

TESTIMONY

BY

COMMISSIONER JONNEL DORIS

NEW YORK CITY

DEPARTMENT OF SMALL BUSINESS SERVICES

BEFORE

THE COMMITTEE ON SMALL BUSINESS

OF THE

NEW YORK CITY COUNCIL

MONDAY, NOVEMBER 23, 2020

Good morning Chair Gjonaj, and members of the Committee on Small Business. My name is Jonnel Doris, and I am the Commissioner of the New York City Department of Small Business Services ("SBS").

It is my pleasure to testify before the City Council today, and it is my sincere hope that each of you and your loved ones are staying safe and healthy during these difficult times. New York City is doing everything we can to fight against the pandemic. I want to thank our elected officials, stakeholders, and our small business community, who are doing great work in combating the further spread of COVID-19. We must continue to encourage New Yorkers to wear face coverings, wash their hands frequently, monitor their health, and maintain social distance and comply with State and City policies.

To date, SBS has connected more than 4,600 businesses to more than \$113 million in financing -- impacting 12,000 jobs since the start of the pandemic. This includes more than \$47 million via the NYC Employee Retention Grant and the NYC Business Continuity Loan Fund, \$22 million via technical assistance provided by our NYC Business Solutions Centers, \$3 million via the Contract Financing Loan Fund, and more than \$1 million in WENYC financing products.

As we help our businesses recover, we remain focused on and committed to equity. SBS has worked with the Mayor's Office of M/WBEs and the Mayor's Office of Contract Services to connect M/WBEs to \$722 million in pandemic contracting opportunities. The Mayor also signed into law EO 59 that expands the pool of contracts subject to the M/WBE program and creates more opportunities for M/WBEs to win procurements.

During the summer, a number of small businesses were impacted by looting and vandalism, primarily in the Bronx. We partnered with the Mayor's Fund to Advance NYC and philanthropic partners to launch the Small Business Emergency Grant Program. The funds aimed to assist small businesses with recovery from loss and physical damages caused by looting. Our outreach focused on M/WBEs and retail stores with less than \$1.5 million in annual revenue. We worked closely with local community organizations such as BIDs, Chambers of Commerce, and local merchant associations to ensure that we reached businesses that were severely impacted and needed support. The program has awarded 141 grants, totaling \$1.29 million. In addition, our virtual Workforce1 Centers have assisted 58,900 job seekers, referred over 30,400 people to jobs, and helped over 900 businesses.

Through our reopening resources, we've hosted over 220 webinars reaching over 47,800 attendees. With a focus on equity of opportunity for all, 84% of entrepreneurs attended our webinars in a language other than English. We have also published plain-language industry guides available in several languages, which are available on our website. The SBS hotline directly engages and answers small business owners' questions. To date, we have received over 45,700 calls for reopening guidance, financing assistance, legal services, compliance support, and more.

This pandemic has made us reimagine and reinvent the use of public space. Currently, there are more than 10,700 restaurants participating in our Open Restaurants program, which allows qualifying restaurants and bars to expand outdoor seating. Following this success, Mayor Bill de Blasio recently announced the Open Storefronts program, which aims to help small retail businesses rebound during these challenging economic times. This initiative is anticipated to impact 40,000 establishments and 450,000 employees. As we approach the holiday season, this will give customers additional options to shop in-person while socially distancing.

To ensure that businesses participating in the Open Restaurants and Open Storefronts program understand how to comply with key City rules and avoid potential fines, we launched our Virtual Compliance

Consultations, providing free virtual one-on-one consultations that aim to clarify existing regulations and help businesses understand common compliance challenges. These consultations are at no cost to businesses.

SBS outreach teams and I are on the ground connecting directly to business owners. This includes our mobile unit, which has provided guidance and resources on-site in some of the hardest hit communities.

One of the most common challenges we hear when we are in the communities are issues around commercial rent. Our Commercial Lease Assistance Program ("CLA") offers free legal services to commercial tenants citywide. Since the onset of COVID-19, we have increased funding for this program and assisted several hundred businesses, primarily from marginalized communities, with their lease-related matters. We also partnered with the City Bar Justice Center via their Neighborhood Entrepreneurship Law Project to connect business owners to free legal assistance and support with navigating insurance-related claims, contracts, and access to federal relief programs.

SBS will continue to assist our small businesses and provide the resources they need to operate during the pandemic. But we know that the federal government must contribute in order to meet the full needs of New York City's businesses. The Heroes Small Business Lifeline Act, currently

awaiting Senate approval, would bring \$370 billion in relief, providing a broad mix of aid and investment for hard-hit and underserved communities. We will continue to advocate for much needed federal assistance for our small businesses.

Small businesses will continue to face significant challenges in the coming months. SBS is committed to doing everything we can to support our small business owners and get them the resources they need. I look forward to our continued collaboration with the Council on this effort. Thank you for providing me with this opportunity to update you on SBS's programs and services to assist our small businesses. I am happy to take your questions.

**Testimony of
the New York City Hospitality Alliance
Before the Committee on Small Business
November 23, 2020**

My name is Andrew Rigie, and I am Executive Director of the New York City Hospitality Alliance (“The Alliance”), is a not-for-profit trade association representing restaurant and nightlife establishments throughout the five boroughs. I want to thank Chair Mark Gjonaj, and members of the small business committee for the opportunity to testify regarding preventing further business loss during Covid-19’s second wave.

Our city’s hospitality industry has been devastated by COVID-19. The additional restrictions recently implemented reducing operating hours at eating and drinking establishments, the threat of shutting indoor dining again and the cold weather making outdoor dining less helpful exacerbates the economic and social crisis posed by COVID-19’s second wave.

Pre-pandemic NYC’s food and drink places employed over 300,000 New Yorkers and plummeted to 90,000 jobs in April after the initial shutdown. Today, over 130,000 of those people are still out of work. Since the initial shutdown in March, outdoor dining and limited indoor dining have resulted in 100,000 of those jobs returning, but a looming second closure of indoor dining and outdoor dining being severely limited due to the blistering cold winter months threatens the industry’s fragile recovery and would result in many of these jobs being eliminated again.

While we don’t know how many of the city’s 25,000 restaurants and nightlife establishments have officially shuttered because of COVID-19, we estimate the number is in the thousands. A recent report by the state’s comptroller estimated that one-third to one-half of the city’s restaurant and bars could permanently close in the next six-months to one-year, and this is why our industry needs support.

The failure of the federal government to enact the RESTAURANTS ACT and Save Our Stages Act which would provide financial relief to our city’s struggling restaurants and nightlife venues to help them pay rent, payroll, vendors and other expenses makes it more incumbent than ever for our local government to step-up and help.

The NYC Hospitality Alliance is grateful to the City Council for all the policies you’ve enacted thus far to support our industry during the pandemic. We now urge you to consider the following polices to continue supporting the survival of these businesses and jobs during this trying time.

1. **Sales Tax:** Convert sales tax collected by restaurants and bars into grants. These small businesses need an immediate injection of cash to help them survive during the government’s COVID-19 restrictions on their operations. Since these monies are on hand, converting (and/or reverting) the sales tax collection into a grant will help small businesses immediately with needed cash flow while they will also stimulate economic activity.

2. **Rent, Property Tax, Commercial Rent Tax, FICA Tax & Liquor Excise Tax:** Our most recent rent survey found that 88% of restaurant, bar and club respondents could not pay any or full rent in October and only 1 in 10 have renegotiated their leases, which is a troubling pattern reoccurring each month since April. The City should provide: (1) a reduction in property tax payments for these small businesses that pay them as a pass through by their landlords; (2) landlords should be provided tax incentives to forgive back rent and renegotiate new leases; (3) the inequitable Commercial Rent Tax must be eliminated for those businesses subject to the tax; (4) the City and State Finance Departments should permit the FICA Tip Tax Credit to be an allowable subtraction from that business' taxable income; (5) eliminate the unfair liquor excise tax imposed by the City on all local liquor license holders.
3. **Planning, Coordinating and Notifying:** The ever-changing COVID-19 restrictions placed on restaurants and bars pose significant challenges and compound the uncertainty small business owners already have. Ensure that any changes to city laws, regulations and polices affecting the city's hospitality industry limit burdens to the greatest extent possible, are effectively communicated to the industry and implemented efficiently, while providing as much advanced notice as possible.
4. **PPE and COVID-19 Test:** Provide PPE at no charge to restaurants and bars and provide coordinated COVID-19 testing to their employees and conduct additional outreach to businesses to ensure they're aware of its availability.
5. **Data Ownership:** In today's digital world, data is a valuable asset for businesses to market to their customers and enhance operations. Some third-party companies, such as certain delivery and reservation platforms used by restaurants and bars do not share with these businesses their own customer data or they restrict how it is used. Pass a law providing businesses ownership of their customer data (and related analytics) that is collected by third-party companies.
6. **License Renewals:** All licenses and permits such as Health Department permits, etc. must be renewed automatically, and licensing fees be waived until eating and drinking establishments may open at 100% indoor occupancy.
7. **Cut the Red Tape & Reduce Fines:** Review all laws and regulations governing restaurants and nightlife establishments to determine which are antiquated, duplicative or inappropriate. We should then amend or repeal the identified mandates to streamline the permit and licensing process and enhance the experience businesses have when interacting with the government, including making the sidewalk licensing process faster, less expensive and simpler. Also, requiring that inspectors educate businesses first, by explaining why a violation exists and how to correct and prevent it. The goal should be to reduce fines, increase education and compliance, and provide a warning or cure period

before a fine is levied for any violations that do not pose an imminent hazard to the public.

New York City will not recover economically or socially unless our restaurants and bars are at the core of our city's recovery. The policies we've recommended will support small businesses, jobs, our neighborhoods, and our city. We appreciate the City Council and the Small Business Committee for their time and consideration of our comments this matter.

If you have any comments or questions, I am reachable at arigie@thenycalliance.org

Respectfully submitted,

A handwritten signature in black ink that reads "Andrew Rigie". The signature is written in a cursive, slightly slanted style.

Andrew Rigie
Executive Director
NYC Hospitality Alliance



Asian American Federation

Testimony to the New York City Council Committee on Small Business

November 23, 2020

Written Testimony

The Asian American Federation would like to thank Committee Chair Gjonaj and Councilmembers Perkins, Rosenthal, Levin and Rodriguez for holding this hearing on this important subject today. I'm Jo-Ann Yoo, the Executive Director of the Asian American Federation. AAF represents the collective voice of more than 70 member nonprofits serving 1.3 million Asian New Yorkers.

AAF sees this hearing as an opportunity to highlight the needs of the Asian American small business community after a catastrophic first COVID-19 wave and an impending second wave and second shutdown. It's important that this committee understands the full impact that the pandemic and its economic collateral damage has had on our small business community so we can frame lessons learned and draw appropriate lessons because this much is clear, our small businesses are reeling, many have not survived, and many more might not make it through the second wave without significant City engagement and assistance.

The Damage Done

Numerous studies are showing what AAF has long been hearing from our small businesses and community members, the Asian American small business economy was hit earlier, it's been hit harder, and it's encountered significant barriers to assistance that is desperately needed. The first ripples of anti-Asian xenophobia were not only felt in our community but also by our businesses in early January with marked decreases in business patronage and revenue in Asian enclaves like Chinatown and Flushing.

According to data from a survey of Asian small business owners AAF put out this summer, more than half of respondents (54.46%) faced a loss of revenue of over 75% in the initial months of the pandemic-related economic shutdown.

Findings from our report, *Impact of COVID-19 on Asian Employment in New York City*, also highlighted two critical points that described the systemic vulnerabilities that explained why our small business were hard hit as well:

- Asian American workers and businesses were hard hit because industries they were concentrated in were particularly vulnerable to pandemic-related economic restrictions, like food services, personal and laundry services and transportation.
- While different Asian ethnicities "depend on a unique mix of industries for jobs," none were invulnerable to damage from pandemic-related economic restrictions.

An unfortunate side-effect of the pandemic-related shutdown was that industries that were critical, even "essential" to the smooth functioning of local economies in the Asian community were deemed



Asian American Federation

“non-essential” by city and state standards. However, many of these businesses sold relevant COVID-19 products (ex. Masks or alcohol) and actively contributed to the pandemic response in other ways.

Amidst the damage that was caused just by economic shutdown, further damage was caused in the response, the keyword here is *access*.

Assistance Needed and Received

From getting translations of evolving pandemic-related regulations to filing applications for city, state and federal assistance, our small businesses faced hurdles navigating processes that were built for them to obey but not actively take part in and inform. In our small business survey on Asian American small business owners, 40.8% of respondents said they did not get enough information about assistance programs in their language, and 35.5% said they could not connect with a service provider.

Furthermore, our survey showed that, across all types of institutions that our small businesses applied for financial assistance from, more than half (53%) said they experienced difficulty in the application process and overall, 13% of respondents said their applications for assistance were not accepted. Notably, almost one in six (14%) of small businesses owners who said they lost more than 75% of their revenue also said applications for assistance that they filed were not accepted.

But one of the biggest barriers our small businesses faced was navigating the digital divide. For new immigrants who already face difficulty in communicating or obtaining information due to language barrier, it was and continues to be nearly impossible to engage in the mainstream marketing and e-commerce efforts. Especially in the personal and service industries, Asian American small business owners with limited English proficiency (LEP) are being thrown into the e-commerce deep-end, struggling to navigate the intricate details of new marketing technology, such as customer relations management (CRM) or search engine optimization (SEO). Once again, we’re finding that paths forward for our small businesses aren’t necessarily built with our small businesses in mind.

Regulations and Inspections

And as we move forward, we must acknowledge that city agencies must do more to provide a helping hand to small businesses who are at the mercy of state and city shutdowns. In our survey of Asian small business owners in New York City, over 90% of our respondents answered they are not a member of BID or Chambers of Commerce. Inspections and ever-changing regulatory frameworks must account for the Asian American small business experience, in the context of the pandemic but also broadly with City agencies who often underestimate the need for language and process accessibility in marginalized communities outside of the business mainstream.

During this pandemic, small business owners have had to take the initiative in sourcing new business opportunities or setting up new infrastructure with little guidance from City agencies. Only after such investments were made, business owners are hearing from various City agencies of regulations they had not heard of previously. To make matters worse, different agencies and inspectors apply inconsistent standards and offer contrasting guidance. It is impossible for small business owners to get a



Asian American Federation

comprehensive understanding of new policies they are subject to, which results in punitive fines with little opportunity to cure the violation.

Inspections that result in tickets and fines add unbearable logistical and financial burdens on already struggling businesses. Inconsistent practices by inspectors have also added layers of frustration to our reeling small businesses, who see their relationship with their city as a punitive one, not a mutually-reinforcing one. New regulations that don't account for circumstances in our community are also putting our small businesses in jeopardy. The Korean Cleaners Association expects hundreds of their members will close business this year because of unreasonable fire safety regulations.

AAF is hearing anecdotes of interactions with inspectors or difficulty keeping up with ever-changing regulations due to translation issues. The following is from testimony our Small Business Manager, Ahyoung Kim provided to the Committee on Housing and Buildings last week:

"AAF has received reports of multiple cases across the city where DOB inspectors who visited small businesses to monitor COVID-related compliance did not even make the effort of engaging with the business owners to explain what needs to be done if they do not speak English. Instead, they would simply give a URL to a city agency website for reference. However, City agency websites are extremely difficult to navigate for LEP small business owners—giving the address of an incomprehensible website should not replace proper efforts of outreach and information dissemination. Also, different standards for individual inspectors cause much confusion and frustration for small business owners. Inspectors from different City agencies sometimes give inconsistent advice and guidelines to business owners, even in cases where the different agencies are supposed to work together, such as the Illegal Conversion Task Force."

We are glad to see SBS take up the initiative of introducing hotlines, but our small businesses need a fundamental re-framing of how the City interacts with our most marginalized communities, one that doesn't involve inconsistent language translation, acknowledge the need for cultural competence, and fines and violation processes that leave a sense of punishment rather than a sense that the City is trying to help businesses that may very well not make it through a second wave.

Recommendations

- Mandate same-day release of in-language material introducing new policies and regulations
- Increase funding for community-based organizations that offer direct services and language access to immigrant small business owners with limited English proficiency
- Fund CLA program partners to provide language access to LEP small business owners
- Launch and reform small business assistance programs that acknowledge community-based lenders, informal banking relationships and simplify application processes with LEP business owners in mind
- Provide basic online marketing and e-commerce programs for immigrant small business owners, in all major languages of New York City
- Launch a campaign against predatory service providers and offer assistance to LEP business owners in reporting such behavior



Asian American Federation

- Increase culturally appropriate outreach to immigrant small business owners
- Increase media buys from ethnic media outlets, using their online presence and social media, to disseminate crucial information regarding policy changes
- Invest in startups that aim to cater to immigrant businesses
 - Offer financial incentives or assistance for immigrant startups that aims to close the gap in digital divide and language barrier; Increase outreach about startup opportunities to LEP communities

AAF also plans to establish an Asian Small Business Center in East Queens, with staff who can provide in-language assistance to pan-Asian small business owners in the region. The City's small business assistance centers need to be decentralized and located in areas where immigrant small businesses are heavily concentrated. Currently, owners are unable to take advantage of any City services because they are located too far from where they work, and such services provide no meaningful language access.

Our Center will provide:

- Seminars – Provide informational seminars, as well as technical assistance, which reflects the specific needs of different Asian business communities and the industries they work in.
- Civic Engagement – Inform small business owners of regulation and policy changes from the get-go to minimize any negative impact at the implementation stage. We would reach out to owners in a systematic manner to inform them of policy changes and invite feedback through ongoing discussions.
- Education about Regulations – Provide in-language materials to guide immigrant small business owners through inspections. These materials would inform owners of what their responsibilities are and what to expect during inspections, which will help them understand how to be in compliance.
- Business Trainings – Create in-language guides for how to start and run a small business in New York City. These guides will establish a common ground of understanding as well as reflect specific needs of different Asian business communities and the industries they work in.
- Build Capacity – Build the capacity of Asian community-based organizations to provide small business assistance to community members. While a few of our member agencies have a small business program, many of the emerging Asian communities in New York City are not receiving the small business assistance they need. Community-based organizations are the first place that Asian small business owners go to for help, and the City must ensure that these organizations are properly prepared to offer assistance.

On behalf of the Asian American Federation, I want to thank this Committee for giving me the opportunity to discuss what we're seeing in our small business community and where the City can improve and provide the help that's needed. At its core, this work will be about relationship-building. Thank you.

November 23, 2020

Good morning Chair Gjonaj and distinguished members of the committee. My name is Tom Grech and I am the President and CEO of the Queens Chamber of Commerce. It is my pleasure to be here today on behalf of our 1,300 member businesses, the vast majority of which are small businesses. In fact, 90% of our members have 10 or fewer employees.

As the oldest and largest business association in Queens, we have seen first hand the devastation the pandemic has caused and the challenges it has presented to small businesses. Many cherished neighborhood institutions could not withstand the revenue losses due to the shut down and closed their doors for good.

One of the industries that has been hit particularly hard is the restaurants and hospitality industry. In 2019, our City was home to 23,000 restaurants, that provided over 317,000 jobs and delivered nearly \$27 billion in taxable sales in 2019. But in June, employment in this vital industry fell to 91,000 according to a report from Comptroller Tom DiNapoli, with sales dropping 71 percent compared to last year. In June, four of every five restaurants and bars were unable to pay their full rent, according to a study from the NYC Hospitality Alliance. Today, we estimate that up to 50%, nearly ½ of the 6000 restaurants in Queens alone may never, ever reopen.

The businesses that have survived the pandemic are doing so by the skin of their teeth. A second COVID wave, even if it is only a fraction as bad as what we saw earlier this year, would be a death knell for many restaurants and other small businesses. The establishments that give our neighborhoods their character and

provide jobs and economic opportunity will shutter forever. We cannot let that happen.

We need a robust federal stimulus package now. One that helps the City and State maintain essential services like public safety, transportation and sanitation, and also provides relief to small business owners. This includes the RESTAURANTS ACT, bipartisan legislation that would create a \$120 billion stabilization fund for restaurants, saving tens of thousands of restaurants and as many as 6 million jobs across the country.

We need landlords to work with small businesses to ensure that our businesses can stay in our neighborhoods, and that Main Streets remain vibrant. We also need our government leaders to work with our businesses to clearly communicate protocols. This includes giving businesses as much warning as possible before designating an area a “hot spot,” and working to be as precise as possible with hot spots to ensure we’re not needlessly making it even more difficult for businesses to survive.

Small businesses are struggling in every borough, neighborhood and Council district. It is important to note, that our small businesses have done everything asked of them to keep their employees, customers and communities safe. They’ve had to shut down, leading to tremendous revenue losses. When they’ve reopened, they’ve taken on added costs to operate safely. We owe it to them to do everything in our power to make sure they can get through this incredibly difficult time. They are our everyday heroes.

Thank you for this opportunity to speak on their behalf.