

TESTIMONY BY
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DEPUTY COMMISSIONER
NEW YORK CITY DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEE ON FINANCE
AND
THE COMMITTEE ON SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
DECEMBER 11, 2014

Good morning Chair Cornegy, Chair Ferreras, and members of the Small Business and Finance Committees. My name is Michael Blaise Backer, Deputy Commissioner of the Neighborhood Development Division (NDD) at the Department of Small Business Services (SBS). I am joined today by Assistant Commissioner James Mettham and other members of the Neighborhood Development team to discuss some of SBS' main initiatives to support and strengthen our commercial districts across the City, and discuss how we plan to advance these goals moving forward. We will describe the programs our Division manages, including commercial revitalization efforts, Business Improvement Districts (BIDs), and capacity building services to support community-based development organizations across the five boroughs.

AGENCY OVERVIEW

SBS is an agency of approximately 270 employees with an overall budget of approximately \$119.4 million. Our mission, led by the goals of the de Blasio administration, is to fight inequality in all its forms, on every front, and build a city where everyone can rise together. At SBS, we are uniquely positioned to achieve this charge because we support businesses, neighborhoods, and jobseekers.

The agency is structured in five core programmatic divisions, with three divisions focused on supporting businesses – including the Business Development Division, the Division of Business Acceleration, and the Division of Economic and Financial Opportunity; one division focused on supporting jobseekers – the Workforce Development Division; and the division that focuses on helping neighborhoods – the Neighborhood Development Division.

Together, the five divisions of SBS are committed to impacting the following three pillars – good jobs, stronger businesses, and a fairer economy – through a creative, collaborative, and community-driven approach.

NEIGHBORHOOD DEVELOPMENT DIVISION

The purpose of SBS' Neighborhood Development Division is to work collaboratively with community-based economic development organizations to create the conditions under which local businesses can thrive to create vibrant, mixed-use neighborhoods where people can live, do business, work, shop, and play. By capitalizing on the knowledge and experience of local stakeholders, community-based organizations, and elected officials, we strive to comprehensively address neighborhood issues through sustained and trusted collaboration between the City and each community. Our programs rely on local, grassroots efforts to empower communities to deploy proven tools for community engagement and commercial revitalization according to their unique needs.

Before delving into NDD's major program areas, I was asked to touch on the division's resources, challenges, and opportunities. First, I wanted to give everyone a sense of the geographic reach of our work. Between all of the community based development organizations we contract with, including BIDs, LDCs, and merchant organizations, and all of our grantees and participants of our various capacity building programs, we have a considerable number of touch points across the city, reaching over 100 unique commercial districts.

Yet we have limited resources to support that work.

DIVISION BUDGET AND STAFFING

NDD's budget is generated through a variety of funding sources. First, in FY15, NDD received approximately \$2 million in Community Development Block Grant (CDBG) funds to operate its commercial revitalization programs. Of this \$2 million, approximately \$1.4 million are granted out to community-based organizations through our Avenue NYC grant program. Approximately \$200,000 of CDBG funding is used for various commercial revitalization initiatives developed and implemented by NDD staff. The remaining \$400,000 is used to fund seven NDD staff salaries.

Another source of funding is \$600,000 in City Tax Levy funds, which account for seven staff salary lines and associated OTPS for division administrative needs to oversee the BID program and additional commercial revitalization efforts. For this current fiscal year, NDD is also responsible for the administration and contract management of \$1.5 million in City Council Discretionary funds and Council Initiatives allocated to community-based organizations across the city. Lastly, NDD is currently leveraging more than \$2.6 million in private and other funding streams to run the Post-Sandy Storefront Improvement Program and our Neighborhood Challenge grant program.

With a staff of 15 people, NDD administers more than 300 commercial revitalization contracts, including those for BIDs, competitive grant programs, storefront improvements, and City Council discretionary funds. This represents a 150% increase in contract management over the past three years.

What these last few slides demonstrate are 3 challenges NDD faces that I hope will stick with each of you during and after my testimony here today. Given the dramatic scale and diversity of this city, we must double our efforts at reaching every community in need of our services, and we could certainly use the Council's help with that effort. Given limited resources, NDD must continue to strive to secure Tax Levy funding in order to provide grants to more neighborhoods, to provide them with more commercial revitalization tools, and to provide higher-touch assistance to organizations with lower capacity. And given the continuously

growing contract administration and oversight demands being placed on my team, we must seize the opportunity to work together to create a more efficient, strategic, and impactful way to direct scarce public dollars to the community organizations on the ground and in the field, who are working tirelessly to affect lasting and meaningful change throughout the City's neighborhoods.

COMMERCIAL REVITALIZATION GRANTS

Now we will delve into the three core areas of NDD programs:

- 1.) **Commercial Revitalization Grants**, including Avenue NYC grants, Neighborhood Challenge grants, and the Post-Sandy Storefront Improvement Program;
- 2.) **Business Improvement Districts**; including our role in BID management, oversight, and formation, and;
- 3.) **Organizational Capacity Building Programs**, including capacity building workshops, programs in partnership with academic institutions, and the Coro Neighborhood Leadership Program.

Avenue NYC

SBS offers direct support to community-based development organizations through our Avenue NYC program. Avenue NYC funds commercial revitalization initiatives led by community-based organizations in low-to-moderate income neighborhoods across the city. The program also offers an array of capacity-building services designed to enhance the abilities of participating organizations to execute impactful programs. Proposed projects must operate within defined geographic boundaries, target commercial corridors as a whole, and consider the needs of small-to-medium businesses and local residents.

The Avenue NYC program is currently funded entirely through Community Development Block Grant (CDBG) allocations provided by the U.S. Department of Housing and Urban Development (HUD), with no current support from Tax Levy funds. With this funding stream, organizations must target commercial corridors that serve neighborhoods federally designated as low-to-moderate-income.

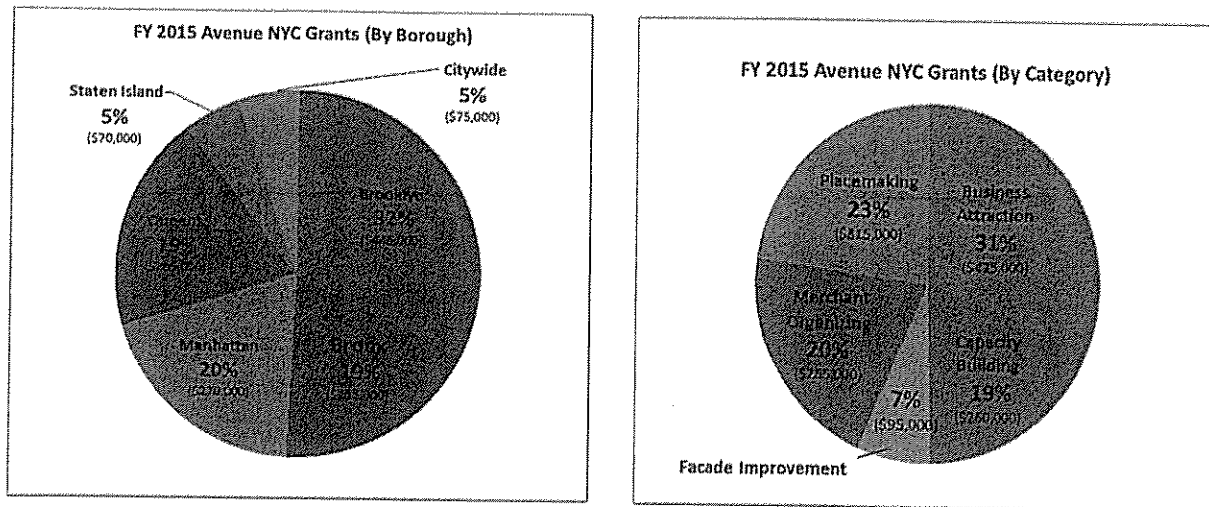
To award grants, we rely on a rigorous, competitive application process taking into account existing organizational capacity, strength of project proposal, viability of the proposed budget, and strategic positioning of the project within the defined neighborhood. Moreover, we evaluate the performance of previously awarded organizations and consider their assigned performance ratings in award decisions for recurrent applicants.

Organizations apply for funding within the following five project categories:

- Business attraction & retention,
- Merchant organizing,
- Façade improvement management
- Placemaking & public space activation, and
- Non-profit capacity building.

This year, FY2015, SBS has awarded more than \$1.3M in grants to 42 local organizations to fund 52 projects in 46 Council Districts citywide.

We have provided a breakdown of the projects by borough, as well as by project category in the submitted written testimony, for the Joint Committee to review.



Over the past two fiscal years, the Avenue NYC program has yielded the following commercial revitalization outcomes:

- **33 merchants associations established**
- More than **90 neighborhood events** attracted more than **64,000** attendees
- More than **50 corridor marketing campaigns** launched
- Nearly **140 new businesses** attracted to commercial corridors to fill vacancies, and
- **25 storefront facades improved** by leveraging more than \$900,000 in private investment

Neighborhood Challenge

The division is also responsible for Neighborhood Challenge, a competitive grant initiative designed to encourage innovation and service delivery improvements from BIDs and community-based development organizations to support small businesses, generate economic

activity, and attract investment to local commercial corridors. Grants of up to \$100,000 are awarded to local organizations that present the most creative and impactful economic development projects. Since launching in 2012, Neighborhood Challenge has awarded 13 BIDs and community-based organizations nearly \$675,000 in grants to implement storefront improvements, district marketing campaigns, and public art installations in the Bronx, Brooklyn, Manhattan, and Queens.

A recent successful example of Neighborhood Challenge's impact is on Southern Boulevard in the Bronx where the loud trains from the elevated tracks create a noisy, dim environment for pedestrians. The Women's Housing and Economic Development Corporation's (WHEDco) *Boogie Down Booth* project addressed this problem, in partnership with the Design Trust for Public Space and the Department of Transportation's Under the Elevated project. The *Boogie Down Booth* is a seating area with localized speakers that play Bronx music curated by the Bronx Music Heritage Center, and uses solar power to provide lighting.

We are very excited to hold the finalist pitch competition tomorrow morning (12/11) to select the 2015 round of Neighborhood Challenge winners from eleven finalist organizations.

Storefront Improvement Program

In the wake of Hurricane Sandy, many retail corridors in impacted areas were scarred by destroyed buildings and storefronts. SBS, in partnership with Citi Community Development, recognized the importance of getting these areas back to business and initiated a storefront improvement grant program, first in the Rockaways on Beach 116th Street, then expanded to other areas impacted by Sandy. To date, the programs have helped rehabilitate 112 facades across nine neighborhoods.

The post-Sandy Storefront Improvement Program has made use of creative storefront design to revitalize building facades, improve storefront visibility and transparency, and increase foot traffic to damaged commercial corridors. Currently, NDD is developing strategies to expand the reach of the storefront program to 15 high-need commercial corridors, and is seeking private and public funding assistance to support the expansion of the program.

BUSINESS IMPROVEMENT DISTRICTS

The Neighborhood Development Division oversees New York City's network of 70 Business Improvement Districts, or BIDs.

The BID Model

A Business Improvement District is a public-private partnership in which property and business owners come together to make a collective financial contribution to the maintenance, development, and promotion of their commercial district within a defined boundary. The programs, activities, and support that BIDs provide to local businesses and communities address local needs, are conceived and funded by local stakeholders, and go above and beyond baseline services delivered by the City.

BIDs in New York

Over time, BIDs have been credited with significant contributions to downtown and main street revitalization in cities around the world. New York City has long been a pioneer in BID innovation and service delivery dating back to the 1970s and the City's fiscal crisis. During this era, several of the City's commercial districts became neglected and crime-ridden as a result of reduced City resources and increased competition from new suburban shopping centers. The creation of these initial Special Assessment Districts (the Fulton Mall Improvement Association being the first) is a testament to the business and property owners who responded to this crisis by pooling their resources to take back their districts.

Today, New York City is home to largest BID network in the country, consisting of 70 active BIDs across the five boroughs. BIDs can vary greatly in size, with this year's annual operating budgets ranging from \$53,000 to more than \$17 million. Given the wide range in budget size, and recognizing the different needs of the commercial districts they serve, BID services vary, but they all support the commercial activity and quality of life of the particular district.

In FY2014, BIDs invested more than \$120 million in services to over 85,000 businesses, including more than 30,000 storefront businesses across the five boroughs, with over 80% of those services paid for by the BID's annual assessment to private property owners and businesses. Collectively, the BIDs allocated almost 42% of their resources to support supplemental sanitation and security services to 3,200 block faces across the City.

BIDs removed over 50,000 incidents of graffiti and maintained over 13,000 pieces of furniture in the City's streetscape. During this same time period, BIDs organized more than 1,900 public events that drew an estimated 1.4 million attendees, and maintained 99 plazas and public spaces and over 19,000 tree pits. Many BIDs take on other services as well, including district advocacy, small business assistance, capital improvements, and social services. The BID program continues to grow, as organizations expand their services and challenge themselves to meet new and innovative goals, and as constituents from other commercial districts begin to recognize the benefits of creating a BID.

BID Program Management & Oversight

SBS provides oversight, outreach, support, and technical assistance for BIDs to ensure that they have the necessary tools to provide robust levels of service delivery to their districts. As an oversight agency for BIDs, SBS maintains many responsibilities including:

- Monitoring the fiscal and organizational health of all 70 BIDs,
- Managing each BID's contract with the City of New York and monitoring contractual compliance,
- Ensuring assessment billing review and delivery for all BIDs,
- Representing the Mayor on every BID's Board of Directors, and;
- Guiding BIDs through the necessary legislative processes as needed.

Each BID Board of Directors is made up of property owners, commercial tenants, residential tenants, and representatives of the Mayor, Borough President, Comptroller and City Council Member. Many BIDs also have a Community Board member as a non-voting member. NDD staff members represent the Mayor on all BID boards, serving as full voting members of the Board of Directors. Additionally, NDD requires BIDs to have our staff members serve on each BID's Audit and Finance Committees.

Aside from oversight tasks, SBS offers a key supporting role for all 70 BIDs, including coordinating involvement with other agencies and elected officials, assisting underperforming BIDs, developing BID-related policies with the NYC BID Association, aggregating and sharing BID impact data, facilitating best practice sharing across the BIDs, and providing capacity building and technical assistance. This includes the provision of workshops, funding opportunities, leadership training, and assistance for BIDs through all legislative processes.

BID Formation

BIDs in New York City are formed through a multi-year process that starts with the active engagement of property owners, business owners, residents, and local stakeholders. The division is currently working with upward of 20 communities throughout the five boroughs that are in various stages of the BID planning process.

When local stakeholders approach SBS about BID formation, our first step is to work with the group to evaluate the feasibility of a BID in the proposed area. If the group determines that a BID is not the best course to pursue at the time, then NDD can provide guidance and resources for alternative commercial revitalization and neighborhood development options.

For commercial corridors involved in BID formation, SBS serves as a resource for the steering committee, which is the group of local stakeholders that leads the formation effort and decides on the details of the plan for the proposed BID. SBS expects steering committees to involve all

stakeholder groups, including property owners and commercial and residential tenants, in the entire process of BID formation. This includes representation from all stakeholders on the steering committee, surveying all stakeholders during the needs assessment survey, holding public meetings for the community, and requiring broad support from all stakeholders to be demonstrated during the outreach phase. SBS works closely to guide these groups through the planning, outreach, legislative and start-up phases of the BID formation process to ensure that it proceeds fairly and properly.

SBS will only introduce proposed BIDs into the legislation process if we believe that the steering committee has followed the planning process correctly, solicited community input, and has demonstrated broad based support across all stakeholder groups of property owners and tenants.

ORGANIZATIONAL CAPACITY BUILDING PROGRAMS

SBS not only provides organizations with funding to implement specific commercial revitalization projects, we also deliver services designed to increase the capacity of organizations so they can lead inclusive and responsible changes within their neighborhoods.

Capacity Building Trainings and Workshops

In recent years, SBS has engaged the Support Center for Nonprofit Management and commercial revitalization specialists to provide CBDOs with nonprofit management workshops and technical assistance. Participating organizations receive guidance on how to implement innovative programs and develop sustainable organizations able to tackle the complex economic development issues affecting their communities. Last year, 230 individuals representing 65 organizations and 82 commercial corridors received more than 750 hours of training on a range of organizational development topics including writing successful grant proposals, becoming effective stewards of donors, developing measurable outcomes, creating strong partnerships, and building effective nonprofit boards.

In efforts to better serve the community-based organizations across the city, we will be launching an even more robust set of offerings in 2015. We are expanding our curriculum and hope to engage at least 80 organizations serving 100 corridors in sessions on strategic planning, nonprofit financial management, corporate governance, and commercial revitalization strategies and program design.

We also will be rolling out an expanded approach to technical assistance in 2015. SBS will connect emerging and established CBDOs in targeted neighborhoods with high-touch, one-on-one change management consultants who will work side-by-side with the organizations and

impart the ability to effectively execute commercial revitalization strategies, while building a sustainable, nimble nonprofit organization.

PARTNERSHIPS WITH ACADEMIC INSTITUTIONS

Neighborhood Legal Fellows

NDD has built strong partnerships with academic institutions and looks to continue building these relationships to expand our service offerings. This year, we launched the Neighborhood Legal Fellows program, in partnership with New York Law School, that pairs exceptional second and third year law students with small BIDs seeking legal and governance support. This year, four Neighborhood Legal Fellows are supporting eight BIDs without in-house counsel in navigating matters of nonprofit governance and other compliance issues. Legal Fellows are supervised by a licensed attorney at SBS, and services are provided at no cost to the BID. As the program grows, we intend to expand support to CBDOs other than BIDs, and hopefully engage a larger number of Legal Fellows and other Law Schools in each cohort.

Impact! Design for Social Change with School of Visual Arts

Since 2011, NDD has partnered with the School of Visual Arts (SVA) to connect community-based organizations in low-to-moderate income neighborhoods with graduate level and professional designers to provide pro-bono design assistance. These efforts are building the capacity of organizations throughout the City, providing them with the skills and resources needed to develop stronger commercial corridors.

Neighborhood Leadership Program

In 2011, SBS launched the Neighborhood Leadership Program in partnership with the Coro New York Leadership Center and the Association for a Better New York (ABNY). Neighborhood Leadership is a free, five-month training program that each year provides 20 neighborhood development practitioners from CBDOs across the five boroughs with leadership and commercial revitalization skills. Participants learn and practice their leadership skills, expand their networks within government agencies and the economic development field, and learn commercial revitalization strategies. Over the past four years, approximately 80 participants have graduated from the Neighborhood Leadership Program. Our fifth cohort class was just selected from the pool of applicants and will begin the program at the end of January. By June 2015, 100 community leaders will have completed the program. We thank Speaker Melissa Mark-Viverito for her generous support of this year's program.

OUTREACH

Over the past year, NDD has made a dedicated effort to directly engage local elected officials, stakeholders, and community partner organizations on the issues that are impacting their neighborhoods and the programs that SBS can deploy or develop. We have participated in more than 500 meetings with organizations, local property owners, businesses, residents, elected officials, and other community stakeholders. We are proud to say that three quarters of these interactions (over 330) involved our on-the-ground participation in numerous neighborhoods across the five boroughs. Additionally, we've conducted over 40 individual project site-visits to community organizations receiving Avenue NYC funding and have participated in many interagency Community Planning Sessions in neighborhoods like East New York, Cromwell-Jerome, Brownsville, East Harlem, Far Rockaway, and Jamaica. Finally, since I started at SBS in May, we've individually met with approximately one-third of the Council Members and their staffs to discuss neighborhood development in their respective districts, and how SBS can better collaborate with their offices and constituencies. We appreciate the Council as a partner in commercial revitalization efforts, and thank you again for the opportunity to present our work to you.

Social Media Network

While I know we cannot compete with the social media prowess of many of the Council Members sitting here today, we are definitely making our best effort. In order to deepen impact and awareness of our work, in 2012 SBS launched a reformatted Neighborhood Development website, as well as division-specific Twitter account and Blog. Through regular campaigns and original content, these social media platforms serve to amplify the reach of those neighborhood partners with a less-developed digital presence, increase the visibility of SBS' commercial revitalization impact, and promote New York City's neighborhood commercial corridors to local residents and the general public.

In just over one year, these platforms have attracted nearly 2,000 followers, created 15 original campaigns, and created a platform by which all NYC community-based organizations are able to make their voices heard to an even wider audience.

COLLABORATION WITH CITY COUNCIL MEMBERS

As I wrap up my testimony here today, I wanted to leave you with at least one idea of how my division might collaborate with the Council in the coming year. The increase in the quantity of City Council grants that NDD is managing over the last three fiscal years has made it more important than ever for my division to strategically tie its internal commercial revitalization programming and tools with those of the Council. The largest source of NDD's commercial revitalization funding comes from federal Community Development Block Grants (CDBG). This

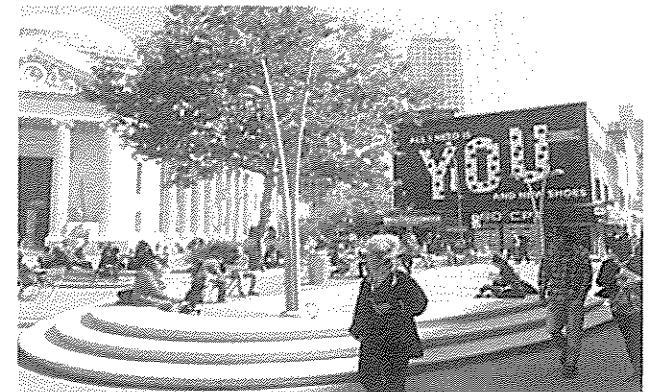
funding is both limited in amount, and restrictive in its use for commercial revitalization activities. Since FY2012, the funding allotted for Avenue NYC has been reduced, and the future of CDBG continues to be uncertain. As a result, NDD has broadened its efforts to tap into other public and private funding streams that can advance the agency's goals. Based on my individual meetings with Council Members thus far, there seems to be considerable interest in not only aligning our investments in community based organizations in order to have the greatest impact, but perhaps even expanding our commercial revitalization toolkit to include such areas as navigating government, neighborhood plazas and public art, and local tourism campaigns.

We are fortunate to have the Council's partnership in these efforts, and look forward to working with the members, and these Committees in particular, to promote and expand our impact in neighborhoods throughout the City.

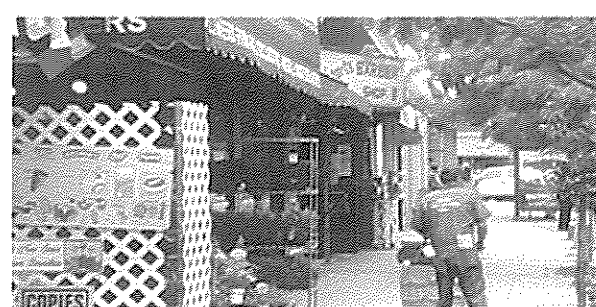
CONCLUSION

As you have heard, this administration and our agency have made significant efforts to fight economic inequality by creating strategies to assist in the cultivation of self-sustaining commercial corridors throughout the City. These programs do not seek to impose a top-down, one-size-fits all approach to commercial revitalization. Rather, they are about empowering local leaders and individual communities to facilitate responsible change that aligns with neighborhood needs. With that said, there is still more that can be done to support and elevate the work of our community partners to help small businesses and neighborhoods thrive across the five boroughs.

I want to thank the Council for all of your help in supporting our existing programs, and for expressing a dedicated interest in our City's neighborhoods and commercial corridors. With the help of the Neighborhood Development Team, I would now be happy to answer any questions you may have.



NEIGHBORHOOD DEVELOPMENT DIVISION



*City Council Hearing before the Committees on Small Business & Finance
December 11, 2014*

NYC
Small Business
Services

Presentation Overview

A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

- A. Avenue NYC Grants
- B. Neighborhood Challenge Grants
- C. Post-Sandy Storefront Program

2 Business Improvement Districts

- A. Program Management & Oversight
- B. BID Formation & Expansion

3 Organizational Capacity Building

- A. Capacity Building Workshops
- B. Academic Institution Partnerships
- C. Coro Neighborhood Leadership

C. Community Outreach & Social Media

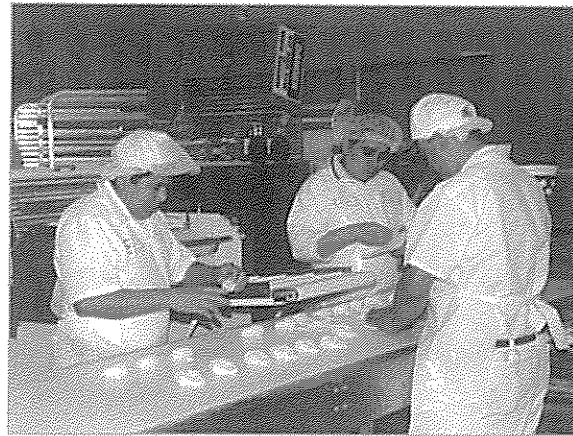
D. Collaboration with City Council Members

New York City Department of Small Business Services



Serving Businesses

by providing direct assistance to help businesses start, operate, and expand; and simplifying the way businesses can manage licenses, permits, and other transactions with the City.



Serving Jobseekers

by implementing a business-driven system of workforce development focused on matching worker training and skills development with employer needs.

Serving Neighborhoods

by collaborating with community-based economic development organizations throughout the City to advance the conditions under which local businesses can grow and thrive.



Divisions of the NYC Department of Small Business Services



Business Development (BDD):

Serves businesses through a network of NYC Business Solutions Centers; provides direct assistance to help businesses start, operate, and expand.

Business Acceleration (DBA):

Assists businesses with the navigation of multiple City agencies and the regulatory environment to simplify the process of opening and operating a restaurant, retail, or industrial business in New York City.

Economic and Financial Opportunity (DEFO):

Encourages a competitive and diverse New York City business environment by promoting the growth and success of small businesses, with a special emphasis on historically underserved groups, and ensuring their participation in the City procurement process.

Neighborhood Development (NDD):

Advances neighborhood-based economic development and the revitalization of local commercial corridors by collaborating with a network of over 100 community-based development organizations, including the City's network of Business Improvement Districts, on such programs as small business attraction and retention, merchant organizing, storefront improvements, and the activation of public spaces.

Workforce Development (WDD):

Implements a demand-driven system of workforce development focused on matching worker training with employer needs and sector growth.

SBS Strategic Framework



Our goal is to promote equity, inclusion and access to opportunity for all New Yorkers by fostering quality jobs and strengthening New York City's global competitiveness. At SBS, we will achieve this by impacting three pillars – ***good jobs, stronger businesses, and a fairer economy.***



Neighborhood Development Overview

A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

- A. Avenue NYC Grants
- B. Neighborhood Challenge Grants
- C. Post-Sandy Storefront Program

2 Business Improvement Districts

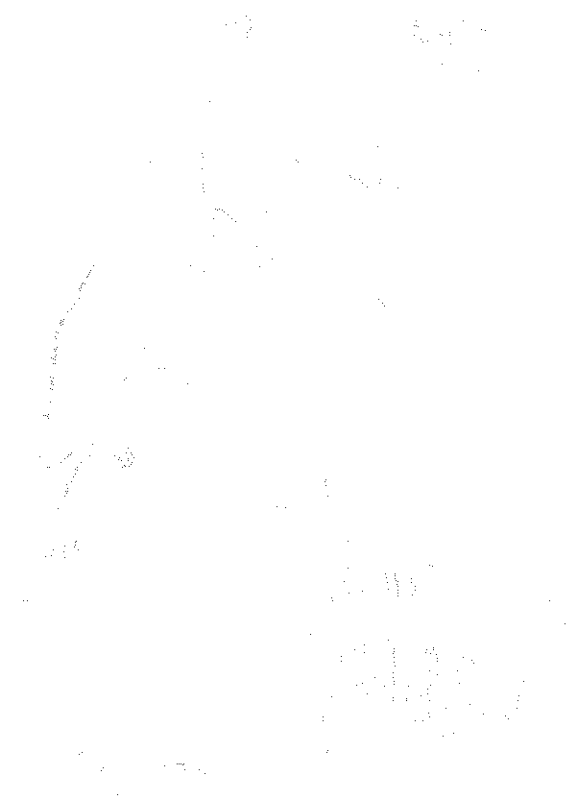
- A. Program Management & Oversight
- B. BID Formation & Expansion

3 Organizational Capacity Building

- A. Capacity Building Workshops
- B. Academic Institution Partnerships
- C. Coro Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members



Expanding our Model of Neighborhood-Based Economic Development



NDD works with community-based economic development organizations to create the conditions under which local businesses can grow and thrive, resulting in vibrant, mixed-use neighborhoods where people can live, do business, work, shop, and play.

Empowering local non-profits to deploy proven tools for community engagement and commercial revitalization

Embracing grassroots organizing principles to reach members of each community across all demographics

Leveraging local knowledge and experience of community stakeholders, City Councilmembers, and community-based organizations

Comprehensively addressing neighborhood issues through sustained collaboration between City agencies, City Council, and community-based organizations

Leveraging the commercial revitalization expertise of NDD's staff, and with sufficient resources, providing higher-touch assistance to community-based development organizations to build their capacity

NDD Touch Points Across the City

Broad Reach Across the City

- **13** Neighborhood Challenge Grantees
- **21** BIDs in Formation/Expansion
- **42** Avenue NYC Grantees (FY15)
- **70** Business Improvement Districts
- **99** Coro Neighborhood Leadership Participants
- **110** City Council Discretionary Contracts (FY15)
- **110** Post-Sandy Storefront Improvement Grantees

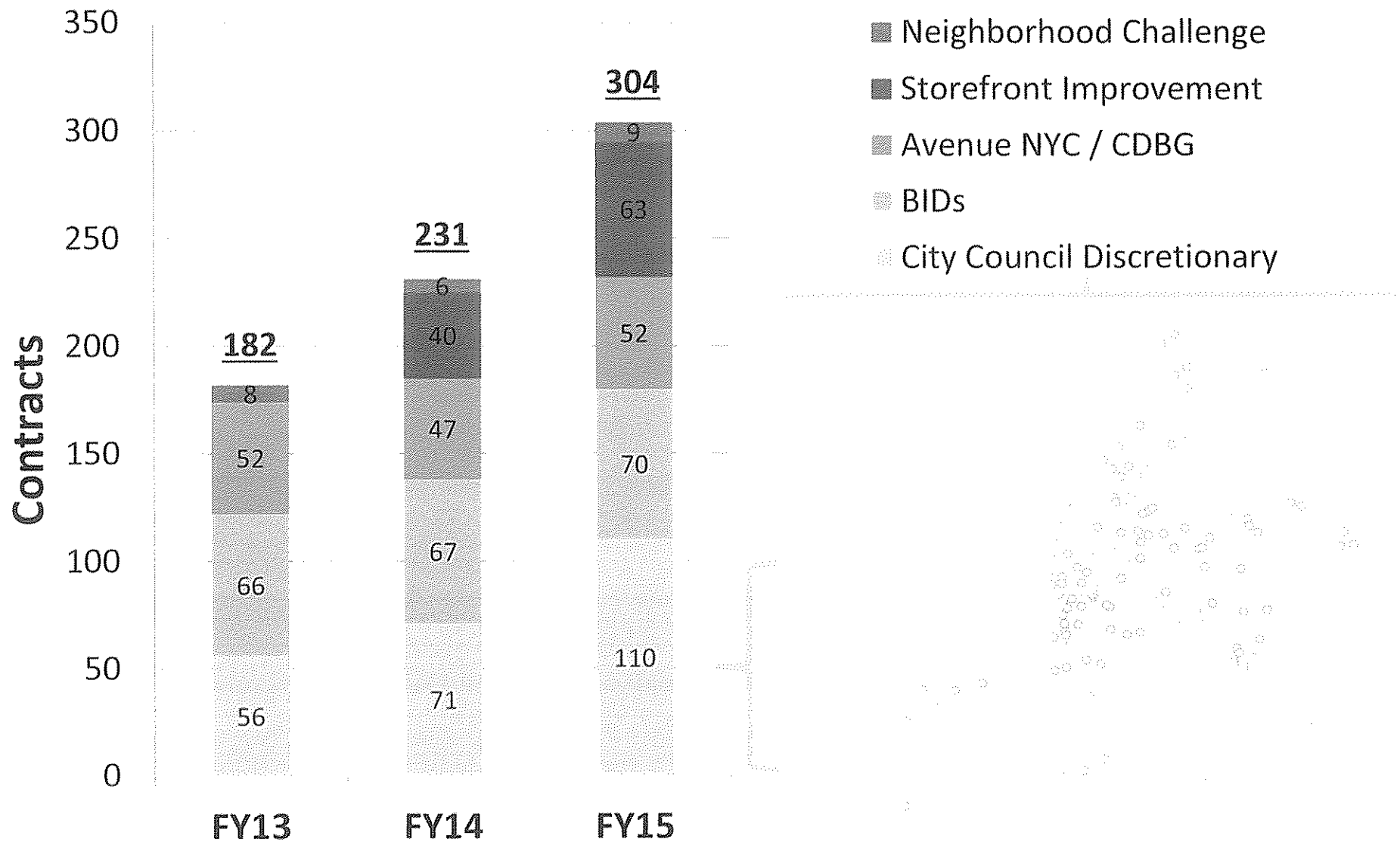


NDD Funding and Staffing – FY15



Source	NDD Programs	Contracts	Staff	Funding	
				OTPS	PS
CDBG	• Avenue NYC Grants _____	52	7	\$1.6M	\$400K
	• CR Programing				
	• Org. Capacity Building				
CTL	• BID Program _____	70	7	\$30K	\$575K
	• CR Programming				
City Council	• Discretionary Grants & Council Initiatives _____	110	0	\$1.5M	\$0
Other	• Neighborhood Challenge Grants _____	9	1.5	\$2.6M	\$100K
	• Storefront Improvement Grants _____	63			

NDD Contract Administration



NDD Challenges & Opportunities



Challenges

- 1 NYC is huge with diverse local needs:**
 - Over 190 neighborhoods
 - As many as 400 commercial districts
- 2 Limited resources:**
 - For grant funding to community based organizations
 - For personnel to provide higher-touch assistance to all neighborhoods and organizations
- 3 Contract administration and oversight demands grow every year:**
 - Large # of small City Council discretionary contracts
 - Increasing # of BIDs
 - Increasing demand for grants as more neighborhoods organize

Opportunities

- **Expand efforts at reaching all neighborhoods:**
 - Leverage Council Member and Community Board relationships to reach more organizations
 - Expanding outreach in more languages
- **Secure Tax Levy Funding to ensure:**
 - More neighborhoods are assisted
 - More commercial revitalization tools are deployed per neighborhood
 - Higher-touch assistance from NDD staff can be provided to lower capacity organizations
- **Collaborate with City Council Members:**
 - To strategically direct resources to priority areas
 - To award discretionary funds for use of proven commercial revitalization tools
 - To increase size of grants so they match desired scope of work and deliverables
 - In order to leverage NDD staff expertise when addressing neighborhood challenges

Commercial Revitalization Program

A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

A. Avenue NYC Grants

- 1. Neighborhood Challenge Grants
- 2. Post-Sandy Storefront Program

Business Improvement Districts

- 1. Urban Management & Development
- 2. BID Activation & Expansion

Organizational Capacity Building

- 1. Capacity Building Workshop
- 2. Academic Institution Partnerships
- 3. Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members



Avenue NYC Grants



A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

A. Avenue NYC Grants

B. Neighborhood Challenge Grants

C. Post-Sandy Storefront Program

Business Attraction & Retention

Merchant Organizing

Façade Improvement Management

Placemaking & Public Space Activation

Non-profit Capacity Building

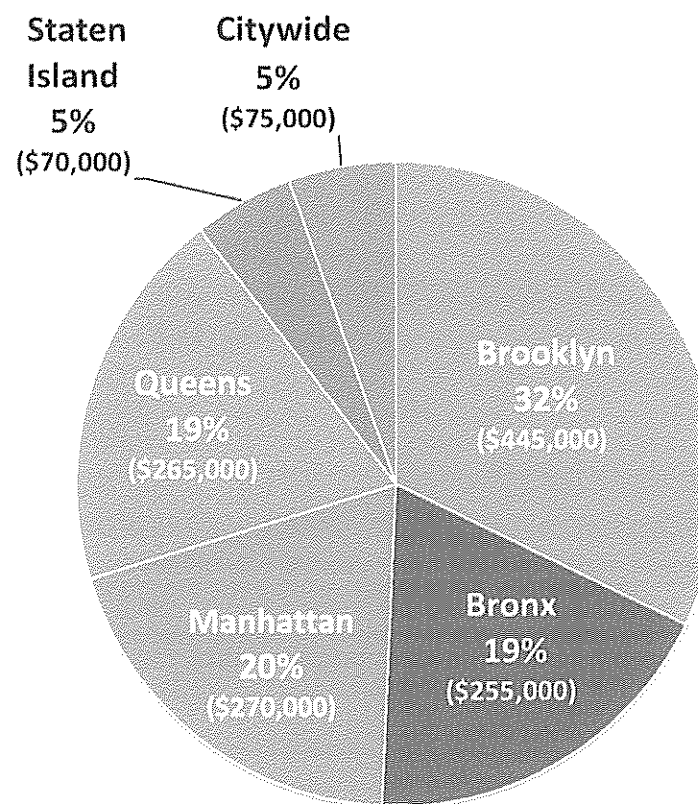


Avenue NYC Grants – FY15

FY15 Grant Breakdown:

- **\$1,380,000** of Federal CDBG funds granted / \$0 in Tax Levy funds
- **52** grant awards to **42** community organizations in LMI neighborhoods
- Located across **46** City Council districts
- Median size of each project award: **\$25,000**
- Median funding per organization: **\$30,000**

FY2015 Avenue NYC Grants (By Borough)



Avenue NYC: Merchant Organizing



FY14 Outcomes

- Projects funded: **14**
- Average Award Amount: **\$28,182**
- Total Funding Amount: **\$394,554**
- # of New Merchant Associations Created: **8**
- # of Revitalized Merchant Associations: **5**
- # of Merchant Meetings Held: **136**
- # of New Merchants Recruited: **773**



Avenue NYC: Placemaking



FY14 Outcomes

- Projects funded: **14**
- Average Award Amount: **\$28,000**
- Total Funding Amount: **\$393,000**
- # of Placemaking Projects Completed: **26**
- # of Events Held: **27**
- # of People that Attended Events: **43,553**
- # of District Marketing Campaigns Launched: **42**
- # of Collateral/Guides Distributed: **82,258**

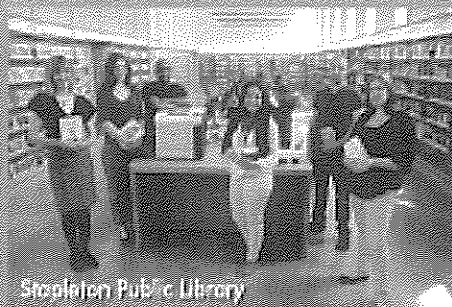
Avenue NYC: Business Attraction



FY14 Outcomes

- Projects funded: **14**
- Average Award Amount: **~\$28,000**
- Funding Amount: **~\$400,000**
- # of New Businesses Attracted: **74**
- Average %-Point Decrease in Vacancy Rate: **1.95%**
- # of Business Attraction Events Held: **25**
- # Retail Market Analyses or Needs Assessment Surveys Completed: **16**

Photo courtesy of Staten Island Advance



Stapleton Public Library



VIDA restaurant

Next great retail address in NYC? It's all about Stapleton 10304.

Avenue NYC: Façade Improvement Management



FY14 Outcomes

- Projects funded: 1
- Funding Amount: **\$25,000**
- # of Facades Improved/Renovated: 14
- \$ of Incentive Grants Disbursed: **\$278,640**
- Private Investment Leveraged: **\$315,402**



Neighborhood Challenge Grants



A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

A. Avenue NYC Grants

B. Neighborhood Challenge Grants

C. Post-Sandy Storefront Program

Business Improvement Districts

A. Program Management & Oversight

B. BID Formation & Expansion

Organizational Capacity Building

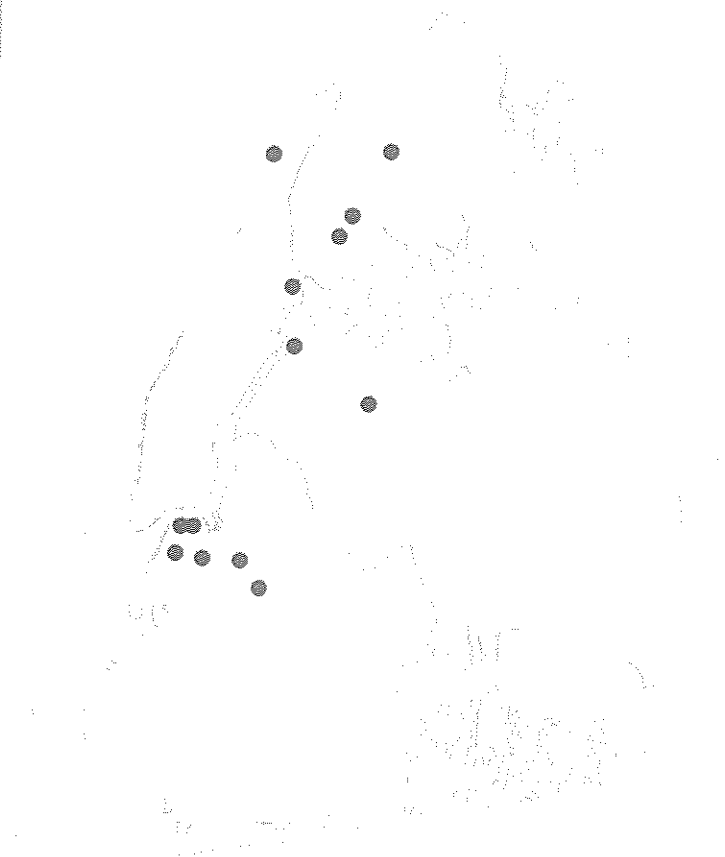
A. Capacity Building Workshops

B. Academic Institution Partnerships

C. Coro Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members



Neighborhood Challenge Grants



FY14 Awardees (\$50k-\$100k):

- Bed-Stuy Gateway BID
- DUMBO Improvement District
- FAB Alliance
- New Harlem East Merchants Association
- Urban Upbound
- WHEDco

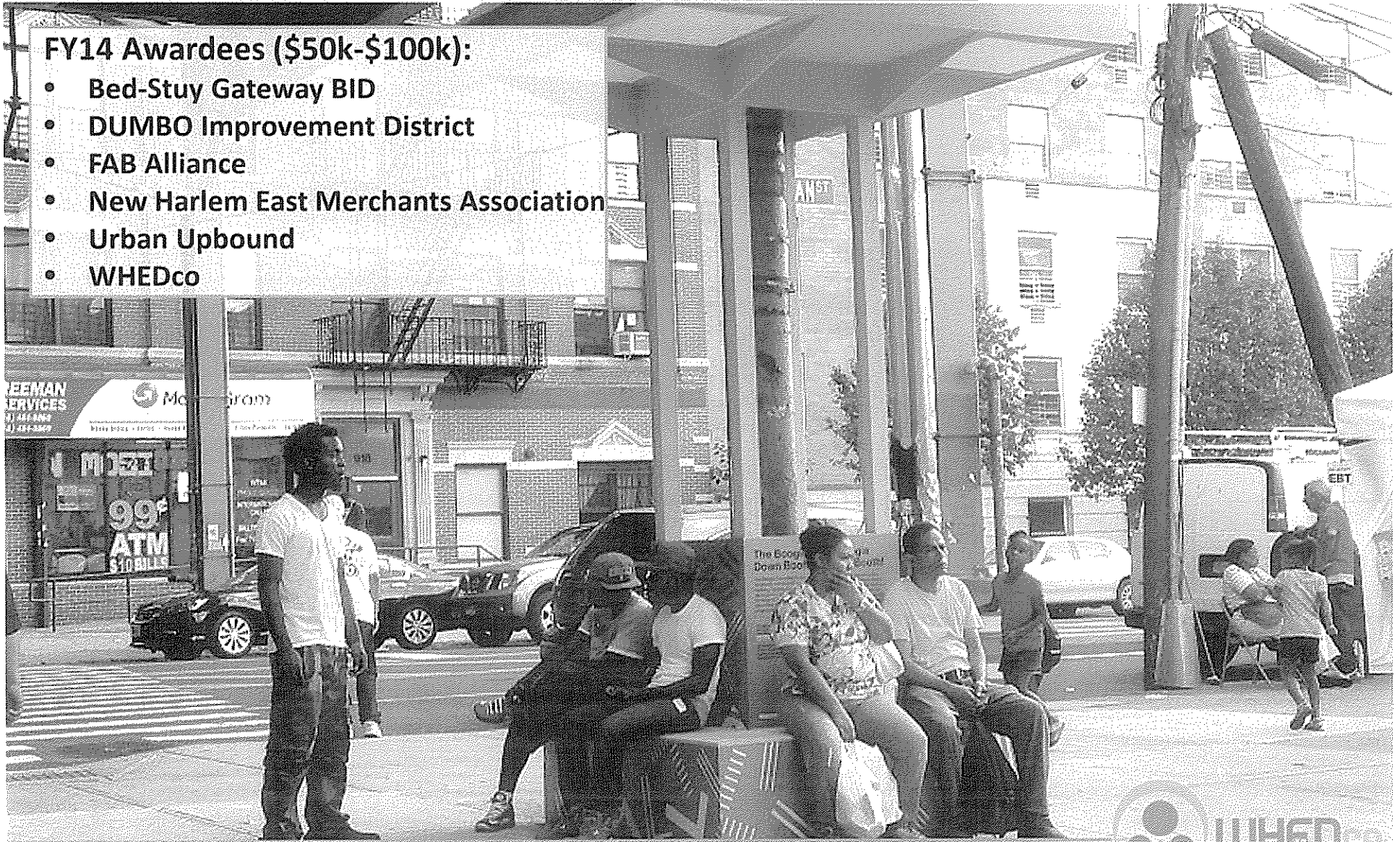


Photo from WHEDco's "Boogie Down Booth" on Southern Blvd in the Bronx



Post-Sandy Storefront Program



A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1 Commercial Revitalization Program

- A. Avenue NYC Grants
- B. Neighborhood Challenge Grants
- C. Post-Sandy Storefront Program**

Business Improvement Districts

- A. Program Management & Oversight
- B. BID Formation & Expansion

Organizational Capacity Building

- A. Capacity Building Workshops
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- C. Coro Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members

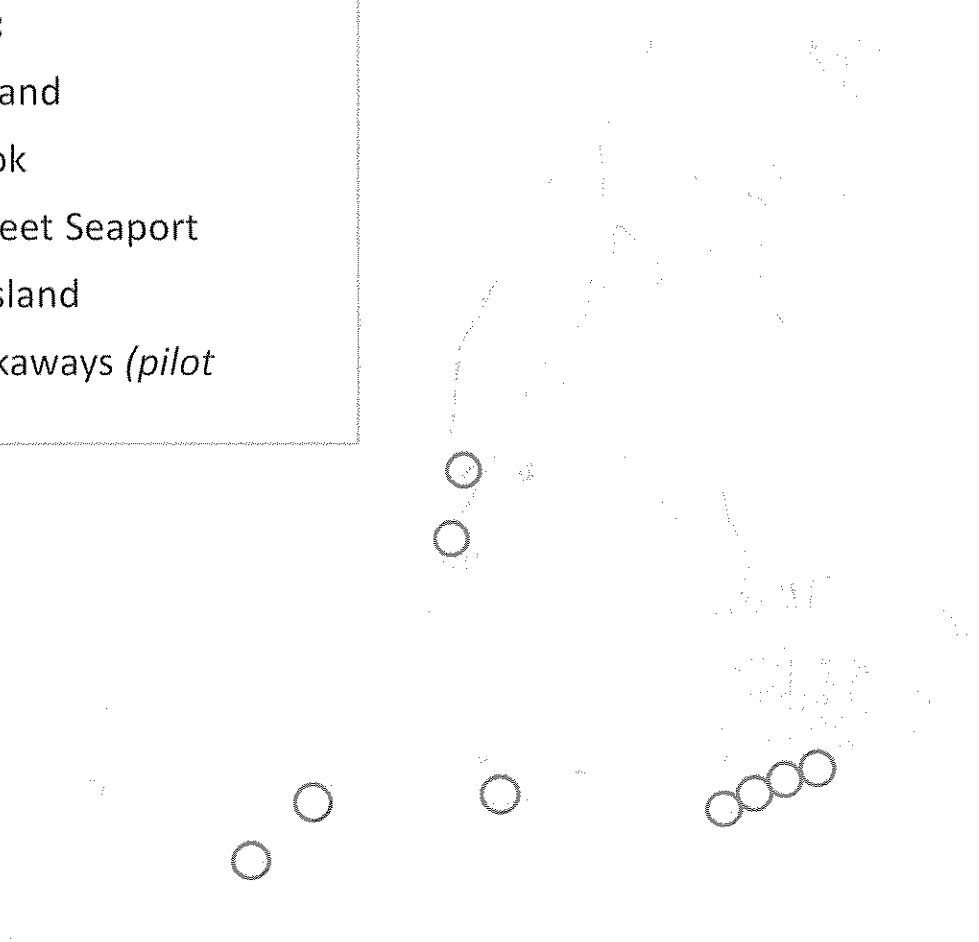


Post-Sandy Storefront Program - Impacts

FY14-15 Program Impacts

With ~\$2 million in private funds, SBS provided \$20k grants and design assistance to 110 businesses:

- \$120,000 to 9 businesses in Staten Island
- \$160,000 to 12 businesses in Red Hook
- \$190,000 to 9 businesses in South Street Seaport
- \$170,000 to 16 businesses in Coney Island
- \$975,000 to 63 businesses in the Rockaways (*pilot program site*)



BID Program Management & Oversight



A. Overview of NYC Small Business Services

B. Neighborhood Development Division (NDD)

1

Commercial Revitalization Program

- A. Avenue NYC Grants
- B. Neighborhood Challenge Grants
- C. Post-Sandy Storefront Improvement

2

Business Improvement Districts

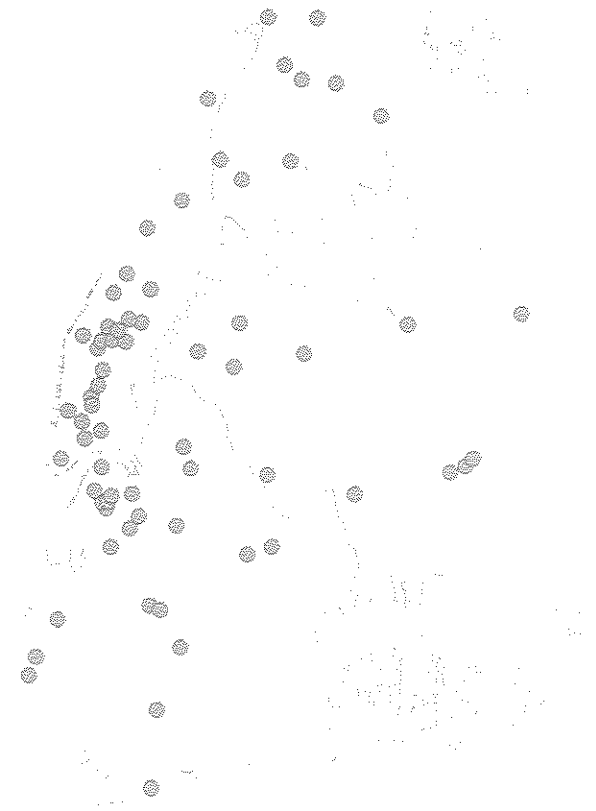
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- B. BID Formation & Expansion

Organizational Capacity Building

- A. Capacity Building Workshops
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What is a Business Improvement District?



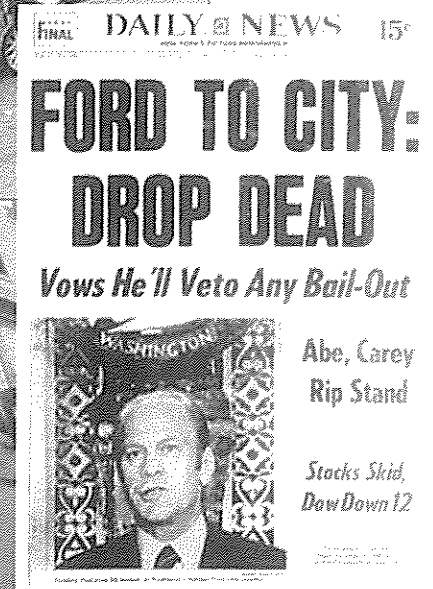
BIDs are **public/private partnerships** in which property and business owners come together to make a collective financial contribution to the maintenance, development, and promotion of their commercial district.

- Services provided by BIDs are funded by a special assessment on district properties
- BIDs provide services to supplement, not replace, the services already provided by the City
- BIDs are governed a locally-controlled non-profit board of directors consisting of property owners, commercial tenants, residents, and elected officials
- BIDs serve as a critical liaison between City government and neighborhood stakeholders

Why Was the BID Model Created?

BID History Timeline:

- The **1970s** and **1980s** saw New York City's commercial corridors decline severely as City services decreased, quality of life conditions worsened, retail anchors closed, commercial vacancies increased, and disinvestment in the city's neighborhoods accelerated
- **1976:** NYS passes Special Assessment District (SAD) legislation; Fulton Mall, Jamaica Center, Nassau Street and 165th Street SADs are formed
- **1981-1982:** BID legislation passed in NYS and NYC
- **1984:** Union Square becomes NYC's first BID
- **2014:** NYC's 70th BID formed in West Shore, Staten Island



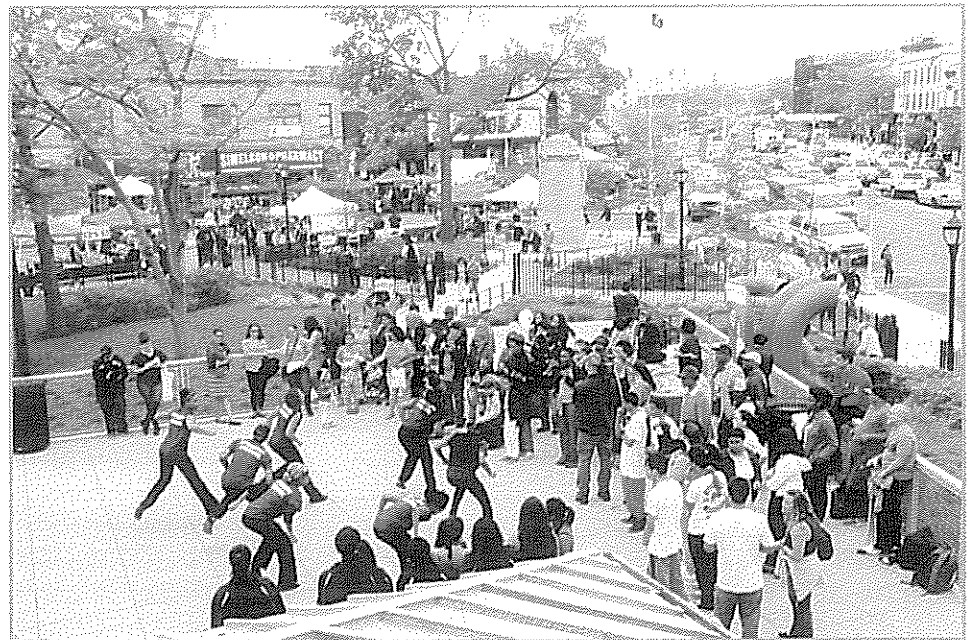
BIDs Today



- Today there are a total of **70** BIDs across the City, the **largest network** of BIDs in the United States.
- In FY14, BIDs invested more than **\$120 million** in neighborhoods, making them cleaner, safer and more appealing places to live, work, visit, and conduct business.
- More than **38,000** property lots and approximately **85,000** businesses are located in BIDs.
- NYC's BIDs have FY15 budgets ranging from **\$53,000 to \$17 million**.

Typical BID Services:

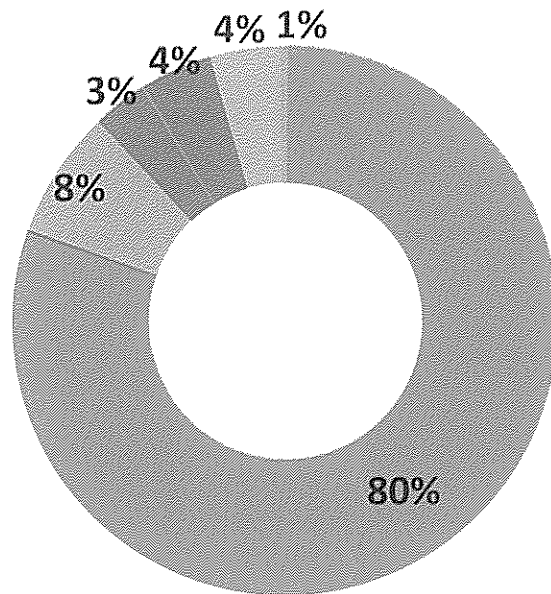
- Supplemental Sanitation & Maintenance
- District Marketing
- District Advocacy
- Public Space Activation
- Beautification & Landscaping
- Public Safety
- Capital Improvements
- Business Development
- Community Service Projects



BID Revenue & Spending

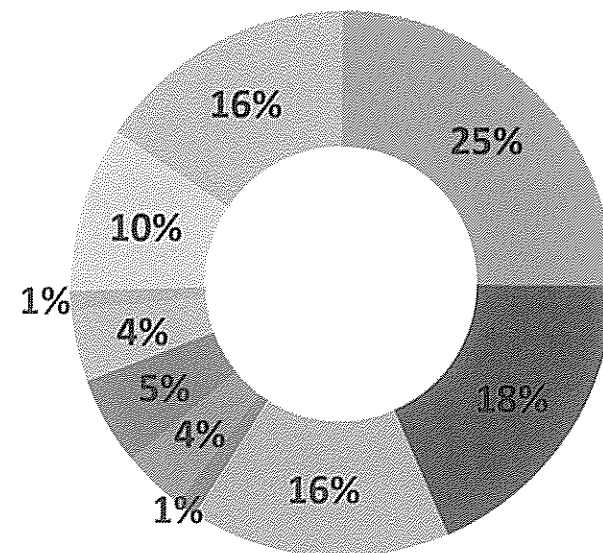


Generating the BID Dollar



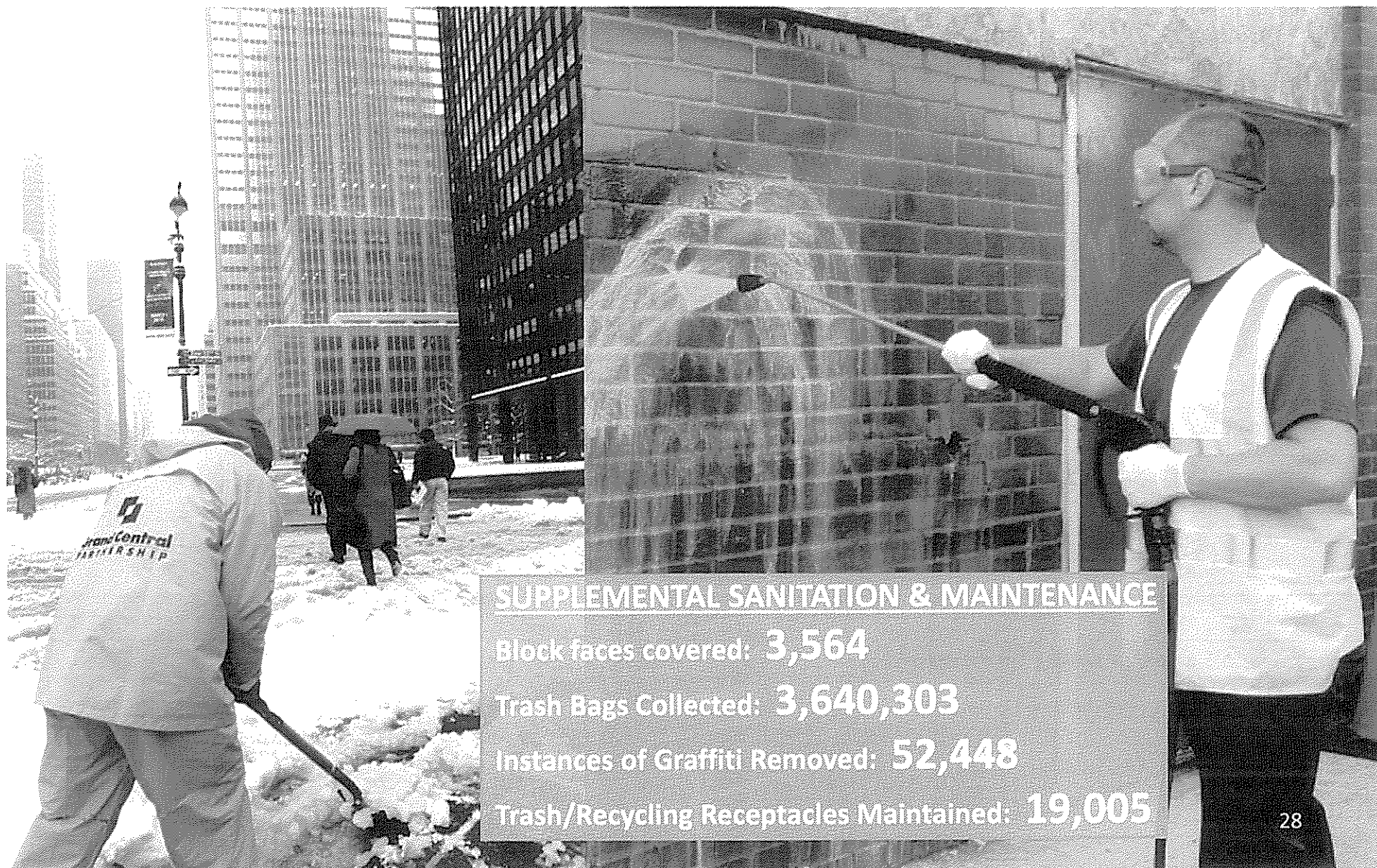
- Special Assessment
- Grants & Contributions
- Fundraising / Special Events
- Special Contracts
- Program Service Revenue
- Miscellaneous

Spending the BID Dollar



- Sanitation
- Security
- Marketing, Communications, Special Events and Tourism
- Holiday Lighting
- Beautification / Horticulture
- Streetscape Maintenance and Repair
- Capital Improvements
- Social Services
- Other / Special
- General and Administrative

BID Programs & Services



SUPPLEMENTAL SANITATION & MAINTENANCE

Block faces covered: **3,564**

Trash Bags Collected: **3,640,303**

Instances of Graffiti Removed: **52,448**

Trash/Recycling Receptacles Maintained: **19,005**

BID Programs & Services



PUBLIC SAFETY

Block faces covered: **2,411**

Responses to requests for assistance: **2,006,589**

BID Programs & Services



PROUD B.I.D. VOLUNTEER
HERE TO HELP!
為您服務
EXPLORE CHINATOWN

CHINATOWN B.I.D.
BUSINESS IMPROVEMENT DISTRICT
華埠商業改進區

FOOD FUN GAMES

DISTRICT MARKETING & EVENTS

Public events held: **1,909**

District Guides Distributed: **1,817,700**

Total Social Media Following: **1,896,069**

District banners displayed: **3,584**

華埠歡迎您參

BID Programs & Services



STREETSCAPE IMPROVEMENTS & BEAUTIFICATION

Public Spaces maintained: **99**

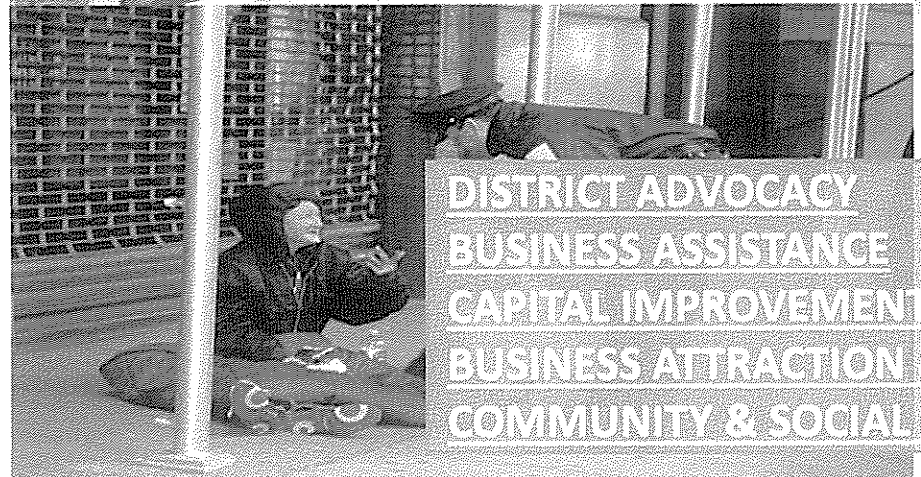
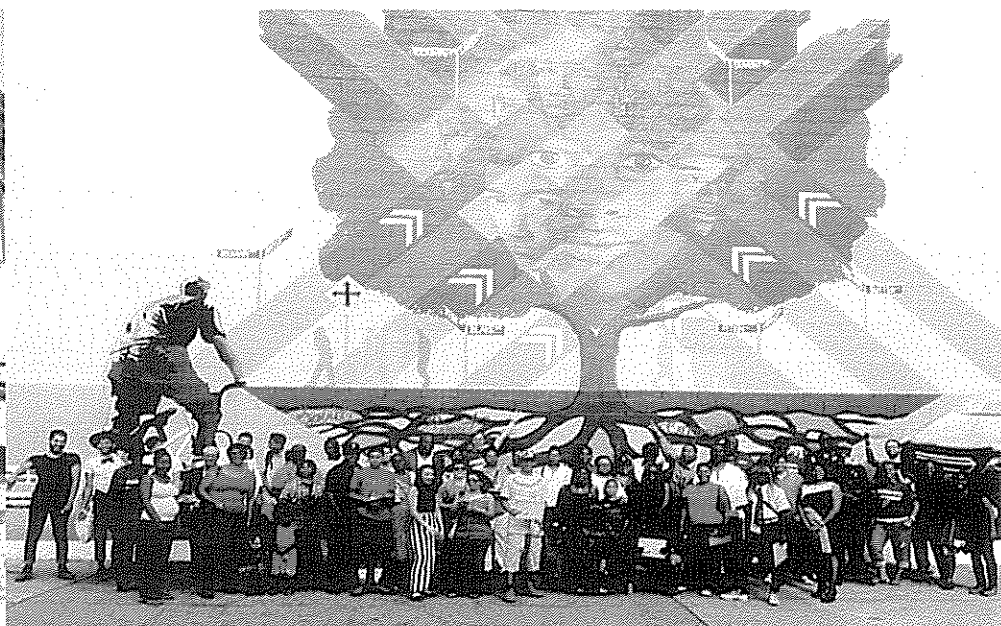
Pieces of Street Furniture Maintained: **13,609**

Maintained planters: **3,610**

Tree Pits Maintained: **19,360**

Public Art Installations: **302**

BID Programs & Services



DISTRICT ADVOCACY
BUSINESS ASSISTANCE
CAPITAL IMPROVEMENTS
BUSINESS ATTRACTION & RETENTION
COMMUNITY & SOCIAL SERVICES

BID Program Oversight



Key Oversight Roles:

- NDD ensures compliance with the following:
 - City Contract administered by SBS
 - District Plan that details the services, assessments and budget in the BID
 - District Management Association By-laws for governance of BID
 - Non-Profit Laws
- NDD evaluates individual BID performance and compliance by reviewing annual reports, organizational policies and procedures, and independently audited financial statements. NDD conducts its own audits of BIDs with problematic financials.
- NDD coordinates the BID billing process of over \$100 million in annual assessments with the NYC Department of Finance.
- NDD staff represent the Mayor on all BID boards, serving as full voting members of the Board of Directors. Additionally, NDD staff are mandatory members of each BID's Audit and Finance Committees.
- NDD staff guide BIDs through the legislative processes necessary for:
 - District Plan amendments
 - Assessment increases
 - Boundary expansions

Board Participation:

NDD staff represent the Mayor on all BID boards, serving as full voting members of the Board of Directors. Additionally, NDD staff are mandatory members of each BID's Audit and Finance Committees.

BID Boards of Directors must maintain the following composition:

PROPERTY OWNERS:	- <i>Must remain majority</i>
COMMERCIAL TENANTS:	- <i>At least 1</i>
RESIDENTIAL TENANTS:	- <i>At least 1</i>
MAYOR	- <i>Represented by SBS</i>
BOROUGH PRESIDENT	
COMPTROLLER	
CITY COUNCILMEMBER	- <i>Decided by Speaker if BID spans multiple districts</i>
COMMUNITY BOARD(s)	- <i>Non-voting</i>

Key Support Roles:

- NDD acts as a link and advocate for BIDs and their membership to city government, elevating BID concerns to the appropriate agencies and working to cut red-tape when needed
- NDD works closely with BID boards of directors, staff and local elected officials to assist under-performing BIDs
- NDD coordinates closely with the NYC BID Association to develop and implement BID-related policies and to address program issues
- NDD aggregates, analyzes, and shares BID program-wide spending and impact data, providing BIDs with important comps, benchmarks and advocacy tools
- NDD promotes and facilitates best-practice sharing through workshops, roundtables, leadership training and print materials
- NDD provides non-profit governance resources and technical assistance with:
 - Model by-laws, policies and procedures
 - Board governance training
 - Board recruitment training
 - Non-profit law assistance

BID Formation & Expansion

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B. Neighborhood Development Division (NDD)

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2 Business Improvement Districts

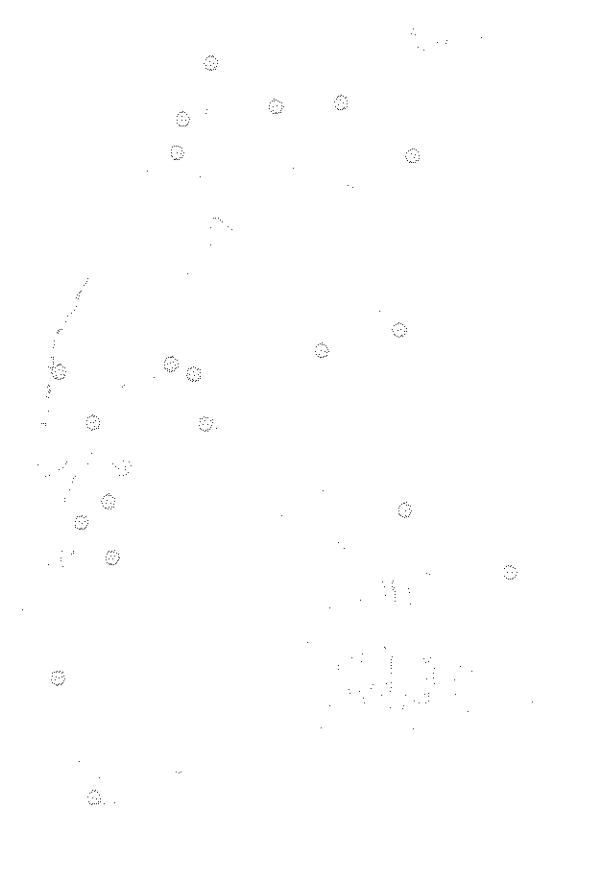
- A. Program Management & Oversight
- B. BID Formation & Expansion**

Organizational Capacity Building

- A. Capacity Building Workshops
- B. Academic-Institution Partnerships
- C. Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members



Who Initiates BID Formation?



BID formation efforts are **grassroots initiatives** that typically originate from a request for SBS' assistance from one of the following:

- Existing non-profit local development corporations (LDCs) and other community based development organizations (CBDOs)
- Merchant Associations
- Individual property and business owners
- Community Boards
- City Councilmembers



Evaluating BID Formation Requests

When local stakeholders approach SBS about BID formation, our first step is to work with the group to evaluate the feasibility of a BID in the proposed area.

- *Is a BID the right economic development tool to employ at this time?*
- *Is there an apparent need in the proposed area?*
- *Will the property in the proposed area be able to generate a sufficient assessment total?*
- *Is there a history of local partnerships and collaboration with property owners and merchants in the area?*

If **NO**, then SBS can provide guidance and resources for alternative commercial revitalization and neighborhood development options.

- Merchant Association creation assistance
- Commercial revitalization grants
- Capacity building programs

If **YES**, then SBS will help inquiring stakeholders start the BID planning process.

NDD's Role in BID Formation



NDD oversees the formation and start-up of all new BIDs, providing technical assistance and support to neighborhoods throughout the City interested in BID formation.

BID Formation Oversight: NDD attends all steering committee meetings and works closely between meetings to guide groups through the planning, outreach, legislative and start-up phases of the BID formation process.

Technical Assistance & Best Practice Advice: NDD acts as an advisor and resource for the steering committee, providing a technical assistance, data, and a library of templates, guides and other helpful information that will assist steering committees in the formation process.

Outreach & Community Inclusion: NDD requires extensive outreach to property owners, commercial tenants, residents, local elected officials and other stakeholders to ensure knowledge of BID efforts.

Demonstrating Support: NDD requires broad based support to be demonstrated from property owners, commercial tenants, residents, local elected officials and other stakeholders before sending a BID formation effort to the legislative phase.

Start-Up Support & Governance: After BIDs are signed into law, NDD works with area stakeholders to ensure proper board governance, fiscal, and management infrastructure is developed.

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Capacity Building Workshops



NDD offers regularly scheduled classes and seminars for NYC community-based development organizations in need of assistance with fundraising, non-profit financial management, communications, strategic planning, project planning, program evaluation and impact measurement, and board governance and development.

2014 SNAPSHOT:

- This year, NDD held **17** workshops
- **More than 230 non-profit leaders** from **65 community-based organizations** attended these workshops

2015 SNAPSHOT:

- Next year, the Division plans to hold **25** sessions focusing on non-profit management and commercial revitalization strategy

WORKSHOP TOPICS:

- Fundraising and Grant Writing
- Non-Profit Financial Management
- Board Development
- Program Evaluation
- Strategic Planning
- Communications and Marketing
- Program Design and Development
- Website Development
- Retail Attraction and Retention
- Placemaking and District Marketing
- Merchant Organizing
- Non-Profit Governance Best Practices

Academic Institution Partnerships



Pro-bono Legal Assistance

Introduced in 2014, the Neighborhood Legal Fellows program offers BIDs across the five boroughs access to outstanding **New York Law School** students to help them navigate matters of non-profit and corporate governance and compliance issues, and more effectively engage and support neighborhood businesses.



Neighborhood Legal Fellows, class of 2014-2015.

Pro-bono Design Assistance

Since 2011, NDD has partnered with the **School of Visual Arts (SVA)** to connect community-based development organizations (CBDOs) in low-to-moderate income areas of the City with graduate level and professional designers to provide pro-bono design assistance.



Neighborhood Leadership Program



The Neighborhood Leadership Program helps fulfill New York City's economic development strategy by investing in a diverse network of talented community leaders who will energize commercial corridors, and attract private investment to create local jobs.

Long-term Investment in Our Community Leaders:

- 5-month-long, cohort-based program offered free to selected participants
- Fifth cohort will graduate in June 2015, with 100 community development practitioners having graduated over the duration of the program
- 70% of participants work in organizations that serve low-to-moderate income neighborhoods



Neighborhood Leadership Graduation ceremony in 2012.



Community Outreach & Social Media

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- C. Coro Neighborhood Leadership

C. Community Outreach & Social Media

D. Collaboration with City Council Members



Community Outreach



Outreach in 2014:

- Attended over 500 community / CBDO meetings
- 50 meetings with NYC Council Members
- 1,611 Twitter followers



Social Media



DIVISION WEBSITE:



nyc.gov/neighborhoods

TWITTER:



@SBSNeighborhood

BLOG:



nycneighborhoods.tumblr.com

Collaboration with City Council Members



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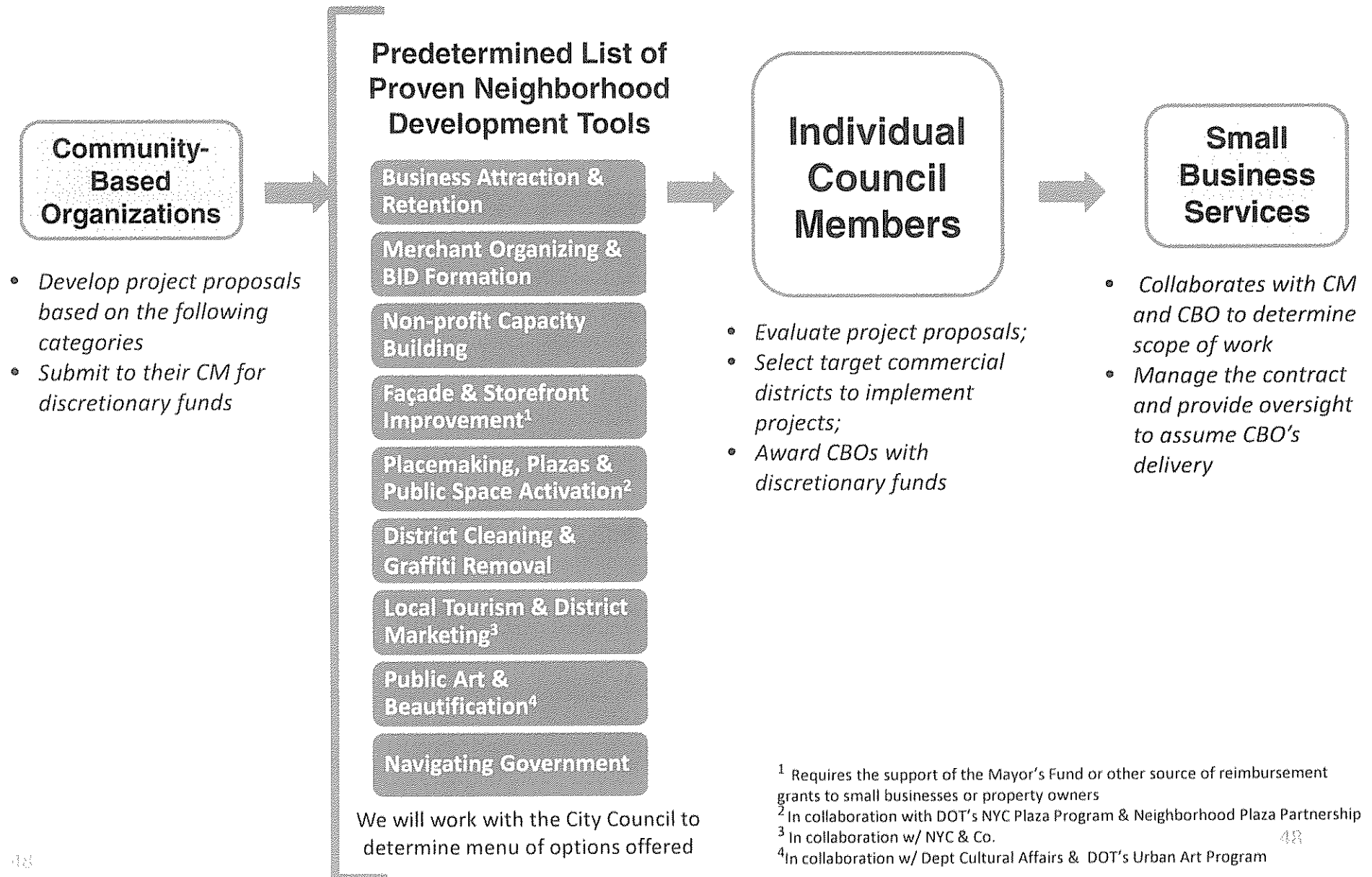
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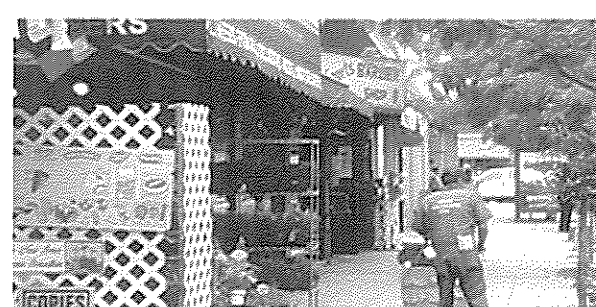
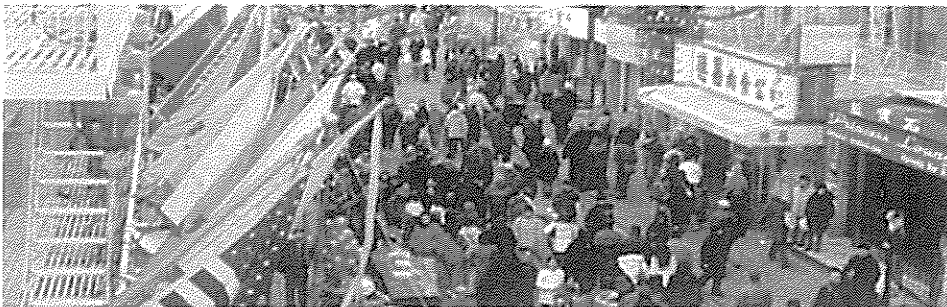
Collaborating with City Council Members





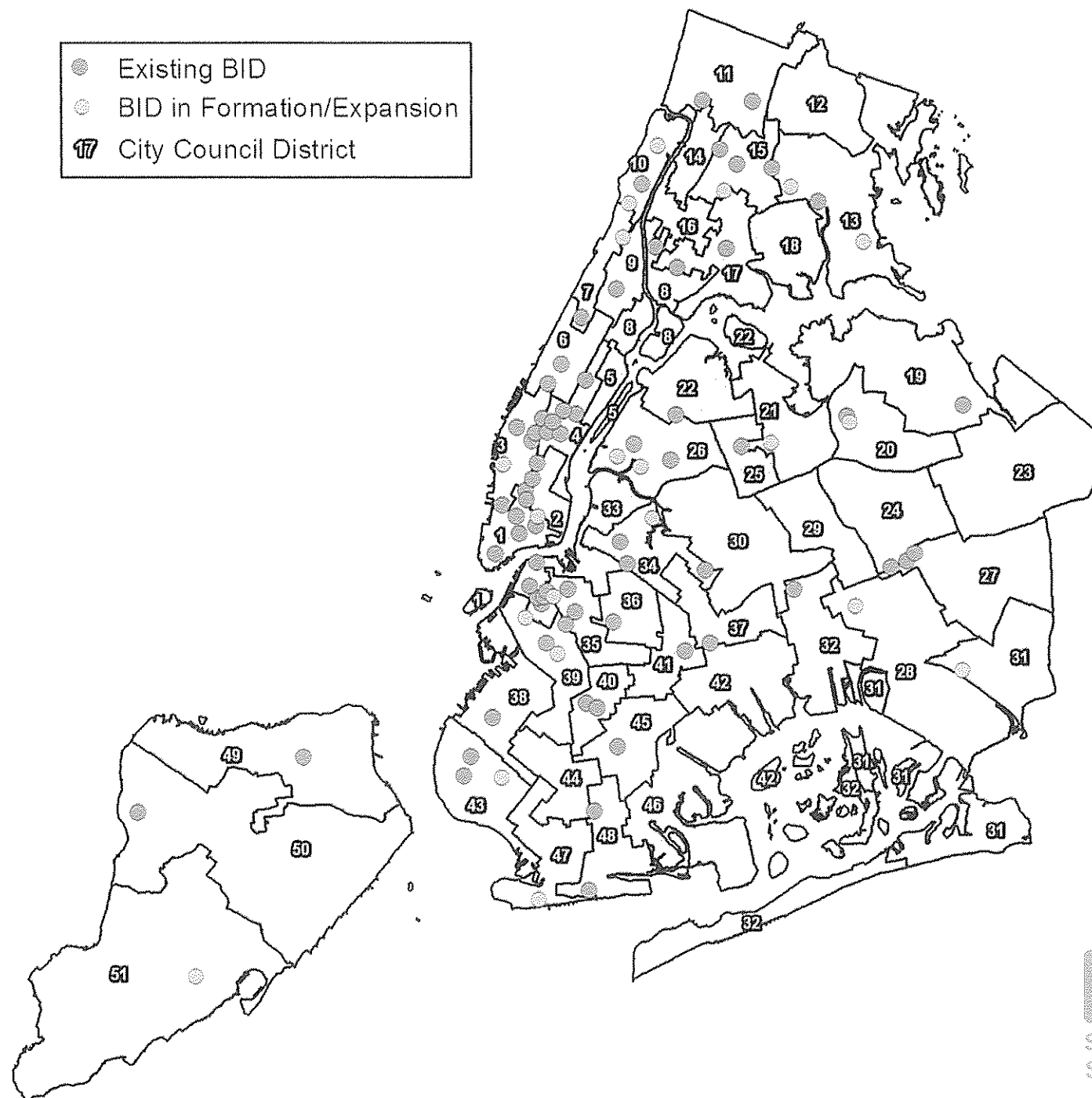
M. Blaise Backer
Deputy Commissioner
mbbacker@sbs.nyc.gov

James A. Mettham
Assistant Commissioner
jamettham@sbs.nyc.gov



NEIGHBORHOOD DEVELOPMENT DIVISION

NYC
Small Business
Services



Thursday, December 11th, 2014

Written testimony respectfully submitted to the NYC Council Committees on Finance; and Small Business by Andrew Steininger, Senior Vice President & Chief of Staff at the Brooklyn Chamber of Commerce.

Hon. Julissa Ferreras, Chairperson, Committee on Finance

Hon. Robert E. Cornegy, Chairperson, Committee on Small Business

Good morning Chairs Ferreras and Cornegy, other members of both committees, and guests.

My name is Andrew Steininger and I serve as the Senior Vice President & Chief of Staff at the Brooklyn Chamber of Commerce (BCC). I am delivering testimony on behalf of Carlo A. Scissura, President and CEO of the BCC, who sends his personal greetings to you both.

BCC is a membership-based business assistance organization, which represents the interests of nearly 2000 member businesses, as well as other businesses across the borough of Brooklyn. The Brooklyn Alliance is the not-for-profit economic development organization of the Chamber, which works to address the needs of businesses through direct business assistance programs.

We thank Chairs Ferreras and Cornegy for inviting us to testify at today's hearing focusing on SBS' Neighborhood Development Division (NDD) and programs it administers. I'd like to also express the organizations admiration for SBS Commissioner Maria Torres-Springer and her Deputy at the NDD Blaise Backer – both of whom we maintain an active and engaging relationship with; as well as depend on them for guidance and input.

Through the Brooklyn Alliance's Neighborhood Entrepreneurship Project (NEP), we work to address the needs of small businesses by providing neighborhood shopping districts, many in traditionally underserved communities, with comprehensive technical assistance and direct business support services. However the assistance that we provide to businesses would not be possible without the support and mentorship of NDD, which they have been providing since 2011 through their Avenue NYC Program.

As an Avenue NYC awardee the Alliance is currently engaged on Havemeyer Street Southside-in Williamsburg and in Midwood. With this funding, we were able to facilitate a number of economic/community development initiatives such as coordinate merchant meetings; build structures to create sustainable merchant organizations, conduct outreach to increase merchant participation; coordinate weekend walks to increase foot traffic; assist with organization of campaigns such as holiday shopping and street cleaning. Furthermore we have used this support to leverage private resources to serve an additional 11 neighborhoods across Brooklyn – focusing on LMI and Sandy Impacted areas.



Brooklyn Chamber of Commerce

With the active involvement of NDD and partnership with local City Council Members we are working hard to form Business Improvement Districts in areas where the property owners and businesses have asked us to on 7th Avenue Park Slope, 13th Avenue Dyker Heights, and Court/Smith Streets.

Some specific neighborhood projects that we also facilitated thanks to SBS include the Crown Heights North Family Zone Study, Sheepshead Bay Economic Development Study, Go! Digital Boot Camp, Passport to Red Hook—Passport to Dumbo/Myrtle Avenue—12 days of Shopping on Lewis Avenue 2010, Lewis Avenue Sidewalk Soiree 2011 and Lewis Avenue Summer Solstice 2011. The crown jewel of course is Chamber on the Go – thanks to the Council and of course Chairman Cornegy – your leadership – we are able to bring the resources of the Chamber directly into the storefront of businesses across Brooklyn.

NDD is a vital resource for economic development in NYC. They are a key support mechanism for communities that may not have adequate resources to organize merchants, enhance streetscapes and drive economic activity in their commercial hubs.

BCC thanks you for facilitating this hearing and we look forward to continuing our work with NDD and the New York City Council to provide businesses with the support that they need to thrive and be successful.



**Michael Lambert, MBA
Executive Director for
Bedford-Stuyvesant Gateway Business Improvement District**

December 11, 2014

Before the New York City Council

**Re: Oversight hearing the Small Business Committee and the Finance Committee are holding
on the Department of Small Business Services' Neighborhood Development Programs**

The benefits of the Neighborhood Development Programs of the Department of Small Business Services to
Economic and Community Development

Good morning. My name is Michael Lambert. I am the Executive Director of the Bedford-Stuyvesant Gateway Business Improvement District which is the home to almost 400 small businesses along Fulton Street between Troy and Classon Avenues, and along Nostrand Avenue from Atlantic Avenue to Halsey Street in the Bedford-Stuyvesant neighborhood of Central Brooklyn. I also serve as the Co-Chair of the New York City BID Association, a member organization of the City's BID Directors, created to collectively address issues faced by the City's Business Improvement Districts.

I would like to thank, Mayor De Blasio, Small Business Committee Chair Cornegy, Finance Committee Chair Ferreras, and the other members of the Council's Committees on Small Business and Finance for giving me the opportunity to testify at today's hearing.

As a BID director, I am charged with executing programming that keeps my commercial district clean, safe, and marketed, while also providing other forms of assistance to the many business and property owner stakeholders in my district. Providing services of this nature are often enhanced by the additional resources provided through the relationships with the Department of Small Business Services to BIDs and Community Development agencies across the City.

Four years ago, I transitioned from a career in health care administration to a career in community and economic development when I took on the role as an executive for a Bronx based community development program. In addition to overseeing a small neighborhood retail BID, I was also charged with helping merchants in three commercial corridors develop capacity and access resources that would help them improve economic conditions in their neighborhoods.

As a new leader in the field of economic and community development, who had previously spent over two decades running ambulatory health care programs, I came to rely on many of the programs from the Neighborhood Development Division of the Department of Small Business Services, to help ensure that my career transition was both as smooth as possible and as successful as possible.

In my new role, I inherited two SBS Avenue NYC Grants. One to revitalize a once thriving, but then dormant Merchants Association in the Norwood section of the Bronx, that had been created in the 1950s, and another to facilitate the creation of a Merchants Association in the Kingsbridge Road area.

In the case of the 50+ year old East 204th Street & Bainbridge Avenue Merchants Association in the northwest Bronx, whose membership and morale was decimated due to two devastating fires, I was able to utilize the Avenue NYC funding to increase merchant membership in the association from 2 to approximately 20 active members, to

Bed-Stuy Gateway Business Improvement District
1368 Fulton Street, 3rd Floor • Brooklyn, NY 11216 • 718.636.6989



restructure the association's leadership to include new and energetic officers who demonstrated a strong commitment to improving the corridor, to implement a dues structure that saw funds raised, which for the first time in about a decade, resulted in the return of Holiday Lights to the commercial strip. This became the talk at several neighborhood meetings and instilled a reenergized sense of pride in the community. Presently, that Holiday Lighting program has been expanded to more blocks under the leadership of the revitalized merchants association.

In the case of the Kingsbridge Road Merchants Association, Avenue NYC funding was used to grow the membership of the merchants and bring greater awareness to the organization as the official voice of the small business community along Kingsbridge Road from the Grand Concourse to Sedgwick Avenue in the Northwest Bronx. In addition to helping grow the association's membership, the SBS Avenue NYC Merchant Organizing and subsequent Capacity Building grants also saw the merchant group grow marketing and promotional efforts exemplified by their moving from the execution of a small sidewalk sale to their current annual street festival fund-raising event that attracts an estimated three thousand attendees. Additionally, the merchants have increased their annual programming to include a Winter Holiday Tree Lighting event that also attracts hundreds of area residents to the Kingsbridge Road Commercial Corridor.

The Avenue NYC Program has additional grants available to CDBG eligible areas such as their Retail Attraction program that has been instrumental in reducing vacancy rates and increasing the retail mix in several neighborhoods across the City.

Another key Neighborhood Development Division Program is the SBS/CORO Neighborhood Leadership Program which has provided me with invaluable training and access to other colleagues in the field of neighborhood and economic development who have enhanced my ability to excel in my prior role as the Executive Director of a small retail based BID in the northwest Bronx and now as the Executive Director of the medium sized Bedford-Stuyvesant Gateway BID and Co-Chair of the New York City BID Association. The Neighborhood Leadership Program fostered camaraderie between myself and other economic and community development leaders from various arenas. In addition to helping build a strong network of colleagues in the fields of economic and neighborhood development who are able to learn from each other, support each other, share best practices, and help each other realize their economic and community development goals and objectives. The SBS/Coro Neighborhood Leadership program provides a framework that has allowed me to take an introspective look at myself as a leader in the field of economic and neighborhood development. In addition, the program has provided me with a framework that allows me to better manage stressful situations, to develop solutions for "adaptive problems", to actively listen, to focus on facts, and to better manage my work life balance. These are elements that have allowed myself and my fellow Neighborhood Leadership alumni to grow and excel at our respective programs.

In Jackson Heights, Seth Taylor, the former Executive Director, who is also my fellow alum from the 2012 cohort of the SBS/CORO Neighborhood Leadership Program, exemplified the benefits of another SBS Neighborhood Development Program, the Neighborhood Challenge. A competitive grant program designed to bring key improvements and programs to economic development corridors across the City. Utilizing funding from the Neighborhood Challenge, The 82nd Street Partnership was able to cover the soft costs related to items like (designs, drawings, and permits, to facilitate the leveraging \$150,000 of total investment into 10 storefronts, with property and business owners paying the related construction costs. Not only did this result in improved aesthetics, but it also resulted in the correction of more than twenty LPC violations. This is one of many examples of how the Neighborhood Challenge Program is improving commercial corridors across the City.

In summation, the SBS Neighborhood Development Programs are effective programs that provide outcome based benefits to the many New York City neighborhoods that we have been charged with improving. If there is any way that the Council can assist in further expanding these programs, I am sure that many more of the City's commercial corridors will benefit greatly. Thank you again for allowing me to testify before you this morning.

NYC Council Testimony

Finance Committee

December 11, 2014

A Tale of Two BIDs

Submitted by Dr. Cary Goodman, Executive Director, 161 BID

Preamble

There are 70 Business Improvements Districts in New York City. All are chartered by New York City to create and maintain cleaner, safer, friendlier commercial districts. However, just like the city itself, the BID community is a tale of two BIDs. One BID type, the corporate BID, is wealthy, powerful and fully-resourced. The other type of BID, the community BID, lacks adequate funding, staffing and influence.

Community and Corporate BIDs

Budgets and Staffing

BIDS like Sutphin Boulevard, Pitkin Avenue and 161 BID are community BIDs

Times Square, Grand Central, Bryant Park are examples of corporate BIDs.

The average community BID assessment is less than \$250,000.

The top corporate BIDs control millions of dollars.

Typically, community BIDs have only one staff person.

In the corporate BID world, every BID has an executive director, administrative staff, marketing, special events and security staff.

Profiles

Community BIDs are made up of small businesses, small property owners and residential rentals.

Corporate BIDs are made up of Fortune 500s, large realtors, co-ops, condos and luxury apartments.

A typical community BID business is a family-owned retailer or restaurant.

In the corporate BIDs it is Disney, Related or Google.

There is a very limited business mix in the community BIDs – no high tech firms, no research or media firms, no companies listed on the NASDAQ or NYSEX.

The corporate BIDs have diverse retail climates and include some of the city's most powerful companies.

Influence and Legislation

The community BID Boards are comprised of small business merchants and property owners with limited resource bases and little political experience.

The corporate BID Boards include business titans who assert their power on behalf of their BIDs. They generate grants, provide technical assistance and influence legislation and regulations on issues like vendors, living wages, street fairs, paid sick leave, etc.

Community BIDs have enormous difficulty in obtaining the city's cooperation for street closings, access to parks and use of pedestrian plazas.

Corporate BIDs have their special events/marketing project trumpeted by those same municipal agencies that deny permission to community BIDs.

Conclusions

The Mayor and the Council have a chance to restructure the Department of Small Business Services and tilt the scales towards a fairer, more balanced BID landscape. The Administration working with the City Council can create a fully-resourced, dynamic BID community in every borough by reducing the gap between community and corporate BIDs.

The Mayor and the Speaker will be able to deploy all the city's BIDs on behalf of job creation, commercial expansion and economic development by increasing the resources available to smaller, community BIDs.

Policy Recommendations

1. SBS should have the bulk of its staff re-deployed and assigned to help build capacity at the community BIDs. Each expanded BID should be staffed by an executive director, a job creator, a marketing director and a business relations director.
2. Working with the Council, the Mayor should expand the Avenue NYC program and allocate \$5 million for marketing campaigns, advertising and job creation. These funds should be exclusively used for community BIDs.

3. Working with the Council, the Mayor should allocate \$4 million to the BID Challenge. These funds should be reserved for community BIDs (as they were originally intended) when the Council passed the program under the title, BID Challenge in 2011-12. These funds should be MATCHING FUNDS used to complement the dollars invested by BID property owners. In their current format the Neighborhood Challenge grants force smaller BIDs to compete with LDCs and large BIDs for these scarce resources.

4. Working with lenders, the Federal government and New York State's Regional Economic Centers, the Mayor should make an interest-free loan program of \$10 million available to community BID members.

5. Finally, working with each borough president, the Mayor and the Council should establish job creation goals for each BID and transform the Department of Small Business Services into the city's preeminent job creation agency. Monies from the MATCHING FUNDS of the BID Challenge should be used by each community BID to hire a job creation-business attraction specialist for that community.*

* The opinions and recommendations expressed in here are solely those of the author and do not necessarily reflect the position of the 161st Street BID or its Board.



**Testimony Prepared for the Committees on Finance and Small Business
"The Department of Small Business Services' Neighborhood Development Programs"
December 11, 2014, 10 AM**

Spoken: Good morning. My name is Alix Fellman, I am the Social Enterprise Coordinator at WHEDco. I'm here to share our experience building small businesses in the Bronx and working with the Department of Small Business Services.

For more than two decades, the Women's Housing and Economic Development Corporation (WHEDco) has helped hundreds of entrepreneurs get their businesses off the ground. We train over 500 childcare business owners each year; we have launched 168 food entrepreneurs from the Urban Horizons Incubator Kitchen; we have reduced the commercial vacancy rate on the South Bronx's Southern Boulevard commercial corridor by more than 10% and started a merchants association with 38 members; and we have trained over 250 prospective Green Cart produce vendors. These new small businesses provide jobs and incomes to their owners and employees, and deliver much needed goods and services to community residents.

We have partnered with the New York City Department of Small Business Services (SBS) on many of our small business programs. Since 2008, we have received Avenue NYC grants to support our work with the Southern Boulevard Merchant Association, which includes organizing merchants and community members to create a more vibrant, economically successful commercial corridor, and attracting new businesses to the fast-growing surrounding neighborhoods of Morrisania and Melrose. In 2013, we were awarded a Neighborhood Challenge grant that allowed us to build our first Boogie Down Booth, a temporary street installation we piloted to activate underutilized spaces under the elevated train with seating for pedestrians, solar-powered lighting, 24/7 music from local Bronx musicians, and connections to local history, business and arts. And, for the past two years, we have been a member of the NYC Small Business Technology Coalition, a partnership sponsored by Citi Community Development between SBS and five New York City nonprofits to provide technology training, such as computer basics, marketing, and financial reporting, to help hundreds of small business owners in all five boroughs use technology more effectively to manage and grow their businesses.

We are grateful for the support from SBS that has enabled us to serve hundreds of small business owners in the South Bronx. From our experience, we have learned the critical role that technical assistance can play for first-time business owners, especially those from low-income backgrounds. We have developed a hyper-local approach that energizes entrepreneurs' neighborhood knowledge and helps define niche markets to weave a strong retail sector. We have seen how economic security can help microentrepreneurs overcome multiple barriers, including language and education.

Yet many barriers persist. Differences in culture and communication stand between some entrepreneurs and critical assistance. Money management skills are lacking. Small business requires access to new financial resources, low-interest startup capital, and mainstream banking services, all of which are scarce in the Bronx. We suggest the following policy recommendations that will help microentrepreneurs, especially those from low-income backgrounds, start or grow their businesses:

Encourage mainstream banking institutions to offer more business services in low-income areas. The Bronx has fewer banks and credit unions, but more payday lenders and check cashers than the rest of the City. The Responsible Banking Act, which was passed by the New York City Council in 2012 but has yet to be implemented, is a first step towards encouraging banks to provide more services in underserved neighborhoods. The law requires banks that do business with the City to publicize information about the services they provide in low-income communities, and will encourage the City to work with banks that provide the best services to low-income neighborhoods.

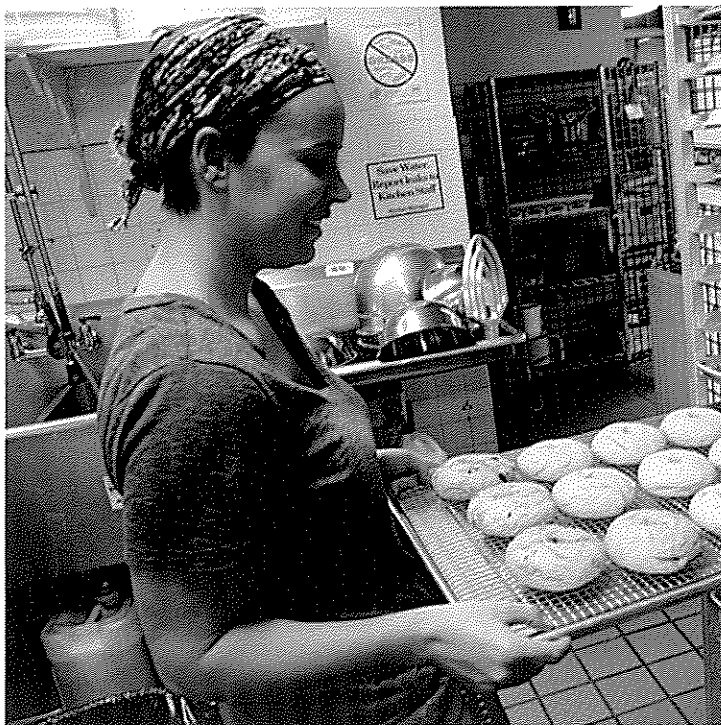
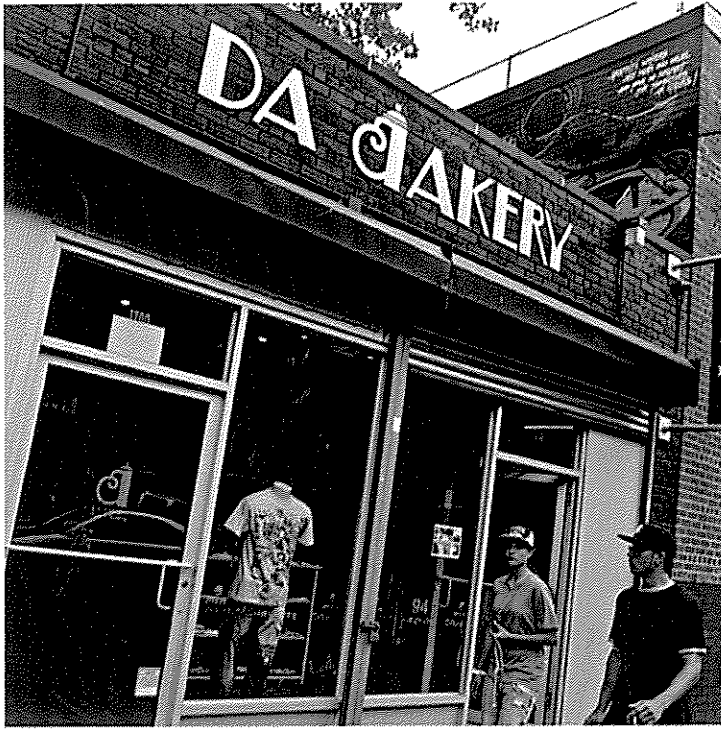
Create new sources of funding for local small businesses, like simple, affordable lines of credit; competitive grants or low-interest loans; risk capital; microfinancing; or alternative forms of capital, like providing equipment instead of monetary grants.

Support community-based organizations that support low-income entrepreneurs. Many immigrant entrepreneurs come from cultures or countries where they do not borrow money from institutions or expect to get assistance – let alone free assistance – from government or nonprofit organizations. They often are not connected to traditional social service networks. Connecting these business owners to resources requires building trust, which community-based organizations have already worked hard to establish. The City could better serve these small business owners by supporting the work of community agencies and community developers who work daily to build trust with residents and local entrepreneurs, and introduce them to vital business-supporting networks.

Bring services directly to small business owners. Currently, the City's Small Business Solutions centers are only open on weekdays from 9am-5pm, with extended hours one day per week. Microentrepreneurs, especially sole proprietors, are often running their own businesses during these hours, and cannot afford to close up shop and potentially lose revenue to seek services. We find that marketing, computer and financial assistance are among the top areas of need. SBS should create a mobile unit that can visit shopkeepers at their place of business. A similar mobile model could be used to bring banking services to underserved areas. Bank officers could provide financial counseling, assist in completing loan applications, and guide new business owners through online banking services during on-site visits. Finally, SBS should spearhead the creation of a website to meet Bronx entrepreneurs' dire need for information about where to access low- or no-cost business services in the Bronx, and citywide.

Provide sector-specific small business services. We have found generic small business support to be less effective in helping low-income entrepreneurs get off the ground. Our most successful microentrepreneurs start with a clear vision for their product. Our staff help them assess the market for that product, provide tailored advice, and help entrepreneurs navigate the legal and regulatory challenges relevant to that product's industry. This is a model that could be replicated citywide.

Promote self-employment as a viable form of employment. Traditional workforce development programs, like those run by SBS do not adequately promote entrepreneurship as a viable option for job seekers. However, starting a business can provide a source of income and the development of marketable skills, especially in the Bronx, which has the highest rate of unemployment in New York City. Workforce development and job placement centers should promote entrepreneurship as a pathway to economic security. We have found entrepreneurship through food and childcare to be the most successful sector-specific pathways among those we serve thus far, but we see the arts and technology as ever-growing links to new opportunities.



Building Small Businesses in the Bronx

December 2014

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The Women's Housing and Economic Development Corporation (WHEDco) is a community development organization founded on the radically simple idea that all people deserve healthy, vibrant communities. We build award-winning, sustainable, affordable homes – but our work is not over when our buildings are complete. WHEDco believes that to be successful, affordable housing must be anchored in strong communities that residents can be proud of. WHEDco's mission is to give the South Bronx access to all the resources that create thriving neighborhoods – from high-quality early education and after-school programs, to fresh, healthy food, cultural programming, and economic opportunity. whedco.org

Executive Summary

The Great Recession has left a lasting impact on the local economy of the South Bronx. Declining wages and a struggling labor market are not just national trends – they are economic forces that play out on our streets. While the causes may be complicated, the effects are clear: people have lost jobs or had hours cut. Rents have gone up, along with foreclosures.

Yet throughout the recent economic turmoil, Bronx residents continue to launch small businesses to make ends meet. Small business has long been a mainstay of livelihoods in poor and immigrant communities, often being the only option for people who are otherwise isolated by class or culture from the mainstream economy. In today's environment of economic growth without job growth, where fewer firms are hiring and more workers are leaving the workforce altogether, enterprise creation continues to be a reliable source of job creation.

For more than two decades, the Women's Housing and Economic Development Corporation (WHEDco) has helped hundreds of entrepreneurs get their businesses off the ground. We train over 500 childcare business owners each year; launched 168 food entrepreneurs; reduced the commercial vacancy rate on the South Bronx's Southern Boulevard commercial corridor and started a merchants association with 38 members; and trained over 250 prospective Green Cart produce vendors. These new small businesses provide jobs and incomes to their owners and employees, and deliver much needed goods and services to community residents.

Microenterprise creation in the Bronx has yielded many lessons: technical assistance is critical for first-time business owners, especially those from low-income backgrounds; a hyper-local approach energizes entrepreneurs' neighborhood knowledge and helps define niche markets to weave a strong retail sector; and economic security helps microentrepreneurs overcome multiple barriers, including language and education.

Many barriers persist. Differences in culture and communication stand between some entrepreneurs and critical assistance. Money management skills are lacking. Small business requires access to new financial resources, low-interest startup capital, and mainstream banking services, all of which are scarce in the Bronx. Below are some policy recommendations that will help microentrepreneurs, especially those from low-income backgrounds, start or grow their businesses:

Create New Ways to Access Capital

- Encourage mainstream banking institutions to offer more business services in low-income areas.
- Create new pools of funding available to microenterprise start-ups in low-income communities, including simple, affordable lines of credit; low-interest revolving loans or competitive grants; risk capital; microfinancing; and alternative forms of capital.

Make Technical Assistance Local and Specific

- Support community-based organizations that support low-income entrepreneurs.
- Bring services directly to small business owners.
- Provide sector-specific small business services.
- Promote self-employment as a viable form of employment.
- Promote entrepreneurship among native New Yorkers as well as immigrants.

The Current Economy

The fallout of the latest economic crisis is playing out in the usual arenas: jobs and housing.

“In some ways, the job market is tougher now than in any recession,” says Federal Reserve Chair Janet Yellen.¹ The number of long-term unemployed people is higher than it has ever been. While the unemployment rate continues to decline, it fails to recognize more than seven million people nationwide working part time but seeking full-time employment,² nor does it capture data on those who have ceased looking for work.

The job market is even tougher in the Bronx. Between 2009 and 2013, the unemployment rate in the Bronx hovered between 10.2 and 13.9 percent. As of September 2014, the unemployment rate is 8.5 percent, while New York City is down to 6.1 percent.³

The median household income in the Bronx is \$36,520, only 58 percent of the City’s area median income (AMI).⁴ In other words, more than half of Bronx households are considered low or very low-income by US Department of Housing and Urban Development (HUD) standards – so low, in fact, that they often do not meet the minimum income level for government-assisted housing in NYC. These impacts are felt more severely in the South Bronx. The 15th US Congressional District remains the poorest urban congressional district in the US, with a median household income of just \$23,314.⁵ Nearly 40 percent of families in the district live below the poverty level.⁶

There are two key causes of unemployment in the United States: a mismatch between skills of job seekers and skills employers need (structural unemployment); and too many skilled workers for available jobs (cyclical unemployment). The lack of available jobs for skilled workers is also called slack. Too much slack in the marketplace means there just aren’t enough jobs. In the Bronx, there is both structural and cyclical unemployment, compounded by language barriers, low educational attainment and a dearth of networks that connect and support job seekers.

Those who are lucky enough to have jobs are earning less. The private sector may be generating new jobs at a steady rate, but wages remain stagnant in large part because new jobs being generated are increasingly in low-wage sectors, and more workers are employed less than full-time. Between 2000 and 2012, the median real income of NYC households

Bronx Quick Facts

Unemployment Rate

8.5%

From high of 13.9%

Median Income

\$36,520

Down 23% since 1990

Rents

Up 48% since 1987

decreased 4.8 percent, marginally better than the national median income decline of 6 percent. In the Bronx, over the same period, real median income decreased 11.8 percent.⁷ *Since 1990, Bronx median household income has decreased an astounding 23 percent.*⁸ The Bronx has not only suffered more severely during times of economic crisis, but also never fully benefited from times of economic growth and stability.

Meanwhile, rents are on the rise. According to a report released in April 2014 by the New York City Comptroller's Office, between 2000 and 2012, median rents in New York City rose 75 percent, compared to 44 percent in the rest of the US. Since 1987, after the worst of the fires had been put out and the borough began to recover, average rents in the Bronx have risen 48 percent above inflation.⁹ Today, real estate transactions are multiplying, bringing hotels and other large developments to the borough. Long-time residents are facing rent increases, and the supply of new affordable housing units, though growing, fails to keep pace with demand. Rising rents without rising incomes risks pricing out residents and repeating the cycle of displacement that has plagued the Bronx since the 1960s.

There is some hope in an otherwise grim picture of today's economic reality. In New York City, local government policies have led to some new work opportunities – the Universal Pre-K program, for example, required hiring 2,000 new instructors, and providing free childcare helps more parents get to work – but more can be done. The sector that has proven its ability to add jobs, and has the greatest potential for growth, is small business.

Back to Work with Small Businesses

Small businesses are at the foundation of the American economy. According to Federal Reserve Chair Yellen, “small businesses deserve a considerable share of the credit for the investment and hiring” that is driving the recovery.¹⁰ And a considerable share of businesses in the United States – 92 percent – are microenterprises, or businesses with fewer than five employees.¹¹

In New York City, two-thirds of businesses are microenterprises. A recent report by the Center for an Urban Future, *Small Business Success: A Blueprint for Turning More of New York City's Small Businesses into Medium-Sized and Large Businesses*, shows that these microbusinesses accounted for 82 percent of the growth in new businesses between 2000 and 2013; over the same period, businesses with more than 500 employees actually lost jobs. There is opportunity for even more growth: if one-third of the City's 165,000 microbusinesses added just one employee, it would mean 55,000 additional jobs citywide.¹²

Microenterprises offer significant economic opportunity for immigrants and other demographic groups who suffer most when the economy is in decline. Nationwide, immigrants are twice as likely as native-born Americans to start new businesses.¹³ In New York City, immigrants comprise 36 percent of the total population and 44 percent of all workers, and make up almost half of small business owners.¹⁴

Making Microenterprise Happen

The data supports what we've long seen at WHEDco: microenterprise is a genuine opportunity for low-income people to earn enough to support their families. Through resident surveys nearly 20 years ago, we asked how families were making ends meet. Surveys revealed many low-income women cooking and selling food from their home kitchens, or caring for children at home, sometimes without proper safety precautions or oversight. These community surveys guided our efforts to create sector-specific microenterprise programs to help people build careers from their skills and interests and create sustainable small businesses. *Evidence abounds that tapping into existing community assets can strengthen local economies.*

Launching Careers in Childcare

**"Babysitting is a job.
Childcare is a career."**

Through our HBCC work, WHEDco helps women understand the earning potential of their childcare skills. These women are not babysitters; they are childcare professionals and small business owners. Part of our training is instilling this mindset in our providers. Identifying oneself as a childcare professional and not a babysitter is a process: it can take providers over a year to complete their training, establish their business and begin to see themselves on a path to success. Ultimately, the commitment pays off: By completing just 10 hours of training, an unlicensed provider caring for two children can earn up to \$60 more each month. Fully licensed family childcare providers can earn over \$3,500 a month.

WHEDco's Home-Based Childcare (HBCC) program addresses several intersecting chronic issues: poor economic mobility for low-income women, a lack of viable income-generating opportunities, as well as a dearth of high-quality and affordable childcare settings for young children. HBCC increases childcare providers' incomes while teaching them to establish and sustain nurturing and stimulating childcare environments.

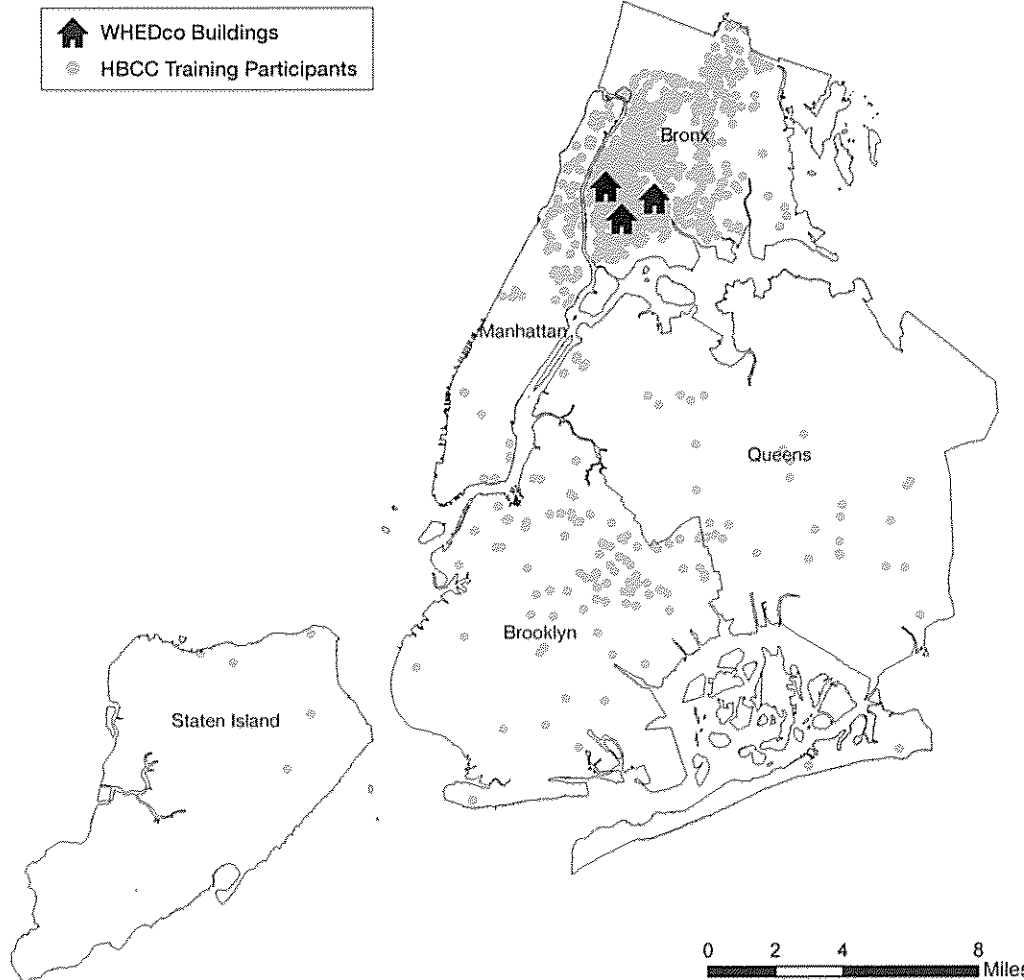
WHEDco trains an average of 500 people each year employing a combination of classroom settings, which allow trainees to network with and support each other, and one-on-one technical assistance that addresses each provider's individual needs in the context of their particular skill set. This approach "meets people where they are," providing a high quality training program without placing additional burdens on committed participants. Even those with limited formal education and language skills benefit from training.

In recognition of the depth and breadth of the organization's expertise in home-based childcare, the New York State Office of Children and Family Services (OCFS) awarded WHEDco a contract to screen unlicensed childcare providers for health and safety requirements. Unlicensed providers are paid by the City to care for children whose families receive public assistance or are eligible for city-subsidized childcare. These providers are often friends or family members. WHEDco's goal is to transition care-



WHEDco uses classroom instruction and one-on-one technical assistance to serve each provider's needs. Source: WHEDco

Home-Based Childcare Trainees in 2013



In 2013 alone, WHEDco trained 1,233 home-based childcare providers across the five boroughs. Source: WHEDco

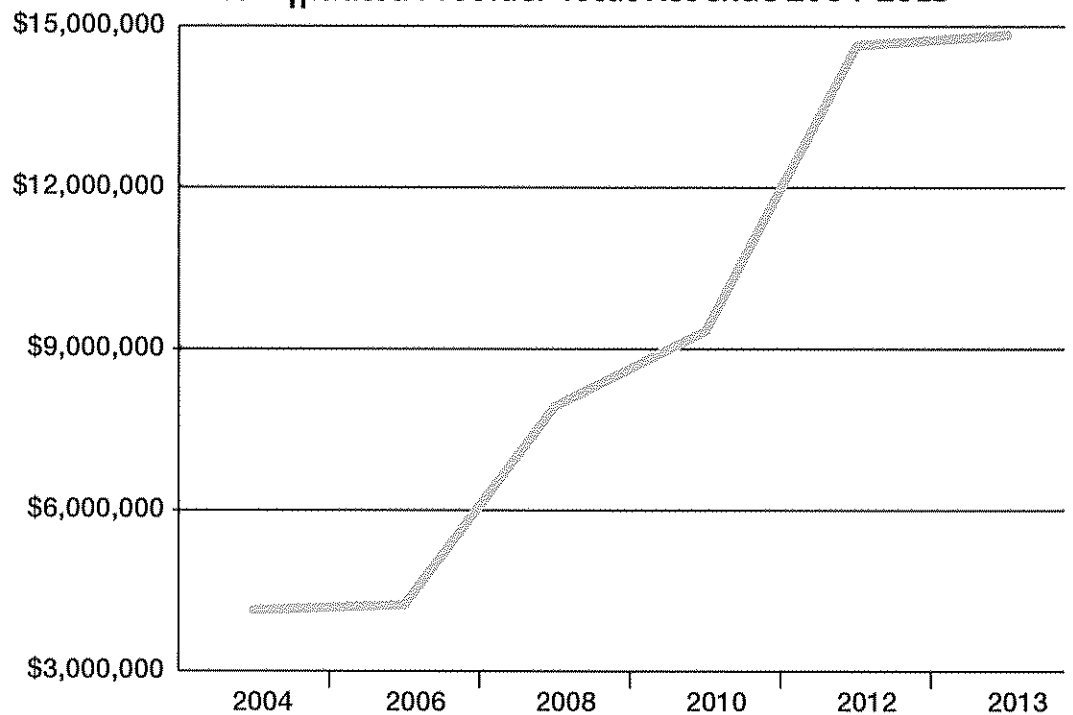
givers from unlicensed to licensed childcare provision. WHEDco's staff is now located in 24 New York City Human Resources Administration Job Centers in all five boroughs to facilitate the screening process and connect providers to our training program.

Training includes topics in child development, health and nutrition, business management, and personal and business finance. We also connect providers to resources that decrease their business expenses, like the Child and Adult Care Food Program (CACFP), which reimburses providers for the healthy meals they provide to children in their care. In their first year of operation, licensed providers' average incomes more than double.

Teresa's Story

Teresa¹⁵ is an immigrant woman who successfully started a childcare business with help from WHEDco. She has a law degree from her native Dominican Republic, but as a monolingual Spanish speaker, she was unable to find work when she first moved to the Bronx. Teresa started WHEDco's home-based childcare training program, in Spanish, in April 2010. She received one-on-one technical assistance and registered for subsidies to provide healthy food to the children in her care. By November 2010, Teresa received her group family daycare license, which allows her to care for up to 16 children. She is optimistic about the future and has dreams of opening a childcare center one day. "WHEDco has helped me get where I am now," she says. "I couldn't have done it alone."

WHEDco-Affiliated Provider Total Revenue 2004-2013



Source: WHEDco

Data on almost 400 WHEDco-affiliated home-based childcare providers shows that the vast majority – almost 95 percent – are women, ranging in age from 19 to 75 years old. Almost three-quarters of these providers are Hispanic/Latino and about one-quarter is African-American. More than half of these providers speak Spanish as their primary language. Educational attainment is generally low, with about half of these providers having a high school diploma or less. The majority resides in the Bronx (87 percent). In 2013, affiliated providers cared for 6,569 children and generated a total of over \$14 million of revenue, earning on average about \$40,000 (though some providers earn more than \$100,000 per year).

Cooking Up New Food Businesses

WHEDco's Urban Horizons Kitchen opened in 2000 after community surveys revealed that many community members supported their families by selling food products that they made at home. Typically not a lifestyle choice or a dedication to producing artisanal foods, we saw people making and selling food in unlicensed kitchens because they had no other employment option.

The Urban Horizons Kitchen provides affordable and licensed commercial kitchen space along with a variety of business support services that enable entrepreneurs to legalize their operations and sell to retail outlets. Food businesses face tremendous startup costs; by providing affordable incubator space, we give entrepreneurs a place to test products and ideas. WHEDco helps food entrepreneurs develop and grow cost-effectively, creating more stability and income for the business owner, while adding jobs to the area as successful and supported businesses expand.

The Urban Horizons Kitchen is a 4,000 square-foot, fully equipped commercial kitchen. It is divided into four workspaces, or bays, that can be rented alone or in combination. Renting individual bays is ideal for many startups; multiple tenants can utilize the kitchen at one time, and certain bays are better suited to different products. The kitchen is equipped to handle a wide range of food makers: current tenants include gluten-free bakers and producers of vegetarian empanadas, roasted chickpeas, and a variety of ethnic specialties.



Urban Horizons Kitchen tenant Erica Fair quit her day job to work full-time on her business, Sans Bakery, in 2012. Today she has five employees and provides gluten-free pastries to clients like Organic Avenue and Think Coffee. Source: WHEDco

The Bioterrorism Act in the Kitchen?

Part of the technical assistance that WHEDco provides at the Urban Horizons Kitchen is helping new food entrepreneurs (and even industry veterans) make sense of the myriad regulations that govern food production and distribution. This often leads to “who knew?” moments. The Bioterrorism Act (formally known as the Public Health Security and Bioterrorism Preparedness and Response Act of 2002), requires that any company making food that is shipped across state lines be registered with the FDA. Our close relationships with the New York City Department of Health and the New York State Department of Agriculture ensure that we stay up to date on regulatory requirements and that our food entrepreneurs stay in compliance.

Individual technical assistance covers incorporation, licensing, insurance, cost analysis, recipes, packaging and labeling. Before renting space in the kitchen, each new tenant meets with the kitchen manager to review his or her business plan. This allows the manager to tailor services for the tenant and establish individual goals to benchmark short- and long-term success (e.g. obtaining proper insurance and certification, or expanding distribution). Much of the technical assistance revolves around food business regulations. Our challenge is not just helping entrepreneurs find information, but training them to ask the right questions and make informed decisions about the types of licenses and permits they need.

Most kitchen tenants are minority-owned (62 percent) or women-owned businesses (57 percent). Kitchen tenants tend to be wealthier and more educated than entrepreneurs in WHEDco’s other small business development programs.

To date, 168 entrepreneurs have started or expanded their business at the Urban Horizons Kitchen. Of the 89 tenants for whom we have complete records, more than half left the kitchen after less than six months. Some of these businesses failed to turn a profit, while others grew quickly and expanded to a larger location. Almost one quarter of businesses stayed in the kitchen for more than 24 months, taking advantage of low-cost space as long as possible while their business developed and expanded. These numbers suggest that the Urban Horizons Kitchen provides fertile ground for food businesses to test ideas and grow successful enterprises.

Urban Horizons Kitchen Tenant Rental Length

Rental Length	Number of Tenants	% of Tenants
0-6 Months	49	55%
6-12 Months	11	12%
12-24 Months	11	12%
> 24 Months	18	21%
Total	89	100%

Source: WHEDco



Rasol Foods, which makes mini empanadas, is our oldest current tenant. Owner Ramon Acevedo brought the company to WHEDco in 2008. Source: WHEDco.

Kettlebell Kitchen, which produces healthy ready-to-eat meals for athletes, started cooking at the Urban Horizons Kitchen in March 2013. At the time, owner Joe Lopez had just one partner and no customers. In less than a year, Kettlebell Kitchen outgrew the space. Lopez credits the Urban Horizons Kitchen as instrumental to his success. “It had the storage, a large workspace, it was well run, clean, friendly,” says Lopez. “It was great.” WHEDco staff helped Lopez understand the licensing process and connected him with an insurance provider that he uses to this day. Kettlebell Kitchen recently moved into the former Pfizer Building, a new artisanal food incubator in Brooklyn. Today, Kettlebell has 25 full- and part-time employees and sells meals in 80 gyms around New York and New Jersey.

Using Housing Development to Spur Retail Development

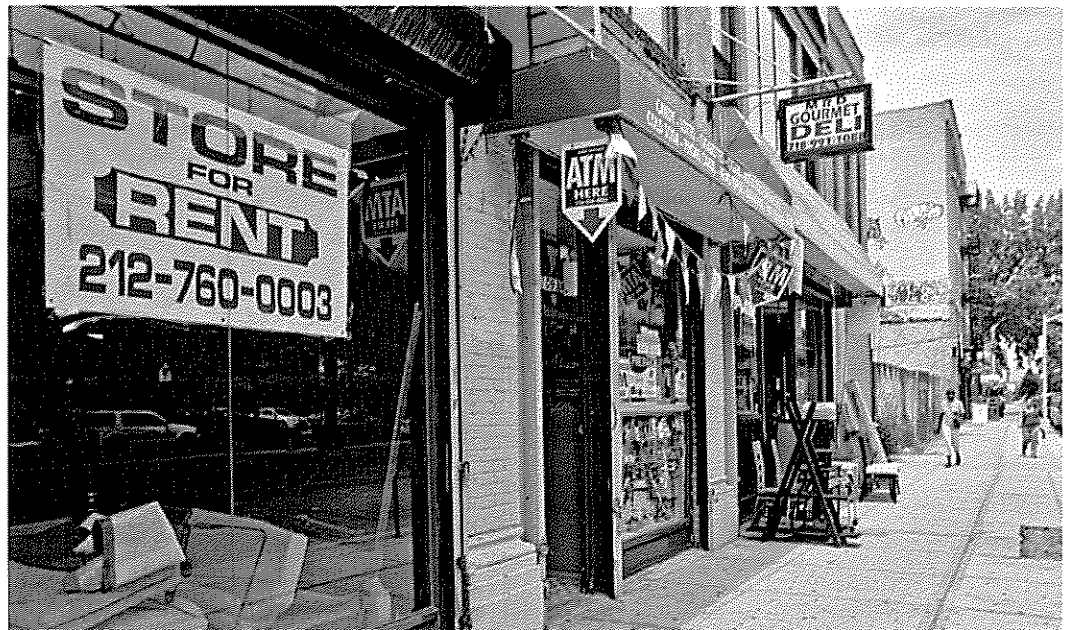
Crosstown Furniture

Eddie Maldonado has lived near Southern Boulevard his entire life. His family owns a retail space on Southern Boulevard, where Eddie planned to open a liquor store. He started working with WHEDco, which shared with him our retail and community surveys. From these surveys, Eddie soon realized that the neighborhood was already saturated with bars and liquor stores – but he also saw that local residents needed a place to buy furniture. Eddie opened Crosstown Furniture in 2013, and has recently expanded his business to include delivery and installation services.

WHEDco uses its housing developments as anchors for community development. In 2007, WHEDco opened our Intervale Green apartment building in Crotona Park East, a neighborhood once at the epicenter of destruction in the South Bronx. Analyzing the local retail market revealed that *local residents were spending \$146 million outside their own neighborhood each year* because their neighborhood was not meeting their retail needs. We began working with small business owners on Southern Boulevard, the local retail corridor, and in 2009 formed the Southern Boulevard Merchant Association (SBMA) to create a safe, attractive shopping area and keep money in the neighborhood.

The SBMA provides a multitude of services to help merchants grow their businesses and attract new shops to the area, including marketing and networking services, and community events and advocacy. WHEDco uses the SBMA as a conduit to share market research and data, like the retail analysis mentioned above, that business owners need but might not otherwise be able to access.

As a result, Southern Boulevard is slowly transforming into a safer, more vibrant commercial corridor. As of 2014, the SBMA has 38 members, out of the 100 businesses in the corridor. Through targeted technical assistance, WHEDco has helped small businesses remain on the Boulevard and attracted new businesses. The SBMA successfully organized against the opening of two new liquor stores in the area, which would have attracted crime and failed to meet other, more pressing shopping needs.



WHEDco works with property owners to market vacant retail space, and offers tours to potential retailers. Source: WHEDco

Providing Fresh Food and Fresh Business Opportunities

Green Carts are mobile food vending carts that sell only fresh fruits and vegetables in neighborhoods with low access to fresh food and high rates of poverty. Anyone, regardless of citizenship status or criminal background, can operate a Green Cart. In 2008, the NYC Department of Health and Mental Hygiene (DOHMH) made 1,000 Green Cart permits available, 350 of them in the Bronx.

WHEDco saw the Green Cart program as an opportunity to increase access to healthy food and simultaneously promote new business opportunities. We developed a training program to bring the Green Cart program to Southern Boulevard. We assisted potential vendors in completing their permit applications, connected vendors to micro-lenders to obtain startup capital, and constructed storage space for four carts in the parking garage under one of our buildings.

A report by the Columbia University School of International Policy Administration found that, citywide, the Green Cart program increased the availability of fresh produce in food deserts while providing profitable economic opportunities for immigrants. Most Green Cart vendors are foreign-born (88 percent), more than half of them from Bangladesh. The vast majority of vendors said they worked full-time at their cart (96 percent), showing that this is the primary source of income for most vendors. Eighty percent of vendors described their Green Cart as profitable.



Guillermina Torres runs a Green Cart on Southern Boulevard and rents storage space from WHEDco. Source: WHEDco

Despite the reported success of the citywide program, we found many challenges on the ground. Of the 250 people who attended WHEDco's Green Cart workshops and/or received direct assistance from WHEDco staff, only 10 obtained their Green Cart permit and began operating their carts, with two working in our target area. The high drop-off rate is partly due to the onerous permitting process, which requires applicants to make multiple trips to Manhattan. Vendors also complained of unexpected and debilitating fines issued by the City for minor offenses. Startup costs for a Green Cart business are relatively low, and the City created a Green Cart microloan program. However, the program was terminated because vendors could not afford the high interest rates on the loans.

As of 2014, WHEDco no longer offers regular training workshops for Green Cart vendors due to a lack of funding. The City's intent in starting the program was to give vendors an initial push before letting the market take its course. We believe that the market cannot be relied upon to resolve the challenges faced by the City's poorest residents, especially when they are attempting to start a new business. To make the Green Cart program more successful, we recommend simplifying the permitting process by allowing local District Public Health offices to issue permits; reducing fines for new vendors; and providing EBT machines to all Green Cart vendors, which can significantly improve business in low-income neighborhoods.

Lessons Learned

WHEDco has learned the following critical lessons from our experience building small businesses in the Bronx.

Individual support and ongoing technical assistance is critical. One-on-one sessions offer the flexibility to apply programs to small business owners from a variety of backgrounds, even those with limited education or language ability. We supplement classroom training with individual assistance to help assess an entrepreneur's skills, experiences and barriers, and help her apply what she has learned to her business. Support services must be comprehensive – addressing all aspects of personal, financial, business and programmatic development.

In microenterprise, “micro” drives scale and focus. A hyper-local approach, akin to community organizing, takes advantage of entrepreneurs' neighborhood knowledge and local niche markets. Our most successful Green Cart vendors are those who provide produce that is culturally appropriate to their communities, who speak the local language and build relationships with their customers. Home-based childcare providers are employed by families who speak the same language and eat the same food as their clients. While many of our food businesses distribute their products around the City (and beyond), we encourage them to find a local niche, as well.

Economic security helps entrepreneurs overcome multiple barriers. Most home-based childcare providers and Green Cart operators come to WHEDco with limited educational attainment, many without a high school degree. Local training programs with no educational prerequisites make it possible for a wide range of individuals to participate. Starting a business helps some entrepreneurs return to school to complete their education. WHEDco trains in multiple languages, ensuring that people from a variety of backgrounds benefit. Speaking a language other than English often works to an entrepreneur's benefit – Green Cart vendors and childcare providers who speak Spanish can serve the growing and often monolingual Hispanic/Latino population in the Bronx and throughout the City.

Persistent Challenges Remain

Systematically addressing these challenges would help the City lower barriers to economic advancement for its most vulnerable residents.

Access to and awareness of services. Approximately 55 percent of small business owners with whom WHEDco works are foreign-born. Many of these immigrant business owners come from countries where they do not trust or expect to receive help from the government or nonprofit organizations. They are not connected to social or small business services. WHEDco takes the first step in connecting these entrepreneurs to service networks, but significant work remains to ensure that they get the services they need. *Clients would benefit from additional resources that are translated into languages other than English and Spanish, and outreach in the neighborhoods where they live and work.*

Access to financial education and risk capital. Many entrepreneurs lack basic money management skills, have no credit history or poor credit, and have struggled with debt, but still need capital to start and expand their businesses. Some will use their own money or borrow from friends and family to get their enterprise off the ground. Some will seek bank loans, only to find that the application requirements and interest rates are too much to handle. *But if they had access to “patient” risk capital – investments at low interest rates and longer repayment terms – microentrepreneurs could get the financing they need without the burdens of typical business loans.*

Access to local bank branches. The Bronx has half the number of bank branches per household as New York City as a whole.¹⁷ The dearth of financial institutions hurts small business owners, making it difficult for them to meet their banking needs. We have worked with small businesses where the sole proprietor has to close the store to make it to the bank during banking hours, and shopkeepers who must travel out of their own neighborhood to find a bank. *Low-income neighborhoods need banks with more flexible hours, or mobile banking services (not online services, but mobile units that can meet business owners at their place of work), to help keep businesses running.*

Recommendations

Small business development requires an expanded toolkit to help more business open and create more jobs. The Center for an Urban Future report, *Small Business Success*, outlines many smart recommendations to make it easier for small businesses to grow and thrive in New York City. We echo their call to create a Small Business Services (SBS) unit where counselors visit small business owners at their places of business; establish new tools to help small businesses adapt and grow as neighborhoods gentrify; expand open-air markets, food festivals and other supports for food entrepreneurs; and support retail needs studies by BID and merchants associations. To that list, we add the following recommendations.

Create New Ways to Access Capital

Encourage mainstream banking institutions to offer more business services in low-income areas. As of 2009, 28.7 percent of Bronx residents did not have a bank account, more than twice the citywide average.¹⁸ The Bronx has only 2.8 banks per ten thousand households, compared to 4.6 banks per ten thousand households citywide. The Bronx also has fewer credit unions and more non-traditional financial institutions (like payday lenders and check cashers) than the rest of the City.¹⁹ This lack of basic financial services prevents Bronx residents from accessing the resources they need to start businesses. The Responsible Banking Act, which was passed by the New York City Council in 2012 but has yet to be implemented, is a first step towards encouraging banks to provide more services in underserved neighborhoods. The law requires banks that do business with the City to publicize information about the services they provide in low-income communities. If the law, once fulfilled, has the intended effect, it will encourage the City to work with banks that provide the best services to low-income neighborhoods.

Create new sources of funding for local small businesses.

Simple, affordable lines of credit. Many low-income New Yorkers have poor credit or no credit histories. The City has successfully created simple checking and savings accounts, like the Opportunity NYC Account and \$aveNYC Account, to provide unbanked residents with safe, affordable banking services. The City should explore the creation of a credit account modeled on the same principles. The City should also encourage relaxed lending criteria and the implementation of alternate measures of credit-worthiness, like bill payment history.

Competitive grants or low-interest revolving loans. Competition THRIVE, offered by EDC, provides winning nonprofit organizations funds for pilot projects that create scalable growth opportunities for immigrant entrepreneurs. Expanding this program, or offering a similar program open to native-born entrepreneurs, would expand opportunities for small businesses in low-income areas to grow. The San Francisco Office of Small Business' Revolving Loan Fund (RLF) is a good example of a city-run revolving loan fund tailored to microenterprises. Loans do not exceed \$50,000, with interest rates under 6 percent. This type of loan fund could be replicated in New York City.

Risk Capital. In the mainstream economy, tech startups (themselves small businesses) benefit from access to risk capital and an understanding that failure is a possible, and sometimes even an acceptable outcome. These same resources (and mindset) could give Bronx microentrepreneurs the ability to test new ideas and grow quickly, just like any other startup. Risk capital for microenterprises requires extended loan terms and tolerance for lower returns on investment. These risk capital investments are akin to social impact investments, or investments that generate a positive social impact alongside a modest financial return.

Microfinancing. The microfinance field is limited in the United States, and microlenders often charge higher interest rates than traditional small business lenders. Yet the original microlending model, with its focus on local need, personal relationships, and mutual support and accountability, would still meet the needs of low-income business owners in the Bronx. The original Grameen microlending model set up small groups of business owners, who each received a loan and opened a savings account. The group would meet weekly so that members could make a loan and a savings payment, while receiving training and building a peer network. Borrowers did not receive an additional loan until all members of the group paid back their loan in full. This is a powerful collective model with potential to transform a struggling commercial strip, like Southern Boulevard.

Alternative forms of capital. In the sharing economy, alternatives to traditional capital are often legitimate forms of economic

exchange. WHEDco supports the idea of providing goods and services directly to small business owners, eliminating barriers that prevent low-income entrepreneurs from securing loans or accepting other cash assistance. Instead of applying for financial credit to purchase supplies, entrepreneurs would apply to receive the supplies directly. For example, WHEDco already brokers the delivery of in-kind donations from Baby Buggy, which supplies equipment to our home-based childcare providers. We also encourage the use of trading or bartering among small businesses, so that entrepreneurs can exchange resources without taxing their finances.

Make Technical Assistance Local and Specific

Support community-based organizations that support low-income entrepreneurs. Many immigrant entrepreneurs come from cultures or countries where they do not borrow money from institutions or expect to get assistance – let alone free assistance – from government or nonprofit organizations. These individuals often are not connected to traditional social service networks. Connecting these business owners to resources requires building trust, which community-based organizations have already worked hard to establish. The City could better serve these small business owners by supporting the work of community agencies and community developers that are adept at building trust among residents.

Bring services directly to small business owners. Currently, the City's Small Business Solutions centers are only open on weekdays from 9am-5pm, with extended hours one day per week. Microentrepreneurs, especially sole proprietors, are often running their own businesses during these hours, and cannot afford to close up shop and potentially lose revenue to seek services. SBS should create a mobile unit that can visit shopkeepers at their place of business. A similar mobile model could be used to bring banking services to underserved areas. Bank officers could provide financial counseling, assist in completing loan applications, and guide new business owners through online banking services during on-site visits.

Provide sector-specific small business services. Generic small business support is often ineffective in helping low-income entrepreneurs get off the ground. Our most successful microentrepreneurs start with a clear vision for their product. Our staff help them assess the market for that product, provide tailored advice, and help entrepreneurs navigate the

legal and regulatory challenges relevant to that product's industry. This is a model that could be replicated citywide.

Promote self-employment as a viable form of employment. Traditional workforce development programs, like those run by SBS, fail to promote entrepreneurship as a viable option for job seekers. But starting a business can provide a source of income and the development of marketable skills. Workforce development and job placement centers should promote entrepreneurship as a pathway to economic security.

Promote entrepreneurship among native New Yorkers as well as immigrants. Historically, immigrants have participated heavily in small business creation and operation. Self-employment remains a critical option for immigrants who lack the language skills or education necessary for traditional employment, but who have ample motivation and capacity to succeed. Meanwhile, low-income native-born residents rarely have the kind of support systems found in tight-knit immigrant communities.²⁰ Small business service providers should promote entrepreneurship for all low-income individuals, no matter their ethnic or cultural background, and create the support networks necessary to ensure their success.

Conclusion

Microenterprises will continue to play a major role in the local and national economy. WHEDco has developed multiple strategies to help microentrepreneurs, especially those from low-income backgrounds, grow their businesses, increase their incomes and support their families. With improved policies and increased support for diverse microentrepreneurs, we envision a brighter economic future for the Bronx.

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