

TESTIMONY
BY
ASSISTANT COMMISSIONER FOR NEIGHBORHOOD
DEVELOPMENT CALVIN BROWN
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEE ON SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
THURSDAY, JUNE 9, 2022

Good morning Chair Menin and members of the Committee on Small Business. My name is Calvin Brown and I am the Assistant Commissioner for Neighborhood Development for the New York City Department of Small Business Services (“SBS”). I am joined by Tian Weinberg the Chief of Staff to the Commissioner and from the New York City Department of Finance, Commissioner Preston Niblack. We are pleased to testify today on the City’s commitment to combatting commercial vacancies.

At SBS, through the work of our four divisions, we aim to unlock economic potential and create economic security for all New Yorkers by connecting them to good jobs, creating stronger businesses, and building vibrant neighborhoods across the five boroughs.

Our Division of Economic and Financial Opportunity (DEFO) is focused on helping the City’s M/WBEs connect to more government contracting opportunities.

Our Division of Business Services (DBS) helps businesses of every size and sector start, operate, and grow in New York City, including by helping businesses navigate City government.

Our Neighborhood Development Division (NDD) equips community-based partners, including Business Improvement Districts (“BIDs”), with the resources needed to help our commercial corridors thrive.

And our Workforce Development Division (WDD) works to increase access to quality training and jobs for all New Yorkers.

Storefront businesses serve many functions across the City. They are a part of our local communities, contribute to the citywide economy, provide goods and services to neighborhoods, create jobs, and bring character and vibrancy to our City’s streetscapes. In the best of times, these businesses face many challenges from constantly changing and highly competitive markets. The challenges have been magnified by the pandemic and persist as the City recovers.

The circumstances that lead to commercial vacancies are complex and vary from borough to borough, neighborhood to neighborhood, and block to block. There are no one-size fits all solutions.

At SBS, we work with small business owners to shore up their resiliency to withstand the incredible challenges of operating a successful business. We also work with Business Improvement Districts (BIDs) to support local business owners and create more resilient commercial corridors.

SBS's Commercial Lease Assistance (CLA) Program supports businesses with the most fundamental contract for a storefront business: their lease. SBS provides free legal services to help businesses understand and negotiate new commercial leases, amend, renew, or terminate an existing lease, negotiate on behalf of the commercial tenant with their landlord, and provide advice and referral services when litigation cannot be avoided. Since its inception, the program has served more than **1,500** unique businesses and provided over **3,200** direct services. It's just one way SBS helps small businesses stay in business.

The Adams administration has made substantial investments to reform and strengthen the regulatory and economic environment to support small businesses and make them stronger and more resilient.

The Administration made a significant step to cut red tape for small businesses with Executive Order 2, also known as "Small Business Forward." As a result of the Interagency Working Group, the City is reforming 118 penalties, eliminating 30 violations altogether. We expect these reforms to save New York City small businesses an estimated **\$8.9M** every year. And to help businesses become compliant before an inspection even happens, SBS's regulatory expert **Compliance Advisors** offer free onsite consultations to help business owners comply with the City's regulatory requirements and avoid common violations pre-inspection.

In partnership with local financial institutions, the City will launch the **\$75M** Small Business Opportunity Fund to help entrepreneurs gain much needed access to capital. The Fund will offer loans to both early-stage and long-standing businesses, including the many vulnerable BIPOC and immigrant entrepreneurs who did not receive Federal financing assistance and those from communities that have been historically underserved.

A strong Business Improvement District (BID) acts as a local network of support for a commercial corridor. BIDS provide sanitation services, local marketing, public safety officers, and streetscape beautification services. Bolstering these organizations in communities that have been historically underserved and were hit hard during the pandemic is a priority of this Administration. As provided in the Executive Budget for Fiscal Year 2023, SBS will provide direct subsidy to the smallest BIDs, prioritizing those with budgets of around **\$500K** or less, to strengthen business supports in these commercial corridors. With these funds, SBS will also introduce a suite of back-office, professional services, as well as startup tools to expand the capacity of small and new BIDs.

For neighborhoods that do not have the BID support network, we work with community partners to identify the needs of local commercial districts and plan targeted solutions through our Commercial District Needs Assessments, or CDNAs. CDNAs identify the strengths, challenges, and opportunities within a commercial corridor to better inform subsequent investments. We follow this with targeted multi-year grants through the Neighborhood 360 program to tackle the identified challenges.

Some market trends and forces go beyond the neighborhood level particularly the move to online shopping. SBS offers free classes in digital marketing, website creation, and creating online marketplaces for individual businesses. We also offer mentorship programs through our Black Entrepreneurship and Women Entrepreneurship programs which link entrepreneurs with mentors in their industry.

New Yorkers also understand the value of our diverse local businesses and the importance of supporting those that have historical barriers to success. For these shoppers, SBS offers a consumer facing website called Shop Your City where New Yorkers can easily search and patronize businesses categorized by underrepresented demographics including Black-owned, women-owned, veteran-owned and LGBTQ-owned businesses.

To ensure as many entrepreneurs have equal access to these services, we're boosting our SBS Mobile Outreach team, bringing our services deep into neighborhoods across the boroughs. We're also investing in additional resources for translating materials into more languages to make our services as accessible

as possible. And we're working closely with community-based organizations that support immigrant entrepreneurs to align our services with community needs.

These are just some of the many services that we provide businesses to help them launch, grow, and thrive. Ultimately the best defense against a vacant storefront is a successful and resilient business and our programs help businesses of all types meet that goal.

Now I would like to turn to the proposed legislation. Like Intro 116, a key component of the Mayor's Blueprint to Economic Recovery is a portal with a goal of allowing every business in New York City to execute and track all interactions with the City in real time. Through the portal, we will provide small businesses with seamless and sequenced access, guiding the user across multiple agencies. The portal will also enable businesses to track their transactions with the City (including filings, permits, and inspections) to allow greater accessibility and transparency. We greatly appreciate the Council's support for this effort and will work with you to ensure that it comes to fruition.

And for Intro 197, we agree that legacy owned businesses add character and are important pieces of our neighborhoods. We support sharing these New York City institutions with consumers to support them and we will work with the Council to this goal.

Thank you for your time today on a topic that reflects the core values of what we do at SBS. As always, we value your partnership and support to make sure this City's small business come out of the pandemic stronger than ever. We're now available for any questions.



Good morning, Chair Menin and members of the Committee on Small Business, and members of the City Council.

My name is Preston Niblack, and I am the commissioner of the New York City Department of Finance. I am here today to testify on the City's Storefront Vacancy Registry and Intro. 383, which is being introduced by Council Member Brewer.

Local Law 157 of 2019 requires property owners to submit registration statements regarding their ground-floor and second-floor commercial premises. The information gathered from their filings was used to create the City's Storefront Vacancy Registry.

The Storefront Vacancy Registry provides statistical and longitudinal data on storefront spaces over the required reporting periods. This information can help the City track short- and long-term trends, such as vacancy corridors for example. Additionally, the registry enables the Department of Finance to provide the vacancy status of storefront properties as of specific dates.

Regarding Intro. No. 383 by Council Member Brewer, we understand the desire for more timely reporting on storefront vacancies. We support the intent of this bill, and we look forward to continuous conversations with the Council on ways to change the reporting on storefront vacancies.

Thank you for allowing me the time to testify, and I will be happy to answer any questions.

REBNY Testimony | June 9, 2022

The Real Estate Board of New York to The New York City Council Small Business Committee on Combatting Commercial Vacancies, Intro 116-2022, Intro 197-2022, and Intro 383-2022

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY thanks Chair Julie Menin and the Council Small Business Committee for the opportunity to testify on this important issue and accompanying legislation.

Commercial leasing, retail health, the quality of our streetscapes, and establishing support for the wide array of New York businesses are top priorities for REBNY and its members. It is important for City officials to take the necessary steps to support small businesses and retailers across the city. They bring vibrancy to our neighborhoods and provide employment and opportunities for economic mobility to generations of entrepreneurs. As such, we must continually evaluate all opportunities to eliminate the red tape and other barriers facing small businesses and instead incentivize opportunities for business development and growth, including through the hearing today.

Historically, retail and ground floor storefronts have always had to respond to disruptions. For the past decade, the biggest disruptor has been e-commerce, with a [123% increase](#) in the online share of the retail sales market from 2013 to 2020. Additionally, from 2013 to 2020, the dollar volume of online sales [increased 201%](#), while offline sales volume [increased only 19%](#). The decade prior it was big box, and before that suburban flight and urban blight. Throughout these cycles of change, overall business survival rates have remained stable according to the Bureau of Labor Statistics.

While much of this is a national phenomenon, here in New York City businesses face increased costs from wage and benefit regulations, constant and arbitrary fines from city agencies, and a significant tax burden. There is also variation amongst business types such as restaurants and lifestyle stores versus traditional brick and mortar retail businesses. These differences point to the need for targeted policy interventions at the sector, neighborhood, and individual business level.

Of course, the COVID-19 pandemic has been the most recent disrupter for the economic and commercial health across much of our city. Throughout the pandemic, which economically impacted both owners and tenants, the real estate industry has been a staunch advocate for small businesses, and commercial property owners have made it a priority to work with struggling tenants. Many property owners provided COVID rent relief by converting fixed rent, or a portion of it, into percentage rent. Property owners also provided capital for outdoor dining and modified lease structures to provide flexibility in payments to help these businesses survive.

With the City beginning to emerge from the pandemic more robustly, it behooves us all to evaluate the cost of doing business across the boroughs and to establish a framework that supports small storefront businesses while understanding the realities that bind them. This includes embracing the collaborative problem solving seen amongst owners and tenants during the pandemic and not enacting misguided policies that would prohibit opportunities for commercial leasing, such as a commercial rent control scheme. Fortunately, some of the proposals being heard today pursue thoughtful policy that could create a better environment for New York's small businesses, including long-established businesses that are often interwoven into a neighborhood's unique fabric.

BILL: Intro 116-2022

SUBJECT: A Local Law to amend the administrative code of the city of New York, in relation to creating a "One-Stop Shop NYC Business Portal."

SPONSORS: Councilmembers Menin, Hanif, Williams, Joseph, Brewer, Ung, De La Rosa, Riley, Yeger, Caban, Abreu, Narcisse, Holden, Velazquez, Gennaro, Farias, Hudson, Schulman, Barron, Krishnan, Feliz, Brooks-Powers, Hanks, Stevens, Moya, Powers, Won, Osse, Dinowitz, Brannan, Aviles, Ayala, Sanchez, Marte, Rivera, Borelli, Ariola, Vernikov and Paladino.

Intro 116 would require the Commissioner of Small Business Services ("SBS") to create a "One-Stop Shop NYC Business Portal," through which all applications, permits, licenses, and related information needed to open and operate a small business in the City would be available in a single, easily accessible, and easy-to-navigate location on the SBS website, as well as via a mobile application. A user could submit and check on the status of applications, permits, and licenses through this portal. Before creating the portal, the Commissioner would be required to consult with the heads of other City agencies who oversee requirements related to small businesses, to conduct a review of all such applications, permits, licenses, and related information, as well as the processes and procedures used by individuals in interacting with City agencies in opening and operating a small business. The Commissioner and other agency heads would consider ways that such processes and procedures can be facilitated and made more efficient using the One-Stop Shop NYC Business portal, with the goal of devising methods to assist small businesses in moving through application and permit processes more quickly and easily. The Commissioner also would be required to review annually the effectiveness and efficiency of the One-Stop Shop NYC Business Portal, to carry out improvements to facilitate its use, and to report on such improvements to the Mayor and the Council.

REBNY supports Intro 116. Eliminating red tape and bureaucracy by ensuring that small business constituents can easily and quickly navigate City government should be a priority for this Council. Unfortunately, for too long, existing processes have been a convoluted web that often contains

unnecessarily complicated or confusing steps that do not consider the types of businesses that are involved. This includes permitting, inspections and fee structures that should be easily mapped out for the end user.

Unfortunately, the lack of a comprehensive interagency plan at the dawn of the digital age will now make the process of creating a one-stop shop particularly challenging. Agencies have not been required to utilize the same digital platforms, leading to dozens of different portals, with a single agency oftentimes using multiple portals for separate processes or programs. As a result, combining all of these into a single platform and portal will be a significant task. The Council must ensure there is the proper funding and interagency coordination necessary to facilitate this task and should also ensure the appropriate oversight to see that it is completed in a timely manner.

In addition, as this process is facilitated, it provides yet another opportunity to evaluate all applications, permits, licenses, inspections, and fees currently necessary to do business in the City and to remove or revise those found to be burdensome, duplicative, punitive, or unnecessary. It also provides an opportunity to evaluate how interagency coordination could potentially expedite processes, particularly around inspections which historically have been a significant prohibitor. With this said, REBNY stands ready to support and assist in these efforts for the benefit of small businesses and tenants.

BILL: Intro 197-2022

SUBJECT: A Local Law to establish a legacy business registry and preservation fund.

SPONSORS: Councilmembers Rivera, Menin, Caban, Hanif, Won, Restler, Krishnan and Hudson.

Intro 197 would require the Commissioner of SBS to establish a Legacy Business Registry to recognize businesses that have operated in New York City for a minimum of 20 years and that have significantly contributed to the history, identity or character of a neighborhood or community in the City. To be part of the Legacy Business Registry, a business would be required to be nominated by the Mayor, the Public Advocate, a Borough President, or a Member of the City Council. In addition, the Commissioner of SBS would consult with the relevant Community Board and the Landmarks Preservation Commission regarding whether a business meets the requirements to be designated as a Legacy Business. The bill would also require the Commissioner of SBS to carry out activities to recognize the contributions of Legacy Businesses to their communities, and to establish a Legacy Business Preservation Fund to award grants to Legacy Businesses and property owners who offer a 10-year lease to a Legacy Business, in cases in which a Legacy Business faces a significant risk of displacement.

REBNY supports Intro 197 and believes that it provides a framework for ensuring that businesses that have historically contributed to a community are able to continue operations in adverse instances. These could include the regulatory environment, competition from e-commerce and other rising costs just to name a few of the challenges businesses face.

Property owners also face similar challenges. Continuously rising property taxes and other regulatory requirements have made owners, particularly small owners, and cooperative buildings,

more dependent on ground floor rent. As such, establishing a framework for a city program that allows for both parties to benefit is of merit.

While it is likely that the proposed legislation, if enacted, would only benefit a small subset of businesses, it establishes a decent pilot that, if facilitated successfully, should be considered for expansion. During the pandemic, the previous City Council and the State Legislature debated establishing a legacy business abatement program, geared around recovery, which proposed establishing a similar registry and the opportunity for an abatement to owners who negotiated more favorable lease terms with their tenants. While this would impact revenue streams, it is another viable option that would potentially allow for a larger catchment of businesses to benefit in lieu of a grant program.

Similarly, while starting with businesses that can be defined as legacy businesses is sensible, both a grant program or an abatement program could also be expanded to the benefit of entrepreneurs, MWBEs, cultural institutions or immigrant run businesses as well.

Lastly, while the programmatic requirements proposed in this bill for a lease agreement reflects the industry norm, it behooves the Council and/or SBS to allow for flexibility to be built into any program to allow for negotiations to occur on their own, potentially benefiting more owners and tenants alike. The same sentiment applies to the framework of an applicant needing to be sponsored by a city elected official and to undergo a multistep engagement process. While community input is certainly important, for the purpose of scaling, streamlining should be considered.

BILL: Intro 383-2022

SUBJECT: A Local Law to modify the requirements surrounding supplemental registration statements and the datasets for ground floor or second floor commercial premises.

SPONSORS: Councilmembers Brewer and Louis.

Local Law 157 of 2019 requires the department of finance to collect data and establish a public dataset of commercial properties in the City. This data includes the median and average total duration of leases; the median and average remaining term to lease expiration; the median and average size of rentable floor area per premises lease; the number of such premises reported as being leased and vacant; the median and average rent; and the number of such premises whose lease is due to expire within two years of June 1 of the current calendar year. The bill also requires the release of a list of addresses of commercial properties, and whether those properties are vacant. The owners of ground floor or second floor commercial premises are required to submit this information to the department of finance as a part of the annual income and expense statement submission. Supplemental registrations are required if the premises become vacant or the ownership of the premises has changed.

Intro 383 would change this timeline by requiring that when there is a new vacancy or change of ownership in commercial premises that requires filing a new registration statement, such supplemental registration statement must be filed 1) at the same time as the registration statement if the change or vacancy occurs from January 1 to May 31 and 2) within 60 days of the change or

vacancy if it occurs from June 1 to December 31. In addition, it would require that, for each commercial premises required to file a registration statement, the public dataset would include whether it is vacant, leased, or owner-occupied and, if vacant, the expiration date of the most recent lease.

It should be noted that there is no incentive or benefit for an owner to keep a storefront vacant. Even when storefronts are vacant, property owners still must pay property taxes, as well as operating expenses such as utilities, and there are no tax benefits for keeping space empty. That is why the implementation of some type of vacancy tax, which has been considered in years prior, would only amount to another prohibition small owners and cooperative buildings would have to respond to. This could lead to higher maintenance fees for co-op shareholders, or the need for an owner or co-op building to lease to a more-established and higher-capitalized commercial tenant, i.e., a chain store, that can better support building overhead.

With this said, REBNY understands that we all must work to find solutions to prevent empty spaces and promote strong commercial leasing potential. If collecting and aggregating additional data helps to identify pragmatic policy solutions, including at the localized level, it is a worthwhile pursuit.

The goal of Intro 383 is to tighten reporting deadlines to make the published data more current, including to ensure that storefronts that are no longer available do not appear to be vacant in reported data. Unfortunately, the additional reporting requirements as outlined by the bill create significant confusion for those responsible for reporting and could create additional bureaucratic challenges for the department of finance, who already face challenges facilitating Local Law 157 and Real Property Income and Expense (RPIE) filings.

While functionally as proposed in the bill there is no change for reporting requirements around occupancy or ownership changes from January 1st through May 31st, the second half of the year would require more consistent submissions. This is an imbalance of reporting times, whereas for 7 months of the year one has 60 days to file and for 5 months one has until a prescribed date. For example, if a space becomes vacant and then is leased 70 days later, a filer will have to report that a vacancy within 60 days of the initial change and then again once it is occupied – a significant task for the filer and DOF alike to maintain accurately. Failure to do so accurately would also open the filer up to the risk of certain penalties.

REBNY urges the Council to demonstrate caution around new filing requirements and believes that there may be more viable opportunities to attain data in real-time without requiring constant reporting. This includes the potential to harness existing software and other mapping systems to track vacancies without incessant paperwork from owners or tenants. With this said, REBNY looks forward to continuing to engage on this issue with the Council.

Thank you for the consideration of these points.

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Asian American Federation

Testimony for New York City Council Hearing

Submitted to the New York City Council Committee on Small Business

June 9, 2022

Thank you Committee Chair Menin and the Council Members of the Committee on Small Business for this opportunity to testify. I'm Michelle Shang, the Small Business Technical Assistance Coordinator at the Asian American Federation, where we proudly represent the collective voice of more than 70 member nonprofits serving 1.5 million Asian New Yorkers.

AAF's 2022 report on the state of Asian small business in NYC showed that prior to the pandemic, Asian-owned businesses accounted for 20 percent of businesses in the city, generating nearly \$121 billion in economic activity between 2012 and 2017 and providing 550,000 jobs. However, the COVID-19 pandemic hit Asian businesses earliest and hardest. Over half of Asian businesses reported catastrophic losses of over 75%. Despite this, only a small percentage of Asian businesses were able to receive assistance from government institutions tasked with helping them. In south Flushing, around 1,000 businesses received federal Paycheck Protection Program loans in 2020 - an estimated rate of 10 percent, compared to almost 50 percent in wealthier parts of the city. These discrepancies can largely be attributed to cultural and language barriers, as well as stringent documentation requirements that were difficult to fulfill for immigrant mom-and-pop businesses. AAF's small business team works to bridge those gaps. Every day we speak with Asian business owners across New York City, who need help with financing their businesses, securing a stable commercial lease, and navigating the bureaucratic aspects of running a business here. The majority of our clients are low-English proficiency immigrant business owners with family-run stores in neighborhoods like Flushing, Queens, and Sunset Park, Brooklyn.

Our work gives us a firsthand understanding of the challenges that these business owners face. We are excited for proposals like Introductions 116 and 197 which aim to help our city's small businesses. We hope, however, that the committee will ensure that such programs are accessible to the city's immigrant, LEP business owners. To this end, we'd like to suggest some amendments to Introduction 116 based on common challenges we see in our community.

1. Language access and technical assistance programming

Language barriers are a significant obstacle between government programs, like the proposed Business Portal, and the business owners who need them the most. We urge the city to ensure the One-Stop Shop NYC Business Portal includes quality translations of all webpages and application forms in the most-spoken NYC non-English languages, as determined by Local Law 30, in order to ensure that immigrant business owners are able to access this service.

Google Translate, which is used on city websites at the moment, does not provide sufficient translation. Especially in regards to city codes, technicalities often become lost through AI translation, and are not helpful to LEP business owners.

Additionally, even with proficient translation, government services often fail to reach those who need them most when there is a lack of active support to connect them to available services. Our work on SBS' Commercial Lease Assistance program, for example, includes both outreach into our communities to inform them about this service, as well as walking almost every client through every step of the registration and onboarding process. While online marketing and webinars led to little interest, our staff found business owners engaging and sharing their need of legal counsel during door-to-door canvassing sessions that allowed room for building a trusting relationship with the business owners. This illustrates one critical point— even when a service is much needed, it is crucial to provide both outreach and one-on-one support to ensure LEP immigrant business owners can access it.

We are concerned that similar language access and technical divides will be an obstacle in ensuring all business owners in New York City benefit from the One-Stop Shop Portal website. We therefore request the Council to establish a technical assistance program for the site, in partnership with community-based organizations like the Asian American Federation, in order to ensure that this service reaches communities who need it. Without proper outreach, and without active TA providers who can provide one-on-one assistance to potential business owners, this One-Stop Shop Portal risks becoming yet another good idea implemented without our community in mind.

2. Violations

Commercial violations remain one of the biggest challenges for the city's small businesses. In the post-COVID period, ticketing and inspections are the most urgent and common issues we hear about from clients in our communities. The procedure for curing violations differs greatly from department to department, creating confusion even for native English speaking business owners.

We therefore recommend that the One-Stop Shop Portal include information not just on applying for permits and licenses for a new business, but compliance information to help businesses maintain their good standing. Introduction 116 compels all relevant agencies to coordinate and aggregate permit and licensing information. The bill therefore presents a valuable opportunity for city agencies to take the next reasonable step and aggregate information on how to resolve commercial tickets issued by each of their agencies.

Department of Building tickets, for example, are something we've received multiple requests for assistance with. Business owners are not aware that they have to submit a Certificate of Corrections, in addition to correcting the violating issue, in order for the ticket to be fully resolved. Therefore, it can be years later until they find out there is still an open violation on their business, resulting in more severe violations and issues with their landlords. This kind of department-specific procedural minutiae should be aggregated in the One-Stop Shop Portal for easy access.

3. Vendor information

In addition to ticketing and violation issues, another challenge which arises frequently in our work with clients is trouble finding licensed vendors to do work in their stores. Business owners in immigrant communities, who often look towards their own community connections first for help, often use unlicensed vendors to do work. These vendors may do the work improperly, or more often, without filing the necessary paperwork, resulting in surprise penalties or additional necessary work later down the line.

Therefore, we recommend that the One-Stop Shop Portal include lists of city-licensed vendors. This may include plumbers, sign hangers, electricians, and fire technicians. The Department of Buildings already keeps lists of currently licensed vendors organized by neighborhood. The One-Stop Shop Portal would simply need to make these lists easily available to new business owners.

We have encountered many immigrant businesses who have worked with unlicensed sign hangers, for example. These sign hangers are not acquainted with the minutiae of DOB requirements for signs, which specify certain sizing, placement, overhang length, et cetera. The result is that these businesses get slapped with surprise tickets up to years later. Including lists of licensed vendors for various kinds of work would be a simple step to greatly reduce such challenges for business owners.

4. Insurance information

Recent disasters, like the fire on Flushing's Main Street, which shuttered over a dozen businesses, have highlighted once again that purchasing insurance is not common practice among immigrant businesses. We have long encountered this in our work, but working closely with business owners whose livelihoods have been destroyed, with absolutely no recourse, has made it clear how urgent this issue is. We hope that the One-Stop Shop Portal can include information on the legally required insurance for businesses, like workers' compensation policies, as well as encouragement to purchase general liability insurance.

5. Recommendations

To this end, AAF recommends that the Council:

- Ensure quality translations of all One-Stop Shop webpages and applications into the top non-English languages spoken in New York City
- Fund a technical assistance and outreach program in cooperation with community-based organizations, in order to ensure populations with language and digital barriers benefit from the portal
- Include information on compliance and curing violations from each of the agencies involved
- Include the Department of Buildings' lists of city-licensed vendors
- Include information on legally required insurance, as well as encouragements to purchase general liability insurance

Thank you.



**Testimony to the NYC City Council
Committee on Small Business
Combatting Commercial Vacancies**

June 9, 2022

Thank you to Chair Menin and the members of the committee for the opportunity to testify today. My name is Emily Goldstein, and I'm the Director of Organizing and Advocacy at the Association for Neighborhood and Housing Development (ANHD). ANHD is one of the City's leading policy, advocacy, and capacity-building organizations. Our membership consists of over 80 neighborhood-based and city-wide nonprofits that have affordable housing or equitable economic development as a key part of their mission. We work with our members to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers.

ANHD is also a member of United for Small Business NYC, which is a coalition of community organizations across New York City fighting to protect New York's small businesses and commercial tenants from the threat of displacement, with particular focus on owner-operated, low-income, people of color-run businesses that serve low-income communities and communities of color.

Small businesses are the backbone of our city's neighborhoods. Even before the COVID-19 pandemic, many small businesses were facing displacement pressure from rising rents. And of course pandemic shutdowns caused a severe crisis for countless small businesses throughout the city, as they lost months of revenue but still had to pay rent on their spaces. In New York City, the soaring cost of commercial rents have stayed on trend with pre-pandemic rents, and individual landlord negotiations are not enough to keep small businesses alive.¹

New York City's small businesses need legislation that addresses rising rents and resulting commercial vacancies. Rising rents in gentrifying communities are leading to the displacement of small businesses, nonprofits, artists, and others who rent storefront spaces. Meanwhile, the pandemic has made it more likely that rent increases will lead to shuttered storefronts. Small

¹ <https://www.curbed.com/2021/10/most-storefront-rents-in-new-york-are-as-high-as-ever.html>



businesses are being hit with rent increases they can't afford, which effectively function as evictions to make way for higher-paying commercial tenants or lead to commercial vacancies.

Last year, the NYC Department of Finance published the first round of annual data in the storefront registry, as required by Local Law 157, which ANHD and USBnyc worked with the council to win. The data available thus far provides a snapshot of the state of NYC's storefronts just before the pandemic. According to ANHD's analysis of the 2019 data, the city's highest vacancy rates were in Central Brooklyn Council Districts 35 and 36, which include the gentrifying, majority-Black neighborhoods of Fort Greene, Clinton Hill, Bedford-Stuyvesant, Prospect Heights, and Crown Heights. These neighborhoods had a vacancy rate of 15.6% (CD 35) and 14.2% (CD 36) as compared to 8.3% citywide. In addition, there were higher median rents in gentrifying districts like the South Asian and Latinx immigrant enclave of Jackson Heights in CD 25 (\$5.00/sf as compared to the Queens-wide median of \$3.67/sf). This is an example of a neighborhood where we expect to see higher rates of displacement as commercial leases expire and speculative landlords look to take advantage of the post-pandemic commercial real estate market.²

A. Supplemental registration statements and the dataset for ground floor or second floor commercial premises, Intro 383

The passage of Local Law 157 of 2019, which established a publicly available storefront registry with median rents, lease terms, and vacancies of commercial spaces, was a major victory for anti-displacement organizing. Published yearly by the Department of Finance, this data gives policymakers and advocates the necessary information to create meaningful protections for New York's commercial tenants while holding landlords accountable for failing to register.³ **Intro 383 makes fixes to the timing of registration requirements that are key to making sure that the data in the registry is accurate and consistent.** We commend Councilmember Gale Brewer for her leadership on this issue.

B. Creating a One-Stop Shop NYC Business Portal, Intro 116

Small business owners frequently have difficulty navigating the paperwork and processes required to set up and maintain a small business in NYC. The creation of a "One-Stop Shop NYC Business Portal" could help remove barriers to access and make those processes substantially easier for small business owners. Small business owners whose first language is not

² <https://anhd.org/blog/storefront-registry-will-help-small-businesses-combat-speculation>

³ <https://anhd.org/blog/victory-commercial-tenants>



English face particular hurdles - in order to achieve the goals of this legislation, it is important to prioritize language access in the portal and in all of the services that it links small business owners to, above and beyond the basic language access requirements already required by law. We also recommend that the portal include information on commercial tenants' rights under the Commercial Tenant Harassment Law, and information on how to access services and support from community-based organizations, such as legal assistance through the Commercial Lease Assistance Program, and help from Industrial Business Service Providers, in addition to those services provided directly by city agencies.

We appreciate the Council focusing attention on the issue of commercial vacancies, and we hope to continue working with you to preserve and rebuild the stability of the small businesses that serve our communities.



**TESTIMONY OF
THE BRONX CHAMBER OF COMMERCE
THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT
BRUCKNER BOULEVARD COMMERCIAL CORRIDOR**

Michael Brady

before the

**New York City Council
Committee on Small Business**

Thursday, June 9, 2022, 10:00am – *Virtual Hearing*

Good morning, Chair Menin and Committee members; thank you for the opportunity to speak today. I am Michael Brady, Chief Executive Officer of the Third Avenue Business Improvement District and Bruckner Boulevard Commercial Corridor located in the South Bronx and also Chairperson of the Legislative Committee for The Bronx Chamber of Commerce. Collectively, these organizations provide a voice for 27,000 Bronx businesses. The Third Avenue Business Improvement District is the Bronx's oldest BID, and manages one of the Bronx's busiest transportation centers greeting over 300,000 visitors daily. In addition to leading the Third Avenue Business Improvement District, our organization has managed the Bruckner Boulevard Commercial Corridor in Mott Haven, located to our south along the Harlem River waterfront for the past six (6) years. In addition to these positions, I am a member of the Board of Directors for the Bronx Chamber of Commerce, the New York City Hospitality Alliance, and a small business owner.

Our organization is helping drive the systemic change needed to support equitable economic development in the Bronx. We organize and build coalitions, provide strategic community services, provide research and data analysis, and support targeted advocacy efforts that strengthen community voices, build community power, and help to win economic development policies that invest in people as much as they invest in places.

Today, I am here to convey our support for Int. 0116 and Int. 0197 and note our hesitation with Int. 0383.

Int. 0116 can be a game changer for New York City businesses. Too often businesses must navigate nearly 25 business portals, webpages, and licensing sites just to open their doors. Unfortunately, many of these sites are outdated, not culturally competent, lack language accessibility and ADA capabilities. These issues must be remedied in order to create a robust economic development ecosystem and ensure a road to recovery and equity. Additionally, we recommend that while this system is being developed discussions with New York State Departments of State, Labor, Taxation and Finance, and the State Liquor Authority (SLA) be had to really develop a one stop shop. As the text is currently written this would only address NYC business issues - many of which are government created. In order to really support businesses the City and State must work together to move a project like this forward and maximize impact and efficiency. Furthermore, while we ultimately believe that this tool and portal should be housed in the NYC Economic Development Corporation or NYC Department of Small Business Services, the initial development, launch, and internal and external education, and training should be led by the Office of the NYC Chief Efficiency Officer, Melanie La Rocca in coordination with the NYS Director of Operations, Kathryn Garcia.

Int. 0197 is long awaited and will assist in cataloging and registering many New York City businesses that make New York, New York. However, it does not go far enough. In addition to creating this registry, we must also consider access to grant capital aimed at supporting the longevity and sustainability of legacy businesses - especially during a time when many elder owners are passing down their businesses to family members that may want to modernize operations. The bill as it currently stands will give us a lay of the land so to speak; however, like many registries it will be shelved after its creation and only used as a quick reference. We must be strategic and invest in these businesses that have invested generations of work and tax dollars to our City.

Int. 0383 appears to be a patchwork fix on a larger issue that has only been compounded by the COVID-19 pandemic. We believe that a moratorium should be placed on any vacancy legislation, until such time as our economy stabilizes and we are actually on a road to recovery. We are in a different place than we were 5 years ago when there was major movement on vacancy legislation. A pause is necessary so that we may understand the nuances of new commercial real estate trends, tourism, and retail / hospitality sectors. We are not saying this is a bad bill - we are saying that the time is not right and the bill does not fully account for the new needs facing our City.

During a time when businesses are under constant threat as a result of stagflation, rising gas prices, falling consumer spending, regulations, lack of public safety, quality of life challenges, lack of investment, a rising tax burden, and increase in operational costs – we cannot afford to make mistakes on business legislation, open the door for unintended consequences, or to use a phrase often heard in this Chamber "learn from the mistakes of legislation." We are grateful for the recent actions to bolster our economy and build strong economic development tools. We must continue to do this strategically, without ego, and with a forward thinking - upstream approach.

It is my hope that this brief conversation today can continue a dialogue that changes the course for business development in New York City.

Thank you. I am prepared for any questions you may have.

Comments of the NYC Hospitality Alliance Before the NYC Council’s Committee on Small Business on Thursday, June 9th on:

- [Int 116](#) – by CM Menin, in relation to creating a “One-Stop Shop NYC Business Portal”
- [Int. 197](#) – by CM Rivera, in relation to establishing a legacy business registry and preservation fund
- [Int. 383](#) – by CM Brewer, in relation to supplemental registration statements and the dataset for ground floor or second floor commercial premises

My name is Andrew Rigie, and I am Executive Director of the New York City Hospitality Alliance (“The Alliance”), a not-for-profit trade association representing restaurants and nightlife establishments throughout the five boroughs.

[Int 116](#) – by CM Menin, in relation to creating a “One-Stop Shop NYC Business Portal”

Opening and operating a restaurant, bar, or nightclub in the city of New York is complex and requires small business owners to navigate a large bureaucracy of multiple agencies such as the Departments of Health, Fire, Buildings, Consumer and Worker Protections, among others. Each agency has its own permits, licenses, requirements, timelines, renewal dates, inspection processes, accounts, and procedures, that are sometimes contingent on each other. This overly complex regulatory maze creates confusion and red tape that results in delays and uncertainty that cost time, money and headaches for small business owners just trying to open new businesses, operate existing ones and expand, employ people, pay taxes, and contribute to the community. Therefore, we **SUPPORT** Int. 116 to create a One-Stop Shop NYC Business Portal for businesses to better access information, check on the status of applications, permits, licenses, inspections, and generally manage their regulatory relationship with the city of New York in one, easy to navigate portal. In addition to the digital portal where all documents may be submitted, each borough should have a physical address where all applications, etc, may be delivered without the need to drop them off at multiple agency locations. Once the legislation is enacted, we look forward to working with the city to help inform the development of the portal and mobile application.

[Int. 197](#) – by CM Rivera, in relation to establishing a legacy business registry and preservation fund

New York City is home to so many incredible legacy businesses that add so much value to our communities and economy. We **SUPPORT** Int. 197 that would recognize these businesses’ contributions by listing them in a Legacy Business Registry and create a fund to support lease renewals should such business face the threat of displacement, which happens too often.

[Int. 383](#) – by CM Brewer, in relation to supplemental registration statements and the dataset for ground floor or second floor commercial premises

We **SUPPORT** Int. 383 to better help the city of New York track and understand commercial vacancies and the change of ownership of commercial properties. This can help inform trends and develop policies affecting our storefront streetscape and small business community.



Last, while not on today's agenda, we urge the City Council to quickly enact three polices outlined in a co-authored op-ed by the NYC Hospitality Alliance and Manhattan Chamber of Commerce we published in the NY Post titled [Restaurants and retailers beg NYC: Stop using us as an ATM](#). The policies call on the city of New York to reduce fines by half on small businesses while allowing cure periods and warnings for violations, keep fees to participate in the permanent outdoor dining program that's being developed low, and eliminate the unjust commercial rent tax. These policies have significant support and proposals have been introduced to address many, but we again urge you to act upon them swiftly.

Thank you for your support of small business, opportunity to testify, and your consideration of our comments.

Respectfully submitted,

Andrew Rigie
Executive Director
NYC Hospitality Alliance

arigie@thenycalliance.org



Remarks delivered by: Guy Yedwab, President, Board of Directors

On behalf of: League of Independent Theater

March 6, 2022

Committee on Small Business

Testimony on COVID-19 Response

Thank you Chair, and to the committee for the opportunity to speak to you today.

The League of Independent Theater is an all-volunteer advocacy organization for workers and owners of small, 99-seat-or-less theaters across all five boroughs. These are small cultural businesses, and small-size theaters contribute \$1.3B in economic output, 8,400 full-time jobs, and \$512M in wages.¹ We are proud members of the United For Small Business NYC Coalition. Our small cultural businesses are commercial renters: grassroot theater and dance venues across the city, particularly in the outer boroughs, are typically rented from landlords.

That is why we in the cultural community welcome the opportunity to discuss the crisis of vacant commercial storefronts. We know the cause: aggressive increases in rents far outpacing what even healthy businesses can afford. This on-the-ground knowledge was confirmed by NYC Planning, which in its vacancy study found that commercial spaces were kept vacant for decades in hopes of charging significantly higher rents.² Today, a theater or a dance studio has no idea from one year to the next how much the rent will be, and at any time can be presented with a higher rent that will close them for good.

That is why the League of Independent Theater believes that the problem of commercial vacancy is not addressed until the cause of commercial vacancy is addressed: the

¹ N.Y.C. MAYOR'S OFFICE OF MEDIA AND ENTERTAINMENT, ALL NEW YORK'S A STAGE 8 (2019), <https://www1.nyc.gov/site/mome/news/11202019-small-theater-study.page>.

² NYC Planning, Assessing Storefront Vacancy in NYC: 24 Neighborhood Case Studies (2019), <https://www1.nyc.gov/assets/planning/download/pdf/planning-level/housing-economy/assessing-storefront-vacancy-nyc.pdf> (“Some owners kept spaces vacant while seeking high rents;” “soaring rents contributed to higher vacancy”).



rent. Luckily, this committee has legislation, Commercial Rent Stabilization, Intro 0093-2022, that tackles the root of the issue directly. It addresses it for all businesses, not just a chosen few fortunate enough to survive for twenty years. It addresses it for all cultural businesses, not just for-profit businesses that meet SBS's definition of a small business. It does so for all commercial spaces, regardless of where they are in the building, not just storefronts. Commercial Rent Stabilization is the tool to tackle commercial vacancy, now and long into the future. We have also submitted written testimony addressing the three other pieces of legislation offered today, but we call upon this committee to move forward now on Commercial Rent Stabilization.



APPENDIX A – Specific Feedback to Int. 0116-2022 (“One Stop Shop NYC Business Portal”)

The One-Stop Shop NYC Business Portal proposes a helpful tool to ensure new businesses can easily comply with the rules and regulations that govern opening and operating a business in New York. The League welcomes such legislation, but proposes the following additions to the legislation to ensure that it truly serves as a one-stop shop:

- **Include information relevant to all types of businesses:** non-profit and sole proprietor businesses power New York City’s economy as much as for-profit corporations, and many regulations (particularly permitting, worker protections, and building codes) apply to all businesses equally. However, today, programs like the Commercial Lease Assistance Program are needlessly restricted to only for-profit corporations, excluding significant parts of the small business landscape.
- **Include the Department of Cultural Affairs, Mayor’s Office of Media and Entertainment, and Mayor’s Office of Street Activity Permits:** as noted, cultural non-profits are businesses as well, and today the silos between agencies are a frustrating barrier to a one-stop shop for services. These agencies provide a wealth of services and permits for small cultural businesses, and without their participation, services will still be siloed.
- **Ensure comprehensive language and disability accessibility.**
- **Set aside funding for outreach and education:** small businesses must learn about this powerful new portal. A public outreach campaign including LinkNYC, multilingual outreach, and partnering with community organizations across industry will ensure vital participation.
- **Limit punitive enforcement on permits not listed in the one-stop shop:** once this portal becomes live, small businesses will rely upon it to know their responsibilities. If an agency fails to participate in listing their permit process through the portal, limits on any fines or punitive actions will incentivize the agency to participate and prevent a small business who relied in good faith on the portal from being overly punished.

The League has participated in the attempt to create single-point-of-contact resource portals in the past and would happily provide insight on how best to reach our community of small businesses.



...
LEAGUE OF INDEPENDENT THEATER
collective voice for our independent community



APPENDIX B – Specific Feedback to Int. 0197-2022 (“Legacy Business Registry and Preservation Fund”)

The League of Independent Theater has reservations about combatting commercial vacancy by focusing on businesses that have been in business for over 20 years. Because of high, rapidly increasing rents, many small businesses close or are displaced well before they reach 20 years in operation. This approach prioritizes stabilizing already stable businesses. Instead, a comprehensive solution, like Commercial Rent Stabilization (Intro 0093-2022) is preferred.

The legacy business proposal itself presents some risks that should be addressed:

- **Troubling incentives for landlords:** the legacy business fund would provide support for businesses “at risk of displacement.” However, a major cause of displacement is rising rents – rents raised by landlords. Under such fund, a landlord who raises rents to the point of risking displacing their tenant is rewarded by access to a pot of funds.
- **Lack of public nominating process:** communities know which businesses provide important contributions to the neighborhood. However, nomination is currently limited to a small group of elected officials who cannot hope to have deep familiarity with every neighborhood of the city. As such, there is significant risk that only a small handful of highly visible (and therefore likely already stable) businesses will be nominated. Instead, harness the breadth of community knowledge through a public input process.
- **Subjective and opaque nomination criteria:** subjective concepts like “contributing to the history, identity, and character” leave too much to the discretion of elected officials, allowing them to pick businesses to support or to abandon. Such subjective criteria can hide racial biases or biases against certain types of businesses. If the city is providing support, it should do so based on transparent, standardized criteria.
- **Insufficient protections for tenants.** The concession given by participating landlords is a ten-year lease, which should already be a standard lease term. No other protections for the tenants are provided.
- **Potential for exclusion of cultural businesses:** non-profit and sole proprietor businesses power New York City’s economy as much as for-profit corporations, and many regulations (particularly permitting, worker protections, and building codes) apply to all businesses equally. However, today, SBS programs like the Commercial Lease Assistance Program are needlessly restricted to only for-



profit corporations, excluding significant parts of the small business landscape. If this fund is managed by SBS, the legislation should make explicit that the legacy business fund is equally accessible regardless of method of incorporation.



**APPENDIX C – Specific Feedback to Int. 0383-2022
 (“Supplemental Registration for Storefront Commercial Premises”)**

The League of Independent Theater supported LL 157 and supports this proposal to close loopholes and expand the legislation. We support the supplemental registration process as an important tool for ensuring that such data is reliable and up-to-date over time.

The League also invites City Council to expand the scope of the registry beyond ground-floor or second-floor commercial premises visible from the street. Theaters are frequently in commercial spaces not within the storefront or visible from the street, but vacancy of such spaces similarly impacts the local community.



In support of Intros 116, 197, and 383, and regarding vacant storefronts

Good morning. My name is Kathleen Reilly, and I am the New York City Government Affairs Manager for the New York State Restaurant Association. We are a trade association representing food and beverage establishments across New York City and State. We are the largest hospitality trade association in the State, and we have advocated on behalf of our members for over 80 years. Our members represent a large and widely regulated constituency in New York City, and even more critically, one of the industries hardest-hit by the ongoing Covid-19 pandemic.

We know how much the restaurant industry means to this city, its culture, and its economy, and we believe that the recovery of New York City itself depends on supporting the recovery of the struggling restaurant industry. With those goals in mind, we are so grateful to Chair Menin and Council Members Rivera and Brewer for sponsoring legislation aimed at supporting and reviving storefronts in New York City, and for giving us the opportunity to discuss the problem of vacant storefronts today. Intros 116, 197, and 383 each represent distinct step the city can take to create a more supportive, organized, navigable experience for all storefront businesses, and all three would benefit restaurants.

Intro 116 would spur the creation of a “One-Stop Shop NYC Business Portal,” which would create one unified entry point for businesses seeking city services, attaining city permits, and otherwise interacting with various city agencies. This portal would replace the current system where businesses log in or interact separately with most agencies. Introducing a “one-stop shop” is important for all business operators because it would cut down the friction of interacting with city government, and it would be especially important for those operators who are less tech-savvy or face other barriers to interacting with the city online. Even for those operators who currently are able to navigate the hodgepodge of online access points for city government, a simplified system would save these busy New Yorkers time and energy.

Intro 197 would create a registry of legacy businesses and dedicate some preservation funding towards them. We are very supportive of this proposal, because it would help New York’s oldest businesses get the recognition they deserve and it would protect these businesses from displacement by investing in grants to go towards their lease renewal or extension. The process put forward in Intro 197 to nominate and approve legacy businesses makes sense, and we would also suggest conducting thorough outreach across the city to make sure all businesses are aware of the distinction and have the opportunity to get connected with their Council Member, Borough President, or other elected official for nomination.

Intro 383 would tighten the reporting obligations for landlords and improve the city’s access to information about storefronts that become vacant. NYSRA is supportive of gathering this data, because the pervasive issue of vacant storefronts can only be tackled insofar as the city understands the true scope of the problem. With more information about the timing of vacancies

and duration of vacancies, the city should be able to build out a fuller picture of this issue and better target their solutions.

Finally, I would like to address our concern with the ongoing problem of vacant storefronts. For the commercial corridors where vacancies are prevalent, located across the five boroughs, the surviving businesses, neighbors, and the general public have to suffer the consequences. Vacant storefronts reduce the appeal of their blocks. Active commercial corridors contribute to a sense of public safety, and concentrated vacancies detract from that. An environment of vacant storefronts is currently coupled with a pretty competitive and expensive atmosphere for commercial leasing, and a number of restaurants around the city have been forced to close or dramatically downsize because of increases in their rent. We urge the city to create a framework of incentives that will get these vacancies filled by the new and existing businesses eager to contribute to New York City's economy. Understanding the full scope of storefront vacancy is a first step, and we support the efforts of Intro 383 to that end. We also want to make sure the city takes the time to investigate the reasons for storefront vacancy, and how those reasons may vary based on commercial corridor, borough, size of the storefront, whether a storefront is equipped for restaurants, retail, or otherwise, and any other important factors that will help the city shape successful policies to combat vacancy.

In conclusion, we are so appreciative to Chair Menin and the Small Business Committee for holding this hearing and to the other lead sponsors, Council Members Brewer and Rivera, for bringing forward legislation that are each important steps for New York City to support our small business community. As we look ahead to the recovery of restaurants and New York City itself, we strongly believe that we will need a sustained focus by the city on attracting and keeping businesses in the five boroughs and creating a healthy and supportive environment for them to operate. The New York State Restaurant Association remains an enthusiastic partner in this goal, and we look forward to continued collaboration with City Council and the Adams administration.

Respectfully Submitted,

Kathleen Reilly
NYC Government Affairs Manager
New York State Restaurant Association
409 New Karner Road
Albany, NY 12205



Intro 0116-2022

Testimony of Carina Kaufman-Gutierrez

Deputy Director Street Vendor Project

June 9, 2022

Dear Members of the City Council Committee on Consumer Affairs and Business Licensing, Good morning, my name is Carina Kaufman-Gutierrez, Deputy Director of the Street Vendor Project at the urban justice center. I would first like to thank the Committee for the opportunity to testify today on Intro 116 championed by Chair Menin, in relation to creating a “One-Stop Shop NYC Business Portal.”

The Street Vendor Project (SVP)The Street Vendor Project is a membership-driven organization that champions the rights of street vendors as small businesses to earn a living and contribute to the culture and life of New York City. In the past year alone, we connected nearly 3,000 street vendors across the five boroughs to resources and information about housing, food access, and loan and grant opportunities, and held 450 consultations to support street vendors with business development training and financial empowerment workshops to enhance personal and business stabilization and growth. We are also a member of United for Small Business NYC (USBnyc), a coalition of community organizations across New York City fighting to protect New York’s small businesses and non-residential tenants from the threat of displacement, with particular focus on owner-operated, low-income businesses that are owned by and serve people of color in low-income communities.

The Street Vendor Project believes the one stop shop portal will be an incredibly important resource for New York City’s small businesses, and thank Chair Menin for championing this legislation

We have two asks in regards to the one stop shop business portal:

- Ensure the one stop shop is inclusive of street vendors, our city’s smallest businesses.
- Ensure the portal includes quality translation services that allow the resources to be truly accessible to small business owners for whom English is their second, or even third language, and that there is in-person training to guide people through the portal to serve those with limited digital literacy.

Street vendors are New York city's Smallest businesses, there are nearly 20,000 small business owners and workers keeping our city's streets and sidewalks vibrant, who contribute an estimated [\\$293 million](#) to the city's economy. Yet despite their critical role, street vendors must navigate an outdated, arbitrary system that actually prevents vendors from acquiring the appropriate licensing and permitting necessary to operate, forced to operate within a complicated patchwork of City laws and rules that govern it. Much of the information regarding vending rules and regulations is scattered across various city agency websites, extremely inaccessible being written in legalese, only in English. For example, a section of [educational resources](#) for street vendors on the DCWP webpage for vendors simply links to sections of administrative code - this is the opposite of accessible, especially for an industry that is 90% immigrants.

As part of the [Street Vendor Advisory Board](#) report released a few weeks ago, one of the key consensus recommendations was for SBS to develop and tailor street vendor-specific programs that will assist vendors in accessing entrepreneurial opportunities and achieving compliance with relevant laws and rules. We hope that this one stop shop follows in line with this increased support for vendors as our city's smallest businesses, receiving resources, investment as an iconic part of our city, not just enforcement.

Thank you so much for accepting our feedback today. It is Street Vendor Project's hope that the next time this committee holds a hearing, that Commercial Rent Stabilization will be on the agenda, The City Council can help brick and mortar businesses avoid displacement-through-speculation now by regulating commercial rents and passing the Commercial Rent Stabilization bill, Intro 93, into law before the end of the year.

Sincerely,
Carina Kaufman-Gutierrez

TAKEROOT JUSTICE

TESTIMONY TO THE SMALL BUSINESS COMMITTEE OF THE NEW YORK CITY COUNCIL

Oversight: Combatting Commercial Vacancies Int. 383: Improving the Storefront Registry Int. 197: Legacy Business Registry and Preservation Fund

June 9, 2022

My name is Paula Z. Segal. I am Senior Staff Attorney in TakeRoot Justice’s Equitable Neighborhoods practice. Thank you very much for holding this important oversight hearing and the opportunity to testify today.

TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.” Over the last four years, as part of the NYC Department of Small Business Services (SBS) Commercial Lease Assistance Program, we have provided direct representation to hundreds of small minority-owned businesses on commercial lease matters, including new leases, renewals, amendments, and disputes over past-due rents.

TakeRoot is a member of United for Small Business NYC (USBnyc), a coalition of organizations and community groups in NYC fighting to protect small businesses and non-residential tenants from the threat of displacement.¹ USBnyc aims to create strong, lasting protections for our city’s vibrant and integral small businesses.

¹ USBnyc members are Asian American Federation, Association for Neighborhood & Housing Development (ANHD), Bridge Street Development Corporation, Brooklyn Legal Services Corporation A, Chhaya CDC, Cooper Square Committee, League of Independent Theater of New York (LITNY), Legal Aid Society, NYC Artist Coalition, NYC Network of Worker Cooperatives, Street Vendor Project, TakeRoot Justice, Volunteers of Legal Service (VOLS), Women’s Housing and Economic Development Corporation (WHEDCo) and Alliance of Resident Theatres/New York (A.R.T./New York).



Our clients—repair shop owners, barbers, restaurateurs serving culturally appropriate food to their immigrant communities—are regularly hit with 50-100% rent increases at the end of their lease terms, foreclosing the possibility of renewal and effectively functioning as evictions. Their landlords fantasize that they will make way for higher-paying commercial tenants but, often instead, result in years-long commercial vacancies in anticipation of the higher-paying tenants that do not arrive.

The City Council can help our clients and tenants like them avoid displacement-through-speculation by regulating commercial rents. The strategies that Council is focused on at today's hearing do not reach this crucial aspect of curbing vacancy and protecting NYC neighborhoods. I now will turn my attention to two of the bills that are before us.

Int. 383: Improving the Storefront Registry

The launch of the Storefront registry in 2019 was an enormous win for USBnyc and our elected allies. In the absence of data about rents and vacancies, it is difficult to have shared agreement on the reality of the retail market of the City: are businesses thriving? Are they closing? Are rents reduced because of the pandemic? Or are landlords in reality hiking rents with the intention of capturing relief moneys that various levels of government made available to their tenants who could not operate in the early months of the pandemic? With each release of data, our commercial rental landscape comes more clearly into focus.

We commend Council Member Gale Brewer and her staff for their leadership on the Registry now and in advocating for its establishment in her prior role as Manhattan Borough President. Today, they have listened to advocates with feedback on the registry's function in its first two years. The fixes this bill will make to timing of registration requirements are key to making sure that the data the registry is designed to make available is accurate and consistent, and to clarify the requirements for disclosing the data to the public, researchers and policymakers with information that is crucial to being able to interpret and act on it. Information about whether each registered space is vacant, leased or occupied by its owner is key to a clear picture.

Int. 197: Legacy Business Registry and Preservation Fund

While the motivation behind the Legacy Business Registry and Preservation Fund is certainly both understandable and noble considering the conditions my colleagues and I have been seeing in our neighborhoods, this framework will only help the tiniest sliver of the businesses that are actually impacted by rapacious landlord behavior. As an initial matter, the requirement that a business must have been in operation for 20 years will not be met by most of my clients who are serving New York's many changing communities.

Worse, the proposed framework presents an incentive for rent gauging in its very structure: landlords would be eligible for direct grants of up to \$225,000 in public money if they can prove to the SBS Commissioner that "there is a significant risk of displacement" of their tenant legacy business. Of course, a landlord hiking rent *themselves* is what creates that risk in the first place; rent hikes are synonymous with displacement and, in the absence of regulation

like Commercial Rent Stabilization, entirely in landlords' control. This aspect of the proposed Preservation Fund will act as an incentive for landlords to create the risk of displacement as a means of accessing taxpayer dollars.

Other details of the proposed framework are similarly disquieting. First, to qualify for public money as a reward for keeping a legacy business in place despite a (self-created) "risk of displacement," landlords will only need to sign a 10-year lease with the business; that is a typical commercial lease and not a concession.

The framework is based on the premise of winners and losers: instead of encouraging enterprise and innovation across our many communities by entrepreneurs new and old, only those businesses that are both nominated by an elected official and selected by the SBS Commissioner would be able to access protections. This filtering process will leave out nearly all the businesses we have served over our years of direct representation, all of whom have been deserving of protections that allow them to build a base in a local community and remain an anchor in that community for as long as the business model is viable.

Nominations are to be done by elected officials only, without participation of the public. This suggests both a lack of transparency and another way in which access to the "legacy business" designation will necessarily be limited to a rarified set of businesses that have existing connections to individuals working in government and media visibility.

After nomination by an elected official, the SBS Commissioner will have the authority to determine whether to grant status to the business. Giving this authority to SBS will have predictable outcomes based on their track record with other similar programs, like Commercial Lease Assistance: not-for-profit organizations, which include arts, culture and education institutions that are typically renters of commercial real estate and at risk of rent gauging, are not likely to qualify for the program as SBS excludes them from their definition of a "business" for the purposes of existing programs, particularly Commercial Lease Assistance.

Finally, the criteria the framework presents as a prerequisite for designation by the SBS Commissioner after a nomination lack rigor. The Commissioner must find that the business must have "significantly contributed to the history, identity or character of the community or neighborhood in which the business is located;" this is an entirely subjective standard. The Commissioner will also need to find that the business "intends to maintain traditions," suggesting that the goal of the program will be a kind of Disneyfication of New York City through it accepted "traditions," instead of an encouragement to innovate and grow.

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Thank you so much for accepting our feedback today. It is TakeRoot's hope that the next time this committee hold a hearing, Commercial Rent Stabilization, Intro 93, will be on the agenda.



TESTIMONY

Oversight Hearing:
"Combatting Commercial Vacancies"

Presented to

New York City Council, Committee on Small Business
Hon. Julie Menin, Chair
Thursday June 9, 2022

Prepared By:

Catherine Murcek, Worker-Owner
Samamkaya Yoga Back Care & Scoliosis Collective

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Thank you Chair Menin and Honorable Council Members of the Committee on Small Business for the opportunity to testify. My name is Catherine Murcek and I am a worker-owner at Samamkaya Yoga Back Care & Scoliosis Collective and an elected member of the Advocacy Council coordinated by the NYC Network of Worker Cooperatives (NYCNoWC), a partner organization of the Worker Cooperative Business Development Initiative (WCBDI) and a member of the United for Small Business NYC (USBnyc) coalition. Our community of democratic worker-run businesses is predominantly led by women and people of color, representing communities across the five boroughs and a wide array of industries from cleaning to catering, manufacturing, media, childcare, and more. Thanks to the City Council's support over the last eight years, we have the largest network of cooperatives in the U.S! While I am very eager for City Council to **continue its support of the great work of WCBDI**, today I am testifying to urge you to please consider **Intro 93 for Commercial rent stabilization** as an urgent and effective way to combat commercial vacancies, to protect our small business community from displacement, and to help us with a Just Recovery.

When I heard combatting commercial vacancies was the theme of this hearing, I was surprised to learn that Intro 93 would not be included because I see it as a bill with the most potential for impact for the wide array of businesses and arts and cultural spaces that rent commercial space across New York City. I commend Chair Menin and Council member Brewer's leadership for the useful proposals of Intros 116 and 197, and do not have further details to share on those. Regarding Intro 383, while I appreciate the spirit of the bill and I do want to protect "legacy business", I do have some concerns: 1) The number of businesses that would be helped by this bill is very small, and my business as well as the vast majority of co-op businesses in NYC would not be eligible for the protections proposed. 2) A 10-year lease is already quite standard—that is what my business currently has—so I think landlords should be required to offer a longer lease in order to gain access to the grant funds. 3) I would recommend the legacy businesses be nominated through a community participatory effort rather than being nominated by city officials in order to increase transparency. 4) I fear that the subsidy would actually incentivize landlords to raise the rent on the recipients of those monies, and 5) This bill would exclude not-for-profit organizations which are also commercial renters, and as a modern dancer, I can also attest to the importance of arts and cultural non-profit spaces who deserve to be protected from exploitative rent increases as well.

I support Intro 93 for Commercial Rent stabilization because it would be much more impactful for the diverse types of commercial tenants across NYC, protecting us from speculative rent hikes. That being said, there are a number of recommendations that TakeRoot Justice and USBnyc have made to improve the bill, so I strongly urge the council to draft version A of the bill incorporating those recommendations and to hold a hearing as soon as possible. It is heartbreaking to me that there are businesses who survived through the pandemic that are now closing because of the rent hikes they are facing because their landlords think "the pandemic is over."

I also urge the City council to continue **to support and build on the Worker Cooperative Business Development Initiative, enhancing its funding to \$5.01 million** so that all the

incredible partner organizations involved can continue providing legal services, education, and technical assistance to our growing community of locally-driven community-focused businesses. The way that the initiative partners coordinate and collaborate with each other is groundbreaking and shows a real commitment to economic democracy within development in addition to empowering small businesses through workplace democracy. They have continued uninterrupted services throughout the pandemic and in many cases added services that were outside their original plans, like workshops to help worker owners respond to the crisis, information about available resources, and support for loan and grant applications. They also make sure that worker owners have “a seat at the table” when making important decisions through the leadership skill building program of NYCNoWC’s Advocacy Council, which gives worker-owners the training and support they need to bring their voices to policy spaces.

Our community of democratic worker-run businesses is small, but mighty, predominantly led by women and people of color, representing communities across the five boroughs and a wide array of industries from cleaning to catering, manufacturing, media, childcare, and more. NYCNoWC is deeply committed to serving and lifting up the voices of its members for social and economic justice, especially in historically marginalized communities, through programs like the Advocacy Council, The Principle 6 Program, the Cooperative Sustainability Fund, and many more. Through NYCNoWC’s Advocacy Council, of which I am honored to be a part, we are elected by the full membership and are given the tools and support to be able to bring our voices to policy spaces like these. After multiple years of research and collecting feedback we have identified priority needs of our community and developed our own NYC Co-op Policy platform (see www.workercoop.nyc), which many Council members have signed onto in support of. **Our municipal platform includes Intro 93 (formerly Intro 1796) because access to affordable commercial space continues to be a major priority for our community year after year.** The majority of co-ops in NYC have never even been able to access a brick and mortar space because the costs of rent are just too prohibitive. **A fair and just system of commercial rent stabilization would help to level the playing field, making much needed spaces more attainable not just for co-ops, but for all small businesses in communities that have been historically oppressed by a system that focuses on profit maximization over community wellbeing.**

My business, Samamkaya Yoga, is a very special, small studio focusing on the therapeutic applications of yoga for people with a wide range of body types and ability levels, including those with Scoliosis, herniated discs, a fused spine, and we even have an adaptive yoga class for folks with more limiting disabilities. The business formed just over 7 years ago when a group of instructors highly skilled in therapeutic yoga for back issues were feeling exploited and underappreciated at another studio and decided to start their own worker cooperative, which is, in other words, a small business that is co-owned and democratically-run by its workers.

Joining Samamkaya as a worker-owner 6 years ago has been a truly transformative experience for me. In an industry where most yoga instructors are resigned to being 1099 Independent contractors, to be able to have a vote in decisions about the business that will affect its members was really empowering. In addition, because cooperatives are built on certain

principles including concern for community, one worker one vote, and training and education for its members, it has felt incredibly rewarding to be part of a values-driven business. Cooperatives allow the freedom to get involved in different aspects of the business that one might not have thought of before; to learn and grow in new ways. And, every member has incentive for the business to do well because every member is financially and energetically invested in the business and will do what it takes to see the business succeed.

This became even more crystal clear for me at this time two years ago when so many non-essential businesses like mine were forced to close their doors in order to prevent further spread of COVID-19. All our members snapped into action as much as they were able, divvying up the tremendous labor of researching different platforms we might use to switch to online offerings and different grants that might be available to help keep us afloat. We completely revamped our schedule, pay, and fee structures in an equitable way that would make it easier on the studio but also for the teachers who most needed to continue working due to ineligibility for unemployment; we worked together to find the best possible solution for both the survival of the business and its workers.

Through the **Commercial Lease Assistance program (CLA)** we were able to set up a legal consultation to advise us on our commercial lease and how we might approach negotiations with our landlord, which fortunately went well, and we hope you will continue to fund that program. Even though we were one of the fortunate few small businesses I know of to have been able to negotiate our rent, we did so on the condition that we renew our lease for another 10 years during which period our rent will gradually rise to “market rate”. Unfortunately, this still makes our future uncertain because we have very limited opportunities for growing our classes due to the small capacity of our space. A fair and just system of **commercial rent stabilization** would allow small businesses like mine to feel secure enough to plan for the future.

The pandemic naturally wrought havoc on our business as it did the rest of the wellness industry in Chelsea and NYC’s entire small business community. Our profits plummeted when we had to close our doors even though we were able to offer online classes. We were incredibly fortunate to have received both rounds of PPP and small grants from the Cooperative Development Foundation and the Cooperative Economics Alliance of NYC. However, demands to the city for commercial rent relief did not bear fruits, and because we did not qualify for the Employee Retention Grant and Small Business Continuity Loan program, there was very little city-level support we could benefit from. The new lease we negotiated fortunately starts at a reduced rate, but gradually increases to “market” rate over the course of ten years. Unfortunately, that makes our future uncertain because our business has limited options for growing attendance because our space is so small. Moving to a different space would almost surely put us out of business because we haven’t been able to pay down the loan for our start-up costs to build out the space we already have. **Intro 93 would protect our immense investment in our space and help us plan for the future by limiting the amount our rent can go up to ensure we can stay in our very unique space long term.**

Other wellness spaces in our neighborhood were not as fortunate as we were. One well-loved yoga studio I used to teach at in Flatiron, called Yoga Union, closed mid-pandemic after nearly 10 years of offering care, because they already knew at the end of their lease the landlord planned to double their rent which was already around \$14k / mo! These are the types of tragedies commercial rent stabilization would prevent. **The determinants of whether a small business will succeed or fail rely in a huge part on the whims of how much their commercial landlord wants to raise their rent at the end of the lease.**

To anyone who says that regulating commercial rents is bad for the economy I have to ask, is it good for the economy to close long-standing, well-loved businesses, causing workers to lose their jobs, adding to the blight of vacant storefronts, and making it harder for communities to build their own wealth, all in the name of maximizing profits for the few? Does it make sense that businesses are being forced to close while vacant spaces are being hoarded across the city, waiting for the highest bidder? **Passing Intro 93 would be a monumental shift toward a just recovery, and is the right thing for the city to do right now to protect its small business community.**

The pandemic is not over. High rents are by far the greatest obstacle our small business community faces. Commercial tenants should not be expected to bear a greater burden than their landlords, many of whom only care about maximizing profits and not about what that does to destroy neighborhood culture and economy. **Please pass Intro 93 for commercial rent stabilization for a just recovery that will help our city thrive long into the future.** Thank you for your work and for reading my testimony.