



Legislation Text

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Res. No. 224

Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation establishing a real property tax credit for small business owners who own their properties and for commercial landlords who retain tenants.

By Council Member Van Bramer

Whereas, The characters of New York City's neighborhoods are often defined by the long-term business establishments that have served the area for many years; and

Whereas, Many of those businesses are small businesses whose owners own the property in which the business is located; and

Whereas, As real estate prices in the City climb, many of those small business owners are induced to close or relocate their businesses outside of the City and to sell their properties to large developers; and

Whereas, In spite of recent declines, the City's commercial spaces are commanding relatively higher rents that many long-term tenants can no longer afford; and

Whereas, According to a report by the Real Estate Board of New York (REBNY), in the six months between Spring and Fall 2017, the median asking retail rent on East 86th Street rose by 30 percent while that in Harlem rose nearly 14 percent; and

Whereas, Recent REBNY reports also show that, even in areas with recent declines landlords are still asking historically high rents; and

Whereas, For example, in SoHo although the median asking retail rent was from a peak of \$950 in Spring 2015 to \$600 per square foot in Fall 2017, this median asking retail rent is still double the \$300 per

square foot that the neighborhood saw in Fall 2006; and

Whereas, It is not only in well-established retail areas of the City that the rents are becoming unaffordable; and

Whereas, According to a report released by CPEX Real Estate Services in January 2017, there are 17 retail corridors in Brooklyn with retail rents over \$100, compared to only three in 2007; and

Whereas, As a specific example, the retail pricing per square foot on Court Street in Brooklyn has risen from \$35-\$54 in 2006 to \$150-\$199 in 2016 as the retail corridor transitioned from mostly mom-and-pop shops to national retailers; and

Whereas, As many of New York City's neighborhoods are quickly changing and increasingly becoming more gentrified, there is greater pressure on long-term small business owners to sell their properties to large developers and for commercial landlords to rent their spaces to larger, national chain stores that can afford to pay higher rents instead of retaining the long-term tenants who are already in place; and

Whereas, No real property tax incentives currently exist for small business owners to keep their small businesses located in the City for long periods of time rather than selling the properties and moving the businesses elsewhere; and

Whereas, Similarly, no real property tax incentives currently exist for commercial landlords to retain existing small and local businesses rather than to terminate the tenancies and seek higher rents from new tenants; and

Whereas, A real property tax credit granted to a small business owner that would increase over the length of time that the small business owner owns his or her property would create an incentive to remain in business at a particular location; and

Whereas, A real property tax credit granted to a commercial landlord that would increase based on the length of time that a particular commercial tenant had been operating its business out of the property would

create an incentive for the landlords to retain long-term tenants;

Whereas, Any real property tax credit granted to a commercial landlord should be contingent on a portion of the savings being passed onto the retained tenant in the form of a credit on rent; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation establishing a real property tax credit for small business owners who own their properties and for commercial landlords who retain tenants.

RKC
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