

Impacts of Neighborhood Development Center-Assisted Businesses on their Neighborhoods

Since 1993 – in eight ethnic communities and 25 low-income neighborhoods in Minnesota – Neighborhood Development Center in Saint Paul has helped build community support around the idea of creating, financing, and supporting resident-owned small businesses as a means of revitalizing inner city neighborhoods. There are more than 457 NDC supported businesses currently in operation.

An evaluation of Neighborhood Development Center conducted in 2012 by Wilder Research found for every \$1 spent on NDC programs that develop inner-city entrepreneurs, an estimated \$28 is returned annually to neighborhoods in the form of payroll, rent, taxes and other expenditures.

The 198 surveyed owners report the following impacts in regard to their business space:

- Owners who lease their business location report paying \$2.3 million in rent annually.
- About three-fourths of the owners with employees provided the amount of their monthly payroll. For these 73 owners, the total of their monthly payrolls is \$891,600, equivalent to \$10.7 million annually.
- Owners report spending a total of \$1.1 million a month on business expenses (not including rent and payroll), or \$13.6 million annually. Of this amount, approximately \$369,400 a month, or \$4.4 million annually, is spent within one to two miles of the businesses.
- 71 percent of business owners contributed time, money, or in-kind support to neighborhood events and activities in the past year. Owners value their contributions at a total of \$308,200.
- Respondents who own their business location report paying a total of about \$403,000 in property taxes annually.



The evaluation also looked at the estimated impact of NDC businesses in five ethnic and low-income neighborhoods in the Twin Cities area. Data were collected for the period between September 2011 through October 2012. Financial return totals for the neighborhoods do not include purchases and financial contributions made by businesses outside their immediate neighborhood.

Small businesses show big impact

Wilder Research surveyed NDC-assisted businesses and found of 457 NDC-trained and financed alumni entrepreneurs in business today:

- 2,285 jobs have been created
- 82% are entrepreneurs of color
- \$24M of annual payroll is generated
- \$46M total annual return to targeted low-income neighborhoods
- 53% of their employees are from their own low-income neighborhood
- \$12.14/hour is the average wage
- 74% of employees are people of color
- 60% occupy formerly vacant buildings

Saint Paul

Dale Street and University Avenue

Estimates based on responses of 30 surveyed businesses within a one mile radius.

Businesses and employees

- » 65 open businesses
- » 576 full-time and part-time jobs created or retained (including business owners and their employees)

Annual financial return of **\$11,321,200** to the neighborhood by businesses

- » \$5,073,500 payroll
- » \$883,000 payments to subcontractors and cash workers
- » \$231,300 in property taxes
- » \$927,700 rent
- » \$788,300 sales tax
- » \$3,287,600 services/supplies/materials purchased in the neighborhood
- » \$129,800 cash/in-kind contributions for neighborhood organizations/events

Other contributions to the neighborhood

- » 87% of owners say they are a **role model** for youth or young adults
- » 70% have contributed time, money, and/or in-kind **contributions** to neighborhood events
- » 47% say they serve as a **leader** for groups or associations in their community
- » 60% say their business serves as a **gathering place** for the neighborhood

Profile of surveyed businesses

- » 30 surveys completed in a one mile radius of the Dale and University intersection
- » 47% of the businesses surveyed are service-related, 23% retail, 17% restaurants or catering, 7% construction, and 7% manufacturing
- » 47% of the surveyed owners identify as African American, 30% Asian, 13% African, 7% Caucasian, and 3% Hispanic or Latino

Business owners also contribute to their communities in less tangible ways, such as serving as role models, participating as leaders, and providing a safe and comfortable gathering space.



East Side of Saint Paul

Estimates based on responses of 7 surveyed businesses within a one mile radius of the Arcade Street and Jenks Avenue intersection

Businesses and employees

- » 21 open businesses
- » 57 full-time and part-time jobs created or retained (including business owners and their employees)

Annual financial return of **\$1,539,700** to the neighborhood by businesses

- » \$638,600 payroll
- » \$21,400 payments to subcontractors and cash workers
- » \$45,000 in property taxes
- » \$201,600 rent
- » \$121,500 sales tax
- » \$508,300 services/supplies/materials purchased in the neighborhood
- » \$3,300 cash/in-kind contributions for neighborhood organizations/events

Other contributions to the neighborhood

- » 100% of owners say they are a **role model** for youth or young adults
- » 57% have contributed time, money, and/or in-kind **contributions** to neighborhood events
- » 29% say they serve as a **leader** for groups or associations in their community
- » 71% say their business serves as a **gathering place** for the neighborhood

Profile of surveyed businesses

- » 7 surveys completed in a one mile radius of the Arcade and Jenks intersection
- » Most of the businesses are either retail or service-related
- » The majority of the surveyed owners identify as Hispanic or Latino

West Side of Saint Paul

Estimates based on responses of 8 surveyed businesses.

Businesses and employees

- » 17 open businesses
- » 40 full-time and part-time jobs created or retained (including business owners and their employees)

Annual financial return of **\$1,034,400** to the neighborhood by businesses

- » \$170,900 payroll
- » \$25,500 payments to subcontractors and cash workers
- » \$87,100 in property taxes/rent
- » \$75,200 sales tax
- » \$667,200 services/supplies/materials purchased in the neighborhood
- » \$8,500 cash/in-kind contributions for neighborhood organizations/events

Other contributions to the neighborhood

- » 88% of owners say they are a **role model** for youth or young adults
- » 50% have contributed time, money, and/or in-kind **contributions** to neighborhood events
- » 25% say their business serves as a **gathering place** for the neighborhood

Profile of surveyed businesses

- » 8 surveys completed on the West Side of Saint Paul
- » The majority of businesses are service-related
- » The majority of the surveyed owners identify as Latino or Hispanic

Minneapolis

Lake Street and Chicago Avenue

Estimates based on responses of 45 surveyed businesses within a one mile radius.

Businesses and employees

- » 106 open businesses
- » 473 full-time and part-time jobs created or retained (including business owners and their employees)

Annual financial return of **\$9,732,800** to the neighborhood by businesses

- » \$4,540,600 payroll
- » \$480,400 payments to subcontractors and cash workers
- » \$42,400 in property taxes
- » \$1,997,400 rent
- » \$879,900 sales tax
- » \$1,661,100 services/supplies/materials purchased in the neighborhood
- » \$131,000 cash/in-kind contributions for neighborhood organizations/events

Other contributions to the neighborhood

- » 89% of owners say they are a **role model** for youth or young adults
- » 69% have contributed time, money, and/or in-kind **contributions** to neighborhood events
- » 27% say they serve as a **leader** for groups or associations in their community
- » 80% say their business serves as a **gathering place** for the neighborhood

Profile of surveyed businesses

- » 45 surveys completed in a one mile radius of the Lake and Chicago intersection
- » 40% of the businesses surveyed are retail, 38% restaurants or catering, 18% service-related, and 4% construction
- » 49% of the surveyed owners identify as Hispanic or Latino, 20% Caucasian, 9% African, 7% African American, 4% Asian, and 2% Native American/American Indian (9% did not provide information)

North Minneapolis

Estimates based on responses of 13 surveyed businesses within a one mile radius of Broadway Street and Girard Avenue intersection.

Businesses and employees

- » 31 open businesses
- » 191 full-time and part-time jobs created or retained (including business owners and their employees)

Annual financial return of **\$2,239,600** to the neighborhood by businesses

- » \$1,359,200 in payroll
- » \$105,500 payments to subcontractors and cash workers
- » \$59,600 in property taxes
- » \$225,300 rent
- » \$117,000 sales tax
- » \$270,800 services/supplies/materials purchased in the neighborhood
- » \$102,200 cash/in-kind contributions for neighborhood organizations/events

Other contributions to the neighborhood

- » 100% of owners say they are a **role model** for youth or young adults
- » 77% have contributed time, money, and/or in-kind **contributions** to neighborhood events
- » 62% say they serve as a **leader** for groups or associations in their community
- » 39% say their business serves as a **gathering place** for the neighborhood

Profile of surveyed businesses

- » 13 surveys completed in a one mile radius of the Broadway and Girard intersection
- » 61% of the businesses are service-related, 15% retail, 8% construction, 8% manufacturing, and 8% restaurants or catering
- » 85% of the surveyed owners identify as African American, 8% Asian, and 8% Caucasian

For more information

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MAY 2013



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