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Center for an Urban Future

New York's Untapped Entrepreneurship Opportunity

HOW EXPANDING ENTREPRENEURSHIP AT NYCHA COULD HELP BOOST INCOMES, BUILD WEALTH, AND TAP INTO A POWERFUL ENTREPRENEURIAL SPIRIT

Center *for an* Urban Future

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Center for an Urban Future (CUF) is a leading New York City-based think tank that generates smart and sustainable public policies to reduce inequality, increase economic mobility, and grow the economy.

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Cover photo courtesy of Niani Taylor, NYCHA entrepreneur and founder of Munch Hours.

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Launching and Sustaining Entrepreneurs in New York City's Public Housing

TO SUCCEED IN CREATING A MORE EQUITABLE ECONOMY IN NEW YORK CITY, POLICYMAKERS WILL NEED to help boost economic outcomes for the nearly 300,000 working-age New Yorkers living in public housing. Although new investments in workforce training and education should be part of the solution, there is also an enormous untapped opportunity to make progress by increasing rates of entrepreneurship among New York City Housing Authority (NYCHA) residents—and enabling the many public housing residents already engaged in side hustles and home-based ventures to grow their businesses.

Even before the COVID-19 pandemic hit, public housing residents faced steep barriers to economic success. In 2019, only 42 percent of working-age NYCHA residents earned income from employment, averaging just over $27,000 per year.[1] These challenges have only been magnified by the pandemic. Indeed, nearly one-quarter of employed NYCHA residents worked in retail, hotels, and food—industries now lagging badly in the city's economic recovery.[2]

Given the thousands of public housing residents out of work today and the longstanding barriers many face in accessing well-paying jobs, entrepreneurship could provide an alternative route for boosting incomes and building wealth. Although it may not be the best option for many residents, there is an unmistakable opportunity to strengthen this vital pathway.

In January 2021, fewer than 1 percent of NYCHA residents reported business income. But behind these low rates of formal entrepreneurship, there is promise in every NYCHA building. Countless residents earn income from a side hustle or home-based venture—including catering, party planning, fashion design, childcare, and carpentry. Meanwhile, formal entrepreneurship skyrocketed in recent years, with the number of NYCHA residents reporting business income jumping from 286 residents in 2012 to 1,636 in January 2021—a 472 percent increase.[3]

There are major obstacles preventing more NYCHA residents from launching businesses. This starts with limited access to capital, not surprising when so few public housing residents have personal savings or the ability to raise funds from friends and family. But there are other notable barriers, including rules that make losing government benefits—or seeing NYCHA housing costs climb—a real possibility for entrepreneurs who generate even a modest amount of income.

At the same time, little of the city's investment in entrepreneurship has flowed to NYCHA communities. While the de Blasio administration launched the Business Pathways programs for entrepreneurs living at NYCHA, its scale remains small: fewer than 400 residents have graduated from the program since 2015. And while other city-run small business assistance programs reach tens of thousands of New Yorkers, just 496 NYCHA residents participated in them in 2019.

It's time to tap the entrepreneurial spirit that runs through NYCHA. This report lays out a vision for how city officials can do so—empowering residents to build community wealth and helping ignite an equitable economic recovery.

This report provides a comprehensive examination of the current state of entrepreneurship among New Yorkers living in NYCHA public housing—and what it will take to increase the number of successful NYCHA resident-run businesses. Made possible by a grant from the Deutsche Bank Americas Foundation, the report builds on the Center for an Urban Future's two decades of research about the role of entrepreneurship in building community wealth and creating a more inclusive and equitable economy in New York City, including the 2013 *Launching Low-Income Entrepreneurs* study.

This new report documents current self-employment among NYCHA residents, explores the benefits of fostering a robust entrepreneurial economy within NYCHA, details the obstacles that prevent larger numbers of NYCHA businesses from taking shape, and examines current supports for entrepreneurship within NYCHA. In addition, the study features best practices from across the country, and advances 15 specific, achievable policy recommendations to support entrepreneurship among New Yorkers living in public housing. It was informed by extensive data analysis and draws on interviews with more than 50 small business and microfinance experts, community development leaders, workforce development practitioners, economic development officials, entrepreneurship educators, and NYCHA entrepreneurs themselves.

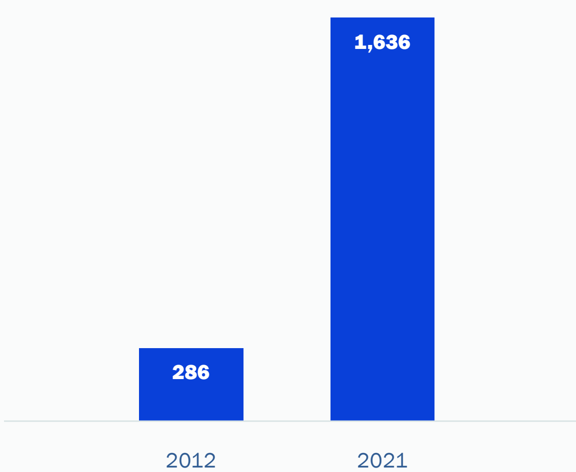
With thousands of NYCHA residents currently out of work—and 500,000 fewer jobs in New York City today than prior to the pandemic—city leaders will need to support and sustain pathways to economic self-sufficiency other than employment. This report finds a significant opportunity to help more NYCHA residents embrace entrepreneurship to boost incomes and build wealth and identifies a range of supports needed to make this pathway broader and more secure.

"We have 25 to 30 percent, maybe even 35 percent, unemployment in public housing neighborhoods," says Bishop Mitchell Taylor, CEO of Urban Upbound, a non-profit that supports New Yorkers living in public housing. "We have to rethink how we to get those folks back to work. Business development and entrepreneurship is one of the key areas to focus on."

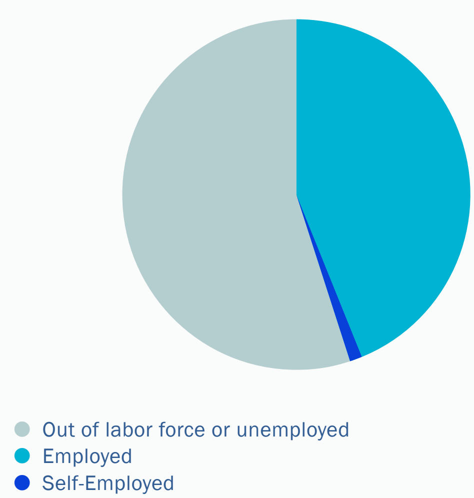
With few new employment opportunities available, the months ahead may prove an ideal time for New York City to promote and support entrepreneurship among NYCHA residents. For some residents, a lack of employment opportunities or frustration with available low-wage jobs may spark interest in entrepreneurship for the very first time.

"There might be more incentive for individuals to look at entrepreneurship as a job substitute because it's going to take quite a while for the economy to come back," says Joyce Moy, executive director of CUNY's

NYCHA Residents with Business Income Skyrockets



Fewer than 1 Percent of NYCHA Residents are Self-Employed



Source: New York City Housing Authority, data from annual resident recertifications as of June 2020.

New York City is not operating at its full potential without NYCHA entrepreneurs."

NANCY CARIN, EXECUTIVE DIRECTOR OF THE BUSINESS OUTREACH CENTER NETWORK (BOCNET)

Asian American/Asian Research Institute and former founding executive director of the Small Business Development Center at LaGuardia Community College. "Becoming an entrepreneur may be one of the few ways that people can, in fact, begin to bring back income to their families."

For other residents, these same factors may prompt aspiring entrepreneurs to double down on pursuing their business ventures with the right support—whether that means launching a side hustle, taking steps toward starting a formal business or exploring ways to help a microenterprise grow. "I think this is the best time to help people see entrepreneurship as a clear and concise plan to get out of poverty," says Connie Mendez, director of Jobs Plus at Henry Street Settlement, a workforce development program for local NYCHA residents.

In fact, some NYCHA residents are already looking to entrepreneurship as a way past unpredictable, hourly work that rarely offers chances for career advancement. But our research finds that few NYCHA residents have the means to get their business ideas off the ground on their own, despite their drive and creativity. "Low income is simply lack of money; it doesn't mean lack of talent," says Connie Evans, CEO of the Association for Enterprise Opportunity (AEO), which works to create economic opportunity for underserved entrepreneurs. "There are plenty of folks with ideas and talent living in public housing that have not been given the opportunity or the tools that they need to be successful in business."

To their credit, the de Blasio administration and NYCHA's own Office of Resident Economic Empowerment and Sustainability (REES) made valuable strides in connecting NYCHA residents with partner organizations providing access to business education, financing, and affordable space. Since launching its first cohort in 2015, REES's Food, Catering, and Childcare Business Pathways programs have graduated nearly 400 NYCHA entrepreneurs who have created at 243 registered businesses, including numerous food and catering businesses. In June 2021, REES and the Fund for Public Housing announced their largest single investment in boosting entrepreneurship to date: a $535,000 grant from JPMorgan Chase to help 60 residents launch their own construction businesses through intensive training programs and certification assistance.

But interest in the REES programs far exceed their capacity—more than 800 residents have interviewed for Food Business and Childcare Pathways programs, almost double the programs' available seats—and many NYCHA entrepreneurs, especially younger residents, seek support for business plans not covered by pathways, including creative industries like fashion, music, and media.

Now it's up to city policymakers and others to seize this interest, tap into the immense potential of aspiring NYCHA entrepreneurs, and support entrepreneurs trying to scale up and achieve profitability. "When you leave whole groups of potential entrepreneurs out of the economy, we leave out business owners and innovators. It means the entire economy is only operating on a segment of its potential," says Nancy Carin, executive director of the Business Outreach Center Network (BOCNet), a small business development organization that works with low-income entrepreneurs. "New York City is not operating at its full potential without NYCHA entrepreneurs."

NYCHA is full of entrepreneurial spirit—it's just largely off the books and underrealized.

Nothing attests to the potential of NYCHA entrepreneurship more than the informal economy thriving at NYCHA's 335 developments across the five boroughs. "There's an assumption that there isn't a vibrant entrepreneurial community at NYCHA—that's incorrect," says Alethia Mendez, division president at Grameen America, an organization that supports low-income women entrepreneurs. "It's just that almost all of these businesses are informal and taking place out of their homes."

Indeed, our research found that the vast majority of NYCHA businesses are informal, unregistered, and often part-time operations that are impossible to track. "A lot of people in NYCHA already have businesses and side-hustles off the books. It reflects the entrepreneurial spirit, but it will never be on their tax returns," says Colvin Grannum, CEO of Bedford-Stuyvesant Restoration Corporation, a community development organization based in Central Brooklyn. These include Shawn Sergeant, who runs a video production studio out of his Queensbridge apartment, complete with a green screen backdrop, and Alice Payne, who bakes elaborately decorated cupcakes in her Forest Houses apartment in the Bronx, which she markets via Instagram. (Given the informal nature of their businesses, these entrepreneurs spoke on the condition that they be referred to using pseudonyms.)

As a consequence of the many barriers to formalization, there were only 1,636 working-age residents who reported owning their own businesses in January 2021. Even so, this represents a 472 percent increase in the number of formal entrepreneurs over the past decade, up from just 286 residents in 2012.

Support for entrepreneurship can complement workforce training—especially when jobs are scarce—but public investment is limited.

For most working NYCHA residents, hourly jobs in low-wage industries and occupations are the norm. But entrepreneurship can provide an important alternative. Indeed, even in the best of times when hourly jobs were plentiful, they offered little stability or opportunities for advancement. Today the pandemic has dealt a major blow to industries like food service and retail and prompted many low-wage workers to rethink their options, leaving many NYCHA residents scrambling for alternative sources of income.

While investments in job training will be vital to ensure that more NYCHA residents can get back to work as the city's economic recovery begins to take hold, workforce programs alone are unlikely to generate sufficient opportunities to help all those hard-hit by the pandemic. "For NYCHA residents, establishing and increasing sources of income is the fundamental need," says Alethia Mendez of Grameen America. "This city has focused on the vocational route, and that's been helpful. But the need has far surpassed that strategy as the only solution. There just aren't enough opportunities for everyone on that path. People come with different interests, aptitudes, skill sets—and entrepre-

The Who, What, and Where of NYCHA Businesses (NYCHA Population Ages 18 to 62)

	Income from Own Business			Income from Employment*		
Borough	Number of Residents	Percent of Residents	Average Income	Number of Residents	Percent of Residents	Average Income
Bronx	496	1.0%	$12,194	19,729	40%	$25,173
Brooklyn	455	0.7%	$13,354	27,045	42%	$27,085
Manhattan	633	1.1%	$12,634	24,575	42%	$28,351
Queens	154	0.9%	$13,053	7,330	43%	$27,960
Staten Island	20	0.4%	$14,822	1,840	39%	$25,536
Total	**1,758**	**0.9%**	**$12,758**	**80,519**	**42%**	**$27,047**

* Income from employment includes incomes from employment, federal wages, housing authority wages, and/or military wages.

Source: New York City Housing Authority, data from annual resident recertifications as of June 2020.

neurship can be the best option for many people. And it needs as much public investment, if not more, as the vocational route."

However, given tight restrictions on how government funding for workforce development programs can be spent, very few workforce training organizations are able to offer support for entrepreneurial education and business development. Those few organizations that do support clients with entrepreneurial aspirations typically do so outside the scope of their publicly funded contracts.

"People are not getting back to work at the rates that we would like to see," says Karen Bornarth, head of workforce at Hot Bread Kitchen, a nonprofit supporting women and emerging entrepreneurs in the city's food industry. "For some, entrepreneurship has been a way to bring home a little bit of money each week. But in workforce development, our success is measured by job placements rather than economic stability. To really support the people we serve, we need the flexibility to think about success in different ways."

Despite the tremendous opportunity to expand NYCHA entrepreneurship, several significant challenges stand in the way.

1. FEAR OF RISING RENTS AND LOSING HOUSING OR BENEFITS DISINCENTIVIZES ENTREPRENEURSHIP.

Interviews with more than two dozen resident business owners and aspiring NYCHA entrepreneurs—as well as dozens of business assistance providers and other entrepreneurship experts—surfaced a range of challenges and obstacles, from a lack of visible role models and trusted mentorship opportunities to insufficient connections with technical assistance providers. But a consensus emerged that one of the greatest challenges facing NYCHA entrepreneurs is a widespread concern about losing affordable rent and other benefits.

Economic self-sufficiency rarely comes from income alone; it flows from acquiring assets and building wealth.[4] But NYCHA's rent calculation system—as required by U.S. Department of Housing and Urban Development (HUD) rules—makes it nearly impossible to build wealth without increasing one's cost of living, because the cash value of savings and checking accounts are included in the calculation used to determine rent each year.[5] Given all the risks inherent in starting a business, it's understandable that few NYCHA residents are willing to shoulder a rent increase simply by saving money to start a business venture—let alone by reporting self-employment income. As a result, NYCHA residents are disincentivized from starting businesses,even compared to other New Yorkers from low-wealth communities.

"There's no winning with NYCHA," says Aaron Prince, who runs a small construction business from his apartment in the Butler Houses in the Bronx. "The more income that you bring in your home as an entrepreneur, the more they want to raise the rent up." Prince says that his business income varies significantly from month to month, which makes him nervous about taking on bigger jobs and then risking a rent increase.

New York City's affordable housing crisis means that there are few if any alternatives to living in NYCHA, which encourages residents to hold fast to their apartments. The average monthly rent in NYCHA is $548—hardly enough to sublease a bedroom, let alone an apartment in most New York neighborhoods.[6] As long as realistically there is nowhere else that NYCHA residents can afford to move to, these concerns are likely to continue dampening rates of entrepreneurship. And while NYCHA residents cannot lose their apartments if their income exceeds a certain amount, they can lose benefits like SNAP, Medicaid, or Supplemental Security Income (SSI).

The federal government's Family Self Sufficiency (FSS) program can help, allowing public housing residents to save rent increases caused by rising income in an interest-bearing escrow account. But the city has done too little to market this opportunity. Just 1,274 NYCHA Section 8 residents are actively enrolled in the program—only 1.8 percent of the approximately 70,000 program participants nationwide—even though New York City is home to over 20 percent of the nation's public housing and Section 8 residents.[7] Limiting the program further, NYCHA only offers FSS to residents with Section 8 housing vouchers, although federal rules permit all public housing residents to participate.

“

The potential for entrepreneurship among NYCHA residents is immense. The obvious obstacle is always funding, People who are already struggling financially, who don't always have the best credit, and who live in NYCHA rarely have the assets to put up against the loan.”

GINA RAMCHARAN, PROGRAM DIRECTOR OF THE LILLIAN PROJECT

“People are concerned that if they make money on the books, their rent will go up,” says Colvin Grannum of Bed-Stuy Restoration Corp. “No one wants to live in public housing and pay $1,800 per month—and you can't save up enough to get out. It's a penalty that disincentivizes entrepreneurship. And that's true of a variety of other benefits as well.”

2. LACK OF ACCESS TO START-UP CAPITAL PREVENTS LOW-INCOME RESIDENTS FROM GETTING STARTED.

Few NYCHA businesses have the revenue and track record to get a traditional bank loan, which generally require at least two years of operating history. And the most common source of start-up capital for entrepreneurs—friends and family loans—is simply not available to most NYCHA residents.

“Not having access to ‘friends and family’ capital is a major disadvantage,” says Nancy Carin of BOCNet. “There are two levels of obstacles. Not only do they not have access to basic capital that most entrepreneurs rely on to help start up their businesses, but not having a network of family or friends who you can talk to about business matters has a big impact when starting your own business. It is much, much harder.”

Absent this support, the vast majority of NYCHA entrepreneurs also lack the credit needed to qualify for even the smallest business loan. As a consequence, far too many NYCHA businesses are underfunded from the start or are seeded by putting start-up costs on a high-interest credit card.

“The potential for entrepreneurship among NYCHA residents is immense. The obvious obstacle is always funding,” says Gina Ramcharan, program director of the Lillian Project, a program of Harlem Business Alliance that incubates businesses owned by Black women. “People who are already struggling financially, who don't always have the best credit, and who live in NYCHA, rarely have the assets to put up against the loan.”

3. LIMITED MENTORSHIP OPPORTUNITIES AND A LACK OF SOCIAL CAPITAL INHIBIT ENTREPRENEURIALISM.

Successful business owners often serve as crucial mentors to aspiring entrepreneurs looking to launch their own venture, but at NYCHA, with its relatively low rates of formal entrepreneurship and business income, aspiring entrepreneurs report struggling to find successful mentors who understand their challenges and experiences.

Many of the public housing–based entrepreneurs we interviewed for this report detailed the struggle to find business mentors and build relationships outside their immediate network. Others cited the fact that many developments are located in areas without strong commercial corridors, and what few businesses are located nearby are rarely if ever owned by NYCHA residents. “I constantly have to seek it out. There wasn't anything in the community, there wasn't anything that I'm seeing,” says NYCHA-based entrepreneur Tamykah Anthony.

"Having access to mentors and role models is a huge game-changer when it comes to entrepreneurship. It shapes the way people view their opportunity and what they think is possible," says Robert Piercey, northeast regional director at the Network for Teaching Entrepreneurship (NFTE), a global nonprofit that teaches entrepreneurship to young people.

4. LIMITED GOVERNMENT SUPPORT MEANS TOO LITTLE BUSINESS ASSISTANCE PROGRAMMING IS EFFECTIVELY REACHING NYCHA RESIDENTS.

The same circumstances that limit NYCHA residents' connections to potential business role models can also impact their access to small business assistance. Despite the wealth of providers and programs available to aspiring entrepreneurs in New York City, our research found that even among programs tailored to low-income New Yorkers, few were reaching New Yorkers living in public housing—often because these programs lack the outreach capacity or specific intention to target NYCHA residents.

In 2019, just 496 NYCHA residents participated in programs operated by the New York City Department of Small Business Services Business Solutions Centers out of nearly 270,000 adults living in NYCHA developments citywide. In five City Council districts with at least one NYCHA development, zero NYCHA residents used this service.[8]

Likewise, while NYCHA's Business Pathways programs have had notable success, the scale of this initiative is still small: fewer than 400 NYCHA-based entrepreneurs have graduated from the program since 2015.

5. RELATIVELY FEW NYCHA RESIDENTS ARE CONNECTING WITH THE CITY'S NONPROFIT SMALL BUSINESS ASSISTANCE ORGANIZATIONS.

Beyond NYCHA's Business Pathways programs and its small network of business development partners, which includes Green Worker Cooperative, BOCNet, and Workshop in Business Opportunities (WIBO), business assistance for aspiring NYCHA entrepreneurs is limited. Of the fifteen nonprofit providers we interviewed for this report that provide business assistance to low-income New Yorkers, just four offer programming that regularly reaches NYCHA residents through partnerships and others forms of outreach. Few organizations have the funding or staff resources to focus on cultivating first-time entrepreneurs from the very beginning of the journey—a need that's particularly acute among NYCHA residents.

"A lot of the resources being offered by small business assistance programs are for people who are already entrepreneurs, and not necessarily for new businesses," says Quardean Lewis Allen, founder and CEO of the Youth Design Center, a creative agency that trains youth in Brownsville in technology, art, and design.

Other business assistance organizations have found that NYCHA residents aren't seeking out their services on their own, but those organizations lack the capacity to do dedicated outreach in NYCHA developments.

"We've got NYCHA residents in our backyard, but we're not seeing them coming through the door. The actual conversions of aspiring entrepreneurs into clients were few and far between," says Alethia Mendez of Grameen America. "We needed to bring those resources to the NYCHA campus—it wasn't enough to just say these resources exist."

6. NYCHA RESIDENTS FACE COST BARRIERS AND REGULATORY HURDLES TO SCALE UP SIDE-HUSTLES INTO FULL-TIME BUSINESSES.

NYCHA residents with existing, informal businesses face unique barriers when they try to formalize and grow their side-hustle into a full-fledged operation. The financial barriers to increasing inventory, hiring staff, and leasing space are clear. But often overlooked is the bureaucratic paperwork and fees, such as New York state's archaic LLC reporting requirement. That requirement alone can cost upward of $2,000, which can make it difficult for cash-strapped NYCHA entrepreneurs to incorporate and grow beyond their immediate community.

Even NYCHA-sponsored programs have been hampered by regulatory issues. A promising pilot that enabled NYCHA Food Business Pathways graduates to set up shop at a kiosk in the Brooklyn Navy Yard saw NYCHA entrepreneurs earn an average of $7,815 a month, much more than typical NYCHA businesses.[9] But despite committed funding and public-private support, the program had to shut down after just seven months amid licensing issues raised by the Department of Health.

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For NYCHA residents in particular, it is important to start a business—this is the only way they're going to be able to **create wealth for their families, generational wealth. It's the key to getting out of poverty.”**

CAMILLE NEWMAN-ALLEYNE, DIRECTOR OF THE WOMEN'S BUSINESS CENTER AT EAST NEW YORK LDC

Entrepreneurship is not a pathway to economic empowerment that will work for every NYCHA resident eager for a shot at greater opportunity. Starting a business is an inherently risky endeavor—just 52 percent of businesses started in New York survive the first five years, and over 20 percent fail in the first year alone.[10] But for many the New Yorkers living in public housing who aspire to start a business, entrepreneurship should be a viable option. Our research has made clear that there is no shortage of creativity, industry, and entrepreneurial ambition within the city's 335 NYCHA developments, but more must be done to ensure that first-time entrepreneurs living in public housing have the tools and resources they need to succeed.

Mayor Eric Adams and the City Council should take strong steps to support this vital but under-resourced pathway to economic self-sufficiency. City leaders should set an ambitious goal of sparking and supporting 2,500 NYCHA entrepreneurs over the next five years and back it up with a $10 million investment.

Specific ideas include kickstarting the transformation of side hustles into full-time businesses with a high profile start-up competition; helping residents save by dramatically expanding enrollment in the underused Family Self-Sufficiency Program; launching new Business Pathways programs in the creative industries; providing microgrants to boost business formation and expand participation in fairs, markets, and other growth opportunities; directing the city's Economic Development Corporation to launch Community Kitchen Incubators in all five boroughs; funding and strengthening partnerships with local small business development organizations; leveraging vacant commercial spaces for NYCHA entrepreneurs to expand beyond their homes; investing in the creation of NYCHA worker cooperatives; and creating a NYCHA Business Credit Fund to expand access to capital to underserved NYCHA residents.

“For NYCHA residents in particular, it is important to start a business—this is the only way they're going to be able to create wealth for their families, generational wealth,” says Camille Newman-Alleyne, director of the Women's Business Center at East New York LDC. “It's the key to getting out of poverty.”

This report outlines the way forward to expand pathways to entrepreneurship among NYCHA residents and help transform hustle and determination into personal and community wealth.

"How People Make Ends Meet": The Landscape of Entrepreneurship Among NYCHA Residents

DESPITE THE NUMEROUS OBSTACLES THAT KEEP rates of business formation low and prevent many NYCHA residents from even considering entrepreneurship as an option, an entrepreneurial spirit runs through NYCHA developments in every corner of the city. From Edenwald in the Bronx to Ocean Bay in Queens, NYCHA residents are running catering companies, t-shirt design shops, child care businesses, dog walking co-ops, cleaning services, fashion lines, bakeries, video production studios, and more.

"Entrepreneurship is part of the culture of NYCHA," says NYCHA entrepreneur Shaun "Coach" Best, the founder of Jumpshots Over Gunshots, a basketball clinic and youth empowerment campaign. "Every building has something going on."

Still, less than 1 percent of the working age population of NYCHA residents report earning income from a business. Several residents interviewed for this report say that the obstacles to starting a business, even informally, are enough to dissuade many from even trying. But despite the overall low levels of business formation and the long odds facing those who try, a vibrant world of business ventures and side hustles can be found at nearly every NYCHA building in the city. Most are run informally and on a part-time basis, started by residents in need of supplemental income.

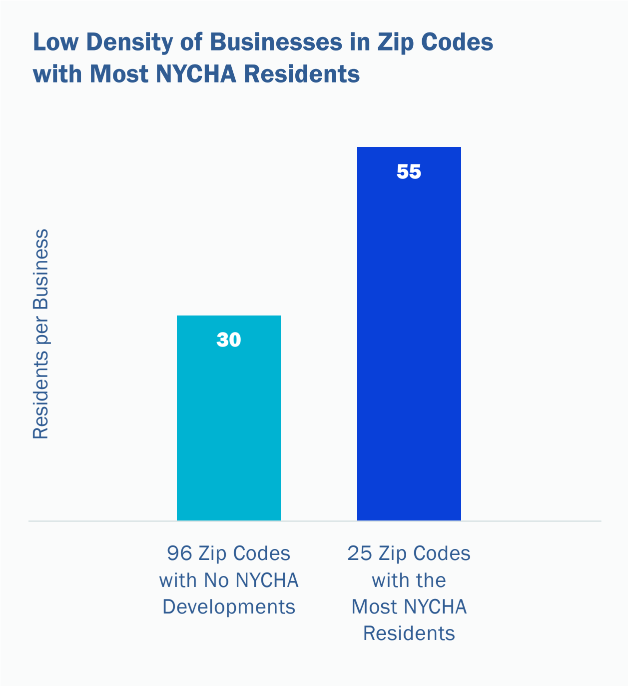
"There are tons of entrepreneurs in NYCHA, but they're just informal. Maybe it's the barber, the daycare provider, the tattoo artist, the nail technician, the resident who buys wholesale groceries and retails it out—it's how people make ends meet," says Aisha Benson, executive vice president of TruFund Financial Services, a community development financial institution that supports underserved entrepreneurs.

For Shaun Best, summertime is when the NYCHA entrepreneurial culture steps out. His favorite showcase of NYCHA businesses happens during Old Timers' Day celebrations, the outdoor block parties common in many NYCHA developments that reunite current and former residents. "It is a time when everybody is out selling food, selling t-shirts, selling icies, teenagers are marketing their music—every building has a thousand designers, illustrators, poets, or rappers—whoever has the best products will be out selling that day. It is great to see," he says.

In addition to these side-hustles, more and more NYCHA residents are starting formal businesses. As of June 2020, there were 1,758 working-age residents who reported earning income from their own business, according to NYCHA. While this represents just 0.9 percent of the working-age NYCHA population, it is nonetheless five times the number of formal entrepreneurs based in NYCHA a decade ago—and a clear sign of the potential for future growth.

Tamykah Anthony is one of those NYCHA entrepreneurs. She considers 9 P.M. to midnight her "entrepreneurial grind time." By then her two young children are asleep and so her focus can turn full-time to the two businesses she runs out of her Queensbridge apartment—Xanthines All Natural Products and Camp Wakanda. Anthony started Xanthines, a line of home, bath, body, and hair products, in 2016, shortly after graduating with a degree in forensic toxicology from John Jay College. "I've always thought of myself as a scientist," says Anthony, whose academic background helped her understand the potentially harmful ingredients that go into conventional beauty products and then create all-natural alternatives. In 2018 she launched her second business, Camp Wakanda, a STEM camp where children use the power of science to harness their inner superheroes.

But starting formal businesses—especially among NYCHA's lowest-income residents—remains the exception, not the rule. In fact, income level is strongly correlated with self-employment rates in New York City, which puts many NYCHA residents at a major disadvantage when it comes to navigating start-up costs.



Source: CUF analysis of U.S. Census, County Business Patterns, 2018

Across all five boroughs, the 10 neighborhoods with the lowest median incomes have an average self-employment rate of just 7 percent, while the 10 neighborhoods with the highest median incomes have a self-employment rate of 13 percent. Some neighborhoods, especially those with large immigrant populations, buck the trend—but neighborhoods with large NYCHA populations often lag behind. For instance, in Elmhurst/South Corona in Queens, 12.5 percent of residents in the labor force are self-employed. Yet in Castle Hill/Clason Point/Parkchester in the Bronx, which has roughly the same median income as Elmhurst/South Corona but a much larger NYCHA population of 19,060 residents, the rate of self-employment is just 6.7 percent. Similarly, in Brownsville/Ocean Park (NYCHA population 19,635), the self-employment rate is just 5.9 percent—among the lowest rates in the city.

One consequence of this gap is a striking lack of small business presence in and around the city's NYCHA developments. In the 96 zip codes that have no NYCHA presence, there is an average of one business per 30 residents. In the 25 zip codes with the largest population of NYCHA residents, there is an average of one business per 55 residents—almost half the rate of the city's non-NYCHA neighborhoods.[11]

To help close the opportunity gap for aspiring entrepreneurs in New York City, city leaders should focus on expanding supports in communities with the largest population of public housing residents. In the 10 neighborhoods with the most NYCHA residents, the self-employment rate is 7 percent, while in the 17 neighborhoods that have no NYCHA developments, the self-employment rate is 10 percent. Closing this gap would mean supporting pathways to entrepreneurship for thousands more of the city's lowest-income residents.

According to data analyzed from NYCHA's annual income recertification process, the majority of NYCHA entrepreneurs are women of color, consistent with head of household demographics throughout NYCHA. NYCHA residents in Manhattan and the Bronx are slightly more likely to be self-employed, at rates of 1 percent and 1.1 percent, respectively, but they earn less on average than entrepreneurs in the other boroughs. Just 20 residents or 0.4 percent of the working-age NYCHA population on Staten Island report earning income from their own business, but they also report a considerably higher average income at $14,822.[12]

Although we found examples of NYCHA entrepreneurs with business in many different industries, our research confirmed that the most common NYCHA businesses are in childcare, food/catering, and cleaning services. However, among younger NYCHA residents, there is growing participation in creative industries such as fashion, music, and video production.

"In my community in the South Bronx, people are doing fashion. The young men in my community, they are making t-shirts, sweaters," says Mitchell Houses resident Ramona Ferreyra, who runs her own toddler clothing line, Ojala Threads. "A lot are making clothing that goes along with the type of music they make."

Smartphones and other consumer technology have made accessible behind-the-scenes creative occupations—including sound engineers, lighting designers, film editing—broadening the roles that young NYCHA residents aspire to hold and fostering a freelance economy of creative collaborators like Queensbridge resident Lashawn Marston, who produces and edits videos for his YouTube channel Queensbridge Studios, often using just his phone.

"You used to hear younger people talk about being a rapper but now you no longer need a studio when you have editing apps on a smartphone, so more and more are thinking about behind the scenes opportunities instead,'" says Kevin Alexander, CEO of Rockaway Development and Revitalization Corporation. "They are thinking about the entrepreneurial aspects and opportunities in everything they are exposed to, which is a good thing."

"The Opportunity to Be Great"
Chef Jonathan Alexander, L'BOE Catering

When Jonathan Alexander started to see pamphlets for NYCHA's Food Business Pathways Program, he knew he wanted to get involved. The Staten Island resident was balancing his work in the construction industry with raising a young son, but he was struggling to find his niche in life. The program presented an opportunity for him to tap into his passion for food and build financial independence while setting his own schedule.

There was one problem: none of the Food Business Pathways program incubators were on Staten Island. Instead, Alexander had to travel from the island's North Shore to NYCHA's George Washington Carver Houses in Manhattan's East Harlem. That commute, he said, "was a real true effort."

"Just going across on the boat is taxing to your spirit alone," Alexander recalled. "By the time you get to Manhattan, you're just ready to lay on a bench or something." But he kept at it, often bringing his son with him to the program because he lacked child care. He graduated from the program and formally established a business, L'BOE Catering, in 2018. Since then, Alexander has catered for Mount Sinai Hospital and the SummerStage Music Festival, among many others. His business was the first Black-owned culinary companyat the Richmond County Fair, and he was the youngest fully established vendor at the Tappan Park African Culture Fest.

The NYCHA program not only gave Alexander concrete skills in the kitchen and in entrepreneurship, but it also provided him more perspective on life. "It has helped to not only boost my confidence in myself but just give me a better outlook on life and on being positive," he said. "I wake up every day thinking of how I am going to create and what new things I am going to put out to life and give to people."

Alexander says there is a need for better access to programs like the NYCHA's Food Business Pathways, especially on Staten Island. "I was from the hood, but I wasn't bad, just poor," he said. "I just needed someone to give me the opportunity to be great."

In addition, many residents are starting home-based retail businesses centered on e-commerce. Queensbridge resident Latanya Fowler's custom clothing company Sydelle's Serenity Designs, Tamykah Anthony's Xanthines, and Ramona Ferreyra's Ojala Threads all operate online stores and market via social media platforms such as Instagram.

The factors driving NYCHA residents to start businesses

Our research finds that most NYCHA residents who start a business are entrepreneurs of necessity who may be working but need to find additional sources of income. "Just by virtue of socioeconomic status, you're pretty much forced to come up with other ways to generate revenue," says La'Shawn Allen-Muhammad, executive director of Central Brooklyn EDC. "It's organic, by virtue of just needing to provide for their families. Being low-income, you're forced to be creative: you find a need, you fill a gap, you create a thing—a product or a service—and you make some money."

Some NYCHA entrepreneurs start their businesses when they are no longer able to work. The push for Tamykah Anthony was being at home recovering from eye surgery. Similarly, Ramona Ferreyra started Ojala Threads when she became ill and was waiting for disability to kick in. After babysitting her nephew for a week, she came up with the idea of creating baby bodysuits. "I literally Googled, 'How to start a business,'" Ferreyra says. "I wanted to create something where I could occupy my mind."

But NYCHA residents also take up entrepreneurship to realize long-held dreams. NYCHA entrepreneur Kayarateha Boyd ultimately started her childcare business because she loved working with kids. She was already working for the Department of Education when she got a letter from NYCHA promoting its new child care business pathways program. The idea of "starting something fresh on her own" piqued her interest, so she interviewed for the program and was selected. While waiting for the program to begin, she underwent a kidney transplant, which made returning to work for the DOE less desirable. “I was actually in recovery when the program started, and I was like, alright, there’s nothing that can stop me from completing this class,” says Boyd. “Two years ago I completed the class, I quit my job with the DOE on June 15 and the next month, July 31st, my business was open.

NYCHA residents are also starting businesses to achieve economic security and escape cycles of low-wage work. “Folks start businesses while they’re still working. There’s that belief of independence and control of starting a business,” says Kobla Asamoah, head of small business at Hot Bread Kitchen. “That’s the most common reason people say, ‘I want to be my own boss.’ Embedded in there is something about doing what you’re passionate about, doing what you like to do.”

> “**There are tons of entrepreneurs in NYCHA, but they’re just informal.** Maybe it’s the barber, the daycare provider, the tattoo artist, the nail technician, the resident who buys wholesale groceries and retails it out— it’s how people make ends meet.”
>
> AISHA BENSON, EXECUTIVE VICE PRESIDENT OF TRUFUND FINANCIAL SERVICES

Pandemic Challenges and Opportunities

NYCHA entrepreneur and Food Business Pathways graduate Niani Taylor’s burgeoning catering business, Munch Hours, was all but shut down when the pandemic hit New York City in March 2020. “I was working on a lunch order for Brownsville Community Justice Center (BCJC), and March 13th was supposed to be the delivery day,” says Taylor.

For months, Taylor went without income. Though she didn’t apply for PPP because she thought her business was ineligible because it had no employees on payroll, she was able to secure $3,500 in disaster loans and grants in May 2020. By then, she had already reorganized her business to help food-insecure residents in her community. “I had pivoted to distributing meals to the public because I still had a lot of products from the upcoming catering I was supposed to be doing, and I didn’t want to lose the food. So I started making meals and just giving them out to my neighbors.”

By June 2020, her lunch catering business began to pick up again, and Taylor seized a new opportunity to continue her work providing meals to fellow NYCHA residents. Together with three other NYCHA resident businesses—all graduates of Food Business Pathways—Taylor’s Munch Hours participated in a new REES program in partnership with GrowNYC to provide hot meals to NYCHA residents experiencing gas outages.[13]

Though business hasn’t returned to its pre-pandemic norm, Taylor’s experiences point to how the city might rethink how it meets the needs of its residents, and not just those living in public housing. “Our needs have changed and will change. As cities think about the new needs created by the COVID-19 pandemic they also need to think about how entrepreneurs in public housing can fill these new needs,” says Elizabeth Reynoso, head of small business strategies for Living Cities, a collaborative of major foundations and financial institutions working together with local government to close the racial wealth gap. “The crisis illustrated how much cities outsource their needs which became a liability. There is an opportunity as we rebuild to grow industries locally. Public housing could be an incubator of new businesses to meet the local needs of this post-COVID world.”

"Untapped Potential": The Opportunity to Support NYCHA's Aspiring Entrepreneurs

BY SHEER SIZE ALONE, NYCHA'S POPULATION HAS the potential to be an economic engine of New York City. More people live in NYCHA than in St. Louis, Pittsburgh, Honolulu, or Cincinnati—but less than half of all NYCHA households have at least one member currently employed.[14] And while NYCHA residents spend over $2 billion annually on goods and services, a lack of NYCHA resident-owned neighborhood businesses means that very little of that spending circulates back into the NYCHA community.[15]

If New York City were to further increase that rate of business ownership at NYCHA to even half of the citywide average—9.3 percent, up from less than 1 percent of NYCHA residents today—that would mean thousands more families in public housing gaining access to a new income stream of their own making.

"There is a lot of untapped potential, a lot of interest in folks who want to run their own business as a means of expressing themselves, doing something they love, and also moving up the economic ladder," says Chris Hanway, executive director of Jacob Riis Neighborhood Settlement House, which is based in the Queensbridge North NYCHA development.

Entrepreneurship also provides a crucial way out of poverty for those for whom traditional employment-based pathways don't necessarily work. "From the perspective of a NYCHA resident who wants to improve their family's financial position, the formula is often skills or vocational training—get a job, and that's the solution to poverty," says Alethia Mendez, vice president at Grameen America. "But there is a powerful alternative pathway: the pathway to entrepreneurship. It can change an individual's life and the life of an entire family. For some—without the skills, education, or documentation to get a good job—it's the only option. For others, it's just the need to provide basic needs—I'm a single mom, the sole breadwinner, and we need a little more. It's a direct contribution to their financial mobility."

Jennifer DaSilva, executive director of the nonprofit Start Small Think Big, which helps under-resourced entrepreneurs build businesses, saw firsthand the potential of NYCHA entrepreneurship to create economic mobility through her organization's partnership with NYCHA's Food Business Pathways program. Overall, Start Small Think Big reports that clients were able to grow their income by 11 percent, increasing to 25 percent in just the first year for those with successful businesses.

But entrepreneurship is not without its risks. Becoming a successful entrepreneur requires more than just passion and a great idea—it takes a significant investment of time, considerable financial backing, careful attention to planning and paperwork, and even a little luck. Accordingly, entrepreneurship should be understood as one potential path to income security and economic well-being.

Even so, our research indicates that entrepreneurship among public housing residents has not received the support it needs to reach its full potential. "When it comes to low-income communities like NYCHA, a lot of attention and funding goes to workforce development and not enough to economic development," says Professor Edward Rogoff, an expert in entrepreneurship at LIU Brooklyn. This may be even more true today, where the lingering economic fallout of the pandemic has limited the supply of accessible jobs and boosted competition for better-paying work.

Prioritizing entrepreneurship to build community wealth

Entrepreneurship can serve to help NYCHA residents not just grow personal income but build community wealth through local ownership that keeps money circulating within the neighborhood. "Our capitalist systems reward those who own property or who own a business," says Elizabeth Reynoso of Living Cities. "Where does that leave people living in public housing? If we do not think about entrepreneurship in public housing, then we are deliberately excluding residents from building wealth."

Worker Co-ops: An encouraging model for building community wealth

Worker cooperatives are businesses that are owned and run by all of their workers, who then collectively share in the profits. This collective ownership model allows individual workers to become entrepreneurs by starting a business together. Cooperatives generally encounter fewer barriers to accessing start-up capital compared to individual low-income entrepreneurs. But even more promising is the potential for worker-coops to build community wealth by ensuring that the assets generated by the business stay within the local community.

This opportunity to build community wealth among NYCHA residents has made worker co-ops a focus of Urban Upbound, a Long Island City-based nonprofit that serves the needs of New Yorkers living in four public housing developments in western Queens with the ultimate goal of breaking intergenerational poverty. It has already launched three worker co-ops at Astoria Houses, with plans in the works for a fourth.

"The only way to make sustainable change for a community is if you own your own financial institution such as a financial cooperative," says Bishop Mitchell Taylor, Urban Upbound's founder and executive director. "You want to cast the vision that you're not going to wait for people to come from the outside to bring change, but you're going to ignite the change from the inside. That is what co-ops do—they make change from the bottom up."

Urban Upbound works with NYCHA entrepreneurs to launch and incubate worker cooperatives for a year before passing on control and ownership to each of the workers. The organization starts by canvassing NYCHA residents and determining which industries to enter. Its first venture, OnPoint Security, started in 2015, was the first co-op in New York City owned and operated entirely by NYCHA residents. OnPoint provides security for Astoria's luxury high-rises, trendy nightclubs, and special events. It was followed by Paw Partners, a dog walking co-op also entirely owned by NYCHA residents, and an OSHA training co-op owned by a mix of NYCHA residents and other low-income New Yorkers. Urban Upbound's next cooperative will be in the cleaning profession, another sector that is a frequent source of jobs for NYCHA residents.

New York City has seen strong growth in worker cooperatives in recent years, in part due to the Worker Cooperative Business Development Initiative (WCBDI) administered by the NYC Department of Small Business Services and now in its seventh year. In partnership with organizations including Urban Upbound, the Center for Family Life, and the Worker's Justice Project, WCBDI assists New Yorkers in launching and expanding worker cooperatives and helped 49 coops get off the ground in FY 2019 alone. WCBDI-assisted coops have also had remarkable staying power: of the 21 coops launched in 2015, 14 were still in operation five years later—a 67 percent survival rate that beats the odds for the typical small business.

In our research, economic development and entrepreneurship experts frequently cited cooperatives as a pathway that deserved more support for NYCHA residents in particular. "A co-op model can bring some social capital to those living in public housing that is very helpful in learning new skills and gaining customer trust. The collective is in a better position to be taken seriously and could even bid for contracts," says Connie Evans of AEO.

Some also see the co-op route as an important part of a strategy to ensure an equitable recovery from the pandemic.

"Worker cooperatives increase economic inclusion," says Nancy Carin, executive director of the Business Outreach Center Network (BOCNet), a microenterprise development organization based in New York. "The benefits of these businesses show up in communities where workers live. When thinking about the city's recovery needs we are not going to see businesses jumping back in full swing. We need to be creative, and groups of workers building businesses together could be an option."

Tamykah Anthony, the dual entrepreneur who owns a natural product business and runs a STEM summer camp, has entrepreneurial dreams for Queensbridge and beyond. "In my ideal world, there would be different NYCHA entrepreneurs who can get together to rent out space and run our businesses together," she says. "I don't think it's impossible. I get tired of people coming from outside the neighborhood buying up things, and then us buying from them all the time. [Instead] we can be the people providing services not just to Queensbridge but other people as well. And that would bring more money into the neighborhood and put more money into people's pockets so they can pay their rent."

For those who see starting a business as a key avenue to economic empowerment, Anthony's ideal world comes across as sound policy. "Entrepreneurship is definitely a pathway [to build wealth], and why? Self-sufficiency," says Taurean Lewis, community engagement specialist at Brownsville Partnership and a NYCHA resident herself. "It's just as simple as that: people being able to provide for their families without any outside intervention."

The communal nature of NYCHA developments can be leveraged to bring dollars into the community and keep those funds circulating among residents, says Kevin Alexander, CEO of the Rockaway Development and Revitalization Corporation. "If you have entrepreneurs that become successful and grow into a business, they have to employ, they have to find other supply chains and networks, they have to find other talent," says Alexander. "Like anybody else, you go where you're comfortable. And if you're comfortable in a NYCHA campus because you have family, relationships, and friendships, you find your talent and your business partners there as well."

Formalizing side hustles to protect entrepreneurs and expand access to growth opportunities

Our research indicates that the vast majority of NYCHA businesses are informal enterprises. But as long as these businesses are informal, their growth is greatly constrained. Without formalization, even successful entrepreneurs are unable to receive business loans, lease commercial space, comply with regulations, or protect themselves from liability. "I would definitely suggest to any entrepreneur out there to formalize it. Forming an LLC will protect them and protect their assets. They'll be able to procure insurance to protect themselves, too," says Carlos Cano of Urban Upbound.

Formalization could also eventually lead to certification as a Minority and Women Owned Enterprise (MWBE), Emerging Business Enterprise (EBE), or Locally-based Business Enterprise (LBE), which brings with it promotion in the NYC Online Directory of Certified Businesses and access to government contracts.

But taking this leap is expensive. The cost of incorporating an LLC in New York is prohibitive for many NYCHA-based entrepreneurs. Experts say that government can help by both lowering the cost—including by eliminating the publication requirement—and by expanding support for business assistance aimed at helping NYCHA residents to formalize their business ventures.

The private sector has a role to play as well, including companies that already employ NYCHA-based workers. Elizabeth Reynoso of Living Cities sees an opportunity for employers to help their workers grow the ventures that they pursue outside of work hours—a relationship that could be strengthened with support from government. "What if instead of employees keeping their side-hustles in the shadows and hidden from their employers, companies recognized the side-hustles of their employees and figured out ways to support these businesses?" asks Reynoso. "Companies could then become business incubators for their employees."

Formalizing a business also has more intangible benefits for NYCHA entrepreneurs, providing them with renewed confidence and motivation in what they can achieve as business owners. "There's definitely an increase in revenue, but to me, the most important benefit has been a sense of agency," says Cano of Urban Upbound. "The belief that they can actually do this."

Supporting alternatives to low-wage jobs and employment instability

Our research found that the employment opportunities accessible to NYCHA residents are often low-wage, hourly jobs with little room for advancement. Though business ownership may not be able to replace fully the income from one of these jobs, it may provide supplemental income, and with time, grow into a viable

> Becoming an entrepreneur may be one of the few ways that people can, in fact, begin to **bring back income to their families."**
>
> JOYCE MOY, EXECUTIVE DIRECTOR OF CUNY'S ASIAN AMERICAN/ASIAN RESEARCH INSTITUTE

alternative—one that rewards effort and investment in a way that hourly jobs in retail or service cannot.

"Most of the low-wage jobs are for teenagers. You're finding people with children getting a low-wage job and still not making ends meet. That's why the additional income that they can make by owning a business will help them supplement as well as replace the low-wage jobs," says Denise Barker of WIBO, an entrepreneurship training program founded in Harlem more than 50 years ago. "The amount of time and energy that you put into a low-wage job could be the amount of time and energy you can put into your own business if you have a desire to be self-independent."

NYCHA entrepreneur Niani Taylor's catering business Munch Hours helped her find the stability she was unable to achieve through traditional employment alone. "When I got out of college, I did a career in finance, but I've had so many companies lay me off because of changes in management," says Taylor. "I always felt like I had to have something to fall back on. I cannot be an employee the rest of my life because it's been a lifetime of unstable employment." She started Munch Hours in 2015 while working as an executive assistant for a major investment bank. When she was laid off as part of downsizing in 2019, Taylor had built up her catering business to the point where she could take it full time.

Encouraging an inclusive economic recovery from the COVID crisis

The economic fallout of the coronavirus crisis has increased the urgency of supporting entrepreneurship as an alternative to jobs that have disappeared and may not come back for years, if at all. With a dearth of opportunities in many of the industries where NYCHA residents have found employment—including retail, restaurants, and accommodations—and growing discontent with some of the low-wage jobs that are available, more people are considering entrepreneurship out of necessity and by choice, including many for the first time.

"I think there might be more incentive for individuals to look at entrepreneurship as a job substitute because it's going to take quite a while for the economy to come back," says Joyce Moy of CUNY's Asian American/Asian Research Institute. "Becoming an entrepreneur may be one of the few ways that people can, in fact, begin to bring back income to their families."

Rates of entrepreneurship typically accelerate during economic downturns, and our research finds that the circumstances created by COVID have boosted interest in business ownership. NYCHA residents have harnessed their entrepreneurial spirit to assist their communities and help fellow residents through the

Caption: Cristiana Franco prepares food from her business, Sabor Restaurant & Bakery, at a pop-up event on Governors Island.

crisis, and the experiences they've gained over the past several months have the potential to grow into vibrant businesses with the right support.

"This is a time of opportunity, absolutely," says Chris Hanway, executive director of Jacob Riis Neighborhood Settlement House. "If you see the folks who live in the Queensbridge and Ravenswood houses who are stepping up and doing incredible work around accessing and providing food and other services to the community in a time of need, those are the exact same skills that one would need to launch a successful business. If the assistance is provided, the capital is provided, the guidance and encouragement is provided in the right way, there absolutely is a possibility there."

Tamykah Anthony, owner of Xanthines, the natural product line, has seen her business grow during the pandemic with an influx of online orders as the shutdown made it difficult for people to shop at their typical retail stores. She has also seen an increase in interest in natural products because of people's worries about the virus. In the spring, as the pandemic first took hold, she was making two trips to the post office a week to ship orders to customers, and other customers were stopping by her apartment in Queensbridge houses to pick up orders. "My business has improved financially. It's definitely thriving more now than it was in recent

Challenges and Obstacles to Supporting Public Housing Entrepreneurs

DESPITE THE WELLSPRING OF ENTREPRENEURIAL spirit running through the NYCHA community, active and aspiring entrepreneurs who live in New York City's public housing developments too often struggle to access the support they need to launch, run, and scale up their own small businesses. "What's missing is the entrepreneurial education, the opportunity to formalize, to get access to capital and affordable commercial space, to move outside their apartments," says Aisha Benson of TruFund Financial Services.

Like other residents of lower-income communities, NYCHA residents often lack access to the capital necessary to start a business and do not have role models or mentors in their community to turn to for advice. But they also face barriers unique to NYCHA, including fear of losing housing, which can encourage entrepreneurs to keep their side-hustle underground or dissuade aspiring business owners from taking the risk of launching a venture at all. And NYCHA's crumbling physical infrastructure itself can make it hard to focus on business development for residents with pressing needs and families to care for.

"Someone is not thinking about pursuing their entrepreneurial endeavors [if] they're just trying to figure out how they and their family can remain healthy amidst living in an apartment where there is lead or a lack of hot water or heat," says Shivonne McKay, founder and former executive director of the Jeremiah Program, a nonprofit focused on supporting low-income single mothers in Brooklyn.

Numerous experts and community leaders interviewed for this report made clear that overcoming these and other barriers to successful business ownership requires building and scaling programs designed to support entrepreneurs living in public housing—and ensuring that programs are located where residents live and work. "Any city effort that is trying to think about inclusive economies has to be more intentional in looking at the kind of entrepreneurial barriers that each specific population may face," says Connie Evans of AEO. "It doesn't matter if a city already has a lot of small business or entrepreneurship programming if none of that support is specifically designed with the people living in public housing in mind."

In addition to designing programs that address these specific challenges, new supports will be needed to ensure that current NYCHA-based business owners are able to participate in the city's slow economic recovery from the pandemic.

Shanna Castillo, director of NYCHA's Office of Resident Economic Empowerment & Sustainability, notes that the economic impact of the pandemic has been devastating for many NYCHA entrepreneurs. "The weakest, smallest businesses just need more resources," she says. "How do we ensure that they're included in the work the city is doing to bring the economy back? It's going to have to include carve-outs for very small businesses, and it's going to have to provide them with some infrastructure because they don't have it yet."

Experts recommend building programming that goes beyond the planning and business formation phase and extends deeper into the life cycle of a business. As much as NYCHA residents need help getting formal businesses off the ground, realizing the full benefits of entrepreneurship requires more long-lasting technical assistance and mentorship.

"I do believe that entrepreneurship is really a way to help NYCHA residents, but it has to transcend, 'What's your business idea? Let's do these classes and talk about it,'" says Camille Newman-Alleyne of the Women's Business Center at East New York LDC. "It really has to be a deeper commitment to these residents. I'm just tired of these surface-level programs that take the entrepreneur through the basic skills, and they just leave them there with no continued direction."

Fear of rising rents and losing housing or benefits disincentivizes entrepreneurship

NYCHA's income-based rent calculation, as required by U.S. Department of Housing and Urban Development rules, often works to discourage aspiring entrepreneurs from launching a business and dissuades residents with an active side-hustle from formalizing and scaling up their venture.

At NYCHA, rent is determined annually based on gross income, including salaries, business income, and the cash value of certain assets, including bank accounts. Residents either pay rent equal to 30 percent of their income or a maximum flat rent calculated based on 80 percent of Fair Market Rent. Currently, the maximum flat monthly rent cost for a one-bedroom apartment in NYCHA is $1,441, while the average public housing family's rent was just $548 in January 2021. There is a widespread misconception that residents can lose NYCHA housing if their income exceeds a certain limit, and while this is not the case, NYCHA and Section 8 residents are still uniquely vulnerable to rising housing costs if their income goes up—and few have alternative housing options in a city with a massive shortage of affordable housing.[16]

With a rent ceiling that could be well over $1,000 a month above a family's current rate, the system generates widespread concern among tenants that higher income will jeopardize their subsidized housing. For instance, if a resident's business income is sporadic but causes their family's annual income to spike, the increased rent calculation could place them at greater risk of eviction for nonpayment if business performance lags, a family member loses their job, or a loved one gets sick and requires costly medical care.

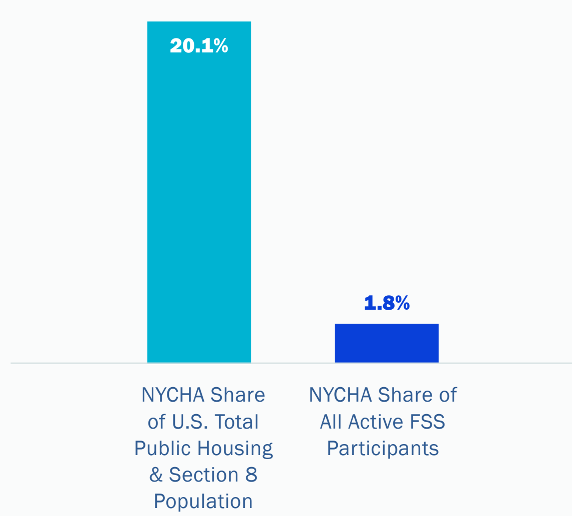
In addition, those whose income is supplemented by government programs—including Social Security, SSI, SNAP, Medicaid, etc.—are fearful of jeopardizing the financial safety net that they desperately need to afford to live in New York City. In January 2021, more than 41 percent of NYCHA families receive fixed income other than public assistance or employment, while an additional 13 percent receive public assistance. For these New Yorkers, the prospect of losing government supports due to increased income often outweighs the potential benefits of business ownership.

The federal government offers one program that can help: Family Self Sufficiency. This program helps recipients of federal housing assistance save money by creating an escrow account in their name to hold any rent increases. If the resident's income rises and her rent goes up, the difference in rent is deposited into an interest-bearing account. After five years, the resident can then use the accumulated funds for any purpose, such as starting a business or making a down payment on an apartment. But as of January 2021, just 1,274 NYCHA residents are actively enrolled in the program—only 1.8 percent of the approximately 70,000 program participants nationwide—even though New York City is home to more than 20 percent of the nation's public housing and Section 8 residents.[17] One major limitation is that NYCHA only offers the program to residents with Section 8 housing vouchers, although federal rules permit all public housing residents to participate. (NYCHA says that limited federal funding for FSS program coordinators has restricted the authority's ability to conduct outreach and case management for potential FSS participants.)

Taken together, the rent calculation system and widespread reliance on fixed income and government programs are a large part of why NYCHA's entrepreneurial spirit is channeled into the informal economy. Nearly every single NYCHA resident, nonprofit leader, and low-income entrepreneurship expert interviewed for this report said that this fear of losing housing or benefits disincentivized working "on the books."

Aaron Prince, the founder of AAMerit Services Corp,

NYCHA Residents Far Less Likely to Be Enrolled in Family Self Sufficiency Program



Source: FSS program data, January 2021. Office of Resident Economic Empowerment & Sustainability, New York City Housing Authority a carpentry and construction company, has struggled to get his business off the ground, sometimes making as little as $3,000 in a year. "There's no winning with NYCHA. They will tell you it's okay to start a business but the more income that you bring in your home as an entrepreneur, the more they want to raise the rent up—before you even start making real money yet," says Prince, a resident of Claremont Houses in the Bronx. "How do I know if my business is running correctly yet? What if after they raise my rent, I can't make that much money again? I've been trying my best with my business for the past four years, and I haven't really gotten anywhere with it yet."

"A large part of what's inhibiting entrepreneurship at NYCHA is the benefits cliff," says Colvin Grannum of Bed-Stuy Restoration Corp.

The First $1,000: Barriers to start-up funding for low-income entrepreneurs

Access to start-up funding is the challenge most frequently cited by the NYCHA entrepreneurs, business assistance experts, and nonprofit leaders we interviewed for this report. NYCHA residents are one of the most socioeconomically disadvantaged populations in the city, and so it should come as no surprise that aspiring entrepreneurs lack not only the personal wealth to invest in their business but also the credit to obtain a loan, or the network of potential investors to assist them with early-stage funding.

Traditionally, the start-up capital for most entrepreneurs comes from friends and family, and in a community like NYCHA, there is little to come by. Not only is the median family income at NYCHA just $25,602, but the way in which HUD requires NYCHA to calculate rent discourages residents from accumulating cash savings—just the sort of funds that aspiring entrepreneurs need, whether for direct start-up costs or for collateral.

"Not having access to 'friends and family' capital is a major disadvantage," says Nancy Carin of BOCNet. "There are two levels of obstacles. Not only do they not have access to basic capital that most entrepreneurs rely on to help start up their businesses, but not having a network of family or friends who you can talk to about business matters has a big impact when starting your own business. It is much, much harder."

Without access to personal or friends-and-family wealth, NYCHA entrepreneurs might turn to financial institutions instead. But for micro-businesses without any employees, there are very few lenders providing the small, several-thousand-dollar loans that might be helpful. And preparing to apply for even a small-dollar loan requires handholding through a number of preparatory steps.

For one, many NYCHA residents are unbanked. "I've worked with 50-year-old adults living in NYCHA who have never had a bank account," says Jonathan Gaffney of the Ocean Bay Development Corporation, which serves the NYCHA community in Far Rockaway. "There may be someone sitting on a million-dollar idea, but it is difficult to make that idea a reality when you don't have a bank account."

Securing a loan can also be difficult for low-income New Yorkers who are plagued with bad credit. Denise Barker of WIBO says about 90 percent of the NYCHA residents she works with have a credit score that's too low to get a business loan. "They're not included in the capital market. We've set up some crowd-funders to help people become solid enough to get investors," she says.

The specific dynamics of living in public housing contribute to this challenge. "By virtue of being a NYCHA resident, it means you don't own your residence, which is such a common form of collateral," says Ken Jockers, executive director of Hudson Guild, a community-based organization in Chelsea, home to the Chelsea-Elliot Houses and Fulton Houses. "So not having access to collateral to justify credit makes it harder to get credit. And if you're sitting on a stockpile of cash, then you're not likely to be a long-term resident of NYCHA, either because you've got to demonstrate your income or you have enough money to move. So the whole mechanics of qualifying for credit is seriously challenged for a person who is living in subsidized housing."

Gina Ramcharan, program director of the Lillian Project at the Harlem Business Alliance, found that the best type of funding she could hope for entrepreneurs living in NYCHA was a $10,000 loan from KIVA, a no-interest crowdfunding loan program, but typically these entrepreneurs were only able to secure much less. "Even with KIVA, a lot of the time when they evaluate a candidate for a loan, that $10,000 usually goes to someone that already has a business out of the gate, not someone starting so it's usually $3,000–$5,000 instead," she explains. "Well, if you need to rent commercial kitchen space, buy equipment, buy inventory, $3,000 is not going to go very far."

NYCHA entrepreneur Tamykah Anthony discovered how difficult it could be to secure a loan of any size when she applied for a $2,000 loan from a microfinance institution in Brooklyn for her natural product line. "You needed to be in business for X number of years and have certain revenue," she explains. "I was like, no, that's why I need it! I need it so I can get a nice little buffer, so I can kind of jump-start. If I had the income, I wouldn't need the loans, right?"

Still, many determined entrepreneurs press ahead, often relying on credit cards and accumulating personal debt. NYCHA entrepreneur Niani Taylor, owner of Munch Hours went deeper into debt in order to build her business. "The hardest part was taking my money and making all those investments. The first two years was just me spending money on the business, honestly," she says. "That was the hardest thing because I want to get out of NYCHA, to move on to a better apartment, so I felt like sometimes that my food business set me back because I increased my debt building the business."

Taylor's experience is not unique and shows how risky entrepreneurship can be for NYCHA residents who lack a financial safety net and take on personal debt to make their business aspirations a reality. "We need to build paths and safeguards, not just let people lose with a dream. Entrepreneurship matters as a path to wealth creation, but it is too often the route to debt," says Colvin Grannum of the Bed-Stuy Restoration Corp.

Few mentorship opportunities and a lack of social capital limits entrepreneurialism

Role models and mentors are crucial for anyone looking to start a business, but few NYCHA entrepreneurs have access to networks of successful business owners in their communities. Our research found that compared to other low-income New Yorkers, NYCHA residents face more challenges finding mentors and role models in part due to the prevalence of intergenerational poverty that exists within NYCHA and the economic isolation that brings.

"For most of us, our networks are inclusive of our socioeconomic communities," says Rasmia Kirmani-Frye, former head of the NYCHA Fund for Public Housing.

Caption: Brandi Covington, owner of Cooking with Corey, delivers catered meals in Gowanus, Brooklyn.

"How do you expand networks? How do you expand your business opportunities when you're not connected to additional communities outside of your own?"

These socioeconomic factors are precisely why formal mentorship programs can be pivotal to the success of NYCHA businesses. "People without a safety net and a network will need counselors and guides that can help them navigate the road to entrepreneurship while looking out for their best interests," says Colvin Grannum of Bed-Stuy Restoration.

Experienced business owners can help aspiring entrepreneurs make it through tough times and grow from their failures, enabling them to overcome their fears and take calculated risks. "Mentorship provides something essential for entrepreneurs: confidence in the ability to fail, to learn from that and not let it destroy you," says Alethia Mendez of Grameen America. "That's something NYCHA residents really need."

Yet current programming rarely provides aspiring and active entrepreneurs from public housing with connections to lasting mentor relationships. NYCHA-based entrepreneur Tamykah Anthony says she has been able to meet role models through free or low-cost workshops and mixers but often feels like an outsider. "Sometimes it feels intimidating to go to certain workshops and ask things because you feel like you should know these things. You might have questions, but you keep it inside because you don't want to say it out loud in front of other people because you feel this intimidation like I should know this or it's a stupid question."

Overcoming these challenges will require investing not only start-up funds but also in building social capital. "When we think about low-income entrepreneurs, we often think about the lack of capital as the primary barrier, but the lack of social capital can be even more important," says Connie Evans of AEO. "Poverty breeds isolation, especially for those living in public housing. There is a lack of access to people familiar with running businesses who can pass on learning new skills. There are also barriers of how customers perceive doing business with entrepreneurs living in public housing."

One of the most successful NYCHA entrepreneurs interviewed for this report did not want her name used for fear of a stigma of associating her business with NYCHA. Her business, a dessert catering company with corporate clients and an online customer base, is profitable enough that she was able to quit her full-time job. Even though she got her start baking informally at NYCHA and then scaled up with the help of NYCHA's Food Business Pathways program, she does not like to promote that part of her history. "Housing is not a good thing, housing is always in the news. It's always labeled as dirty, nasty, and bad," she says. "Why would you want to label your business as that brand?"

Only **496** **NYCHA residents** participated NYC SBS Small Business Solution Center programs in 2019.

Too little business assistance programming is effectively reaching NYCHA residents

While New York City is home to a wealth of government and community-based nonprofit programming designed to help aspiring entrepreneurs launch their first venture or to assist small business owners in running and expanding their businesses, our research found that very little of this programming is reaching NYCHA residents.

In 2019, just 496 NYCHA residents participated in programs operated by the New York City Department of Small Business Services Business Solutions Centers. In 8 of the 39 City Council districts that have at least one NYCHA development, less than five NYCHA residents used the resource. And in 5 of those districts, zero NYCHA residents used the resource. And while Business Solutions Centers are far from the only option available to aspiring entrepreneurs, our research suggests that other business assistance organizations also struggle to connect with NYCHA residents.

One key challenge is that business assistance organizations, including those that partner directly with NYCHA, often assume that services designed for low-income residents but not specifically targeted at New Yorkers living in public housing will still reach NYCHA residents. "Even with our nonprofit partners, some of them assumed they served a higher number of NYCHA residents than they did," says one city official familiar with NYCHA's entrepreneurship programming.

Of the 15 organizations providing entrepreneurship services for low-income New Yorkers whom we interviewed for this report, just four say they offer NYCHA-specific programming.

It may be that existing programming is well-suited for NYCHA residents, but the physical and social isolation created by their living situations acts as an additional barrier that is difficult to overcome for community-based organizations with limited budgets and capacity.

"We've got NYCHA residents in our backyard, but we're not seeing them coming through the door. The actual conversions of aspiring entrepreneurs into clients were few and far between," says Alethia Mendez of Grameen America. "We needed to bring those resources to the NYCHA campus—it wasn't enough to just say these resources exist."

Breaking Cycles of Poverty: Cultivating the Next Generation of NYCHA Entrepreneurs

One of the most effective ways to build stronger pathways to entrepreneurship at NYCHA is to invest in youth entrepreneurial education.

"For people in poverty, including people living in public housing, we should be teaching entrepreneurism in school," says Connie Evans of AEO. "The entrepreneurial mindset gives you more flexible skills and equips people with choices regardless of income and having that mindset and understanding better prepares people to bring economic security into their families. That is how you give economic opportunity to all."

Though starting a business is not for everyone, experts say that the soft skills learned through entrepreneurial education—including recognizing overlooked opportunities, developing the confidence to take risks, communicating ideas clearly, and learning from setbacks—have significant and growing value in New York City's economy.

"The entrepreneurial mindset is not just a nice thing to have; it is a need," says Robert Piercey, of NFTE. "These are skills that are part of every industry of the future. Preparing our communities to be comfortable with entrepreneurship is necessary for economic success."

But while NFTE and other organizations that focus on young people, such as Junior Achievement, BUILD NYC, and Virtual Enterprise, have a presence in New York City public schools, they do not yet offer programming specifically targeted at public housing youth. Empowering younger NYCHA entrepreneurs will require developing programming that can meet them where they are, and that appeals to their passions and interests, such as fashion, e-commerce, technology, media, and design. "Every teenager in the projects is trying to sell their music. Everybody is an illustrator with drawings on the t-shirt," says NYCHA entrepreneur Shaun Best of Jumpshots over Gunshots.

Early exposure to entrepreneurship and support in starting their own venture can help provide younger residents the tools they need to build toward their long-term goals, even when the need to earn income immediately can push in the opposite direction.

"For folks in low-income neighborhoods, like many NYCHA residents, entrepreneurship gets sidetracked for opportunities that present themselves more readily," says Quardean Lewis-Allen of the Youth Design Center in Brownsville. "A lot of aspirational youth in our community have ambitions to take themselves out of poverty, and entrepreneurship is clearly one of those means," says Lewis-Allen. "NYCHA residents should be able to benefit from investments that the city is making to support entrepreneurship, particularly young residents, as a means of accessing economic mobility."

> **People without a safety net and a network will need counselors and guides** that can help them navigate the road to entrepreneurship while looking out for their best interests."

COLVIN GRANNUM, CEO OF BEDFORD-STUYVESANT RESTORATION CORPORATION

However, our research also found that some providers also dismiss the need to target NYCHA populations with culturally specific business resources, noting that many of the barriers they face, including unpredictable hourly work, childcare and family obligations, and other conflicts that can interfere with classes and workshops, are not unique to people in public housing. "I don't know if we need to dedicate funding for NYCHA—the ideas are the same," says one program provider. "There are many economically disadvantaged people who live outside of NYCHA."

NYCHA residents face cost barriers to scale up side-hustles into full-time businesses

Bureaucratic paperwork, fees, and other barriers that can seem marginal to better-resourced entrepreneurs have the potential to prevent public housing residents with side-hustles from making the jump to full-time business ownership. For instance, New York's archaic LLC publication requirement, which mandates that new businesses publish notices in two local papers, one daily and one weekly, can cost over $2,000.

Insurance can also be cost-prohibitive for the microbusinesses started by many NYCHA entrepreneurs. "It's all well and good when someone is catering for their church or something community-based, but once they want actually to take on customers, all the things you need to do, like getting insurance or a catering license, are really prohibitive for a lot of people," says LuAnne Blaauboer of Good Shepherd Services.

Mitchell Houses resident Ramona Ferreyra registered her infant clothing business, Ojala's Threads, as an S-corporation instead of as an LLC because she couldn't afford the $1,500 in publication costs. But she sees insurance fees as her biggest hurdle. She participated in the Harlem Night Market in 2019, where she sold three onesies totaling $75. However, the fee to participate in the market was $50, and the required insurance was another $100.

Another overlooked barrier to scaling up an existing informal business are soft skills like business communication and navigating banking, networking, and customer service. "We tend to think the biggest barriers for entrepreneurs who come from poverty is capital and business skills," says Connie Evans of AEO. "But we sometimes underestimate the importance of the soft skills."

Strengthening Infrastructure to Bolster NYCHA Entrepreneurs

GIVEN THE UNIQUE BARRIERS TO RUNNING A business faced by New Yorkers living in public housing, few are able to launch their own successful ventures without entrepreneurial education, financial and legal assistance, affordable space, and ongoing mentorship. Yet beyond the NYCHA-administered business ownership programming offered through its Office of Residential Economic Empowerment and Sustainability, few of the small business assistance programs across the five boroughs serve a significant number of NYCHA residents. Our research found that without deliberate outreach and targeted programming, even programs designed for low-income New Yorkers may not reach and serve public housing residents at scale.

Building on NYCHA's pioneering Business Pathways programs

Most NYCHA residents who have been able to successfully launch formal businesses have received assistance through REES's Business Pathways programs. REES launched its first business accelerator program, Food Business Pathways, in January 2015, with support from the New York City Economic Development Corporation and SBS. Food Business Pathways was launched as a public-private partnership in conjunction with non-profit partners Hot Bread Kitchen and Start Small Think Big and funding from Citi Community Development.

Accepted NYCHA residents undergo a 10-week business course, receive one-on-one coaching, and are provided grants to obtain the required licenses and permits at no cost. Four to five graduates from each cohort also received five months of free commercial kitchen space to get their business off the ground. In the first year, 71 businesses were formed through Food Business Pathways. In total, the program has graduated 271 entrepreneurs across 9 cohorts and led to at least 189 registered businesses.

Following the success of Food Business Pathways, NYCHA and its partners replicated the model in Child Care Business Pathways, which has gone through 6 cohorts with 99 graduates and 25 current operating businesses as of June 2020.

Food Business Pathways was phased out after 9 cohorts and replaced by the new Catering Business Pathways program. This new initiative is aimed at fostering large-scale catering businesses, which have been among the most successful NYCHA-run businesses to emerge from the Pathways program. Unfortunately, timing has not been on the program's side. The first cohort graduated in March 2020, and the second is now on pause due to the COVID-19 pandemic. Still, the first cohort, which graduated 24 NYCHA residents, produced 18 incorporated catering businesses.

While REES's programs have led to the creation of hundreds of resident-owned businesses, the programs' capacity is dwarfed by the interest among residents. Food Business Pathways received nearly 3,500 RSVPs for informational sessions, after which 966 residents selected to interview for the program. Childcare Business Pathways received just under 2,900 informational session RSVPS and 710 residents were selected for interview.

But even among those who successfully launched their own business, participants say that the programs can be strengthened. In interviews, participants say they need more long-term mentorship than the program offers and have struggled to seek out mentors on their own. Others say the ten-week program felt like a crash course that ended too early. They spoke to the need to provide alumni with more continuing support and stronger connections to other business assistance organizations. (To its credit, REES acknowledges the importance of alumni support and has provided graduates with some ongoing services, including free business coaching through the International Coaching Federation and free web design training and web/email hosting through BOCNet.)

Niani Taylor is grateful for the Food Business Pathways program helping her successfully launch her healthy catering business, Munch Hours. She recently certified as an MWBE and credits her initial growth to the support she received in Pathways, saying that if it wasn't for the Pathways team she doubys her business would have gotten off the ground. Still, despite her successes, Taylor was not prepared for the amount of debt that came with starting a business and wished that she'd had more counseling around how to fund her business for the long haul. "It was one of the things that they don't tell you when you start a company," she says. "It was great that they started us off, but to keep it running is expensive." Taylor also cites the lack of affordable commercial kitchen space for program graduates as a major obstacle.

Building on the success of the Pathways model will require not only more intensive support for alumni but also expanded supports before the course. Jennifer DaSilva, executive director of Start Small Think Big, which partnered with the Food Pathways Program, says that aspiring participants need more support to develop realistic goals and prepare to take full advantage of an entrepreneurial course.

"One of our main challenges was what are these programs trying to achieve? What are you counting as a success?" she asks. "A lot of times the goal is getting a business incorporated but that does not mean that a business is successful, sustainable, or feasible. When you are looking at businesses that are that small, there is an intersection between the person and the business. We should be looking at those personal and business metrics [together]."

Other promising opportunities have been hindered by regulatory issues. In 2019, the Brooklyn Navy Yard purchased a kiosk to allow Food Business Pathways graduates to set up pop-up shops on a rotating basis. Each NYCHA entrepreneur accepted to the program had access to the kiosk for four weeks. Brooklyn Navy covered the costs of the kiosk, while REES provided technical support. The kiosk project got off to a strong start with entrepreneurs earning an average of $7,815. The most successful NYCHA vendor earned $25,577 in a month, more than the average registered NYCHA business earns in a year. However, the NYC Department of Health and Mental Hygiene shut the program down after just seven months, citing regulatory and licensing issues, according to a senior NYCHA official.

NYCHA is also home to more than 2.5 million square feet of non-residential space, including at least 230,000 square feet of retail space, with many properties sitting vacant. At least 9 retail spaces were empty as of August 2021, as were at least 62 community facility spaces. Investment in rehabbing and making spaces available at low cost to NYCHA entrepreneurs could help bring more affordable shared production space online and help residents transition from making sales to friends and relatives to marketing to the broader public.

Connecting NYCHA residents with other entrepreneurship programs

Since 2015, the Queens Economic Development Corporation (QEDC) has run free entrepreneurship classes for NYCHA residents, including a 10-week, 60-hour course on business development. Upon completion, participants are eligible for small grants to help cover start-up costs. QEDC has run four cohorts totaling 75 graduates. About one-third of the graduates are still running viable businesses, including a desert business, organic coffee and tea maker, tailor, contractor, and gardener says Ricardi Calixte of QEDC.

New York's public library systems also provide entrepreneurship resources for public housing residents. The Queens Public Library's FEASTS program (Food Entrepreneurship and Services Training Space) ran several 12-week classes from 2017 to 2019. Organizers estimate that as many as 40 percent of participants lived in NYCHA. However, funding from NYCEDC was discontinued, and the program has been suspended.

The Brooklyn Public Library's entrepreneurship programming is centered around its PowerUP! Business plan competition. Many of the branches that have the programming are in neighborhoods with a large NYCHA population, and organizers say that NYCHA residents have been among the program's participants. With additional funding, the libraries could expand outreach directly into NYCHA developments and help connect residents with the technology, training, and mentorship needed to start a business.

Innovative Models from Other Cities to Support Public Housing Entrepreneurs

FAMILY SELF-SUFFICIENCY PROGRAM (BOSTON)

The federal Department of Housing and Urban Development's Family Self-Sufficiency program works to address the structural barriers to saving while living in public housing. As a housing resident's income goes up, the FSS program funnels their increased share of the rent into an escrow account, where it is held for five years before the resident graduates and receives the funds. Some residents have used their escrow funds to start small businesses while enrolled in the program, though the most common savings goal is homeownership.

But of the 2.2 million working-age residents of federally owned or subsidized housing nationwide who are eligible for FSS, just 75,000 have been reached by the program. And while FSS has been implemented in New York and other cities, Boston has greatly increased capacity in recent years through a partnership with Compass Working Capital, a nonprofit that manages enrollment and provides financial coaching to help families plan how to reduce expenses, increase income, and maximize savings through the program.

"What is so powerful about FSS is that it corrects a fundamental flaw in the way that housing assistance is structured such that when families earn more, they pay more," says James Stuart of Compass. "They pay more rent. And so usually, earning more money would typically be an opportunity for somebody to potentially build more savings, but instead, families are paying more rent and losing other benefit types of income."

While the average savings in a NYCHA Section 8 resident's escrow account is $6,781, Compass Working Capital's average across all of its FSS partnerships is $7,800. The national average is $6,700.

RESIDENT-OWNED BUSINESS INCUBATOR (WASHINGTON, DC)

In March 2018, the national public housing tenants' association Can I Live, in partnership with Bay Atlantic University, launched the Resident Owned Business Incubator (ROBI) for under-resourced entrepreneurs living in the District of Columbia's public housing. ROBI was formed after Can I Live observed how few public housing residents were being awarded Section 3 contracts with the DC Housing Authority. Through Section 3, resident-owned businesses were supposed to receive preference for hiring and training, but "the contractors kept saying that they could not find anyone qualified," says Racquel Williams, founder and CEO of Can I Live. "So we said we'll qualify them ourselves, we'll train them, and make sure that they can fit the bill for at least the subcontract."[18]

Created by and for public housing tenants, ROBI provides entrepreneurs with 15 weeks of classroom training, a full year of support, access to low-cost coworking space, and business start-up assistance from a Bay Atlantic University MBA intern. The program, which is designed around Certiport's Entrepreneurship and Small Business (ESB) certification program, is fully online, and Can I Live is planning to expand to Maryland and Virginia in the next year. ROBI also partners with financial institutions to connect residents to microloans that aren't predicated on credit. Instead, applicants must have at least three accountability partners—often fellow ROBI cohort members.

BALTIMORE BUSINESS LENDING

Baltimore Business Lending (BBL), a subsidiary of CDFI Baltimore Community Lending, makes small business loans of $10,000-$150,000 to start-ups, emerging small businesses, and existing businesses that do not have the collateral to qualify for traditional lending—an all-too-common barrier for entrepreneurs living in public housing.

Nearly all small business loans of $5,000 and up from traditional banks, SBA lenders, and CDFIs require collateral. BBL does not require collateral—instead, applicants complete a a one-on-one technical assistance program to mitigate risk and "help them write a thorough and complete business plan and put together business financials," says BBL director Bonnie Crockett. "We really do believe that requiring training instead of equity or assets is not only more equitable, but we also think it makes more sense. You're going to have borrowers who are better equipped to run a business and succeed."

15 Ideas for New York City to Help NYCHA Entrepreneurs Launch and Grow

SET A GOAL OF SPARKING AND SUPPORTING 2,500 NYCHA ENTREPRENEURS OVER THE NEXT FIVE YEARS AND BACK IT UP WITH A $10 MILLION INVESTMENT. Mayor Adams and the City Council will face an urgent need to help more NYCHA residents get on the path to economic self-sufficiency, and greater support for entrepreneurship should be part of that strategy. But to date, little public investment has been aimed at supporting aspiring public housing entrepreneurs. City leaders should set a goal of increasing the number of NYCHA business owners from the current 1,758 to 4,258 by 2025 and invest $10 million in order to achieve it.

KICKSTART NYCHA ENTREPRENEURSHIP WITH A HIGHLY PUBLICIZED STARTUP COMPETITION. Entrepreneurship is widespread among NYCHA residents, but the vast majority of resident-run businesses are operating informally and under the radar. The city should encourage and empower NYCHA entrepreneurs to step out and transform their side-hustles into growing, full-fledged enterprises through a marquee startup competition with a significant $25,000 cash prize. Modeled after the Queens Economic Development Corporation (QEDC) StartUp! Competition, the NYCHA Side Hustle to Full-Time Competition would provide classes, mentorship, and network opportunities to all participants over a six-month program centered on workshops and one-on-one advising. The QEDC program would be adapted to meet NYCHA entrepreneurs where they are, helping all workshop participants develop a pitch and business plan and providing additional assistance to all finalist businesses to register their business, become tax compliant, and acquire all relevant permits and licenses. A panel of judges would select four winners, each from four different industry categories popular among NYCHA residents, to receive $25,000 in cash to develop their business. Runners up could receive other valuable awards, such as free storefront space in NYCHA developments for a full year. This significant cash prize would help galvanize interest in formalizing businesses within the NYCHA community and showcase the ingenuity and creativity of NYCHA entrepreneurs.

TACKLE STRUCTURAL BARRIERS TO SAVING BY GREATLY EXPANDING ENROLLMENT IN THE FAMILY SELF SUFFICIENCY (FSS) PROGRAM. Among the many barriers to entrepreneurship facing public housing residents, fears that generating income will cause rent to rise to an unsustainable level is an especially pervasive concern. NYCHA's rent calculation system, as mandated by HUD rules, makes it nearly impossible to build wealth without increasing one's cost of living, because the cash value of savings and checking accounts are included in the calculation used to determine rent each year. The federal Family Self-Sufficiency (FSS) program provides an important way for public housing residents to save money without increasing their rent, but only 1,274 NYCHA

Section 8 residents currently participate in the program. As a housing resident's income goes up, the FSS funnels their increased share of the rent into an escrow account, where it is held for five years before the resident graduates and receives the funds. Aspiring NYCHA entrepreneurs could then use their savings to start a small business. The Adams administration should invest in boosting NYCHA staff capacity to provide ongoing case management to far more FSS participants. With additional support from the city, NYCHA should launch a major new outreach campaign to enroll 10,000 residents in the FSS program, helping them to save money, preserve their monthly rent, and build up the capital needed to start a successful business.

LAUNCH NEW BUSINESS PATHWAYS PROGRAMS FOR CREATIVE INDUSTRIES. NYCHA's Office of Resident Economic Empowerment and Sustainability (REES) currently administers two business accelerator programs to help NYCHA residents start and grow businesses: Catering Business Pathways and Childcare Business Pathways. Each program offers participants a free, multi-week intensive business course and assistance with the training, certifications, licenses, and permits needed to run a successful catering business or home-based childcare business. These programs—and the now-discontinued Food Business Pathways—have successfully launched scores of resident businesses. But NYCHA entrepreneurs increasingly are starting businesses in the creative industries. REES should work with the New York City Economic Development Corporation (NYCEDC), nonprofit organizations, and philanthropy to launch new business pathways in growing creative industries, including graphic design, fashion, music, and audio/video production. The REES programs would be tailored specifically to the needs of NYCHA residents, help them access business opportunities in these major NYC industries, and spur interest in entrepreneurship among younger NYCHA residents.

CREATE A NYCHA BUSINESS CREDIT FUND. NYCHA ENTREPRENEURS OFTEN STRUGGLE TO ACCESS THE LOANS AND LINES OF CREDIT THEY NEED TO GROW THEIR BUSINESS TO THE NEXT LEVEL. NYCEDC should work in partnership with community development financial institutions (CDFIs) and the private sector to enhance access to capital for NYCHA entrepreneurs. Through a credit fund modeled on the Neighborhood Credit Fund but specifically earmarked for NYCHA residents, CDFIs can confidently extend working capital and refinancing opportunities to NYCHA entrepreneurs who have been unable to access business financing from traditional banks, helping them grow their business, expand their footprint, purchase equipment, and create jobs within the community.

LAUNCH COMMUNITY KITCHEN INCUBATORS IN ALL FIVE BOROUGHS. NYCHA entrepreneurs with small but successful food and catering businesses struggle to formalize, bring their businesses out of their apartments, and scale up because of the high cost of renting commercial kitchen space and the low availability of space near their homes. Mayor Adams can help eliminate this roadblock by working with NYCEDC to develop community kitchen incubators in lower-income neighborhoods with significant NYCHA populations. Modeling the new program after the successful Futureworks Makerspace supporting manufacturing entrepreneurship, NYCEDC should work with other local nonprofit partners to provide NYCHA residents and other lower-income entrepreneurs with access to the space, equipment, and education they need to greatly expand their food or catering businesses.

CREATE NEW CITY-SUPPORTED ENTREPRENEURSHIP TRAINING PROGRAMS DESIGNED FOR NYCHA RESIDENTS AND FOCUSED ON COMMUNITIES WHERE NYCHA RESIDENTS LIVE AND WORK. CUF research has shown that relatively few small business assistance organizations are connecting with NYCHA residents, whether through direct outreach to residents or through partnerships with REES, despite operating in communities with significant NYCHA populations. The city should strengthen these connections by providing organizations with a proven track record of success supporting entrepreneurs from traditionally underserved communities with funding to bolster outreach and expand programming tailored to the NYCHA residents.

At the same time, NYCEDC can take steps to ensure that more of their supports for entrepreneurs from lower-income and historically disadvantaged communities, like Opportunity M/W/DBE, the Neighborhood Credit Fund, Queens FEASTS, and Futureworks Makerspace reach NYCHA residents. The Adams administration should direct NYCEDC to partner with the Department of Small Business Services and NYCHA to develop a series of programs designed to increase the number of NYCHA entrepreneurs and help active NYCHA entrepreneurs take their existing businesses to the next level. This might include restarting the Queens FEASTS (Food Entrepreneurship and Services Training Space) program operated by the Queens Public Library—which provided training, counseling, vendor opportunities, and assistance obtaining licenses and permits for entrepreneurs looking to start or grow a food or restaurant business—and expanding that model through partnerships with the other two library systems.

PROVIDE MICROGRANTS TO BOOST NYCHA BUSINESS FORMATION, COVER UNFORESEEN EXPENSES, AND EXPAND PARTICIPATION IN FAIRS, MARKETS, AND OTHER MARKETING OPPORTUNITIES. NYCHA resident entrepreneurs rarely have access to the friends and family funding or personal wealth that's crucial to making it through the first stages of starting and growing a business. The city should work with private funders to provide microgrants of even just $1,000 to NYCHA resident entrepreneurs. These grants would allow resident entrepreneurs to cover the routine expenses of registering a business and applying for licenses or deal with unforeseen expenses that might otherwise force them to abandon their enterprise. Small grants could also help NYCHA entrepreneurs market their products and get opportunities to connect with customers, including through digital marketing and participation in food fairs, flea markets, and bazaars, which often require upfront payment for kiosk space and insurance.

PROVIDE NO-COLLATERAL LOANS TO NYCHA RESIDENT ENTREPRENEURS. Nearly all small business loans from traditional banks and CDFIs alike require collateral, yet few NYCHA entrepreneurs have significant equity or assets to provide as collateral—in large part because of how NYCHA's rent calculation system disincentivizes residents from accumulating non-personal items with cash value. The city should work with microfinance organizations and other mission-driven financial institutions to expand no-collateral small business loans to NYCHA resident entrepreneurs. In place of collateral, applicants would participate in a technical assistance program to develop a business plan and financial statements to mitigate risk for the lender and the city would provide a loan-loss reserve to further hedge against risk.

LEVERAGE VACANT COMMERCIAL SPACES FOR NYCHA ENTREPRENEURS TO EXPAND BEYOND THEIR HOMES. Alongside its residential properties, NYCHA manages over 2.5 million square feet of commercial, retail, and community spaces. But at any given time, dozens of these spaces are sitting vacant, in part due to unmet repair needs. Mayor Adams should rally business and philanthropy to invest in rehabbing NYCHA's commercial and retail properties to activate the housing authority's vacant street-level spaces and make them available to local NYCHA resident entrepreneurs as pop-up retail spaces for food, clothing, personal care services, and other businesses. REES could also work with NYCHA's real estate division to set up shared commercial spaces for residents who have outgrown their apartments but cannot yet afford a market-rate office or production space.

REFORM NYCHA CONTRACTING TO EXPAND OPPORTUNITIES FOR RESIDENT ENTREPRENEURS. NYCHA should make it easier for resident-owned businesses to participate in NYCHA's procurement opportunities and bid on service and vending contracts by de-bundling larger contracts. Large contracts end up favoring bigger, established firms. Breaking up contracts for services would allow smaller, resident-owned and -operated firms better access to doing business with NYCHA because more would have the capacity to qualify for RFPs. But the city should go further to develop new mechanisms that can give NYCHA resident-run businesses increased priority and access. The Adams administration should direct NYCHA to explore procurement methods that exclusively solicit resident businesses for services such as catering, carpentry, IT, and environmental testing. The mayor also should explore marrying federal and state grants for training with NYCHA contract requirements, so that more NYCHA entrepreneurs have the skills and expertise needed to qualify for contracts. Reforming the bid process and aligning training programs with housing authority needs would expand opportunities for NYCHA resident entrepreneurs to contract with NYCHA and grow their business within the public housing ecosystem.

CREATE KIOSKS AND POP-UP OPPORTUNITIES FOR NYCHA ENTREPRENEURS ON CITY-OWNED PROPERTY. In 2018, The Brooklyn Navy Yard and NYCHA's Food Business Pathways created a highly successful food kiosk program that enabled NYCHA food business entrepreneurs to sell their products in Building 77 alongside Russ and Daughters and other classic NYC businesses. The rotating program earned NYCHA entrepreneurs thousands of dollars in revenue and provided valuable hand-on-experience in a bustling commercial setting. The kiosk model should be expanded across the city to other high-traffic, city-owned or -leased spaces, including parks and plazas. The Mayor's Office should help NYCHA work with the Department of Health and other agencies to proactively address regulatory issues like those which forced the Navy Yard kiosk to close prematurely.

INVEST IN THE CREATION OF NYCHA WORKER COOPERATIVES. The worker cooperative model has the potential to give NYCHA residents overcome the barriers to entrepreneurship and build wealth within the community by co-owning a business as worker-owners. The city should expand the Worker Cooperative Business Development Initiative to specifically target public housing residents. Community-based service providers contracted with SBS could help NYCHA residents incorporate their cooperatives and structure the business to protect residents from rent-increase concerns that often disincentive residents from formalizing their businesses. The worker cooperative model provides financial stability, workplace democracy, and a structure that encourages job training and wealth creation within the community. Community-based organizations like Urban Upbound have helped launch successful NYCHA resident-owned worker cooperates that have hired and trained hundreds of worker-owners. The city should build on this success and invest an additional $1 million annually to support the development of existing and new NYCHA worker cooperative businesses.

FUND WORKFORCE TRAINING ORGANIZATIONS TO EXPAND SUPPORT FOR ENTREPRENEURIAL EDUCATION. For some NYCHA residents, the best opportunity to boost economic mobility may be training for employment in a high-growth industry. But training participants and providers alike say that many program participants are also seeking support to start a business—both as a means of building wealth and as a way of earning income to support themselves and their families while they pursue job training. The problem is that very few workforce development organizations are funded to provide entrepreneurial education—and tight restrictions on federal workforce dollars mean that city support will be needed to change this. Mayor Adams and the City Council should work together to pilot a new Workforce Entrepreneurship Initiative: a challenge grant for workforce organizations to develop and implement entrepreneurship training and assistance.

DO AWAY WITH NEW YORK'S ARCHAIC LLC PUBLICATION REQUIREMENT. New York is one of only three states that still require newly formed Limited Liability Companies (LLC) to publish an announcement of their formation in the newspaper. Today the requirement can cost upward of $2,000—out of reach for many NYCHA entrepreneurs—and creates an unnecessary burden. The LLC publication requirement is uniquely harmful to low-income entrepreneurs, and it is time for the State Legislature to eliminate this requirement.

ENDNOTES

1. Data from the annual income recertification conducted by the New York City Housing Authority (NYCHA), 2021.
2. Share of NYCHA residents employed by industry from "NYCHA's Crisis: A Matter for All New Yorkers," Regional Plan Association, December 2018.
3. CUF analysis of data from the New York City Housing Authority, January 2021. Our research suggests that far more residents participate in entrepreneurial activities than are captured in this data, which requires residents to report their own business income during NYCHA's mandatory annual income recertification process. However, these figures likely include a significant share of residents with incorporated businesses.
4. Joyce Klein, Bridging the Divide, FIELD at the Aspen Institute, January 2017. https://www.aspeninstitute.org/wp-content/uploads/2017/01/Briding-the-Divide.pdf
5. "Public Housing Rent Calculation Frequently Asked Questions," New York City Housing Authority. https://www1.nyc.gov/assets/nycha/downloads/pdf/Rent-Calculation-FAQ.pdf
6. "NYCHA 2020 Fact Sheet," New York City Housing Authority, March 2020. https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-Fact-Sheet_2020_Final.pdf
7. Center for an Urban Future analysis of data from the U.S. Department of Housing and Urban Development and NYCHA.
8. CUF analysis of NYC Small Businsess Services, NYC Business Solutions for NYCHA Residents by City Council District - - Local Law 163, data set, August 2020
9. REES program data provided by Shana Castillo, Director, Office of Resident Economic Empowerment & Sustainability, New York City Housing Authority
10. CUF analysis of data on private sector establishment survival rates from the Bureau of Labor Statistics. Available at https://www.bls.gov/bdm/ny_age_total_table7.txt
11. CUF analysis of data from the U.S. Census, County Business Patterns.
12. CUF analysis of data from the New York City Housing Authority, annual resident recertifications as of June 2020.
13. "Growing NYCHA Food Entrepreneurs," NYCHA Now, November 2020. http://nychanow.nyc/growing-nycha-food-entrepreneurs/
14. "NYCHA Resident Data Book Summary 2020," New York City Housing Authority. https://www1.nyc.gov/assets/nycha/downloads/pdf/Resident-Data-Book-Summary-Pages-2020.pdf
15. "NYCHA's Crisis," Regional Plan Association, December 2018. https://rpa.org/work/reports/nychas-crisis
16. "NYCHA 2020 Fact Sheet." "Public Housing Rent Calculation Frequently Asked Questions."
17. "Pay Rent," New York City Housing Authority https://www1.nyc.gov/site/nycha/residents/pay-rent.page
    "Family Self-Sufficiency," OpportunityNYCHA, New York City Housing Authority http://opportunitynycha.org/about-financial-empowerment/fss/
18. Recent changes to Section 3 rules have eliminated specific preferences for resident-owned businesses. "Frequently Asked Questions for Section 3," Department of Housing and Urban Development Office of Field Policy and Management, March 2021. https://www.hud.gov/sites/dfiles/FPM/documents/Section-3-FAQs.pdf