis. 2014

Implications. The charter small businesses in the new Yesler Terrace space must be attractive, sustainable businesses that will continue to grow as the neighborhood evolves. In the short-

⁴ Includes 7 Asian markets bordering the International District.

⁵ There are 25 childcare providers within the Yesler Terrace Community.

⁶ All salons are located on the border with the International District.

term, it's unlikely (but possible) that the neighborhood will be able sustain much more than 15,000 square feet of commercial retail, nor attract large franchise operations such as Starbucks or a large grocery chain. In the longer-term and as occupants fill the new Yesler Terrace residential buildings (and offices), the capacity and demand for commercial retail space should increase.

6. Yesler Terrace Area Businesses Must Support Both the Current and Future Yesler Residents

According to City-Data.com, the Yesler Terrace neighborhood occupies 0.20 square miles and is bordered on the south by S. Jackson Street, on the east by 12th Ave and 12th Ave S., on the north by James Street and East James Way, and on the west it is bordered by I-5.⁷ Population in Yesler Terrace in 2011 was 4,026 residents with the following demographic characteristics and is considered by the Choice Neighborhoods Western Convening Report to be primarily the "Transient, Under-Developed Typology"⁸:

Yesler Terrace Demographics 2011

Data	Yesler Terrace 2011	Seattle
Population Density per Sq. Mile	19,809	7,410
Median Household Income	\$23,542 ⁹	\$88,251 ¹⁰
Estimated Number of Households	2,516	-
Estimated Total Income	\$59,23M	-
Median Rent	\$825 ¹¹	\$1,138 ¹²
Average household size	1.6 people	2.1 people
Percentage of people that do not speak English well or at all	17.2%	5.0%
Percentage of foreign born residents	33.9%	19.2%
Less than high school attainment	44.1%	7.7%
Bachelor's degree attainment	14.7%	33.4%
Percentage of population below poverty level	45.4%	14.8%

Source: <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>, 2011, Seattle University estimates.

⁷ <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>

⁸ 2012 estimates. Data for Yesler, Seattle, WA. Economic Place-Making: How to Develop a "Neighborhood Business Plan". Choice Neighborhoods Western Convening. HUD San Francisco Field Office, May 14-15, 2014

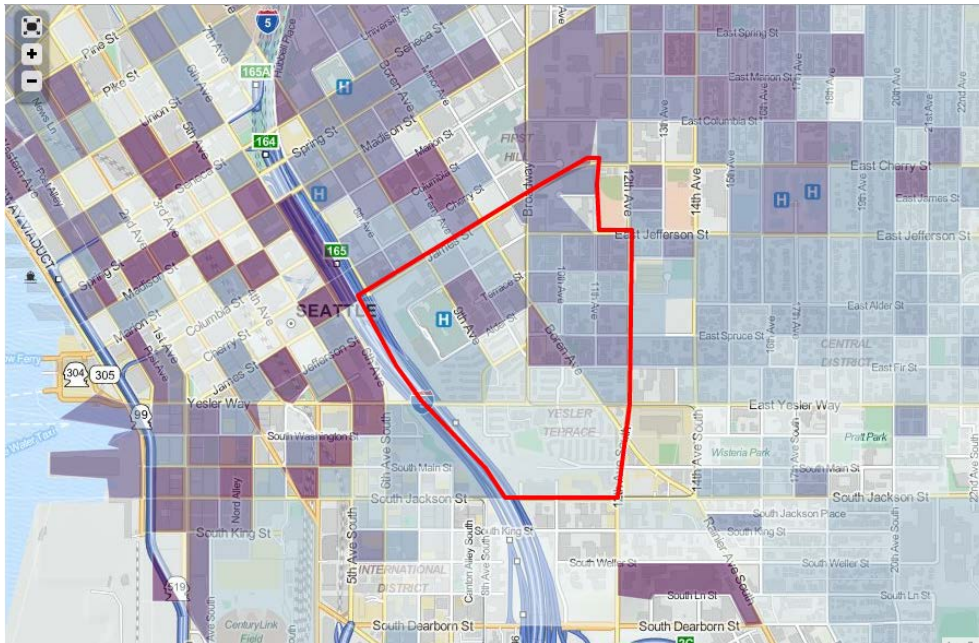
⁹ Ibid.

¹⁰ 2014 estimates. <http://www.huduser.org/portal/datasets/il/il2014/2014MedCalc.odn>

¹¹ OP Cit.

¹² Ibid.

Yesler Terrace Map



Source: <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>, 2011



The future Yesler Terrace will serve a mix use of commercial property, Vulcan's mixed-use apartment buildings, Seattle housing and market-rate apartments and workforce housing aimed at households earning up to 80% of Area Median Income (AMI).¹³ Given the vast amount of growth and redevelopment within the 3.7 acres and mixed range of income, we estimate a large population expansion and a drastically different demographic. According to the 2013 Seattle Housing Authority Yesler Redevelopment fact sheet,

561 units will serve residents with incomes below 30 percent of AMI, replacing the low-income units that exist now; 290 apartments will serve residents with incomes below 60 percent of AMI; 850 apartments will serve residents with incomes below 80 percent of AMI, including people who may work downtown in lower-wage jobs; and up to 3,199 housing units would be market-rate units.

The plan also estimates up to 900,000 SF of office space and up to 65,000 SF of neighborhood services, including the existing Yesler Community Center. A few features of benefit include a new neighborhood park, streetcar, renovated pathway from Little Saigon to First Hill, and

¹³ Seattle Housing, <http://seattlehousing.net/2014/10/housing-authority-land-sale-helps-revitalize-yesler-terrace/>

education and employment programs. This will aid to the growth of the local businesses and allow easy access to these destinations.

Within the upcoming years, as the project comes up for completion, assuming full occupancy, the new Yesler Terrace is projected to increase its population to 10,308 individuals. At this point, it is likely to have transitioned into a much stronger economic situation designated as a “Close, Cool and Commercial” typology by the Choice Neighborhoods Western Convening report, with the following neighborhood characteristics:

Estimated Yesler Terrace Demographics 2018

Data	Yesler Terrace 2011	Yesler Terrace 2018
Population Density per Sq. Mile	19,809	50,825
Median Household Income	\$23,542 ¹⁴	\$60,817
Estimated Number of Households	2,516	6,855
Estimated Total Income	\$59.23M	\$416.92M
Median Rent	\$825 ¹⁵	\$1,016
Average household size	1.6 people	1.5 people
Percentage of people that speak English not well or not at all	17.2%	9.8%
Percentage of foreign born residents	33.9%	24.9%
Less than high school attainment	44.1%	21.9%
Bachelor’s degree attainment	14.7%	26.1%
Percentage of population below poverty level	45.4%	26.7%

Source: <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>, 2011 / Seattle University estimates, HUD Choice Neighborhood Convening report, May 2014.

¹⁴ Ibid.

¹⁵ OP Cit.

In order to better understand the amount of commercial retail space that could succeed within Yesler, the SU IEC team analyzed average commercial retail space requirements, as well as the density and characteristics of the near-term Yesler neighborhood. Assuming the above future neighborhood characteristics, an average \$1,138 monthly rent, and taxes of 35%, we estimate disposable annual income in the redeveloped neighborhood to be \$177.4M.

Implications

Becoming an increasingly high-density neighborhood, Yesler Terrace will house residents who will spend their discretionary income on a variety of items within different price points in the neighborhood. New retail space will not only create jobs but will also cater to the current diverse neighborhood of its multi-ethnic and multi-lingual customers. Although psychological obstacles, such as crime and shrinkage could be a deterrent to new customers, new retailers tend to turn around such areas. Building inner-city retail has become positive and advantageous throughout the past 15 years for not only retailers but for communities as well, according to a 2007 “Retail in Inner Cities” study by Michael Porter’s ICIC consulting group. For example in 2000, after the five-acre Grove Hall Mecca Mall rebuild in Roxbury, Massachusetts, it brought in 450 jobs to the current population of 90,000 within a 2.5 square mile radius. During which time tenants were receiving subsidized rents and retailers were able to maintain their revenue.¹⁶

In addition, increased density and discretionary income in Yesler Terrace may support the phenomenon of “destination shopping” to arise in some capacity. Destination shopping is a concept in the retail industry related to stores, malls and outlet centers that is different than normal, casual shopping. When participating in destination shopping, customers will plan a trip to a retail location in order to spend a number of hours there as entertainment, rather than simply to purchase goods. Individual consumers, according to Doug Stephens, retail blogger and author of *The Retail Revival*, will “more and more expect these (retail) destinations to deliver unique and memorable experiences that we simply can’t anywhere else – digitally or otherwise”. In his theory he proposes that “consumers will increasingly choose businesses that offer either anywhere convenience or only-here experiences”¹⁷

A destination store is a venue that consumers find attractive for specific reasons which motivate them to make a special trip for the purpose of shopping at that location. Typically, destination stores are unique in certain respects in order to induce shoppers to come to them, even if the distance or location is not convenient. The consumer draw for a destination store can be the type of merchandise that is sold or the distinctive way in which the merchandise is marketed, the specific way merchandise is displayed, the deep discounts to be found nowhere else, the offering of special services that are unique, etc.¹⁸

¹⁶ Retail in Inner Cities. http://www.icic.org/ee_uploads/publications/Retail-in-Inner-Cities-ULI-ICIC-012007.pdf

¹⁷ <http://www.retailprophet.com/blog/store-experience/the-future-of-retail-the-destination-is-you/>

¹⁸ <http://www.wisegeek.com/what-is-a-destination-store.htm>

7. Business Viability Analysis and Recommendations: Food and Retail Pet Are Top Options

The SU IEC team conducted a comprehensive break-even and share-of-wallet analysis to determine which small businesses would be most likely to succeed in the new commercial retail space (shown below). First, based upon recommendations from UW's Michael Verchot, the SU IEC analyst calculated the average break-even sales volumes per business location. Next, he mapped this break-even to the discretionary income potential for the neighborhood with the addition of the new business. The ability of the neighborhood to support the following new commercial retail business types is shown in decreasing order: Café, Bakery, Retail Pet, Green (Farmer's) Market, and Restaurant. Other commercial retail business types are shown to not be as viable options, including a childcare center, gym, convenience store, beauty salon, and chiropractic practice.

Business Viability Analysis Assumptions

Assumptions included a \$20/SF lease, a minimum wage of \$15.00 an hour with 40-hour work weeks, a 25% load rate and fixed costs of only lease and wages. Breakeven was calculated by dividing fixed costs into cost of goods sold.. Next, a business viability analysis was conducted using publicly available information on shares of wallet for different product offerings, a redeveloped Yesler Terrace median income of \$60,817, and a total 2017 population of 10,318 individuals. Yesler Terrace potential consumption equals share of wallet multiplied by annual income, while available discretionary income per business divides the potential consumption into the number of businesses competing for the customer's dollars within the specified radius. Available discretionary income coverage indicates how many more businesses of this type the population could support. Businesses that have income coverage above 1.0 are highlighted in green and considered initially viable under this analysis.

Business	Break Even Analysis				Business Viability					
	Area (sq ft)	Lease (\$20/sq ft)	Breakeven Monthly Customers	Breakeven Annual Revs (\$000)	Average Yearly Expenditure per Person (est.)	Yesler Terrace Potential Annual Consumption (\$000)	Current Density + New Business in 0.25 mile radius	Available Discretionary Income per business (0.25 mile radius, \$000)	Available Discretionary Income Coverage	Available Discretionary Income per business (0.5 mile radius, \$000)
Café*	1,000	\$ 20,000	3,667	\$220	\$1,100	\$7,957	3	\$2,652	12.1	\$295
Bakery*	1,000	\$ 20,000	2,350	\$352	\$421	\$2,885	2	\$1,443	4.1	\$1,443
Pet retail*	2,000	\$ 40,000	780	\$431	\$135	\$1,393	1	\$1,393	3.2	\$1,393
Green market*	1,000	\$ 20,000	2,226	\$668	\$576	\$3,947	2	\$1,973	3.0	\$564
Restaurant*	1,500	\$ 30,000	1,477	\$319	\$3,166	\$21,704	47	\$462	1.4	\$162
Childcare Center**	2,500	\$ 50,000	1,093	\$1,074	\$103	\$1,063	2	\$531	0.5	\$354
Gym**	2,500	\$ 50,000	1,125	\$783	\$68	\$702	2	\$351	0.4	\$175
Convenience store**	2,000	\$ 40,000	9,079	\$1,089	\$278	\$2,868	12	\$239	0.2	\$125
Beauty Salon**	1,000	\$ 20,000	1,147	\$482	\$63	\$650	12	\$54	0.1	\$50
Chiropractic**	1,000	\$ 20,000	388	\$493	\$44	\$454	9	\$50	0.1	\$38

*Viable

**Not Very Viable

*See APPENDICES V and VI for details.

8. Recommended Commercial Retail Businesses and Configurations

Based upon the business viability analysis, the SU IEC team researched the background and recommended configurations for the “most likely” to succeed commercial retail businesses. The results are shown below. Configurations and details for unviable businesses appear in APPENDIX IX.

Café

A café provides a place where people work, relax, and chat over coffee, tea, or some snacks. Seattle is famously known for coffee given its weather conditions; having a cup of coffee in a rainy day seems to have become the signature in Seattle. Competition is high and intense in Seattle; however, while most people are pursuing franchise-type of cafés, a specialty café would be a special niche in the area. As people become more educated about espresso-based drinks, how they are generated, and where they are originated, it creates the market for specialty café.

A 1,000 square foot space would perfectly accommodate a decent amount of customers. The space can be divided into four major areas: counter, which includes coffee machines, cashier counter, and pantries display area, common area, which could potentially accommodate one 8-person table, seven 2-person tables, and five 4-person tables, kitchen, where they bake pastries, and two restrooms.

According to the latest National Coffee Drinking Study from National Coffee Association, the daily consumption of espresso-based coffee has risen from 13% to 18%. The demographics of coffee consumption are 35% of age 18-24, 42% of age 25-39, 34% of age 40-59, and 24% of age 60+. With 61% of consumers who drink coffee daily, this business is steadily growing.

A report on the U.S. Bureau of Labor and Statistics shows that a counter attendant at a coffee shop makes average \$9.45 hourly, \$18,700 annually, with minimum wage of \$7.86 per hour to maximum wage of \$12.24 per hour. Also, being a counter attendant does not require a high degree of education, which makes it attractive for Yesler Terrace residents.

It is unlikely that a major chain such as Starbucks will enter the Yesler Terrace neighborhood in the short-run until food and vehicle traffic are sufficient. There is a remote possibility that Starbucks might open a community store as it did so successfully at 23rd and Jackson; however, that store’s success is due primarily to its attractive location at two major, busy crossroads. More likely candidates include the immigrant-owned (Persian) Cherry Street coffee or Café Iladro or Vita. Another possibility includes a venture such as Bean Street Espresso that trains “street-involved” young adults to become baristas and small business owners. Seattle University is assisting Bean Street in evaluating new locations, including one near Seattle University. Perhaps this business could locate in the new Yesler Terrace.

Bakery

Currently, there is one bakery within 0.25 miles of Yesler Terrace. A 900-sqft space for a storefront bakery would comfortably accommodate two chefs, one waiter/waitress, and one cashier. The space should be distributed with 60% allotted toward the licensed economy kitchen, 20% towards a small sitting area and display, 10% for the cashier and office, and 10% for restrooms. The initial cost to open and put a bakery into business is about \$50,000.

The bakery could offer a variety of delicious baked goods such as cakes, cookies, muffins, breads and other pastries. The majority of business will be conducted in the mornings to late afternoons and close in the early evenings. Specialty bakeries have been very popular in Seattle over the past several years, including local ones such as Macrina, Borracchini's, and various specialty cupcake and donut bakeries.

One idea to consider is a specialty bakery that features products and/or ingredients that represent the neighborhood's Ethiopian (or other African) culture. For example, Asfaha LemLem recently opened a bakery on 19th and Fir that features authentic goods using teff, an Ethiopian grain, similar to quinoa and millet. The growing global demand for teff has become popular as the next superfood because it boasts several highly marketable health traits such as high fiber, protein, iron, calcium, and it helps keep blood sugar low, great for diabetics! It is eaten throughout East Africa as well as in Ethiopian, Eritrean and Somali restaurants in the PNW. The product is perfect anyone with a gluten allergy, celiac disease or a vegan diet. It is the same ingredient found in the popular flatbread, injera.¹⁹ The nearest location with teff-baked goods is 4 miles away at PCC. Assessing the market demand for injera bread and other teff products would result in Yesler Terrace's becoming a hub for these baked goods, from both a retail and a wholesale standpoint.

Pet Specialty Retail

The redevelopment of the Yesler Terrace community is a unique and exciting opportunity for affordable retail. A potential business model idea is to tackle the flourishing industry of pet care and ownership. A pet care store that offers grooming services, basic pet supplies, and live pets would add great value to the Yesler Terrace community. For example, local dog owners would be able to purchase supplies such as food, treats, and leashes; these same customers would bring their dogs for grooming. Other supplies sold would correspond with the live animals sold in store. This store would be distinguished from other pet related stores in the adjacent neighborhoods because of the grooming aspect and that certain animals would be available for purchase. Specifically, this means small animals such as fish, small rodents (hamsters, guinea pigs, rabbits), and small manageable reptiles.

A 2,000 to 2,500 square foot space is an adequate size for this business. This will accommodate a medium-small area for grooming which should be allotted 50% of the floor space. Roughly 25% of the space should be allotted for the reception area, cashier stand, and sellable

¹⁹ http://www.huffingtonpost.com/2014/06/25/teff-grain-superfood_n_5526417.html

inventory. 15% will be left for the live animals for sale. This leaves the remaining space of 10% for an employee restroom and storage.

Staffing should not be a cumbersome undertaking. One to two employees should be responsible for the “sales floor” for customers buying supplies and purchasing animals. The wages of these employees should reflect the minimum wage or somewhere in a close range. For grooming, depending on the demand for appointments, one to three employees would be needed.

The caution for this easy and fluid business adventure is the permitting fees and regulations imposed by the city on pet businesses. Any business that participates in food retail, selling or adopting animals, and so forth must have a permit which is renewed annually according to the Public Health department of Seattle and King County.²⁰ There are additional fees which are broken down in specifics according to business; the pet business permit fees for this model need to be reviewed.²¹ For instance, operating permits for pet grooming service (\$201) and pet food retailer (\$201).²²

However, this business can still be very profitable regardless of the permitting fees and operating costs. This is a business from which people can make a decent income. In an article by *Entrepreneur*—excerpted the book *Businesses Start-up Guide*—the COO of Products Manufacturers Association, Bob Vetere, states that the mean weekly sales per employee in retail pet-related businesses are \$2,600; this is about \$135,000 per year.²³ The breakdown of these figures are 20% go to payroll and benefits, and about 45% goes to inventory.²⁴ This leaves money for taxes, fees, rent and other costs. The start-up costs for this business begins at \$15,000 to \$30,000.²⁵ This business could be started for more or less. The base for a dog grooming business is around \$2,000, and for pet toys and accessories this is \$2,000 to \$10,000.²⁶

The pet care industry in the U.S. is a booming industry. According to the American Pet Products Association the Pet Industry Expenditures are estimated at \$58.5 billion for 2014.²⁷ Part of the breakdown of sales includes \$22.6 billion for food, \$13.7 billion for supplies and medicine, \$2.2 billion for live animal purchases and \$4 billion for grooming and boarding.²⁸ On a micro level for the local community of the Yesler Terrace a pet care store would add great value for developing a community atmosphere. In addition, it could be an excellent venue for job training skills, including shop management, dog grooming, and retail sales.

²⁰ Permitting for Pet and Animal-Related Businesses in Seattle and King County. <http://www.kingcounty.gov/healthservices/health/ehs/petbusinesses.aspx#app>

²¹ Environmental Health Services Fees. Effective Jan. 1, 2014. <http://www.kingcounty.gov/healthservices/health/ehs/fees.aspx>

²² Pet-Related Business Program Service Fee (2014). <http://www.kingcounty.gov/healthservices/health/ehs/fees.aspx>

²³ How to Start a Pet Business. *Entrepreneur*. <http://www.entrepreneur.com/article/190440>

²⁴ *Op Cit*.

²⁵ How to Start a Pet Business. *Entrepreneur*. <http://www.entrepreneur.com/article/190440>

²⁶ Business Idea Center: Pet Groomer. <http://www.entrepreneur.com/businessideas/expertise/30.html>

²⁷ Pet Industry Market Size and Ownership Statistics, American Pet Products Association http://americanpetproducts.org/press_industrytrends.asp

²⁸ *Ibid*.

Additionally, while some might conclude pet ownership is a luxury, the U.S. Department of Labor, Bureau of Labor Statistics pet ownership transcends demographic boundaries.²⁹ The Yesler community and surrounding neighborhoods are diverse ethnically, socio-economically and represent variance in age groups, gender, and household size. The Yesler Terrace neighborhood the demographics will continue to diversify; professionals in the medical field from local hospitals and professionals from nearby academic institutions will become tenants in the Yesler Terrace. Pairing these individuals with the families, senior tenants, students and others signifies that a variety of people will be interested in both purchasing animals as well as paying for pet care and supplies at a convenient location for affordable prices. The individuals who tend to spend the most on pets are married couples without children; however adults with children are consumers in this market. Children typically crave the experience of having an animal—whether it be a fish, rabbit, or hamster—as part of the family.

In particular, families who are renting may have an interest in pet ownership while currently there are very few stores that sell any type of animals nearby the Yesler Terrace. There are six pet supply stores within a 2.5 mile radius of the neighborhood. What would differentiate this business model is the animal grooming aspect. What could make it even more interesting is if the store offered small animals for purchase. This means animals that are typically welcomed by landlords such as fish and small rodents. These animals are noiseless, easy to manage, and do not damage or disturb property. The caveat to this, of course, is that managing live animals and providing grooming services is a more costly undertaking for the business than simply selling pet care items. Yet without any risk there will not be a great reward; selling animals and providing grooming are aspects that give this business an edge which current and future markets demand.

Green Market Store/Indoor Farmer's Market

A green market is defined as a service which offers fresh food products based on their environmental benefits. More definitively, a green market offers food and other goods that potential customers view as beneficial for themselves and for their communities and environment. This niche market is growing in Seattle as a whole, but particularly around the Capitol Hill scene which borders the Yesler Terrace area. Words and sayings such as “environmentally friendly,” “green,” “sustainable,” and even “vegan” or “vegetarian” are becoming common place. Ultimately, people are willing to pay more if they are paying for something *green*. An affordable retail model should tap into this concept, and it can be done in the Yesler redevelopment area.

The idea is that a small, affordable, and easily-managed green market would add value to the Yesler Terrace neighborhood and bordering areas. What makes the green market stand out from a typical convenience store is that it offers some organic foods, including fresh and local products, and green products and merchandise. Local farmers could sell their produce at stations in the Green Market; this approach benefits the farmers and the Green Market receives a cut of the profits for providing the space. To support the success of this venture,

²⁹ Spending on Pets: “Tails” from the Consumer Expenditure Survey. United States Department of Labor, Bureau of Labor Statistics.
<http://www.bls.gov/opub/btn/volume-2/spending-on-pets.htm>

inexpensive advertising could be used through social media. For instance, a Facebook page or other platform would be set up to advertise what farmer would be selling at the Green Market, and what exactly would be sold. Additionally, vegan, vegetarian, and specialty foods, including ethnic offerings, could be sold. Specialty foods may include halal and kosher foods. This combination accommodates a wide variety of dietary restrictions; this would quell the demand and increase the profitability of this business venture.

Currently there are convenience stores and grocery stores located within a few miles of the Yesler Terrace. Namely, two Quality Food Centers, Trader Joes, Uwajimaya, and smaller stores in the international district that offer produce. However, one of the only Green Markets in Seattle is approximately 8 miles from the Yesler Terrace. In addition, Stockbox Grocers is located just north of Yesler Terrace and has had relatively good success in offering a variety of healthy and green food options. However, as many in the community are not car owners, bussing with groceries is a feat for them (especially in the cold rainy weather, and possibly with children). This makes the Green Market location ideal for them.

Ultimately some type of grocer is needed in the Yesler Terrace area, even though it is technically not a “food desert” because there is access to larger supermarkets and smaller grocery (6+ grocers/stores with food within .5 miles). A 2013 survey of Yesler Terrace residents indicated that nearly 80% shop for groceries at least weekly and that almost 100% of residents shop for groceries within 1 ½ miles of Yesler Terrace.³⁰ The most popular supermarkets include Safeway, QFC, Viet Wah, Red Apple, and Lam’s Seafood. In addition, 30% of residents purchase food from farmers’ markets. The demographics of Yesler Terrace will change over the upcoming years. However, it’s likely that many of the food shopping needs and behaviors of Yesler Terrace residents that this survey identifies, will remain the same.

Other developers and small governments across the nation are recognizing the benefits of retailers in “inner city” locations; grocery stores, green markets, and other dining options are needed to prevent food deserts. Sometimes retailers are hesitant to enter such areas, however they can be profitable. For example, H.E.B is a San Antonio based grocery store chain which developed “customer-centric techniques that it later transferred to branches in other inner cities.”³¹ Another example is beginning in the later 1990s in Boston, 23 supermarkets opened or expanded; 19 of those grocery stores were in the inner city.²² In this area many tenants needed rent subsidies, and the overall demographic was lower-income; however the retailers maintained a clear profitability. One can understand the similarities between the Yesler Terrace residents and those in this area of Boston who were typically lower-income and needed rent-subsidies. However, the retailers did flourish and provided jobs to those that needed it the most.

For this Green Market for Yesler Terrace, about an 800 to 1300 square foot space would comfortably house the market. The idea is not for the Green Market to compete with large grocery stores, but to offer an experience of fresh, quality products (including produce) for local

³⁰ Tseng and English, Yesler Terrace Food and Fitness Survey, 2013.

³¹ Deidre M. Coyle, Jr. Realizing the Inner City Retail Opportunity. The IEDC Economic Development Journal. Vol 6. No. 1, pages 11-13.

residents who need to shop in a timely efficient manner at affordable prices. Therefore, the store will be small but comfortable.

Approximately 80% of the space will be used as the sales floor; the remainder is needed for the reception, cashier/customer service area, storage, and staff break-room/bathroom. The staffing will need at least 3 people for shifts to ensure a working business. In order to manage profitability, the staff should be paid close to the minimum wage; increases in wage per hour this is necessary for management or other personnel.

The limitation for businesses built on “green” models is that the profitability will take a hit because of the quality of the goods. Local, organic, and specialty goods cost more. However, potential customers are willing to pay more if they recognize the benefits. People who are environmentally conscious will pay more if they recognize the products are green. Secondly, people with dietary restrictions by ethical, moral, and religious reasons will pay more in order to uphold their lifestyle choices. There is a large vegan/vegetarian population in the Capitol Hill area, as well as Buddhists and other religious people who choose not to eat meat and other animal products. Similarly, there is a Muslim population in the Yesler Terrace community that would appreciate and sponsor a store that included halal foods; this is the same for the Jewish people in the area who have limited options for Kosher foods. Therefore, customers that require a quick snack or fresh ingredients for their Sunday dinners, regardless of their dietary restrictions, will come to this conveniently located Green Market. It is like a convenience store except with healthier, greener, and culturally competent options.

Restaurant/Diner

Imagine a cozy neighborhood diner located in the heart of the Yesler Terrace. This diner has delicious food, a welcoming atmosphere, consistent professional service, and is close to local offices, hospitals, and apartments. It’s likely to have a regular customer base, due to the nearby tenants who want a quick bite on their way to work, a place to meet some colleagues for lunch, and take-out options for later in the day. This customer base is likely to grow as Yesler Terrace’s density increases. Since many residents will not own cars in this community (due to limited parking options), the restaurant’s prime location could ensure a steady influx of clientele. Of course there are many other non-Yesler Terrace customers to be won over as well, including medical professionals from nearby establishments, students, construction workers, travelers to the International District and Capitol Hill area, and locals from other neighborhoods.

People want to eat delicious food, and sharing meals with friends, family, and business associates is universal. So while the neighborhood may become diverse demographically, the diner itself does not need to offer widely dissimilar options. Restaurants often falter when the menus offer too many options. Instead a particular brand should developed and the menu should be focused. Customers will deliberately come for a few notable options, and they will spread the word. It is better to do a few things well than to offer a wide array of mediocrity. As a note, considering individuals with dietary restrictions, the aspect of “diversity” may come from the availability of vegan, vegetarian, Halal, and Kosher options. For instance, a meat-patty

is easily substituted by a veggie-patty and halal meat can be prepared with a little research on the matter.

Therefore, the clear “brand” idea for this restaurant business is a diner that offers American-type food. Breakfast, for instance, would include omelets, breakfast sandwiches, oatmeal, fresh fruit, and select pastries. These foods appeal to morning commuters. Considering the location, lunch should be popular as well; perhaps professionals working swing shifts at nearby hospitals will stop by the diner. Lunch may include a select variety of sandwiches, a burger or two served with fries, soups (depending on the season) and a weekly special. For dinner, appetizers will be available; for entrée meals perhaps more sandwiches, more burgers, a few higher end items (like steak) would be served with side salads and/or fries. There should be some rotating dishes, likely weekly specials, according to the season. Also, since it is Seattle, coffee should be served during all hours of operation. The award-winning Skillet restaurant in Capital Hill is an excellent example of an eatery that activated not only the Chloe building, but also the local neighborhood. It’s become a model for how a developer can both attract target housing tenants and develop successful commercial retail space.

There are few establishments that offer this type of food in close proximity to the Yesler Terrace. On the other hand, there is a plethora of teriyaki restaurants, Thai restaurants, Vietnamese restaurants etc. in the neighboring International District and surrounding areas. This is why an Asian-food restaurant, or Asian fusion, seems unapproachable due to the competition. Of course, there are other options besides diner or “American” food that could be brought into this space.

According to an article by *Forbes*, the start-up costs for a restaurant (or diner) beginning from a blank slate is approximately \$100,000 to \$300,000; this expenditure includes industrial cooking and ventilation equipment, freezers and refrigerators, tables and chairs, kitchen counters and shelving (for cutting, heating, and cooling).³² This is on par with what a local employee of Schwartz Brothers Restaurants estimated for the start-up costs; he provided the budgeting information for the restaurants and is very knowledgeable about starting businesses in the food industry.³³ Obviously start-up costs depend on how fancy the restaurant will be. A small diner for this business model, at about 1500 square feet, would reduce some of the renovation costs, compared to a large-scale restaurant. The dining space should be maximized, with an efficient kitchen space set up for line cooking. Therefore if 20% or 300 square feet of the total space is taken up by the kitchen (with storage for inventory, large commercial equipment like the dishwasher and refrigerator), then about 1200 feet is left over. If 75% of that remaining 1200 square feet is used for a dining area, that is 900 square feet. Casual dining entails about 12 square feet per customer which would maximize 75 customers. For this model, 75 customers is probably too many.

³² How to Run a Restaurant: Start Up Costs. http://www.forbes.com/2007/02/02/visa-american-express-ent-manage-cx_mf_0202fundamentalscosts.html

³³ Interview with Mark Hoen, district manager of Schwartz Brothers Restaurants in Seattle. Conducted by Laura Delgado.

However, regardless of the size there must be certain renovations finished and particular equipment bought in order for the Public Health department for Seattle and King County to sign off on the restaurant plan; this is the same department which will inspect the business as well. According to the *“Plan Guide for Permanent Food Service Plan Review”* for 2014 by the Public Health Department a permanent food service needs employee restrooms; floors, walls, and ceilings with “smooth, non-toxic, non-absorbent, durable and easily cleanable” finish; all wood surfaces sealed; a mechanical exhaust ventilation system implemented; and a variety of sinks including a 3-compartment sink, hand-sinks, service/janitorial sink etc.³⁴ There are other items required and this must be reviewed in the food service plan guide document. Reviewing this guide is the first step in the 3-step plan review process for permanent food establishments.

The second step is to plan a review application. Therefore, in addition to the start-up costs, there are a variety of fees payable to the Public Health department. This includes for a “new construction” site 4-hour base fee is \$804. There are other fees to get the business reviewed and accepted by the Public Health department – this was one example examples.³⁵ The third step is the food service permit; this includes a fee of anywhere from \$354-\$852 for a “General Food Service 12-50 seats.”³⁶ Other fees depending on the scenario must be found in the application for permanent food establishment document.³⁷

The operating costs must be considered when looking into starting this business. Food service establishments are notorious for small margins and high attrition rates. In an article by *Forbes*, the cost of goods sold is denoted as a major expense of 25%-45% of revenues; then payroll is about 20% and rent is about 8%. A “good” profit margin is about 5% after taxes.³⁸ Payroll will be determined by who many employees are needed to keep the restaurant running, and for how long the restaurant is open (hours of operation) plus the time it takes to open and close for the day. For a diner, line cooks most likely suffice under the managerial eye of a head chef; a manager is needed and other wait staff. This depends on how the restaurant is set up; if it is a sit-down restaurant there will need to be waiters enough to manage a section of tables. However, this diner could be modeled off of a self-service concept to minimize the amount of employees needed.

Thus, understanding how the profit will turn out entails a sales forecast. Questions to ask here are how many tables will be filled at the slowest time of the week and the busiest? How many drinks will be bought with the meals on average? What does an average meal cost? This will give a prediction of sales, and this must be compared to expenses to estimate the cash flow needed to keep the business up and running.³⁹

³⁴ Food Service Plan Guide. Public Health Department for Seattle and King County.

<http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx>

³⁵ Plan Review Application Document. Public Health Department for Seattle and King County.

<http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx>

³⁶ Food Service Permit. <http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx>

³⁷ Ibid.

³⁸ How to Run a Restaurant: Start Up Costs. http://www.forbes.com/2007/02/02/visa-american-express-ent-manage-cx_mf_0202fundamentalscosts.html

³⁹ Planning for a Restaurant. Entrepreneur. <http://www.entrepreneur.com/article/164826>

Conclusively, the restaurant industry is a tough business. However, people do manage to succeed with the proper planning and monetary success. In Washington state alone there were about 14,332 up and running “eating and drinking places” open, and for every \$1 million spent approximately Washington’s restaurants generated “an additional 23.4 jobs in the state.”⁴⁰ If there are people succeeding in this industry, and creating jobs in their own communities, it does seem viable to set up a diner in the Yesler Terrace. This could be the place where families, and individuals--young and old, immigrants and local hipsters—enjoy and find themselves excited about.

9. Small, Flexible Commercial Retail Space Configurations Will Be Key in the Short-Term.

Given the very limited commercial retail space in the short term, flexibility and small individual spaces will be big factors for both tenants (who want lower costs and flexibility) and developers (who want successful tenants and lower risk). For example, commercial retail spaces can be broken down to approximately 1,000 square foot “bays” or combined for larger spaces.

Based upon the research, the following are additional factors to consider:

- Developers should anticipate some interest from restaurants and therefore should provision for restaurant infrastructure in at least a few spaces. This means building hafts into the core during construction at a few logical locations.
- Flexibility in store front design is also a plus. Operable store fronts are a very popular option.
- Widened sidewalks in front of retail allows for outdoor seating and pedestrian activity.
- High ceilings in the retail bays is allows for greater retail versatility.
- Care should be taken when columns are placed during design to limit possible issues with retail layouts
- The possibility of some retail parking is a huge bonus. Bicycle parking may be an interesting option to consider

Implications. In terms of affordability metrics, economic considerations gathered from the SU IEC’s project advisors, indicated an “affordable” rental rate in the \$20/SF plus NNN range. Developers should be prepared to offer approximately \$40/SF in tenant allowance on top of a basic shell delivery. For a 1000 SF space, return on investment for the landlord in this case would occur by the 44th month, if no additional tenant improvements are needed, hence the importance of a solid tenant selection process that reduces possibilities of default, or the installment of a safeguard in the form of a sum earmarked for collateral in case of default by an affordable retail tenant.

⁴⁰ Washington Restaurant Industry at a Glance. <http://www.restaurant.org/Downloads/PDFs/State-Statistics/2014/washington>

RECOMMENDATIONS FOR AFFORDABLE RETAIL IN YESLER TERRACE

In the next two years the new construction in Yesler Terrace will provide an estimated total of 243 apartments and townhomes, divided into 98 replacement housing units for households with incomes at 30 percent or less of AMI, 20 units will be available to those at the 60 percent AMI level, 30 units will be available to those with incomes at the 80 percent, and 95 units will be available at market rate. In the areas where existing Yesler Terrace units are demolished in Phase 2, there will be construction of 174 new units of housing. Sixty percent of the units (105) will be replacement housing available to residents with incomes under 30 percent AMI. A third phase will consist of up to 358 housing units for households at 30% or less of AMI, 270 units for those at 60% of AMI, 820 units for those with incomes at 80% of AMI, and up to 3,035 housing units for market rate tenants, per the Yesler Redevelopment Fact Sheet December 2013⁴¹.

In light of this development process, the SU IEC has several recommendations for supporting affordable retail and the economic development of Yesler Terrace.

PROVIDE A LIMITED AMOUNT OF COMMERCIAL SPACE TO AFFORDABLE RETAIL TENANTS

Every neighborhood needs a mix of basic commercial retail businesses, which have been derived from the experience and knowledge of successful commercial real estate brokers. This formula is used efficaciously in commercial real estate developments around the country and includes common retail businesses such as:

- Food and beverage: café, bakery, restaurant/diner, ice cream, juice bar, etc.
- Fitness-related: gym, yoga, pilates, spin gym
- Convenience store, green market, small grocer
- Dry cleaner, laundry, tailors
- Bank
- Pharmacy/drug store
- Medical/dental: dentist, physical therapist, veterinarian, chiropractor
- Specialty retail: child-related, pet-related, business/professional, florist, salon

As previously mentioned in the business viability analysis, the best choices for commercial retail businesses in the growing Yesler Terrace, particularly for affordable retail, are a café, bakery, pet retail store, green market, and a restaurant. The total estimated square footage for all five of these businesses would be around 6,000 SF, depending upon the final configurations. Given the risk-averse nature of developers and their selectivity in choosing commercial retail tenants, it is very unlikely that they would select more than a couple of affordable retail tenants (if any at all) for these types of businesses, even with concessions for tenant improvements, debt financing, or rent subsidies. Finding affordable retail tenants that are “most likely to succeed” and have the requisite small business critical success factors is a pre-requisite for this approach to work.

⁴¹ Yesler Redevelopment Fact Sheet, December 2013. www.seattlehousing.net/redevelopment/yesler-terrace/

Use of SHA Choice Grant Funds

In this scenario, the SHA's Choice funds could be used to subsidize rent down to \$20/SF for two affordable retail businesses (1,000 and 1,500 SF), totaling an estimated \$50,000 per year for, say, ten years. The total for this approach would be \$500,000. Alternatively, these funds could be used for tenant improvements, as well as supporting potential tenants with technical assistance before the tenant screening process and during their tenancy.

One major obstacle to developers' considering affordable retail tenants is the higher risk they represent for the landlord. Often this is because they don't have the financial capital to make the landlord comfortable with taking the risk. A portion of the Choice Neighborhood grant funds could be dedicated to the provision of a "Security Deposit Pool". Removing an unsuccessful business can take up to 90 days, after which it might take an additional 90 days to procure a new tenant. A six-month rent guarantee for the two above-mentioned businesses spaces at the rates mentioned above would require the allocation of \$50,000, and could allay the landlord's fear of short-term default to some extent. A larger sum of the Choice funds could be used to create a larger deposit pool to help protect the landlords.

Given the need for these affordable retail businesses to better understand developer and property manager requirements for commercial retail clients, the SU IEC also suggests that the Choice dollars be allocated towards creating a technical assistance and training function within the local community. This approach would include contracting a part-time "affordable retail consultant" who would support potential commercial retail tenants in better understanding the commercial retail tenant application process, strengthening their applications (e.g., business plan, marketing plan, financials, etc.) and becoming more sustainable in the long-term (capacity-building). This consulting and training function could also provide commercial retail developers and property managers with screening services for potential affordable retail tenants. The developers and managers might also pay for these services. A very rough estimate of this program would be \$50,000-\$100,000 per year, depending upon its scope and complexity.

As mentioned previously, another main concern for commercial tenants is tenant improvements. Depending upon the type and size of the affordable commercial retail tenants, up to \$50,000 could be allocated to developers for tenant improvements. This amount in tenant improvement provisions for 2,500 SF commercial retail space would allow for an additional \$20/SF over the recommended allowance above.

MAINTAIN SOME OF THE CULTURAL "VIBE" OF THE COMMUNITY

Besides the obvious mix of retail options, every neighborhood has the option of developing its own cultural feel, "vibe," its own community, and its own unique traits, whether it be intentional or not. Yesler Terrace includes a large Somali and Ethiopian community, and from a city-wide urban development perspective, it is imperative to preserve these traits and cultivate them wherever possible. Local Seattle culture is a rich mixture of nationalities, beliefs, and commonalities that give cities their life. Examples of this *mélange* abound in the area: The

Scandinavian culture of Fremont and Ballard, the tightly knit and cohesive Jewish community on Mercer Island, the bohemian Capitol Hill are but a few examples of semi-intentional communities that have become bright pieces of the tapestry that represents Seattle. To allow for this, and to promote Yesler Terrace as another highly recognizable “destination community,” the SU IEC encourages the following considerations to guide the selection of commercial retail tenants in the new development:

- Preference be given to commercial retail tenants with roots in countries of origin similar to those of current residents.
- Food, product offerings, and design of commercial spaces that are evocative of local culture (e.g. a coffee shop that serves coffee the Ethiopian tradition, etc.)
- Possibility of employment for current Yesler Terrace residents within local area businesses, particularly those that actively recruit local residents (e.g., Ezell’s Fried Chicken).

Use of SHA Choice Grant Funds

The Choice funds could be allocated to commercial retail tenants that will maintain the neighborhood’s cultural vibe through rent abatements and tenant improvement concessions. The funds could also be used to support technical assistance for these businesses, as well as job-training for their employees.

INCREASE ACCESS TO CAPITAL FOR AFFORDABLE RETAIL BUSINESSES

The SU IEC team consulted with Michael Verchot, UW’s Consulting & Business Development Center’s Director, who provided ideas and recommendations for this affordable retail study. In terms of access to capital for affordable retail tenants, he made the following suggestions:

“Small, start-up businesses owned by people with low wealth face two challenges: (a) inadequate start-up capital to manage cash flow needs during initial months and years of operation and (b) over-reliance on debt financing that requires immediate payback regardless of initial sales volume. Given the goal to provide capital to assist current Yesler Terrace residents in starting or expanding businesses the focus needs to be on providing “patient” capital. Often this is viewed as equity capital on which the investor won’t require payback until the company becomes profitable and which can be used as an asset against which the business can secure debt financing. Using the Choice funds as a source of equity capital to aid in start-ups is worth consideration by SHA and SU. If there is insufficient capital to create an equity fund there are two alternative approaches to consider:

- Using the Choice funds, as a loan guarantee – In this alternative, a resident would secure a loan from a bank or credit union with the Choice funds being offered as a repayment guarantee. Given that all loans will not fail, a dollar of Choice funds could actually leverage multiple dollars of debt.
- Using capital to establish a fund like Washington’s LINK Deposit loan program – In this alternative the Choice funds would be deposited in a CD that matches the term of the loan

with all interest from the CD being used to buy-down the interest rate of the loan to the Yesler Terrace resident-owned businesses. Thus, a 6% interest rate would be bought down to say 5% or 4% depending on the CD yield which would lower the cost of capital to the borrower.”

- As mentioned by the project’s consultant, Inside Works LLC, in Phase I’s Inventory and Technical Assistance, affordable retail tenants may have access to moderate amounts of capital via crowd-funding (e.g., Community-Sourced Capital), as well as local resources such as Community Capital Development, National Development Council, etc. Accessing capital will require that the affordable retail business creates a solid business plan and demonstrate an ability to pay back the principal and any interest. As discussed previously, the SU IEC can assist in providing business planning assistance and/or point the small businesses to the appropriate community resources (e.g., SBA, WA CASH).

ACTIVATE VACANT COMMERCIAL RETAIL SPACE BEFORE DEVELOPMENT

For near 50 years, Yesler Terrace has been a transient, relatively under-developed community according to HUD standards. Income is 30% of AMI, current housing is quite old, and transit is difficult between Capitol Hill and Little Saigon. The first phase of the redevelopment will be completed by 2016, the second phase perhaps two years later, and the third, possibly six years from now. In the interim, there will be vacant lots waiting to be developed that can be “activated” to encourage usage and to build community. The SU IEC proposes the activation of the redeveloping neighborhood via “convertible retail” or retail that is initially temporary and then gradually becomes permanent as the construction process draws to an end. A variety of incentives for commercial developers and businesses might be used for this purpose, including tax abatements, capital investment tax credits, and site preparation grants, according to the *Economic Development Journal*.⁴²

One Example: International Food Cart Bazaar/Restaurant Incubator

Food is culture in the eyes of culinary historians and modern foodies alike. The celebration of food, its creation, flavors, aromas, and the stories behind it, represent an experience that draws crowds and crowds to popular spots in many cities. A good example is the tremendous success of Portland’s Food Pods which, with more than 600 tiny kitchens and counting, makes Portland’s food-cart scene a legend. The proliferation of these cultural melting pots has drawn incredible reviews from *Bon Appétit* magazine and CNN which declared Portland to be “home to the world’s best street food.”

A well-managed food cart located in a favorable location has the potential of generating in the neighborhood of \$40,000 yearly for its owner/operator, after expenses and taxes. The vision behind a Yesler Terrace Food Cart Bazaar is to create a semi-permanent food cart market where 8-10 vendors from the Yesler community, local restaurants, culinary schools (e.g., Seattle Colleges), and independent gastronomic entrepreneurs will cook up a spectacular assortment of delicious foods in a mobile food court extravaganza. Initially the mobile foodie Bazaar will fill

⁴² Economic Development Strategic Planning, http://www.icic.org/ee_uploads/publications/EDJ-winter07.pdf, pp. 47-50.

a void in local dining options for the existing construction personnel present at the redevelopment sites. It could later provide options for delivery to the healthcare and university workforce present on first hill. Later, it could cater to Seattle University students, the late night Capitol Hill crowd, and foodies across the city. The entire creation and running of the Bazaar could be documented and shared with the Seattle community via social media, community blogging, news coverage, etc. In this way, the entire city would become an active participant and co-creator of the neighborhood's new public identity.

Conversely, each new food cart will offer a potential experiential opportunity, teaching job skills training and entrepreneurial development to Yesler Terrace community residents and students, while paying them a living wage. The Yesler Terrace childcare providers, for example, already have transferable food preparation skills, as well as a food prep license (from their childcare businesses). After completing the initial food cart training, they'll then have the opportunity to buy into their own food cart, if they choose. This experience will be leveraged into a set of food trucks, which with a sufficient customer following and guidance from experienced mentors and advisors will be ready to occupy a permanent space in the redeveloped Yesler Terrace by 2017. Note that Washington CASH has recently created a food truck program for its entrepreneurs and other local programs, such as Pinchot University, are also support food cart entrepreneurs.

A breakeven analysis of a single food cart with a 70% COGS:Sales ratio (\$1.50 gross profit per unit sold), one worker manning the cart 3 days a week (Thursday, Saturday, and Sunday) for 24 hours total at \$500 per week, needs to sell 120 units per day on average at \$5.00 per unit to break even. The project is to follow lean design principles beginning with what is known as a minimum viable product. Initially one food cart would be deployed near the corner of Boren and Broadway. Once it is determined that this first cart is profitable and is actually capable of attracting business at a 120 unit per day rate, a second cart will be tested and deployed. This way the risk of the investment is mitigated by the proven viability of a series of small disbursements. It is notable that there are five important structures within 8 blocks of the Yesler Terrace redevelopment. Bailey Gatzert elementary school has a staff of 70 employees and is 2 blocks away, Harborview Medical Center has 4,700 employees and is 3 blocks away, The King County juvenile detention center has approximately 70 employees, Swedish Hospital First Hill has 3,050 employees, and Seattle University has 2,600. Except for Seattle University employees, workers in the area are notoriously lacking in culinary options. If a fast and agile delivery system such as Postmates is used as an additional service, 10,500 local workers will have access to our mobile food solutions.

Cost and Breakeven Analysis for Sample Food Cart

Cart / Equipment / Fees	\$ 7,500
Price	\$ 5.00
Cost	\$ 3.49
Fixed Costs / Year (Labor)	\$ 26,000
Breakeven	\$ 86,000
Breakeven (Units)	17,258
Units / Month	1,438
Units/Day	120

Source: Seattle University analysis

Use of SHA Choice Grant Funds

To create the food cart bazaar and incubator, the Choice grant funds could be used to provide needed enhancements to the selected vacant lot (e.g., leveling, electricity, tents), as well as technical assistance and training for the food cart program and its trainees. Funds could also be used to purchase 2-3 food carts for the program.

Located on the northern end of the Yesler – Broadway – Boren triangle (or another appropriate location), a space could be conditioned to accommodate 8-10 food carts with cultural cuisine options from East Africa and around the world. This venue would attract the local business workforce, Seattle University students, the typical late-night Capitol Hill crowd that now frequents the 12th avenue corridor, and local foodies. The Bazaar would be built under the auspice of Seattle University student clubs, possibly Seattle College's culinary school students, and established local restaurants. Portland and other cities have had tremendous success in activating space using food truck and cart hubs. \$200K would include the purchase of 2-3 food trucks, a dedicated consultant(s) to provide business training and technical assistance, and minimal build-out of the vacant space.

PARTNER WITH SEATTLE UNIVERSITY TO CREATE A YESLER TERRACE SMALL BUSINESS INCUBATOR/ACCELERATOR

Small business incubator/accelerators support start-up and fledgling companies to grow in their early stages by providing physical space, business planning, financial coaching, networking connections, and marketing support. Many surveys and reports suggest that small business incubator/accelerators can dramatically increase survival rate for their participants. Historically, incubator graduates have great potential for creating jobs, revitalizing neighborhoods, commercializing new technologies, and strengthening local and national economies.

Private companies or public institutions, such as universities are often the sponsors for local incubator programs. Seattle University, for example, could sponsor a small business

incubator/accelerator in Yesler Terrace for its immigrant-owned businesses as well as candidates for affordable retail space. A 1,000 SF space in the new Yesler Terrace development would provide academic, technical and physical resources to assist entrepreneurs in starting their businesses. The program could be managed by the Innovation and Entrepreneurship Center, with the support of its faculty, students, alums, mentors, and student organizations, such as Enactus. The SU IEC could partner with local consultants, including Inside Works LLC, as well as Washington CASH and other area small business resources, including the Seattle Office of Economic Development (OED). Within the incubator, viable business concepts would be explored and launched, they would be carefully nurtured by a panel of small business advisors and mentors, and finally they would be transitioned out into a permanent location opening space for a new business venture.

Use of SHA Choice Grant Funds

A Seattle University small business incubator/accelerator would require at least one FTE (½ director; ½ administrative), as well as 1,000 SF of space, ideally in Yesler Terrace. Estimated annual costs for this program would be \$100,000 or more, depending upon the number of small businesses served.

SUPPORT AFFORDABLE RETAIL BUSINESSES THAT REQUIRE LITTLE TO NO RETAIL SPACE

One possible use of the Choice Neighborhood funds could be to support affordable retail businesses that need very little or no retail storefront space. For example, many of the following personal and professional services do not require a retail storefront, including those identified in this study's Phase I Inventory and Technical Assistance Analysis:

- Housecleaning (model like Maids Pro).
- Sewing/tailoring
- Catering/food carts and trucks (e.g., to activate developing land)
- Laundromat/dry cleaning/laundry services
- Car detailing (e.g., within an existing parking garage)
- Bicycle repair (e.g., a relationship with BikeWorks down in Columbia City)
- Henna work
- Franchise/home-based business opportunities
- Pet sitting/care
- Child care, foster care, elder care
- Office support services: translation, transcription, internet/web services, admin/secretarial, personal shopping, event planning, catering, etc.

These service-oriented businesses tend to have much lower startup and fixed operating costs, therefore providing greater cash flow and shorter break-even periods. They also represent career transition opportunities for existing Yesler Terrace resident-owned businesses, as well as other immigrant families in the neighborhood.

Use of SHA Choice Grant Funds

Since these small businesses do not require a retail storefront, the Choice funds could be focused more on assisting them in building capacity via technical assistance. For example, the Choice funds could be used to provide the small business owners with programming and/or consulting services from WA CASH, Inside Works LLC, the SHA EEOC office, and other local resources, including Seattle University. In addition, these “small footprint” businesses could benefit greatly from the previously proposed SU IEC incubator/accelerator.

Since their capital requirements are lower, these personal and professional services businesses will be generally less risky and more sustainable than businesses using affordable retail space within Yesler Terrace.

ATTRACT SUCCESSFUL LOCAL BUSINESSES THAT PREFERENTIALLY HIRE LOCAL RESIDENTS

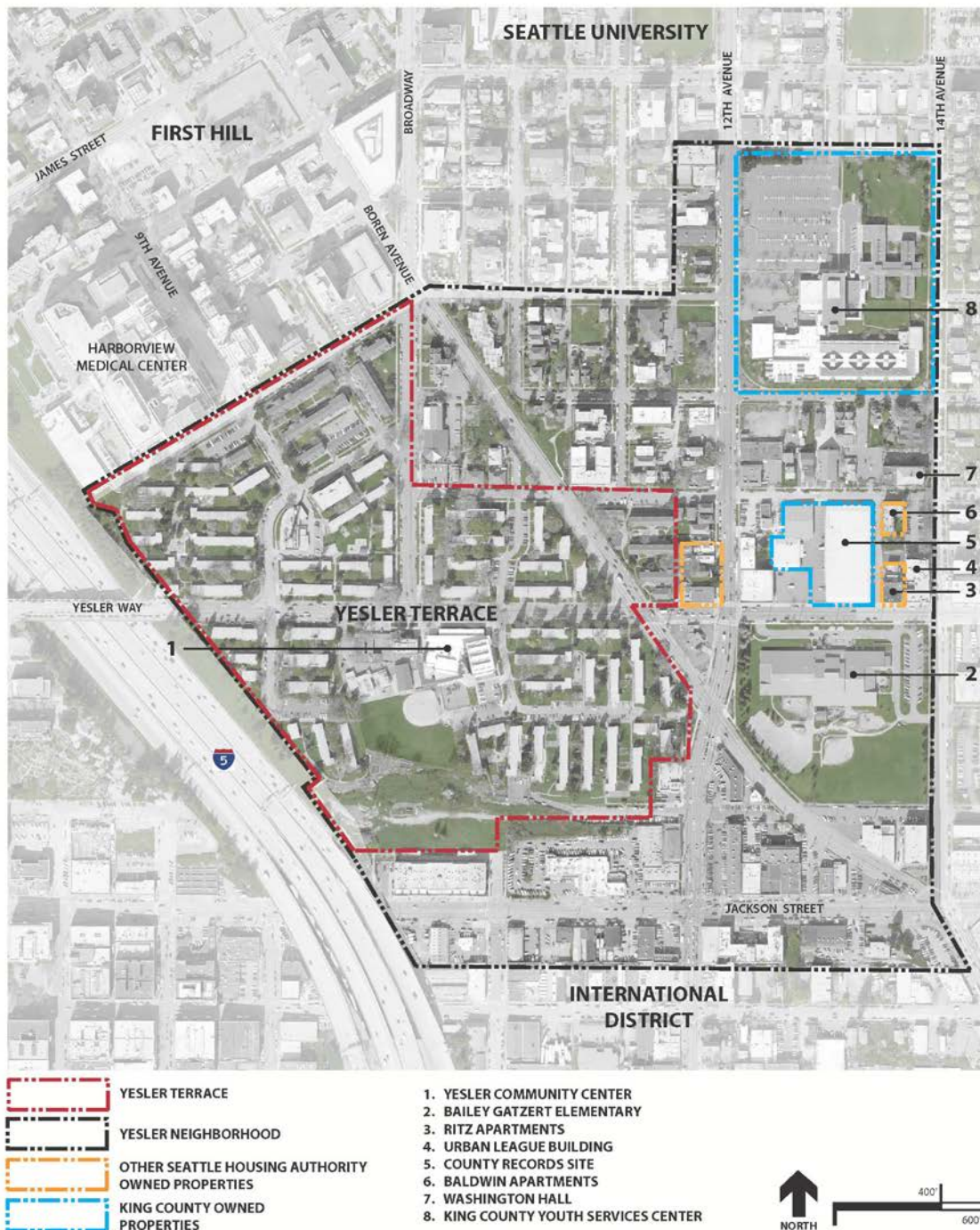
According to Michael Verchot, another avenue to support economic development within Yesler Terrace, including business and job growth, would be to support local successful small businesses that recruit and hire local residents. Ezell’s and Lam’s Seafoods are two examples of thriving, growing businesses that tap the local resident job market. Funds to provide job and management training to these companies’ employees and managers could give a boost to the local economy and the Yesler Terrace neighborhood. Depending upon their restrictions, Choice funds could also go towards recruiting these larger small businesses into Yesler Terrace and incenting them to preferentially hire and train its residents for entry-level jobs. The costs for these programs can vary greatly; however, this recommendation would eliminate the need for the SHA to use Choice funds to incent developers to allocate their commercial retail space to affordable retail tenants. It also lowers the risk of failure of the affordable retail businesses and strengthens proven local business models while increasing jobs. A win/win in many ways!

CONCLUSION

The SU IEC has presented a variety of observations and recommendations regarding affordable retail and economic development within Yesler Terrace and the use of Choice Neighborhood funds. A combination of the various recommendations would provide a relatively diversified portfolio of retail businesses types and lower the risks for the SHA and the neighborhood's commercial developers, as well as for the businesses themselves. However, the \$600,000 of Choice funds would not be sufficient to address each recommendation in depth. If the SHA wants to use the Choice funds to support storefront affordable retail in Yesler Terrace, then the SU IEC recommends its supporting only 1-2 "highly likely to succeed" businesses (e.g., café, restaurant, pet store, etc.) in terms of rent abatement and some type of deposit or lease guarantee. In addition, it could use the remaining Choice funds to provide some technical assistance to these two affordable retail businesses. This recommendation assumes that the 1-2 businesses are appropriately screened and show promise to succeed for at least the next five years, and are attractive tenants for the commercial developers. Of course, the SU IEC and SU resources could be leveraged to assist in the long-term success of these affordable retail businesses.

An approach that might result in greater net economic development to Yesler Terrace would be to use the funds to support affordable retail businesses that require little to no retail store front (i.e., personal and professional services), as well as to provide incentives to local thriving businesses that hire local residents (e.g., Ezell's) in the form of employee and manager training. The SHA could use some of the Choice funds to seed a longer-term technical assistance program within the community, in conjunction with Seattle University and other neighborhood partners (e.g., the 12th Avenue Business District, WA CASH, Inside Works, etc.). As a next step, the SHA could engage the SU IEC and other resources to further analyze any of these opportunities and create business plans, including resource requirements and timelines.

APPENDIX I: FEDERAL/HUD CHOICE NEIGHBORHOOD MAP



CHOICE NEIGHBORHOODS INITIATIVE 2010 CURRENT SITE PLAN

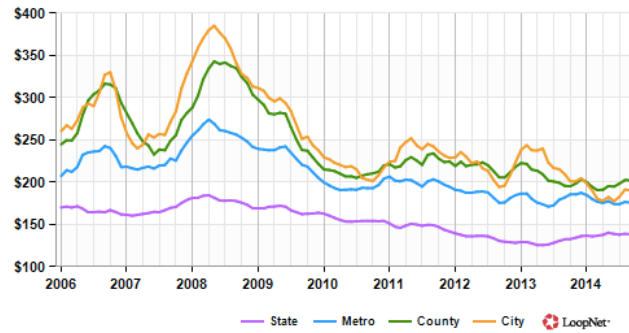
APPENDIX II: INTERVIEWS WITH SUBJECT-MATTER EXPERTS

Contact	Organization	Title	Area of Focus
Rachael Steward	Seattle University	Associate Director, Center for Service and Community Engagement	Yesler Terrace community immersion and sensitivity training
Darryl Russell	The Russell Group, LLC	Certified Business Coach and President	Sensitivity training, technical assistance to community businesses, business model development
Terry Galiney	Seattle Housing Authority	Development Program Manager	SHA commercial development
Judy Fani	Seattle Housing Authority	Real Estate Acquisitions & Commercial Leasing Coordinator	SHA real estate commercial leasing procedures and processes
Stephanie Van Dyke	Seattle Housing Authority	Director of Development	Choice neighborhood development/Western Convening
Barry Blanton	Blanton Turner	Chief Problem Solver/Principal	Project advisory, retail strategy introduction, research resource procurement, weekly guidance
Joseph Vandenorth	Blanton Turner	Marketing and communications consultant	Retail strategy, project outline guidance
MA Leonard	Enterprise Community Partners	VP & Market Leader, Pacific Northwest	Affordable Retail study research insights
Lauren Matheson	Enterprise Community Partners	University of Washington intern and researcher	Affordable Retail study research insights
Daniel Dovich	Mad Dawgs Hot Dogs	CEO, Founder	Food cart business overview, business model development
Senay Kahsay	Market Intelligence Analyst	Boeing	Yesler Terrace technical assistance overview, model project definition development
Asfaha Lemlem	Learning Center director	Associated Recreation Council	Yesler Terrace Technical assistance overview, and model project definition development
Phillip Deng	MarketShare/Build the Market	Founding Partner	Food cart business overview, business model development, communications overview
Walt Townes	Retail Lockbox Inc.	Co-Founder	Yesler Terrace and 12 th Ave Business District overview, neighborhood needs overview
Laura Miller	Gibraltar Investment Property Solutions	Commercial Broker	Yesler Terrace neighborhood needs overview

Contact	Organization	Title	Area of Focus
Aaron Bennett	Gibraltar Investment Property Solutions	VP Retail Brokerage	Yesler Terrace neighborhood needs overview
Michael Verchot	UW Consulting & Business Development Center	Director	Access to capital; general advice & guidance on local economic development
Chuck Depew	National Development Council	Director, Seattle	Access to capital, general
Mark Hoen	Schwartz Brothers	District Manager	Restaurant commercial retail space
Jim Thomas	Community Capital Development	Founder, CEO	Access to capital, advice and guidance

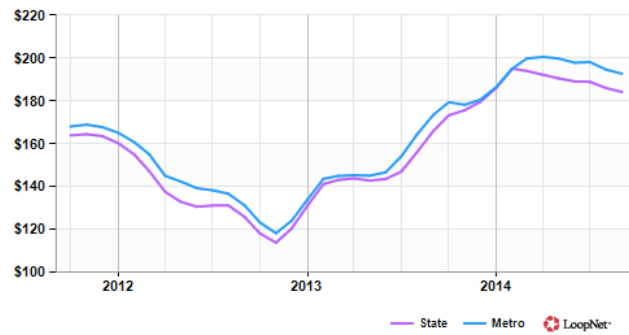
APPENDIX III: SEATTLE COMMERCIAL RETAIL PROJECTIONS

Asking Prices Retail for Sale Seattle, WA (\$/SF)



	Sep 14	vs. 3 mo. prior	Y-O-Y
State	\$138.34	-0.4%	+4.4%
Metro	\$175.88	+0.9%	-3.4%
County	\$202.38	+3.9%	+3.4%
City	\$190.54	+7.3%	-9.0%

Median Sale Price Retail Seattle-Tacoma-Bellevue, WA (\$/SF)



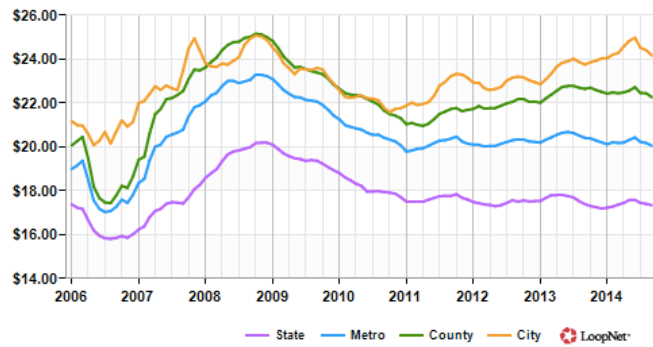
	Sep 14	vs. 3 mo. prior	Y-O-Y
State	\$184.16	-2.6%	+11.0%
Metro	\$192.66	-2.6%	+11.1%

Profile View Index Retail for Sale Seattle-Tacoma-Bellevue, WA (Jan 08=100)



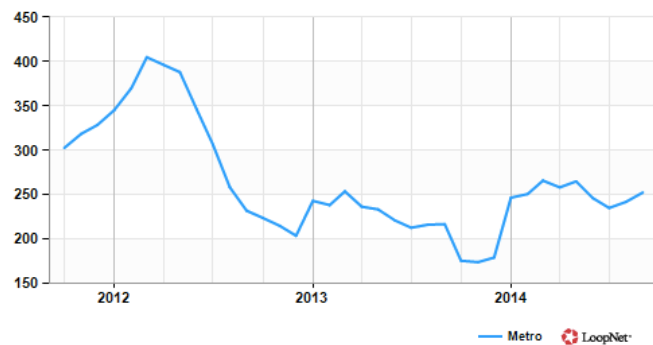
	Sep 14	vs. 3 mo. prior	Y-O-Y
Metro	185	+6.0%	+16.3%

Asking Rent Retail for Lease Seattle, WA (\$/SF/Year)



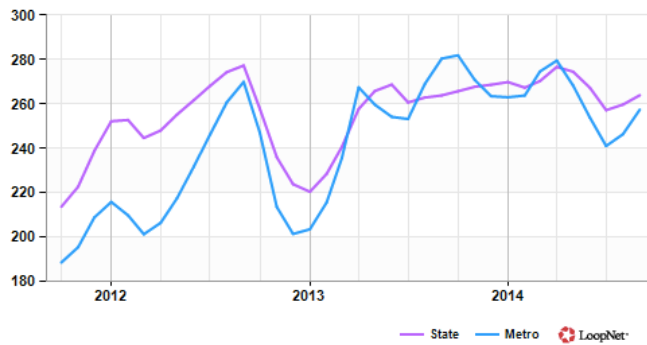
	Sep 14	vs. 3 mo. prior	Y-O-Y
State	\$18.71	-0.8%	+3.7%
Metro	\$21.32	-0.5%	+4.5%
County	\$22.97	-0.7%	+4.5%
City	\$26.02	+0.6%	+10.2%

Profile View Index Retail for Lease Seattle-Tacoma-Bellevue, WA (Jan 08=100)



	Sep 14	vs. 3 mo. prior	Y-O-Y
Metro	252	+2.6%	+16.4%

Median Days on Market Retail for Lease Seattle-Tacoma-Bellevue, WA



	Sep 14	vs. 3 mo. prior	Y-O-Y
State	264	-1.3%	+0.0%
Metro	257	+1.4%	-8.2%

APPENDIX IV: LIST OF SECONDARY DATA RESOURCES

No.	Resource
1	4-year Survival Rate as per http://www.statisticbrain.com/startup-failure-by-industry/
2	Commercial real Estate Forecast 2014-2015, Forbes Magazine, http://www.forbes.com/sites/billconerly/2014/03/27/commercial-real-estate-forecast-2014-2015/
3	National Association of Realtors, "Improving Economy Slowly Brightens Outlook for Commercial Real Estate."
4	"Emerging Trends in Real Estate United States and Canada 2015," PWC, Urban Land Institute.
5	Includes 7 Asian markets bordering the International District.
6	There are 25 childcare providers within the Yesler Terrace Community.
7	All salons are located on the border with the International District.
8	http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html
9	2012 estimates. Data for Yesler, Seattle, WA. Economic Place-Making: How to Develop a "Neighborhood Business Plan". Choice Neighborhoods Western Convening. HUD San Francisco Field Office, May 14-15, 2014.
10	2014 estimates. http://www.huduser.org/portal/datasets/il/il2014/2014MedCalc.odn
11	Seattle Housing http://seattlehousing.net/2014/10/housing-authority-land-sale-helps-revitalize-yesler-terrace/
12	Retail in Inner Cities.
13	http://www.huffingtonpost.com/2014/06/25/teff-grain-superfood_n_5526417.html
14	How to Run a Restaurant: Start Up Costs. http://www.forbes.com/2007/02/02/visa-american-express-ent-manage-cx_mf_0202fundamentalscosts.html
15	Interview with Mark Hoen, district manager of Schwartz Brothers Restaurants in Seattle. Conducted by Laura Delgado.
16	Food Service Plan Guide. Public Health Department for Seattle and King County. http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx
17	Plan Review Application Document. Public Health Department for Seattle and King County. http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx
18	Food Service Permit. http://www.kingcounty.gov/healthservices/health/ehs/foodsafety/FoodBusiness/permanent.aspx
19	How to Run a Restaurant: Start Up Costs. http://www.forbes.com/2007/02/02/visa-american-express-ent-manage-cx_mf_0202fundamentalscosts.html
20	Planning for a Restaurant. Entrepreneur. http://www.entrepreneur.com/article/164826
21	Washington Restaurant Industry at a Glance. http://www.restaurant.org/Downloads/PDFs/State-Statistics/2014/washington
22	Deidre M. Coyle, Jr. Realizing the Inner City Retail Opportunity. The IEDC Economic Development Journal. Vol 6. No. 1, pages 11-13.
23	Permitting for Pet and Animal-Related Businesses in Seattle and King County http://www.kingcounty.gov/healthservices/health/ehs/petbusinesses.aspx#app
24	Environmental Health Services Fees Effective Jan. 1, 2014 http://www.kingcounty.gov/healthservices/health/ehs/fees.aspx
25	Pet-Related Business Program Service Fee (2014) http://www.kingcounty.gov/healthservices/health/ehs/fees.aspx
26	How to Start a Pet Business. Entrepreneur. http://www.entrepreneur.com/article/190440
27	How to Start a Pet Business. Entrepreneur. http://www.entrepreneur.com/article/190440
28	Business Idea Center: Pet Groomer http://www.entrepreneur.com/businessideas/expertise/30.html

29	Pet Industry Market Size and Ownership Statistics, American Pet Products Association http://americanpetproducts.org/press_industrytrends.asp
30	Spending on Pets: "Tails" from the Consumer Expenditure Survey. United States Department of Labor, Bureau of Labor Statistics. http://www.bls.gov/opub/btn/volume-2/spending-on-pets.htm
31	http://www.retailprophet.com/blog/store-experience/the-future-of-retail-the-destination-is-you/
32	http://www.wisegeek.com/what-is-a-destination-store.htm
33	Yesler Redevelopment Fact Sheet December 2013, www.seattlehousing.net/redevelopment/yesler-terrace/
34	Economic Development Strategic Planning http://www.icic.org/ee_uploads/publications/EDJ-winter07.pdf , 47-50
35	https://www.ashoka.org/fellow/tet%C3%AA-maria-teresa-leal#
36	http://www.seattleu.edu/albers/programs/entrepreneurship/jones-progress-awards/
37	http://www.sprcoffee.com/FAQ.html
38	http://www.snagajob.com/job-descriptions/baker/
39	http://www.foodservicewarehouse.com/education/restaurant-management-and-operations/how-to-determine-what-staff-you-need/c27996.aspx
40	http://www.glassdoor.com/Salary/Gold-s-Gym-Salaries-E9619.htm
41	http://www.coffeegroot.com/2012/08/5-ways-to-increase-coffeeshop-average-ticket-size/
42	http://www.sbdcnnet.org/small-business-research-reports/coffee-shop-2012
43	http://www.aibonline.org/aibOnline_GenericForm.aspx?strOpen=\www.aibonline.org\resources\statistics\generalmarket.html
44	http://yourbusiness.azcentral.com/profit-margin-bakeries-21560.html
45	http://www.statisticbrain.com/gym-membership-statistics/
46	http://ycharts.com/companies/LTM/gross_profit_margin
47	http://www.pacifiedc.org/Library%20Docs/Convenience%20Stores%20Industry%20Snapshot.pdf
48	http://retailowner.com/Benchmarks/Food-and-Beverage-Stores/Convenience-Stores#2898437-gross-margin
49	https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CC0QFjAC&url=http%3A%2F%2Fwww.researchgate.net%2Fpublication%2F23943060_A_Profile_of_Farmers%2527_Market_Consumers_and_the_Perceived_Advantages_of_Produce_Sold_at_Farmers%2527_Markets%2Flinks%2F00b7d529a52b6454ac000000&ei=DmxyVljYF5eroQT0kYGYBg&usq=AFQjCNETovkrQSm1PJf3uiDtZ7i-QgT9g&sig2=AqMw0ZZYmT5uAnEjylsttA
50	http://retailowner.com/Benchmarks/Food-and-Beverage-Stores/Fruit-Vegetable-Markets#2900278-gross-margin
51	http://health.costhelper.com/chiropractor.htm
52	http://www.paulweyland.com/gross_profit_margins.pdf
53	http://www.babycenter.com/0_how-much-youll-spend-on-childcare_1199776.bc
54	http://www.paulweyland.com/gross_profit_margins.pdf
55	http://www.statisticbrain.com/pet-owner-industry-stats/
56	http://retailowner.com/Benchmarks/Other-Specialty-Retail-Stores/Pet-and-Pet-Supplies-Stores#2921473-gross-margin
57	\$1100 per year on coffee on average for American worker. http://abcnews.go.com/GMA/american-coffee-habits-spend-coffee/story?id=16923079
58	Average American spends \$68 on gym memberships per year. http://www.statisticbrain.com/gym-membership-statistics/
59	The average American spent \$278 per year in convenience stores excluding gas purchases in 2012.

	http://www.sbdcnnet.org/small-business-research-reports/convenience-store-2012
60	Americans spent \$44 on average in chiropractic care in 2013. http://clients1.ibisworld.com/reports/us/industry/ataglance.aspx?entid=1559
61	On average Americans spent \$103 on daycare in 2013. http://www.sbdcnnet.org/small-business-research-reports/daycare-business-2014
62	Americans spend an average of \$135 per year on their pets excluding vet care http://www.americanpetproducts.org/press_industrytrends.asp
63	On average Americans spent \$63 on hair care services in 2013. http://www.sbdcnnet.org/small-business-research-reports/beauty-salon-2014
64	Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey program, "Annual Calendar Year Tables, 2012" September 2013, < http://www.bls.gov/cex/tables.htm >, accessed February 2014.

APPENDIX V: BREAK-EVEN ANALYSIS TABLE 1

Break Even Analysis Table 1							
Business	Area	\$/SF	Lease	FTE's	Notes	Avg. Wage/Hr	Hours/Wk
Café	1,000	20.00	\$ 20,000	4 ⁴³	3 baristas, 1 manager	\$ 16.06	40.00
Bakery	1,000	20.00	\$ 20,000	4	1 baker, 2 employees, 1 manager	\$ 17.06 ⁴⁴	40.00
Restaurant	1,500	20.00	\$ 30,000	4 ⁴⁵	2 servers, 1 line cook, 1 manager	\$ 17.06	40.00
Gym	2,500	20.00	\$ 50,000	6	4 personal trainers, 1 front desk employee, 1 manager	\$ 18.37 ⁴⁶	40.00
Convenience store	2,000	20.00	\$ 40,000	4	3 employees, 1 manager	\$ 16.06	40.00
Green market	1,000	20.00	\$ 20,000	4	3 employees, 1 manager	\$ 16.06	40.00
Chiropractic	1,000	20.00	\$ 20,000	3	2 chiropractors, 1 receptionist	\$ 30.33	40.00
Childcare	2,500	20.00	\$ 50,000	10	9 childcare providers (1 manager)	\$ 15.42	40.00
Pet retail	2,000	20.00	\$ 40,000	3	2 employees, 1 manager	\$ 16.41	40.00
Beauty Salon	1,000	20.00	\$ 20,000	6	6 employees (1 manager)	\$ 15.71	40.00

⁴³ <http://www.sprcoffee.com/FAQ.html>

⁴⁴ <http://www.snagajob.com/job-descriptions/baker/>

⁴⁵ <http://www.foodservicewarehouse.com/education/restaurant-management-and-operations/how-to-determine-what-staff-you-need/c27996.aspx>

⁴⁶ <http://www.glassdoor.com/Salary/Gold-s-Gym-Salaries-E9619.htm>

APPENDIX V: BREAKEVEN ANALYSIS TABLE 2

Break Even Analysis Table 2								
Business	Base Salary (in \$000)	Load Rate	Salary + 25% Load Rate (in \$000)	Average purchase	COGS / Sales Ratio	Breakeven (Customers per month)	Notes	Breakeven (in \$000)
Café	\$ 134	25%	\$ 167	\$ 5 ⁴⁷	15% ⁴⁸	3,667		\$ 220
Bakery	\$ 142	25%	\$ 177	\$ 13 ⁴⁹	44% ⁵⁰	2,350		\$ 352
Restaurant	\$ 142	25%	\$ 177	\$ 18	35%	1,477		\$ 319
Gym	\$ 229	25%	\$ 287	\$ 58 ⁵¹	57% ⁵²	1,125		\$ 783
Convenience store	\$ 134	25%	\$ 167	\$ 10 ⁵³	81% ⁵⁴	9,079		\$ 1,089
Green market	\$ 134	25%	\$ 167	\$ 25 ⁵⁵	72% ⁵⁶	2,226		\$ 668
Chiropractic	\$ 189	25%	\$ 237	\$ 106 ⁵⁷	48% ⁵⁸	388		\$ 493
Childcare	\$ 321	25%	\$ 401	\$ 982 ⁵⁹	58% ⁶⁰	1,093	No breakeven with \$15/hr. minimum wage given the space	\$ 1,074
Pet retail	\$ 102	25%	\$ 128	\$ 46 ⁶¹	61%	780		\$ 431
Beauty Salon	\$ 196	25%	\$ 245	\$ 35 ⁶²	45%	1,147		\$ 482

⁴⁷ <http://www.coffeegroot.com/2012/08/5-ways-to-increase-coffeeshop-average-ticket-size/>

⁴⁸ <http://www.sbdnet.org/small-business-research-reports/coffee-shop-2012>

⁴⁹ http://www.aibonline.org/aibOnline_/GenericForm.aspx?strOpen=\www.aibonline.org\resources\statistics\generalmarket.html

⁵⁰ <http://yourbusiness.azcentral.com/profit-margin-bakeries-21560.html>

⁵¹ <http://www.statisticbrain.com/gym-membership-statistics/>

⁵² http://ycharts.com/companies/LTM/gross_profit_margin

⁵³ <http://www.pacificedc.org/Library%20Docs/Convenience%20Stores%20Industry%20Snapshot.pdf>

⁵⁴ <http://retailowner.com/Benchmarks/Food-and-Beverage-Stores/Convenience-Stores#2898437-gross-margin>

⁵⁵ https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CC0QFjAC&url=http%3A%2F%2Fwww.researchgate.net%2Fpublication%2F23943060_A_Profile_of_Farmers%2527_Market_Consumers_and_the_Perceived_Advantages_of_Produce_Sold_at_Farmers%2527_Markets%2Flinks%2F00b7d529a52b6454ac000000&ei=DmxyVijYF5eroQT0kYGYBg&usq=AFQjCNETovkrQSm1PJf3uiDtZ7i-_QgT9g&sig2=AqMw0ZZYmT5uAnEjylsttA

⁵⁶ <http://retailowner.com/Benchmarks/Food-and-Beverage-Stores/Fruit-Vegetable-Markets#2900278-gross-margin>

⁵⁷ <http://health.costhelper.com/chiropractor.htm>

⁵⁸ http://www.paulweyland.com/gross_profit_margins.pdf

⁵⁹ http://www.babycenter.com/0_how-much-youll-spend-on-childcare_1199776.bc

⁶⁰ http://www.paulweyland.com/gross_profit_margins.pdf

⁶¹ <http://www.statisticbrain.com/pet-owner-industry-stats/>

⁶² <http://retailowner.com/Benchmarks/Other-Specialty-Retail-Stores/Pet-and-Pet-Supplies-Stores#2921473-gross-margin>

APPENDIX VI: BUSINESS VIABILITY

Business Viability								
Business	Average Yearly Expenditure per Person (est.)	Wallet Share (\$60,817 median income base)	Yesler Terrace Potential Consumption (in \$000)	Current Density Plus New Business in 0.25 mile radius	Available Discretionary Income per business 0.25 mile radius (in \$000)	Available Discretionary Income Coverage	Current Density Plus New Business in 0.5 mile radius	Available Discretionary Income per business 0.5 mile radius (in \$000)
Café	\$771	1.3%	\$ 7,957 ⁶³	3	\$2,652	12.1	27	\$296
Bakery	\$421	0.7%	\$ 2,885	2	\$1,443	4.1	2	\$1,444
Restaurant	\$3,166	5.2%	\$ 21,704	47	\$462	1.4	134	\$162
Gym	\$68	0.1%	\$ 702 ⁶⁴	2	\$350	0.4	4	\$175
Convenience store	\$278	0.5%	\$ 2,868 ⁶⁵	12	\$239	0.2	23	\$125
Green market	\$576	1.0%	\$ 3,947	2	\$1,973	3.0	7	\$564
Chiropractic	\$44	0.1%	\$ 454 ⁶⁶	9	\$50	0.1	12	\$38
Childcare	\$103	0.2%	\$ 1,063 ⁶⁷	2	\$531	0.5	3	\$354
Pet retail	\$135	0.2%	\$ 1,393 ⁶⁸	1	\$1,393	3.2	1	\$1,393
Beauty Salon	\$63	0.1%	\$ 650 ⁶⁹	12	\$54	0.1	13	\$50

⁶³ \$1100 per year on coffee on average for American worker. <http://abcnews.go.com/GMA/american-coffee-habits-spend-coffee/story?id=16923079>

⁶⁴ Average American spends \$68 on gym memberships per year. <http://www.statisticbrain.com/gym-membership-statistics/>

⁶⁵ The average American spent \$278 per year in convenience stores excluding gas purchases in 2012 <http://www.sbdcn.net.org/small-business-research-reports/convenience-store-2012>

⁶⁶ Americans spent \$44 on average in chiropractic care in 2013. <http://clients1.ibisworld.com/reports/us/industry/ataglance.aspx?entid=1559>

⁶⁷ On average Americans spent \$103 on daycare in 2013. <http://www.sbdcn.net.org/small-business-research-reports/daycare-business-2014>

⁶⁸ Americans spend an average of \$135 per year on their pets excluding vet care http://www.americanpetproducts.org/press_industrytrends.asp

⁶⁹ On average Americans spent \$63 on hair care services in 2013. <http://www.sbdcn.net.org/small-business-research-reports/beauty-salon-2014>

APPENDIX VII: YESLER TERRACE ESTIMATED RESIDENTIAL UNIT CONSTRUCTION AND MEDIAN INCOME 2017

Estimated Residential Unit Construction and Median Income 2017										
	Phase 1			Phase 2	Phase 3	Total Units	Total Residents	Res/Unit	Median Income	Total Income (est. in \$000)
AMI	Baldwin	1105 E. Fir	Anthem							
30%	15	83		104	359	561	1,200	2.1	\$ 23,542	\$ 13,207
60%		20		70	200	290	421	1.5	\$ 52,951	\$ 15,356
80%			31		819	850	1,233	1.5	\$ 70,601	\$ 60,011
market			94		3105	3,199	4,639	1.5	\$ 88,251	\$ 282,315
Yesler sans reconstruction	N/A	N/A	N/A	N/A	N/A	1,955	2,826	1.5	\$ 23,542	\$ 46,030
Total	15	103	125	174	4,483	6,855	10,318	1.5	\$ 60,817	\$ 416,919

Source: www.seattlehousing.net/redevelopment/yesler-terrace/ - <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>, 2011 - Seattle University estimates

Yesler Terrace Demographics

Yesler Terrace Demographics	
Yesler Terrace Population 2011	4,026
Average Household size Yesler Terrace	1.6
Estimated number of Households Yesler Terrace*	2,516
Redevelopment Households	561
Average Household size Redevelopment	2.1
Average Household size sans Redevelopment*	1.5

Source: <http://www.city-data.com/neighborhood/Yesler-Terrace-Seattle-WA.html>, *SU estimates

APPENDIX VIII AVERAGE ANNUAL EXPENDITURES OF ALL CONSUMER UNITS BY TYPE OF EXPENDITURE: 2010 TO 2012

Average Annual Expenditures of All Consumer Units by Type of Expenditure: 2010 to 2012			
[In dollars, except as noted (90,223 represents 90,223,000). Based on Consumer Expenditure Survey, integrated data from the Interview and Diary surveys; see text, section 13, for description. The data are averages, and the expenditures reported here are out-of-pocket. The Consumer Expenditure Survey is a nationwide household survey designed to represent the total U.S. civilian noninstitutional population, both urban and rural. The population includes people living in houses, condominiums, apartments, and group quarters such as college dormitories. Excluded are: military personnel living on base, nursing home residents, and people in prisons. The unit for which expenditure reports are collected is the set of eligible individuals constituting a consumer unit that is defined as 1) all members of a particular housing unit who are related by blood, marriage, or some other legal arrangement; 2) a person living alone or sharing a household with others, but who is financially independent; or 3) two or more unrelated persons living together who pool their income to make joint expenditure decisions. To be considered financially independent, at least two of the three major expense categories (housing, food, and other living expenses) have to be provided by the respondent]			
Type of expenditure	2010	2011	2012
Average annual expenditures (dollars)	48,109	49,705	51,442
Food	6,129	6,458	6,599
Food at home	3,624	3,838	3,921
Cereals and bakery products	502	531	538
Cereals and cereal products	165	175	182
Bakery products	337	356	356
Meats, poultry, fish, and eggs	784	832	852
Beef	217	223	226
Pork	149	162	166
Other meats	117	123	122
Poultry	138	154	159
Fish and seafood	117	121	126
Eggs	46	50	53
Dairy products	380	407	419
Fresh milk and cream	141	150	152
Other dairy products	240	257	267
Fruits and vegetables	679	715	731
Fresh fruits	232	247	261
Fresh vegetables	210	224	226
Processed fruits	113	116	114
Processed vegetables	124	128	130
Other food at home	1,278	1,353	1,380
Sugar and other sweets	132	144	147
Fats and oils	103	110	114
Miscellaneous foods	667	690	699
Nonalcoholic beverages	333	361	370
Food prepared by consumer unit on out-of-town trips	43	48	50
Food away from home	2,505	2,620	2,678

Average Annual Expenditures of All Consumer Units by Type of Expenditure: 2010 to 2012

[In dollars, except as noted (90,223 represents 90,223,000). Based on Consumer Expenditure Survey, integrated data from the Interview and Diary surveys; see text, section 13, for description. The data are averages, and the expenditures reported here are out-of-pocket. The Consumer Expenditure Survey is a nationwide household survey designed to represent the total U.S. civilian noninstitutional population, both urban and rural. The population includes people living in houses, condominiums, apartments, and group quarters such as college dormitories. Excluded are: military personnel living on base, nursing home residents, and people in prisons. The unit for which expenditure reports are collected is the set of eligible individuals constituting a consumer unit that is defined as 1) all members of a particular housing unit who are related by blood, marriage, or some other legal arrangement; 2) a person living alone or sharing a household with others, but who is financially independent; or 3) two or more unrelated persons living together who pool their income to make joint expenditure decisions. To be considered financially independent, at least two of the three major expense categories (housing, food, and other living expenses) have to be provided by the respondent]

Type of expenditure	2010	2011	2012
Alcoholic beverages	412	456	451
Housing	16,557	16,803	16,887
Shelter	9,812	9,825	9,891
Owned dwellings	6,277	6,148	6,056
Mortgage interest and charges	3,351	3,184	3,067
Property taxes	1,814	1,845	1,836
Maintenance, repair, insurance, other expenses	1,112	1,120	1,153
Rented dwellings	2,900	3,029	3,186
Other lodging	635	648	649
Utilities, fuels, and public services	3,660	3,727	3,648
Natural gas	440	420	359
Electricity	1,413	1,423	1,388
Fuel oil and other fuels	140	157	137
Telephone services	1,178	1,226	1,239
Water and other public services	489	501	525
Household operations	1,007	1,122	1,159
Personal services	340	398	368
Other household expenses	667	724	791
Housekeeping supplies	612	615	610
Laundry and cleaning supplies	150	145	155
Other household products	329	340	319
Postage and stationery	132	130	136
Household furnishings and equipment	1,467	1,514	1,580
Household textiles	102	109	123
Furniture	355	358	391
Floor coverings	36	20	16
Major appliances	209	194	197
Small appliances, miscellaneous housewares	107	89	98
Miscellaneous household equipment	657	744	754
Apparel and services	1,700	1,740	1,736

Average Annual Expenditures of All Consumer Units by Type of Expenditure: 2010 to 2012			
[In dollars, except as noted (90,223 represents 90,223,000). Based on Consumer Expenditure Survey, integrated data from the Interview and Diary surveys; see text, section 13, for description. The data are averages, and the expenditures reported here are out-of-pocket. The Consumer Expenditure Survey is a nationwide household survey designed to represent the total U.S. civilian noninstitutional population, both urban and rural. The population includes people living in houses, condominiums, apartments, and group quarters such as college dormitories. Excluded are: military personnel living on base, nursing home residents, and people in prisons. The unit for which expenditure reports are collected is the set of eligible individuals constituting a consumer unit that is defined as 1) all members of a particular housing unit who are related by blood, marriage, or some other legal arrangement; 2) a person living alone or sharing a household with others, but who is financially independent; or 3) two or more unrelated persons living together who pool their income to make joint expenditure decisions. To be considered financially independent, at least two of the three major expense categories (housing, food, and other living expenses) have to be provided by the respondent]			
Type of expenditure	2010	2011	2012
Men and boys	382	404	408
Men, 16 and over	304	324	320
Boys, 2 to 15	78	80	88
Women and girls	663	721	688
Women, 16 and over	562	604	573
Girls, 2 to 15	101	117	116
Children under 2 years old	91	68	63
Footwear	303	321	347
Other apparel products and services	261	226	230
Transportation	7,677	8,293	8,998
Vehicle purchases (net outlay)	2,588	2,669	3,210
Cars and trucks, new	1,219	1,265	1,639
Cars and trucks, used	1,318	1,339	1,516
Other vehicles	51	64	56
Gasoline and motor oil	2,132	2,655	2,756
Other vehicle expenses	2,464	2,454	2,490
Vehicle finance charges	243	233	223
Maintenance and repairs	787	805	814
Vehicle insurance	1,010	983	1,018
Vehicle, rental, leases, licenses, other charges	423	433	434
Public transportation	493	516	542
Healthcare	3,157	3,313	3,556
Health insurance	1,831	1,922	2,061
Medical services	722	768	839
Drugs	485	489	515
Medical supplies	119	134	142
Entertainment	2,504	2,572	2,605
Fees and admissions	581	594	614
Audio and visual equipment and services \2	954	977	979
Pets, toys, hobbies, and playground equipment	606	631	648

Average Annual Expenditures of All Consumer Units by Type of Expenditure: 2010 to 2012

[In dollars, except as noted (90,223 represents 90,223,000). Based on Consumer Expenditure Survey, integrated data from the Interview and Diary surveys; see text, section 13, for description. The data are averages, and the expenditures reported here are out-of-pocket. The Consumer Expenditure Survey is a nationwide household survey designed to represent the total U.S. civilian noninstitutional population, both urban and rural. The population includes people living in houses, condominiums, apartments, and group quarters such as college dormitories. Excluded are: military personnel living on base, nursing home residents, and people in prisons. The unit for which expenditure reports are collected is the set of eligible individuals constituting a consumer unit that is defined as 1) all members of a particular housing unit who are related by blood, marriage, or some other legal arrangement; 2) a person living alone or sharing a household with others, but who is financially independent; or 3) two or more unrelated persons living together who pool their income to make joint expenditure decisions. To be considered financially independent, at least two of the three major expense categories (housing, food, and other living expenses) have to be provided by the respondent]

Type of expenditure	2010	2011	2012
Other entertainment supplies, equipment, and services	364	370	363
Personal care products and services	582	634	628
Reading	100	115	109
Education	1,074	1,051	1,207
Tobacco products and smoking supplies	362	351	332
Miscellaneous	849	775	829
Cash contributions	1,633	1,721	1,913
Personal insurance and pensions	5,373	5,424	5,591
Life and other personal insurance	318	317	353
Pensions and social security	5,054	5,106	5,238

Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey program, "Annual Calendar Year Tables, 2012" September 2013, <<http://www.bls.gov/cex/tables.htm>>, accessed February 2014.

APPENDIX IX: UNVIABLE BUSINESSES

Child Care Center

Child care is a necessity for many parents, and for the Yesler Terrace community this reality is not any different. The child care options are limited, while the average age in the neighborhood is about 38 years old and correspondingly many tenants represent families with children. In addition to the Yesler Terrace, adjacent neighborhoods (Central District, Rainier, the International District, Capitol Hill etc.) would benefit from a reliable, affordable, and skilled child care center. There are children in the Yesler Terrace neighborhood and nearby areas as a large amount of children filter into Bailey Gatzert Elementary school, on 12th and Yesler.

A child care center for the city of Seattle is considered an institution that consistently and regularly provides care to a group of children for less than 24 hours per day; the age group of children is between 3 months to 5 years of age. The child care center would serve pre-school age children, and program accordingly.⁷⁰

For Washington State, there are several steps to take to start a child care center. These steps have been taken from the WA state department of Early Learning for Licensed Child Care in WA State.

1. Participate in a DEL licensing orientation.
2. Create a business plan.
3. Submit the licensing application to the DEL office.
4. Sign up for STARS classes (these classes include learning CPR and other skills).
5. A background check must be completed for all staff and managers.
6. All staff must be tested for tuberculosis.
7. Create a personnel file.
8. Coordinate with the DEL licensor to get the facility ready for use.

According to City of Seattle Permitting document on “Regulations Governing Child Care Centers” there are many regulations and permitting variables that must be accounted for. This includes consulting zoning areas, obtaining use and occupancy permits, accounting for possible parking/passenger loading zones and parking areas, accounting for building code requirements and fire safety regulations, and more.⁷¹

The minimum usable indoor space requirement per child for this business is 35 square feet; however the City of Seattle advises for a child care center for 50 children the adequate amount of space is from 3,500 to 4,500 square feet.⁷² This recommendation equates to 70 square feet per child is at minimum. However, this business model can reduce the amount of children serviced in order for the square footage to be close to 2500 to 2750. Therefore, approximately

⁷⁰ Regulations Governing Child Care. <http://www.seattle.gov/DPD/publications/CAM/cam108.pdf>

⁷¹ Licensed Child Care in Washington State. <http://www.del.wa.gov/publications/licensing/docs/ProviderHandbook.pdf>

⁷² Licensing Guide Book by the Washington State Department of Early Learning.
<http://www.del.wa.gov/publications/licensing/docs/ChildCareCenterLicensingGuide>

this space would hold 70 children maximum, to meet the minimum legal requirement (35 square feet per child); more comfortably this space would hold 40-45 children at the same time.

The child care center must be split into sections according to regulations.⁷³ 50% for a toddler/preschool “classroom” area (used for naps, and activities); 10% for a kitchen and basic food preparation area; 15% for bathrooms (child bathrooms with a diaper changing sink, and a separate staff bathroom with break area); 5% for an administrative office; 10% for storage and laundry. This accounts for 90% of the space. The remainder must be allotted accordingly. This may include a reception area, and allocating space for the variety of essentials including a janitor’s sink, arts and crafts sinks, or more storage as necessary.

Staffing for child care centers encompass a director, a lead teacher, a program supervisor, providers/caregivers, and other staff (examples are janitors, cleaning staff etc.). The staffing expectations are outlined in the *Child Care Licensing Guide Book* by the Washington State Department of Early Learning (DEL).⁷⁴ This business can also employ volunteers like parents and other personnel. One way to lower the cost of daycare, and the operating cost of the business, is to offer a co-op daycare scenario; parents would volunteer time working at the daycare. However, this is a slightly different model than a standard child care center.

One estimate in an article by *Forbes* is that the start-up for a day care or child care center is about \$30,000 to get started; this includes “hard assets” which are items such as toys and furniture.⁷⁵ This is expected to be about \$300 to \$400 a child. However, the *Forbes* author here is assuming a good child care business should hold up to 80 children; while for the Yesler Terrace area it seems sensible to accommodate fewer children (40 to 60) which will reduce operating and startup costs. By another estimate, the start-up cost for a child care center is a little less than \$100,000.⁷⁶ Therefore, this business can be started for less or more money depending on the business model’s budget. Regardless whether it is a center or a co-op, there must be furniture and fixtures bought (kitchen supplies, housekeeping supplies, indoor equipment, toys, education materials etc.), renovation costs, administrative costs covered (insurance, utilities, legal fees etc.) and more. There are many smaller fees for getting the business licensed (such as an application package \$48).⁷⁷ Once the business is up and running there are fees for upkeep (such as 90 day licensing fee is \$4 per child).⁷⁸

There are a few dozen child care centers spread across Seattle between Queen Anne, downtown, the Central District and other neighborhoods. However, towards the exact location within the Yesler Terrace there are few notable competitors. There is a market of families,

⁷³ Licensed Child Care in Washington State. <http://www.del.wa.gov/publications/licensing/docs/ProviderHandbook.pdf>

⁷⁴ Licensing Guide Book by the Washington State Department of Early Learning.
<http://www.del.wa.gov/publications/licensing/docs/ChildCareCenterLicensingGuide>

⁷⁵ How to Run a Child Care Center: Expenses. *Forbes*. http://www.forbes.com/2007/04/04/child-care-startup-ent-fin-cx_mf_0405fundchildcareexpenses.html

⁷⁶ Child Care Center Start-Up Cost <https://www.self-help.org/custom/fi/self-help/fb/disclosure/Start-up-Costs-for-Child-Care-Center-Sample.pdf>

⁷⁷ Licensing Guide Book by the Washington State Department of Early Learning.
<http://www.del.wa.gov/publications/licensing/docs/ChildCareCenterLicensingGuide>

⁷⁸ Ibid.

including many working and single parents who would pay for their children to be taken care of. For instance, the census bureau reports that on average preschool aged children with employed mothers spend about 36 hours per week in child care.⁷⁹ One could imagine that parents in the Yesler Terrace would feel comfortable leaving their children somewhere close to home; similarly if professionals are hired from the Yesler Terrace, the parents may like that their children are cared for by people from their own neighborhood.

Additionally, a child care center is a viable opportunity for employment. The mean annual wage for a child care worker is between \$19,600 to \$21,490 according to estimates from May 2013 by the U.S. Bureau of Labor Statistics.⁸⁰ Ultimately, earnings for child care workers are higher in Seattle as the Seattle minimum wage is higher than most areas nationally. For many women in the Yesler Terrace area, who may already be involved in child care in some capacity, this is a viable career option. They are willing to go forward with the business model of a child care center if given the opportunity. Still, given the other options available for commercial retail space in Yesler Terrace, a child care center was not one of the top recommendations.

Fitness-Related Business

A fitness center provides services and equipment regarding exercise that helps boost health, weight loss, and so on. As people are getting more conscious about their health, fitness businesses are becoming popular in the current era. There are different types of fitness centers, such as yoga studios, gyms, 24-hour fitness centers, etc.

A 2,500 square feet space has the capacity to accommodate 60 people at once, dividing into two different class sections. It also can accommodate two shower rooms, 60 lockers, a counter, and a place for displaying fitness merchandise.

According to a report generated from FranchiseHelp.com, fitness and weight loss have been popular issues recently due to a fact that concerns over obesity has grown in popularity for Americans. Also, the demographics of those who use fitness centers, compared to the way it used to be – a high concentration in the 18-34 age range, now encompasses all age brackets.

A report on the U.S. Bureau of Labor and Statistics shows that a fitness trainer or aerobics instructor makes average \$18.17 hourly, which equals \$33,020 annually, with a minimum income of \$8.58 per hour to maximum income of \$32.19 per hour.

Convenience Store/Grocer

A small form grocery store or large convenience center focuses on selling dry goods and other ingredient items. They may also offer commonly needed items such as batteries or diapers, which typically are kept at smaller inventory levels than traditional full sized grocers. Small corner/deli markets (i.e. Boars Head) are so expensive it would not be suitable for the current demographic living in Yesler Terrace. The residents would not be able to afford the high prices that these markets require.

⁷⁹ Child Care Costs on the Upswing, Census Bureau Reports (2013). <http://www.census.gov/newsroom/press-releases/2013/cb13-62.html>

⁸⁰ Occupational Employment and Wages, Childcare Workers. Bureau of Labor Statistics (2013). <http://www.bls.gov/oes/current/oes399011.htm>

The population in Yesler Terrace prepares a significant portion of their meals as opposed to purchasing prepared food. There are grocery options in the International district 0.5 miles away, which provides Asian culinary staples. The nearest traditional grocer is 0.8 miles away which is a significant distance for anyone looking to walk their groceries home. Yesler Terrace could benefit by having a small form grocer (general store) nearby where local residents could purchase dry goods and other necessities to prepare food at home.

A small form grocery at 2,000 SF would need approximately 75% of the space open to place inventory on display and have a point of sale counter. Twenty-five percent of the remaining space would fit an office, additional restock, inventory receiving, and a restroom. While this store may sell a small amount of prepared foods, none would be prepared on the premises. Additionally the store could feature a home delivery service for groceries. Given the language barriers, and perhaps the technology challenges, the population might not have easy access to some of the way to purchase products they need at lower prices, and many do not have cars.

Beauty Salon

A high-end boutique salon is an exciting potential business model for the Yesler Terrace area. This salon would offer haircuts, styling, hair coloring and foiling and sell select beauty-products for sale. Additionally, make-up could be offered as a service, since often hair stylists have been trained as make-up artists. Women will visit salons to have their make-up done for special occasions, which can be a profitable service for the business. This salon should cater to both female and male clientele with services and products available.

Currently, there are 11 salons in a .25 mile radius of the Yesler Terrace neighborhood, which is a relatively high saturation. These salons are all located in Little Saigon on South 12th and Jackson. What differentiates this salon is the “high-end” aspect; this means it not only pulls people from the immediate community, but other customers will travel to it as a destination retail business.

In order to become licensed for a salon or shop some steps must be followed:⁸¹

1. Apply for a business license and establish a unified business identifier number.
2. Certify the business is covered by a public liability insurance policy of at least \$100,000.
3. Complete the Salon/Shop, Personal Services, or Mobile Unit License Application.
4. Pay the applicable fees to the Washington State Department of Licensing.
5. Mail the documents to the Cosmetology Program at the Department of Licensing.

To ensure a comfortable working space, approximately 2500 square feet would accommodate 18 to 20 stylists. The breakdown would be 50% floor space, 20% for retail and a reception area, 10% for a shampoo area. This leaves 20% for storage, and for an employee and customer restroom. In an article by Forbes regarding beauty-salon businesses, small beauty salons average about five or six chairs which equivalents to at least 1000 square feet.⁸²

⁸¹ How to get your license: Cosmetology salon/shop, personal service, mobile unit.
http://www.dol.wa.gov/business/cosmetology/get_salon.html

⁸² How to Run a Beauty Salon: Costs. http://www.forbes.com/2007/04/20/beauty-salon-aniston-ent-fin-cx_mf_0420fundsalonexpenses.html

The staffing includes the stylists, and support staffers. These support staffers are hair washers, and employees to schedule appointments, manage the phones and the front desk. Someone else is needed to maintain the finances. How much the stylists are paid hourly depends on whether a commission-based model or a graduated commission scale is used. However, according to the United States Bureau of Labor Statistics, as of January 8, 2014 the median hourly wage for barbers, hair-dressers, and cosmetologists is \$10.95 per hour, or \$22,770 per year.⁸³

Of course, the Seattle standard of living and hourly pay is higher than in other parts of the country. The annual mean wage for a hairdresser in Washington is from \$28,700 to \$43,820 which averages to \$35,400 or \$18.84 hourly. Seattle, and surrounding areas including Bellevue, has been rated #2 as the top paying city for occupations in the beauty industry. Therefore, a beauty salon is a viable option for entrepreneurs and cosmetology professionals, as it is lucrative in nature. The industry is growing, as well, as it is estimated to grow 13% between 2013 to 2022. However, given the other possible uses of retail space in Yesler Terrace, this option is not the best choice in the short-term.

Chiropractic Office

A chiropractor treats patients with health problems of the neuro-musculoskeletal system emphasizing on diagnostic, treatment, preventative, and medical disorders. Chiropractors use spinal adjustments, manipulation, and other techniques to manage patients' health concerns. This profession overlaps massage, osteopathy and physical therapy all of which are a growing industry, if added to the space, revenue will increase.

A 1,000 SF space will comfortably accommodate two doctors. The office space should be distributed with 60% for 2 – 3 doctor's offices, employees, storage and restroom, 15% reception, 15% for hallways, and 10% for larger equipment such as an x-ray machine.

According to the U.S. Bureau of Labor and Statistics and Dr. Stephen, a Chiropractor in Washington, averages \$110,000 this equates to \$57.29 per hour. The number of jobs held are 44,400 at a 15% climb until 2022, highest with employment levels of 318,890. A massage therapist averages \$40,000 annually at \$20.83 per hour.

Currently, there are two chiropractic locations within a .25 mile radius of Yesler Terrace, both located in Little Saigon on South 12th and Jackson. Adding a third location will not only be convenient, but attractive for new and existing chiropractic patients within the area. Still, there are better options for use of Yesler Terrace commercial retail space, at least in the short-term.

⁸³ Barbers, Hairdressers, and Cosmetologists. United States Department of Labor Bureau of Labor Statistics. <http://www.bls.gov/ooh/personal-care-and-service/barbers-hairdressers-and-cosmetologists.htm>

APPENDIX X: BANKING AND OTHER “MUST HAVE” BUSINESSES

While not considered “affordable retail,” the SU IEC team determined that having a bank in the Yesler Terrace neighborhood could make a very positive impact on the community. Banks provide financial services such as checking, saving, and loans, and historically, areas with higher income have a higher number of bank locations as a percentage of population. For instance Manhattan has about 2,300 people per bank while Brooklyn has about 7,000 people per bank according to the article “NY Branches Out” in *The New York Post*. While many bank demands are being satisfied by online and mobile services there remains a strong demand for being able to talk in person.

The increase of market rate housing units in the Yesler Terrace area will correlate with an increase the demand for banking. Currently the Yesler Terrace area is a banking service desert where few ATM, savings, or loan services are available, except through high-fee ATMs located in convenience stores.

Physical requirements will depend on the service being offered. A bank with full services including business and home loan officers would take up as much as 2,000 sq ft. A bank with teller services for personal banking could take as little as 1000 sq ft. A small kiosk with multiple ATM’s could take up as little as 250 sq ft. Banking institutions can be expected to have the capital to see to any necessary tenant improvements.

Other “must have” businesses for any neighborhood include the following:

- Postal/shipping services
- Wellness/healthcare
- Dry cleaner (and often a tailor and laundry)
- Pharmacy
- Convenience services: pet sitting, house cleaning, babysitting,