



Maryland State Senate Hearing re. SB- 645

Purple Line Small Business Displacement, February 26 2020

Latino Economic Development Center-Executive Director & CEO, Marla Bilonick

Thank you very much, Chair and Vice Chair and members of the Budget & Taxation Committee, for the opportunity to testify before you today. My name is Javier Rivas and I am the Resilient Business Corridors Program Manager at the Latino Economic Development Center - LEDC. LEDC is very pleased to have this opportunity to be with you all today to discuss the importance supporting small businesses located along the Purple Line in Maryland. LEDC is a 29 year old organization that serves the region and currently has three offices in Maryland (out of 6 total office locations). We are working closely to provide technical and financial assistance to small businesses that are impacted by Purple Line construction and that are at risk of closure and/or significant revenue loss. LEDC is also active by sitting on the Purple Line Corridor Coalition's Steering Committee and co-chairing its Business Action Team.

Our mission along the Purple Line is to help businesses survive construction and come out on the other side positioned to thrive and take advantage of the new economic vitality that the line promises. LEDC supports small businesses in several ways. We provide one-on-one technical assistance, group training sessions, and financing for start-up and expansion through micro-loans of \$5,000 to \$250,000. We also serve as liaisons between businesses and local government, construction companies, and utilities in areas where we are providing anti-business displacement support services.

On the heels of a very successful and ongoing project supporting small businesses in Wheaton, Maryland, that were located on the periphery of a large-scale Montgomery County construction project, LEDC has seen that intensive technical assistance and financial support is critical to helping businesses avoid displacement during and after disruption. In this case, the County has provided a grant to offset revenue losses caused by the County construction project. LEDC has actively worked with over 80 businesses in this corridor and over 90% remain on the corridor. This survival rate is impressive, even in the most supportive business environments. Therefore, we see this as proof positive that the combination of technical and financial support is needed if we want to see businesses stay in place during economic development.

In the case of the Purple Line, the train line runs through key business corridors that house traditionally immigrant-owned and minority-owned businesses. These businesses provide critical goods and services to residents in the surrounding areas. They often serve a secondary purpose as community meeting sites where key information is disseminated in the native language of immigrant groups, on site. Perhaps most importantly, these small businesses provide livelihoods for their owners and the people they employ. It would be a loss to vulnerable populations along the corridor as well as a threat to the integrity and social fabric of the communities along the line.

We have two full time staff people who have been deployed to work directly with businesses along the Purple Line in Montgomery County and Prince George's County and we are hearing reports from business owners who have experienced a 30 – 40% loss in revenues due to disruptions associated by the

construction. Traffic congestion due to road and lane closures and loss of parking spaces are limiting access to these businesses for not only customers, but also employees and vendors.

Due to the bi-county trajectory of the light rail line, it has been challenging to understand where the responsibility for business support lies. If the state could respond with policies that could offset revenue losses and also the lack of a ceiling to commercial rent escalation, it would be extremely helpful to sustaining local small businesses that are located along the Purple Line. We urge you to enact policies that will allow for the sustainability of the existing business communities along the Purple Line Corridor. Thank you so much for your willingness to consider our testimony today. We look forward to collaborating with you to find solutions that support small business sustainability in Maryland.

A handwritten signature in black ink, appearing to read 'J. Rivas', with a stylized, angular flourish at the top left.

Javier Rivas

Program Manager – Resilient Business Corridors

Latino Economic Development Center