



**Testimony by the New York City Department of City Planning, before the
Committee on Small Businesses and Subcommittee on Zoning and Franchises of
the City Council**

September 30, 2016

Good morning, Chair Cornegy and Chair Richards, and members of the Committee and Subcommittee. My name is Laura Smith and I am the Lead Retail Planner for the Department of City Planning. I am pleased to be here to testify about the role the Department of City Planning has in Mayor de Blasio's efforts to promote retail diversity and preserve neighborhood character. As the City's planning and land use agency, DCP's role is to devise land use policies that promote the economic vitality of all the city's business areas. New York City is committed to planning goals around neighborhood retail diversity, entrepreneurship, affordability, job creation, and making sure our residents have local access to critical goods and services, like supermarkets, laundromats, hardware stores and day care.

While you will hear from SBS about the programs and services in place to promote retail diversity and help preserve neighborhood character, I'd like to share some of the zoning tools the Department of City Planning has in our toolbox to further define the retail landscapes in neighborhoods across the city, and share some of our thoughts on other tools that have been suggested.

First, I would like to highlight steps we've taken, with your help and support, over the past few years to help raise the bar in terms of the creation of quality retail space in the city. Zoning for Quality and Affordability corrected two major barriers to a healthy and vibrant commercial corridor: In parts of the city where new buildings are allowed 5 feet of additional height for providing a "qualifying ground floor", we are incentivizing developers to create high quality retail spaces, with adequate floor to ceiling heights. This has been a demonstrated barrier for developers of affordable housing in tenanting their ground floors with the types of uses many communities need most – supermarkets, pharmacies, laundromats, and really all other types of general retail. ZQA also created consistent and workable transparency standards, where such standards have been instituted across the city in certain zoning districts, special districts, and for FRESH food stores. No local or national operator wants to occupy a space that feels dark and cramped, and that feels like an afterthought in the community.

The Department has taken a number of other actions in specific neighborhoods across the five boroughs to address demonstrated challenges – be they difficulty in attracting a certain critical use, like a supermarket, difficulty in promoting active ground floor uses over other uses like residential lobbies or parking, or the difficulty in fostering a diverse retail landscape in light of a market skewed towards one particular type of use, like banks. Recognizing that one size definitely does not fit all when it comes to zoning along commercial corridors, we apply these tools after considerable analysis demonstrates a clear land use rationale for solving a very specific problem.

As just mentioned, we have tools to create and expand incentive programs for important uses such as supermarkets where needed. The FRESH program, mapped in neighborhoods in Central Brooklyn, northern Manhattan, and parts of Queens and the Bronx has been in place since 2009 to incentivize through zoning the development of more

full line grocery stores in the communities that need them most. The program has facilitated the completion of 12 grocery stores, with 11 others in the pipeline. Meanwhile, the Department of City Planning, the Mayor's Office of Food Policy, and EDC is also working with the City Council to improve the program, and we look forward to our future discussions with you.

We have zoning tools that require ground floor spaces to be occupied by active uses. Ground floor use requirements or restrictions ensure that businesses have the opportunity to open along commercial corridors. We have imposed this active ground floor use requirements in neighborhoods like the Upper West Side, where residential lobbies in new buildings were interrupting the longstanding, strong retail corridors of Broadway, Amsterdam, and Columbus avenues, along Fourth Avenue in Brooklyn, to encourage ground floor businesses instead of parking and residential lobbies, and along Broadway in Bedford-Stuyvesant, to promote the continued growth of that retail corridor.

Also on the Upper West Side, where the ratio of commercial square footage to residential population is among the lowest in the city – meaning there is simply “not enough” commercial space to accommodate the residential population – we have a clear land use rationale for zoning that ensures a variety of retailers are able to open along a block. To achieve this, we require a minimum number of stores per block, and require that no single establishment exceed 40 feet of commercial frontage along the main street. There's no limitation to overall store size, and we know that any retailer who really wants to locate in a neighborhood will be capable of adapting to restrictions like those placed on Broadway, Amsterdam and Columbus avenues, but at least we know that no single store can dominate an entire blockfront.

Zoning meanwhile does limit store sizes, indirectly and directly. Commercial overlays naturally restrict store sizes by virtue of being limited in depth and only allowing one or two stories of commercial uses. “Big Box” retail simply cannot fit in these districts today. In certain special districts, we’ve limited store sizes based on local land use concerns.

There are additional aspects of our existing zoning that may be altered or expanded to improve the retail landscape of other communities.

We are proactively working with NYCHA to expand commercial overlays to areas where they do not currently exist, in order to increase the potential supply of retail and commercial services on their campuses. While mapping overlays on NYCHA campuses is but one step in allowing a commercial use in these areas, we certainly don’t want the zoning to slow down the process and we want the right zoning in place if and when NYCHA is able to proceed with commercial development.

In neighborhoods with very low commercial vacancy rates and high demand for additional retail, there may be opportunities to expand commercial overlays onto side streets, or allow for second story commercial uses. We’d want to ensure, however, that these expanded commercial areas would neither displace nor disturb existing residential units.

DCP has also been asked to explore restrictions on “formula retail”, more commonly thought of as chain stores, to limit or require special permits for these types of businesses. In our view, this would not be a good way to ensure vibrant and healthy neighborhood retail streets. San Francisco, whose formula retail regulations are often cited as a model that New York City should follow, has admitted that “formula retail does provide lower-cost goods and services, and is generally recognized to provide more employment opportunities

to minorities and low-income workers.”¹ Successful local retail streets are the backbone of the community, contribute to neighborhood character, serve as reliable destinations for obtaining necessary goods and services, and provide opportunities for local employment and advancement opportunities. Among individuals looking to start their own small business, franchise ownership is one significant means of economic opportunity and mobility. Ace Hardware, 7-11, and Dunkin Donuts, for example, are commonly thought of as “chain retailers” but are in fact independently owned, often by immigrant entrepreneurs who would be substantially affected by a limitation on certain types of retail businesses.

We also need to acknowledge the role that a ground floor tenant plays in financing a new building – particularly one that is comprised of affordable rental units that have very limited room, financially speaking, to allow for much “curation” of their ground floor retail spaces.

Zoning is a very blunt tool, which often means it’s an inappropriate mechanism for making very specific market “tweaks” absent a solid land use rationale. That being said, we are eager to work with you on the local retail issues facing your communities to see if we have, or can develop, a zoning solution. We know that what works in one neighborhood might not work in another, and, through our zoning studies and neighborhood planning efforts we are committed to considering the specific tools that are most appropriate for tackling the unique needs of our communities.

¹ http://sf-planning.org/sites/default/files/FileCenter/Documents/9343-FormulaRetail_Commission_Guide.pdf pg 4

**TESTIMONY BY
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE THE
COMMITTEE ON SMALL BUSINESS
&
THE SUB-COMMITTEE ON ZONING & FRANCHISES

FRIDAY, SEPTEMBER 30, 2016**

Good morning Chair Cornegy, Chair Richards and members of the Committee on Small Business and the Subcommittee on Zoning & Franchises. My name is Warren Gardiner and I am the Director of Intergovernmental Affairs and Community Relations at the New York City Department of Small Business Services (“SBS”). Today, I will discuss a series of programs and services SBS is delivering to promote retail diversity and help preserve neighborhood character throughout our city.

At SBS we believe that small businesses are the economic building blocks of New York City – they strengthen our economy, anchor communities, create jobs, and add to the vibrancy of our neighborhoods. Part of our core mission at SBS is to create stronger businesses by supporting them as they start, operate, and grow. We also provide support at the neighborhood level by partnering with community-based organizations to invest in commercial corridors where New Yorkers can shop, work, and live.

We understand that small businesses are confronted with many challenges to starting and growing in New York City. In response, SBS is expanding and launching several new programs to support mom & pop businesses as well as the commercial corridors that anchor our communities. To assist businesses who are dealing with the soaring cost of commercial space, SBS is working with community partners to provide a series of free commercial lease workshops and clinics to business owners, in addition to free lease review case management by pro-bono attorneys. To date SBS has delivered 40 **commercial lease courses** that have served more than 550 participants. We also have another 4 courses scheduled between now and December 2016, and are finalizing the details on an additional 5 in the coming weeks. Of these businesses who have attended, more than 50 have been referred to and successfully completed one-on-one commercial lease review consultations. Through our **FastTrac GrowthVenture** courses SBS is working to help business owners strategically grow their businesses and adapt to changes in the market. This course is also designed to help local businesses learn how to access capital, identify growth opportunities, build sales strategies, and improve financial performance. We are currently offering these classes in both English and Spanish in all five boroughs. Since 2013, more than 1,500 entrepreneurs have graduated from the course.

Business owners can get connected to these, and the rest of our free, high-quality services and courses, through our network of seven Business Solutions Centers located throughout the five boroughs. And with the support of Chair Cornegy, and the Council, SBS' Chamber on the Go team has also been working with our community partners to go door to door to spread the word about our services to business owners. Chamber on the Go has already served approximately 3,000 businesses and connected nearly 700 businesses with services.

And in conjunction with EDC, the Mayor's Fund, and the support of Chair Richards SBS was able to provide grants to help local businesses and property owners complete storefront renovation projects through our **Storefront Improvement Program**. Through our **Avenue NYC** grant program SBS provided \$1.3 million in funding for organizations in low- to moderate-income areas to implement commercial revitalization initiatives. **Neighborhood Challenge** is another grant program hosted by SBS in partnership with EDC to provide \$500,000 to support catalytic projects developed by community organizations to support commercial districts and address small business challenges.

SBS worked closely with the Council to administer the **Neighborhood Development Grant Initiative**, which provides grants for community-based economic development organizations in each of New York City's 51 City Council districts. In addition to these initiatives, SBS, in collaboration with the city's 72 Business Improvement Districts (BIDs), are helping to combat the effects of displacement of small businesses by connecting business owners to available business development and workforce assistance programs; providing visual merchandising and façade improvement assistance; marketing and promoting businesses to the broader community; and holding events that attract shoppers and celebrate the characters of neighborhoods. This is in addition to their broader responsibility for the provision of supplemental services such as sanitation and public safety.

Conclusion

We have much work ahead of us but at SBS we believe small businesses are the lifeblood of our city's economy and an essential part of the character of NYC neighborhoods. We have an extraordinary opportunity to leverage the efforts of our partner City agencies and the local community-based organizations on the ground so we can continue to serve and support them and commercial corridors of our city. Thank you for the opportunity to speak today and I am happy to take your questions.



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Gale A. Brewer, Borough President

**Testimony of Manhattan Borough President Gale A. Brewer
New York City Council Committee on Small Business
Jointly with the Subcommittee on Zoning and Franchises
September 30, 2016**

Thank you Chairs Cornegy and Richards for scheduling this hearing on zoning and incentives for promoting zoning and retail diversity and preserving neighborhood character. I am Manhattan Borough President Gale A. Brewer.

As many of you know, I am an advocate for small businesses in the Borough of Manhattan and citywide. The entrepreneurs who create a business from a dream are some of the hardest workers in the city. A successful business owner is someone who goes beyond the endless hours of managing the business by reading and learning about all of the rules and regulations that they must follow to avoid fines that cut into their bottom lines. Zoning is one of the most well-known and impactful regulations that govern how someone may do business by restricting commerce to commercial streets.

However, zoning does not need to be an impediment to doing business. There are ways that we have used zoning in the past to protect small business diversity. When I was a councilmember on the Upper West Side, big banks and drug stores were pushing to establish themselves in my district to the detriment of the mom and pop stores. When a building-owner wanted to land a tenant like a bank, he/she would warehouse their smaller ground floor commercial units until they could make a combined space for one large tenant. The bank didn't need the space to do business; they wanted the commercial frontage for advertising.

I asked the Department of City Planning to work with my office to build a zoning solution to fight back against the expulsion of neighborhood business and the warehousing of small commercial spaces. After completing a neighborhood study, they identified neighborhood standards for the amount of "frontage" that a business could have on the street. Within a new special commercial district, banks could only have 25 feet of storefront along the street, and stores 40 feet only. Along parts of Columbus and Amsterdam avenues, any building with at least 50 feet of frontage on the street needs to have at least two commercial units within that frontage. Supermarkets are exempt from these requirements.

There is a great deal of interest in other parts of the borough for these types of small business protection. Small businesses like small retail spaces and larger chain stores are not outlawed, but forced to operate the bulk of their square footage on a second floor unit, a cellar

unit, or wedged behind the commercial unit next door. I believe that this is the closest the city has come to enshrining the classic New York commercial street environment into zoning text.

After I took office as the Manhattan Borough President, I released a report that outlined a number of proposals to address common challenges that befall our small businesses. From a microeconomics standpoint the demand for ground floor commercial units far outstrip the supply. More entrepreneurs are competing for a limited number of potential locations, which may be a significant factor in driving up price per square foot. To alleviate this imbalance, the report identified two main points where zoning may be helpful. The first would be to expand commercial overlay districts where appropriate. This would allow more commercial activity to occur as-of-right.

The second option is a bit more complicated. Using what I call “Ultra-Low-Intensity Commercial Districts”, the city would map special commercial areas on side streets that would only allow low-traffic, low-impact businesses to operate. These would be businesses that serve neighborhood needs as opposed to destination retail. This zoning would be New York City’s first performance-based zoning where a city agency like Small Business Services would look at a business plan and certify whether it would be permitted to establish itself in such a district. Through the use of a nimble, business-specific agency as a gatekeeper, performance-based zoning enables other retail diversity goals such as the exclusion of formula-based retail.

Creating more supply only helps if landlords choose to rent the spaces out. To walk around any commercial corridor in Manhattan is to see vacant storefront after vacant storefront, many of which have sat untenanted for years. Commercial vacancy on the street leads to diminished safety for the sidewalk and street. Business owners are also our neighbors and we rely on them to keep the sidewalk in front of their shops clean and shoveled and most importantly, well lit. For our collective safety and security, we as a city must act to disincentivize the holding of a storefront vacant for extended periods of time. I urge the City Council to call upon their State counterparts to give New York the ability to tax landlords for holding their ground floor commercial spaces vacant when there is no legal or structural reason for them to do so. In the meantime, we must create a program wherein a landlord would pay a fee and register their vacant storefronts. This will give us an essential new source of open data to be analyzed by city government, academia, and the civic hacker community.

While disincentives may deter landlords from holding space vacant to wait for a chain-store tenant, incentives are needed for small mom and pop “storefronters” to stay in Manhattan. That is why CM Johnson and I have drafted and are preparing for introduction a commercial rent tax exemption bill. This tax exemption, which can be enacted locally without state legislation, would exempt small, owner-operated street-level retail businesses and supermarkets from the commercial rent tax, making these businesses a little more competitive in the battle to remain in their space.

This year the Department of Small Business Services launched their Cornerstone Business Initiative to support established small businesses that have served their communities for at least 20 years. The first years’ honorees received free one-on-one advising, a free .NYC domain for one year, and other services. This is a step in the right direction and I urge SBS to

expand the program in future years to provide even more support such as employment-based grants to the business and some rental assistance grants to landlords that extend the lease for these businesses.

The New York City Zoning Resolution is 100 years old this year. Zoning by its nature has the tendency towards being more restrictive over time. As a means to protect the citizens of New York, it has largely achieved its intended goals. Our challenge is to create more opportunity for business in our city without erasing the gains we have made in safety and quality of life. Our challenge for the next 100 years of zoning is to make it more flexible, creative, and responsive to changing needs.



OFFICE OF THE BROOKLYN BOROUGH PRESIDENT

Testimony

Brooklyn Borough President Eric L. Adams

Friday, September 30, 2016

I want to thank the City Council, Chair Robert Cornegy, and the Committee on Small Business, for giving me the opportunity to provide comments at this public hearing.

I applaud the City Council for looking for ways, through the New York City Zoning Resolution regulations and incentive programs, that retail diversity can be promoted and neighborhood character can be preserved.

Many of Brooklyn's retail corridors are substantially underdeveloped based on the zoning floor area permitted by the particular zoning districts. The majority of these districts were established in 1961, though several corridors were further upzoned during the prior City Administration, making these retail properties even more attractive as redevelopment sites. Given the strength of Brooklyn's housing market, retailers occupying space within these underdeveloped sites are at risk for being displaced as part of making way for new construction. Unfortunately, too often, commercial zoning districts merely allow for retail use though there is no obligation on the developer to return retail use as part of the property rebuilding.

For these retail streets, the developer has the right to place residential use and/or parking along the building's street frontage. Not only does this adversely affect and directly displace retail tenants, it could weaken the retail corridor by breaking up the continuity of the shopping street, disrupting walkability and, in turn, the livability of the neighborhoods. As the redevelopment too often displaces mom-and-pop businesses, the City should take steps to see that retail space is part of the development.

One recently established tool in the Zoning Resolution that should be applied more frequently is that of Special Enhanced Commercial Districts (SECD). While the SECD does not, in and of itself, guarantee mom-and-pop businesses as occupants, it ensures a presence of retail and/or community facility use with prescribed standards for fenestration for new developments. Such zoning overlay can be established as part of a rezoning where retail use is desired as well as existing retail corridors as a means to ensure the existing retail characteristics.

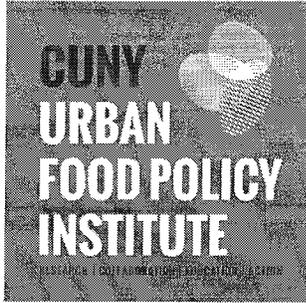
Retail corridors zoned R6 and R7-1 in neighborhoods remain vulnerable to small retail displacement given the presence of many underbuilt buildings as compared to the existing rights allocated by the 1961 rezoning and subsequent establishment of permitted residential floor area according to the Quality Housing program. Examples include: Bensonhurst's 86th Street, Borough Park, Brighton Beach, Brownsville, Bushwick, Coney Island, Crown Heights, Crown Heights North, East Flatbush, East Williamsburg, Prospect-Lefferts Gardens, and Sunset Park's Eighth Avenue. Contextual upzonings along the Clinton Hill and Fort Greene sections of Fulton Street and Myrtle Avenue have resulted in a joint initiative by Fulton Alliance of Businesses and Myrtle Avenue Revitalization Project to secure establishment of SECDs in response to accessing the potential for direct retail displacement. Other contextual upzonings also appear to merit additional mapping for SECDs, including along Bedford and Franklin avenues in Crown Heights North, sections of Kings Highway, Avenues J and M in Midwood, Vanderbilt and Washington avenues in Prospect Heights, Fourth and Fifth avenues in Sunset Park, and Grand Street and Metropolitan Avenue in Williamsburg.

Depending on the nature of establishing an SECD, it might be appropriate to include additional regulations such as applying any combination of use restrictions and/or frontage or first story location restrictions as a means to control placement of larger retailers, while also expanding the applicability of the Food Retail Expansion to Support Health (FRESH) food program for financial incentives and zoning. Such controls might limit certain uses to lobby frontage with more expansive use toward the rear of the building and/or above the ground floor, with a key exception being the accommodation of a FRESH food store. There are recently established rules applied to the Upper West Side that might be worthy of being incorporated as more SECDs are created.

In addition to financial incentives for supermarkets, the City should be advancing mom-and-pop retailers through its Request for Proposals (RFP) for the disposition of City-owned land. The City must also allocate additional funding to provide legal services for mom-and-pop businesses to combat tenant harassment, as well as financial incentives and credit to ensure small businesses can compete on a more level playing field with larger corporations like banks and chain pharmacies. Further safeguards to promote having retail space occupied by mom-and-pop businesses would be to designate a non-profit local development corporation (LDC) as the selected RFP respondent. Non-profits are much more mission-based than for-profit developers, and such LDCs are generally less sensitive to maximizing income from retail rentals, and, as a result, are able to best choreograph the retail in a manner that favors mom and pop retailers as tenants.

Thank you.

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Oversight Hearing on Zoning and Incentives for Promoting Retail Diversity
and Preserving Neighborhood Character

The NYC Council Committee on Small Business and Subcommittee on Zoning and Franchises

Testimony of

Nevin Cohen

Associate Professor of Public Health and
Research Director, CUNY Urban Food Policy Institute

September 30, 2016

Introduction

On behalf of the CUNY Urban Food Policy Institute, I would like to thank the committee chairs and members for the opportunity to present testimony at this joint oversight hearing on *Zoning and Incentives for Promoting Retail Diversity and Preserving Neighborhood Character*. The Institute works to develop, improve, and evaluate policies and programs that support nutrition and health equity. This includes promoting economic growth and social justice through a food sector that supports good jobs, health, and sustainable urban environments.

Over the past year, the Institute has examined food retail from three perspectives: (1) the role of planning, zoning, and real estate development on neighborhood food retail in East Harlem, a community undergoing rapid economic change; (2) policies to address turbulence in the supermarket sector; and (3) opportunities for growth in “good food jobs.” We would like to share with Committee staff recent reports that present our findings and policy recommendations on these issues.

My remarks today will focus specifically on challenges and opportunities *within the food sector*, a part of the city’s economy that is critical for public health, economic development, and neighborhood vitality, yet one that is being transformed by development, market shifts, and



new technologies. a focus on diverse food environments, with varied restaurants, mobile food vendors, supermarkets, convenience grocers, and new forms of food retail distribution, from CSAs to online delivery, is critical to the economic vibrancy and health of communities. The very character of many neighborhoods across the city, from Flushing to Arthur Avenue to Sunset Park, is defined by food. Moreover, the food sector has been a leading source of new jobs in New York City since the financial crisis, although much of that growth has been in low-wage service jobs. Planning, zoning and new programs can support the food retail sector so that it meets the needs of employees, the neighborhoods in which they work, and grows the city's economy.

Three key challenges face New York City's food sector?

(1) Rising commercial rents are challenging conventional food retailers, which operate on razor-thin 1-3% margins. Rent increases in neighborhoods undergoing re-investment and gentrification have made it impossible for some food retailers to stay in business. Manhattan rents have increased from a median of \$102/sf in 2005 to \$156/sf in 2015. In Brooklyn, the commercial corridors of neighborhoods that have seen an influx of affluent residents in recent years now approach (and in some cases exceed) the level of Manhattan rents. With those rent increases, supermarkets often cannot compete with banks, pharmacies, and national chain stores that generate significantly more revenue per square foot without the sanitary issues associated with food establishments. Within the supermarket sector, conventional, locally owned grocers like C-town generate average revenues of \$1,200/square foot, while Trader Joe's generates \$15,000/square foot.

(2) Competition from drug stores, dollar stores, and online retailers that are capturing a greater share of food sales. Chain pharmacies have grown in number, and get nearly one-third of their sales from food. By one estimate, the three largest drug store chains (Walgreens/Duane Reade, CVS, and Rite Aid) capture nearly 10% of the market share of the top 20 food retailers in NYC. Online retailers, from Amazon to Fresh Direct, are growing in popularity and will capture a significant share of food retail over the next several years. Some industry analysts estimate that the New York metropolitan area is over-saturated with supermarkets, and as the alternative distribution channels grow more brick and mortar stores will close.

(3) Food Gentrification as low-income neighborhoods undergoing rezoning and redevelopment attract more affluent residents. Higher levels of disposable income in a neighborhood can lead to higher food prices, an emphasis on foods like meals-to-go and pre-cut vegetables that are convenient but less affordable, and a shift to less culturally appropriate offerings. We have witnessed this in Harlem, where a few blocks east of our 125th Street campus we lost a large

Pathmark and across the street a new Whole Foods will soon open, a consequence of the rezoning of 125th Street that has attracted significant public and private sector investment and an influx of higher income residents. Ensuring that long-time residents of gentrifying neighborhoods, particularly the large numbers of New Yorkers who live in NYCHA developments, have access to affordable food should be a priority of your committees.

There are five strategies that your committees can take to address these challenges:

(1) Stemming commercial rent increases by either instituting commercial rent control, creating arbitration rights for small businesses faced with proposed rent hikes, providing rent subsidies for groceries, and working with the Department of Citywide Administrative Services and non-profit community development corporations to create commercial space for supermarkets at affordable rents and long-term leases. As NYCHA seeks to develop its properties, supermarkets should be a priority land use, as it was in Far Rockaway, where the Ocean Bay CDC, NYCHA, Asian-Americans for Equality, and LISC NYC have been working together to open a new supermarket on Housing Authority land. Creating new commercial space by expanding commercial overlay zoning where appropriate and by expanding commercial uses on NYCHA developments would increase the supply of real estate available for commercial businesses and help to temper rising rents.

(2) Revisiting the Food Retail Expansion to Support Health (FRESH) program to increase the types and sizes of food retailers covered by the zoning and financial subsidy program. This might include expanding the types of stores supported to include food cooperatives, food buyers' clubs, and spaces for alternative forms of direct marketing such as food box programs and farmers' markets, and pick up sites for groceries ordered online.

(3) Supporting the creation of new public food markets that provide the basic groceries residents need to feed their families. In New York City, the public markets like Essex Street and La Marqueta are more like specialized boutiques, but in other cities, like Detroit, Philadelphia, Boston, and New Orleans, public markets have been opened or redeveloped to serve a wider range of customers and provide a retail venue for small, local businesses. A commitment to build public market spaces that make healthy, affordable food access a priority into the neighborhoods being rezoned for affordable housing would both support local economic development and provide a public alternative to conventional supermarkets.

(4) Developing spaces to make online food retail accessible to the lowest income New Yorkers. While bricks and mortar food stores are important neighborhood assets, the reality is that more and more people, including low-income New Yorkers, are comfortable ordering products online.

To keep the delivery costs low and prices affordable, delivery to a centralized location, like a Housing Authority community center, and last “1000-foot” delivery to individual apartments by local non-profit youth development programs, can be a strategy to provide access to high quality food from many different online retailers without needing to finance brick and mortar stores. USDA is piloting the use of SNAP benefits for online food purchases. The City Council could support similar pilots in NYCHA developments, at senior centers, and in other locations in which affordable food access is a priority, or require or incentivize developers to set aside spaces for online delivery services.

(5) Addressing connected parts of the food supply chain – from production to distribution -- that contribute to a diverse food retail sector. This might include making the expansion of urban agriculture – both low tech and rooftop -- an explicit goal of the city’s green infrastructure program and development RFPs; expanding the city’s support for food entrepreneurs by developing additional food business incubator spaces; and designing food hubs that can serve as production and distribution facilities into communities undergoing neighborhood planning and rezoning. Growing these critical components of the supply chain will support new and innovative forms of retail, and if developed with and for low income communities, like NYCHA’s Food Business Pathways Program, would lead to community-based economic development that does not contribute to food gentrification.



EATING

IN

EAST

HARLEM

AN ASSESSMENT OF CHANGING FOODSCAPES
IN COMMUNITY DISTRICT 11, 2000-2015



A REPORT BY THE CUNY GRADUATE SCHOOL OF PUBLIC HEALTH AND HEALTH POLICY AND THE NEW YORK CITY FOOD POLICY CENTER AT HUNTER COLLEGE

CUNY SCHOOL OF PUBLIC HEALTH



New York City
Food Policy Center
AT HUNTER COLLEGE

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*Web appendices are available at eatingineastharlem.org

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- Anastasia Jelatis Joke, CUNY School of Public Health
- Molly Jensen, East and Central Harlem District Public Health Office
- Vivian Johnson, UBA Beatrice Lewis Neighborhood Senior Center
- Audrey Lamadieu, New York City Department for the Aging
- Carey King, New Harlem East Merchants Association
- Rebecca Lee, East and Central Harlem District Public Health Office
- Mac Levine, Concrete Safaris
- Rick Luftglass, Laurie M. Tisch Illumination Fund
- Iris E Marchante, Division of Nutrition, Metropolitan Area Regional Office, New York State Department of Health
- Kate Masuch, Activity Works and CUNY School of Public Health
- Agnes Molnar, Community Food Advocates
- Cathy Nonas, New York City Department of Health and Mental Hygiene
- Maritza Owens, Harvest Home Farmer's Markets
- Carol Parker, Cornell Cooperative Extension
- Jane Richardson, Gaylord White Senior Center
- Anthony Reynoso, Super Fi Emporium
- Catarina Rivera, CUNY School of Public Health
- Maria Rivera, Carter Senior Center
- Susan Rodriguez, SMART NY
- Michele Scott-Pierce, Cornell Cooperative Extension
- Sandy Sheedy, New York State Department of Education, Child Nutrition Program Administration
- Annette Slonim, Edible Schoolyard NY
- Barbara Turk, Mayor's Office of Food Policy
- Evelyn Vela, New York Common Pantry
- Geraldine White, New York City Department for the Aging
- Craig Willingham, New York City Department of Health and Mental Hygiene
- Sibyl Wilmont

SECTION 1

INTRODUCTION

Since 2000, East Harlem has changed dramatically.

New retail and housing developments are springing up on Third Avenue, 125th Street and along the East River. New populations are moving in, changing the demographic composition of the community. Since 2014, a new Mayor and City Council have made improving East Harlem a priority, bringing new public resources into the neighborhood. In the food sector, many new food businesses and public and non-profit food programs have opened, presenting East Harlem residents with a wide variety of food choices.



A Green Cart in East Harlem

At the same time, since 2000, East Harlem has changed hardly at all. It still has among the worst health statistics in the city and reports high levels of both food insecurity and diet-related diseases. For 40 years, East Harlem has been one of the poorest neighborhoods in New York City. The most common food outlets in East Harlem, now as in 2000, are bodegas and fast food outlets that sell mostly unhealthy food. Two of the largest supermarkets, Pathmark and Associated, recently closed, making it harder to find healthy, affordable food. Now, as in 2000, many East Harlem residents still depend on SNAP (the Supplemental Nutrition Assistance Program, or Food Stamps) and soups kitchens struggle to get enough food to feed their families. For many, even these supports are not enough to ensure that no one goes to bed hungry. East Harlem still has the second highest public housing density in the city, providing a stable supply of affordable housing. However, inadequate maintenance, an aging public housing infrastructure, development pressures and rising costs of food and other commodities make living conditions difficult and contribute to high rates of preventable health conditions among public housing residents.



The Pathmark Supermarket located at 125th Street and Lexington Avenue closed in November 2015.

How can we understand these two accurate but profoundly different assessments of East Harlem? Figure 1-1 provides an overview of some of the demographic and social changes in East Harlem since 2000. It shows improvements in some areas, but limited or no progress in others. How can we better understand what has and has not changed, and why? How can we use evidence of change to set meaningful goals for food policy in East Harlem for the next five, 10 or 15 years? How can we ensure that the residents, organizations and leaders of East Harlem have the information they need to make informed decisions about our community's future?

In this report, we analyze how foodscapes have changed in East Harlem since 2000. We hope the report will help the people of East Harlem to recognize and celebrate the progress we have made. But we also want East Harlem to be better able to identify the additional changes that we need in order to create a community where hunger and food insecurity are history, and where epidemics of diet-related conditions like obesity and diabetes are on the road to elimination. No community can prosper and sustain itself without access to healthy, affordable food for all of its residents. This report is dedicated to strengthening East Harlem's capacity to turn that vision into reality.

Figure 1-1 An Overview of Demographic and Health Changes in East Harlem Since 2000

CHARACTERISTIC	2000-2002	2013/2014*	% CHANGE
Demographic			
Total Population	108,092	123,579	14
Race/ethnicity (%)			
Hispanic Origin	55	50	-9
Black/African American, non-Hispanic	33	31	-6
White non-Hispanic	6	12	100
Asian Pacific Islander, non-Hispanic	3	6	100
Foreign-Born Population (%)	21	26	24
Age (%)			
17 and under	28	22	-21
65 and over	11	12	9
Median Household Income	\$33,815	\$30,736	-9
Income Distribution (%)			
Less than \$40,000/year	46	50	9
More than \$100,000/year	15	15	0
Poverty Rate (%)	37	31	-16
Unemployment Rate (%)	17	12	-29
Total Housing Units	45,964	55,000	20
Serious Crime Rate (per 1,000 residents)	22.7	17.1	-25
Health and Health Care			
No Health Insurance Coverage (%)	12 (2003)	24 (2013)	-100**
Have Personal Doctor (%)	72.7	75.1	3
Rate Own Health as Fair or Poor (%)	30	30	0
Deaths per 1,000 Population, all ages	9.4	7.5	-20
Live Births per 1,000 Population	15.4	22.1	44
Infant Mortality per 1,000 Live Births	8.1	6.0	-26

An Overview of Demographic and Health Changes in East Harlem Since 2000

+ Based on year for which data are available *Based on latest available data

**Does not reflect changes based on 2014 and 2015 enrollment in Affordable Care Act

Sources: New York City Department of Health and Mental Hygiene, East Harlem Community Health Profiles, 2002, 2015; Furman Center, State of New York City's Neighborhoods and Housing, 2014; New York City Vital Statistics, 2000 and 2013

In this report, we focus on food because in the last 15 years, food has become a lens through which we can examine health, poverty, economic development, culture and happiness. Since 2000, East Harlem and New York City have also witnessed a new interest in food policy—more than a dozen new food policies and programs have been implemented since Michael Bloomberg was elected Mayor in 2002. In the last two years, Mayor de Blasio has introduced additional measures that influence food environments. To date, however, no one has completed or documented an analysis of the cumulative impact of these changes on a single community like East Harlem; a summary of what is known about which initiatives have worked and which have failed; or an examination of whether these changes have had a positive impact on the food-related inequalities that have long characterized neighborhoods like East Harlem.

What do we mean with the term “foodscapes”? Foodscapes are defined here as the places where people in East Harlem acquire, prepare and eat their food. They also describe the institutional arrangements, cultural and social spaces, and policies that shape how and what people eat. A foodscape includes physical structures, like the supermarkets and bodegas in a community, as well as the social factors that influence whether and how people in the neighborhood choose to shop in those outlets.



East Harlem is a vibrant and diverse community located in Upper Manhattan.

ASSESSING CHANGING FOODSCAPES BY MAKING COMPARISONS

To identify changes in health and well-being, researchers make comparisons across time and place. Figure 1-1 above compares changes within East Harlem between 2000 and 2015. This comparison allows us to see what has and has not changed in our community. Other comparisons provide different insights. Figure 1-2 compares East Harlem and the neighboring community of the Upper East Side in 2015 (or the latest year for which data are available). The health indicators show that people in East Harlem live, on average, nine years fewer and are three times more likely to die before the age of 65 than people living on the Upper East Side. Infants born in East Harlem are six times more likely to die in their first year of life.

Comparing East Harlem to one of the wealthiest and healthiest communities in New York City allows us to ask what changes in living and economic conditions in East Harlem could produce the health results achieved by residents of the Upper East Side. Differences in economic and social conditions shown in this table also have an influence on food environments. Thus, East Harlem residents seeking to reduce the many gaps between our community and our wealthier neighbors to the south will need to consider what economic and social changes are needed to achieve our food goals, and what changes in the food environment may contribute to the broader goal of a healthier, more equal city.

Figure 1-2 Comparison of Neighborhood Conditions in East Harlem and the Upper East Side, 2015

	East Harlem Community District 11	Upper East Side Community District 8	Ratio East Harlem/ UES
Health			
Life Expectancy in Years	76	85	.9
Premature Mortality Rate per 100,000 Population	301	97.4	3.1
Infant Mortality Rate per 1,000 Live Births	6.0	1	6
Income and Benefits			
Median Household Income	\$31,016	\$99,325	0.3
Percent Living At or Below Poverty Rate	34	6	5.7
Percent With No Health Insurance	15.1	6	2.5
Percent Receiving SNAP/Food Stamp Benefits	27.2	3.3	8.2
Percent Not U.S. Citizens	14	11	1.3
Employment and Education			
Percent Unemployed	8.6	6	1.4
Percent of Local Jobs Paying <40k/Yr	51	44	1.2
Percent of Youth Age 16-25 Not Employed or In School	22.3	8	2.3
Percent High School Graduate or Above	73.1	97.5	0.7
Percent of Households With Limited English Language Ability	13.8	3.1	4.4
Percent Not in Labor Force	43.1	27.3	1.6
Percent Employed in Service Sector	6.6	0.8	8.2
Housing, Community and Infrastructure			
Percent Change in Residential Sales Price Per Sq. Ft, 2010-2014	74.3	30.8	2.4
Percent Rent Burdened	50.2	44.2	1.1
Percent of Residents 1/2 Mile or More From Grocery Store	0.81	0	NA
Percent Change in Manufacturing Lot Area	136.5	-81.4	1.7

Figure 1-2 Comparison of Neighborhood Conditions in East Harlem and the Upper East Side, 2015 Cont'd

	East Harlem Community District 11	Upper East Side Community District 8	Ratio East Harlem/ UES
Finance and Credit			
Percent of Residents With High Credit Card Debt (Using Over 30% of Total Credit)	65	4	16.2
Bank branches per 10,000 people	1	3.3	0.3
Number of Total Reported EDC Dollars Invested (by Thousands)	\$221,626	515,840	0.4

Source: Association for Neighborhood and Housing Development Inc., *Equitable Economic Development Indicators*.

Available at: https://anhdnyc.cartodb.com/viz/3b7ee144-3559-11e5-8f88-0e9d821ea90d/embed_map

REPORT OVERVIEW

Eating in East Harlem aims to summarize some of what is known about changes in foodscapes in this community over the last 15 years. Each section seeks to answer a few questions about changes in the various components of our community's foodscape. In each of the next four sections, we examine the social and economic trends, and the changes in policy, that have contributed to the observed changes. We consider the impact of changes in policy and practices between 2000 and 2015 from both the initiatives begun by Mayor Michael Bloomberg and his administration, as well as more recent initiatives by Mayor de Blasio. We recognize that policies and programs often span administrations, and state and national policies also drive city policies. A policy implemented during this administration may have been initiated under Bloomberg, and programs initiated under Mayors Bloomberg or de Blasio may have been the result of state or national policies that were introduced during a different administration.

SECTION 2 What changes have occurred in retail food establishments (i.e., the places where people pay money for food that they either take home or eat at the establishment)? How has the number and distribution of grocery stores, bodegas, supermarkets, food carts, farmers markets, fast food chains and independent restaurants that sell food in East Harlem changed since 2000?

SECTION 3 How have the availability and utilization of federal food benefits such as SNAP and WIC, and the number and reach of local food assistance programs such as soup kitchens and food pantries, changed in East Harlem?

SECTION 4 What changes have occurred in the food programs in schools in East Harlem, and in other public and non-profit programs that serve food within their institutions? How has East Harlem's "public plate" (i.e., food that is prepared or paid for by city government and served in public and non-profit organizations) changed?

SECTION 5 Who is providing nutrition education to the residents of East Harlem? What changes have occurred in the quality, number and reach of these programs that are offered by schools, public agencies and community

organizations? What is known, or not known, about the impact of this education?

We then turn to our final question, which examines how the health, well-being and health behavior of East Harlem residents have changed, especially those related to diet and nutrition.

SECTION 6 How have the rates of food insecurity and diet-related diseases changed in East Harlem in this period? What has been the cumulative impact of these and other changes on food insecurity and diet-related diseases in East Harlem since 2000? To what extent does evidence show that changes in food landscapes contributed to changes in food security or health?

Finally, in **SECTION 7**, we summarize our overall findings, identify questions that need further research, and suggest practical next steps for identifying goals for the next 15 years. The ultimate goal of *Eating in East Harlem* is to provide evidence that will guide East Harlem residents, organizations and policy makers to make positive changes in the community's food environment, thereby ensuring that when the next report on changing foodscapes in East Harlem is written in 2030, we will be able to document remarkable successes in solving the problems we have identified here.



East 116th Street has many retail food outlets.

ABOUT THE REPORT

For this report, we used publicly available data, identified by source in our reference notes. In some cases, we were forced to use different start or end dates because of the lack of availability of data for certain years. We noticed that different data sources (e.g., U.S. Census reports and New York City Department of Health reports) often use different geographic boundaries or different definitions of key indicators. We did our best to reconcile such differences but were not always able to do so. Whenever possible, we used data from zip codes 10029 and 10035, the two areas that constitute Community Board 11.

In several cases, we gathered additional information through telephone interviews with city officials or food policy analysts or advocates. These interviews are included in our reference notes. Through preparing this report, we were reminded that reconstructing a foodscape from publicly available data is fraught with problems. One of the values of this project was identifying the indicators we need to track at the community level in order to determine more reliably and accurately the changes in a community's foodscape. We hope our report will help others who want to take on this task.

SECTION 2

CHANGES IN RETAIL FOOD
IN EAST HARLEM

A produce vendor sells affordable fruit and vegetables from a cart in East Harlem

INTRODUCTION AND OVERVIEW

Where people in East Harlem buy and eat their food has changed significantly since the late 1990s. At that time, community activists who were concerned about the lack of large, full-service food retailers in East Harlem led the City to support the creation of a Pathmark supermarket the size of a city block.¹ Almost 20 years later, the neighborhood has more of every kind of food retail establishment: Costco, the world's second largest retailer² and America's largest organic food seller³ shares space with Target

and Aldi in a giant shopping center on the East River. Smaller supermarkets have been upgraded, and new independent grocers have moved to the neighborhood. A network of Green Carts, farmers markets and community supported agriculture (CSA) programs provides alternative access to fresh produce. But East Harlem also has more unhealthy food available than it did in 2000: there are now four times as many franchise (fast food) restaurants today as in 2000, and 26 percent more bodegas.

As this report was being written, Pathmark, which the community fought so hard to bring to East Harlem, shut its doors, and another large supermarket, the Associated on 116th Street and Third Avenue, also announced its intention to close. These closures are at least partly a result of economic development policies that have made these sites much more lucrative for residential and commercial developments than for supermarkets. The closures illustrate how gentrification can change food environments, and suggest the importance of close attention to the effect of development policies on food retail.

As shown in Figure 2-1, the most significant changes in East Harlem's food environment between 2000 and 2015 include:

- 42 percent increase in the number of food retailers;
- 80 percent increase in the number of supermarkets, from 10 in 2000 to 18 in 2015 (of which three have closed in the last few months);
- 26 percent growth in the number of small grocers/bodegas;
- 84 percent increase in restaurants, with the number of fast food franchises more than quadrupling from 11 to 47;
- Increase in fast food sales from 28 percent to 38 percent of all restaurant sales;
- Seven chain pharmacies started selling food since 2000; and
- Seven farmers markets, up from only one in 2000 and 18 Green Carts, up from zero in 2000.

Figure 2-1 Changes in Number of Food Establishments in East Harlem by Type, 2000 and 2015

TYPE OF ESTABLISHMENT	2000	2015	% CHANGE
Food Retailers	146	208	42
Supermarkets	10	18	80
Small Grocers/Bodegas	100	126	26
Pharmacies Selling Food	0	7	NA
Produce Markets	8	7	-12
Meat/Poultry/Fish Markets	17	7	-59
Wine/Liquor	11	18	64
Farmers Markets	1	7	700
Green Carts/Other Produce Vendors	0	18	NA
Eating and Drinking Establishments	121	222	84
Restaurants	119	218	83
Franchise Restaurants	11	47	327
Independent Restaurants	108	171	58
Bars/Lounges	2	4	100
Total Food Establishments	268	430	61.0

Sources: ^{4,5}

These changes in the distribution of retail outlets and their sales have several implications for nutrition, health and community well-being:

- The increase in the number of supermarkets, Green Carts, and farmers markets suggests that fruits and vegetables are now more available in East Harlem than in 2000. Some studies suggest that more fruit and vegetable availability in low-income communities leads to greater consumption.⁶
- The increase in the number of restaurants, combined with the increase in their revenues, suggests that people are eating more frequently outside of their homes, a trend associated with diets higher in calories, fat, sugar and salt that creates an increased risk of diet-related diseases.⁷

- The rapid growth of sales by chain restaurants suggests that more people are eating larger quantities of unhealthy food. For example, total sales at the only Dunkin' Donuts outlet in East Harlem in 2000 totaled \$432,000; by 2015, four outlets netted almost \$3.3 million dollars, a nearly eightfold increase.
- The significant increase in the number of chain (franchise) restaurants, and supermarkets that are part of chains, shows that more food outlets today than in 2000 are taking profits generated within East Harlem to national corporate headquarters outside East Harlem. This trend contributes to the outflow of dollars from East Harlem.

THE ROLE OF POLICY IN CHANGING FOOD ENVIRONMENTS

Two levels of policies are responsible for re-shaping East Harlem's retail food environment over the past 15 years: (1) targeted public health interventions, from Green Carts to healthy bodega programs, have created new opportunities to buy healthier food; and (2) citywide economic development and zoning policies have increased development pressures, leading to new investments in supermarkets and restaurants and the displacement of food retailers like Pathmark and Associated.

TARGETED FOOD POLICIES



Super Fi Emporium, a FRESH supermarket, located on Lexington Avenue between 103rd and 104th Streets

Supermarket Incentives

In 2009, the New York City Department of City Planning (DCP) identified East Harlem as one of several communities with insufficient healthy food retailers.⁸ The City adopted a program called Food Retail Expansion to Support Health (FRESH)⁹ to use financial and zoning incentives to address the barriers to supermarket development in these underserved neighborhoods. The financial incentives included tax abatements and exemptions, while the zoning incentives included a "density bonus" (one additional square foot of residential floor area for each square foot of supermarket space, up to 20,000 additional square feet) for incorporating a supermarket on the ground floor of a new residential building. To qualify for this bonus, FRESH supermarkets must have at least 6,000 square feet of retail space for general groceries, half of the store's area must be used to sell food intended for home preparation and consumption, 30 percent must sell perishable food, and there must be at least 500 square feet of space selling fresh produce. The FRESH zoning also reduces parking requirements, allows food stores to be located on land zoned for light manufacturing, and provides tax breaks for the store's operator.

Profile of Super Fi Emporium, a FRESH Supported Supermarket

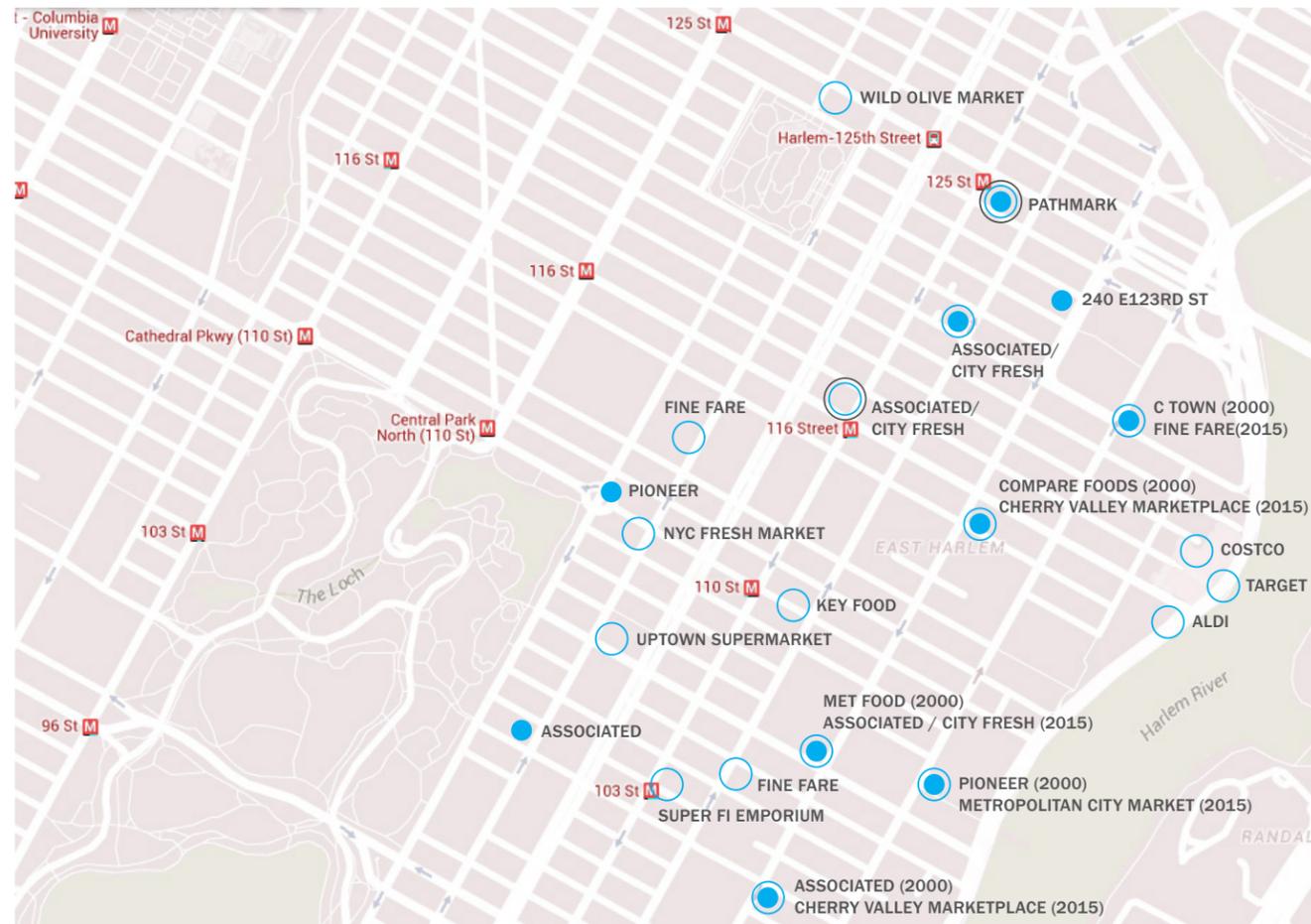
Super Fi Emporium opened in June 2013 at 1635 Lexington Avenue, between 103rd and 104th Streets. The store, owned by Anthony Reynoso, employs 38 workers. It received a comprehensive package of benefits, including a mortgage recording tax deferral, land tax abatement, building tax abatement and sales tax exemption from FRESH. Reynoso's family has owned businesses in East Harlem since 1982. "I knew that if I could cut costs, I would be in a better situation to be able to provide better pricing and service for my customers," said Reynoso. He added that FRESH "has benefited my business by helping me provide more for our customers and employees. We pay all of our employees above minimum

wage. We're committed to local hiring." Thanks to FRESH financial incentives and customers in East Harlem, Reynoso says, "we have been able to invest in our business in the form of a juice bar, full-service kitchen and deli, flower shop, price checkers throughout our store, scent air machines, ice machines, elevator, etc. ... We do things that other stores won't do. We are big on social media. We have over 1,200 likes on Facebook. We are active on Instagram, Pinterest, and Twitter. Our website is regularly updated so customers can see our weekly sales."¹³

In 2013, one supermarket in East Harlem, Super Fi Emporium, took advantage of FRESH's financial benefits (mortgage recording tax deferral, land tax abatement, sales tax exemption on store equipment) to open a 12,500 square foot store,¹⁰ at 1635 Lexington Avenue.¹¹ See the store's profile below. Super Fi plans to open another 12,000 square foot supermarket, using FRESH incentives, in a new building to be constructed at 2211 Third Avenue.¹² FRESH has assisted two of East Harlem's 18 supermarkets.

Figure 2-2 shows the distribution of supermarkets in East Harlem in 2000 and 2015. The map illustrates that while more stores are now in place, some sections of the community, primarily in the north and west, continue to be underserved. Of the 18 supermarket sites in East Harlem in 2015, seven had supermarkets on the same site in 2000, and only two (Compare and Pathmark) had the same owner.

Figure 2-2 Map of Supermarket Distribution in East Harlem, 2000 and 2015



For the full list of supermarkets in East Harlem, 2000 and 2015, see Web Appendix 2-1

- Open in 2000
- Open in 2015
- Closed in 2015

Bodega Enhancements

Bodegas (small grocers) earn high profit margins by selling beer, soda, cigarettes, lottery tickets, and shelf-stable, processed foods. By comparison, many bodega operators view fresh fruits and vegetables and other healthy but perishable foods as financially risky, less profitable and not worth the effort.¹⁴ Recognizing that bodegas are ever-present, cities throughout the U.S., including New York, have provided technical assistance and financial support to help them sell healthier food.¹⁵

- The New York City Department of Health and Mental Hygiene (DOHMH)'s *Healthy Bodegas*¹⁶ program, launched in 2006, had three components:
 - *Move to Fruits and Vegetables* encouraged participating bodegas to stock and promote the sale of fruits and vegetables;¹⁷
 - *Moooove to 1% Milk* encouraged bodegas to sell and promote low-fat milk;¹⁸ and
 - *Adopt a Bodega* encouraged community based organizations to partner with individual bodegas to increase healthy food sales.¹⁹
- By 2008, in East and Central Harlem, the program had successfully recruited 170 bodegas to participate in the *Move to Fruits and Vegetables* campaign and 329 bodegas for the *Moooove to 1% Milk* campaign.²⁰
- In 2008, DOHMH launched *Star Bodegas*, which promoted exemplary stores that marketed a wider range of nutritious foods beyond fruits and vegetables and low-fat milk, and that also hosted DOHMH nutrition and cooking lessons.²¹
- In 2012, *Healthy Bodegas* evolved into the program *Shop Healthy*, which helps bodegas and local supermarkets increase the availability and visibility of healthy foods.²² *Shop Healthy* also collaborates with wholesalers to facilitate bodega owners' purchase of healthier foods.²³



A bodega in East Harlem receives a "Shop Healthy" proclamation from the NYC Department of Health and Mental Hygiene and State Senator Jose Serrano. The Shop Healthy Program was launched in East Harlem in 2015.

In 2014, DOHMH recruited 81 bodegas and 15 larger grocers to implement Shop Healthy in the southern portion of East Harlem (zip code 10029).²⁴ By 2015, 61 retailers remained in the program, with 21 named official *Shop Healthy* markets for their achievement of the program's goals.²⁵ *Shop Healthy* will be expanded to the northern part of East Harlem (zip code 10035) in 2016.²⁶ For a list of *Shop Healthy* retailers in zip code 10029, see Web Appendix 2.2.

Green Carts

In 2008, the City partnered with the Laurie M. Tisch Illumination Fund to create a network of mobile fruit and vegetable vendors in neighborhoods with insufficient healthy food retail. The program was envisioned as a way to increase long-term demand for healthy food, change eating behaviors and reduce diet-related diseases. To create the network, DOHMH authorized 1,000 additional mobile vending licenses for specially designated Green Carts, which were restricted to selling fresh fruits and vegetables in designated neighborhoods like East Harlem.²⁷ After one year, by June 30, 2009, the

City had issued 248 Green Cart permits citywide, including 58 for Manhattan.²⁸ By June 30, 2013, 150 permits had been issued in Manhattan, and by 2015, DOHMH reported 329 permits being issued.

Because the City only tracks permits, not the number and location of the carts themselves, and some vendors buy permits that they do not use, there is no reliable data on how many Green Carts are in operation in a particular place, and visual surveys conducted a year apart reported very different results. In addition, the number of Green Carts on the streets changes by season and with weather, making any single count unreliable. A 2013 survey by Columbia University researchers found 18 located in East Harlem with 16 in zip code 10029, and a survey in 2014 by DOHMH observed 5 carts in 10029.^{29,30} Some surveys have found Green Carts near existing brick and mortar fruit and vegetable retailers, not in parts of the neighborhood lacking fresh produce, a finding that disturbed store owners. Other observers note, however, that Green Carts and supermarkets attract different customers, making proximity less of an issue. In addition, increased competition for customers' fruits and vegetables purchases may benefit consumers, leading to lower prices and improvements in food quality.

Farmers and Other Markets

In 2000 there was one farmers market in East Harlem; today there are seven, including two youth-run markets, as shown in Figure 2-3. The markets are supported by City policies that include funding for EBT (Electronic Benefit Transfer) readers to accept federal food benefits like SNAP and a subsidy

program called *Health Bucks*, which provides SNAP recipients with \$2 vouchers for every \$5 in SNAP purchases made at a farmers market. One East Harlem market, the HERBan Farmers Market at Marcus Garvey Park, participates in the DOHMH program *Stellar Farmers Market*,³¹ in which City staff use the space to offer free cooking and nutrition classes and to promote its *Health Bucks* program.³² Two of the oldest farmers markets in East Harlem are operated by Harvest Home, an organization that manages farmers markets in low-income Black and Latino communities in the New York metropolitan region.³²



Mount Sinai Greenmarket on Madison Avenue and 99th Street, Manhattan. photo credit: New York Common Pantry

Figure 2-3 Farmers Markets in East Harlem, 2000 to 2015

MARKET NAME	LOCATION	YEAR STARTED
Harvest Home East Harlem Farmers Market	104th Street and 3rd Avenue	1997
Mt. Sinai Hospital Greenmarket	Madison Avenue	2008 ³³
Harvest Home Metropolitan Market	99th Street and 3rd Avenue	2008
Mt. Morris Park HERBan Farmers Market	18 Mt Morris Park	2010 ³⁴
El Barrio Youth Marqueta	E. 115th St and Park Avenue	2014 ³⁵
PS 7 Farm Stand	E. 119th and 3rd Avenue	2014 ³⁶
Chenchita's Community Garden	112th St. and Madison Avenue	2015 ³⁷

Additional Source:³⁸

Several programs enable residents to purchase bundles of produce grown by regional farms on a weekly basis. At two locations, GrowNYC, a group that manages farmers markets around the city, sells weekly shares of \$25 worth of fruits and vegetables grown by Greenmarket farmers for a discounted price of \$12. The Corbin Hill Food Project distributes weekly shares of food grown upstate at two East Harlem locations: Central Park East School at 19 East 103rd Street, and the Urban Garden Center at La Marqueta, 1640 Park Avenue.

Farm to PreSchool

The program, a 2014 partnership between NYC DOHMH, GrowNYC and Corbin Hill Food Project, offers weekly produce shares combined with nutrition education and food preparation demonstrations to parents of children in preschools located in low-income communities. In 2015,

one of the city's 12 sites was located at the East Harlem Bilingual Head Start program.³⁹

Public Food Market

La Marqueta is an East Harlem public food market that has been in operation since 1936. While it is still a retail market, in recent years much of the space has been converted to food manufacturing space that is leased to entrepreneurs.⁴⁰ In 2011, the City supported the bakery and social venture Hot Bread Kitchen, investing \$2 million in capital improvements to establish a commercial kitchen and retail space for Hot Bread Almacén, located at the La Marqueta site.⁴¹ In 2014, the City invested \$3 million to further improve La Marqueta's infrastructure, layout, and manufacturing and retail spaces.⁴² La Marqueta currently houses five food retailers, four food producers and a garden shop, and seasonally hosts mobile food vendors in their adjacent outdoor space.⁴³ Several groups are exploring the redevelopment of La Marqueta.

LAND USE POLICIES

Zoning changes since 2000 have increased the population density of East Harlem, spurring new residential and commercial developments that have attracted higher income residents. These changes will continue to lead to larger-scale developments as properties are sold and bought, which is likely to further change the demographic and socioeconomic characteristics of the community. Under Mayor de Blasio's housing plan, East Harlem and other low-income communities will be rezoned to stimulate housing development that will include affordable and market rate units, thereby increasing numbers of middle- and upper-income residents and accelerating the socioeconomic transformation of the community.

Changes in land use affect the retail food environment in at least two ways. First, allowing higher density development and more lucrative uses of the land may both attract businesses that can afford to pay higher rents, as well as offer new spaces attractive enough to command higher rents. Together, these changes can alter the current mix of retail businesses in the community. The changes, already visible on 125th Street, Third Avenue and 116th Street, encourage franchises and stores offering higher-priced goods to move in, potentially forcing smaller local businesses, who cannot afford these higher rents, to vacate.

Second, higher-income residents who move into newly constructed higher-rent buildings are likely to have more disposable income than existing East Harlem residents; their greater purchasing power may encourage food markets to offer higher-priced items and new and different types of food that appeal to those with higher

incomes. New restaurants with higher prices may also find it profitable to move to the community. Over the long run, development has the potential to put upward pressure on commercial rents, leading to a change in the types of stores located in the neighborhood, shifting from local businesses to chain stores, as can be seen already in West and Central Harlem.⁴⁴

Development Policies in the 2000s

The changes to East Harlem's retail food environment reflect real estate developments that have occurred throughout Northern Manhattan since the 1990s and are made possible by public policies and financing that encourage real estate development in Northern Manhattan. The Upper Manhattan Empowerment Zone (UMEZ), for example, was established in 1994 and provided \$73 million in loans to mixed-use real estate development projects, commercial businesses, and small business enterprises,⁴⁵ as well as tax-exempt bonds for real estate development projects. UMEZ funding included a \$15 million loan and \$40 million in tax-exempt bonds to East River Plaza, an East Harlem shopping mall now occupied by food retailers Costco, Target and Aldi that opened in 2009.⁴⁶



East River Plaza is home to Costco, Target, Aldi and other big box retailers in East Harlem.

City agencies like the Department of City Planning, Housing Preservation and Development, the Economic Development Corporation (EDC), and the Upper Manhattan Empowerment Zone have also used the disposition of City-owned property, tax subsidies, and upzoning (increasing the size of buildings allowed in the area being rezoned) to encourage new development. The effects on East Harlem's residential and commercial landscape have been significant:

- A special zoning designation in 1999 created the East River Plaza shopping center (between 116th and 119th Streets, adjacent to FDR Drive) with space for big box retailers Costco and Target;
- In 2002, the rezoning of First, Second, and Third Avenues allowed more than a dozen new 8-12 story mixed-use residential and commercial buildings (and CUNY's Silberman building), adding higher-income residents and new retail to the neighborhood;

- In 2008, the rezoning and acquisition of property from 125th Street to 127th Street, between Second and Third Avenues, to construct a 1.7 million square foot housing, retail, and cultural project, will increase property values throughout the community;^{47,48}

- The 2008 comprehensive rezoning of 125th Street has increased property values and encouraged new investments by developers, leading to changes like the sale of Pathmark to a developer who will replace it with a much larger mixed-use building;⁴⁹

- Targeted zoning changes throughout East Harlem have led to new residential and commercial spaces:

- "Harlem Park," a 500,000 square foot mixed-use development with a hotel, 100 residential units, offices, retail space, and a parking garage;⁵⁰

- A 110-unit rental building with 5,400 square feet of ground floor commercial/ retail space and 450 square feet of community space;⁵¹

- A 314-unit, 296,000 square foot housing project with 2,340 square feet of commercial space on a City-owned lot between Harlem River Drive and the Metro North railroad;⁵²

- The conversion of an old public school into an arts facility with 89 units of affordable live/work space for artists and their families;⁵³ and

- The sale of City-owned property at 413 East 120th Street to a developer to build a 12-story building (Acacia Gardens) with 179 units of affordable housing, 5,450 square feet of retail, 3,920 square feet of community facility space, 27 parking spaces and 9,410 square feet of recreational open space.⁵⁴

EFFECTS OF DEVELOPMENT ON EAST HARLEM FOOD RETAIL

Some development policies have directly affected food retail in East Harlem. For example, the special permit that created East River Plaza brought Costco and Target to the community. Rezoning 125th Street and adjacent blocks increased the value of the property occupied by Pathmark and Associated so much that owners decided to sell the properties for other uses.

Other policies have stimulated higher-priced development, resulting in increased property values and real estate development activity.^{55,56} While not directly affecting supermarkets, by increasing residential and commercial rents (since 2000, retail rents in Upper Manhattan have risen 41 percent⁵⁷), these policies change the socioeconomic composition of the community and its commercial mix, leading to the displacement of lower-priced retailers by less affordable alternatives. Between 2005 and 2013, East Harlem's income diversity, the gap between highest and lowest income earners in a community (measured by dividing the income of households in the 80th percentile by the income of households in the 20th percentile) has widened from 6.2 to 8.0. A growing income gap may lead to a larger gap in food affordability.

CHANGES IN FOOD RETAILERS

Targeted programs, as well as broader land use and economic changes in East Harlem, have resulted in a denser and more diverse retail food environment in 2015 as compared to 2000. An increase in supermarkets, together with other healthier retail options, has increased access to fresh produce and made it easier for residents of East Harlem to acquire a wide range of healthy food. Unfortunately, though, unhealthy food venues have increased even more rapidly, with fast food restaurants becoming ubiquitous and the number of bodegas continuing to increase.

By the end of 2015, East Harlem is neither simply a food desert (i.e., a place where no healthy food can be found) nor is it a food swamp (i.e., a community with abundant but largely unhealthy food options). Rather, our community is a complex mix of healthy and less healthy food sources, innovative food purchasing programs and conventional supermarket chains, and a combination of fast food and ethnic restaurants.

For many East Harlem residents, especially those with lower incomes, unhealthy food is more available than it was 15 years ago, and for the most part, continues to be cheaper and more accessible than healthier food options. The business practices, policies and programs put in place over the past 15 years will continue to affect East Harlem's food retail mix. Forthcoming zoning changes to implement the de Blasio administration's affordable housing plan will also significantly affect the retail food environment.

To reduce food insecurity and diet-related diseases in East Harlem, residents, activists, health professionals and elected officials need to focus on two levels. On the first level, East Harlem needs targeted programs and policies that encourage retailers to sell healthier foods and that bring healthier and more affordable foods to the community. Second, the community as a whole needs broader civic engagement in planning, zoning, and economic development policies, in an effort to ensure both that food retail is taken into consideration during redevelopment and that neighborhood development does not displace affordable food retailers. By acting on these two levels, East Harlem will be able to create new opportunities for healthy food retailers to open and thrive in our community.

SECTION 3

CHANGES IN FOOD INSECURITY AND FOOD ASSISTANCE IN EAST HARLEM



New York Common Pantry is located on 109th Street between Lexington and Fifth Avenues.

Food security is vital to ensuring health, well-being and the ability to lead an active lifestyle. For some East Harlem residents, unstable social and economic conditions result in limited or uncertain access to adequate and healthy food. Public policies shape the conditions that contribute to food security and can also help alleviate the negative impacts of food insecurity. Between 2000 and now, changes in federal, state and local food benefit programs have directly affected residents in East Harlem and their levels of food security. Using the sometimes limited data that are available, this section summarizes trends in food insecurity, food benefits, and food assistance in East Harlem and New York City.

FOOD INSECURITY IN EAST HARLEM

Measuring food insecurity is a difficult task, and no New York City organization has been able to track hunger and food insecurity by neighborhood with consistent measures over time. Between 2009 and 2012, East Harlem ranked 14th among the city's 59 community districts for the highest in levels of food insecurity.¹ In 2014, the Food Bank for New York City estimated that 23 percent of East Harlem's residents—more than 28,000 people—were food insecure, again ranking 14th highest among the city's community districts.² The Food Bank for New York City calculates the “meal gap” for the city as a whole and for various neighborhoods within the city, using factors such as poverty and local food costs. In 2015, compared to other neighborhoods, East Harlem District 11 had a “high” annual meal gap, meaning that families and individuals struggling with food insecurity collectively missed between 4.5 and 5.8 million meals that year.³

FIGHTING HUNGER IN EAST HARLEM: SNAP PARTICIPATION



Previously known as the Food Stamp Program, the Supplemental Nutrition Assistance Program (SNAP) aims to alleviate hunger and malnutrition through monthly benefits to eligible low-income families. These benefits are designed to boost recipients' food-purchasing power.⁴ SNAP is the largest nutrition assistance program administered by the United States Department of Agriculture (USDA) and accounts for most of the USDA's budget.⁵ A national survey in 2012 demonstrated that SNAP has reduced the percentage of food-insecure households by at least five to 10 percent.⁶

According to New York City Human Resources Administration (HRA)'s Community District Demographics and Program Statistics, between 2001 and 2015, the percentage of East Harlem residents receiving SNAP more than doubled, from 16.8 percent to 39 percent. In Fiscal Year 2011-12, the peak year for SNAP enrollment, 50,042 East Harlem residents and 64 percent of all EH residents were receiving SNAP.^{7,8,9} Web appendix 3-1 shows these data.

Numerous factors at all three levels of government have contributed to the higher rates of enrollment in SNAP among East Harlem residents over the last 15 years. Web Appendix 3-2 shows the major local, state and federal level policy changes that have had an impact on East Harlem residents' SNAP eligibility, application and recertification processes, and benefit amounts.

Prior to the period described here, during the era of welfare reform in the mid-1990s, SNAP participation dropped to an all-time low.¹⁰ Policy changes reduced SNAP benefits, increased the bureaucracy involved in application and eligibility verification processes, and required frequent recertification. Nearly one third of participants nationwide had to reapply every three months.¹¹ In New York City, Food Stamp Program participation declined 44 percent between February 1995 and February 2002.¹² In East Harlem, enrollment in the public assistance program known as Temporary Aid to Needy Families (TANF)—often paired with Food Stamps—fell by 53.5 percent between 1994 and 2001.¹³ These reductions set the stage for increases in the next period.

CHANGES IN THE ECONOMY AND SOCIAL POLICY

After 2002, some barriers to SNAP enrollment were rescinded, and a steep increase in participation followed. Another substantial leap in participation rates occurred from 2007 to 2009 during the Great Recession.¹¹ In 2009, the recession was considered to have ended and employment rates began to recover. For many low-income residents, however, including those in East Harlem, recovery was slow, and even those who did find employment were often stuck in low-wage jobs. By 2015, people with the lowest salaries after the recession remained in poverty, often having experienced reductions in income. For the bottom fifth of American workers, income actually fell by five percent between 2006 and 2012. The number of households living in poverty in East Harlem remains persistently high, despite national and local declines in unemployment. Thus, SNAP participation continues to grow as low-wage earners require ongoing support to alleviate food insecurity.

In addition to policies that have expanded access to SNAP and reduced barriers to participation, public and non-profit organizations and city agencies have amplified efforts to facilitate enrollment in emergency assistance programs. Such agencies have ensured that all allowable deductions are calculated correctly, in order to maximize benefits for potential participants. City-wide, the proportion of users of emergency assistance programs enrolled in SNAP increased from 31 percent of eligible persons in 2004 to 57 percent in 2012.¹⁴ By 2013, increased enrollment and outreach for SNAP increased the proportion of eligible

participants enrolled in New York City to 77 percent, up from less than 70 percent in 2006.¹⁵ On the one hand, increased local participation in SNAP helps relieve the demand felt by charitable food suppliers committed to meeting the needs of food-insecure New Yorkers. On the other, the fact that more than half of the people using emergency food assistance programs were also enrolled in SNAP shows that the nation's largest food benefit program fails to ensure food security.

In November 2013, Congress approved federal cuts in SNAP funding. More than one million households in New York City lost an average of \$18 per month in benefits. For some families, such a loss meant missing several meals per month, or relying on inexpensive, calorie-dense, nutrient-poor foods to satisfy hunger.¹⁶ Further cuts are expected in 2016.



Many retailers in East Harlem accept SNAP and WIC benefits.

IMPROVED ACCESS TO SNAP IN EAST HARLEM

In recent years, the city has made many efforts to improve access to SNAP for eligible residents.

- Much of the low-income, SNAP-eligible population is employed, and many hold multiple jobs. Despite expanded hours at the Waverly SNAP Center on 14th Street, many of these working families still have trouble getting to a SNAP Center during open hours. To meet their needs, the city launched an online SNAP application website, AccessNYC, in 2008. The site screens users for various city, state, and federal health and human service benefits, and allows the user to apply for benefits for which they qualify.
- In 2012, SNAP screenings, made possible by a partnership among Greenmarkets, the Food Bank of NYC and the NYC Coalition Against Hunger, were introduced at farmers markets in East Harlem and other neighborhoods.
- In 2008 and June of 2012, New York City Human Resources Administration reached out to SNAP participants in East Harlem (and other areas served by the District Public Health Offices) to inform them about *Health Bucks* incentives at farmers markets (\$2 coupons for every \$5 spent in SNAP dollars at farmers markets). As a result, many new customers began to attend farmers markets in East Harlem, SNAP purchases of fresh fruits and vegetables increased, and additional participants became aware of the *Health Bucks* incentive.¹⁷



Health Bucks are \$2 coupons given for every \$5 spent in EBT at farmers markets throughout the city.

ENROLLMENT DIFFICULTIES BASED ON DEMOGRAPHICS

Several demographic groups face distinct challenges in the SNAP enrollment process.

IMMIGRANTS

New York City is a city of immigrants, and East Harlem is no exception. In 2013, about 28 percent of East Harlem residents aged five years and older were foreign-born, and 44 percent spoke a language other than English at home.¹⁸ The SNAP application process often presents many barriers for immigrants. On the national level, legislative restrictions and changes have barred undocumented immigrants from receiving food benefits and limited access for documented immigrants. The recent changes in eligibility rules for applications also create barriers and confusion, making documented immigrants and their citizen children less likely than other eligible groups to participate in SNAP.¹⁹ In 2000, the East Harlem area of zip code 10029

was estimated to have 1,449 eligible immigrants not participating in SNAP.¹⁹ The Urban Justice Center found that administrative obstacles, including complex program rules, documentation requirements and language barriers, pose key challenges to enrollment and participation for immigrants. The Center has urged more thorough services for, and greater outreach to, immigrant communities.¹⁹ As of 2015, benefit information in New York City is available in seven languages: English, Spanish, Chinese, Russian, Korean, Arabic and Haitian Creole.

SENIOR CITIZENS

One third of older New Yorkers live in poverty, while thousands more are financially insecure. Many seniors live on fixed social security income and must cope with high medical and pharmaceutical bills. These financial constraints often mean that many New York seniors are not able to afford the food that they need and are food insecure. The Council of Senior Centers and Services (CSCS) found that in East Harlem Community District 11, 56 percent of New Yorkers aged 60 and older are eligible for, but not enrolled in SNAP.²⁰ Among households receiving SNAP in 2013 in New York Congressional District 13, which includes East Harlem, 41 percent had one or more members aged 60 years or older, although this may be a conservative estimate.²¹ If all eligible seniors in East Harlem were enrolled, they could potentially receive almost \$12.5 million collectively in SNAP benefits each year. The potential boost to the local economy translates to more than \$22 million annually.²²

SNAP PURCHASING POWER IN EAST HARLEM

If food costs increase while food benefits remain stable, families will not be able to purchase as much food, reducing the role of SNAP in preventing hunger and food insecurity. As of October 1, 2014, the maximum standard SNAP allotment for a family of four was set at \$632 monthly.²³ Due to the high cost of living in New York City, many families on fixed budgets still struggle to meet their nutritional needs, even with the assistance of SNAP benefits. While SNAP benefits are the same nationwide, costs of food in New York City and rates of food price inflation routinely exceed the national average. According to the Council for Community and Economic Research, grocery costs in New York City are about 30 percent higher than elsewhere in the country.²⁴ Benefits nationwide are computed through the Thrifty Food Plan, a low-cost diet developed by the United States Department of Agriculture (USDA)'s Center for Nutrition and Policy Promotion. USDA's Thrifty Food Plan includes a menu demonstrating ways to limit financial costs while optimizing nutrition. Multiple researchers and organizations find that SNAP benefits based on the Thrifty Food Plan do not allow families to purchase enough food to last until their next monthly SNAP allotment and do not allow families to buy food items needed for adequate nutrition. Additionally, this plan has been estimated to require more than twice the number of hours of food preparation than the average American food preparer spends.²⁵

LOCAL GROCERS

New York City SNAP participants contribute federal dollars to local food stores. The use of SNAP benefits boosts local food retailers' business and promotes economic growth. Every \$1 in SNAP benefits is estimated to generate \$1.70 in economic activity.²⁶ According to the USDA SNAP Retail Locator in October 2015, there were 135 SNAP eligible stores in East Harlem.²⁷ For these East Harlem retailers, SNAP provides an important source of revenue.

THE EMERGENCY FOOD ASSISTANCE PROGRAM: THE LAST LINE OF DEFENSE AGAINST HUNGER

East Harlem, like other low-income New York City neighborhoods, has a robust network of soup kitchens, food pantries, food banks and food rescue organizations providing emergency food assistance. Data from emergency food organizations indicate that the term "emergency food" is, in many cases, a mischaracterization of their programs, because food pantries and soup kitchens appear to be a regular source of food for many New Yorkers.²⁸

Many barriers deter access to emergency food. An East Harlem resident who works during the day will not find many food pantries or soup kitchens that are open beyond typical daytime business hours. Figure 3-2 shows the decline in number of food assistance programs in East Harlem since 2004, from 44 in 2004 to 30 in 2015. It was not possible to ascertain whether the number of people served has changed or the extent of the gap in services. Figure 3-3 is a screen shot of FoodHelp.nyc, an interactive tool designed to help users locate emergency food resources.²⁹

Figure 3-2 Food Assistance Programs in East Harlem, 2004-2015

EAST HARLEM CB 11	2004	2015
Soup Kitchens	15	8
Food Pantries	29	22
Estimated Meals Served	3,072,755	Data not available

Sources: ^{30,31}

Figure 3-3 FoodHelp.nyc

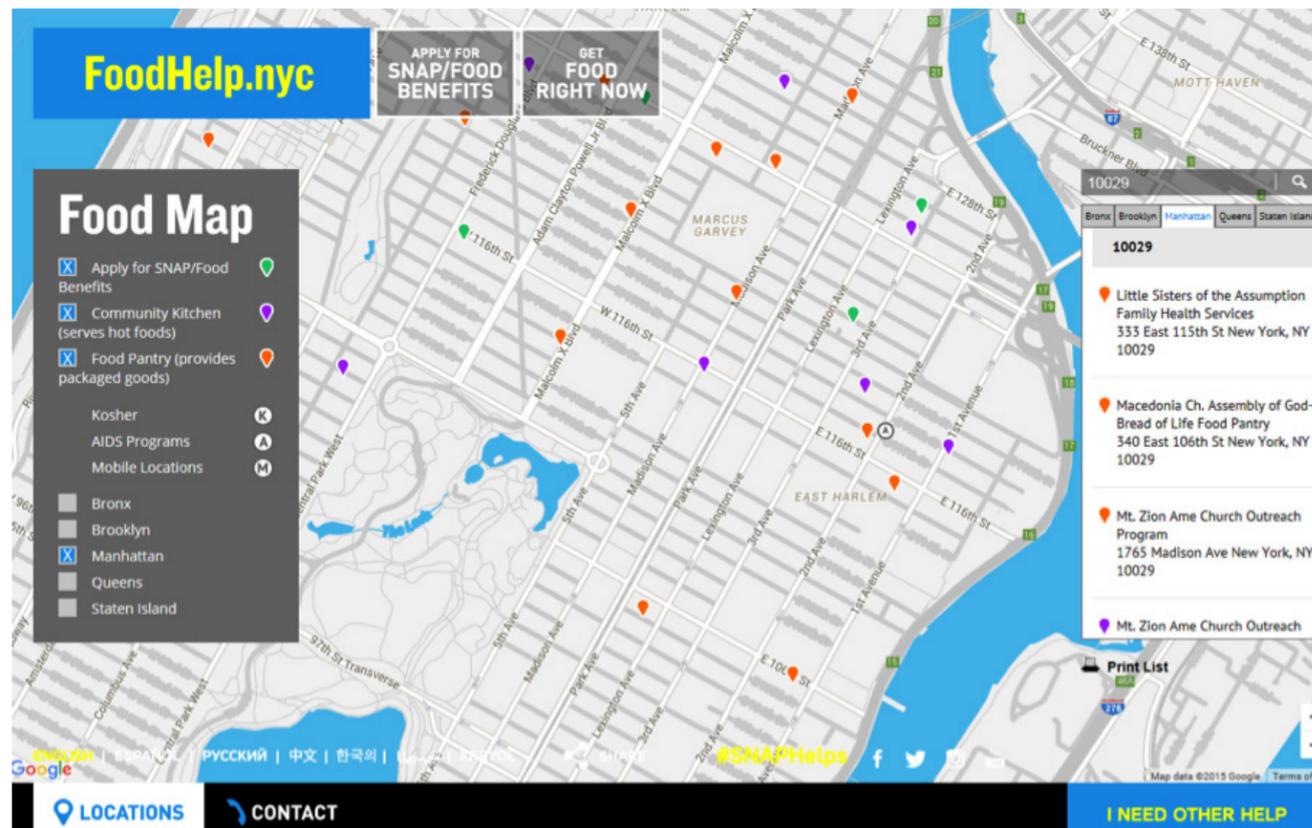


Image credit: FoodHelp.nyc

FUNDING FOR EMERGENCY FOOD PROGRAMS

A mix of federal, state and local government funds, along with private and charitable sources, support the emergency food assistance system. Some New York City-based organizations receive funding assistance from the HRA-administered Emergency Food Assistance Program (EFAP), which coordinates distribution of non-perishable food to soup kitchens and food pantries. Other funding streams include the Emergency Food and Shelter Program (EFSP), the Hunger Prevention and Nutrition Assistance Program (HPNAP), and the federal-level Emergency Food Assistance Program (TEFAP). The Food Bank for New York City operates the Tiered Engagement Network (TEN) partnership of programs with different capacities that work together in meeting community needs from emergency food to SNAP benefits. The TEN provides organizations with training, technical and operation assistance, and support for grant applications.³²

Following the cuts to SNAP in November of 2013, the citywide network of the Food Bank for New York City reported immediate and widespread increases in demand for food assistance services. By the end of the month, half of the pantries and soup kitchens had run out of food, and a quarter of the providers were forced to reduce rations in an effort to stretch resources.³³ The latest 2015 report from the Food Bank for New York City shows that demand at emergency food sites remained high and visitor traffic at food pantries and soup kitchens has increased in the wake of the November 2013 SNAP cuts.³⁴

Profile of New York Common Pantry

The New York Common Pantry is dedicated to “reducing hunger throughout New York City while promoting dignity and self-sufficiency.” Based in East Harlem, the organization serves both local and non-local residents. This pantry and hot meal kitchen is open seven days per week and provides more than just emergency food assistance. Services include:

- **Choice Pantry**, which allows participants to choose their own food packages to fit their unique cultural and nutritional needs. Members can order in advance online or onsite via wireless touch screen tablets. The program has placed on emphasis on providing fresh vegetables and fruits over canned produce.
- **Help 365**, which supplies case management services that help individuals apply for and obtain resources, such as SNAP benefits.

- **Project Dignity**, which provides case management services to homeless individuals and offers showers, laundry and mail services on site. The program aims to help individuals gain back their health, well-being and self-sufficiency.

- **Live Healthy! Program**, a part of *Eat Smart New York*, which offers nutrition education, healthy lifestyle and cooking classes for all SNAP participants.

- Outreach and other services to help the many unenrolled but eligible seniors sign up for various benefits.

Dedicated staff and volunteers provide this multi-layered approach to reducing food insecurity, serving a vital role in the health of the community by providing essential services promoting dignity and wellness.³⁵



Thanksgiving Drive at New York Common Pantry, November, 2015.
Photo credit: New York Common Pantry

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

The WIC program provides additional assistance for low-income pregnant, postpartum and breastfeeding women and infants, and children determined to be at “nutritional risk” by a health professional. WIC provides nutritious foods to supplement diets, information on healthy eating practices, breastfeeding encouragement, and support and referrals to health care. To be eligible, applicants’ pre-tax income must be at or below 185 percent of the U.S. Poverty Income Guidelines.³⁶ Two health care providers located in East Harlem enroll eligible women and children in WIC: the East Harlem Council for Human Services and the Institute for Family Health.

In 2009, the New York State Department of Health determined that 17,247 women, infants and children were eligible for WIC in East Harlem,³⁷ but data on those actually enrolled are not available. The WIC program has undergone changes in the last 15 years, most notably in 2009 when the WIC food package was expanded to include fresh fruits and vegetables. All participating women receive \$10 per month in fruit and vegetable cash vouchers within their monthly food package.³⁸

The WIC Farmers Market Nutrition Program (FMNP) is a federally funded and state-administered program created to provide fresh, locally grown produce to WIC participants while boosting visits and sales at farmers markets. The vouchers, valued at \$4, are provided monthly from June to November.³⁹

In 2009, New York State introduced the WIC Vegetables and Fruits Check Program (WIC-VF), which allows monthly WIC vegetable and fruit checks to be redeemed at participating farmers markets. New York was the first state to adopt this change.³⁹

IMPROVING FOOD SECURITY IN EAST HARLEM

Improving the health of East Harlem residents will require a commitment to reducing food insecurity. In the long run, ending food insecurity will require ensuring that all workers are paid a living wage and that rents remain stable and affordable. In the current economic reality, however, many East Harlem residents continue to live in poverty and the costs of food and housing continue to rise. Thus, expanding participation in food benefit programs and increasing government support for better access to emergency food are great needs in this community. Furthermore, as discussed in the next section, improving institutional food programs, especially school food, offers another path to making East Harlem more food secure.

SECTION 4

CHANGES IN INSTITUTIONAL FOOD: THE PUBLIC PLATE IN EAST HARLEM



One of 65 East Harlem schools serving children food.

On almost any weekday, a visitor might observe the following in East Harlem:

- Students in elementary, middle and high schools between September and June eating breakfast or lunch at school, prepared and served by employees of the New York City Department of Education (DOE);
- Senior citizens sitting down to a hot lunch in one of eight senior centers under contract to the New York City Department for the Aging (DFTA);
- Patients at Metropolitan Hospital Center eating meals prepared in the Health and Hospitals Corporation's (HHC) cook-chill facility in Brooklyn and delivered by truck;

- Residents of various residential treatment centers eating meals regulated by the New York City Department of Health and Mental Hygiene (DOHMH);
- Children in day care centers overseen by the New York City Administration for Children's Services (ACS) eating lunch and snacks, and sometimes breakfast or dinner, prepared on site or purchased from vendors, but regulated by the federal, state and city governments;
- Inmates and corrections officers from East Harlem at Rikers Island eating meals planned and prepared by the New York City Department of Correction (DOC);
- Children and youth in after school programs contracted by the Department of Youth and Community Development (DYCD) eating snacks and sometimes dinner;
- Residents of the Charles H. Gay Shelter for Men on Ward's Island eating breakfast and dinner.

The above are examples of institutional food at work in East Harlem. The "public plate" (food prepared and served to individuals at public institutions) is one of the sectors of the food system most directly susceptible to intentional government intervention. When public agencies prepare and serve meals, or fund meals served by other organizations, they are able to exercise a high degree of control over who eats the meals and what is served. Thus, the public plate enables government to address both food insecurity and diet-related disease.

Although institutional food is a very significant part of the East Harlem foodscape, its precise contours are difficult to ascertain because very few agencies report data at the neighborhood or community district level. We have data on school meals for the Department of Education’s District 4, which coincides with the neighborhood, and some data for senior centers and hospitals, and we shall use these three types of institutional food to illustrate the power of the public plate to alter or maintain the neighborhood’s food system.

East Harlem School Food by the Numbers

- New York City SchoolFood serves meals at **65 schools** in East Harlem
- On an average school day, **9,450 students** in District 4 eat the official school lunch
- District 4 schools served **1,693,340 school lunches** in 2015
- District 4 schools, enrolling **16,251 children** served **694,323 breakfasts** in 2015
- East Harlem schools serve nearly **2.4 million meals** a year

Source: Community Food Advocates

SCHOOL FOOD

All public schools in East Harlem serve breakfast and lunch, and have done so for many years. Meals are planned and prepared by the Office of School Food and Nutrition Services of the New York City Department of Education, commonly known as SchoolFood. The overwhelming majority of these meals, 90 percent, are served to students eligible to eat free.¹

Since 2000, the number of lunches served has dropped by 15 percent, largely due to declines in enrollment. School enrollments have dropped by about 12 percent—about 5,000 fewer children—in East Harlem, as a result of the reduction in the school-age population in the neighborhood. The number of school breakfasts served, on the other hand, has increased, reflecting a policy change that made breakfast free for all students beginning in school year 2003-2004, and the addition of Breakfast in the Classroom in some schools in subsequent years. School breakfasts served in the neighborhood rose to a peak of 881,613 in school year 2011-2012.

In assessing school meal participation, attendance is more important than enrollment; you cannot eat school lunch or breakfast if you are not in school. In short, school *lunch* participation as a percentage of average daily attendance has varied only slightly since 2002, while school breakfast participation as a percentage of average daily attendance nearly doubled before a significant decline last year, explained partly by a substantial increase in attendance despite a modest drop in enrollment.

SCHOOL MEALS AND COMMUNITY WELL-BEING

Reducing Food Insecurity and Preventing Hunger

School meals reduce hunger and food insecurity by providing healthy meals free or at low cost; they stave off hunger for students who would otherwise do without, and provide a complete, balanced meal for many who would otherwise have gotten by on an inadequate meal – the proverbial soft drink and a bag of chips in too many cases. The federal government reimburses schools for meals served through the National School Lunch and Breakfast Programs in varying amounts based on the family income of the students. Schools are required to serve meals free of charge to students from families with incomes below 130 percent of the federal poverty level (currently \$26,117 annually for a family of three), and at a sharply reduced price to students from families with incomes under 180 percent of the poverty line (currently \$37,167 annually for a family of 3). The locally determined charge for a paid lunch is \$1.75. Since 2000, New York City has taken several steps to enable more students to benefit from these meals. As noted above, breakfast became free for all students in 2003, and since 2013, New York City has offered lunches free to students whose family income qualifies for the reduced price lunch, in addition to those who qualify for free lunch. About 80 percent of students in East Harlem qualify for free meals; on a typical school day in the 2014-2015 school year, more than 12,000 meals, or 90 percent of the meals served, were consumed by students eligible to eat free.² School food serves as an important defense against food insecurity for many school-aged children in the neighborhood.

One third of East Harlem’s schools³ take advantage of one of two federal programs that allow them to serve meals free to all students in the school, a practice generally referred to as universal free school meals. Eleven schools participate in the program known as Provision Two, and another 11 participate in the Community Eligibility Program (CEP). Provision Two has been available in New York City throughout the study period; CEP was instituted citywide in stand-alone middle schools beginning with the 2014-2015 school year. Participation in school food programs is notably higher in schools that offer universal meals. In East Harlem elementary schools for which data are available, participation (as a percent of attendance) averaged 79 percent in schools using Provision Two, and 68 percent in those that did not offer the universal approach.⁴

The hunger prevention effects of school meals, however, are not limited to meeting the immediate needs of students who participate. The programs also allow families to use their resources for other needs at home. At lunchtime, the average daily participation (ADP) of free and reduced price eligible students in East Harlem was 8,562. If these meals are valued at \$3.15 each, the federal reimbursement rate for free meals in New York City, then free and reduced price school lunches saved East Harlem families \$26,970 each school day, or \$4.85 million over the course of the 180-day school year. Similar calculations for breakfast, for which ADP was 3,913 last year and the federal free breakfast reimbursement rate is \$1.99, would yield savings to the families of East Harlem students of \$7,787 per day, or about \$1.4 million for the year. Given the tight budgets of many East Harlem households, some portion of these freed resources were likely used to purchase food to feed the family at home, presumably with many purchases made at neighborhood shops, thus supporting local businesses and employment.

Improving Nutrition and Promoting Health



New York City SchoolFood menu board

School meals in East Harlem, as across the city, must meet rigorous federal and local nutrition standards. Over the course of the last dozen years, meals have undergone significant changes. The City began a process of improving both nutrition and palatability early in the period under study. During school year 2003-2004, sodium and cholesterol limits were established and soda was eliminated from vending machines. In the next year, an executive chef was hired to develop new recipes, trans fats were eliminated,

higher nutrition standards were set, and the City launched a marketing campaign aimed at making school food “cool.”⁵

In 2008, the Mayor’s Office of Food Policy convened a task force to establish food standards for the City, first disseminated by an Executive Order in September 2008. The standards set regulations for food purchased and meals served, and they hastened the process of upgrading the nutritional quality of

school meals. As a result of doing so, when the federal standards were revised pursuant to the Healthy Hunger Free Kids Act in 2010, New York City had few changes left to make. In addition to limiting sodium, eliminating trans fats, and prohibiting deep-fat frying as a preparation method, these standards require the use of whole grains and specify the amount of fruits and non-starchy vegetables that must be included in each meal and in each week's menus.⁶

SchoolFood has subsequently enhanced its new, healthier meals through the installation of salad bars and water jets in schools. Since 2004, New York City has installed more than 1,000 salad bars; by 2014, there were a total of 1,426 salad bars in New York City schools.⁷ The City's goal was to have a salad bar in every school by the end of 2015. The provision of free water is mandated by both the New York City nutrition standards and the revised federal standards, emphasizing the importance of drinking water with meals. In order to avoid reliance on expensive bottled water, SchoolFood has been installing water jets in cafeterias. Recent regulations have also set nutritional standards for foods sold in vending machines, school stores, bake sales and other foods sold in competition with reimbursable meals.

Schools in East Harlem have used a variety of approaches to promote the new, healthier menus, and to use them as a basis to teach students about food and health. Some of these innovations are described in Section 5, which focuses on nutrition education.

Other Contributions

In addition to their primary goals of reducing food insecurity and improving nutrition, school food programs also affect the neighborhood in other ways. They provide jobs, create markets for local and regional foods, and generate a waste stream.

Jobs

Jobs in school food service operate on the school calendar, and thus they are of particular importance to communities with large numbers of single-parent families. Unfortunately, this is one aspect of the school foodscape that has not improved. The union contract between District Council 37/Local 372, which represents school food workers, and SchoolFood specifies that 5.5 labor hours are required for each 100 lunches served, and school food service jobs are calculated at 6.6 hours per day. Because of the drop in lunches served between school years 2002-2003 and 2014-2015 (1,681 fewer lunches per day), and based on the labor hours required for that many meals, about 14 jobs were lost during this time frame. The increase in breakfasts has replaced some of those jobs, but not many, because breakfasts are figured at only two labor hours per 100 meals; the additional 1,241 breakfasts per day provided less than 4 additional jobs.

Markets

Procurement for school meals in New York City is performed centrally through large supply contracts; it is not decentralized to individual school districts. Nevertheless, SchoolFood tries to purchase New York State milk, yogurt and fresh and frozen produce whenever possible, even emphasizing them on "New York Thursdays," an initiative launched in September

2015. In 2014, DOE spent \$25.5 million on locally or regionally produced milk, yogurt and produce—\$19.2 million on dairy and \$6.3 million on produce.⁸ In this way, school meals and the school children of East Harlem help support the regional agricultural economy.

Waste

Until 2010, schools in East Harlem were sending about 65,000 Styrofoam trays to the incinerator each week, more than two million each year. In 2010, the initiation of Trayless Tuesdays reduced that number by about 20 percent. In 2012, SchoolFood entered an agreement with other major cities to search for an affordable biodegradable tray. The result was a "trayplate," a large, rounded plate with raised sides and a compartment in the middle designed to hold a milk carton, made of completely biodegradable material. With the adoption of the new biodegradable plates, East Harlem schools are now Styrofoam-free. Students are learning to care for the environment, and there is significantly less Styrofoam—a nearly indestructible material—flowing into local landfills and incinerators.

SENIOR MEALS

In contrast to school food, where ample time series data are available at the district level, neighborhood level information on senior meals is readily available only for the current year. Eight senior centers funded by the Department for the Aging (DFTA) are located in East Harlem, where the population aged 60 and over numbers nearly 19,000.⁹ Together, these centers serve about 740 congregate lunches on an average day. To put this small number in context, compare it with the school data above: the 16,251 children enrolled in East Harlem schools consume an average of 9,450 lunches per school day. Of course, some East Harlem seniors may be attending senior centers in other neighborhoods, but overall, the volume of congregate senior meals is small. While there are no neighborhood level time series data, the Mayor's Management Report shows that citywide, the number of meals served at senior centers has declined substantially over the past 15 years, from 29,240 per day in fiscal year 2001 to 24,238 in fiscal year 2014.¹⁰

Despite the relatively small volume, the meals are very important to the seniors who consume them. First, many East Harlem seniors live alone – 42 percent as compared to a citywide average of 29.4 percent.¹¹ Second, many East Harlem seniors are poor. While the national poverty rate for seniors is relatively low at 9.9 percent, almost a quarter (24 percent) of older adults living in East Harlem have incomes under the federal poverty threshold.¹² Third, many seniors in the area do not take advantage of other programs designed to assist them in obtaining adequate food. A recent study by the Council of Senior Centers and

Services estimated that more than half, approximately 56 percent, of seniors eligible for SNAP in Community District 11 are not enrolled.¹³ Based on these data, it is apparent that many seniors could benefit from meals served at senior centers to supplement their daily diets and to ensure adequate nutrition.

The meals themselves have changed over the course of the study period. DFTA has long had nutrition standards for meals, and agency nutritionists make at least two site visits per year to each center to monitor for compliance. The New York City Food Standards implemented in 2008 established stronger limits on sodium and greater requirements for fiber, fruits and vegetables. DFTA created an online menu-planning tool and provided centers with assistance in locating the lower sodium products they needed, as well as assistance in procuring and preparing fresh produce. As the DFTA Director of Nutrition for senior center programs explained:

The implementation of the NYC Food Standards created an opportunity for DFTA Nutritionists to engage program staff in conversations about the benefits of cooking with more fresh ingredients and reducing sodium in the diet. As a result, we've noticed that more fresh ingredients and less processed foods that are high in sodium are being used.¹⁴

Overall, senior center directors report that compliance with the new standards is high.¹⁵

Lunch at Carver Senior Center



Lunch at Carver Senior Center in East Harlem

Menu: baked ziti with marinara sauce, fresh green salad, steamed green beans, low-fat milk, juice, water, individual cups of canned peaches

The small kitchen of the Carver Senior Center, located on the ground floor of one of the buildings of Carver Houses, a New York City Housing Authority Project, produces about 100 delicious and nutritious lunches every weekday. Art instruction, exercise classes, dominoes, card games, flower arranging and health information are frequent complements to the healthy meals.

A contribution of \$1 is recommended, but not required, for each lunch, and the meal service collects between \$90 and \$100 each day.

Any person 60 or over may become a member of the Center, without regard to place of residence, citizenship status, race, creed, disability, gender, sexual orientation, marital status or national origin. In addition, the spouse of a member and any disabled resident of Carver Houses, regardless of age, may become a member. Most members are residents of Carver Houses, and 80 percent are women, though people travel to the Center from as far away as Queens. The Center, sponsored by the Institute for the Puerto Rican and Hispanic Elderly, has a strong Puerto Rican identity, with Puerto Rican flags prominently displayed, and island cultural traditions reflected in art, activities, and sometimes in the menu.

Five of the East Harlem senior centers cook their own meals on site, and three receive meals prepared at other senior centers. No East Harlem senior center uses a commercial meal vendor, although that is an option under DFTA contracts. The centers spend between \$1.50 and \$3.00 per meal on the purchase of food, with an average of \$2.70.

There has been no systematic study of meal quality in East Harlem senior centers, but in brief interviews conducted for this report, center directors expressed general satisfaction with the rules and a conviction that the standards have promoted better health among seniors. At the same time, they stressed the importance of preparing and providing “cultural dishes that the seniors like.” As one put it, “no one really says anything except about the [reduction in] salt; seniors always complain about salt.” Despite the center’s workshops on sodium intake and health, she reported, “sometimes they bring their own salt and pepper shakers.”¹⁶

Senior meal programs also have an impact on the economy of the neighborhood. They create jobs, and they bring federal, state and city dollars into the area. The centers interviewed used a variety of procurement strategies for fresh produce and other food; two obtain most from their regular distributor, and one goes to the local Cash and Carry store. Another indicated that the center had occasionally bought from a local farmers market and expressed interest in a DFTA initiative to promote direct purchase from upstate vendors.

HOSPITALS

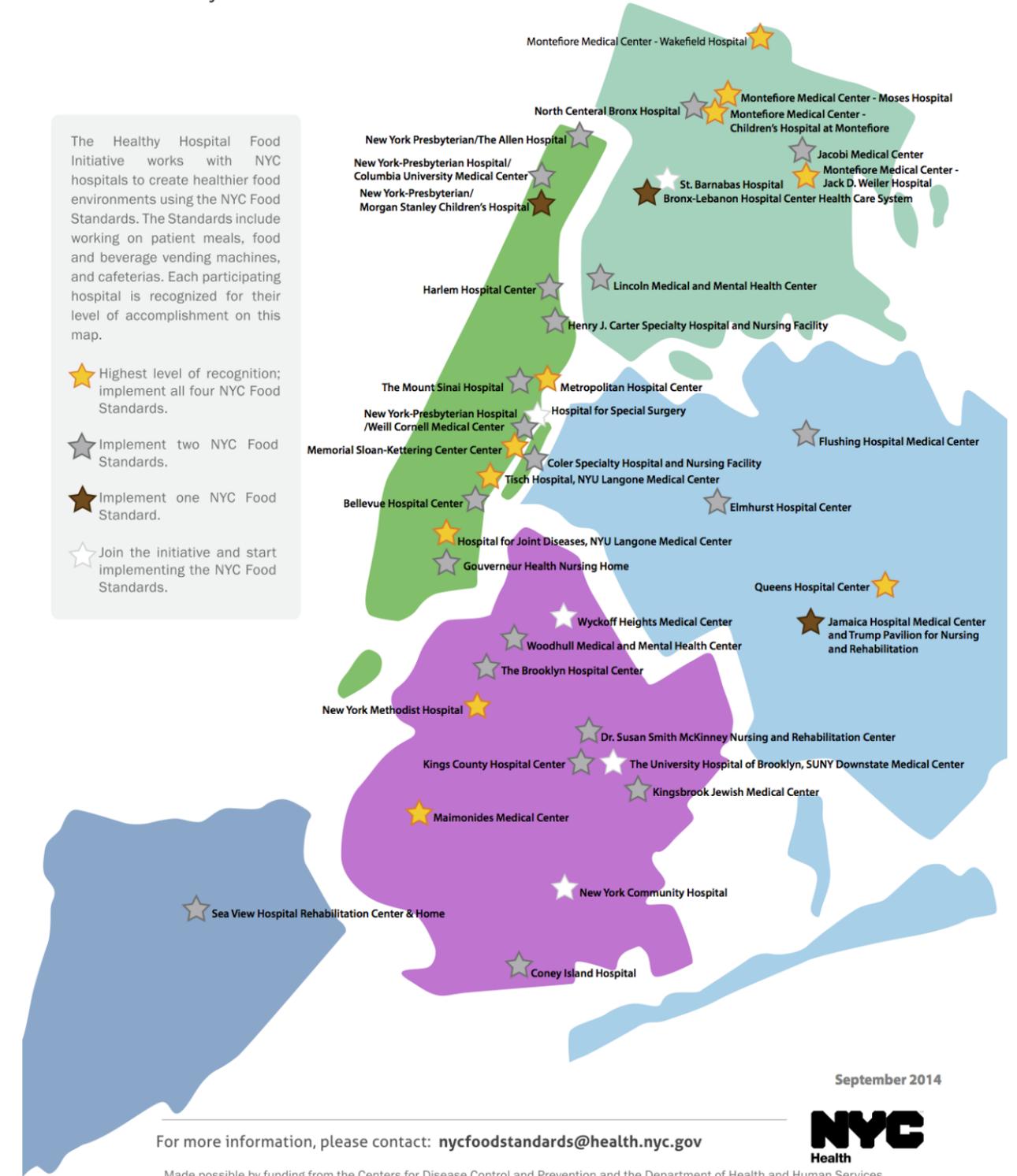
Two hospitals are located in East Harlem: Metropolitan Hospital, which is a public facility run by New York City Health and Hospitals, formerly known as HHC; and Mount Sinai Hospital, a private, non-profit institution. Another public facility, Harlem Hospital Center, is located close enough to the neighborhood that it undoubtedly provides medical care for many East Harlem residents. Patient meals in public hospitals and residential care facilities in New York City are prepared in a central “cook-chill” facility in Brooklyn and delivered by truck to various sites.¹⁷ The conversion to this centralized production system began in 2004 and affected meals served at both Metropolitan Hospital and Harlem Hospital Center.

Beginning in 2008, patient meals in HHC hospitals were required to meet the New York City Food Standards, as well as the standards of the Joint Commission on Hospital Accreditation and various therapeutic specifications prescribed by physicians. The Food Standards specify nutritional requirements for foods purchased, such as sodium limits for bread and canned vegetables, and for meals served, such as the inclusion of at least two fruit or vegetable servings at lunch and dinner.

New York City | HEALTHY HOSPITAL FOOD INITIATIVE

The Healthy Hospital Food Initiative works with NYC hospitals to create healthier food environments using the NYC Food Standards. The Standards include working on patient meals, food and beverage vending machines, and cafeterias. Each participating hospital is recognized for their level of accomplishment on this map.

- ★ Highest level of recognition; implement all four NYC Food Standards.
- ☆ Implement two NYC Food Standards.
- ★ Implement one NYC Food Standard.
- ☆ Join the initiative and start implementing the NYC Food Standards.



For more information, please contact: nycfoodstandards@health.nyc.gov



Made possible by funding from the Centers for Disease Control and Prevention and the Department of Health and Human Services.

NYC Healthy Hospital Food Initiative Map, September 2014

Patient meals, however, are only part of the picture. Hospitals also serve meals to the city's 125,000 hospital employees and thousands of visitors. In public hospitals, meals for employees and visitors must also comply with the New York City Food Standards with regard to foods purchased. Although the City cannot specify the meals that staff and visitors will select, it strives to "make the healthy choice the easy choice." The City has been using the following tactics to accomplish this goal: promoting the installation of salad bars in hospital cafeterias and otherwise increasing the availability of fresh fruits, vegetables and whole grains; promoting healthy value meals; eliminating fried foods; and limiting the promotion of high calorie beverages.¹⁸ The staff at the New York City Department of Health and Mental Hygiene indicated that Metropolitan Hospital has done an especially good job with its café. Metropolitan was offering either pre-packaged or made-to-order salads by July 2012, and Harlem Hospital Center joined the list of eight HHC hospitals offering such meals by July 2013.¹⁹

In addition to meals served, hospitals dispense food through snack and beverage vending machines. The Food Standards provide very clear standards for both. According to DOHMH, The standards for beverage vending machines "decrease the availability of high calorie beverages, including addressing the placement of high calorie beverages, and ensure that advertisements on machines are promoting healthy choices." The standards for food vending machines include "nutrition requirements for calories, saturated fat, sodium, sugar, fiber and other nutrients in stocked products."¹⁸

New York City's move toward healthier food has benefited private, as well as public institutions, and hospitals provide, perhaps, the clearest example of the potential influence of public agencies on private organizations. In 2011, with support from the federal Centers for Disease Control and Prevention (CDC), DOHMH launched the New York City Healthy Hospital Food Initiative to encourage all hospitals in the city, public or private, to increase access to healthier foods and beverages. The initiative defines four components for which food and drink need to be made healthier: patient meals, beverage vending, food vending and cafeterias or dining rooms serving visitors and staff. Mount Sinai Hospital in East Harlem quickly joined in, and by September 2012, 17 private hospitals had committed to participating.

DOHMH developed a rating system based on participation in and compliance with the Healthy Hospital Food Initiative, applicable to both public and private institutions. Joining the program merited a white star. The hospital earned a bronze star for meeting the standards in a single component. Complying with standards in two components merited a silver star, and meeting the standards for all four components earned a gold star. DOHMH provided technical assistance and created an appealing graphic display of the stars on a brightly colored map of the city. The map served to stimulate competition among participating institutions. By the time the first map was released in July 2013, all three hospitals serving East Harlem had earned silver stars. When the final map was published in September 2014, Metropolitan Hospital Center had achieved a gold star, one of only four institutions in Manhattan, and one of two public institutions citywide, to do so.

The mapping and the monitoring stopped when the grant funds ran out in the fall of 2014, but DOHMH continues to encourage hospitals to serve healthier food.

SUMMARY: THE PUBLIC PLATE IN EAST HARLEM

Despite occasional complaints about palatability or cultural sensitivity of institutional food, meals provided or funded by New York City's public agencies enhance the foodscape of East Harlem in several ways. These meals:

- Reduce hunger and food insecurity by creating access to food for low-income individuals and families and freeing household resources to meet other needs;
- Improve nutrition and combat diet-related disease by serving meals that meet rigorous nutrition standards and by contributing to the development of healthy eating habits;
- Provide jobs, sometimes with adequate wages and benefits, for East Harlem residents;
- Generate business for local vendors; and
- Model innovation and best practices.

East Harlem will be well-served by efforts to expand resources for its institutional food programs in order to improve quality and increase use.

SECTION 5

CHANGES IN EDUCATION FOR HEALTHIER EATING IN EAST HARLEM



An “Iron Chef” class at Association to Benefit Children where parents created meals utilizing the contents of farm fresh produce without knowing what the ingredients would be. Photo credit: Association to Benefit Children

A fundamental strategy for improving health is to help people learn more about food and nutrition and increase their capacity to make healthy eating choices. In the last 15 years, nutrition education initiatives in East Harlem have increased in response to growing concerns about obesity and diet-related diseases. Such initiatives are supported by the development of new policies and funding streams for educating people about food and nutrition. The following section

describes New York City’s diet-related health education campaigns and policy initiatives and discusses the efforts of East Harlem institutions and community organizations to educate residents about healthy eating and nutrition.

BUILDING THE FOUNDATION FOR A CULTURAL SHIFT TOWARDS HEALTHY EATING

CITY INITIATIVES

The Bloomberg administration enacted several citywide policy changes and public education campaigns to educate New Yorkers about the dangers of consuming foods high in fat, sugar and salt. These policy changes took place during a time in which obesity had become a salient national issue, with the media focusing attention on diet and diet-related diseases. Films such as “Super Size Me” (2004), “Food, Inc.” (2008) and “Forks Over Knives” (2011) helped to raise the public’s general awareness about the health effects of processed foods and the industry’s influence over our eating decisions. Michelle Obama’s Let’s Move! Campaign attracted further attention to food and health. These efforts combined to make healthy eating campaigns more visible to the average New Yorker, while also sparking a dialogue about the city health department’s role in educating the public about healthy eating.

Calorie Labeling (2008)

On March 31, 2008, new City rules required all chain restaurants to post calorie information on menu boards and printed menus. The rationale for this policy was that displaying calorie information would prompt consumers to make healthier choices when ordering foods at a restaurant. To date, evaluation studies have shown mixed results.^{1,2} One study found that higher-income respondents were more likely to reduce calorie consumption when presented with calorie counts than lower-income respondents.^{3,4} Another study showed that after calorie labeling became a requirement, some fast food outlets changed their recipes to reduce calories in their products.⁵



Pouring on the Pounds Advertisement, NYC DOHMH (2009)

Pouring on the Pounds Campaign (2009)

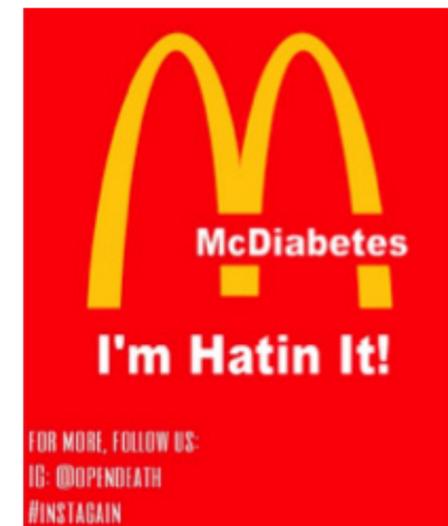
This citywide campaign raised awareness about the effects of consuming sugar-sweetened beverages. Graphic images of soda being poured into glasses and turning into adipose fat were visible all over the city on billboards, subways and online commercials. Reactions were mixed, but overall, public health advocates agree that the campaign successfully alerted the public to the health perils of sugar-sweetened beverages.⁶ In the last few years, sugary beverage consumption has declined substantially, both in New York City and nationally.

Soda Cap (2012)

Although it was not an education campaign, the City's attempt to restrict the sale of sugar-sweetened beverages in containers larger than 16 ounces became a hallmark event that increased public dialogue about sugary drinks. Widespread media coverage of the proposed rule and a vigorous counter-campaign by the soda industry and its allies provoked public debate about the role that sugar-sweetened beverages and portion sizes play in health and disease. Although state courts rejected the proposed rule, some observers credit the public debate with contributing to a decline in soda consumption in New York City during this period.⁷

COMBATING THE EFFORTS OF THE FOOD AND BEVERAGE INDUSTRY: FOOD MARKETING AND ADVERTISING

As the discussion about the intersection of food and health became a more popular subject for public discussion, the food industry's marketing efforts intensified. Specifically, food and beverage companies made a concerted effort to target marketing for nutritionally poor foods directly to Black and Hispanic youth.⁸ Such targeted marketing is of particular importance in East Harlem, where 50 percent of the population is Hispanic and 31 percent is Black.⁹ Researchers at the University of Connecticut's Rudd Center for Food Policy and Obesity conducted a study in 2015 and found that fast food and other restaurants spend the most money on advertising in targeted media, totaling \$244 million in Spanish-language television and \$61 million in Black-targeted television.¹⁰ Of particular concern, researchers also noted that an exceptionally high proportion of candy advertisements are targeted to Hispanic and Black consumers. To combat these advertising ploys, public health practitioners are beginning to create initiatives that seek to reduce unhealthy food marketing to youth of color and increase marketing of nutritious foods.¹¹ Box 4-1 describes two programs in East Harlem that aim to raise awareness about the marketing of unhealthy foods and beverages.



Counter-marketing images developed by Youth Food Educators for East Harlem

East Harlem Programs that Raise Awareness and Knowledge about the Marketing of Unhealthy Food and Beverages

The *We All Want Healthy Children Campaign*, operated by the East and Central Harlem District Public Health Office, conducts presentations developed by the UConn Rudd Center for Food Policy and Obesity for staff of community agencies. The workshops explain the importance of food and beverage marketing for health, how advertising targets children, and what parents can do to address this issue. Agencies are asked to sign a petition to limit marketing to youth. Some participating agencies then develop their own activities. The program began in 2013.

The Youth Food Educators in East Harlem (YOFE) Program, developed by the New York City Food Policy Center and the CUNY School of Public

Health, prepares young people in East Harlem and other neighborhoods to develop and deliver counter-marketing campaigns against unhealthy food. YOFE uses an empowerment model to engage youth in counter-marketing against food and beverage companies in East Harlem. The youth food educators become healthy food advocates, as well as whistleblowers for misinformation and targeted advertising by corporate food giants. The youth also serve as community-based educators, holding workshops and presentations in schools, community centers and senior centers about food advertising strategies and misinformation. The program began in 2015.

EDUCATING COMMUNITY RESIDENTS IN EAST HARLEM INSTITUTIONS

While major policy changes were occurring at the city level, institutions in East Harlem, including hospitals, schools, after school programs and day care centers increased their efforts in the community to combat diet-related diseases. We compiled an inventory of all programs that operated in East Harlem between 2002 and 2015, based on written reports, reviews of program websites, interviews with East Harlem professionals and residents, and our personal knowledge. A complete listing of these programs or initiatives is available in Web Appendix 5-1. Because there is no comprehensive listing of such programs, the list may be incomplete or the assessments inaccurate. Readers are invited to submit missing information or correct inaccuracies. Figures 5-1 to 5-3 summarize the findings from this inventory.

HOSPITALS & HEALTH CENTERS

One example of an institution-based health education program is the East Harlem Partnership for Diabetes Prevention (EHPDP)'s Project HEED (Help Educate to Eliminate Diabetes). Created in 2008, Project HEED is a lifestyle intervention program offered to East Harlem residents through a community-academic partnership. The partnership includes several groups such as Mount Sinai School of Medicine, Union Settlement Association and community leaders who represent faith-based organizations, senior centers, tenants' associations and other local groups. The HEED curriculum is based on the peer education model of the Chronic Disease Self-Management Program developed by the Stanford University School of Medicine Patient Education department.¹² Classes meet for one hour each week for 10 weeks and are held at community centers throughout East Harlem. The goal of the program is to help participants prevent or delay diabetes onset by helping them to lose weight, maintain stable blood sugar levels, and share healthy eating and exercise habits with family and friends.

A unique feature of the development of the HEED program was the use of community-based participatory research (CBPR). HEED applied CBPR by working closely with community partners in each step of the research process, including grant writing, program development, study design, participant recruitment and data analysis.¹³ Results from a pilot program among overweight adults with pre-diabetes in East Harlem suggest that a modest low-cost, peer-led program such as HEED could lead to weight loss and help prevent diabetes.¹⁴ EHPDP reports that between 2008 and 2012, they worked with 54 community organizations

in East Harlem and conducted 32 workshops, reaching an estimated 550 community residents.¹⁵ Programs like HEED are an important response to the need for chronic disease prevention programs in East Harlem and may serve as a model for other hospitals and health care centers.

SENIOR CENTERS

Each Department for the Aging (DFTA)-funded senior center is required to provide six units of nutrition education per year. According to DFTA Senior Center Standards, programs are expected to provide “nutrition and consumer education to groups of participants on topics such as planning nutritious meals, maximizing the use of food dollars, being a wise purchaser, and understanding the reason for good dietary practices.”¹⁶ Data on the number of people reached or the impact of the education on diet and health behavior are not available.

SCHOOLS

In 2004, the Child Nutrition and WIC Reauthorization Act of 2004, established by U.S. Congress, required all school districts that participate in federally funded school meal programs to develop and implement a wellness policy. The New York City Department of Education (DOE) adopted a wellness policy in 2006, and revised it in 2010, with the goal of promoting and protecting students’ health and well-being.¹⁷

The DOE Wellness Policy¹⁸ states that, in order to support nutrition education and promotion in schools, DOE commits to three major items:

1. The Office of SchoolFood (SchoolFood) will work within all New York City Public Schools to develop and maintain partnerships with members of the school community. In partnership meetings, SchoolFood will discuss nutrition-related topics and the food service program at the school.
2. School Wellness Councils will work with SchoolFood Partnerships to promote and monitor nutritional and physical activity, as well as policies and programs in their respective schools.
3. The Office of Fitness and Health Education will complement these efforts by addressing nutrition education in professional development trainings for the DOE’s recommended comprehensive health education curricula, HealthTeacher (grades K-5) and HealthSmart (grades 6-12).

Although the School Wellness Policy reinforces health and nutrition education in schools, several problems arise in its implementation. First, nutrition education is one of many topics in the HealthTeacher (K-5) and HealthSmart (6-12) curricula, which cover a breadth of health information. There is no specific mandate for teachers to focus specifically on nutrition education in the classroom, although it is encouraged. Further compounding the issue is the lack of incentive for teachers to provide health education at all. Instead, teachers often face pressure to focus their academic curricula on math and science, in preparation for state exams and to improve their school’s quality report, which covers student achievement in those subjects. There is no existing “health report card” that principals must submit to DOE to account for health and nutrition education in classrooms; the only mandated report currently is for FitnessGram, an annual assessment that measures students’ Body Mass Index and fitness performance.

With the introduction of the new Common Core Standards in the 2014-2015 school year, teachers had to adjust to new demands and instructional shifts in the classroom. With the additional responsibility to implement Common Core, teachers found it even more difficult to include nutrition education in the classroom. In order to mitigate the burden of teaching nutrition education as a separate subject, many schools are now exploring the option of integrating and aligning nutrition with the Common Core across all grade levels. The integration would create an opportunity for students to receive nutrition education over multiple years, which has been found to have a larger effect than when it is taught at only one grade level.¹⁹

Despite the barriers to providing nutrition education, schools across the city made major strides towards prioritizing wellness initiatives over the past 10 years. As noted in a 2014 report by the Laurie M. Tisch Center for Food, Education and Policy, the majority of school-based Nutrition Education Programs (NEPs) operating today started in 2005 or later.²⁰ The report also states that NEPs often target high-need schools, defined as schools with high poverty and/or high chronic disease rates, including schools in East Harlem. Web Appendix 5-1 shows the number of school-based NEPs that were introduced to East Harlem schools from 2002 to the present.

Schools in East Harlem have adopted a menu of options to support healthy eating including programs offered by non-profit and for-profit groups external to DOE. Groups that offer nutrition, cooking and gardening education such as Red Rabbit, Edible Schoolyard NY and Green Beetz, to name a few, support nutrition education beyond the recommended HealthTeacher curriculum in East Harlem. These organizations use their own models and strategies to educate students, teachers and staff about healthy eating, and often include evaluation components to demonstrate their programs’ effectiveness.

For example, Green Beetz, a non-profit organization that offers nutrition education using media activities, conducted a pilot program in May and June 2014 in two East Harlem schools, PS 007 and the East Harlem School at Exodus House. The pilot reached 160 fifth and sixth graders over the course of eight classroom exposures. An evaluation conducted by the Mailman School of Public Health at Columbia

University showed that there were significant positive impacts on knowledge about healthy eating and attitudes towards healthy eating after the pilot.²¹ NEPs like Green Beetz demonstrate that even short nutrition education interventions can have an impact in East Harlem classrooms.

In addition to the increase in NEPs in schools, the Strategic Alliance for Health (SAFH), based in East Harlem, created the Excellence in School Wellness Award (ESWA) in 2007, designed to incentivize elementary schools to increase their wellness programming. Awards were given based on criteria that schools based on five categories, including physical activity, nutrition and wellness coordination.²² Schools were recognized for their efforts to create a healthy school environment with gold, silver and bronze awards based on the number of criteria met in each category.

After SAFH ended in 2012, the New York City Department of Health and Mental Hygiene (DOHMH), in partnership with a number of organizations across the city, took over the planning, administration and selection process of the awards. Since 2012, a platinum award has been added, as well as additional categories including physical education and mental, emotional and social health. In East Harlem, 16 schools have won this award or received honorable mention between 2007 and 2015.

COMMUNITY GARDENS

Community gardens provide spaces for people to cultivate plants, spend time outdoors and, in some cases, to grow food. The community gardening movement began in New York City in the early 1970s, reclaiming land abandoned by developers, landlords and city government in the aftermath of the City's fiscal crisis. East Harlem residents and activists played an important role in building the community gardens movement. Today, according to the City's latest Food Metrics Report, East Harlem has 37 community gardens, of which 26 grow food. Together, these gardens occupy four acres of East Harlem land.²³ While community gardens do not play a significant role in producing food for East Harlem, they can be important sites for nutrition education and intergenerational interactions.



A community garden in East Harlem

MOBILIZING THE COMMUNITY TO ENGAGE IN HEALTHY EATING EFFORTS

While schools and after school programs in East Harlem were moving to address the need to teach healthy eating in their classrooms, community-based organizations (CBOs) and other agencies were doing the same in the community. Various food box programs, farmers markets, cooking classes and nutrition education programs have been established in East Harlem since 2002. These programs are listed in Web Appendix 5-1.

A cooking and nutrition education project proposed by Sisterhood Mobilized for AIDS/HIV Research & Treatment (SMART) was a capital project chosen in 2013 through a process called participatory budgeting

(PB). Participatory budgeting, launched by the New York City Council in 2011, and later endorsed by Council Speaker Melissa Mark-Viverito, is a democratic process in which community members directly decide how to spend part of a public budget.²⁴ In SMART's project, a Mobile Cooking Classroom (MCC) or "kitchen-on-wheels" provides culturally appropriate nutrition and cooking education to special populations, such as youth, seniors and people with HIV/AIDS in East Harlem and the South Bronx. The goal of the project is to improve residents' access to healthy affordable foods in their own community and to implement healthy lifestyle change using the SMART Body curriculum. The curriculum covers label reading, healthy adaptations of traditional ethnic recipes, and shopping on a budget, among other topics. The SMART MCC was selected by 534 residents who took part in the vote and ranked fourth out of 21 projects submitted in the PB process.²⁵



Mobile Cooking Classroom Rendering, SMART (2015)

CHANGES IN NUMBER AND TYPE OF NUTRITION EDUCATION PROGRAMS IN EAST HARLEM

Web Appendix 5.1 shows the total number of healthy eating and nutrition education programs that have been introduced in East Harlem institutions from 2002 to the present. We used this inventory of food programs to assess changes in the number and type of nutrition education programs serving East Harlem residents,

Over the period examined, the number of food and nutrition programs operating in East Harlem increased substantially. Of the 64 programs sponsored by 30 organizations that were identified in 2015, 15 started before 2009 and 34 after 2009, and a start date could not be ascertained for 15 programs.

These programs delivered a number of core messages. The most common message, disseminated by 39 percent of the programs, related to basic nutrition facts. Other core messages were related to: healthy cooking skills, 23 percent; reducing consumption of unhealthy foods, nine percent; shopping healthy, eight percent; and engaging in food activism, five percent. Many programs had more than one core message. Given the emerging consensus in nutrition education that basic nutrition facts by themselves play only a modest role in changing eating habits,²⁶ organizations conducting nutrition education in East Harlem may want to consider expanding their repertoire of core messages and aligning them with evidence on effectiveness. In addition, since East Harlem residents and organizations may be the most powerful and effective advocates for healthier local food environments, more programs may want to emphasize food activism.

Figure 5-1 shows that while most programs seek to reach the community at large, children, especially school-aged children, are the most common age-specific recipients of nutrition education. Populations that might benefit from additional nutrition education include young children (where the lifetime benefits of prevention are high), older adults (where the prevalence of diet-related disease is high), people with diet-related diseases (who are over-represented in East Harlem) and recent immigrants (who may need help in finding accessible and culturally appropriate nutrition information).



City Surfers after school participants show off their hot peppers at Jefferson Gardens in East Harlem. Photo credit: Concrete Safaris

Figure 5-1 Main Population Groups Reached by Nutrition Education Programs in East Harlem

MAIN POPULATION REACHED (N= 64, MANY PROGRAMS SERVE MULTIPLE POPULATIONS)	NUMBER OF PROGRAMS
Young Children	4
School-Aged Children (5-12)	19
Teens (13-19)	19
Young Adults (20-25)	10
Adults (25-60)	14
Older Adults (>60)	2
People with Diet-Related Conditions (e.g., obesity or diabetes)	4
Recent Immigrants or Non-English Speakers	0
Community at Large	25

Number of Programs

Of the 64 nutrition programs identified in East Harlem, about half (33) operate exclusively in East Harlem; the others are part of citywide or borough-wide programs, as shown in Figure 5-2. The most common settings for nutrition education in East Harlem are schools and youth programs. Although many senior centers provide food and occasionally hold sessions on nutrition, few appear to have structured, ongoing nutrition education programs. Senior centers, as well as New York City

Housing Authority (NYCHA) facilities, may be promising settings for expanded nutrition education, given the high prevalence of diet-related diseases among participants and residents.

Figure 5-2 Settings for Nutrition Education Programs in East Harlem

PROGRAM SETTING	NUMBER OF PROGRAMS	NUMBER IN EAST HARLEM ONLY (I.E., NOT PART OF A CITYWIDE PROGRAM)
Schools Only	10	4
Youth Program Only	14	6
Child Care Only	2	1
Senior Centers Only	1	1
NYCHA Only	3	3
Health Care Only	3	3
Multiple Settings	31	15

Nutrition education programs in East Harlem use a variety of strategies to bring about changes in dietary practices, attitudes or knowledge. Figure 5-3 shows that cooking-based programs are the most common, followed by classroom instruction, gardening-based, media and retail interventions. Few programs have the resources to evaluate their interventions or to report the evidence that led them to use that strategy; there may be a great value in strengthening the capacity for evaluation and evidence-based program development.

Figure 5-3 Program Strategies for Nutrition Education Used in East Harlem

PROGRAM STRATEGY	NUMBER OF PROGRAMS
Cooking-Based	18
Classroom Instruction (in or out of school)	10
Gardening-Based	7
Store or Farmers Market Based	7
Media-Based (e.g., subway ads, television, social media)	7
Other: Advocacy, Photovoice, Campaign/Coalition Work, Community Organizing, Group Support	15

LOOKING FORWARD TO A HEALTHIER EAST HARLEM

East Harlem has seen an increase in the number of healthy eating initiatives in the community over the past 15 years. Some of these programs have been successful in engaging community members,²⁷ increasing the dialogue about healthy eating in schools,²⁸ and modestly improving health outcomes.²⁹ However, there are gaps in providing nutrition education services for vulnerable groups in East Harlem, including those with limited English proficiency, young children and the senior population.

In the coming years, coordinating the multiple healthy eating and nutrition education efforts in East Harlem represents a key challenge, but also an opportunity to maximize the collective impact of the more than 60 programs now providing nutrition education. Sharing best practices among organizations is crucial to strengthening and sustaining successful programs. In order to facilitate this knowledge transfer, institutions and CBOs should prioritize the proper documentation and evaluation of their programs to better quantify their impact and reach. Furthermore, to avoid the duplication of efforts, this information should be easily accessible to community members, advocates, funders, researchers and other interested parties. One of the biggest nutritional successes of the East Harlem community has been its enthusiastic response to the need for more and better nutrition education at the institutional and grassroots levels. Coordinating these efforts to contribute to a healthier East Harlem is an achievable and meaningful goal.

SECTION 6

CHANGES IN HEALTH AND DIET IN EAST HARLEM

In this section, we review changes in diet, health and health behavior in East Harlem from 2000 to 2015 and also compare East Harlem to New York City as a whole. As we have seen in earlier sections, East Harlem has experienced multiple changes in food policies and food environments in this period. In such a complex and dynamic situation, no study can definitively link any particular change in diet or health to any particular policy initiative, but by documenting trends, we can see if improvements in health are moving in the right direction. We begin this section by describing changes in two broad areas:

1. Health and dietary behavior
2. Self-reported diet-related and other health conditions and diagnoses

We then consider to what extent these changes show progress towards the broader goals of improving health and reducing diet-related health problems in East Harlem. By identifying health-related outcomes that have improved, stayed the same, or gotten worse over time, we hope to be able to inform the planning of food-related initiatives in East Harlem for the next period.

Our primary sources of data for this section are:

1. The New York City Department of Health's Community Health Survey (CHS), an annual telephone survey of a representative sample of New York City adult residents. We compare changes over time from 2002 to 2013, the last year for which survey data are available in East Harlem (zip codes 10029 and 10035) and New York City as a whole. Note that because of the small sample size from East Harlem, year-to-year fluctuations are often large. Our focus is on the overall trends from 2000 to 2015.
2. The Youth Risk Behavior Survey (YRBS) is a biannual survey of New York City school children conducted by the CDC. The survey has been conducted in odd-numbered years since 1997. Data are collected from students through a self-administered questionnaire. The results represent public high school students in grades nine through 12. Rates for various behaviors for selected high-risk neighborhoods, including the combined East and Central Harlem area, have been available since 2005.
3. East Harlem findings from the New York City Department of Education's FitnessGram, a system designed to measure changes in weight and fitness of all New York City school children instituted in 2006. FitnessGram provides data on students in grades kindergarten through eighth grade, a population not included in the YRBS data set.
4. Selected other sources of data on the health of people living in East Harlem.

HEALTH AND DIETARY BEHAVIORS

The New York City CHS and the YRBS survey provide data on several dietary behaviors associated with health. These behaviors include fruit and vegetable consumption, sugary beverage intake, and use of salt (sodium).

CONSUMPTION OF FRUITS AND VEGETABLES

Adults

The consumption of fruits and vegetables is associated with overall health, including decreased risk for some cancers¹ and cardiovascular disease.² In addition, increasing the consumption of fruits and vegetables has been associated with maintaining a healthy weight.³

Figure 6-1 Percent of Adults Reporting No Daily Consumption of Fruits and Vegetables in New York City and East Harlem

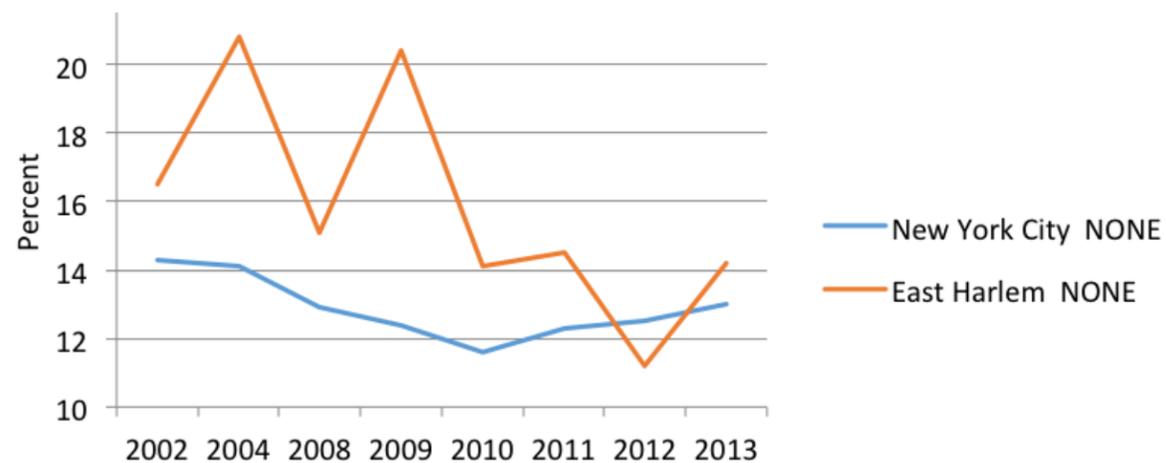


Figure 6-2 Percent of Adults Reporting Consumption of 5 or More Daily Servings of Fruits and Vegetables in New York City and East Harlem

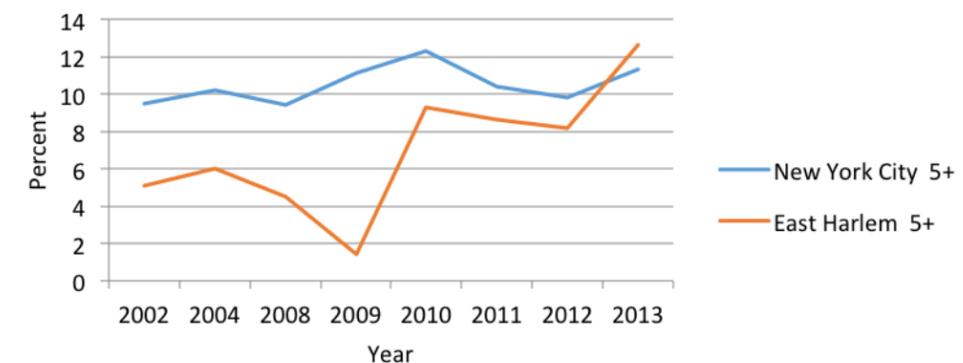


Figure 6-1 shows that over the 12-year period, East Harlem residents were 1.2 times more likely to report no consumption of fruits and vegetables on the previous day than New York City residents. In every year except one, East Harlem residents reported higher levels of no consumption. Over this period, residents of both East Harlem and New York City as a whole showed a small decline in the proportion reporting no fruit and vegetable consumption, 14 percent in East Harlem and 9 percent in New York City.

Figure 6-2 shows that over the 12-year period, New York City residents were 1.5 times more likely to report consuming five or more servings of fruits or vegetables on the previous day, meeting the federal Centers for Disease Control and Prevention (CDC) recommendations. However, the rate of increase in the percent of adults reporting five or more portions a day was much higher in East Harlem than in New York City. Over the 12 years, the percent reporting CDC recommended levels of consumption in East Harlem

more than doubled (from 5.1 percent to 12.6 percent), while in New York City the increase was only 18 percent (from 9.5 percent to 11.3 percent). In 2013, for the first time, the percent reporting recommended fruit and vegetable consumption levels was higher in East Harlem than New York City as a whole. However, it is worth noting that in 2013, slightly more East Harlem residents reported consuming no fruits and vegetables than the proportion meeting CDC recommendations of 5 or more portions a day, a disappointing finding that shows the progress still needed.

Children and Youth

For children and youth, available data show combined results for Central and East Harlem.

Figure 6-3 Percent of Children and Youth Not Meeting CDC Recommendations for Daily Fruit and Vegetable Consumption in New York City and East and Central Harlem

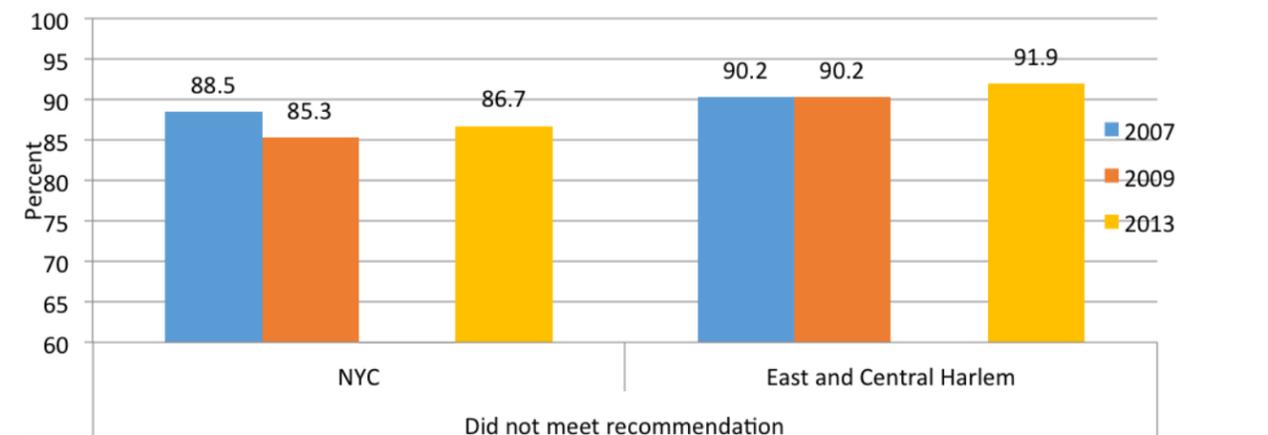
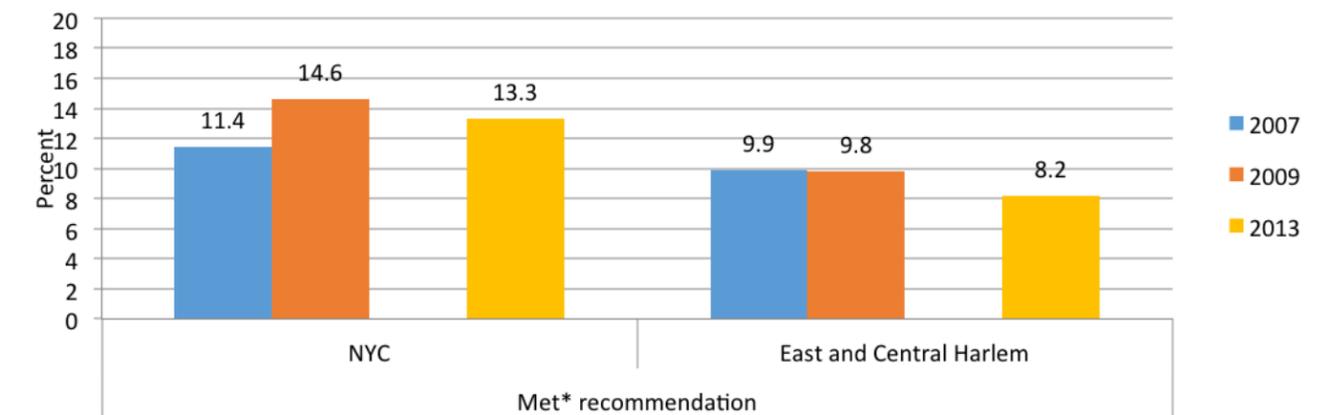


Figure 6-4 Percent of Children and Youth Meeting CDC Recommendations for Daily Fruit and Vegetable Consumption in New York City and East and Central Harlem



*Notes: For Figures 6-3 and 6-4, 2011 data not available. "Fruit" does not include 100 percent fruit juice.

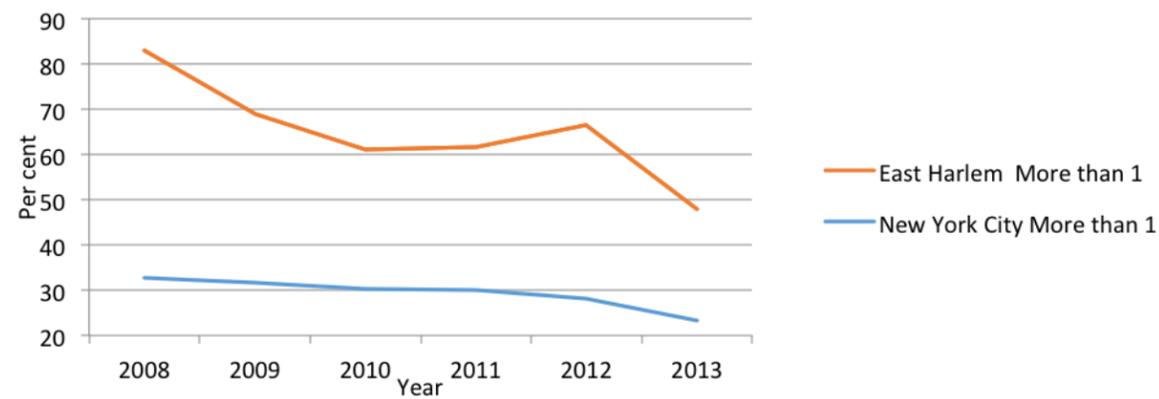
Figure 6-3 shows the percentage of students reporting that they consumed fruits and vegetables less than CDC recommends. Throughout this period, the percentage of students not consuming fruits and vegetables on a daily basis was higher in East and Central Harlem than in New York City (8.2 and 7.5 percent, respectively, in 2013; data not shown).

Figure 6-4 shows the percentage of students reporting consumption of fruits and vegetables more than four times per day in the past seven days, categorized as meeting the CDC recommendations. For both New York City and East and Central Harlem, the percentage of students who met the CDC recommendations decreased by nine percent for New York City as a whole and by 16 percent in East and Central Harlem. This discouraging trend highlights the importance of further work in this area.

CONSUMPTION OF SUGAR-SWEETENED BEVERAGES

Sugary drinks include soda, sweetened drinks (such as sports drinks, fruit punch, and other fruit-flavored drinks), and chocolate or other flavored milk. Consumption of these beverages has been associated with lower overall diet quality and increased weight.⁴ Among children, these beverages have also been associated with loss of bone density and dental caries.^{5,6}

Figure 6-5 Percent of Adults Reporting Consumption of More than One Can of Sugary Beverages per Day, New York City and East Harlem

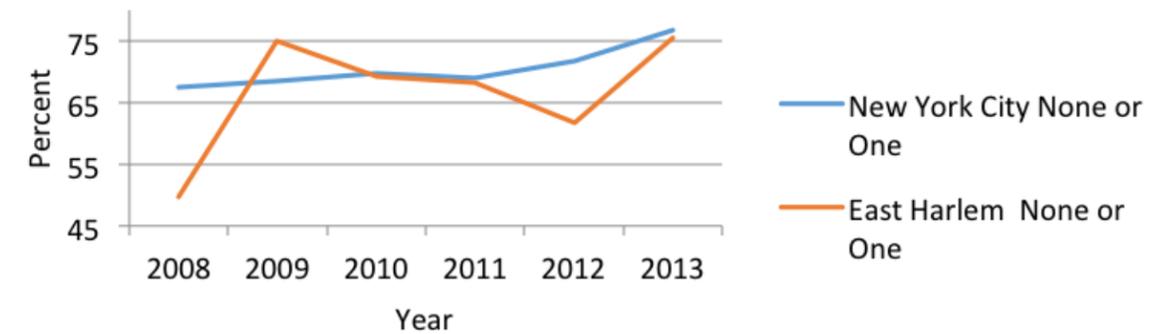


Adults

Figure 6-5 shows that East Harlem residents are 1.2 times more likely to report daily consumption of more than one can of sugary beverages per day over the six year period, compared to New York City as a whole. However, the decline in this level of consumption was 26 percent in East Harlem compared to only 9 percent in New York City as a whole, suggesting more rapid progress in East Harlem. Figure 6-6 shows that

over the six years studied, the portion of East Harlem residents who reported consuming zero or one can of sugary beverages per day reached about the same level as for New York City residents as a whole. From 2008 to 2013, New York City residents reported slightly higher rates of limited or no sugary beverage consumption than East Harlem residents.

Figure 6-6 Percent of Adults Reporting Consumption of One or Fewer Cans of Sugary Beverages per Day, New York City and East Harlem



Children and Youth

Figure 6-7, based on YRBS data for soda consumption, shows a downward trend in daily consumption of one or more cans of soda from 2005 to 2013. The percentage of students reporting daily soda consumption in East and Central Harlem decreased by 43 percent; similarly, in New York City, consumption fell by 46 percent. Throughout this period, however, the percentage of teens consuming more than one soda per day in East and Central Harlem has been higher than in New York City as a whole.

Figure 6-7 Percent of Children and Youth Reporting Consumption of More than One Can of Soda per Day, New York City and East and Central Harlem

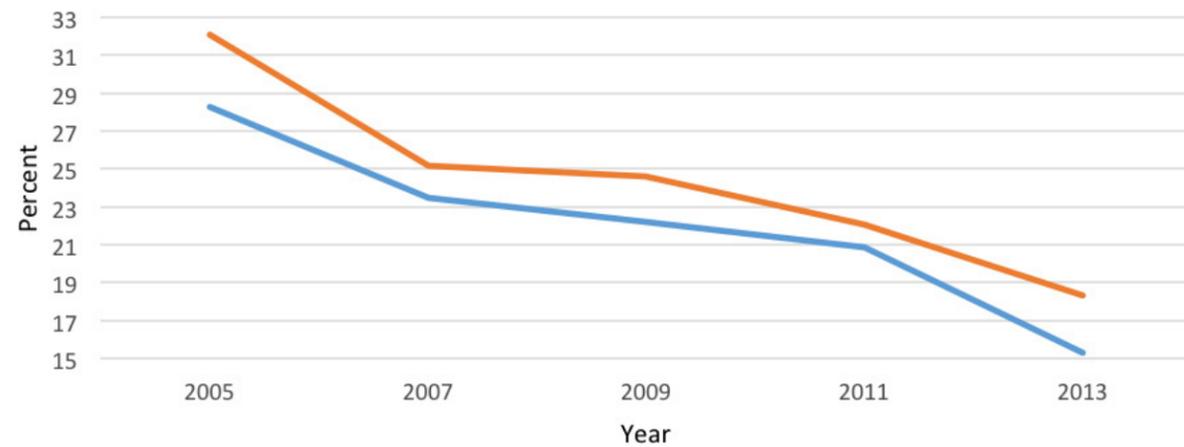
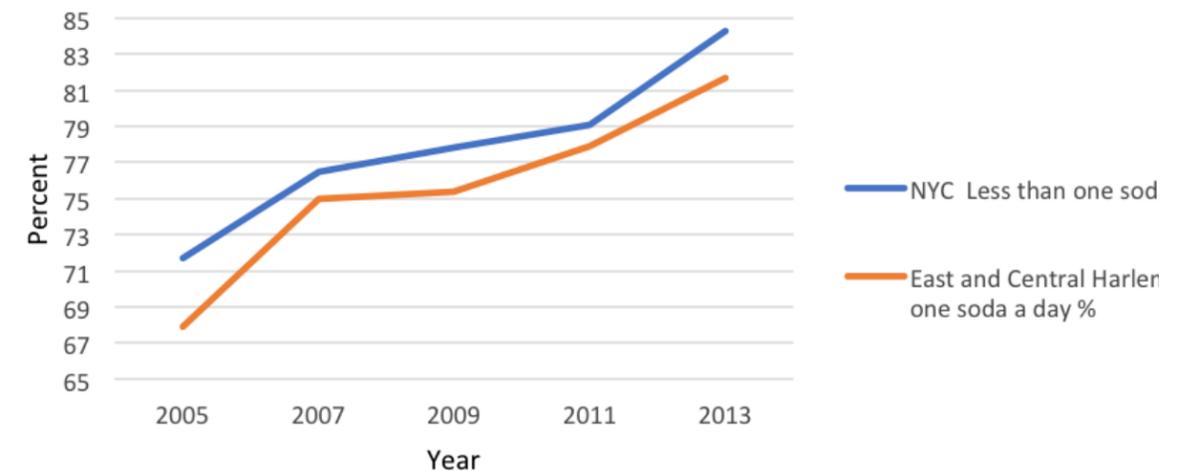


Figure 6-8 shows the trends for students consuming less than one soda per day. Both East and Central Harlem and New York City showed increases in the proportion of teens reporting low soda consumption. However, rates of reduced soda consumption were lower in East and Central Harlem than in New York City as a whole throughout the period.

The consumption of sugary beverages among students showed a more modest decrease. Using data available from YRBS, the percentage of students consuming less than one sugary beverage a day increased from 40.5 percent in 2007 to 41.9 percent 2009 in East and Central Harlem, and from 43.3 percent to 46.3 percent in New York City in the same period (data not shown).

Figure 6-8 Percent of Children and Youth Reporting Consumption of One or Fewer Cans of Soda per Day, New York City and East and Central Harlem



SODIUM INTAKE

Salt and sodium consumption has an important influence on blood pressure. In 2010, the CHS asked how often people added salt to their food at the table. Sixty five percent of New York City residents reported rarely or never adding salt at the table, compared to 60 percent of East Harlem residents, suggesting a slightly higher level of salt use at the table in a community with high rates of high blood pressure.

In 2012 and 2013, the CHS asked respondents whether in the last 30 days they had ever changed their minds about buying a food product because of the sodium or salt content listed on the nutrition facts panel. In both years, about 20 percent more East Harlem than New York City residents reported making decisions about purchasing salty foods based on the label.

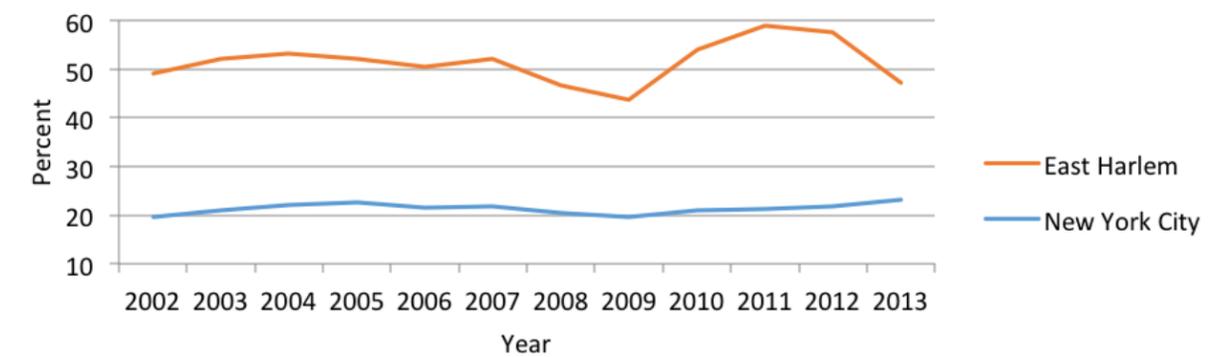
SELF-REPORTED HEALTH CONDITIONS AND DIAGNOSES

SELF-REPORTED HEALTH

Adults

Figure 6-9 shows that from 2002 to 2013, East Harlem residents were about 1.4 times more likely than New York City residents as a whole to report that their health status was fair or poor, compared to good or excellent. Evidence suggests that self-reported health status correlates to food security and nutritional status.⁷

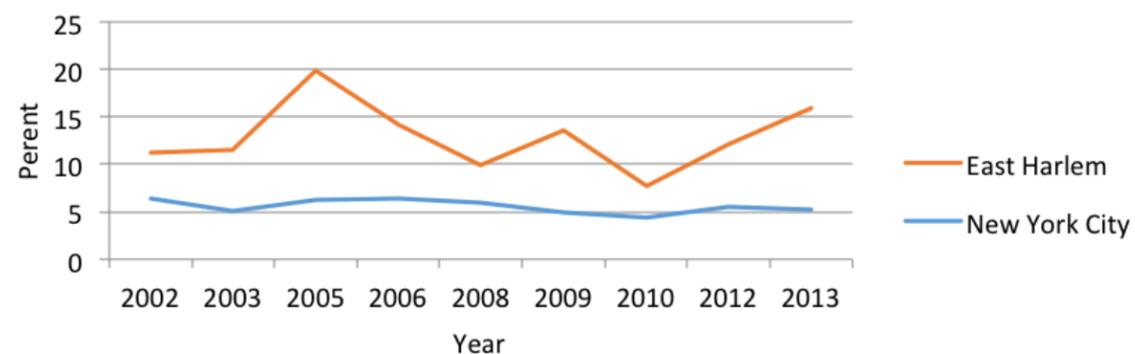
Figure 6-9 Percent of Adults Reporting Fair or Poor Health Status, New York City and East Harlem



MENTAL HEALTH

Figure 6-10 shows that between 2002 and 2013, residents of East Harlem were 1.3 times more likely to report serious psychological distress than residents of New York City as a whole. The gap between New York City and East Harlem residents grew much larger in 2010-2013, compared to 2002-2003. Research suggests two-way relationships exist between psychological distress and food insecurity, overweight and diet-related diseases.⁸

Figure 6-10 Percent of Adults Reporting Serious Psychological Distress, 2002-2013, New York City and East Harlem

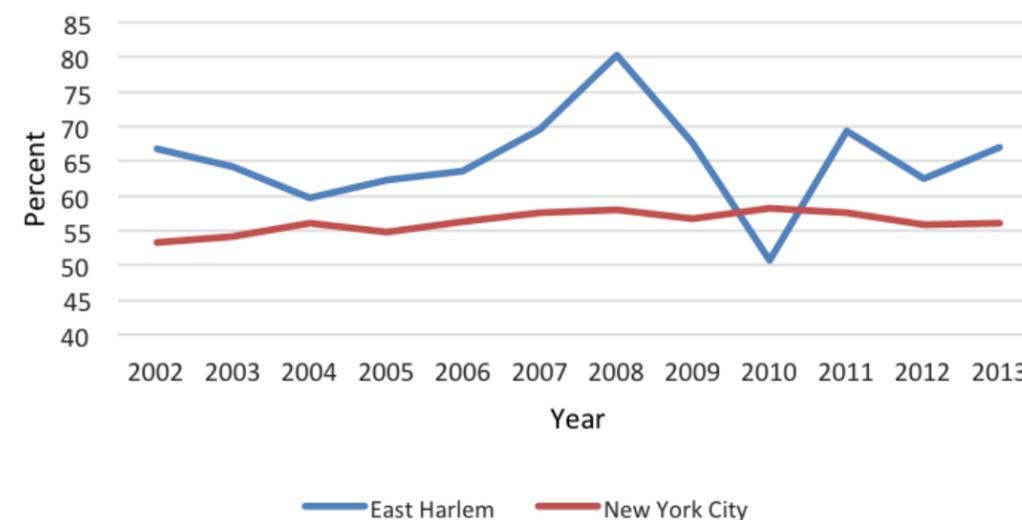


WEIGHT STATUS

Adults

Figure 6-11 shows the proportion of the adult population in East Harlem and New York City who are overweight or obese, defined here as having a body mass index (BMI) greater than 26. In East Harlem, on average, 65.3 percent of the population was overweight or obese between 2002 and 2013, compared to 56.2 percent in New York City. The rate of elevated body weight was 16 percent higher in East Harlem than the city as a whole. The figure also shows that the gap between East Harlem and New York was about the same in 2013 as in 2002, suggesting that East Harlem has not yet made progress in reducing its excess burden of overweight.

Figure 6-11 Adult Overweight and Obesity Rates, East Harlem, 2002-2013



Children and Youth

The YRBS survey assesses weight status in two ways: perceived and actual. Perceived weight (presented in dashed lines in Figure 6-12) is assessed with the question, “How would you describe your weight?” Response options are “very or slightly underweight,” “about the right weight,” “slightly overweight,” and “very overweight.” For the purpose of this report, the categories “slightly” and “very” overweight are combined. Figure 6-12 shows that compared to New York City students, a higher proportion of East and Central Harlem students consistently perceive their weight status as overweight, with trends remaining more or less constant from 2007 to 2013. Actual BMI is calculated from self-reported height and weight.

As the trend shows, between 2005 and 2013, the percentage of students in New York City as a whole who perceived themselves as overweight or obese was closer to the percentage of students actually classified as such, compared to the trends for students in East and Central Harlem.

Figure 6-12 Perceived and Actual Weight (Percent Overweight or Obese) Among Students Grades 9-12

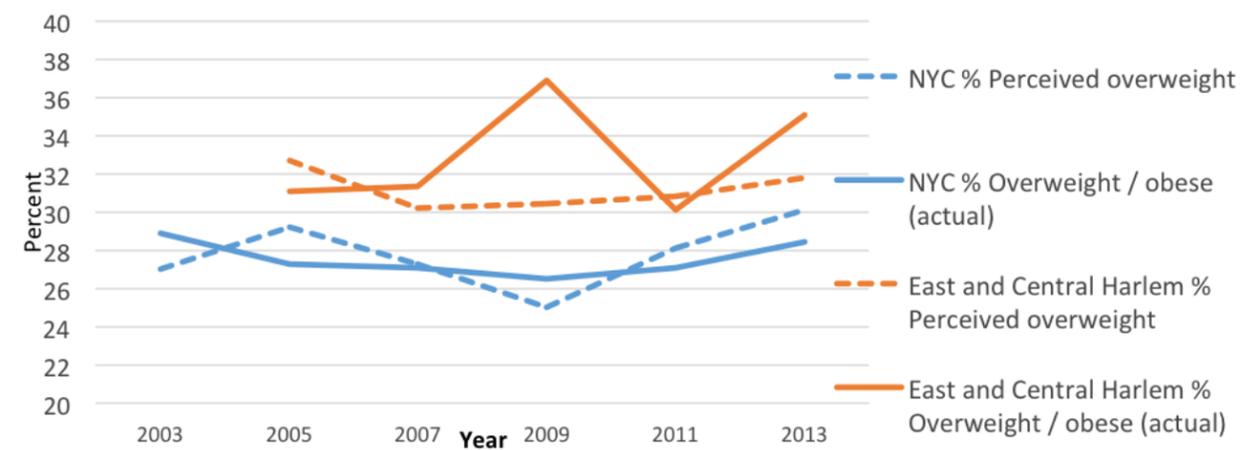
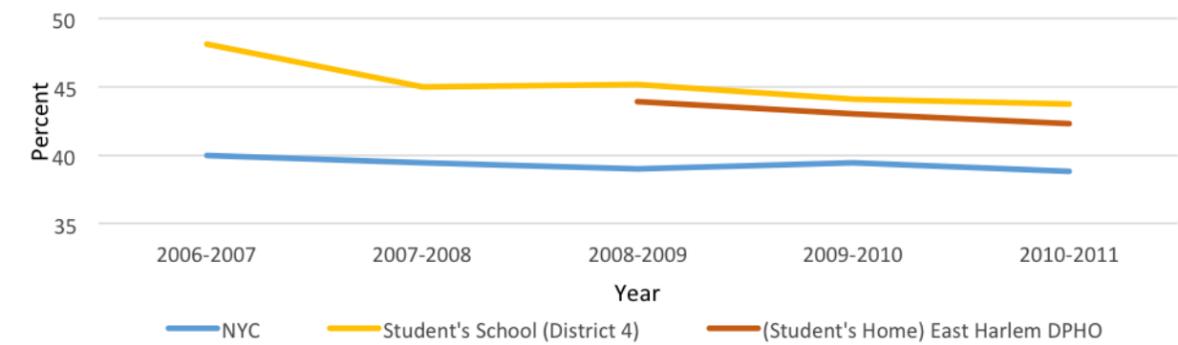


Figure 6-13 Percent of Students Aged 5-14 Overweight or Obese in New York City, Department of Education District 4 (East Harlem), and Residing in East Harlem Public Health District

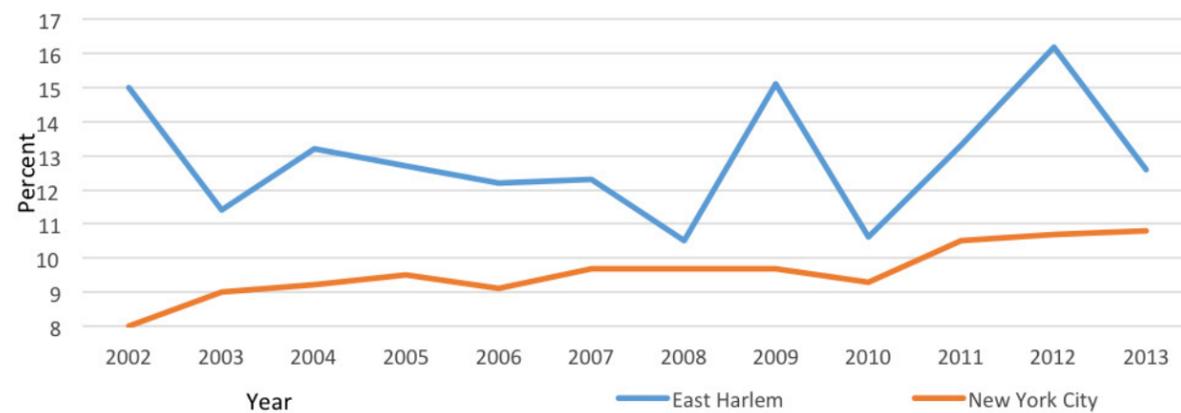


Source: FitnessGram

Weight status for younger children, grades K-8, was obtained from FitnessGram, the data system that records school children’s weight, height and other fitness measures. Figure 6-13 presents data for New York City overall, compared to school district (District 4) and home neighborhood (East Harlem). These data show a modest decline (nine percent) in youth overweight and obesity in East Harlem across the school years. The percentage of students grades K-8 who were classified as overweight or obese between the 2006-2007 and 2010-2011 school years decreased from 48.1 percent to 43.7 percent in District 4, and from 40.0 percent to 38.8 percent in New York City as a whole.

FitnessGram data also shows small percentage of students classified as extremely obese (a BMI ≥120 percent of the 95th percentile). In East Harlem, this group decreased by 23 percent from school year 2006-2007 to 2010-2011; in New York City, the decline for this time period was much lower at only nine percent. As in the case of adult weight status, these figures show that the gap in health statuses between East (and in some cases Central) Harlem and New York City as a whole has been maintained across the years.

Figure 6-14 Percent of Adults Ever Given a Diagnosis of Diabetes in East Harlem and New York City, 2002-2013



DIABETES

Figure 6-14 shows that, between 2002 and 2013, the percent of the population who reported they had ever been told they had diabetes increased in both East Harlem and New York City. For the 12-year period, the rate in East Harlem was almost 1.4 times higher than for New York City as a whole. Comparing 2002-2007 to 2008-2013, the rate of those reporting a diagnosis of diabetes rose about 10 percent in both East Harlem and New York City as a whole. These data exclude those who have diabetes but have not been officially diagnosed, an estimated 26 percent of those with diabetes in New York City in 2013.

Figure 6-15 Death Rates per 100,000 Population from Diet-Related Diseases in East Harlem and New York City, 2000 to 2013

CAUSE	2000 NYC	2000 EAST HARLEM	2013 NEW YORK CITY	2013 EAST HARLEM	% CHANGE 2000-2013 NYC	2000-2013 EAST HARLEM
Heart Diseases	309.3	281.1	199.4	173.2	-36	-38
Diabetes	22.8	43.3	21.9	37.2	-4	-14
Cerebrovascular	24.5	37.4	20.3	25.1	-17	-33
All Causes	760	940	640	750	-16	-20

Unhealthy diets play a major role in heart diseases, diabetes and cerebrovascular diseases (e.g., strokes and other conditions related to high blood pressure), and these are significant causes of death in New York City and East Harlem. Death rates for all of these conditions declined between 2000 and 2013 in both the city and East Harlem; the decline in diabetes and stroke was much steeper in East Harlem than in the city as a whole. Nevertheless, the death rate for diabetes in East Harlem was more than 1.6 times higher than in New York City in both 2000 and 2013,

showing that East Harlem still has a long way to go to close the diabetes death gap. The lower rates of heart disease in East Harlem are primarily a function of the younger population in this community compared to New York City as a whole, not necessarily an indicator of better health.

CREATING POSITIVE TRENDS IN HEALTH IN EAST HARLEM

Since 2000, East Harlem has seen various trends in health, both positive and negative, as shown in Figure 6-16. By accelerating some of the observed trends—increasing fruit and vegetable consumption and falling sugary beverage consumption—and reversing rising or flat rates of overweight, obesity and diabetes, East Harlem can forge a path to better health and a lower burden of health inequalities.

Figure 6-16 Trends in Diet-Related Health Problems in East Harlem, 2002-2015

POSITIVE TRENDS (RELEVANT FIGURES)	TROUBLING TRENDS (RELEVANT FIGURES)
<p>1. Modest increases in the proportion of East Harlem adult residents who meet CDC recommendations for daily fruit and vegetable consumption and decreases in the proportion reporting no daily consumption. (Figure 6-1 and 6-2)</p> <p>2. Although East Harlem adults have generally reported less daily fruit and vegetable consumption than adults in New York City as a whole, the gap has gotten smaller over time. (Figures 6-1 and 6-2)</p>	<p>1. Very few East Harlem adults meet the CDC’s recommendations for daily fruit and vegetable consumption. (Figures 6-1 and 6-2)</p> <p>2. Most children and youth in East and Central Harlem do not meet CDC recommendations for daily fruit and vegetable consumption. (Figures 6-3 and 6-4)</p>

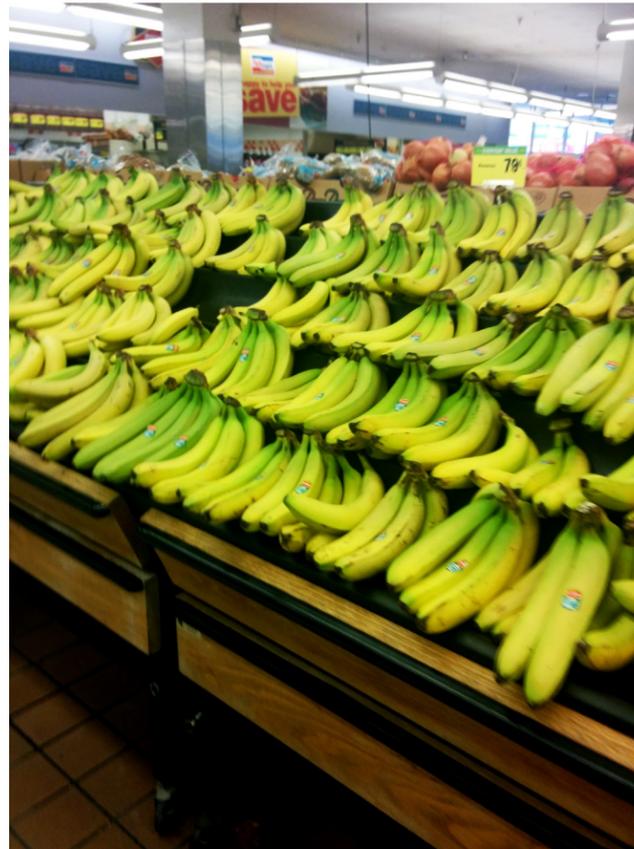
POSITIVE TRENDS (RELEVANT FIGURES)	TROUBLING TRENDS (RELEVANT FIGURES)
<p>3. The proportion of East Harlem adults and children and youth who consume more than one can of soda a day has dropped over the last 5 years and the portion consuming one can a day or less has increased. In addition, the gap between daily soda consumption rates in East Harlem and New York City for adults as a whole had shrunk considerably in the past five years. (Figures 6-5 to 6-8)</p> <p>4. The proportion of children aged 5-14 who attend school or live in East Harlem who are overweight or obese has declined somewhat between 2006 and 2011 and this decline has been greater than the decline for New York City as a whole. (Figure 6-13)</p> <p>5. The gap between the proportion of adults in East Harlem who have been diagnosed with diabetes and those in New York City as a whole with such a diagnosis was smaller in 2013 than 2002. However, part of the decline in the gap was due to an increase in the diabetes rates in NYC as a whole. (Figure 6-14)</p> <p>6. The death rates for diet-related diseases such as heart diseases, diabetes and cerebrovascular diseases declined in East Harlem between 2000 and 2013 and the decline was greater in East Harlem than in New York City as a whole. (Figure 6-15)</p>	<p>3. For children and youth, the gap between the higher rates of daily consumption of more than one can of soda a day in East and Central Harlem and New York City as a whole has not shrunk over the last five years. (Figure 6-8)</p> <p>4. The proportion of East Harlem adults who report fair or poor health and serious psychological problems is much higher in East Harlem than in New York City as a whole and the gaps have not diminished over time. (Figures 6-9 and 6 -10)</p> <p>5. The proportion of adults in East Harlem and youth in Central and East Harlem whose height and weight (BMI) make them overweight or obese is higher in East Harlem than New York City as a whole and the gap has not declined over time. (Figures 6-11 and 6-12)</p> <p>6. The death rates from diabetes, cerebrovascular diseases and all causes were higher in East Harlem than in New York City as a whole in both 2000 and 2013. (Figure 6-15)</p>

SECTION 7

CONCLUSIONS AND RECOMMENDATIONS

Our review of the food landscape in East Harlem between 2000 and 2015 and our comparison of East Harlem to New York City as a whole show some significant improvements, some deterioration and other areas that have barely changed.

Figure 7-1 provides an overview of these changes, giving the authors' views on which changes fall in the positive, negative and neutral categories based on our assessment of the potential for these changes to improve food-related outcomes in East Harlem.



Healthy food is now more available in East Harlem than it was 15 years ago.

Figure 7-1 An Overview of Changes in East Harlem (EH) Food Landscapes

DOMAIN	POSITIVE CHANGES	NEGATIVE CHANGES	NO CHANGE
Food Retail	<ul style="list-style-type: none"> • More supermarkets • More farmers markets and street produce vendors • Some bodegas selling healthier food 	<ul style="list-style-type: none"> • More chain restaurants • Sales volume of chain restaurants tripled • More places to eat out 	<ul style="list-style-type: none"> • Most bodegas continue to sell unhealthy food • Many food outlets still sell mostly unhealthy food • La Marqueta has trouble achieving its potential to improve food landscape • No increase in number of indoor year-round produce markets • Few robust affordable alternatives to mass-produced unhealthy food
Food Benefits	<ul style="list-style-type: none"> • More EH households receiving SNAP benefits • Proportion of eligible households enrolled in SNAP has increased 	<ul style="list-style-type: none"> • Many more EH households require SNAP to achieve food security • Fewer food assistance programs in EH now than in past 	<ul style="list-style-type: none"> • EH continues to have high “meal gap” compared to other NYC communities
Institutional Food	<ul style="list-style-type: none"> • Nutritional quality of school food and other City institutional food programs has improved 	<ul style="list-style-type: none"> • Proportion of EH children attending school who eat school lunch has declined in last few years 	<ul style="list-style-type: none"> • Many users of institutional food programs continue to complain of quality and operational problems

DOMAIN	POSITIVE CHANGES	NEGATIVE CHANGES	NO CHANGE
Institutional Food Cont'd	<ul style="list-style-type: none"> • More EH children participate in school breakfast program 	<ul style="list-style-type: none"> • Only slightly more than half of EH schools offer free lunch to all students • The number of EH seniors getting meals at senior centers has declined 	<ul style="list-style-type: none"> • No local food hub to assist programs to improve institutional food or achieve economies of scale
Nutrition Education	<ul style="list-style-type: none"> • Many more nutrition education programs now operate in EH • Many EH schools have established nutrition education or other food programs 	<ul style="list-style-type: none"> • Food companies making high-sugar, -fat and -salt products have increased targeted marketing of unhealthy products to Latinos, Blacks and young people and these ads are main source of nutrition education for most EH residents 	<ul style="list-style-type: none"> • No group exists to coordinate quality, reach or gaps in nutrition education
Health and Health Behavior	<ul style="list-style-type: none"> • Adults and children are consuming more fruits and vegetables • Adults and children are consuming fewer sugary beverages • Modest decline in overweight and obese children in EH • EH residents reported higher rates of making decisions about purchasing salty foods based on the label than did NYC residents 	<ul style="list-style-type: none"> • More EH than NYC residents report adding salt at the table 	<ul style="list-style-type: none"> • Most EH residents eat fewer than the recommended portions of daily fruits and vegetables • More EH residents than NYC residents drink more than one can of soda or other sugary beverages per day • EH residents report worse perceptions of their physical and mental health than New York City residents

DOMAIN	POSITIVE CHANGES	NEGATIVE CHANGES	NO CHANGE
Health and Health Behavior Cont'd	<ul style="list-style-type: none"> • Death rates from diet-related diseases have declined significantly in EH and at a slightly higher rate than for NYC as a whole 		<ul style="list-style-type: none"> • Almost two thirds of adults, 40 percent of children and a third of teens in EH are overweight or obese • The gap in overweight and obesity rates between EH and NYC has not narrowed • The gap between death rates for diet-related diseases between EH and New York City remains high
Other	<ul style="list-style-type: none"> • Increased concerns from policy makers about EH food environment and willingness to take action to reduce food-related inequalities • Commitment to maintain and increase supply of affordable housing 	<ul style="list-style-type: none"> • Increase in inflow of capital for retail and housing development that does not meet needs of existing EH residents. 	<ul style="list-style-type: none"> • Higher rates of poverty, unaffordable housing and unemployment in EH than in NYC

It is clear that the East Harlem food environment has changed considerably since 2000. While more retail outlets sell healthy food now, an even greater number sell mostly unhealthy food. One encouraging finding is that fruit and vegetable consumption has increased somewhat and that the proportion of East Harlem residents drinking more than one can of sugary beverages per day has declined. These are two important indicators of movement towards a healthier diet. At the same time, revenues doubled for all restaurants since 2000 and tripled for chain restaurants, whereas there were more modest increases in supermarket revenues, suggesting that East Harlem residents are now spending more income on foods high in sugar, salt and fats, the main contributors to diet-related diseases.



In East Harlem unhealthy food is still widely available and heavily promoted.

The decline in death rates from diet-related diseases is also promising, although there is still a significant gap in death rates between East Harlem and New York City as a whole. National research suggests that some of these declines in death rates are due to better access to health care, rather than to improvements in diet.¹

Most alarming is the persistence of high rates of overweight and obesity among East Harlem children, youth and adults. Long-term reductions in premature deaths and preventable illnesses will require prevention strategies to reduce the onset of overweight or obesity and its associated health consequences. Until this goal is achieved, East Harlem will continue to experience higher rates of diet-related diseases.

Also of great concern, given its lifetime adverse consequences, is the persistence of high rates of food insecurity in East Harlem. Given the close links between food insecurity and obesity, it should be a high priority to develop strategies that simultaneously reduce these two adverse outcomes in East Harlem.

In the coming months, researchers, public health professionals, health care providers, community workers, activists, and residents in East Harlem will need to consider which of the following approaches will be the best option to reduce high rates of food insecurity, overweight, obesity and diet-related diseases in East Harlem:

- 1. We are on the right track—keep doing the same.** This approach argues that some important indicators are moving in the right direction (e.g., more fruit and vegetable and less soda consumption) and we simply need to continue with current efforts.
- 2. We are on the right track, but need to do more.** This line of reasoning posits that our basic approaches are moving us in the right direction, but we need to expand and intensify these activities, coordinate them better, and identify the most (and least) effective activities and use these findings to make changes in what we are doing.
- 3. To achieve more meaningful changes, we need more transformative approaches to policy and programs that affect diets and health.** In this view, current efforts do not address the fundamental causes of diet-related diseases—poverty, racism, inequality and a food system that makes unhealthy food more available and less expensive than healthy food. Unless we take on these deeper causes, our efforts will not bring about significant reductions in diet-related disease and food insecurity.

These three arguments are not mutually exclusive, but only by discussing and analyzing the evidence we present in this report can we decide which approach will help create the most lasting, positive changes moving forward for the various problems identified. In turn, this will help the people and organizations of East Harlem to determine the most effective strategies for achieving our common goals. In the coming months, the authors of this report look forward to engaging with others working in food and nutrition in East Harlem to develop strategies for creating more healthful food environments in the community.



Youth Food Educators developing strategies to combat the aggressive promotion of unhealthy food in their community

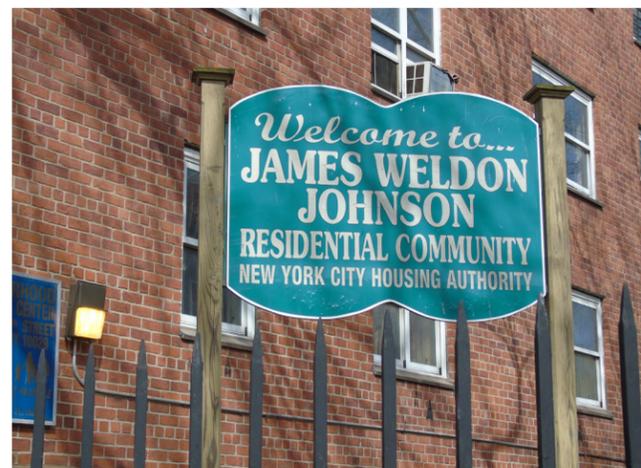
POLICY RECOMMENDATIONS

Based on both the findings of this report and extensive conversations with others working on food in East Harlem and New York City, we recommend ten broad food policy goals for discussion and action in East Harlem. While we believe that achieving these specific goals will create a healthier foodscape in East Harlem, our larger aim is to encourage community discussion on crosscutting, intersectoral food policy goals and strategies. Our recommendations are intended to spark that discussion.

1. Create more community-based and community-owned alternative food outlets, such as farmers markets, food co-ops, CSAs and mobile markets, to provide options for low-income East Harlem residents to access healthier foods and to build a food sector more resilient to the adverse consequences of gentrification.
2. Reduce promotion and prevalence of unhealthy food at community, city, state and national levels by expanding school and community nutrition education, revising zoning policies, launching counter-marketing campaigns, advocating for state and national taxes on unhealthy food, and encouraging enforcement and updating of regulations that limit promotion of unhealthy food.
3. Find new ways to use SNAP to encourage purchase of healthier food, increase demand for healthy, affordable food, and maximize enrollment in SNAP in East Harlem. Such measures will bring new food dollars to East Harlem and, with local and municipal social marketing campaigns, will increase demand for healthy food, thus encouraging food retailers to sell more of it.
4. Create an East Harlem-based healthy food procurement center that can assist local service agencies, child care and senior programs, private schools and others to purchase more affordable, healthy and, where appropriate, local food for their institutional food programs. Such a center will help with specifications, bid aggregation, funding and financing options, and technical assistance to institutional feeding programs in East Harlem.
5. Encourage public agencies and community institutions to adopt a “food in all policies” approach, in which the nutritional and health impact of zoning and community development, affordable housing, retail expansion, taxation, subsidies and other measures on the well-being of people in East Harlem are considered before the policy or program is implemented.
6. Create and sustain an East Harlem Food Policy Council to monitor the foodscape in East Harlem, set and evaluate action to achieve goals for reducing food insecurity and diet-related diseases, and coordinate the multiple streams of funding, programming and activity. Such a council could be either part of or independent of city government.
7. Establish East Harlem’s Community School District 4 as a district in which all schools served by the Department of Education’s Office of SchoolFood offer free school meals to all students, regardless of children’s household income status.
8. Launch an East Harlem Soda-Free Community Campaign. High rates of obesity and diabetes, and the

evidence that sugary beverages play a large role in increasing in these health outcomes, combined with the high rates of soda consumption in East Harlem, make a community-wide campaign to reduce sugary beverage consumption a promising strategy. By changing community norms on soda consumption, such a social marketing campaign could accelerate current trends towards reduced soda consumption, thereby preventing obesity, illness and premature deaths.

9. Organize a coordinated and comprehensive initiative for healthy eating for New York City Housing Authority (NYCHA) residents in East Harlem. Such an effort could include instituting new retail food outlets within NYCHA, expanding nutrition education and cooking options (e.g., community kitchens), providing food job training, and enhancing SNAP enrollment. NYCHA residents would play a key role in planning and implementing such an initiative.



James Weldon Johnson Houses, a New York City Housing Authority development in East Harlem

10. Create a centralized public database that lists and describes all food and nutrition education programs in East Harlem, the goals and reach of the programs, their funding sources and, if available, results of evaluation studies. With this type of resource, funders could make appropriate and timely funding decisions; public health practitioners and community groups could develop better programs; advocates could better identify the gaps and opportunities in the community's efforts to improve health outcomes and optimize available resources; researchers could further investigate and identify the gaps in the community's efforts to improve health outcomes; and policy makers could make more informed decisions about allocating resources for improving food environments in East Harlem.

East Harlem is rich in the human assets that can transform our foodscape from one that too often leaves many of our community's residents hungry or sick. We invite the people and organizations of East Harlem to join the growing movement to make healthy, affordable food within reach for all residents.

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Section 4

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- 4.3** Using a total count of 66 schools obtained from the *School-Food* website by aggregating schools located in zip codes 10029 and 10035. These schools are geographically located in School District 4, but some of them are special education or other programs that may be administered through other districts.
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EAST HARLEM REPORT

GLOSSARY OF ACRONYMS

A

ADP Average daily participation

C

CB Community Board

CEP Community Eligibility Program

CBO Community-based organizations

CBPR Community-based participatory research

CDC Centers for Disease Control and Prevention

CHS Community Health Survey

CNR Child Nutrition and WIC Reauthorization Act

CSCS Council of Senior Centers and Services

CSA Community Supported Agriculture

D

DCP New York City Department of City Planning

DFTA New York City Department for the Aging

DOC New York City Department of Correction

DOE New York City Department of Education

DOHMH Department of Health and Mental Hygiene

DPHO District Public Health Office

DYCD Department of Youth and Community Development

E

EDC Economic Development Corporation

EFAP Emergency Food Assistance Program

EFSP Emergency Food and Shelter Program

EHPDP East Harlem Partnership for Diabetes Prevention

ESWA Excellence in School Wellness Award

F

FMNP WIC Farmers Market Nutrition Program

FRESH Food Retail Expansion to Support Health

H

HHC New York City Health and Hospitals Corporation (now New York City Health and Hospitals)

HPNAP Hunger Prevention and Nutrition Assistance Program

HRA New York City Human Resources Administration

M

MCC Mobile Cooking Classroom

MMR Mayor's Management Report

MOFP Mayor's Office of Food Policy

N

NEPs Nutrition Education Programs

NYCHA New York City Housing Authority

P

PB Participatory budgeting

Project HEED Help Educate to Eliminate Diabetes

S

SAFH Strategic Alliance for Health

SMART Sisterhood Mobilized for AIDS/HIV Research & Treatment

SNAP Supplemental Nutrition Assistance Program

SSB Sugar sweetened beverages

T

TANF Temporary Assistance for Needy Families

TEFAP The Emergency Food Assistance Program

TEN Tiered Engagement Network

TFP Thrifty Food Plan

W

WIC Special Supplemental Nutrition Program for Women, Infants, and Children

WIC-VF WIC Vegetables and Fruits Check Program

Y

YOFE East Harlem Youth Food Educators Program

YRBS: Youth Risk Behavior Survey

U

UMEZ Upper Manhattan Empowerment Zone

USDA United States Department of Agriculture

Creating Healthy Food Access in a Changing Food Retail Sector: Invitation to a Dialogue



CUNY Urban Food Policy Institute
June 2016

CUNY SCHOOL OF PUBLIC HEALTH

Nevin Cohen and

Creating Healthy Food Access in a Changing Food Retail Sector: Invitation to a Dialogue

Nevin Cohen and Nicholas Freudenberg,
CUNY Urban Food Policy Institute

Over the past year, a series of closings has raised concerns about the prospects for traditional supermarkets in New York City. The bankruptcy of the 156 year-old A&P led to the liquidation of the company's assets, which included 49 New York stores. The D'Agostino chain closed three of its supermarkets. At least two Associated Supermarkets have succumbed to rent hikes, and a Key Food in Clinton Hill was lost to new development. Fairway filed for Chapter 11 protection and curtailed its expansion plans.¹To those who have worked to improve access to healthy food, the string of events suggested that we are moving in the wrong direction.

To explore these issues and identify appropriate responses, the CUNY Urban Food Policy Institute, City Harvest, and the Local Initiatives Support Corporation (LISC)-NYC convened a Forum on Supermarket Closings on May 12th at the CUNY School of Public Health. We brought together more than 40 individuals, including City Council staff, city agency officials, community organizations, supermarket owners, and food retail experts, to discuss the causes of supermarket closings and potential policy solutions to ensure access to healthy, affordable food. In this report, we summarize some of the evidence that informed the discussion at the Forum, examine several trends influencing food retail in New York City and explore policies to increase access to healthy affordable food. We use the sub-title Invitation to a Dialogue to emphasize the research and policy analysis that still needs to be done and to invite the participants of the Forum along with other researchers, advocates and policy makers to join this investigation.

Supermarkets are growing, not declining, citywide.

The effects of supermarket closings differ depending on whether one focuses on the city or on particular neighborhoods. Citywide, the recent supermarket closings are hardly noticeable. Despite the A&P bankruptcy and other high-profile closings, the number of supermarkets in New York City is growing, not contracting. According to City Planning data, there are approximately 170 *more* supermarkets in New York City today than a decade ago.² Industry data shows that from 2013 to 2015, the number of *traditional* supermarkets in New York City increased nearly 10% (See Table 1). This number has fluctuated, however, as Table 1 illustrates, increasing by 124 between 2013 and 2014 and decreasing by 37 in the following year.

Table 1. Number of Stores by Supermarket Category for All NYC Supermarket Chains, 2013-2015

	2013	2014	2015
Traditional	975	1099	1062
Wholesale Club (e.g. Costco)	11	11	13
Fresh (e.g., Whole Foods)	7	8	9
Limited (e.g., Trader Joe's)	9	12	14
Mass Merchandise (e.g., Target)	17	18	19
TOTAL	1019	1148	1117

*Estimate based on completed A&P Store Sales Source: Food Trade News June 2013, 2014, 2015.

Since 2015, A&P declared bankruptcy and liquidated the company's assets, including 49 grocery stores in New York City. However, of the 49 former A&P-owned stores, 39 were taken over by other traditional grocery operators, mostly Key Food and Stop & Shop. One was leased to a CVS pharmacy and the fate of 9 others, including the Pathmark in East Harlem, remains in limbo. Interestingly, three ethnic supermarkets (two Asian and one Israeli firm that sells only Kosher food) bought three of the A&P stores.³

The top ten traditional supermarket companies (or networks of independent grocers) increased the number of stores by more than 15% between 2013 and 2015, as Table 2 shows. As noted above, the A&P auction enabled Key Food and Stop & Shop to acquire 27 new stores.

Table 2. Number of Stores by Supermarket Companies/Networks in NYC with the Largest Market Share (measured by annual sales), 2013-2015

2013		2014		2015	
C-Town	151	C-Town	152	Associated Supermarket Group**	272
A&P*	53	Key Food	131	C-Town	152
Key Food	118	A&P	51	Key Food	157
Associated	129	Associated	131	A&P	49
Met Food	61	Met Food	61	Fairway Market	7
Fairway Market	6	Fairway Market	7	Stop & Shop	13
Stop & Shop	13	Stop & Shop	13	Whole Foods	9
Pioneer	55	Pioneer	55	Bravo	43
Bravo	42	Whole Foods	8	Food Town	28
Whole Foods	7	Bravo	41	ShopRite	4
	635		650		734

* A&P's NYC stores include Food Basics, Food Emporium, Pathmark & Waldbaums

** The Associated Supermarket Group (ASG) comprises Associated, Compare, Met & Pioneer stores. Source: Food Trade News June 2013, 2014, 2015.

Supermarket distribution varies by borough and neighborhood

Looking at the distribution of supermarkets at the city level masks differences between boroughs and among the neighborhoods within each borough. Between 2013 and 2015, as Table 3 shows, NYC gained 82 new full-service grocers. However, Manhattan experienced neither a net loss nor gain of food retailers during that period, while 42 additional food retailers (all traditional supermarkets) have opened in Queens, 22 in Brooklyn, and 17 in the Bronx. This is not surprising since these three boroughs have seen significant population increases from 2010 to 2015, including higher growth in 2015.

Table 3. Net change in full-service food retailers by Borough, 2013-2015, in numbers of retailers (excluding drug stores, convenience stores, and bodegas)

Borough	Net Change (in numbers of retailers)	Population growth in 2015 (in numbers of persons)
Bronx	17	13,687
Brooklyn	22	16,015
Manhattan	0	7,552
Queens	42	16,700
Staten Island	1	1,257
Total	82	

Source: Food Trade News June 2013, 2014, 2015.

Individual closures have significant negative effects on surrounding communities

A&P's bankruptcy and subsequent auction of its retail stores resulted in a net loss of only 10. Even with the 6 additional closures noted above, the 16 recently shuttered retailers represent less than 1% of the city's approximately 1,100 full-service grocers, and are an even smaller percentage of the larger number of food retailers that range from bakeries to bodegas to drug stores. Yet the effects are significant at the individual store level. One impact is the loss of good jobs. For example, in the case of the three D'Agostino supermarkets that closed, 119 jobs were at stake.⁴



Another effect is on neighborhood food access. In communities with few grocers, the closure of a supermarket can make buying healthy, affordable food burdensome, especially for the elderly,

others with limited mobility, parents of young children, and the very poor, who may turn instead to nearby bodegas and fast food. In gentrifying neighborhoods, the remaining stores may be too expensive for many residents and cater to customers with different needs and tastes, reducing access to healthy food for some residents, even if the number of markets in the borough remains the same. In East Harlem, for example, the closure of Pathmark and Associated will soon be followed by a new Whole Foods store on 125th Street and Lenox Avenue. The Whole Foods will replace some of the lost food retail space, but the company has a very different business model than Pathmark and Associated, emphasizing costly prepared meals and organic products, which tend to be more expensive than conventional food.⁵ This illustrates that the pricing, product mix, and even design of a replacement retailer may be less affordable and less desirable for many neighborhood residents. Policy makers must consider the affordability, quality, and cultural needs of the community in addition to the number or square footage of supermarket space.

The traditional supermarket sector is changing



Supermarket closings reflect structural factors that challenge the traditional supermarket model, from unaffordable commercial rents to new shopping and eating behaviors. Over the next decade, food retail in New York City is likely to change significantly, and the policies and programs developed to support conventional grocers may no longer be appropriate for a sector that is being transformed.

Supermarket store control is becoming more concentrated

As shown in Table 2, in 2013, the top 3 supermarket companies and networks accounted for 51% of the city's stores; by 2015, the share of stores among the top three had increased to 79%. By 2016, with Key Foods' acquisition of 15 A&P stores, the concentration grew to 84%. Concentration can harm consumers by reducing competition on price and quality, though economies of scale in wholesale purchasing and distribution can also reduce costs that can be passed along to consumers, and help smaller individual grocers compete with larger food retailers. The effect of concentration within the supermarket sector, both by physical ubiquity and market share, has not been systematically investigated, but should be a priority for future studies.

Revenues per store vary significantly

Ubiquity of storefronts is one measure of a company's influence, indicating consumer access to a range of grocery items. Sales per store, however, indicate a retailer's ability to capture consumer dollars. This indicator reflects different levels of spending in the neighborhood, the presence of competitive businesses, and the quality, variety, and price of goods offered for sale. It also affects whether a supermarket is sufficiently profitable to pay increasing rents.

The individual ASG, C-town, and Key Food supermarkets have significantly smaller sales per store than companies that have fewer locations but generate much more revenue per store. For example, as Table 3 shows, in 2015, per-store sales of ASG, C-Town, and Key Food averaged approximately \$9 million, compared to \$87.6 million/store for ShopRite or \$55.5 million/store for Whole Foods.

Table 4. Number of Stores, Sales, and Sales/Store for Top 10 Traditional Supermarkets in NYC, 2015

Company	Stores	2015 Sales (millions)	Sales/Store (millions)
ASG	272	\$2,190	\$8.1
C-Town	152	\$1,588	\$10.4
Key Food	157	\$1,444	\$9.2
A&P	49	\$1,199	\$24.5
Fairway Market	7	\$563	\$80.5
Stop & Shop	13	\$522	\$40.2
Whole Foods	9	\$500	\$55.5
Bravo	43	\$424	\$9.9
Food Town	28	\$347	\$12.4
ShopRite	4	\$351	\$87.6
TOTAL	734	\$9,127	\$12.4

Source: Food Trade News June 2015 p.77

Moreover, proximity to a supermarket and per capita supermarket square footage are not correlated with the amount spent at each supermarket or the potential for a supermarket to generate sales revenue from a particular store. Small footprint stores, even those with limited product variety and low prices, like Trader Joe's, can generate very large sales per square foot, while traditional supermarkets like Key Food and C-Town can vary significantly in their sales per square foot, as Table 4 illustrates.

Table 5. Average Sales Per Square Foot for Select NYC Grocers, 2015

Company	Average sales per store (millions)	Average Square Feet per NYC Store	Sales per Square Feet
Trader Joe's	\$46.6	3,119	\$14,945.0
Park Slope Food Coop	\$48.0	6,000	\$8,000.0
Fairway Market	\$80.5	31,857	\$2,525.6
Whole Foods	\$55.5	26,875	\$2,065.1
C-Town	\$10.4	8,961	\$1,165.8
Food Town	\$12.4	14,958	\$828.5
Aldi	\$11.4	16,667	\$681.0
Key Food	\$9.2	17,031	\$539.9

Researchers and policymakers have often used proximity to a traditional grocery store (or square feet of traditional grocery retail space per capita) as a proxy for access to healthy food. This is based on the assumption that because traditional grocers sell a wide range of ingredients for a healthy diet and tend to capture a large percentage of consumer demand for groceries, they are important sources of healthy food. Numerous studies have suggested that spatial access to grocers is associated with healthier diets and better health outcomes,⁶ prompting policies to stimulate new supermarkets in under-served areas, though recent research has called the relationship between supermarket access and healthy eating into question.⁷ The roles of different types of food retailers, the relationships between size and sales, and the potential for smaller footprint stores to serve neighborhood needs are all worth further exploration.

Challenges to Traditional Supermarkets

Since the great recession of 2007-2008, some observers believe that the retail sector has expanded too rapidly, as illustrated by the recent bankruptcies of A&P, Fairway, and other supermarkets. It is beyond the scope of this report to analyze the internal business factors that have plagued individual companies like Pathmark, D'Agostino's and Fairway. Nonetheless, decisions about whether and when to expand, how to manage growth, and who controls business decisions have affected these and other supermarkets. Certain forms of corporate ownership and governance favor rapid or slow growth, particular strategies for growth, the capacity for weathering losses, and whether losses lead to bankruptcy, contraction, new investment, business redesign, or other solutions.

Traditional supermarkets face numerous challenges. These include external factors that result in cost increases and loss of market share, as their business models and cost structures have been based on operational, economic, cultural, technological, and spatial factors that are in flux. These changes can precipitate dramatic shifts in business costs, consumer demand, and market share, all of which affect profitability. In a business in which the profit margins may be as low as 1 to 2 percent, it is easy for supermarkets to dip below profitability, especially in very low-income neighborhoods with less disposable income per household and thus greater incentives to shop at multiple venues for the best value.

What does seem clear is that the business decisions made in response to the market forces buffeting supermarkets in New York City and elsewhere do not take into account access to healthy affordable food for all New Yorkers. Making that goal a priority – and a possibility -- will require public sector action.

Business Costs

Rents

Commercial rents are frequently cited as a factor in supermarket closures, and in many New York City neighborhoods, rents have gone up substantially as the city's economy has grown and its population has increased. Manhattan rents have increased from a median of \$102/sf in 2005 to \$156/sf in 2015.⁸ In Brooklyn, the commercial corridors of neighborhoods that have seen an influx of affluent residents in recent years now approach (and in some cases exceed) the level of Manhattan rents, as table 6 illustrates.

Table 6. Median commercial asking rent in select Brooklyn neighborhoods, 2016 (in rent per square foot)⁹

Neighborhood	Median Asking Rent/square foot
Bay Ridge	\$75
Brooklyn Heights	\$150
Cobble Hill	\$140
Downtown	\$300
DUMBO	\$110
Greenpoint	\$70
Park Slope	\$85
Prospect Heights	\$110
Williamsburg	\$250

Source: Cushman & Wakefield. 2016. Brooklyn: The Epicenter of Hip: How Millennial Consumers Created the Model for Urban Cool. NY: Cushman & Wakefield Research. Accessed at <http://www.cushmanwakefield.com/en/research-and-insight/2016/brooklyn-retail-1/>

In new planned developments, developers often seek a mix of retailers that maximize commercial revenue and appeal to the demographic characteristics to which residential units are marketed, i.e., younger, educated, affluent consumers. To attract these groups, developers design and market their spaces to retailers who attract these patrons. The City Point Mall in Brooklyn, for example, is planning to lease space to Target and Trader Joe’s, and will include a food hall for small businesses specializing in “artisanal” food.

As Table 5 showed, companies like Trader Joe’s, which appeals to millennial consumers, earn very high sales per square foot, and thus can afford higher rents than a traditional supermarket. Drug stores and banks can also afford higher rents than traditional supermarkets. In suburban shopping centers, owners may be able to cross-subsidize a supermarket to anchor the development and draw foot traffic to other retailers who can then be charged higher rents. Individual property owners in cities have no such incentive to rent to a supermarket because they rarely reap the benefits (in terms of ability to charge higher rents) of drawing shoppers to adjacent businesses, which are generally tenants of other property owners.



Labor Costs

Labor costs, according to one estimate, are 12.2% of supermarket operating costs in NYC.¹⁰ Some have suggested that traditional supermarkets, which are mostly unionized, are at a competitive disadvantage in comparison to newer competitors like Whole Foods and Trader Joe’s, which have non-unionized workforces. Some supermarket operators have expressed concern that the new New York State minimum wage laws will further drive up labor costs for supermarket

operators. In general, studies show that the overall societal economic benefits of increasing the wages and purchasing power of low-income workers outweigh the costs of higher wages.¹¹ However, further research on the impact of labor costs on supermarkets and the impact of unionization in this sector on job quality is warranted.

Competition and Loss of Market Share

The grocery marketplace in New York City is in a period of great change. Consumers are demanding more prepared foods and organic products and are willing to frequent multiple retailers to find quality and price advantages. Food is now sold at non-supermarket food retailers, and new retailers like Trader Joe's and Whole Foods have attracted millennial consumers.

Three types of competitors are particular threats to the market share of traditional grocers: drug stores; non-traditional retailers; and online delivery services. Given the razor thin profit margins of a typical supermarket, losing sales of higher margin items to Walgreens or Amazon.com can make the difference between store profitability and failure. Among low-income consumers, price sensitivity means that they may purchase higher margin products from discount retailers, including dollar stores, drug stores, wholesale clubs, or online retailers. Millennial consumers are particularly used to shopping across many different types of retailers, and may also segment their purchases in ways that disproportionately disadvantage traditional grocers.



Drug Stores. Chain drug stores carry an increasing range of food and non-food grocery items. Between 2013 and 2015, the number of drug stores (Walgreens/Duane Reade, CVS, and Rite Aid) in New York City grew from 517 to 555. The combined 2015 sales of these three drug chains were \$4 billion out of a \$17.5 billion grocery market. Approximately 30% of sales at drug store chains are for consumables, which means that the three drug stores capture an estimated \$1.2 billion, or 9% of the \$13 billion consumables market share of the top-20 food retailers in NYC.

Non-traditional Food Retailers. Various non-traditional food retailers have opened in New York City, such as the limited-assortment grocers Trader Joe's and Aldi, wholesale clubs like Costco and BJ's, and mass merchandisers that sell groceries, like Target and Kmart. In 2015, Costco alone accounted for nearly \$1 billion of the approximately \$17.5 billion NYC grocery market. Trader Joe's sales increased from \$267 million in 2013 to \$326 million in 2015, a jump of more than 20%. Between 2013 and 2015, the number of non-traditional food retail outlets increased from 37 to 46.

Online Grocers. An additional segment of the grocery marketplace is online delivery services, led by Fresh Direct and Peapod. Based on market share estimates and reported 2015 sales figures for Fresh Direct, online retailers account for approximately \$850 million in annual sales in New

York City. Amazon Fresh is a specific grocery segment of Amazon.com, and thus Table 7 does *not* include sales of non-food grocery items, like household cleaners, disposable products, or pet food that can often be purchased at a discount from various online merchants like Amazon.

Table 7. Online Grocers in NYC by Online Market Share and Estimated Sales Revenue, 2015

Company	Online Market Share	Revenue (in millions)
Fresh Direct	41%	\$347
Peapod	23%	\$195
Amazon Fresh	5%	\$42
Boxed	2%	\$17
Instacart	2%	\$17
Google Express	1%	\$8
Postmates	1%	\$8
Other	25%	\$212

Sources: “Top Online Grocers in New York, NY, 2014.” *State of Online Grocery Retailing, Annual2015*, p. 35, from BMO Capital Markets. Fresh Direct sales figures from Business Insights: Global.

These new challenges for supermarkets in New York City and nationally suggest that policy prescriptions developed in an earlier era, focusing exclusively on traditional supermarkets, may no longer be relevant.

Solutions that Increase Access to Healthy Affordable Food

Various policies have been proposed that might mitigate the adverse impact of supermarket closings or, more broadly, contribute to better access to healthy affordable food.

Limiting rent increases. Since rent constitutes a major expense for supermarkets, limiting rent increases, a major cause of closings according to some supermarket operators, might help prevent closures. One supermarket owner from Washington Heights reported at the Supermarket Forum that his landlord wanted to increase rent from \$30 a square foot to \$60 on a new lease, an increase that was not consistent with profitability. Establishing commercial rent control, similar to the residential rent control that now protects many New York City tenants, would prevent the rent gouging that supermarket operators report. Like residential rent control, commercial rent control has ardent supporters¹² and critics,¹³ with proponents of a strong public role in protecting small businesses and neighborhood well-being supporting it and real estate interests and proponents of free market solutions opposing.

Most observers think that implementing commercial rent control in New York City in the current political climate would be difficult. A bill introduced in the New York State Senate in 2013 but never voted on aims to level the playing field between tenant and landlord by mandating rent arbitration privileges for small businesses. Some forum participants suggested other strategies for limiting rent increases: city subsidies for food store rent in low income neighborhoods or leasing properties owned by the city or nonprofit development corporations to supermarkets with long term leases and affordable rents, discussed more below.

Subsidies and Zoning. In 2009, the New York City Department of City Planning (DCP) adopted a program called Food Retail Expansion to Support Health (FRESH)¹⁴ to use financial and zoning incentives to address the barriers to supermarket development in these underserved neighborhoods. The financial incentives included tax abatements and exemptions, while the zoning incentives included a “density bonus” (one additional square foot of residential floor area for each square foot of supermarket space, up to 20,000 additional square feet) for incorporating a supermarket on the ground floor of a new residential building. To qualify for this bonus, FRESH supermarkets must have at least 6,000 square feet of retail space for general groceries, half of the store’s area must be used to sell food intended for home preparation and consumption, 30 percent must sell perishable food, and there must be at least 500 square feet of space selling fresh produce. The FRESH zoning also reduces parking requirements, allows food stores to be located on land zoned for light manufacturing, and provides tax breaks for the store’s operator.

Food Retail Expansion to Support Health



FRESH was created to encourage new supermarkets to open in underserved neighborhoods, not to prevent the closing of existing stores. Some advocates have urged the expansion of FRESH or its extension to smaller stores, including bodegas, in order to expand its contribution to healthy affordable food. To date, only 10 new stores supported by FRESH have opened, although another 11 have been approved for funding or are under construction. The 2007 report that led to FRESH said the city could support another 100 new supermarkets. Given that there are more than 1,000 traditional supermarkets in New York City, FRESH has made at best a modest contribution to expanding access. As noted, in the last three years alone, about 100 new supermarkets have opened in New York City, with 90% of these not supported by FRESH and not receiving any incentives to make healthier food more available.

Subsidies could take other forms. The city could sell or lease properties it owns to nonprofit development corporations that could in turn rent the space to commercial supermarket operators. By charging lower rents, such an arrangement could increase profit margins and/or keep prices down. Currently, for example, Ocean Bay Community Development Corporation in Far Rockaway, the New York City Housing Authority, Asian Americans for Equality and LISC NYC are working together to open a new supermarket on a property owned by NYCHA.¹⁵

Public Markets. In the nineteenth century, wrote one historian, public markets, “were more than just a mere convenience; it was the duty of the state to ensure that the urban populace would have an adequate, wholesome, and affordable supply of necessities.”¹⁶ Public markets are distinguished from commercial food outlets by three characteristics: they have public goals, such

as addressing food security in the community, revitalizing a commercial corridor, or encouraging immigrant entrepreneurship; they are located in a space that is accessible to the community where people can easily interact and communities can come together; and they include independent, locally-owned and operated businesses.¹⁷ Research has also shown that for every \$100 spent at a locally-owned business, \$48 gets recycled back into the local economy while chain stores return only about \$14 out of every \$100 back to the community, mostly in the form of (low) employee wages.¹⁸ Thus, public markets contribute to local community development as well as making healthy food more available.

In New York City, farmers markets operated by GROW NYC are examples of public markets as are the Essex Street Market and La Marqueta, which are enclosed and open year round. In the past, these types of public markets constituted an important part of the retail foodscape in New York City. Many other US cities are investing in their public markets. In Boston, for example, the nonprofit Boston Public Food Market,¹⁹ with the aid of donors and the city of Boston, spent \$14 million to turn a state-owned building into a 28,000-square-foot market. The Market houses 37 different vendors, selling farm-fresh produce, grass-fed meat and poultry, wine and beer, coffee and chocolate. Several accept SNAP benefits. All vendors come from independent, New England owned businesses. The Market is managed by the Boston Public Market Association, a locally-run and independent nonprofit organization, in partnership with the city of Boston. In New Orleans, Dryades Public Market, a \$17 million project opened last year a formerly vacant 100-year-old school building.²⁰ It was financed with \$900,000 from the New Orleans Redevelopment Agency and a \$1 million loan from the city's Fresh Food Retailer Initiative, which is designed to encourage local access to fresh foods. The market sells produce, meat, seafood, dairy and dry goods for grocery shopping, prepared foods for on-site or grab-and-go meals and many other facets of food and drink.

To increase access to healthy affordable food, public markets need to be more than tourist destinations. They need to be accessible to low-income customers, accept food benefits like SNAP and WIC, and make the diverse populations living in a community feel welcome and respected.

With its ethnic diversity and immigrant food workforce, New York City could become a national model for public markets that make both fresh and prepared Mexican, Chinese, Caribbean and other national foods available in settings that encourage cross-cultural exchanges.

Some food policy analysts have suggested a deeper public role in public food markets, one that takes on not just accessibility but also affordability and price.²¹ They use the analogy of military commissaries, food stores on military bases that sell food at cost to the military families living or shopping at the base in order to reduce the burden of food prices. These commissaries charge a five percent surcharge to maintain the store and fund new outlets.²² By exploring the potential for publicly operated food markets, New York City could expand customer choices and address the supermarket affordability and quality problems that consumers report.

Alternatives to Traditional Supermarkets

Given the changes in the food retailing landscape that are occurring, some have suggested supporting a range of alternatives to conventional bricks and mortar supermarkets. Such alternatives may increase shopping convenience, lower fixed costs, and offer low-income consumers access to more variety and higher quality food. These include supporting the

expansion of food delivery services, like the City of Baltimore's Baltimarket Virtual Supermarket²³ program or increasing box delivery programs like GrowNYC's Fresh Food Box program.²⁴



Next Steps

To fill the information gaps that forum participants and our scan of the relevant literature have identified, food policy analysts, researchers and advocates should collect evidence that could inform new approaches to making healthy affordable food more available in New York City's low income communities. These include:

- Studies of the shopping preferences of various low-income populations in New York including seniors, recent immigrants, people with disabilities and others to determine how they decide where to buy food and their views on options such as, smaller supermarkets, public markets, food coops and others.
- Interviews with small and large, single store and chain supermarket owners and operators to assess their views and experiences with rent negotiations, city business and health regulations, SNAP and WIC, public markets of various types and marketing campaigns for healthy food.
- Assessment of policy innovations, market trends, best practices from other cities, and new technologies that can support food retail access.
- Systematic assessment of current federal, state, city and philanthropic funding streams and incentives that could support innovative and sustainable approaches to ensuring access to healthy affordable food and establishment of partnerships that could use these resources to test new models in New York City.

Evidence alone never drives policy but in the absence of detailed studies at the neighborhood and municipal levels, it will be difficult to create effective policies that can improve the complex environment in food retail in New York City today.

Conclusion

With rapidly changing food retail landscapes, both in New York City and nationally, New York City has a historic opportunity to explore new paths to creating food environments that make healthy affordable food available to all New Yorkers. Achieving success in attaining this goal will also contribute to reducing two of New York City's most persistent problems: high rates of food insecurity and hunger and a high burden of diet-related diseases such as diabetes, hypertension and heart disease. It will also require finding synergies between policies to increase access to healthy affordable food, affordable housing, higher wages, and sustainable economic development and linking these initiatives to those that reduce poverty, racism and income inequality in other ways.

With a Mayor and City Council committed to making New York a more equitable city, with hundreds of community organizations and advocacy groups dedicated to improving access to affordable housing and food, with thousands of small and large food businesses and with the nation's largest urban consumer market for food, New York City has all the ingredients for cooking up new solutions to increasing access to healthy affordable food.

From our review of recent literature and data on supermarkets in New York City and the discussions at the Supermarket Forum, we propose a few ideas to help guide the process of developing new approaches to improving access to healthy affordable food:

1. More traditional supermarkets by themselves will not solve the food problems New York City faces. Future discussions need to consider improvements in the quality and affordability of food offered in various retail settings in New York City.
2. The closure of 16 supermarkets in New York City is a symptom of deeper trends disrupting food retail. Successful policies will treat the deeper causes of that disruption, not simply the single manifestation of closing stores.
3. There is no silver bullet. New York City's retail food environment is shaped by a variety of economic trends, market forces and development strategies. No single policy change will assure sustainable access to healthy affordable food for all New Yorkers. Our goal should be to identify the portfolio of policy changes that will move us toward that objective.
4. Improving access to healthy affordable food will require reviewing housing and real estate development policies, zoning rules, minimum wage, tax policy, public food benefits and state and national agricultural and nutrition policies. A systems perspective that acknowledges the complexity of the determinants of food retail environments and the necessity of interdisciplinary contributions is essential for effective solutions.
5. Despite the conventional view that most food exchanges take place in the private sector, the public sector in fact already plays a strong role in shaping food environments. Developing ways that municipal government and other sectors of the government can use existing or new authority

to increase access to healthy affordable food may serve as a valuable antidote to the “markets know best” philosophy.

In the coming months, the CUNY Urban Food Policy Center, in partnership with LISC-NYC, City Harvest, and other groups invites those who want to join this discussion to exchange ideas, analyze options and propose new strategies. If you or your organization wants to participate in this process, please email urbanfoodpolicy@sph.cuny.edu with name, contact information and your interest in finding new ways to increase access to healthy affordable food.

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Families are forced to move out because while they may even be protected by rent stabilization, they cannot afford to live their lives in their own neighborhoods. Simple tasks like grocery shopping and laundry services become too expensive, and access to important services become strained.

Free Clinics are removed- and what do you think happens to a single parent who works in retail, that is placed on their roster as a part time worker, working full time hours with no benefits to reap for their family?

Retail diversity seems to be only focused on what consumers are receiving, not the quality of life it provides for its workers and the effects it has in the neighborhoods it moves into.

Profit.

That's exactly what it's all about, who cares how many generations a family has been there, who cares if the people that live there feel connected. If they're not providing the profits companies are looking for they must be pushed out.

But we were here first. It's a childish statement, but true nonetheless. No one should have higher priority above the other.

Let's not forget how working class families drive this economy. More in depth, the retail workers who provide a way for companies to continue to profit. Even if we were replaced entirely with Kiosks, it still wouldn't give the quality service a person can provide for their companies. Let's preserve the integrity of our working class communities. By making sure we are keeping our communities fair and affordable.

We welcome a diversity of HIGH ROAD retailers who provide benefits, pay within reason to meet actual living costs and those who will not shy away from workers wanting to create unions in their sectors or demand dignity and respect on the job. That is they type of retail diversity that does not tear apart the character of a neighborhood. Unfortunately, it is very far from the type of development we're seeing in this city.

My hope is that this committee is getting ready to reverse this trend.

Thank you for your time.

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September 30, 2016

Good morning,

My Name is Janika Reyes. I want to thank the committees for allowing us to be here and have this discussion on community development in NYC, and how it impacts the families in those communities.

I was born and raised and still reside in the heart of East Harlem, otherwise known as El Barrio. Currently I am working two part-time jobs, as a childcare provider and the other doing surveying of retail workers. (How are they able to access health care and training)

My family has been in East Harlem for many years before I was born, it is a place where many other families like mine have decided to raise and nurture the future generations of our families.

It's a place where we have planned to pass on our homes to our children, through our wills and leases. Unfortunately, I will probably not be able to raise my family in the home I myself was raised in. Not like my mom did for me. In communities like mine, families come to stay, to love and support our neighbors and communities, but with rezoning and development that doesn't take that into consideration my generation is being left without that option.

People who live in working-class neighborhoods know the love and support I speak of.

We also understand how Zoning and development work. How so often the plans are discussed and decided without inviting in the voices and experiences of those it will impact most.

In the last 10 years, I've watched the ripple effects of Zoning and fast-paced, high profit development. And there is nothing I can do to stop it.

It began with just one condominium in my neighborhood, then new management in my building where working-class families live, the store owners who've been there longer than the last 5 new building managers combined are forced out because of rent that is much too high for the prices they sell their products! Products that they keep affordable to cater to the community they do business in, most often the same community they and their own families live in.



FOR THE RECORD

**City Council Oversight Hearing on Zoning and Incentives for Promoting Retail Diversity
and Preserving Neighborhood Character
Committee on Small Business and the Subcommittee on Zoning & Franchises
9/30/16**

Thank you for the opportunity to testify about this important issue. My name is Josh Kellermann, and I'm a Senior Researcher at ALIGN: The Alliance for a Greater New York. ALIGN is a community-labor coalition dedicated to creating good jobs, vibrant communities, and an accountable democracy for all New Yorkers.

ALIGN has worked on retail diversity and neighborhood character from a variety of perspectives, but our fight to prevent Walmart from gaining a foothold in NYC through Walmart Free NYC is at the top of the list. The greatest threat to retail diversity, in my opinion, is low-road big box stores like Walmart and Target. It is abundantly clear from hollowed-out communities around the country that Walmart destroys diverse retail landscapes by underselling local competition. It is able to do this because it employs unsustainable and unscrupulous business practices, while eroding wages, benefits and working conditions in the retail industry. Local businesses simply can't keep pace with Walmart's breakneck race to the bottom.

That is why NYC should utilize all tools at its disposal to set standards in the industry to keep big box stores out of NYC, unless they meet a high road retail standard of conduct. Target has fully adopted the same low road practices of Walmart, but Target has broken into the NYC market and is expanding. We must set high road retail standards to prevent companies like Target and Walmart from undercutting local retail and to ensure they operate on a level playing field. This will help to protect retail diversity.

Of course, retail diversity is only one side of the coin. The other is neighborhood character. The character of a neighborhood is defined through a few noticeable characteristics, including the people and culture in the community. Often what happens as neighborhoods that begin to gentrify is that rents increase and new, good jobs don't accompany the new development. This combination of factors forces locals out, changing the character of the neighborhood.

To prevent such a change in character, it is essential that new development in a community have community benefits attached to the projects, such as targeted local hiring, job recruitment and referral services, job training programs, wage standards that keep up with the cost of living, career-track job

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ALIGN is a local affiliate of Jobs with Justice and the Partnership for Working Families

opportunities with benefits and pensions, and more. These high road standards ensure that locals, in whom the true character of the neighborhood resides, can remain and thrive.

How to obtain these benefits is somewhat complex.

Different requirements give rise to different legal barriers. For example, targeted local hiring can give rise to constitutional challenges under the Privileges and Immunities and Equal Protection clauses, and the program must be designed to address these challenges. But there is precedent for these programs both in NYC and elsewhere around the country that can be replicated.

One key point at which the City can set high road retail standards to protect retail diversity and neighborhood character is the provision of subsidies. However, the EDC has noted that they are moving away from providing subsidies for retail development. While this is generally a good direction to head in, it reduces the City's ability to set standards in the industry, and instead other tools must be used to achieve high road retail. We should be aware, however, that there are several different types of subsidies, including tax breaks, bonds, low-interest loans, and grants. These should all be tracked to ensure we are not missing opportunities to set standards in the industry.

Land transfers, including the sale or lease of publicly-owned land, offer another in-road to setting standards in the industry. The City can set clear high road standards on public land in return for leasing or selling the land, and should aggressively use this power to promote retail diversity and preserve neighborhood character.

Lastly, community benefits agreements should be considered. CBAs are private contracts between developers and representative community groups. Because they are private contracts, they must be voluntarily entered into and can't be a condition of, for example, the City's land use approval. However, City Council members can make clear to a developer that they will heavily weigh the community's perspective in deciding whether or not to support a project, and a CBA signed by the community provides clear evidence of the community's position.

I should also note that the City is about to begin a study of whether it can use density bonuses as a zoning tool to provide incentives to obtain certain community benefits. This study should be completed by the end of the year and we will provide clarity on this issue.

Lastly, we should look into a Formula Retail bill that creates a special permit for chain stores. However, there are some chain stores that are union and do right by their employees and communities. A successful formula retail bill should exempt or fast-track high road retail businesses to encourage businesses that help to preserve the character of our neighborhoods.

All of these tools: subsidies, land transfers, and CBAs can be useful to ensuring we bring in high road retail establishments which in turn help to preserve retail diversity and neighborhood character.

Thank you for your time.



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Testimony to New York City Council

Committee on Small Business

jointly with the Subcommittee on Zoning & Franchises

regarding promoting retail diversity and preserving neighborhood character

September 30, 2016

Good morning Councilmembers, and thank you for the opportunity to testify. The Greenwich Village Society for Historic Preservation is the largest membership organization in Greenwich Village, the East Village, and NoHo. GVSHP supports the effort to explore and implement zoning and other incentives for promoting retail diversity and preserving neighborhood character. We believe there are a multitude of strategies put forward by shop owners and advocates which could be considered. Our own Business of the Month program seeks to promote local small independent businesses in Greenwich Village, NoHo and the East Village by nomination from the public.

Formula retail or big box chain stores can in some cases pose a threat to retail diversity and to small independent businesses. These small businesses not only add character and a variety of services and products to neighborhoods, but keep more revenue local.

We believe that measures which would limit, discourage, or outright prohibit chain or formula retail in certain areas merit consideration. For instance, the East Village Community Coalition released an excellent report which GVSHP assisted with analyzing the spread of formula retail or chain stores in the East Village. The report offered several sound suggestions for ways to prevent the overconcentration of chains or formula retail in neighborhoods like the East Village, which benefit so much from and derive so much of their identity from their unique, independent businesses. But these recommendations could be implemented in other parts of the city as well, and include limiting chains to major commercial thoroughfares, requiring special permits for certain kinds of chains, regulating maximum square footage and combining of storefronts, returning to residential use grandfathered non-conforming uses when they are vacant for a period of time, or a ban on chains in certain areas.

While zoning incentives are important to consider, without consideration of commercial lease renewal protections, it won't be enough. One approach to the vexing challenge of rent gouging and refusal to renew a lease would be the Small Business Jobs Survival Act. Supported by a majority of council members, a hearing and vote specifically on that bill should occur.

To many the commercial lease renewal process is more of a shakedown than a fair negotiation. The bill could better level the playing field for small businesses dealing with difficult and unyielding landlords.

Our city's neighborhoods are struggling to hold on to their character-defining, job-producing, entrepreneur-driven small businesses. We need legislation and zoning measures as soon as possible to protect them from unfair competition and price gouging landlords. We hope today's hearing will bring us to serious consideration of and a vote on such measures.



September 30, 2016

To: Committee on Small Business jointly with the Subcommittee on Zoning and Franchises; Honorable Robert Cornegy, Chair—Committee on Small Business; Honorable Donovan Richards, Chair—Subcommittee on Zoning and Franchises, and New York City Council Committee Members
From: North Flatbush Business Improvement District Board of Directors
RE: T2016-4910; Oversight Hearing- Zoning and incentives for promoting retail diversity and preserving neighborhood character.

The North Flatbush Business Improvement District respectfully offers our comments for consideration regarding the Oversight Hearing—Zoning and Incentives for Promoting Retail Diversity and Preserving Neighborhood Character. Thank you for this opportunity

The North Flatbush Business Improvement District is a 501c3 non-profit organization created in 1986—making our organization one of the first Business Improvement Districts in NYC. Our mission remains to improve the quality of life and oversee the economic development in our Park Slope/Prospect Heights neighborhood.

New York City's appeal has been on the rise for the last two decades with incredible investments, greater population and increased visitors. The outer boroughs, and Brooklyn specifically, has seen tremendous growth and fast-paced development and redevelopment. The North Flatbush BID neighbors both the Park Slope and Prospect Heights communities—both of which have experienced the aforementioned changes. Our organization was created in the early 1980's out of concern for the disinvestment and high-vacancy rate the corridor was experiencing at the time and we continue to advocate for sustainable growth and opportunities for our businesses and greater community.

We are concerned for the future of local entrepreneurship and opportunities for small businesses to operate within a "brick and mortar" context. There are issues that directly or indirectly impede "mom-and-pop" operators from taking the risk.

Skyrocketing Rents: First, and the most obvious, is high rent costs—in-part because not all vacant space is "available". Development speculation and foreign property investors have created a glut of vacant properties and thus a scarcity of leasable property. This category of owners finds it more advantageous to hold-out on leasing spaces as they warehouse available property for future opportunity rather than leasing to local entrepreneurs. Additionally, foreign investors add more real-estate to their portfolio as a shelter for their assets and have little regard for maintaining or improving the character of the commercial district.

National Chains: The proliferation of "national chains" in New York City has also driven up the cost of commercial space for small businesses. These larger corporate entities can absorb inflated costs and many times operate at a loss in exchange for visibility. This category of business typically requires more square footage and new developments appear to cater to this demand—squeezing out the local entrepreneur that may require smaller footprints.



Property Taxes: It is no secret that property taxes account for a great deal of liability for property owners and many times those liabilities are passed along to commercial lease-holders directly or factored into rent obligations. It is observable that the current property values and property tax assessments have a wide range of disparity. Tax burdens are not a new “complaint” for property owners, but in the current marketplace, tax rates have steadily increased and disproportionately so for small mixed-used properties. These increased burdens, most times, fall into the responsibility of the business operator/commercial leaseholder as part of their lease terms. A review of the NYC tax code is warranted to help ameliorate these discrepancies and bring the assessments into parity.

Permitting and Bureaucracy: It is also no secret, that permitting and New York City and New York State bureaucracy creates additional burdens—for businesses and property owners. The backlog within the NYC Department of Buildings has created an environment of uncertainty for stakeholders as time-lines and project plans veer off schedule while navigating the processes and hold-ups. Immigrant business operators account for a substantial portion of new businesses in NYC and have had incredible hurdles to overcome while navigating the complexities of permitting. While there have been clear and successful attempts at supporting immigrant entrepreneurs and streamlining permitting processes for construction and business owners, there is a continued opportunity to improve and bring increased integration with the City’s and State’s agencies that oversee these processes to reduce the time necessary. Time is money!

Property Owner Rights: The North Flatbush Board of Directors is comprised of a diverse set of stakeholders and may have differing opinions, but the crux of our conversations continues to speak to preserving opportunity, and thus “Property Rights”. Members recognize that economic viability and community support do not always align yet have strived to create a vibrant commercial experience while being mindful of their investments. As small business owners themselves, our property owner members aim to create a hospitable retail experience, be community minded and make money. There have been discussions of “commercial rent control” and without more information and study, we cannot support any measures that may impede property owners (some are small businesses themselves) from gaining market returns on their investment. Limiting opportunities for property owners could be “overstepping” their rights and create adverse conditions not currently understood or observable. A positive return on investment can be gained for property and community if prioritized and done well.

This matter is extremely complex with varying priorities of stakeholders. Entrepreneurship by nature is risky, and as markets ebb and flow, we are inspired by the “invisible hand” that promotes innovation and positive change. The very nature of retail is competition. Consumers have shifted to new models of consuming goods and brick and mortar business are being occupied with an increase in service-oriented establishments. If diverse retail-mix and community preservation is a priority of this administration, we encourage policy that comprehensively reviews the proliferation of foreign investment, archaic City processes, disparate tax codes, development incentives, and long-term implications of new policies. We understand the complexities of this matter and are encouraged with the New York City Council’s decision to host this hearing. We support actions that support the entrepreneurial spirit that New Yorkers have exemplified for centuries. Thank you again for this opportunity to share our perspective.



The good food jobs nexus: A strategy for promoting health, employment, and economic development

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Abstract

In the aftermath of the Great Recession, cities have looked to the rapidly growing food sector as a promising source of new employment, and yet most of the sector's growth has come from low-wage, dead-end food jobs. A strategy to simultaneously increase food employment, improve conditions for food workers, and enhance access to healthy and affordable food to improve public health requires pursuing a "good food jobs" approach that supports policies and programs that

advance all three goals. To inform such a strategy, this article analyzes policies and programs to create good food jobs in New York City and discusses how these efforts must navigate conflicts among job growth, job quality, and food access and quality. It recommends strategies cities can use to advance a good food jobs strategy, analyzes obstacles, and suggests research that will produce evidence to help cities develop and evaluate policy approaches that contribute to stronger economies and better health.

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Keywords

labor, New York City, good food, community food security

Introduction

Food production and distribution, the food economy, and the relationships among poverty, hunger, and health have long been urban concerns, especially during periods of economic crisis (Vitiello & Brinkley, 2014). While the intersection

of food, the economy, and health is not new, it has become much more politically relevant since the 2000s, as advocates and researchers began to document inequalities in urban food systems, including the dearth of healthy food retail in low-income neighborhoods (Walker, Keane, & Burke, 2010), increasing and racially disparate rates of food insecurity, obesity, and diet-related diseases (Ogden, Carroll, Kit, & Flegal, 2014), and the exploitation of workers throughout the food supply chain (Gottlieb & Joshi, 2010; Sachs, Allen, Terman, Hayden, & Hatcher, 2014; Sbicca, 2015).

Over the last decade, policy-makers and social justice advocates have recognized that simply generating more food jobs is insufficient to lift people out of poverty. They have also learned that low-wage jobs that make unhealthy food more ubiquitous may reinforce existing patterns of economic, social, and health inequality among workers, their families, and their communities. To avoid this outcome, advocacy groups have worked with labor organizations to secure better working conditions throughout the food supply chain and for policies to promote more equitable, often community-based food businesses that are more likely to address community needs than are national chains (Myers & Sbicca, 2015; Sbicca, 2015). Labor organizers have used new tactics to enable segments of the labor force that had been overlooked by traditional unions, including fast-food workers, food deliverers, and immigrants working in food manufacturing, to gain job security, better wages, and opportunities for job enhancement (Milkman & Ott, 2014). These strategies have involved nationwide labor actions, like the Fight for \$15 protests by tens of thousands of low-wage workers in 200 U.S. cities (Greenhouse & Kasperkevic, 2015).

As public health and planning practitioners argue for the need to act on the social determinants of poor health and inequality (Freudenberg, Franzosa, Chisholm, & Libman, 2015; Pastor & Morello-Frosch, 2014), some observers emphasize the potential for local economic development policy to create healthier, fairer communities (Williams & Marks, 2011). In cities such as New York (New York City Council, 2010) and Los Angeles (Los Angeles Food Policy Council, n.d.),

city officials have recognized the need for policies that support food workers.

Many plans, however, uncritically emphasize the benefits of programs to support regional food production, urban agriculture, and food job creation, falling into a local trap (Born & Purcell, 2006) that overlooks the higher level forces that have created inequities in these systems (Cohen & Reynolds, 2014; Gray, 2013) and fails to address potential conflicts among job creation, job quality, and food healthfulness. Just as early notions of sustainable development often ignored the conflicts and inconsistencies among its constituent aims of economic, social, and environmental well-being (Campbell, 1996), discussions of food system development risk oversimplifying the complexity of fixing several moving parts of the food system.

This paper analyzes the synergies and conflicts among the overlapping aims of economic development, workforce development, and public health as policy-makers seek to design, implement, and evaluate good food jobs strategies. Good food jobs are defined here as jobs that offer benefits, provide safe working conditions, and also produce or distribute affordable and healthy food. Good food jobs also pay a living wage or better, defined as wage levels that allow workers to afford adequate shelter, food, and the other necessities of life in their community. Figure 1 shows the intersections among activities designed to achieve these three distinct but overlapping goals: increasing the

Figure 1. The Good Food Jobs Nexus



number of jobs in the food sector, improving the quality of jobs in that sector, and promoting better access to healthy affordable food. The figure highlights the potential for interventions that can contribute to one, two, or all three goals. More food jobs create new, often entry-level opportunities for unemployed or underemployed individuals, thus shrinking inequalities in employment. Improving the quality of jobs by providing higher wages, safer working conditions, better benefits, and opportunities for advancement to lower-paid food workers closes the gap between low-wage and better-paid workers. Finally, enhancing the quality and affordability of healthy food in low-income and Black and Latino communities can reduce the higher burden of food insecurity and diet-related diseases that these communities experience. Identifying opportunities that simultaneously advance two or three goals can accelerate progress toward a more equitable food system.

In practice, however, these goals may conflict; for example, the fast-food industry has generated millions of new jobs, but they pay low wages and produce mostly unhealthy food. In Figure 1, only the space where the three circles overlap constitutes where true good food jobs can grow. New policy initiatives that expand this space can help policy-makers develop strategies that maximize all three goals.

Our analysis seeks to illustrate the synergies and conflicts among the three elements of a good food jobs strategy: increasing food employment, improving employment quality, and promoting better access to healthy affordable food. We do this by analyzing diverse policies and programs in New York City over the past decade that have, to varying degrees, attempted to address one or more of these elements. The examples we present show the involvement of different sectors and constituencies, with different goals and objectives. Their successes and challenges suggest opportunities to advance good food jobs policies and practices at the municipal level, and roles for various constituents, including government, business, workers, advocates, and food system researchers.

Background

By making inequities in employment, food security,

and food access more salient, the Great Recession of 2007–2009 set the stage on which campaigns for good food jobs are now playing out. The collapse of the U.S. housing market and ensuing financial crisis reduced household wealth, dampened consumer demand, and increased under- and unemployment. Poverty and food insecurity increased significantly.

The economic recovery has been led by the growth of low-wage jobs. Although 22 percent of job losses in the U.S. during the recession were low-wage jobs, these types of jobs grew 44 percent as the economy recovered. By 2014, lower-wage industries (including food) employed 1.85 million *more* workers than they had at the start of the recession (National Employment Law Project [NELP], 2014). This low-wage recovery has contributed to levels of income inequality in the U.S. not seen since the Great Depression (Blank, Danziger, & Schoeni, 2008; Essletzbichler, 2015; Piketty & Saez, 2003).

Food has been integral to the nation's economic recovery. Supplemental Nutrition Assistance Program (SNAP) benefits were increased during the recession to provide both a safety net and an economic stimulus (Nord & Prell, 2011). From 2008 to 2014, jobs in food services and drinking places grew by 10.5 million (9 percent) and food and beverage store jobs grew by nearly 3 million (4 percent) (NELP, 2014). By one estimate, the overall food sector (from production to retail) has been growing at approximately twice the rate of the national economy (Pansing, Wasserman, Fisk, Muldoon, Kiraly, & Benjamin, 2013a).

At the municipal level, governments have viewed the rapidly expanding food sector as a key to reducing unemployment and rebuilding their economies while also addressing demands from food advocates to support regional food producers, increase access to healthy food, and make the food system more resilient and just. Cities created policies and programs to expand their food manufacturing, distribution, and retail sectors (Hagan & Rubin, 2013; Pansing et al., 2013b; Pothukuchi, 2005). These initiatives, which ranged from public investments in food hubs and public markets to job training programs, urban farms,

preferential procurement of regionally grown food, institutional food infrastructure, and supermarket subsidies, have been framed as economic development, public health, sustainability, and resilience plans, emphasizing the potential for intersectoral approaches to food planning.

These food policies have also been developed during a period in which movements like Occupy Wall Street as well as progressive elected officials have focused attention on inequality and social justice. This activism drew attention to issues like wages and working conditions, prompting a critical analysis of food-focused economic development strategies and their potential to exacerbate disparities based on race, ethnicity, gender, and national origin.

Labor activists have paid particular attention to income inequality among food workers, as the bulk of the food jobs created over the past decade have been low-wage, insecure, hourly jobs in food services and food retail (paying an average of US\$9.48 and US\$10.51 per hour, respectively) (NELP, 2014). Food jobs are among the nation's *least* unionized, with only 4.2 percent of those in food preparation and serving-related occupations and 1.4 percent of those in food services and drinking places belonging to a union, compared to 11.1 percent of the private-sector U.S. workforce (U.S. Department of Labor, Bureau of Labor Statistics, 2015). Furthermore, many of these jobs are in the fast-food industry (Lowrey, 2014) in which low-wage workers produce poor quality food that disproportionately contributes to diet-related diseases among low-income people and communities of color.

Methods

This article is based on descriptions of food-job development programs and policies in New York City selected to highlight key accomplishments and obstacles in creating good food jobs. We focus on New York City because it has numerous examples of food-job programs and policies that explicitly focus on equity and food as both health and economic development strategies, such as FoodWorks (New York City Council, 2010), One New York The Plan for a Strong and Just NYC (City of New York, Office of the Mayor, 2015a),

and the Milan Urban Food Policy Pact (2015). Since our goal is to illustrate how a city's food, workforce, and economic development policies can set the stage for developing a good food jobs strategy, consideration of a single case is appropriate for assessing that potential (Yin, 2013).

In 2014, the New York City Food Policy Center released a study of good food job initiatives in New York City that comprised a literature review, descriptive profiles of New York City food employment initiatives, interviews with a sample of food workers, and New York State (NYS) Department of Labor (DOL) workforce data (Freudenberg, Silver, & the Good Food Jobs Research Team, 2013). Here we update and supplement this analysis with discussions of the 2013 report held at four public meetings, two for New York City policy-makers and advocates, and two for individuals and organizations in other cities, including Baltimore, Detroit, Philadelphia, and cities in the San Francisco Bay Area. The Department of Labor data were also updated and media reports, government and advocacy group reports, and 2014 and 2015 journal articles on good food jobs developments in New York City were reviewed. We focus on initiatives created by the New York City mayor and city council members who took office in 2014. We used these data sources to identify the main trends influencing good food jobs initiatives, opportunities for creating good food jobs in New York City, and the barriers to such initiatives.

Results

Food Sector Employment in New York City

In New York City, the previously described national economic trends have influenced recent changes in the food sector. Since the end of the recession (2010–2013), New York City's workforce has grown 6.2 percent overall, but low-wage jobs (defined as jobs with median wages below US\$13.84 per hour) have grown 11.4 percent. Jobs that pay above US\$21 per hour have grown just 4.4 percent (Wright, 2013). In 2015, nearly a quarter of the city's total labor force, about one million workers, earned less than US\$20,000 per year. As a result, the percentage of

New Yorkers living below 150 percent of the official U.S. poverty threshold rose from 26.6 percent in 2008 to 30.6 percent in 2013 (City of

New York, Office of the Mayor, 2015b). The food sector is one of the largest and fastest-growing job sectors in New York City.

Table 1. Changes in Employment in New York City's Food Sector, 2004–2014*

Sector	2004	2014	% Change 2004–2014
Restaurants	159,610	262,670	65
Food Retail	42,594	61,068	43
Grocery Wholesale	19,291	20,753	8
Food Manufacturing	13,882	16,367	18
Food Production	85	87	2
Total	235,462	360,945	53

* Most recent year for which annual data are available.
 Source: New York State Department of Labor (2015). Quarterly Census of Employment and Wages (NYSDOL QCEW) 2004–2014 Average Annual Employment.

Table 2. Changes in Numbers of Establishments in New York City's Food Sector, 2004–2014

Sector	2004	2014	% Change 2004–2014
Restaurants	11,958	18,397	54
Food Retail	4,722	6,395	35
Grocery Wholesale	1,585	1,764	11
Food Manufacturing	871	1,064	22
Food Production *	21	29	38
TOTAL	19,157	27,649	44

* Employment data are incomplete due to nondisclosure suppression.
 Source: New York State Department of Labor (2015). Quarterly Census of Employment and Wages (NYSDOL QCEW) 2004–2014 Average Annual Employment.

Table 3. Changes in Average Real Annual Wages* in New York City's Food Sector, 2004–2014

Sector	2004	2014	% Change 2004–2014
Restaurants	\$26,650	\$26,064	-2
Food Retail	\$25,246	\$23,053	-9
Grocery Wholesale	\$53,704	\$52,386	-2
Food Manufacturing	\$40,463	\$32,883	-19
Food Production†	\$19,125	\$29,490	54
Total	\$29,424	\$27,378	-7

* Inflation adjusted using the Consumer Price Index for Urban Consumers, NYC Metropolitan Area, and 2014 Base Year. †Wage data are incomplete due to nondisclosure suppression. All analyses conducted by NYC Labor Market Information Service, CUNY Graduate Center.
 Source: New York State Department of Labor (2015). Quarterly Census of Employment and Wages (NYSDOL QCEW) 2004–2014 Average Annual Employment.

Between 2004 and 2014 (the latest year for which complete data are available), employment in the food sector grew by 53 percent (Table 1) and the number of food employers grew by 44 percent (Table 2). Fast-food employment in New York City (not shown on tables) increased by 87 percent between 2000 and 2014, reaching almost double its level of 15 years ago (NELP, 2015).

Restaurants and food retail establishments, two large sectors of the food industry with the lowest 2014 average real wages (Table 3), grew more rapidly than smaller sectors with higher wages, such as food manufacturing and wholesale groceries. As a result, overall, inflation-adjusted wages in the food sector declined by 7 percent in this period, with increases realized only in the tiny food production sector.

Growing Good Food Jobs in New York City

Our review of the food job landscape in New York City identified several policies and programs designed to achieve one or more of the three goals shown

in Figure 1. Examples of each are shown in Table 4 with a description of their primary goals and other potential effects on the food system. To illustrate the range and complexity of good food jobs activities that are now being implemented in New York City, we describe in more detail a few

specific policies or programs that are being implemented within each goal. It should be noted that many programs combine several of the strategies shown in Table 4 and that existing programs vary in their ability to contribute to all three good food jobs goals.

Table 4. Selected Strategies for Growing Good Food Jobs in New York City

Strategy	Primary goal	Other goals
Improve job quality for food (and other) workers		
Paid sick leave	Allows workers to stay home without penalty to care for themselves or family members	Improves food safety by encouraging infected food workers to stay home when they are sick
Living wage for city contract workers	Increases pay for designated categories of municipal workers	Provides more stable, skilled food workforce
Higher minimum wage for fast-food workers	Increases pay for fast-food workers, one of largest components of low wage sectors	Reduces societal wage inequality
Workforce development sectoral coordination	Ensures that workforce development in the food sector creates a sustainable infrastructure	May provide skills needed to prepare healthier food
New York City ID Card	Allows undocumented food workers to use city services	Enhances inclusion of immigrants
Upgrade food skills of home care workers	Provides rationale for increased pay for some home care workers	Makes better care for people with or at risk of diet-related diseases
Increase food employment		
Support entrepreneurial food production and business incubators	Creates job opportunities for various under-employed groups	May enable some workers to enter food workforce and gain skills to produce healthier food
Create new food training programs in schools and colleges	Offers credentials and career paths for food workers	May provide skills in preparation of healthier food
Modernize and upgrade wholesale food markets such as at Hunts Point Market	Creates new and/or more skilled jobs in these markets	Makes fresh (and local) food more accessible to local retailers and institutions
Assist small businesses to survive and grow	Increases job stability for small businesses	May allow some small business to target healthier food niches
Promote access to healthy and affordable food		
Expand enrollment in NYC's institutional food programs	Makes healthy free or low-cost food available to vulnerable populations	Creates new unionized jobs in schools, hospitals, and other institutions
Implement universal free lunch in middle schools	Makes free food available to school children without stigma	Creates more jobs in school food program
Create more food processing and distribution centers	Makes fresh, regionally grown food more available to retailers and institutions	Creates new jobs in food production and sustains regional agricultural economy
Implement Food Retail Expansion to Support Health (FRESH) supermarket incentive program	Makes healthy food more accessible in low-income communities	May create more or better jobs in supermarkets

Strategies To Improve the Quality of Food Jobs

Higher wages for fast-food workers. In response to the growth of low-wage jobs, policy-makers, civil society groups, and social movements have taken action to improve the pay, benefits, and working conditions of low-wage workers, especially those in the large fast-food sector. In New York City, Fast Food Forward, a coalition supported by the Service Employees International Union (SEIU) and other groups, has organized fast-food workers to fight for a minimum wage of US\$15 an hour since 2012. They have sponsored rallies and demonstrations, lobbied legislators, and attracted ongoing media coverage (Luce, 2015) in New York City and dozens of other cities around the country.

New York City Mayor de Blasio has called for raising the city's overall minimum wage to US\$15 an hour by 2019, and Governor Cuomo appointed a commission to consider raising the minimum wage for the state's 180,000 fast-food workers to US\$15 per hour (McGeehan, 2015). Mayor de Blasio submitted testimony to the New York State Wage Board urging the board to raise the minimum wage for fast-food workers to the recommended US\$15 per hour (City of New York, 2015); the board made the decision to make this change in May 2015 (Fast Food Wage Board, 2015).

Proponents of the higher minimum wage argued that it would decrease worker turnover, thus providing a more experienced fast-food workforce and reducing food safety risks. Opponents argued that higher wages would lead to job losses, yet the evidence suggests that there would be no real impact on employment in the restaurant sector (Lynn & Boone, 2015). However, the raise does not address the poor food quality produced by fast-food restaurants.

Paid sick leave. After many years of advocacy, the New York City Council approved a paid sick leave law in 2013 (and expanded it in early 2014) that extended the right to paid sick leave to 3.4 million private-sector workers in New York City, including approximately 1.2 million New Yorkers who had no access to paid sick time prior to the law's passage (A Better Balance, 2014). A Better Balance convened the coalition of civil rights, labor and women's groups that supported paid sick leave in New York City. Unlike Fast Food Forward,

which focused its attention on a single sector, A Better Balance fought for legislation that benefited all sectors, including the many low-wage earners in the food sector (Swarns, 2014). Guaranteeing paid sick leave not only ensures that workers are able to take time off when they are sick without losing wages, but also enables sick workers to stay out of the workplace and avoid infecting others (Salazar, 2012). This is especially important for food workers, who can spread contagious illnesses if they report to work when sick to avoid lost wages or reprisals from management (Norton et al., 2015). Thus, this strategy improves working conditions for all low-wage New Yorkers and also improves food quality by reducing food-safety risks.

Strategies to Increase the Number of Food Jobs

Hot Bread Kitchen Incubator is a retail market, catering service, and business incubator. It supports start-up food entrepreneurs in launching scalable food businesses, with a focus on creating pathways to business ownership for low-income women and minorities (Hot Bread Kitchen, 2015a). In 2001 Hot Bread Kitchen became an anchor tenant at La Marqueta, a former public food market in East Harlem run by the city's Economic Development Corporation, which is seeking to revitalize this historical site through retail food outlets, culinary job training, art, music, and community activities (La Marqueta Retoña, 2015).

Hot Bread Kitchen is funded by the New York City Council, New York City Economic Development Corporation, the city's business development agency, and private sources. Two-thirds of its operating budget comes from the sale of breads that appeal to the city's diverse ethnic groups and rental of commercial kitchen space. Through its employer-driven workforce development and business incubation programs, Hot Bread Kitchen helps develop professional skills in the culinary arts, transcend common barriers to fair wage employment, and achieve financial independence and success in the city's food manufacturing industry (Hot Bread Kitchen, 2015b). Since 2008, more than 80 women from 20 countries have trained at the bakery, although data on their current employment status are not available. Hot Bread Kitchen demonstrates the potential of small-

scale enterprises to obtain public and private funding to create incubators that can nurture new businesses, bring immigrants and other underemployed populations into the workforce, and develop trainees' capacity to succeed in the labor market. While the organization is health-conscious and seeks to bring artisanal food to low-income communities, increasing access to healthy food is not an explicit goal.

The Hunts Point Food Distribution Center creates food jobs on a different scale. The center, the largest wholesale food market in the world, includes the Hunts Point Terminal Produce Market, the Hunts Point Cooperative Meat Market, the New Fulton Fish Market, and parcels leased to several national food companies. Currently, 60 percent of the city's produce and 50 percent of its meat and fish pass through the market, making it the most important source of fresh food in the region (Hawkins, 2015). Food is delivered fresh daily via plane, boat, and tractor-trailer from 49 states and 55 countries. The center employs more than 8,000 people.

In 2015, several new initiatives at the Hunts Point Center demonstrated the city's interest in using the food market as a focal point for economic and job development. The city's Economic Development Corporation (EDC), which owns the distribution center, leased a major food distributor an additional 100,000 square feet (9,290 m²), which will allow the fresh produce and specialty food distributor to expand its Hunts Point facility and create 350 new well-paid jobs in addition to 400 jobs the company has already created since moving to the Food Distribution Center in 2007 (NYCEDC, 2015a).

In addition, the mayor announced that the city will invest US\$150 million in the distribution center over 12 years, and proposed to create "dedicated space" to better link New York City markets to upstate food production, thus benefiting the regional agricultural economy (Barkan, 2015). An environmental activist noted that a permanent wholesale farmers market in Hunts Point could help New York City's most vulnerable communities to get better access to fresh, healthy sustainable food (Izeman, 2015). The new commitment supplemented US\$25 million in capital

upgrades that the city provided to the distribution center for resiliency upgrades to the facility in the wake of Superstorm Sandy, which flooded some parts of the market in 2012. Finally, City University of New York recently established an interdisciplinary food studies program at Hostos Community College, located near the Hunts Point Market (Hu, 2015). One goal of the program is to train a diverse skilled food workforce that can make the Hunts Point distribution center a focal point for better food jobs and better availability of healthy food in low-income neighborhoods.

While operating on different scales, both Hot Bread Kitchen and the Hunts Point Food Distribution Center demonstrate the potential for innovative partnerships to create good food jobs and the substantial role that city government can play in supporting such initiatives.

Strategies to Promote Access to Healthy, Affordable Food

Expansion of institutional food programs offers an opportunity to provide free or low-cost healthy food to the city's most vulnerable residents, thereby reducing food insecurity and diet-related diseases in these populations. Each year, the New York City government provides more than 260 million meals or snacks to city residents through institutional food programs sponsored by 11 city agencies (City of New York, Mayor's Office of Contract Services, 2012; New York City Food Policy Center, 2014). The largest providers are the city's public schools, hospitals, and jails. For many recipients, including more than 650,000 school children, institutional food provides a significant proportion of their daily calories. Since 2008, the New York City Food Standards have mandated that city agencies serve food that meets nutritional requirements, leading to significant improvements in food quality (New York City Department of Health and Mental Hygiene, 2015).

If the city were to enroll more eligible users in these institutional food programs and continue to improve the quality of the food they serve, municipal government could support the creation of thousands of new good food jobs. Since much of the support for institutional food programs comes from the federal government (i.e., various U.S.

Department of Agriculture [USDA] programs), expanding and improving institutional food offers municipal and county governments an external revenue stream for supporting health and economic development. In addition, the city's largest institutional food programs employ municipal workers who are members of labor unions, are paid decent wages, receive benefits, and have the protection of city labor standards.

The city's new universal free school lunch in middle schools program provides a specific illustration of how this strategy can contribute to achieving the three goals shown in Figure 1. In 2014, the New York City Department of Education made school lunches free to all students attending middle schools, in an effort to reduce the stigma of the previously required means test. Since implementation of the program, student participation in the program increased by nearly 10 percent in the first six months of the year compared to the same period in the previous year, according to data collected by two school food advocacy groups (Community Food Advocates, 2015). As a result, an additional 10,000 to 15,000 middle school students eat lunch each day. If universal school lunch were to be expanded citywide to elementary and high schools, the advocacy group projected that an additional 120,000 students will eat school lunch each day, a 20 percent increase. According to current staffing patterns in school food, this increase would generate about 1,000 additional unionized school food jobs (Freudenberg et al., 2013) while also improving the health of students. With new city and national mandates to improve the quality and healthfulness of school food, this expansion could make an important contribution to increasing entry-level employment opportunities and reducing food insecurity and obesity among the city's school children.

Food Retail Expansion to Support Health (FRESH) seeks to expand the number of supermarkets in low-income communities. Established in response to a 2008 study, FRESH promotes the creation and retention of local grocery stores in underserved communities through city and state zoning and tax and financial incentives to store operators and real estate developers (NYCEDC, 2015b). By the end

of 2014, FRESH had approved the support of 14 supermarket projects (NYCEDC, 2015b). While some labor groups have called on the city to require FRESH projects to meet labor and wage standards, to date such mandates do not exist, limiting the impact on good jobs (NELP, 2009).

To ensure that FRESH stores increase access to healthy foods, supported projects are required to dedicate at least 50 percent of their space to products intended for home preparation, consumption, and utilization; at least 30 percent to perishable goods that may include dairy, fresh produce, fresh meats, poultry, fish, and frozen foods; and at least 500 square feet (46 m²) to fresh produce (NYCEDC, 2015b). Some critics have charged that FRESH contributes to gentrification by subsidizing more upscale grocers to enter communities where the city hopes to attract new middle-class residents, thus contributing upward pressure on food costs (Angotti, 2010). A Bronx health advocacy group recently recommended extending FRESH to the city's bodegas, which are more prevalent in low-income neighborhoods than supermarkets, to create incentives for these outlets to sell healthier food (LaMantia, 2015).

Expanding outreach and reducing enrollment barriers in SNAP have the potential to provide many low-income New Yorkers with more resources for purchasing healthy food, thus increasing business and job creation possibilities in the city's almost 6,400 grocery stores.

According to the de Blasio administration, about 1.76 million New York City residents received SNAP benefits in 2014, purchasing more than US\$3 billion in food. Because US\$1 of SNAP spending generates approximately US\$1.80 in economic activity (Chrisinger, 2015), SNAP spending contributed US\$5.4 billion to the local economy, much of it to small businesses around the city (City of New York, Mayor Bill de Blasio, 2014). The official SNAP participation rate is 77 percent in New York City, suggesting that about 550,000 eligible residents are not receiving the benefit (Benefits Plus Learning Center, 2015). If half of those eligible were enrolled, they would receive another US\$468 million in benefits and generate about US\$840 million in economic activity, most of it in the city's poorest

neighborhoods. USDA has estimated that every US\$1 billion increase in SNAP benefits creates 9,000 to 18,000 full-time-equivalent jobs, suggesting that enrolling half of New York City's SNAP eligible residents could create between 4,200 and 8,400 new jobs (USDA Economic Research Service [USDA-ERS], 2015).

A variety of evidence shows that SNAP participation reduces food insecurity, increases intake of calcium, folates, and iron and may protect recipients against obesity (Karnik et al., 2011; Leung, Blumenthal et al., 2013; Ludwig, Blumenthal, & Willett, 2012). Recently health researchers have called for changes in SNAP to increase its impact on the nutritional quality available to recipients (Leung, Hoffnagle et al., 2013). A few of these approaches have been tried on a modest scale in New York City, most notably in the Health Bucks programs, which offers SNAP recipients and others a US\$2 voucher which can be used to obtain fresh fruits and vegetables at New York City's farmers markets. SNAP users who spend US\$5 using an electronic benefits transfer (EBT) card at a farmers' market automatically receive the US\$2 Health Bucks credit (Olsho et al., 2015).

In the last year, the New York City Human Resources Administration has launched new SNAP outreach and enrollment campaigns, simplified SNAP certification procedures for various populations, and created a new website to facilitate enrollment (City of New York, Office of the Mayor, 2015a). In addition, the mayor's executive budget includes funding in 2016 to restore 515 SNAP positions cut by the previous mayor's administration, and in 2017 will restore an additional 361 jobs to help residents enroll in SNAP.

Discussion

The descriptions of the eight programs and policies presented here make clear that multiple constituencies, including labor and community organizations, social movements, city agencies, workforce development programs, food businesses, universities, and philanthropy are actively engaged in good food jobs initiatives. Most of these support more than one of the goals shown in Figure 1 and some (e.g., expanding institutional

food programs or increasing enrollment in SNAP) have the potential to advance all three.

At the same time, our review suggests common problems. First, no single organization or coalition has the mandate or mission to coordinate the many strands of good food jobs work, leading to gaps, duplication, and missed opportunities for synergy. While the Mayor's Office of Food Policy, created in 2007, supports good food jobs strategies and has played a positive role convening partners inside and outside city government, it lacks the mandate or resources to operate at the level needed to coordinate multiple small initiatives or bring them to scale.

Second, few funders or funding streams have made creating good food jobs a priority, making it difficult to develop or sustain programs that can operate at the scale needed to influence employment rates, health or food security. Several sources of funding support good food jobs programs and policies in New York, including the state-funded Healthy Food Healthy Communities Fund, the city-funded FRESH (which awards subsidies and tax breaks), the philanthropic Community Food Funders, the U.S. Department of Labor Workforce Investment Act, the New York City EDC, the New York State Empire Development Corporation, and private and venture capital groups such as the Goldman Sachs Urban Investment Group (Freudenberg et al., 2013). However, for the most part, these funders do not coordinate their efforts nor have they systematically given priority to funding that contributes to programs that seek to achieve all three good food jobs outcomes.

Finally, the key constituencies involved in good food jobs have difficulty thinking and acting outside their silos and across the sectors that can contribute to improving the quality and quantity of food jobs and make healthy affordable food more available. At the municipal level, agencies responsible for economic development, small business services, workforce development, city planning, and health seldom communicate and have a modest track record working together for common goals. Even within the food sector, organizations involved in food service, food retail, and food processing seldom develop job training programs across these subsectors, even though they share

certain knowledge bases. These divisions make it harder to bring together the many constituencies who could together advocate for more robust and expansive good food jobs policies.

Coordinating the activities of public agencies across the levels and branches of government has also been a challenge. In New York recurring governance tensions between city and state governments make coordinated action for public-sector good jobs initiatives difficult. A promising exception is a current effort by city and state government agencies, nonprofit groups, and food businesses to create food processing centers in New York City that would create new markets for upstate farmers and make healthier, locally grown food more available in the city's low-income neighborhoods (Brannen, 2013; Cooper et al., 2015).

One critical reason it has proven challenging to create a coordinated and comprehensive plan to grow good food jobs in New York City is that the three goals sometime conflict. For example, the food system often puts efforts to improve the quality of food (i.e., healthfulness and affordability) in competition with efforts to improve the quality of the jobs. The global industrial food system has made high-calorie, low-nutrient products ubiquitous and affordable. Higher-quality food is usually more expensive and less available, especially in low-income, Black and Latino communities. One way that the food industry has kept prices low is to pay its workers below minimum wage and to offer few benefits. In the current system, improving the healthfulness of food usually means higher food prices, as does increasing pay and benefits for workers, since the costs of food and labor are two main drivers of food prices. As a result, healthier food produced by better-paid workers is often more available to better-off consumers, a trend that exacerbates the class and racial/ethnic inequalities in food insecurity and diet-related diseases (Otero, Pechlaner, Liberman, & Gürcan, 2015).

Two examples illustrate this tension. The movement to increase pay and benefits for fast-food workers has for the most part not addressed the role of fast food in epidemics of diet-related diseases in low-income communities. Conversely,

the urban agriculture movement in New York City and the nation has emphasized the health and environmental benefits of this strategy without taking on the enormous challenges of paying decent wages to those who grow food in cities (Angotti, 2015).

Another tension pits the quantity of jobs against their quality. On the one hand, food employment is growing rapidly as a result of broader social and economic trends (more meals away from home; time constraints for low-income households; marketing of fast food in low-income communities). Moreover, the threshold for entry into these sectors (prior education and work experience) is low compared to other sectors, making it an attractive option for the unemployed, young people, and recent immigrants, all groups with high unemployment rates. Food employers offer a wide range of opportunities for part- and full-time work, creating multiple paths into the sector. For these reasons, the fast-food industry has been a prime supplier of new jobs.

However, neither fast-food nor retail jobs are good jobs over the long run. The pay is low, workers are generally not unionized (with the exception of those at some supermarket chains), and career ladders are limited (Food Chain Workers Alliance, 2012; Liu, 2012). Caught between the perceived dichotomy of more jobs or better jobs, until recently most elected officials have opted for the former, diminishing support for good food jobs strategies.

In practice, the opportunities to create plentiful jobs with good pay and working conditions that produce healthy and affordable food are constrained by structural characteristics of our food system and economy. By acknowledging that progress will require balancing these three goals in practice and by developing analytic frameworks that can track progress in all three domains over time, policy-makers, advocates, and researchers can make meaningful changes in our local and national food systems.

Conclusions and Recommendations

Based on our review of the good food jobs landscape in New York City, we make several recommendations for policy, practice, and

research. We encourage policy analysts and advocates in other cities to assess the relevance and generalizability of our findings and the following recommendations.

1. Make the creation of good food jobs an explicit goal of food policy.

By making the creation of more and better good food jobs an explicit strategy of progressive policy-makers, food movement activists and organizations, community organizations, labor unions, workforce development programs, and others, it will be possible to align the many constituencies who support this approach, find synergies among current activities, and set collaborative short- and longer-term priorities. Creating spaces where these actors can search for common ground, analyze their experience, forge strategies, and debate differences is an important first step. Learning from other jurisdictions (such as the Good Food Pledge in Los Angeles) and exchanging strategies globally can also be useful. For example, the Milan Urban Food Policy Pact, recently signed by more than 100 mayors from cities around the world (including New York City), calls on cities to “promote decent employment for all, including fair economic relations, fair wages and improved labour conditions within the food and agriculture sector, with the full inclusion of women” (Milan Urban Food Policy Pact, 2015, item 16).

2. Create a municipal infrastructure for good food jobs initiatives.

A more robust municipal infrastructure might include workforce development and training programs that emphasize all three good food jobs strategic goals. It can also include collaborative funding mechanisms that allow programs to use public and private funds to achieve common objectives and funders to consider the cumulative impact of their investments in this area. Strategic analysis of the food sector and its workforce can identify growing and shrinking job sectors, and training and leadership development programs can cultivate the grass-roots and mainstream political leadership that can make good food jobs a priority. Some of these activities are now underway in New York City, but more consistent policy attention

would accelerate progress.

To date, most of the many good food jobs initiatives now underway in the city are small projects that have not yet grappled with scalability or sustainability. Creating enough good food jobs to contribute to meaningful improvements in health, food security, employment, and working conditions will require the capacity to implement and sustain changes on a scale that goes beyond demonstration projects.

3. Encourage and reward intersectoral thinking and action.

Governments, civil society groups, and businesses will improve their capacity to work across sectors if such behavior is encouraged and rewarded rather than discouraged. Innovative political leaders, social movement leaders, and academics can contribute to this goal by creating safe spaces where intersectoral approaches can be planned, debated, and evaluated. The creation of a Center on Health Equity at the New York City Department of Health, a unit that seeks to coordinate equity work within and across agencies and issues, illustrates this potential, as does the Mayor’s Office of Food Policy. A recent analysis of the potential for growth in food manufacturing in New York City, a food sector that pays higher wages, highlighted the importance of forging stronger relationships between workforce providers and food manufacturers and the creation of policies and programs that help companies grow past the critical three-to-five-year stage so they can scale up and provide quality employment (Becker & Dourmashkin, 2015). Creating opportunities for these organizations to develop shared projects could advance the intersectoral partnerships that good food jobs strategies require.

4. Acknowledge racial dimensions.

If Black and Latino lives matter, then finding ways to make healthy food and good food jobs more available in Black and Latino communities, which experience the highest rates of food, health, and wealth inequalities, must become a priority. Today, many dimensions of our food system are racialized. Blacks and Latinos experience higher rates of food insecurity and diet-related diseases than Whites;

are concentrated in the lowest-wage sectors of the food industry; and are more likely to have less access to healthy food and to be targeted for promotion of unhealthy food (Coleman-Jensen, Gregory, & Singh, 2014; Kirkpatrick, Dodd, Reedy, & Krebs-Smith, 2012; Kwate, Yau, Loh, & Williams, 2009; Papanikolaou, Brooks, Redier, & Fulgoni, 2015; Powell, Wada, & Kumanyika, 2014; Shierholz, 2014; Zenk et al., 2014). These trends also adversely affect other low-income populations and communities of color.

Acknowledging the racialized hierarchies within the food system is a first step toward reducing them (Giancaterino & Noor, 2014). Strategies to promote good food jobs that do not take these dynamics into account risk exacerbating the racial divide by making better jobs and foods more available in wealthier and White communities. In the last two years, several New York City food justice groups have highlighted the racial dimensions of the city's food system. In addition, a few community development corporations, organizations with a history of improving health and job prospects within Black and Latino communities, have developed good food job projects, providing new voices that can bring attention to food and race.

5. Acknowledge key role of social movements.

Social movements have long been the motor force behind improvements in health and living conditions. Many of the most successful efforts to improve food jobs have been led by labor, food justice, human rights, environmental, farmer, and Black social movement organizations. While technical planning skills, familiarity with municipal bureaucracies, and experience in workforce development are also critical, without the passion, commitment, and staying power of social movements, good food jobs proponents will have difficulty overcoming the resistance from the powerful constituencies who benefit from a food system that rewards bad jobs that produce unhealthy food. Weaving together the good food jobs coalitions that can win meaningful and sustainable victories will require leadership from the social movements that support the vision of a healthier and more just food system.

6. Define research priorities.

Our review also identified the need for additional evidence to inform advocacy and policy on good food jobs. Some questions that need answers include:

1. What are the respective costs and benefits of investing in one good food job strategy versus others? For example, how many good food jobs will a US\$1 million investment in food manufacturing versus improved institutional food create? And who experiences the costs and benefits of different strategies? Improving the quality of institutional food, for example, to some extent can use existing federal funding streams, while creating a local food infrastructure may require new municipal or state funding, a political task that competes with other goals.
2. In what circumstances can market forces contribute to creating good food jobs? Are there, for example, viable business models for healthy, affordable fast food, or for lower-cost healthy supermarkets? How can government encourage the development and expansion of such private-sector models?
3. What are viable strategies for bringing innovations to scale and sustaining them? In its first five years, New York City's FRESH program supported 14 supermarket projects that expanded access in a few low-income communities. However, the original FRESH study documented the need for 100 additional supermarkets or grocery stores, and yet many other food stores have closed since 2010. To have an impact on health, innovations need to be implemented on a scale that can reach a significant portion of the vulnerable population, a goal not yet achieved by most good food job initiatives.
4. Our review showed that municipal government can play a key role in activating good food jobs initiatives. But economic and political barriers can obstruct a stronger

public-sector role in food. What strategies can best overcome these obstacles? What framing of the good food jobs approach will mobilize the broadest and deepest support? What lessons can be learned from successes in other cities and other countries?

Taking on these tasks of developing, bringing to scale, and sustaining good food jobs offers city governments and their partners a concrete path to improving health, employment, and community development. Our review of the food sector landscape in New York City identified multiple strategies for creating more good food jobs: more public sector jobs through increased institutional food service; more manufacturing jobs by rebuilding the city's food processing infrastructure; better support for small businesses and entrepreneurs; higher minimum wage for food workers, support for labor unions in their efforts to secure higher wages, and more vigorous enforcement of labor laws; and more training for food sector workers to justify earning more money. Each of these strategies offers municipal governments the opportunity to reassert their role in creating a role for the public sector in food. In the past and in other countries, municipal governments have played an important role in creating public food markets, increasing access to healthy and affordable food, and reducing food insecurity and food- and diet-related diseases (Friends of the Earth, 2010; Pansing et al., 2013b); Rocha & Lessa, 2009; Sonnino, 2009). With the dominance of markets-know-best ideologies, this public sector in food has until recently attracted little policy interest. Now, however, renewed attention to low-wage work, food insecurity, obesity, unequal access to healthy food, and food justice has created opportunities to highlight the capacity of municipal governments to use their food mandates to achieve public goals. ■

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Testimony of Christa Perfit, Manager, Retail Partnerships
New York City Council Hearing
Subcommittee on Zoning and Franchises and the Committee on Small Business
September 30, 2016

T2016-4910 Oversight - Zoning and incentives for promoting retail diversity
and preserving neighborhood character.

Good morning Chairpersons Cornegy and Richards and members of the committees. My name is Christa Perfit and I am the Manager of Retail Partnerships at City Harvest. Thank you for holding this hearing today and for your attention to addressing the small business and retail needs in our communities. I know you are familiar with City Harvest the work that does to rescue food and deliver it to soup kitchens and food pantries throughout the city, and I am eager to share with you some of my experiences of working on food access, outside of the emergency food network, through an initiative we call *Healthy Neighborhoods*. In particular, I'd like to discuss my work within the food retail environment.

Background

City Harvest pioneered food rescue in 1982 and, this year, will collect 56 million pounds of excess food to help feed the nearly 1.4 million New Yorkers struggling to put meals on their tables. Through relationships with farms, restaurants, grocers, and manufacturers, we collect nutritious food that would otherwise go to waste and delivers it free of charge to 500 soup kitchens, food pantries and other community food programs across the five boroughs. City Harvest takes a long-term approach to hunger relief through its *Healthy Neighborhoods* initiative. In communities with elevated rates of food insecurity, poverty and diet-related illnesses, we have developed programs and partnerships to increase the availability of affordable, fresh produce and inspire healthy, budget-conscious meal choices through nutrition education. One of the best ways to ensure our communities thrive is by ensuring they have access to affordable, healthy food. This is where our retail work comes in. Food retail is a public health issue. Persistent hunger and the lack of affordable, fresh produce touch every borough.

Healthy Retail Environment

City Harvest's Healthy Retail program provides supermarkets and bodegas with on-going individualized training as well as marketing and merchandising support to makeover produce sections. We work with store managers to improve the quality and cleanliness of produce sections, update store layouts to strategically place produce sections at store entrances, and provide new signage and display cases to make produce items more attractive to consumers. We currently work with approximately 98 stores (48 supermarkets and 50 corner stores), increasing access to fresh produce for 435,000 people.

Increasing rents in changing neighborhoods are pushing long-time businesses out. We often hear from our store partners that they are hesitant to continue investing in their establishments because they don't know if they will be able to afford their rents when their leases are up. It's challenging to encourage store owners to make improvements and invest in offering more healthy choices when they don't feel secure in the future of their businesses. A number of our partners have recently expressed concerns: Sal from the Associated on Marcus Garvey in Bed-Stuy and Humberto who own multiple Bravos in Washington Heights have both reported significant pending rent hikes and uncertainty about the future of their stores.

We support establishing Neighborhood Commitment Plans and we would like to see community involvement and planning in all neighborhoods that will be rezoned prior to rezoning.

While we commend the recent work that has been done to ease regulatory burdens on small businesses such as debt relief (NYC Amnesty), extended curing times, issuing more warnings, and fine reductions, maintaining a small business is still a constant battle. Last year I spent some time talking to bodega owners regarding their current needs and how we might be able to help. One of the questions I asked was: Are there any services in NYC that you have found helpful to grow your business? Of the ten respondents, not one mentioned any public services. Yesterday I asked our outreach managers how many of our 98 partners they thought took advantage of such services, they collectively said one. There are options out there to assist small businesses, but the information does not always make it to the owners of independent supermarkets and corner stores. Considering the often low-tech nature of the business, the lack of time to research, the potential language barriers – our stores are rarely aware of the public tools available through city agencies.

Furthermore, the jargon can be tricky. I personally made it a mission this year to help decipher some of the rules around pricing and labeling of pre-prepared foods. I spoke with many experts: storeowners, consultants, DCA, Ag & Markets – all of whom had a slightly different understanding of the rules, and wanted to know what the other one said. I have a Master's degree in Development Management and Public Policy and I devoted a considerable amount of time (phone calls and emails) to researching these rules and regulations before I felt that I had a grasp on them. How can we expect store owners who are strapped for time and often dealing with language barriers to access and adhere to these rules? My point is that we need to make useful information accessible to owners of small retail establishments and the way to do that is to meet the store owners where they are.

There are great resources available through EDC and SBS and they seem to go unused from this group of owners. Even when stores are aware they are often skeptical of their services. Trust is a real issue. Especially regarding small business loans. I have had success working with the team at SBS's Business Acceleration unit– shout out to Lisa Ennis! – together we discovered that it takes some real hand holding and assurance that we are all here to help, not harm. The bottom line is even when resources like loans, tax incentives, legal services are available – our stores by-and-large are not using them.

Our Ask

We hope to help bridge the gap between the small businesses and their representing public agencies. We don't want to see valuable resources to go unused. We encourage you to expand your outreach – either physically or using community-based groups already on the ground – to involve the business owners.

Perhaps through incentive-based participation and a dedicated outreach team. This is a case where a webinar or a town hall simply won't do. We have learned over the years that in order to collaborate with our store owners, we have to meet them where they're at, which is in their stores. I would also encourage you to continue to work collectively with all relevant governing agencies, to ensure seamless regulation and efforts. For example: I love the Common Mistakes page on the NYC.gov Business Portal. It incorporates a cross section of business vulnerabilities. Alas, I have yet to meet a storeowner who uses it. Finally, I would hope that adequate follow-up measures will be in place to determine whether services are being utilized and if not, why. Yesterday, I was encouraged to see the new of the NYC Food & Beverage Hospitality Council. I would be excited to see something similar for our small businesses in food retail.

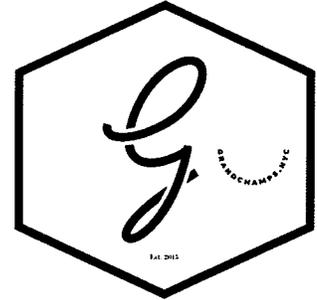
As the co-chair of the Healthy Food Retail Networking Group's Advocacy Committee, I wholeheartedly offer our support. Our member organizations (City Harvest, Bon Secours, Public Health Solutions, Food Policy Center at Hunter College, Bronx Health Reach, DOHMH) are jointly available to consult on this topic as needed and appropriate.

We know that there will always be turnover in retail. We want to prevent businesses failing because of missed opportunities. Moreover, we want ensure that our community residents will always have somewhere close by to get affordable, healthy food.

Small businesses are the foundation of local economies. New York City's thousands of corner stores and bodegas are no exception. Moreover, they provide fundamental cultural character to our neighborhoods! I cannot imagine NYC without them. These stores are often minority- and immigrant-owned, and they create jobs for their neighbors. Critically, more money spent at these stores stays within the community, fostering a cycle of economic reinvestment and growth.

City Harvest is eager to work with the Council and Administration to ensure adequate support and attention to the food retail space and how it relates to public health. Again, thank you for your attention to these urgent matters and for all your work on assisting small businesses in New York City.

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September 30, 2016

Testimony of Sabrina Brockman, Co-owner of Grandchamps

Committee on Small Business - Zoning and incentives for promoting retail diversity and preserving neighborhood character.

My name is Sabrina Brockman. I'm here to testify regarding the need for a commercial overlay on Patchen, Malcolm X and Ralph Avenues in the Bedford Stuyvesant area of Brooklyn.

I'm the owner of Grandchamps Kitchen and Market located on Patchen Avenue in Bed Stuy, along with my husband Shawn Brockman. As residents of the neighborhood, we wanted to establish not only a restaurant but a community space and a cultural institution. Focusing on Haitian food, we wanted to share Haitian culture with our neighbors and visitors, while endeavoring to hire local residents and cater to the evolving community. We employ 14 people, half of which are women, 91% are minorities, and over half of our workforce is from the surrounding neighborhood.

As a business owner, I want to see more traffic in a safe and beautiful environment. As a resident, I would like to see a commercial landscape that's responsive to me and my neighbors and know that the money we spend will have a direct correlation to the betterment of the community.

We operate in a space that the community knew, and still fondly refers to at times, as Archie's Grocery. Archie came to Bed Stuy in the 60s and opened a small grocery with his wife, Annabelle. As one of a handful of African American business owners in the neighborhood at the time, we have learned that Archie and Annabelle persevered against all odds, and did not let those odds stop him from operating with his community in mind. Archie went above and beyond early on, driving to Long Island several times a week to provide the community with quality products like Boars Head meat and extending credit to the elderly. On Sunday's, he blasted gospel music from his Bose speakers and left the doors open. Archie's Grocery remained a staple in the community until around 2011.

At the signing of our lease in December of 2013, Archie shared that we brought back memories of his early days and wished us the same luck and success that he experienced with his own business. We opened our doors in June 2015 and now, just over a year later when we see him, he just says he's proud. A baton passed from one generation to the next - one of the things that helps keep the spirit of our community alive.

In our first year of business, Grandchamps has been recognized by the Wall Street Journal, New York Times, and the Village Voice in addition to a number of other publications and blogs. In addition to the local community, tourists and residents from other parts of New York visit us frequently. This is a clear demonstration that the community is clamoring for more retail establishments. These efforts should be supported and encouraged. Bed Stuy is a very strong, vibrant community that is home to much more purchase power than one might expect. Our neighbors are diverse in countless ways, creativity is overflowing and for us, the community has made our business worth every single challenge that we've faced. We know that with the right opportunity, other unique small business can thrive and expand the greatness of our community. We are already starting to see that with the recent influx of new retail establishments in the community.

New York City can do much more to increase the presence of small businesses in Bed Stuy. As stated in the Manhattan Borough President's Office 2015 report entitled Expanding opportunity for Manhattan's storefronters: "Small businesses have historically provided the majority of jobs for New Yorkers and a gateway to the middle class, especially for immigrants and ethnic communities." One advantage of bringing this overlay is that there is an existing stock of vacant, reasonably sized commercial spaces that are ideal for small business, with little room on these avenues for the large dimensions that appeal to chain pharmacies and banks. However, existing zoning constraints that could cost tens of thousands of dollars to resolve means that landlords and small business owners alike, are not positioned to spur healthy economic development in the area.

With the onslaught of change, the area has quickly become a target for disproportionately high rents and speculative real estate development deals that are failing residents, small businesses and the economy alike. It's important to make sure that the people who have been in the neighborhood for decades benefit from the recent resurgence. The overly would provide a commendable and responsible way to promote healthy economic activity in a historically neglected area and could help promote commercial development that grows as a result of the needs of the community while providing much needed employment. This would no doubt be something we could all be proud of – it will pay dividends for years to come. This commercial overlay would pave the way for new and diverse retail establishments and allow businesses like ours to provide more services to the community, just as Archie had done when he expanded his business to an adjacent storefront in the 1980s.

I am very excited that the Council is considering a commercial overlay along Patchen Ave, Malcolm X, and Ralph Avenues. While the area has been resource-starved in some ways in the past, this body has done a lot of good work and this is another significant opportunity to continue that work by reducing barriers for small businesses and local development.

Sincerely,

Sabrina Brockman
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To: Committee on Small Business and the Subcommittee on Zoning and Franchises

From: Walmart-Free NYC

Re: Hearing on Zoning and Incentives for Promoting Retail Diversity and Preserving Neighborhood Character

Date: September 30, 2016

Thank you for giving me the opportunity today to provide testimony on the subject of zoning and incentives for promoting retail diversity and preserving neighborhood character. My name is Audrey Sasson, and I am the Director of Walmart-Free NYC, a coalition of community, labor and faith groups committed to supporting economic development that benefits workers and communities alike.

As a city, we have successfully kept Walmart's stores out of the five boroughs. This is a victory worth celebrating, even as we remain vigilant, specifically as it relates to this question of retail diversity and neighborhood character. It is widely known that Walmart has a track record of harming communities where it operates, forcing small businesses to close, and often becoming the sole retailer in any given neighborhood. Some of the oft cited statistics include the fact that nearby supermarkets and discount variety stores see their sales drop by 10 to 40% after a Walmart moves in, leading to the shuttering, in some cases, of at least 25% of surrounding small businesses.

If that's not a threat to retail diversity and neighborhood character, I don't know what is. Walmart-Free NYC is gratified that our current elected leaders, from the mayor to the majority of city council, recognize this threat and have been partners in the effort to keep Walmart at bay – for now.

But I'm here today, on behalf of our coalition, to raise the alarm on a trend in the retail industry that, even without Walmart's physical presence here, threatens the very fabric of our communities – their character, their diversity, and their ability to thrive – and that's the Walmartization of retail overall.

If we don't identify ways to push back on it, systematically, we will live to regret it.

The good news is that the city does have tools at its disposal to promote responsible retail, retail that will serve our communities – and what we, in our coalition, call High Road Retail. What's needed is the political will and leadership to create strategies that will leverage those tools and identify ways to complement them – in addition to an expansive framework in defining retail diversity and neighborhood character.

To break it down more specifically:

First, it's not enough to keep Walmart's stores out of New York City. We must keep their business model out as well. It's a race-to-the-bottom business model that is premised on the exploitation of its most flexible "cost" – labor. This is its competitive advantage, and it's what causes the ripple effect of harm on neighboring businesses and communities overall. The way an employer treats its workforce should therefore serve as a litmus test for how it will operate in our communities, and the impact it will have, whether positive or negative.

Low-road retailers are those that behave like Walmart, squeezing their workforce for every ounce of profit possible – they provide low-wages, erratic schedules, few if any benefits, and little if any advancement opportunities, and then retaliate against workers who try to organize to improve their conditions. Some examples include Target, Best Market, Aldi's, and Forever 21, among others – and

their expansion is proliferating in our city, right under our noses. Target is opening a new store in Tribeca as we speak – a company known for its rampant abuses and retaliation against worker organizing.

High road retailers, on the other hand, are those that treat their workforce as their most important “asset.” They know that a successful business model ensures that both employees and owners can thrive. They offer a combination of living wage jobs with benefits, stable schedules, ample training and career advancement opportunities, and the freedom to form a union if they choose.

When Walmart-Free NYC kept Walmart out of East New York, Brooklyn, and got Shoprite, a union grocer and high road retailer, to move into the site in question, we demonstrated the potential that exists if our city prioritized the advancement of a high-road retail economy. But we cannot afford to fight every site where a low-road employer is threatening to move in. We need the city to step up and create (and enforce, where applicable) tools, policies, and processes for ensuring that high road retail development is happening systematically.

Let me be clear. We fully understand that when advocates discuss retail diversity and neighborhood character, they are referring, for the most part, to land use issues related to zoning – such as the footprint and aesthetic of chain stores.

We are here to offer a different, perhaps complementary, approach. We understand that zoning is a limited mechanism to address labor standards in retail – and we are not here to argue otherwise, at this time. But we are here to insist on three main points:

- 1) As already stated, retail diversity and neighborhood character are threatened by the expansion of low-road retailers that mistreat their workforce.
- 2) We can and must promote high-road retail with every mechanism at our disposal, including incentives such as subsidies and tax breaks, as well as other mechanisms that we’ve laid out in our report, Taking the High Road (which I am submitting as part of this testimony).
- 3) Some of those high road retailers may, indeed, be larger chains. We do not assume that large chain stores are necessarily low-road retailers, if they are protecting their workforce and treating employees with respect and dignity. We need to keep this in mind when considering what “retail diversity” truly entails.

We are heartened by the passage of the mayor’s executive order that mandates a labor peace agreement for certain city-funded economic development projects. This is an important and significant step in the right direction, and we are hopeful that city council will codify it.

The executive order can and should signal the beginning of a new era in how we approach economic development in our city, so that we can count on the expansion of retailers that will behave responsibly and help lift up and preserve, rather than harm and exploit, our communities.

We urge the Small Business Committee and the Subcommittee on Zoning and Franchises to consider each and every tool at its disposal to incentivize and facilitate the growth of high road retail – doing so will make our neighborhoods stronger, more inclusive, and sustainable over the long term, and will go a long way towards supporting retail diversity and neighborhood character.

Thank you for your time.

Report Highlights

- Mayor de Blasio's rezoning of neighborhoods in New York City creates major openings for Walmart and other low-road retailers to penetrate the largest retail market in the U.S.
- Requiring high-road retail in rezoning can ensure the creation of thousands of good quality, career-oriented, permanent jobs, instead of poverty-wage jobs that drag down communities.
- A number of policy tools and strategies are available for creating high-road retail jobs that Mayor de Blasio, council members, community board members and advocates should use.
- The city should pay close attention to opportunities created by neighborhood-wide rezonings, tax breaks and economic development subsidies, and community benefits agreements to establish high-road retail standards in NYC.
- New York City workers and small businesses are better off without Walmart and other low-road retailers trying to open stores in new developments created through the planned rezoning of several neighborhoods.

This report was developed by the Walmart-Free NYC coalition. Special thanks goes to Josh Kellermann of ALIGN for his lead authorship, and to Center for Frontline Retail, Center for Popular Democracy, Food Chain Workers Alliance, New Economy Project, New York Communities for Change, The Black Institute, United Food and Commercial Workers Union (UFCW), Retail, Wholesale and Department Store Union (RWDSU), and the Retail Action Project for their input.

Introduction: Retail Job Growth through Mayor de Blasio's Rezoning Plan

In 2014, Mayor de Blasio announced a plan to redevelop multiple neighborhoods across the five boroughs through an elaborate rezoning effort. Despite the plan's unprecedented scale and the impact it will undoubtedly have on our landscape, little if any attention has yet to be paid to the issue of jobs – specifically, the quality of permanent retail jobs in stores and businesses that will occupy the ground floors of many new apartment buildings and developments throughout the rezoned areas. These areas include East New York, Brooklyn, Long Island City, Queens, the Jerome Avenue Corridor in The Bronx, Flushing West in Queens, East Harlem in Manhattan, and the Bay Street Corridor in Staten Island.

Mayor de Blasio's plan to rezone neighborhoods offers enormous potential for building a better retail economy in our city.¹ This is the first report of its kind to offer a policy roadmap for how the de Blasio administration and local communities can together ensure that the thousands of jobs created in rezoned neighborhoods are high-road retail jobs with living wages and full-time hours for city residents.

The rezoned neighborhoods will likely include more dense residential and commercial development, opening a wide range of opportunities for either high-road or low-road retailers to penetrate New York City's economy, depending on how they are handled. Given his administration's commitment to reducing inequality, it's crucial for Mayor de Blasio to take the high road, and to work in partnership with local residents and communities in doing so.

Put simply, Mayor de Blasio has an opportunity to deliver on his promise of making our city's economy fairer and more equitable, and to create thousands of high-road retail jobs in rezoned neighborhoods.

The Walmart Threat: Keeping Low-Road Retail Out of Rezoned Neighborhoods

As Walmart and other low-road retailers dominate the national economy, high-road retailers find it harder and harder to compete for business, placing downward pressure on wages and benefits. The purpose of this report is to identify the strategies that can be used to ensure the expansion of high-road retail in rezoned neighborhoods and to push back against the Walmartization of our city's economy.

Mayor de Blasio can and should establish standards throughout the economic development and rezoning process that protect good, local jobs and keep out America's worst employers. New Yorkers are ready, willing, and able to keep Walmart and other low-road employers out of rezoned areas, as demonstrated by the celebrated 2012 victory in East New York, Brooklyn. But rather than engaging in "site fights" over every individual development, New York City should implement regulatory and economic policies that keep the worst employers out of our city for good.

New York City, with about \$21.7 billion in yearly grocery sales, is an obvious target for Walmart.² Currently, Walmart has less than 1.5% of grocery sales in the New York metropolitan area.³ If the company could reach even half its national market share of 22% in New York, it would add \$4.8 billion to its sales figures. That is why Walmart still has its sights on the Big Apple.

Additionally, Walmart is one of the two top retail employers in New York State, and it is growing. In six years, from 2008 to 2014, the number of Walmart stores (including Sam's Clubs) statewide increased by 18%. Walmart now has 117 stores in New York State.⁴

Walmart is the largest private employer in the world, with 2.2 million employees around the globe and 1.2 million employees in the United States.⁵ The only employers larger than Walmart are the U.S. Department

of Defense and the People's Liberation Army of China. Walmart is also the largest retailer in the world. Walmart's worldwide net sales last year were \$482 billion. In the U.S., Walmart's net sales were \$288 billion, almost three times its closest competitor, Costco. Walmart dominates the retail grocery landscape in the U.S., controlling approximately 22% of the national market.⁶ This means that for every \$5 spent on groceries nationwide, \$1 is spent at Walmart.

Accordingly, Walmart's low-road standards have an outsized influence on the entire retail industry. So while Walmart itself is not in New York City, the harm of Walmart's low-road business model can be seen and felt in nonunion retail jobs throughout the five boroughs. Other low-road retailers have implemented Walmart's business practices here and Walmart's physical entrance into New York City via rezoned neighborhoods would only accelerate and exacerbate that disturbing economic trend.

As Walmart searches for growth, its strategy has shifted. Over the last five years, same-store sales have stagnated, but total U.S. sales, driven by hundreds of new store openings, have increased 12%, or more than \$30 billion. Store openings have become the main source of revenue growth.

Because of changing residential and consumption patterns, Walmart has been forced to concentrate more on urban markets and smaller formats, what it calls Neighborhood Markets, instead of its huge suburban Supercenters. At its 2014 presentation to the investment community, Walmart noted that it planned to decrease its Supercenter growth by 42% in 2015, while increasing its Neighborhood Market growth by 27%.⁷

For all these reasons, it would be a mistake to think Walmart has given up on New York City. Walmart will closely monitor the rezoning process under Mayor de Blasio and continue to look for any possible point of entry via new developments that will be built in the coming years. As a city, we are much better off with high-road employers instead of low-road employers like Walmart. But just saying "no" is not a feasible approach to dealing with these wealthy, well-connected, growth-at-all-costs corporations. City government should incentivize and facilitate the growth of high-road retail jobs in local communities and neighborhoods, and the upcoming rezonings are a great opportunity to demonstrate leadership in doing so.

Encouraging the Growth of High-Road Retail: Why it Matters for NYC

Retail is the fastest growing low-wage sector of New York City's economy.

Retail accounts for 15 percent of all new private sector jobs added since the recession and almost 18 percent of private sector employment, according to the NYC Economic Development Corporation. Retail is now the third largest sector of our local economy, having surpassed both finance and insurance.



Unfortunately, nonunion retail wages, scheduling practices, and working conditions continue to be inadequate and fuel the income inequality that Mayor de Blasio is focused on tackling.

But high-road retail can reverse this trend and create the kind of good quality retail jobs that New Yorkers both need and deserve. That is why we urge the de Blasio administration to support and implement a high-road retail policy agenda.

High-road retailers run their businesses according to the principle that their workforce is their most important asset. They know that a successful business model

ensures that both employees and owners can thrive. That is why high-road retailers offer their workers a combination of living wage jobs with benefits, stable full-time schedules, ample training and career advancement opportunities, along with the freedom to form a union.

There are many examples of high-road retail in New York City. Retailers such as Fairway, Macy's, Zabar's, Duane Reade, Costco, and Century 21 Department Stores, among others* are examples of employers that by and large provide living wages and good benefits, and have demonstrated a willingness to meaningfully engage with workers about their workplace conditions. Businesses such as these should be encouraged to expand throughout our city and we should facilitate their expansion through economic and regulatory incentives. They boost our economy and create good jobs, while protecting small, local businesses from being displaced by the predatory impact of low road employers.

At a time of rapid change in our city's development, high road retail is one of the key ways that we can strengthen our local economies, support small business, and prevent widespread displacement. Mayor de Blasio, elected officials and concerned community members should be vigilant in pursuing policy options for expanding the footprint of high-road retailers in rezoned neighborhoods.



Photo by Sharilyn Neidhardt / CC BY 2.0, <https://www.flickr.com/photos/johnnieutah/460666400/>

*High road retailers in the New York metro area also include Bloomingdales, D'Agostinos, DeCiccio's Family Markets, Duane Reade, Food Basics, Food Emporium, Gristedes, H&M, Jack's 99 World, Modell's, Morton Williams, Pathmark, Shoprite, Stop and Shop, Telco, Waldbaums.

Key Components of High-Road Retail: What Mayor de Blasio Should Prioritize

High-road retail means something very specific: it means living wage jobs that offer full-time hours, reliable schedules, and real paths to careers, ideally with the freedom to bargain collectively. This is the progressive retail business model our city needs and deserves, especially in neighborhoods that will be rezoned. Below are the components of high-road retail that Mayor de Blasio should prioritize.

Targeted and Local Hire:

Requiring that a certain percentage of the workforce comes from the community in which the project occurs, as well as prioritizing workers who suffer from certain barriers to employment such as the formerly incarcerated, women, low-income residents, and others.

Living Wage and Benefits Package:

Requiring that workers earn a living wage that includes employer-covered benefits. The amount of a living wage varies by community and depends on whether benefits are offered or not.

Labor Peace:

Requiring employers to sign a labor peace agreement with relevant unions in which the employer generally agrees to card check neutrality and workplace access in exchange for the union agreeing to not strike or otherwise disrupt business operations.

Job Training:

Requiring the provision of training opportunities for workers, including both soft and hard skills, as needed.

First Source Hiring:

Requiring employers to keep job postings open for a certain period of time for the exclusive consideration of local and targeted prospective employees.

Stable Scheduling:

Requiring the provision of weekly schedules a certain period of time in advance, and ensuring parity for part-time workers by preventing discrimination against workers purely based on hours worked.

How We Get There: Making High-Road Retail a Reality in NYC



Photo by U.S. Dept. of Agriculture / CC BY 2.0, <http://bit.ly/1APayYH>

Zoning Changes

Most changes in land use in New York City must be approved through the Uniform Land Use Review Process (ULURP).⁸ ULURP allows for several points for community engagement and political decision making, including the environmental review process (pre-ULURP), as well as approval by community boards, the borough president, the City Planning Commission, the City Council and the Mayor.

Rezoning⁹ present significant legal barriers to establishing high-road retail, but offer important opportunities for the community to build the case for high road retail and to establish a Community Benefits Agreement (CBA). While a CBA can't be compelled by ULURP, elected officials can make clear to developers that they will heavily weigh the community's perspective in deciding whether to support a project, and will pay special attention to projects where the developer and community groups are

negotiating a private CBA.

On the other hand, neighborhood-wide rezonings, like those being proposed by Mayor de Blasio, are not negotiations with an individual developer and therefore present significant barriers to building the case for high road retail and establishing an enforceable CBA.

Accordingly, it is important that the city fully engage in the other opportunities alongside ULURP and CBAs to establish high road retail.

Incentive Zoning

The city can establish “opt-in” programs within a rezoned area that provide zoning benefits above and beyond what the current zoning allows for, in return for a commitment to meet certain standards. In NYC, these programs are often referred to as Special Purpose Districts and typically take the form of density bonuses.¹⁰ These bonuses must be significant enough that they entice participation, which may require the city to reduce the density increased through rezoning while increasing the available density bonus.

Because these benefits are purely voluntarily in nature, they are not subject to the same legal limitations inherent in land use regulatory decisions, and we recommend including the following high-road retail standards in exchange for these benefits:

- Targeted and local hire
- Job training
- First source hiring
- Stable scheduling

Subsidies – Tax Breaks

Tax breaks, which are typically used to incentivize economic development by reducing sales, property and other tax burdens, offer important

opportunities for establishing high-road retail. Living wage standards can be attached to the granting of these subsidies and is currently in place for certain projects in New York City. The Fair Wages for New Yorkers Act sets a living wage requirement for the retail jobs created at projects that receive over \$1 million in subsidies.¹¹

However, tax breaks must be distinguished from other forms of subsidies like bonds, loans and grants. For various legal reasons, it is more challenging to establish high-road retail requirements through tax breaks than it is through bonds, loans and grants where the city expects a return on investment.¹² Accordingly, we recommend that where the city provides a tax break, the following standards are applied:

- Job training programs
- Living wage and benefits package

Subsidies – Bonds, Loans, and Grants

Bonds, loans and grants are subsidies that the city gives out and expects a return on investment. This expectation allows the city to protect its investment by establishing high-road retail standards in return for granting the subsidy.¹³

The NYC Economic Development Corporation (EDC), the main economic development arm of the city, currently provides loans and bonds to nearly one half of the projects it subsidizes.¹⁴ These projects vary from the terminal upgrades at JFK airport to the Albee Retail Development in downtown Brooklyn. Where bonds, loans or grants are provided, we recommend the following standards are applied:

- Targeted and local hiring
- Living wage and benefits package
- Job training
- First source hiring
- Stable scheduling
- Labor peace

Land Transfers

In each of the neighborhood-wide rezonings that will take place in New York City, there are parcels of land owned by the city. These parcels will likely be transferred to private developers and accordingly offer opportunities for establishing high road retail.

For the purposes of establishing high road retail, land sales are more restrictive than land leases, because the city does not retain an interest in the land after it is sold. However, where there is a land lease, the city has a direct interest in assuring that the development is successful and continues to provide a return on investment.¹⁵

We recommend that where the city leases land, the following standards are applied:

- Targeted and local hiring
- Living wage and benefits package
- Job training
- First source hiring
- Stable scheduling
- Labor peace

Community Benefits Agreements (CBAs)

A CBA is a private contract between a developer and representative community groups that sets out the benefits the developer will provide to the community in exchange for the community agreeing to support the project.¹⁶

CBAs, because they are private contracts, must be voluntarily entered into. They cannot be a condition of the city's land use change approval. However, elected officials can make clear to developers and the public that they will heavily weigh the community's perspective in deciding whether to support a project. The community's perspective on a project is often much more favorable where there is a negotiated CBA.

Because CBAs are private agreements, they can include just about any

community benefit, and accordingly have much more leeway than most other options cited here. In fact, at the Bronx Terminal Market, the Community Benefits Agreement expressly banned Walmart from operating at the mall, demonstrating the value of a strong CBA.¹⁷

We recommend the following standards are applied:

- Targeted and local hiring
- Living wage and benefits package
- Job training
- First source hiring
- Stable scheduling
- Labor peace

Conclusion

There are ample ways for Mayor de Blasio and city government to establish high-road retail standards for neighborhoods that will be rezoned. Most of the upcoming large rezonings in New York City will offer opportunities to establish these standards through ULURP, subsidies, land transfers, and CBAs. The de Blasio administration and City Council Members should ensure that high-road retail standards for rezoned neighborhoods create tangible, lasting and enforceable economic gains for local communities and residents.

Endnotes

- ¹Curbed. “De Blasio Unveils 10-Year, \$41B Affordable Housing Plan,” 5/5/2014, by Jessica Dailey, available at http://ny.curbed.com/archives/2014/05/05/de_blasio_unveils_10year_41b_affordable_housing_plan.php.
- ²This estimate is calculated using US Census Bureau, 2007 Economic Census, estimate for New York City of sales at Grocery Stores (NAICS 4451), available at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_44A1&prodType=table plus Health & Personal Care Stores (NAICS 446), available at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ECN_2007_US_44A1&prodType=table, inflated by 13%, the U.S. Bureau of Labor Statistics estimate of the Consumer Price Index increase from January 2008 to January 2014, available at <http://www.bls.gov/regions/new-york-new-jersey/data/xg-tables/ro2xgcpiny.htm>.
- ³Metro Market Studies, available at <http://www.metromarketstudies.com/>
- ⁴Walmart, Our Story, Interactive Map, available at <http://corporate.walmart.com/our-story/locations/unit-ed-states#/united-states/new-york>
- ⁵Walmart, Our Story, Interactive Map, at <http://corporate.walmart.com/our-story/our-business/locations/>
- ⁶This estimate is calculated using US Census Bureau, Estimates of Monthly Retail and Food Services Sales by Kind of Business: 2013, Grocery Stores (NAICS 4451) plus Health & Personal Care Stores (NAICS 446) as the denominator and Walmart’s reported grocery sales in fiscal year 2014 for its United States and Sam’s Club segments.
- ⁷Walmart historical store counts available at <http://stock.walmart.com/financial-reporting/unit-counts-square-footage/>. Walmart’s plan to build 200 neighborhood markets is discussed on the transcript of its pre-recorded earnings announcement on February 19, 2015, available at http://media.corporate-ir.net/media_files/IROL/11/112761/4Q15/FY15_Q4_earnings_transcript_final.pdf, and in its earnings press release on February 19, 2015, available at <http://news.walmart.com/news-archive/investors/2015/02/19/walmart-announces-q4-underlying-eps-of-161-and-additional-strategic-investments-in-people-e-commerce-walmart-us-comp-sales-increased-15-percent>.
- ⁸ULURP Applicant Portal, available at http://www.nyc.gov/html/dcp/html/ap/step5_ulurp.shtml.
- ⁹See U.S. Constitution, 5th Amendment: “nor shall private property be taken for public use, without just compensation.” For ad hoc decisions and monetary exactions, see *Nollan v California Coastal Comm’n*, 483 U.S. 825 (1987); *Dolan v City of Tigard*, 512 U.S. 374 (1994); and *Koontz v. St. Johns River Water Management District*, 568 U.S. ____ (2013). Generally applicable laws are subject to the Penn Central standard. *Penn Central Transp. Co. v New York City*, 438 U.S. 104 (1978).
- ¹⁰For example, see the Special Clinton District in Manhattan, at http://www.nyc.gov/html/dcp/html/zone/zh_special_purp_mn.shtml
- ¹¹New York City Office of the Mayor, Press Release, Mayor de Blasio Signs Executive Order to Increase Living Wage and Expand it to Thousands More Workers, September 30, 2014, at <http://www1.nyc.gov/office-of-the-mayor/news/459-14/mayor-de-blasio-signs-executive-order-increase-living-wage-expand-it-thousands-more#/0>
- ¹²There is a “market participant” exception to the Dormant Commerce Clause. Article I, Section 8 of the Constitution. See *White v. Mass. Council of Constr. Employers, Inc.* 460 U.S. 204, (1983).
- ¹³See note 12, above. Other potential legal challenges include Equal Protection, Privileges and Immunities, and Preemption. There are various ways to address these issues that have been practiced in jurisdictions around the country. For example, see the Partnership for Working Families, Targeted Hiring Measures and the Privileges and Immunities Clause, at <http://www.forworkingfamilies.org/resources/targeted-hiring-measures-and-privileges-and-immunities-clause>
- ¹⁴New York City Economic Development Corporation, FY2014 Project Info Spreadsheet, at <http://www.nycedc.com/about-nycedc/financial-public-documents>
- ¹⁵See notes 12 and 13, above.
- ¹⁶Partnership for Working Families, “CBAs: Definitions, Values, and Legal Enforceability,” by Julian Gross, at <http://www.forworkingfamilies.org/resources/publications/cbas-definitions-values-and-legal-enforceability>
- ¹⁷See summary of the Gateway Center at Bronx Terminal Market CBA, at <http://communitybenefits.blogspot.com/2009/08/gateway-center-at-bronx-terminal-market.html>.

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**Testimony to City Council Land Use and Small Business Committees
Chairs Greenfield and Cornegy**

Paula Crespo, Senior Planner
September 30, 2016

I am Paula Crespo, a planner at the Pratt Center for Community Development.

The problem(s)

The challenges associated with local retail in NYC are of a dual nature. In many of the city's lowest income neighborhoods, a critical mass of decent, affordable goods and services simply does not exist, while in economically stable and growing communities rising rents and the increased presence of national and regional chains has caused a pronounced displacement of locally-owned, independent retail stores that have historically served residents with affordable goods and services.

The "retail gap" that exists in many low-income neighborhoods includes over-saturation of marginal retail stores that don't provide essential products like fresh foods, pharmaceuticals, affordable clothing, or services like banking. In higher-income or gentrifying neighborhoods, long-time local retailers have been increasingly threatened by rising real estate prices. Throughout the last several years of economic growth, residential gentrification in traditionally low- and moderate-income neighborhoods has caused retail rents to rise and corporate chains to move into new markets. These forces have displaced local neighborhood-serving retailers that previously provided affordable goods and services to low-income residents while also creating the unique look and feel of their communities.

The Solutions

Because retail-related challenges are complex and multi-faceted and vary from neighborhood to neighborhood, a broad set of policy tools is needed to fully address the issues. For example, to give small, locally owned businesses a leg up in neighborhoods that are undergoing new development, buildings that receive subsidy through HPD or other agencies can be underwritten to ensure affordable commercial rents and limits on rent increases. Formula retail regulations have worked in other cities and can impede the proliferation of chain stores in neighborhoods where this is a problem. (Of course, it's important to understand that people in some neighborhoods want chain stores.) Zoning can mandate size caps and thereby discourage large corporate retailers and big box stores, and tools for reducing the cost of doing business – such as energy bundling and purchasing – can help small independent retail stay in business.

In addition, the residential development process frequently fails to address the need for sufficient retail space or create the kinds of spaces that foster the growth of local businesses. The Neighborhood 360 program and Commercial District Needs Assessments are a great start for comprehensive retail planning, but they need to be better integrated with the current rezonings that are part of the Mayor's affordable housing plan, and they need to robustly engage a broad range of stakeholders -- including small business owners and entrepreneurs, BIDs, and community groups.

Moving Forward

My colleagues at the Pratt Center have been engaged with New York City retail issues for several years and are eager to work with the Council moving forward to figure out what set of tools are worth pursuing. I will leave you with a document that briefly describes many of these tools and where there are precedents that have been implemented in other places, and we hope the conversation can continue.

Thank you for this opportunity to testify on this important issue that regularly affects all New Yorkers.

For further information, contact: Elena Conte, Director of Policy at econte@prattcenter.net or (718) 399-4416.

NOTE: This testimony was prepared by the Pratt Center for Community Development. It does not necessarily reflect the official position of Pratt Institute.

Land Use Regulations

Restrictions/Mandatory Provisions

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Development Moratoria	Temporarily suspends any large-scale retail development	Bans construction of commercial spaces over a specified square footage for a period of time, generally 6 months to a year	Would curb the construction of big box retail space, creating more location options for small businesses within new developments	Many in rural areas, i.e. Moab, UT
Size caps on commercial space	To discourage large scale commercial footprints and/or big box stores	Establishes maximum square footage for retail and requires special permits for stores over specified square footage. Big box stores often require between 20,000 and 200,000 sq ft., so limiting store size prevents them from locating.	Can be mandated in NYC through zoning.	Neighborhood level regulation in 3 cities; Citywide in 27 cities; Countywide in 5 states
Set-asides for Local Retail	Require developers to provide space for small businesses and/or small independent retail establishments	Mandates that % of all new commercial development will be reserved for small businesses.	Precedent in NYC is recent 125 th Street rezoning in which there was a set-aside provision for arts organizations. Community asked for similar provision for local retail but did not succeed.	Longfellow community in Minneapolis achieved set-asides for local retail through a Community Benefits Agreement. No mandatory set-aside provisions found yet.
Formula Business Restrictions	Prevent formula retail from locating or developing in a way that is harmful to existing retail	Requires public review and consideration of local conditions (market, aesthetic, etc) before granting requests for location of formula businesses; some ban F.B.s outright, others require them to conform to aesthetic standards to be contextual w/ surrounding area.	Under zoning, NYC could adopt limited formula business bans or restrictions in specific areas as part of a Special District designation (see below).	San Francisco is the largest city to implement this measure, with some neighborhoods banning chains outright, and others requiring public review. Many other cities regulate chains through FB restrictions.

Policy and Related Tools for Addressing Retail Business Challenges
Pratt Center for Community Development

Formula Business Overlay Zone	Regulate the size and location of chain stores	An overlay zone is created with specific rules regarding the formula business's size, location, etc	Helps preserve and encourage local retail by limiting the location of chain stores within a specified district.	Portland, Maine
International Special Review District	Preserve the area's unique cultural character and encourage rehabilitation of housing and local businesses; encourage operation of businesses with a specific cultural focus	In Seattle, the ISRD is governed by a citizens' board that reviews applications for Certificates of Appropriateness for change to use, exterior appearance of structure, streets, sidewalks, and public spaces in the district. Also regulates store types, and in parts of the district discourages chain stores.	This can be used to discourage displacement and encourage location of small businesses relating to a specific ethnic/immigrant group.	Seattle, WA – Asian-American focus
Neighborhood Serving Zones	Prevent destination retail and tourist-serving chains from displacing local stores	Requires special permit for retail over specified size; stores over 2,000 sf. require permit; applicant must demonstrate store is "for townspeople"	Many small businesses, such as bodegas, shoe repair shops and dry cleaners provide services to local residents	Palm Beach, Fl
Special Preservation District (NYC)	To preserve and protect the unique character and architectural quality of an area	Regulates building and streetscape appearance, commercial use groups, zoning and density, etc.	Preserves and enhances street life by promoting special shops at each level; introduces amenities relating to the residential character of the area; promotes the most desirable use of land and buildings and protects City's tax revenues	Madison Avenue, NYC
Special District Designation (NYC)	Guide development within a particular neighborhood to achieve specific goals using a combo of zoning tools and other land use provisions.	Special districts mandate land uses and business types, building height/density, signage and storefront appearance, etc., and make certain types of development by special permit only. DCP is responsible for enforcing provisions.	It should be possible to implement tools that restrict chain stores, such as size restrictions, design guidelines, etc. through the creation of a special district.	34 Special Districts designated citywide. Little Italy, Madison Avenue and SoHo districts have special provisions for retail businesses within their zones.

Policy and Related Tools for Addressing Retail Business Challenges
Pratt Center for Community Development

Arts and Entertainment District (NYC)	Retain local arts and entertainment businesses in area	Require provision of space for these types of local businesses through zoning	Space for small, local arts-related businesses can be regulated.	Part of the planned rezoning of 125 th St. in Harlem
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Land Use Regulations

Special Review

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Municipal Home Rule Law	Give decision-making powers to local communities	Authorizes local laws for the protection and enhancement of physical and visual environment. Supersedes state law in some contexts.	Local decision-makers can determine the best way to deal with small-business retention in their own community	Pennsylvania, many other states
Community Impact Review	Prevent large projects from being built without consideration of community impact	Requires third-party Assessment of the impacts of proposed retail development; establishes criteria for approval.	Community boards could establish criteria for approval, and only those projects determined to not have a negative impact on the local economy would be approved.	Brattleboro, VT and ten other municipalities nationwide.
Special Use Permits	Proposed use receives special scrutiny to ensure it's compatible with neighborhood or area	Permits a location to be developed according to zoning regulations but with conditions not generally applicable to as-of-right uses.	Special permits could be required for formula businesses, businesses over a certain size, etc.	-Warwick, NY -Recent Hunts Pt Bronx rezoning
SEQRA, CEQR	Provide another oversight step before harmful development	Requires lead agency to take into account environmental and economic impacts of new development along with physical impacts	In the public scoping process that accompanies CEQR, the public can request that the lead agency measure the impact a proposed project will have on small businesses in the local community.	NYS, NYC

Tax Based Incentives/Support

Incentives for Property Owners

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Industrial and Commercial Incentive Program	Encourage property owners to keep commercial and industrial rents low by decreasing their property taxes.	Provide tax benefits and abatements on real estate property taxes for renovated and newly constructed commercial and industrial buildings	Low rents encourage small businesses to locate.	New York City
Expanded New York State Senior Citizen Homeowner Exemption, Veteran Exemption, STAR	Encourage property owners to keep rents low by decreasing their property taxes.	Tax reduction programs offered to qualified individuals; most programs available to owners of 1-, 2-, and 3-family houses and the owner usually is required to live on the premises	Would need to be modified to include multifamily residences with commercial ground floors.	New York State
New York State J51 / 421-g Special District	J51 program encourages the rehabilitation and/or conversion of existing structures for residential use, with the primary goal of creating affordable housing; 421-g program encourages developers and property owners to convert under-utilized commercial buildings to residential use	Property tax on the increased value and/or the original value of the property is abated for a period of time of up to 15 years; modification could allow property owners who rehabilitate their property to receive this incentive, the financial benefits of which could be applied to commercial tenants	Could be modified to require that the commercial tenant be a local business during the time of the tax abatement.	New York State

Tax Based Incentives/Support

Incentives for Property Owners, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Payments-in-Lieu-of-Taxes (PILOTs)	Encourage (re)development in any area that is distressed or blighted	Offered for government-owned land leased to a private property owner in return for which they pay less property tax; a redevelopment area is usually created and all property within that area can take advantage of the incentive	Government could require leasees to include a certain number of small businesses in the redevelopment area.	Many states
New York State Green Building Tax Credit	Encourages environmental awareness and decreases waste	NYS tax credit made available to owners/tenants of buildings which meet "green" standards - increase energy efficiency, improve indoor air quality, reduce the building's environmental impact	Reduces building cost, and encourages businesses to rehabilitate for energy-efficiency. This saves money in the long-term.	New York State
Tax Increment Financing (TIF)	To generate funding for public improvements in an area	Tax revenue generated by new construction or redevelopment in designated area is deposited into a special fund	Could be used to repair commercial storefronts, and to freeze taxes for local business owners for a few years.	Many places; Chicago has very successful programs
Revenue Allocation Districts (RAD/ TAD)	To generate funding for public improvements in an area	Elaboration of TIF; funds improvements in distressed or underdeveloped areas; define area where tax monies gathered above a certain threshold for a certain period of time (25 years norm); sometimes used with TIF to expand to other revenue sources.	Could be used to repair commercial storefronts, and to freeze taxes for local business owners for a few years.	Many places; Boise, Idaho has a good urban example

Tax Based Incentives/Support

Support for Businesses

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Small Business Improvement Fund	To direct TIF funding to directly support small businesses.	Fund directs TIF revenues to owners of commercial and industrial properties within specific TIF districts who wish to repair or remodel their facilities for their own businesses or on behalf of their tenants; Program participants can receive matching grants to cover half the cost of remodeling work, with a maximum grant amount of \$50,000.	Could be used to help local business improve their commercial space and improve their business. A provision may be necessary to keep rents from rising dramatically after building improvements are completed.	Lincoln Square, Chicago -TIF
Laboratory Partnership with Small Business Tax Credit Act	Encourage establishment of small business assistance programs and establish a revolving fund which is used to pay for qualified expenditures	National laboratories provide financial assistance to small businesses in exchange for tax credits. Each tax credit is equal to the qualified expenditure not to exceed \$5k for each urban small business and \$10k for each rural small business per calendar year.	Could be used by small businesses to improve their marketing and upgrade operating systems.	New Mexico
Industrial Business Zone (IBZ)	Encourage manufacturing firms to move into IBZs and retain manufacturing areas in cities	Provides one time tax credit for relocating; Provides assurance that area will not be rezoned for residential	Ensuring that manufacturers can locate in cities helps small businesses that buy their products save on shipping costs.	New York City
Commercial Expansion Program (CEP)	Assist businesses that have been priced out	Offers real estate tax abatements for commercial or industrial space	As a last resort, can help small businesses relocate if priced out, instead of closing shop altogether	New York City
Relocation and Employment Assistance Program	Helps businesses in Manhattan relocate to any other part of the city	12-year annual tax credit		New York City

Tax Based Incentives/Support

Support for Businesses, Contd.

New York State Empire Zone	Encourage economic growth and investment in distressed areas	Tax credits are made available for businesses that located in designated areas	These tax credits can help small businesses offset the cost of buying equipment and hiring employees.	New York State
Small Business Income Tax Deduction	Allow small businesses to provide better wages for employees and still make profit in their early, volatile years	A deduction of 65% of wages paid in the first year of employment; deduction ceiling is \$20K per employee; a small business cannot have more than 20 full-time employees or make more than 3 million in annual gross revenues	Can help small businesses offset the initial cost of hiring employees.	
Commercial Revitalization Program (CRP)	Facilitate new, renewal, or expansion leases of office or retail space in Lower Manhattan	Tax abatements for businesses that locate in a certain area, in this case Lower Manhattan	This program was initiated to help revitalize the area after the 9/11 attacks. Many small businesses suffered and struggled from lack of business at that time.	New York City, EDC
Industrial Development Agency (IDA)		Issues tax exempt bonds to help foster the growth of commercial and industrial businesses in NYC		NYC

Tax Based Incentives/Support

Historic Preservation Tax Credits

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Façade Easements	Encourage rehabilitation of historic properties	Property owner who donates facade get a tax break (norm 10-15% of FMV of property); only available that year and cannot exceed 50% of taxpayer's gross income	Would help small businesses guarantee a well kept storefront; will place restrictions on changes to the storefront that might deter formula retailers.	Many cities have organizations that accept façade easements, In NYC the Landmark Conservancy manages a program.
Federal Rehabilitation Tax Credit	Encourage rehabilitation of historic properties	Incentives reward private investment in the rehabilitation of historic properties; properties must be income-producing; tax credit can be 10% or 20%	Generally benefits building owners, but they may pass these savings along to their tenants; A rehabilitated storefront attracts business; will place restrictions on changes to the storefront that might deter formula retailers.	Most cities have taken advantage of this credit.
State Rehabilitation Tax Credit	Encourage rehabilitation of historic properties	Tax credits equal to 30% of the federal credit value (approximately 6% of the rehabilitation cost) are available for commercial properties	Generally benefits building owners, but they may pass these savings along to their tenants; rehabilitated storefront attracts business; will place restrictions on changes to the storefront that might deter formula retailers.	

Tax Credit Syndication	Encourage rehabilitation of historic properties	Legally partners qualified historic restoration projects with investors in exchange for the right to their federal tax credits	Generally benefits building owners, but they may pass these savings along to their tenants; rehabilitated storefront attracts business; will place restrictions on changes to the storefront that might deter formula retailers.	
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Tax Based Incentives/Support

Historic Preservation Tax Credits, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Property Tax Abatement	Encourage rehabilitation of historic properties, both rental housing and owner-occupied	Taxpayers who substantially rehabilitate historic residence structures may have their property tax assessments frozen for 10 years at pre-rehabilitation assessment levels. After that period, tax assessments must again reflect a property's full market value. Rehabilitated commercial structures may be exempted completely from city property taxes for five years. During the following five years, taxes are asses on only half of the renovated building's value	Could be modified to require that small businesses be maintained during the time period required.	
	Encourage rehabilitation of historic properties, both rental housing and owner-occupied	Authorizes property tax exemptions for up to 7 years for designated landmarks of buildings in historic districts	Maybe it could be modified to also require small buiness to be maintaind during the time period required	
	Encourage rehabilitation of historic properties, both rental housing and owner-occupied	Allows 50% of the value of a rehabilitated landmark property to be excluded from tax assessment for up to 20 years	Maybe it could be modified to also require small buiness to be maintaind during the time period required	

Other Policy Tools

Controls on Market Conditions

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Commercial Rent Control (aka Small Business Preservation Act of NYC 1984-Failed)	Protect commercial tenants from displacement due to rising rents	New York City legislation would have imposed binding arbitration on any commercial landlord who would renew a lease with a rent increase of more than 25%. An arbitrator could require a 5 year lease renewal at a deemed fair rent. If tenant refused, owner could lease at any rent	Many small businesses in New York City say rising rents present the largest challenge to staying in business. Rent control could help combat this problem.	Was proposed in NYC in the 1980s, but did not pass the City Council. No American city currently has commercial rent control

Leveraging Market Conditions

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Retail Sector Minimum/Living Wage Ordinance	Provide minimum living wage and minimum benefits to workers	Businesses over 90,000 sf or \$1 billion in revenue must pay a minimum wage and provide their workers with certain benefits	Chain stores are notorious for low wages and lack of employee benefits. This might serve as a deterrent for them.	Chicago, Failed
Big Box Tax	Counteract negative economic effects of big box development	Tax imposed if revenues > \$20 million; wages and benefits < \$22,000 a year; 1/4 or more are part time employees	Again, this is a deterrent for big-box retailers.	Minnesota

Assistance Programs

For Businesses

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Business Express Website	Expand the online services available to small businesses	Small businesses set up personal accounts and get help on all kinds of city-related issues	Can help small businesses navigate City bureaucracy	SBS in New York City
NYC Business Solutions Program	Make it easier to run a small business in New York City	The City partners with nonprofits to help businesses, could have extra manpower and expertise to help with legal issues	Can help small businesses navigate City bureaucracy	SBS in New York City
One Stop Business Registration System	Streamline processes for small businesses to comply with paperwork, rules, permits, etc.	Integrates federal, state, and local government processes into one place	Can help small businesses navigate local, State, and Federal bureaucracy	Utah
Local Business Alliance / Merchant Association	Combine efforts of local businesses to promote their shopping corridor.	Is similar to BID or other organization as the umbrella effort for marketing, services, and general promotion and well-being in a neighborhood	Has been shown to improve business in NYC.	9th Street New York City, Recommended by the Manhattan Boro Pres in the Harlem Rezoning; Most cities have similar programs
Niche Markets	Address the need for a product or service not provided by mainstream retailers.	Businesses identify a market in which to specialize and then develop a reputation as an expert in that particular industry. Such a store can be more effective, less costly, and produce better products than a store selling a variety of items.	Serving a specific market means less competition from larger chains, such as drugstores or home supply stores, which tend to carry a large variety of similar items.	Can be found in many cities – specific ethnic shopping strips in NYC are examples.

Assistance Programs

For Businesses, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Buy Local Campaigns	Maintain a healthy local economy	Encourages purchase of products from small, independent businesses through the use of coupons, gift cards, and marketing efforts. Promotional events such as street fairs. Generally run by business alliance.	Can draw attention to the importance of buying local	Salt Lake City, Utah; Austin, TX; Myrtle Avenue in Brooklyn
Gift Cards	Level playing field between chains that have convenient gifts	Bank usually works with local businesses or a BID to set up gift cards for a commercial district; card has same benefits and incentives for specific local businesses	Encourages people to shop local instead of at chain stores	Madison, WI
Assistance for Displaced Businesses	Help businesses relocate after displacement	Low interest loans to eligible businesses displaced by development; \$250-750K depending on location; loan forgiven in 5 years; displaced business owner can receive payment up to \$50,000 and a tenant displaced can receive up to \$30,000	This is a last-resort, but can help businesses relocate, rather than closing altogether	Austin, TX (Pilot program), Wisconsin
Local Purchasing Preference	Support local businesses by having agencies patron them	Requires all government agencies to buy local; allows for a 5% price differential	Provides customers for small businesses; generally benefits manufacturing rather than retail, but can work for both	Wyoming has law, 5 states have statutes, 25 cities have statutes.
Industrial Development Agency	Foster the growth of commercial and industrial businesses in New York City	Issues tax exempt bonds	Helps provide incentives for industrial businesses that also have a retail component	New York City

Assistance Programs

For Businesses, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Small Business Capital Investment Tax Credit (Angel Investment Program)	Expand early stage investment in targeted small businesses	Provides tax credits to investors who make capital investment in small businesses certified by the Arizona Department of Commerce	Encourages investors to invest in small businesses.	Arizona
Small Business Incubator Tax Credit	Allow small businesses to collectively operate, grow, and develop during the difficult start up period	Donated money is used to "establish a protective business environment" for small business startups. State tax credits are issued to those that contribute to the incubator	Helps local businesses have staying power	Missouri
Local Business Assistance and Retention	Allow retailers in the community to grow with the neighborhood, encourage reinvestment into the community through local spending, and ensure a sustainable community by creating a live-work neighborhood	The city should form a working group of agencies, local organizations (eg Upper Manhattan Empowerment Zone, Harlem Community Development Corporation, 125th Street Business Improvement District, and local merchant groups), the Community Boards and local elected officials. The group should generate policies to assist small business and generate a strategy to targeting those at risk, encouraging new small businesses and providing transparency to the City-issued RFP processes to encourage local participation in economic development projects. These policies should focus most immediately on aiding small businesses that are at-risk for displacement through any new zoning actions or city-sponsored development.	Many powers are combined to benefit small businesses on a policy level.	This is a proposed strategy for creating better small business retention policies in NYC, and was proposed by groups during the ULURP for 125th Street rezoning.

Assistance Programs

For Workers

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Health Care Tax Equality	Help businesses provide health care for their employees	Offers tax credits to small businesses that provide qualified employee health insurance and allow self-employed individuals to deduct health insurance costs when computing self-employment taxes	Help make the benefits of working for a small business more desirable	
Tax Incentive for Small Business Health Care Plans	Encourage small businesses to provide health care plans for employees	Provide \$800 annual state income tax credit per employee to businesses with 10 or fewer employees if they offer health care coverage to their full-time workers and pay at least 50% of the premium		Idaho - proposed
Small Employers Health Benefits Program Act of 2006	Provide good health care to all small business employees with less administration and more choices	Allow small business owners to offer health insurance through a federal program modeled after the Federal Employees Health Benefits Program. Small businesses pool risk and purchasing power by leveraging their aggregated purchasing power and spreading risk among the plan's participants		Nowhere, has not passed

Assistance Programs

For Communities

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Community Land Trust	Remove land appreciation pressures by extracting real estate from the 'market', resulting in affordable residential/commercial use	Private non-profit entity purchases and holds land with the main objective of keeping properties affordable for housing and commercial use. The buildings are usually owned by others while the land is owned permanently by the community land trust. The CLT can provide financial assistance to homeowners in the acquisition process.	Can provide affordable rents for small businesses	Everywhere; in NYC – Cooper Square
Community Development Block Grants (CDBG)	Prevent or eliminate slums/blight	Large urban areas call them “entitlement communities” – Grants are provided to revitalize commercial and residential structures on a block-by-block basis	May be used for upgrades of all kinds, including small business spaces/storefronts	
Business Improvement District (BID), Special Improvement District (SID), Neighborhood Improvement District (NID)	Unite businesses in a designated area to work together to make improvements both to their shops and to the entire shopping corridor	Businesses are taxed and money collected is used towards marketing, streetscape, capital, crime prevention, and other improvements	BID managers provide technical assistance and support for small businesses, can manage/obtain grant funding such as the National Main Streets program	New York City commercial districts such as Myrtle Ave. in Brooklyn
Seedco Financial Services (SFS)	Create opportunities for low-wage workers and their families	Works with community partners to develop and operate programs that help people join the workforce; promotes asset-building for residents of economically-distressed communities. SFS supplies technical assistance as well as financial assistance, usually in the form of below-market-rate loans to community organizations and businesses.	Can help local business owners that need to change their business model or reinvent themselves	Manhattan- currently focusing on upper and lower Manhattan

Assistance Programs

For Communities, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
<p>National Trust Main Street Center</p>	<p>Empower people, organizations, and communities to achieve ongoing downtown and neighborhood district revitalization based upon the principles of self-determination, resource conservation, and incremental transformation represented through the comprehensive Main Street Four-Point Approach™.</p>	<p>Advocates preservation-based commercial districts and provides technical assistance, support, training, and grant funding for historic restorations/building improvements.</p>	<p>Funding can be used for storefront improvements, promotion of a district, etc.</p>	<p>Over 1200 active Main Street Programs</p>
<p>Commercial Revitalization Center</p>	<p>Support the revitalization of DC's neighborhood commercial districts and small businesses</p>	<p>1) provides technical and funding assistance in targeted neighborhoods to retain DC businesses, design and improve storefronts and streetscapes, and promote DC's business neighborhood districts (reSTORE DC Special Projects and Services); and 2) builds the capacity of neighborhood nonprofit organizations to assist businesses and coordinate sustainable community-driven revitalization efforts (DC Main Streets Program).</p>	<p>Funding can be used for storefront improvements, promotion of a district, etc. Also provides technical support for the upgrade of operating systems</p>	<p>Washington, DC - reSTORE DC, a division of the DC Department of Small and Local Business Development</p>

Assistance Programs

For Communities, Contd.

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Residential entrances not on commercial streets	Make commercial corridors have all-commercial frontages	Zoning dictates that residential entrances should all be on side streets.	Provides more space for commercial tenants	Suggested for Harlem
Utilize city property in neighborhood	Make city-owned property in a neighborhood affordable for the local commercial tenants	City could set the terms of the lease	Special provisions could be made for small businesses rent control	suggested for Harlem
Arts Bonus	Help local art and community groups maintain their presence in the neighborhood	Provide a bonus to developers or property owners to give preference to local arts institutions	A similar bonus could be implemented for small businesses.	suggested for Harlem

Assistance Programs

Historic Preservation Grants/Loans

Tool	Goal	How it works	How it can be applied to small businesses	Where it exists
Historic Properties Fund	Encourage rehabilitation of historic properties	Offers low interest loans and project management assistance to owners of historic residential, non-profit, religious, and commercial properties, mostly in low to moderate income communities. Loans apply to exterior or structural repairs; Interest is generally below market and terms range from 5-10 years	These loans can help businesses rehab their buildings and storefronts to attract more business	New York City Landmarks Conservancy, New York State, some cities/counties have similar programs under similar names
Historic Buildings Rehabilitation Loan Program	Encourage rehabilitation of historic properties	Banks provide rehabilitation loans at a rate of 2% below prime for 7 years. Program is limited to buildings in the central business district. Funded through CDBS funds available from the US department of Housing and Urban Development. To qualify, owners must rehabilitate a deteriorated building and increase job opportunities for low-to moderate-income persons		Roanoke, VA
Historic Preservation Grant Program	Encourage rehabilitation of historic properties	Federally-funded program through New York City, CDBG provides grants		New York City
Federal Historic Preservation Fund	Encourages rehabilitation of properties	Provides matching grants to States for the identification, evaluation, and protection of historic properties by such means as survey, technical assistance, acquisition, development, and some tax incentives.		

My name is Kirsten Theodos - TakeBackNYC is a coalition of residents, community leaders and small business owners with one goal, to see that City Council votes on and passes Small Business Jobs Survival Act, a bill that gives rights to business owners and artists to renew their leases, and rights to negotiate fair lease terms.

NYC small businesses, working artists and cultural institutions face a crisis to survive caused by exorbitant rent hikes, unfair lease terms, and landlords refusing to renew leases for tenants in good standing. Under Mayor de Blasio, NYC Court warrants to evict commercial businesses are averaging 542 per month, higher than under former Mayor Bloomberg, which illustrates that this crisis is getting much worse, and high rents is no longer only a Manhattan problem, and its rapidly spreading to every neighborhood in every borough. Since commercial tenants have no protections like residential tenants do, landlords can increase commercial rents by 200%, 300%, 400%+ which dramatically increases revenue and the value of the property while pushing out the current tenant and killing jobs in the process. Many of these predatory landlords force long standing tenants into short term oppressive leases (in some cases month to month), which puts the landlord in a better position to speculate on his property. Having no rights has made the lease renewal process for NYC biz owners and artists an absolute nightmare.

While I appreciate the intent of this hearing striving to promote retail diversity and preserving neighborhood character, the reality is, retail zoning only applies to Retail tenants and only new leases. It will not stop a single business from closing nor will it save a single NYers job. This past December, 56 yr old Zaros in the Bronx was denied a lease renewal. They were even willing to pay more in rent, but they still lost their lease. Around the same time the 26 yr old bike shop across the street from me in the East Village closed after it was rent hiked 400%. Retail zoning would not have saved either one of these businesses and I can provide a long list of other businesses who suffered the same fate, and that's just in the East Village. If we are seriously looking at solutions to save our Mom & Pops that make up our neighborhood's character, then we need to address the crux of the problem which is exorbitant rent increases and no right to a lease renewal. We also shouldn't be considering proposals originating out of former Speaker Christine Quinn's office, that were created back in 2009 to substitute for a bill she obstructed a vote on.

That bill was the SBJSA and it addresses the issues our commercial tenants face by giving them a right to a minimum 10-year lease renewal for tenants in good standing, and a right to equal negotiation terms when it comes time to renew their lease with recourse to 3rd party binding arbitration if fair terms cannot be found.

NYC business owners are victims of decades of manipulation and speculation of the free market, rent gouging, banks bidding against franchises for prime space, warehousing store fronts sometimes for years, flipping property with commercial space in it and just plain greed. All results in commercial tenants not able to compete to gain reasonable lease terms. Let change come to a neighborhood, but let the small businesses who sacrificed and invested in that neighborhood have the opportunity to stay in business, protect their investment, and the jobs of their employees. Small Businesses are the largest employer, the backbone of NYC's economy, and vital to the stability and character of every neighborhood. The majority of NYers want our lawmakers to live up to their campaign pledges of supporting progressive legislation like the Small Business Jobs Survival Act. It is important that all lawmakers take the crisis our business owners and artists face today seriously, and make it a priority. The future of our economy is at stake.



*THE COUNCIL OF THE CITY OF NEW YORK
OFFICE OF COMMUNICATIONS*

CITY HALL
NEW YORK, NY 10007
(212) 788-7116

****FOR IMMEDIATE RELEASE****

December 1, 2009

Contact: 212-788-7116

Statement by Speaker Christine C. Quinn

Re: Council Action to Assist New York City Small Business

The Council has a long and distinguished record of fighting to help small businesses. We have led the fight to do away with unfair double taxation on unincorporated small businesses saving an estimated \$25 million dollars per year for New York small businesses. We have overhauled the way the Environmental Control Board adjudicates fines and we've put into action an aggressive set of measures to keep businesses open and thriving in a difficult economy. The Council has also established a small business regulatory review panel that will release its recommendations by this year's end.

Council Member Jackson's legislation before the Council, while well intentioned, is not within the Council's power. The bill raises significant legal issues that we do not think will survive a legal challenge in court. That would simply waste valuable time and resources at a time when we need to act on a critically important issue - the future of New York City small business. Furthermore, this bill would have numerous unintended consequences and has several unanswered questions.

Our focus to help small businesses remains steadfast. As a result of meetings and conversations with the small business community we have proposed new legislation that would avoid the problems with the initial legislation while still accomplishing a great deal for local business owners. The new legislation would:

- a. Create a unit in Small Business Services that would be charged with assisting small businesses in lease negotiations;
- b. Create a tax break for small retail businesses so that they may be removed from the City's General Corporation Tax;
- c. Create a tax incentive for landlords to renew the leases of small retail businesses;
- d. Ban key payments outside of the lease and give tenants a private right of action; and
- e. Begin the zoning reform process with a view toward changes in the zoning laws that currently force small businesses to compete with large drug stores and bank branches for commercial street space in certain commercial strips.



City Council Hearing on Small Businesses (Zoning and Incentives)

Friday, September 30th at 10 AM

City Hall (Council Chambers)

FOR THE RECORD

Good Morning

My name is Vandra Thorburn and I appreciate the opportunity to testify before this Committee today. I am the founder of Vokashi – kitchen waste solution - a unique composting service in NYC that is now seven years old. My compost service collects food scraps from households, offices and small businesses with kitchenettes and pantries, small cafeterias and catering companies which I compost at variety of gardens and public green spaces. I use the Japanese method of fermenting food waste called bokashi which I believe is the cleanest, safest and most cost-effective way of managing food waste.

I have testified many times before the Committee on Sanitation and Solid Waste Management to get support for community-based, small and medium-sized composting facilities. Today, I am testifying before you to get support for the growth of small businesses in the waste sector. For far too long the waste sector has been monopolized by large government agencies (DSNY and DEP) and corporate waste management enterprises. It is all about BIG business!

However, just this week the Mayor’s official 80X50 plan “New York City’s Roadmap” was released. The Waste section suggests there might be some light in this tunnel.¹

The report references the Private Carting Study and the commitment of DSNY and the BID to work with broad group of stakeholders including businesses, the private carting industry, and environmental justice advocates to develop an implementation plan for commercial waste reform in NYC.² I do hope the independent community-based composting entrepreneurs and initiatives will be invited to partake in this process.

¹ “... City is also seeking to support safe, smaller-scale anaerobic digestions. Therefore, DEP will develop specifications for grease interceptors and other potential pretreatment equipment required to treat the discharge from on-site waste systems. DEP will also conduct inspections to ensure that grease interceptors are properly operated and maintained, and it will develop discharge characteristics and requirements for these systems. If needed, DEP will also develop discharge characteristics and requirements for community-scale anaerobic digestion projects to expand energy recovery, and integrate them into city heating and electric infrastructure.”

² “The plan will layout a framework for establishing commercial waste collection zones that will improve customer service standards, achieve the City’s environmental goals, set clear standards for worker safety, and allow for new investments in recycling infrastructure and cleaner trucks, thereby dramatically reducing GHG emissions and improving air quality.”



The 80X50 goals are based on GHG-reduction strategies yet NYC's community-based composters have long been considering the intersection between climate change mitigation and local capacity building for organic waste management. We have created green infrastructure like roof top gardens, which reduces heat island effect and considered how the city's brownfields could be remediated with composting and other bio-remediation efforts. With support from DSNY, community-based composting initiatives have developed sustainable and learning centers and urban farms. Anaerobic Digestion should not be the only new waste management measure adopted by the city for the 80X50 plan.

Fermentation and Civilization are Inseparable: As we all know, there are challenges to urban composting. Fermentation delivers us from the first problem: "rotting food." At Vokashi we have introduced 'bokashi' – fermenting food scraps – to dozens of homes, office pantries and small cafeterias and catering kitchens. For the past 7 years, we have regularly collected hundreds of buckets of fermented food scraps. It is remarkably simple, safe and easy. Bokashi is a composting method advocated by Town Councils throughout England. Bokashi's main ingredient, EM-1® (effective microorganisms) is the world's leading microbial inoculant developed by EMRO Japan and is an OMRI³ registered product produced and distributed through Texas and Arizona.

Green Infrastructure / Green Jobs: As I have testified in the past we have opportunities to generate healthy neighborhood green jobs as community composters and recycling educators. According to recent reports, recycling creates far more jobs than landfilling or incinerating it. To invest in Marine transfer stations, which directs waste to those irresponsible means of disposal, is to miss out on major job creation opportunities. If New York City were to increase its recycling rate from 24% to 70%, it could create more than 3,000 local jobs processing materials at recycling facilities.⁴ For the past three years, Vokashi has been collecting, composting and cleaning between 3 and 400 buckets of food scraps (approximately 3 to 4 tons) a month with just two of us. It is a mom & pop initiative.

We need legal and regulatory support for our service to grow. Using the bokashi method we can collect small loads of fermented material. The buckets of fermenting food scraps can be stored under a counter, in a basement or at the compost site for periods of time with no infestation. We can broaden the commercial organic collection to the thousands of small restaurants, bodegas, delis, bakeries, cafes and juice bars because we have a simple treatment for

³ Organics Materials Review Institute.

⁴ Transform Don't Trash "Dirty, Wasteful and Unsustainable"



source separating wet waste. And there is incidental organic waste in commercial office buildings that have pantries and kitchenettes and cafeterias.

NYC has thousands of acres of green space, community gardens and urban farms and brownfields that require mulch, soils, and compost. At the center of this restoration there needs to be vigorous composting initiatives to maintain healthy vibrant soils for growing foods. Here is a network waiting to be serviced by fleet of community composters.

Over the years I have repeatedly requested reasonable RFP's from DSNY so that small businesses can apply for contracts to develop community scale initiatives. You can imagine how upset I am to learn that DSNY has awarded three year contracts to big businesses without one invitation to small business community.

Support for Small Businesses in the Waste Sector: The Council is floating a new version of Intro 495 to cut back on the amount of waste that is processed in North Brooklyn, Southeast Queens and the South Bronx. Concerns about displaced waste workers can be addressed with alternative investments in community-based recycling and composting opportunities.⁵

Community composting should be considered a bona fide green job by the city, and it should more assertively support the attendant training and education. Workers need to understand the sciences involved in composting including study and testing of soils, microorganisms, worms and fungi. Composting also requires carpentry and building skills and Vokashi introduces workers to all the dimensions of food waste fermentation.

Finally, we need the Council to consider ways to support labor in this sector. For many of us, composting is not a full time job. Part-time labor needs help in a couple of ways:

1. We urge you to consider regulation to help with medical and unemployment insurance
2. We also urge you to consider raising the minimum on 1099 forms from \$600. Reasonable disclosure should start at \$6,000.

Thank you for your consideration.
Vandra Thorburn

⁵ <http://nylcv.org/news/new-bill-distribute-waste-processing-equitably-across-nyc/>



Promising solutions for organic waste management

Solution	Description	Market Challenges
Breakthroughs in Existing Solutions		
Centralized Anaerobic Digestion	Large-scale system that uses micro-organisms to break down organic material in the absence of oxygen that can control and harness production of biogas, allowing for the production of energy, while also optimizing biosolids treatment and beneficial use.	<ul style="list-style-type: none"> • Separation and collection of organic materials from the waste stream • Contamination of feedstock • Siting of digesters due to perception, land availability, zoning, and permitting
Composting	The breakdown of organic material which can be done at a range of scales, from household to commercially-viable city-scale. Common types of composting include in-vessel composting where organic material is bulked together and confined within a building or a container, and windrow composting where organic material is piled together in long rows.	<ul style="list-style-type: none"> • Collection of organic material • Elimination of food packaging and other contaminants • Location and space requirements • Resale of final product
Emerging Technology		
Small-Scale Anaerobic Digestion	Building-scale and even household-scale anaerobic digesters are becoming more prevalent in the market.	<ul style="list-style-type: none"> • Economic feasibility of small-scale biogas cleaning and electricity conversion • On-site handling of digestate (i.e., remaining, high nutrient liquid)

Collections and Compaction Plant, which minimizes the transportation component of waste collection. Advance pneumatic systems allow waste to be separated by type (organics, recycling, and refuse) at the source for direct transfer via underground pipes to waste transfer stations (see next page).

Wastewater treatment plants have long been considered locations for treatment and disposal; however, they are now being viewed as resource recovery facilities, providing a critical opportunity to recover energy, heat, and nutrients. The opportunity for heat utilization, nutrient recovery, and renewable energy production is expected

surrounding communities with biogas for residential and commercial use. In addition, biosolids, the nutrient-rich solid waste that remains after the dewatering of the sludge in the wastewater treatment processes, can be treated and used as fertilizer materials or for other beneficial uses.

80 x 50 Roadmap: Waste

In the April 2015 release of *OneNYC*, the City committed to sending zero waste to landfills by 2030 (Zero Waste). To achieve Zero Waste, DSNY is implementing





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**TESTIMONY OF LENA AFRIDI BEFORE
THE NEW YORK CITY COUNCIL COMMITTEE SMALL BUSINESS AND THE
SUBCOMMITTEE ON ZONING AND FRANCHISES CONCERNING
RETAIL DIVERSITY AND PRESERVING NEIGHBORHOOD CHARACTER.**

September 30, 2016

Good Morning. Thank you Chair Cornegy and Chair Richards and to the members of the Committee on Small Business and the Subcommittee on Zoning and Franchises for the opportunity to testify on zoning and incentives for promoting retail diversity and the preservation of neighborhood character.

My name is Lena Afridi and I am the Policy Coordinator for Equitable Economic Development at the Association for Neighborhood and Housing Development (ANHD). ANHD is a membership organization of NYC- neighborhood based community groups. We have nearly 100 members throughout the five boroughs. Our mission is to ensure flourishing neighborhoods and decent, affordable housing for all New Yorkers. We are speaking as a part of United for Small Business NYC, a citywide 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, minority-run businesses that serve low-income and minority communities.

Small businesses are where residents work, spend their money, and create a sense of shared space. Communities are not just where people live; they are where people engage with one another. Small businesses have defined the culture of many of New York City's various neighborhoods. Unfortunately, gentrification in various neighborhoods threatens to erase this cultural identity, most notably in low income communities of color. As a result, small business displacement is causing significant cultural displacement.

Drawing comparisons with the achievements of the housing movement, significant work needs to be done to protect small businesses. While residential tenants have established rights through a Housing Maintenance Code, no such document exists for commercial tenants. As a result of this shortcoming, tenants operating without a written lease have few defined rights and the City plays a small part in enforcement that protects small businesses.

We applaud the Council's passage and recent enactment of Local Law 77, which establishes a private right of action for small businesses being harassed by their landlords, but additional protections are necessary. Because of the lack of a Commercial Maintenance Code, the City plays no role in either fining or penalizing a landlord who commits commercial tenant harassment. Small businesses are therefore on their own when it comes to challenging their landlord, taking time and money away from their livelihoods in order to rectify an injustice. The passage of a commercial maintenance code will protect all small business owners, not just those who have the means to litigate against unscrupulous landlords.



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

In addition to the maintenance code, we ask that you consider innovative approaches taken by other cities. Austin incentivizes affordable commercial space in new commercial developments. San Francisco's formula business ordinance encourages commercial diversity by requiring chains to apply for a special use permit, while its Legacy Business Registry recognizes existing small businesses as cultural landmarks. San Francisco also fines landlords who keep properties vacant for longer than 6 months, similar to a proposal by Borough President Brewer's office.

It will take more than one new tool to effectively prevent the continued displacement of commercial tenants citywide. In addition to the aforementioned zoning tools, we urge City Council to take into account what has been proven to work in New York City, such as the Housing Maintenance Code, and apply those same rights to commercial tenants.

KNOWLEDGE
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THE
 **BLACK**
 **INSTITUTE**

**Testimony before the New York City Council Committee on Small Business
and the Subcommittee on Zoning & Franchises**

**Zoning and incentives for promoting retail diversity and preserving
neighborhood character**

New York City Hall, September 30th, 2016

Tiffany Jones, Director of Organizing

The Black Institute

Introduction

My name is Tiffany Jones; I am the Organizing Director for The Black Institute. The Black Institute is a proactive think-tank impacting change and shaping intellectual discourse and dialogue, as it relates to social, economic, educational and environmental issues impacting black and brown communities within New York and throughout the diaspora.

On behalf of our founder, Bertha Lewis and The Black Institute, I would like to thank the committee on Small Business and the Subcommittee on Zoning & Franchises for allowing my testimony today.

The Black Institute's primary focus of concern is economic justice. Economic fairness for people of color is about the ability to earn a decent living, as well as the health of discussing money, business, entrepreneurship, developing capital, running successful innovative businesses and attaining leadership positions in numerous industries. The health and wealth of black communities depends on the attainment of education, housing, community ties and the ability to understand and leverage economic resources.

In 2012, through our economic justice campaign, The Black Institute played an integral role into shutting down Walmart's attempt to penetrate the New York

City retail market. Partnered with clergy, community groups, labor organizations, small business owners and political allies, we successfully organized the community and set standards for the type of retail our people are willing to accept, and the length we will go to keep low-road retailers out. Walmart, the largest privately owned employer in the United States, has ravished communities, especially those of color, by driving down wages and property values, and giving their own employees poor benefits and working conditions, with **zero** community reinvestment; this is not the type of business model our city should be willing to accept.

Retail Redlining

Low road retailing, is not the only predatory factor hurting out neighborhoods. Retail redlining is a methodical, analytical and discriminatory practice, by retailers, which denies racially distinct communities access to retail goods and service; despite the retailer's ability to profits from these segregated communities. Retail Redlining is an economically destabilizing factor that prevents the growth of many minority communities, and contributes tremendously to the various inequities that devalue our neighborhoods. Therefore, it is with gratitude that TBI welcomes the city's initiative to redevelop our communities. However, The Black Institute and Walmart Free NYC is committed ensuring that this remedy is not

accompanied with a prescription for gentrification and gender inequalities.

Therefore, The Black institute welcome the opportunity to offer a fresh perspective on ways to truly incentivize retail diversity (high-road retail), while preserving our neighborhoods character.

The Black Institute's Recommendations

1. The admiration need to set a standard as to the type of retailers allowed to operate within our city. High-road retailers are characterized as a business that provides a living wage; adequate benefits; fair scheduling; labor friendly and reinvest in community.
2. TBI recommends the establishment of a subcommittee, within the community board of each district. This subcommittee would be comprised of local business owners, residents, community and faith based leaders. The subcommittee would be tasked with the power to review potential retailers interested in leasing space within their district. They would also provide oversight and the enforcement of standards and compliance.
3. This Subcommittee board would review all new development looking to come into the neighborhood, and the retailer would have the opportunity to present its case regarding how they would contribute to the standards

set-forth along with the preservation of neighborhood character and retail diversity.

A. TBI is committed to keeping locals local. We urge this committee to mitigate gentrification by ensuring local residents are included in the profits sharing. Way to accomplished this will be through:

- i. providing a minimum of 70% percent of retail jobs to local residents.

B. Constructing a Community Benefits Agreement that would spell out ways in which funds acquired from new developments and retail would be funneled back to local communities through education, neighborhood revitalization projects etc...., (This will speak to the preservation of neighborhood character. Also, doing this would send a clear message, that this committee, along with the and the city are against pushing residents out, and instead committed to keeping locals local and proving an economic leg-up.

C. The construction of new development and the goods and services they will provide, present an opportunity to create more opportunities for minorities and women. By ensuring that 50% of all redevelopment contracts and contracts for supplies and services are awarded to minority and women business owners.

In closing, I would like to extend my sincere thanks to the Committee on Small Business and the Subcommittee on Zoning and Franchising for allowing The Black Institute, the opportunity to submit our recommendations. I hope that these recommendations will be considered and included in the policies that are to derive from this hearing.

FOR THE RECORD

Committee on Small Business, Jointly with Subcommittee on Zoning and Franchises
New York City Council
Friday, September 20, 2016, 10:00 AM

Written Testimony for Jennifer DeLuca, Small Business Owner
BodyTonic Pilates Gymnasium
150 5th Avenue, Brooklyn NY 11217

I would like to thank council member Brad Lander for inviting me to the City Council Hearing on Small Businesses (Zoning and Incentives) as a small business owner and mother of two, I was unable to attend today's hearing. As a small business owner for 17 years in Park Slope Brooklyn, here are my initial thoughts:

1. Work toward creating an area of Brooklyn set aside for businesses with fewer than three locations. Rents could be capped at certain amount based as a percentage of current market or subsidized. There should be criteria that the businesses would have to meet in terms of labor practices and environmental impact on the neighborhood, as well as donations to schools and other community organizations. One example say for me would be that I would offer an after school wellness class to teens. Something like that. This unique area would likely become an ideal shopping and tourist location.
2. Create a model of "affordable housing" for small businesses in new developments where a certain amount (10%?) of square footage for the street level storefront space would have to be rented at a percentage below market. This could earned through a competition of sorts. The small business lucky enough to win, would likely boost the sales or rentals of the new buildings, knowing they have a unique small business in their lobby.
3. The argument against "affordable housing" for small businesses is usually that they are "for profit" and therefore maybe the owner is rolling in the dough, but that is hardly ever the case. Most small business owners struggle to pay themselves. I actually at one point went 2 and a half years without pay while paying 11 employees. If you cap the salary of the owner based on something in the current economic climate, or in relation to the employees of the company, or set standards for how small businesses can do everything right by their communities and employees, then maybe they deserve a reasonable and fair rent to thrive in the community as well.
4. Think of incentivizing good business practices with small rewards. For me, a parking pass or permit in a certain radius of my business would be really helpful. Childcare during the summer would also be a benefit to me. Maybe a camp credit? Many small business owners are working moms. Just walk down my block and you will see it.
5. Create a savings plan for businesses to BUY real estate. I know for me, I would love to be able to put away profits in a tax free account, knowing that it would be earmarked for this kind of investment. I would love to buy the building that I am in, and in my good years, I could squirrel away money. I am now 17 years at the same location and I would love to someday own the building.

I think the main gist is that the powers that be should come up with a very clear model of what is good small business practice and make it known. If there really is a proper way to do things that creates the most benefits for the most people, then that benchmark should be out there for small businesses to shoot for. And when the businesses do all of those things how can the city step up and be a partner in that process?

**Testimony to New York City Council
Hearing on Small Business – September 30, 2016
Ann C. McDermott,
225 East 82nd Street, 4A, New York, NY 10028, 917-373-8897**

My name is Ann McDermott and currently reside on the Upper East Side of Manhattan but I was born in Brooklyn.

I love Pizza, especially New York Pizza I was raised on it. Pizza has always been my go to quick lunch, dinner and when paired with a salad can actually be thought of as healthy. I would say that Pizza is at the heart of the New York food experience that those hoards of tourists we now have come here to enjoy. It was brought to us by Italian immigrants at the turn of the century and more than any other food symbolizes what it means to eat in NY. It's fast, it's cheap, it's delicious and very satisfying.

Since moving to the Upper East Side in 1991, I would get my pizza at Mimi's on the corner of Lexington Avenue and 84th Street. The neighborhood joint where they knew me, they knew what I wanted and it was a solid reliable part of my life. I could always grab a slice on my way to the #6 train or a quick dinner on my way home. Mimi's was also famous because Bobby Flay started his culinary career there while in high school and it has been frequented by the likes of Paul McCartney and his former wife Linda because she too lived in that neighborhood and loved their pizza.

The people who worked at Mimi's seemed to love their jobs, and they knew the customers and cared about the quality of their product.

Now, they are all unemployed and I and thousands of other Upper East Siders have lost our favorite place for a quick tasty dinner due to an inability to come to agreement between the owner of Mimi's and the owner of the building.

Famiglia's a chain pizza place is moving in there but I will not eat their pizza.

This body is responsible for the loss of 1000's of places like Mimi's and 10,000s of jobs that went along with them because of the Real Estate Board of New York's control over you and not passing the Small Business Jobs Survival Act to help our small businesses at least have some rights in the conversation with their landlords.

Recently several of the members of TakeBackNYC had dinner at "Three of Cups" on East 5th Street and 1st Avenue, another great pizza place and spoke with the owner who opened the place 25 years ago but his lease will be up in a year ½ . He knows in his heart his business will not survive the negotiation.

How much more great pizza does New York have to loose before it becomes Dubai on the Hudson?

Atlantic Avenue BID Testimony at Small Business (Zoning and Incentives) Hearing 9/30/16

The Atlantic Avenue BID represents over 300 businesses in the Brooklyn neighborhoods of Brooklyn Heights, Boerum Hill, and Cobble Hill. We have recently begun to use the tagline "Brooklyn's Main Street" and we like to be a familiar place for so many people from around the Borough.

But on Atlantic Avenue and throughout New York City Mom and Pop shops are getting priced out and many are leaving their original neighborhood, leaving NYC or simply going out of business altogether. A lot of this process has to do with rapidly rising property values. Theoretically, rising property values should be positive for business because they would go along with higher income residents and shoppers.

But the reality on the ground for businesses is quite different: people moving in to the neighborhood do not necessarily shop local and they do not necessarily shop in person at all; instead, many choose to go online. Yet we know that property values are going up and therefore so are real estate taxes - especially on mixed use commercial properties - at essentially the same rate.

Even if some stores see marginal improvements in gross income it is essentially impossible for retail and restaurant businesses to make revenue grow as much as they would need to in order to keep pace with rising property values. On Atlantic Avenue, we are experiencing substantial vacancies throughout our district and we believe the tax situation contributes to this problem.

This problem cuts across many different types of stores: higher property values are no more likely to double hamburger sales than they are to double wine, peanut or flower sales. Owner occupied stores see property taxes as one of the most unpredictable rising costs that adds uncertainty to their business future. Commercial tenants are often paying a share of taxes (or in some cases 100%) and also cannot keep pace. But doubling property values are absolutely a reality in many NYC neighborhoods and therefore doubling real estate taxes are also a real problem.

We hope that the City Council will consider reforms to the commercial real estate tax system. One possibility is that we move to a system where the income earned from properties (business profit or commercial rent) gets taxed rather than assessed value. Another possibility is that commercial landlords who keep rent below a certain level will be taxed at a lower level or receive a tax credit to incentivize them keep business small and local. Perhaps the City could move to a system of taxing more so at the time of a capital gain (a property sale) and less incrementally year to year.

What we know is that right now taxation and the commercial earnings from New York City properties are completely out of line with each other and this misalignment is causing strain on some businesses and complete closure in other cases.

As testified by: Josef Szende, Executive Director, Atlantic Avenue BID

60 GRAMERCY PARK NORTH, 7B NEW YORK, NY 10010

September 30, 2016

To the Members of City Council and its Committees:

I speak as an architectural historian and critic and as a 25-year resident of the Manhattan neighborhood of Gramercy Park. I am also a journalist. Last month I wrote an Opinion piece for *The New York Times*, called "New York's Disappearing Storefronts," which struck a chord with more readers than anything I have ever written. It was about important, unique family businesses that are closing because of rising rents. This is not a new phenomenon. We lost a superb family-owned stationary store two blocks from my apartment 10 years ago. There is no longer anywhere that I know of to buy heavy cardboard file folders and a wide selection of both simple printed and fine engraved stationaries like the ones they sold. Then five years ago, right down the street, one of the oldest hardware stores in the city, Vercesi, closed. They not only sold hardware—really great hardware, offered with free advice—but also paint, cleaning supplies, household items like cookware and bathmats, even plants and flower pots. You can't get all those things in one place anymore. The week before my article appeared, I learned that Krup's Kitchen and Bath, a family owned appliance store that could replace even the most esoteric models of stoves and refrigerators to fit into tiny odd-shaped spaces in New York kitchens. I will also miss Trapp Opticians which simply had the best selection of traditional eyeglass frames in the country. Its customer base was nationwide. But the loss that led to my article was the store that *The New York Times* had called "the Apple store before there were Apple stores." I had learned about it from an Apple technician in North Dakota 15 or 20 years earlier. He told me it had the most knowledgeable techs in the country. It also had the nicest and most efficient, and they worked in an environment so iconic that the store had turned up in an episode of "Sex and the City." The real Apple stores, owned by the corporation, simply cannot do what they did as efficiently, as pleasantly, or as quickly. Perhaps the saddest loss for me was a place called "Emma's Dilemma" on Park Avenue South just above 21st Street. This little shop that sold groceries, pizza, sandwiches, pre-made salads, and had a hot food bar and a cold food bar that any family could have lived on (and I am sure some did) also served all the construction workers in the neighborhood. And during Hurricane Sandy, when all the chain drugstores and grocery stores closed, Emma's remained open to serve coffee, water, and essentials every day and night. And it wasn't the only family-owned place like that which kept this city alive.

Some businesses have life cycles. The owners grow old and want to retire. Their children, if they have them, have pursued other interests. Long term employees do not want to take the helm. But many of these stores could—and in the past have—offered good jobs to families and their associates for generations. They have made every New York City block a little different from the next and given every neighborhood its own personality. And, in the past at least, they have provided steady income to the owners of properties with commercial or residential space upstairs. Today, most ground floor spaces are occupied by chain drugstores, bank branches, and eateries owned by national chains. There is a place for these outlets. We all use them sometimes. But they provide few options and almost no unique experiences. I have been told that some banks are planning to close branches because so many of their transactions are electronic these days. Then, all we will have will be drugstores, and surely they cannot all survive. Many owners of office buildings and residents of condominiums that depend on these places for revenue will miss that. And everyone who walks the streets of New York will miss the activity, the options, the variety, the life that a plethora of retail outlets can provide.

There must be a way—various ways—these shops and stores and markets can be sustained, by zoning regulations, tax incentives, neighborhood association contributions, or by all three. As the urban critic Jane Jacobs pointed out, these storefronts even play a role in safety by providing what she called "eyes on the street." Surely a city like New York, which is teeming with creative people, can devise a way to maintain the lively vitality that attracted us here in the first place.


Jayne Merkel



Friday, September 30, 2016

Written testimony respectfully submitted to the NYC Council Oversight Hearing: Zoning Incentives for Promoting Retail Diversity and Preserving Neighborhood Character by Andrew Hoan, Executive Vice President & Chief of Staff at the Brooklyn Chamber of Commerce.

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

Hon. Donovan Richards Jr., Chairperson, Sub-committee on Zoning and Franchises

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

My name is Andrew Hoan and I serve as the Executive Vice President & Chief of Staff at the Brooklyn Chamber of Commerce (BCC). I am delivering testimony on behalf of Carlo A. Scissura, President and CEO of the BCC.

The Brooklyn Chamber is a membership-based business assistance organization, which represents the interests of over 2,200 member businesses, as well as other businesses across the borough of Brooklyn; as all as our affiliate, the Brooklyn Alliance, a not-for-profit economic development organization of the Chamber, which works to address the needs of businesses through direct business assistance programs.

The issue of retail diversity and neighborhood character are a major focus of the Chamber's attention. Our retail corridors and small businesses give much character to the borough and are a major provider of economic development and employment.

Consider this, in 2015 there were 562,000 jobs in the borough, making Kings County one of the largest employment hubs in the country. There are more jobs in Kings County than in entire cities like Boston, Philadelphia, San Francisco, Seattle and in the entirety of eight individual states.

Of the 562,200 jobs in Kings County, 72,200 are in the retail trades, making retail the 2nd largest employer in Brooklyn behind only Health Care and Social Services. What is concerning is that last year alone, Brooklyn lost \$5.8 billion in economic activity due to what is known as 'retail leakage'. Bottom line is we are facing a retail shortage and are in need of serious policy to encourage the development of affordable and diverse shopping opportunities for Brooklynites and beyond, as well as keep our existing 'mom and pop' businesses thriving.

We propose three concepts to help frame any actions the city might take:

- 1) Affordable Commercial Zoning – inclusionary housing has proved an effective tool for aligning the interests of those who need affordable housing with the development community. It is time we consider the same sort of creative techniques to align the interests of our mom and pop retail, and the development community.



- 2) 'No-Vacancy' Incentives – let us consider ways to reward property owners who maintain occupied storefront retail, and limit turnover time between tenants. It is critical that we incentivize owners to keep their storefronts occupied.

- 3) Adapting to Change – if one thing is constant in New York City and in Brooklyn, is that the city is always changing. Change can be a challenge to adapt to and we don't have programs in place to help retail store owners adapt to that change. The Department of Small Business Services and its partner not-for-profit providers could offer assistance to retail operations to adapt to an ever changing market.

We believe the focus on incentivizing both retailers and property owners, along with thoughtful and proactive educational programs is the best way to tackle the issues of retail diversity and neighborhood character.

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



September 26, 2016

New York City Council
Committee on Small Business & Subcommittee on Zoning & Franchises
City Hall
250 Broadway
New York, New York 10007

Committee on Small Business & Subcommittee on Zoning & Franchises:

On behalf of the more than 300 industries using the franchise business model to fuel entrepreneurship, I am writing to express our concerns with regard to any potential zoning regulations which discriminate against franchise businesses. In order to promote retail diversity, it is vital to pursue an environment which welcomes all types of retail establishments, thereby promoting a healthy retail landscape for both entrepreneurs and the consuming public. Moving forward with a discriminatory zoning ordinance would arbitrarily and unfairly restrict the ability of current and future local small business franchise owners from offering their goods and services. Additionally, any discriminatory ordinance could have potential legal ramifications, up to and including litigation. Often times franchisees enter in franchise agreements requiring multiple units to be opened within a given period of time, which could clearly be impacted by a change in zoning requirements.

Celebrating 55 years of excellence, education and advocacy, the International Franchise Association is the world's oldest and largest organization representing franchising worldwide. IFA works through its government relations and public policy, media relations and educational programs to protect, enhance and promote franchising and the more than 733,000 franchise establishments that support nearly 7.6 million direct jobs, \$674 billion of economic output for the U.S. economy and 3 percent of the Gross Domestic Product (GDP), **including over 29,000 establishments in New York generating more than \$34 billion in economic output each year and supporting over 304,000 New York jobs.** IFA members include franchise companies in over 300 different business format categories.

Before undertaking any sort of rulemaking, it is important to fully understand the how franchising works and who franchisees are. Franchise businesses are **locally** owned small businesses with a national name. The brands do not own the stores and franchisees are small business owners, not 'mega corporations'. Moving forward with a ban or restriction does nothing but discriminate against local small business entrepreneurs in New York, while simultaneously restricting consumer choices. If retail diversity, consumer choice and consumer access are the paramount concern, enacting franchise restrictive zoning rules are the exact opposite direction to go.

Like any other small business, a franchisee's success depends on their own capital, hard work and long hours. Like any other enterprise in New York, a franchisee operating there pays taxes, is involved in supporting community activities and creates economic opportunities for employees and suppliers who

directly benefit from the existence of the enterprise, all while providing the consuming public with goods and services.

The city government should not impose its will on the consumers of New York, but should instead allow the community to decide through the marketplace if certain businesses are acceptable to them, as the free enterprise system is supposed to work. Indeed, franchise businesses successfully coexist in many historic or traditional business districts alongside locally founded 'mom-and-pop' establishments.

I urge you to carefully consider any proposal including a moratorium or restriction on franchise businesses. Such drastic steps not only harm your community by weakening its economy, but are contrary to the most basic tenets of American entrepreneurship and fairness.

Thank you for your consideration. We look forward to working with the City Council moving forward.

Best Regards,

A handwritten signature in black ink, appearing to read "M. Jeff Hanscom". The signature is written in a cursive, flowing style.

Jeff Hanscom
Director, State Government Relations
International Franchise Association

Economic Impact of Franchising in New York



	Nationally	in New York
establishments	733K	29K
jobs	7.6M	304.9K
payroll	\$269.9B	\$14.6B
output	\$674.3B	\$34.1B
GDP	\$404.6B	\$22.8B

Franchise Fast Facts



The Franchise Business Model

- Brings together brands, local business owners, employees, and the local community.
- Is a uniquely accessible business model which allows you to start at the entry level and have the opportunity to own your own business.
- Has created tens of thousands of small business owners and millions of opportunities for workers while being the largest vocational training industry in America.

Franchise Business: Good for America and Good for Local Communities

- The International Franchise Association is the world's oldest and largest organization representing franchising worldwide. Celebrating 50 years of excellence, education and advocacy, IFA works to protect franchisee interests, and promote franchising through its government relations and public policy, media relations, and educational programs.

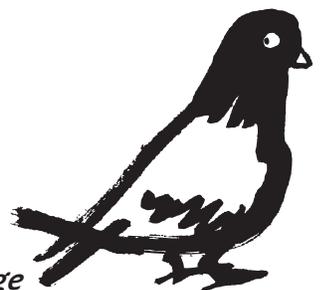




Preserving Local, Independent Retail: Recommendations for Formula Retail Zoning in the East Village

East Village Community Coalition - May 2015

EVCC works to preserve and protect the built and cultural character of the East Village



Preserving Local, Independent Retail is the culmination of extensive research, analysis, and interviews with many people who were generous with their time and knowledge. Special thanks to Melanie Truhn for her extensive contributions in researching and writing this report and to Karen Loew of the Greenwich Village Society for Historic Preservation for her keen editor's eye. We extend our gratitude to those who provided additional support and consulting on the topic including Andrew Berman, Greenwich Village Society for Historic Preservation; AnMarie Rodgers, City and County of San Francisco Planning Department; Conor Johnston, Office of Supervisor London Breed; Joseph Getz, JGSC Group; The East Village Independent Merchants Association; our own Retail Diversity Working Group; and the members of the East Village Community Coalition who have remained dedicated to the matter of formula retail zoning for many years.

The East Village Community Coalition works to recognize, support, and sustain the built and cultural character of the East Village. This character includes a diverse population; low-rise, human-scale blocks and affordable buildings with historic and architectural significance; a multitude of community gardens; indigenous stores and businesses; and the neighborhood's history and ongoing tradition as a haven for those seeking freedom to express artistic, creative, and social concerns.

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Preserving Local, Independent Retail

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The East Village is known for its colorful history of immigration, art, music, community advocacy and grassroots movements. Over the years the community has been home to a variety of artists, writers, and political activists — each group playing a significant role in shaping the neighborhood and creating the unique place that exists today. Today the East Village is one of New York’s most diverse neighborhoods, made up of residents from a variety of backgrounds and economic means.

Retail in the East Village has predominantly been made up of small, independent, local businesses. The small storefronts found throughout the neighborhood have provided affordable, low-risk opportunities for small business owners and local entrepreneurs. Today in the East Village a shift can be seen from independent stores to chains or franchises as well as from small storefronts to those with larger footprints. These stores are changing the landscape of the neighborhood by altering the shopping choices from independent to mass-market retailers. The expansion of these chains creates even more challenges for local, independent retailers.

Like many in other municipalities, the EVCC has determined that the presence of chain businesses can be detrimental to community character and local economies. *Preserving Local, Independent Retail* is presented as part of our Get Local! campaign launched in 2006 to promote a diverse retail mix of independent stores that reflect the neighborhood’s character and serve its population. Three possible methods of formula retail restriction zoning are proposed within the report. These options — aimed at informing decisions by East Village policy makers — have been crafted using case studies, legal suggestions and pre-existing zoning frameworks from other parts of the country.

As trends of gentrification and homogenization continue in New York, with respect to both the built environment and retail landscape, a timely solution is needed to preserve the individuality of the city’s neighborhoods. Placing restrictions on formula retail establishments via zoning amendments provides a path to preserving the rapidly changing East Village. Creating an East Village Special District using our framework will emphasize the importance and uniqueness of the community. Contact us to learn how you can help us create the Special Retail District the East Village needs.



Sara Romanoski
Managing Director



Rendering of the Expansion of Chain Stores Projected at Avenue B and East 10th Street, Artist: David Leslie

Around the globe, localities are determining that the presence of chain businesses can be detrimental to community character and local economies. In London, San Francisco, Seattle, and numerous smaller towns, residents and local governments are voicing concerns about the effects of chain and “big box” stores in their communities.

Formula Retail: “[A] retail sales establishment which, along with ten or more other retail sales establishments located in the United States, maintains two or more of the following features: a standardized array of merchandise, a standardized facade, a standardized decor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark.”¹

San Francisco was one of the first cities to recognize the impacts of formula retail business and take action. The city enacted the first phase of its Formula Business Policy in 2004, which required that any formula retail store or restaurant must notify the community when attempting to move in. Since then, the city has not only enforced the policy, but strengthened it.² The residents of San Francisco value the unique feel of the city's neighborhoods and have striven over time to retain the distinctive sense of place that charms locals and visitors alike.

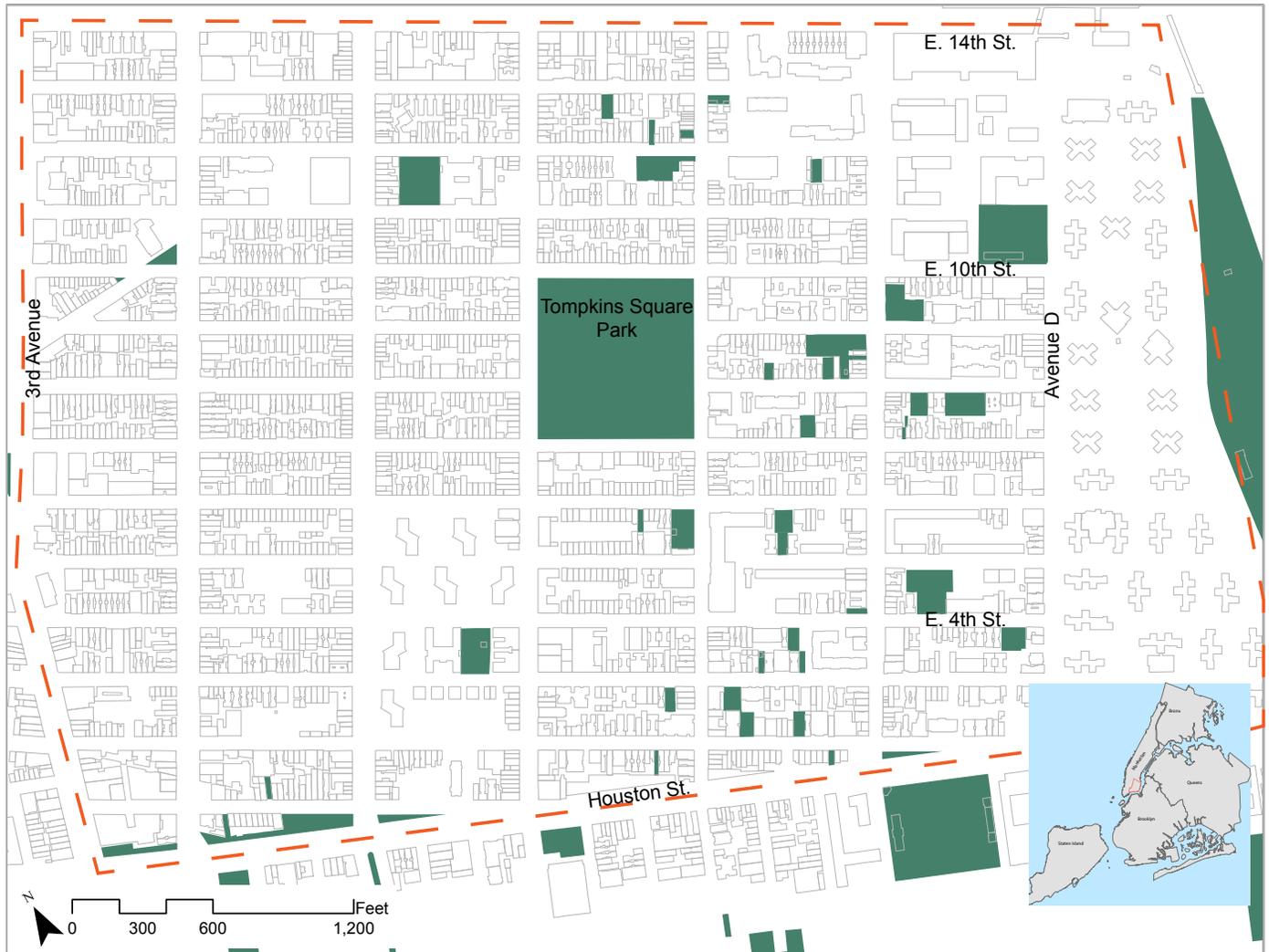
In New York City's eclectic East Village, the number of chain businesses moving into the 10009 and 10003 zip codes has risen markedly in the past decade. These stores are changing the landscape of the East Village by altering the shopping choices from independent to mass-market retailers, putting added strain on local businesses and constructing stores and facades out of character with the rest of the community. At the same time the East Village is experiencing a demographic shift, the neighborhood has become home to a younger crowd, often single and living with roommates. With the millennial population outpacing that of the baby boomers, their purchasing power is just beginning. Research by Boston Consulting, which defines millennials as those currently 18-34 years old, shows the group already accounts for \$1.3 trillion of annual consumer spending.³ Therefore, their spending preferences and trends may affect the types of establishments moving into the East Village as their purchasing power continues to grow.

Longtime residents have noticed the change in their community. At a Retail Diversity Workshop convened by East Village Community Coalition (EVCC) in November 2013, residents unanimously decried chain stores in the neighborhood, while brainstorming about unfilled local retail and service needs, including everything from a shoe store to a cheesemonger to activities for youth and seniors. The group also brainstormed actions that can be taken at the individual, group, legislative and zoning levels to improve the condition of retail — and has demonstrated a commitment to staying involved in this issue.

A variety of initiatives can support local retail diversity, and EVCC annually publishes a “shop local” guide and has formed a merchants association. Due to the fast pace of change, however, the East Village needs to do more, and quickly, in order to retain its character before it is lost.

We call for a Special Purpose District in the East Village, similar to other districts created by the Department of City Planning in neighborhoods from 125th Street to Battery Park, Forest Hills to City Island. Special Purpose Districts employ zoning rules and regulations specific to each neighborhood that help maintain the unique sense of place in that area. Although the East Village was rezoned in 2008, there is more to be done to protect its distinctive history, culture, and population. In particular, regulating formula retail businesses attempting to move into the East Village will help preserve the uniqueness that makes the community so special to New York City, the country and the world.

THE EAST VILLAGE



EVCC defines the East Village as the area bounded by the north side of Houston Street, the East River, the east side of 3rd Avenue and the south side of 14th Street.

THE EAST VILLAGE COMMUNITY COALITION (EVCC) IS A NEIGHBORHOOD NON-PROFIT ORGANIZATION THAT WORKS TO RECOGNIZE, SUPPORT, AND SUSTAIN THE BUILT AND CULTURAL CHARACTER OF THE EAST VILLAGE. THIS CHARACTER INCLUDES A DIVERSE POPULATION; LOW-RISE, HUMAN-SCALE BLOCKS AND AFFORDABLE BUILDINGS WITH HISTORIC AND ARCHITECTURAL SIGNIFICANCE; A MULTITUDE OF COMMUNITY GARDENS; INDIGENOUS STORES AND BUSINESSES; AND THE NEIGHBORHOOD'S HISTORY AND ONGOING TRADITION AS A HAVEN FOR THOSE SEEKING FREEDOM TO EXPRESS ARTISTIC, CREATIVE, AND SOCIAL CONCERNS.

IN 2006 EVCC PUBLISHED ITS FIRST GET LOCAL! GUIDE OF EAST VILLAGE SHOPS AND BEGAN INVESTIGATING THE EFFECT CHAIN STORES HAVE ON SMALL INDEPENDENT BUSINESSES, AS WELL AS THE REGULATION OF CHAIN BUSINESSES, SPECIFICALLY THROUGH THE USE OF ZONING. EVCC PLACES IMPORTANCE ON PRESERVING THE RETAIL DIVERSITY OF THE COMMUNITY AND ENSURING THAT RESIDENTS' NEEDS ARE MET BY THE RETAIL AND SERVICES PROVIDED WITHIN THE NEIGHBORHOOD. INSPIRED BY THIS MISSION, EVCC RESEARCHED, DEVELOPED AND AUTHORED THIS REPORT AND RECOMMENDATIONS. THE EAST VILLAGE IS LOCATED WITHIN LOWER MANHATTAN'S COMMUNITY DISTRICT 3.

AN ORIGINAL NEIGHBORHOOD

Culture

The East Village is known for its colorful history of immigration, art, music, community advocacy and grassroots movements. Starting in the 1800s, the East Village was home to immigrants from all over the world. In the early and mid-1900s it was a crucial spot for arts and advocacy movements.⁴

The community has strong roots in counterculture, especially on St. Mark's Place, where according to New York magazine, "Significant moments in counterculture history happened all along the street: Abbie Hoffman invented the Yippies at No. 30 in 1967; Andy Warhol, the Velvet Underground, and Jimi Hendrix performed at now-gone experimental nightclub Electric Circus, before it closed in 1971; and gallery 51X backed eighties-era graffiti artists like Keith Haring and Basquiat."⁵ Today, St. Mark's is one of the most commercialized streets in the neighborhood, home to a Chipotle restaurant and, until it closed in December 2013, a 7-Eleven. Once lined with record stores, the last one on St. Mark's Place has recently shut its doors.⁶

In 2007 the New York Times Arts section published a feature titled "Paths of Resistance in the East Village," chronicling East Village history. Two lines from the article summarize the character of the neighborhood in a way that highlights what formula retail zoning would help protect: "It has often been ravaged by grueling poverty and neglect. But it was also an area of intense cultural activity that changed the world."⁷ The feature goes on to highlight the importance of the activism and the tight-knit community in the East Village, discussing riots that took place in the community as early as the 1850s, the squatters of the 1980s and 90s, the rich arts created here, the community garden movement and CBGB's music scene. Documentarian Clayton Patterson is quoted in the article, touching on the fact that the East Village is transforming from a home to artists and activists to a destination for visitors: "[A] lot of artists did important work in the East Village...They were here because they could afford to live and work here. They can't anymore. Now it's the American Montmartre. Tourists come to see where the culture was."⁸

It is not surprising that the neighborhood also has a history of clashing with formula retail businesses. In March 1988, the Gap opened located at St. Marks Place



The Eastside Bookstore, 34 St. Marks Place, circa 1975. The image shows a weath of small businesses along St. Marks Place. Source: Edmond V. Gillon via the Museum of the City of New York.

and Second Avenue. Neighborhood small business owners and residents saw this as a signal of a changing population – not one they looked upon favorably.⁹ Both residents and local business owners expressed concerns about the store changing the community. According to a Women's Wear Daily article: "The East Village is original. There is nothing like it," said Christine Braun, manager of Trash & Vaudeville, a store known for its funky to contemporary clothes. "But slowly it's changing and the Gap is a sign that there will be more."¹⁰

More recently a 7-Eleven took up residence at the corner of 11th Street and Avenue A. The announcement of its presence in the neighborhood spurred the creation of a new activist group, "No 7-Eleven." Its blog proclaims the mission: "No 7-Eleven' was created by New Yorkers to determine their own neighborhood land use in the service of their community. We intend to defend local commerce and community character from homogenized, corporate chain stores and franchises through publicity, boycotts, education, electoral pressure, legislative rezoning, direct action and community engagement."¹¹ The group sponsored weekend rallies in front of the store and posted articles about chain stores and local developments on its blog.

This resistance to chain stores is ingrained in the East Village's entrepreneurial history. The neighborhood's tenement buildings, with their small storefronts, have historically lent themselves to entrepreneurship and small business ventures. The physical condition and

small storefront size of the tenement buildings allowed a myriad of East Village residents to open brick-and-mortar stores at lower cost and lower risk than in other neighborhoods. Small businesses still make up the majority of companies within the East Village and New York City as a whole. According to the city's 2015 "Small Business First" report, "of the more than 200,000 businesses located in New York City, 98 percent are small (fewer than 100 employees) and 89 percent are very small (fewer than 20 employees)".¹² In addition, according to the New York City Small Business Congress small businesses are the largest employer of New York City residents and over 80% of these businesses are immigrant-owned.¹³

As chain stores move into East Village, storefronts and building compositions are altered, and the area runs the risk of losing the immigrant and entrepreneurial spirit that has made it a unique and special place to do business for so long.

The American Planning Association describes a great neighborhood as a place where the community has a local character that sets itself apart from other neighborhoods.¹⁴ However, with an abundance of formula retail, a neighborhood loses the local character that sets it apart. This can reduce tourism for the neighborhood and lower profits for the independent businesses that remain. The city's official tourism guide, nycgo.com, highlights several must-sees in the East Village ranging from the local Mudspot coffee shop to the now-closed independent music and DVD retailer, St. Marks Sounds.¹⁵ It is these unique, local stores and restaurants that create a neighborhood character that entices people to visit, keeps them coming back and persuades others to move in. As San Francisco Planning Department Director John Rahaim stated, "The feeling is that potentially, if you allow a number of formula retail stores, you lose the neighborhood character and locally owned businesses."¹⁶

The American Planning Association also cites attributes that benefit a resident's daily life as another must for a great neighborhood. As the retail mix continues to change in the East Village, it is to be determined if current stores are able to meet the daily needs of residents within their budgets. As further explained in the following section, the East Village is home to a variety of residents with a range of incomes and

budgets. It is important that all East Village residents have access to retail and services, not just those within a certain income bracket.

Changing Demographics

The population of the East Village is changing. Not only is it growing, but also the demographics are different than they were ten years ago. These new additions are creating somewhat of a dichotomy with longstanding East Village residents. The new residents are mostly young, single people with higher incomes. At the same time, the East Village is home to a significant number of public and subsidized housing residents, who are often older individuals or families.

In recent years, the number of residents in the East Village has grown significantly. Several luxury housing developments and dorms have recently been built or are in the works. Additionally, roommate households are now using many of the units that used to house families. The East Village's total population increased 6.6% between 2000 and 2010, going from 67,375 to 71,789 residents.¹⁷ This is 4.5% more than New York City's population growth from 2000-2010, and 2.9% more than Manhattan's growth over the same period.¹⁸

TABLE 1: EAST VILLAGE POPULATION INCREASE 2000-2010

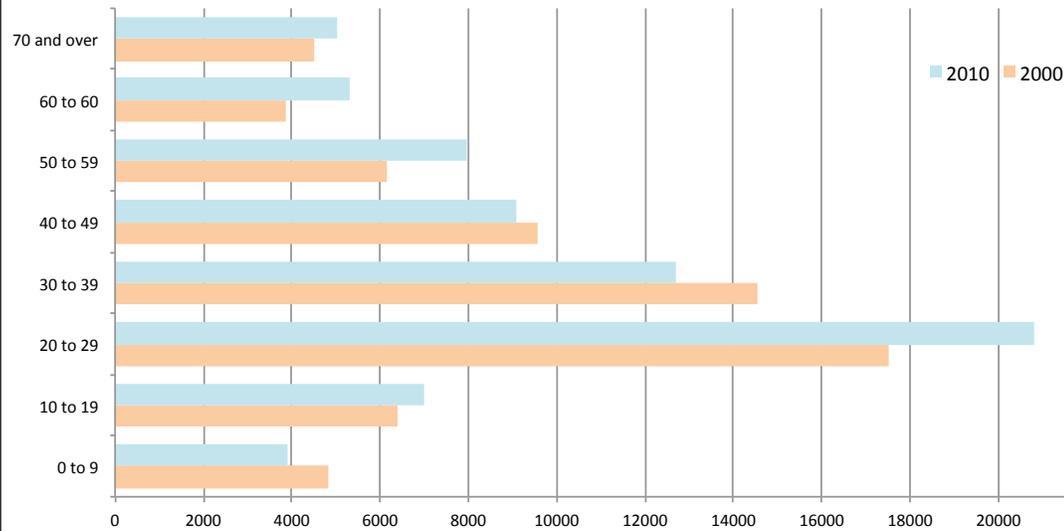
	East Village	Manhattan	New York City
2000	67,375	1,537,195	8,008,278
2010	71,789	1,585,873	8,175,133
<i>Population Increase</i>	4,414	48,678	166,855
<i>Percent Increase</i>	6.6%	3.2%	2.1%

Source: U.S. Census

The community has seen the largest increase in the population aged 20-29, as well as those 50-90+ while the largest decrease was among those aged 30-39.¹⁹ These numbers imply that the structure of the East Village population is changing. Families are leaving and transient populations such as young adults and retirees are increasing.

The population of residents in households and group quarters increased in the East Village from 2000-2010.

TABLE 2: EAST VILLAGE CHANGES IN RESIDENTS' AGES



Source: U.S. Census

this census tract and the number should not be seen as the norm for East Village.

According to Manhattan Community District 3's District Needs Statement for Fiscal Year 2014, 50% of CB 3's population (80,000 residents) receive income support.²⁵ The Needs Statement goes on to state that out of the 164,000 citywide NYCHA housing units, 14,000, or 8.5 percent of the total,

The population of householders living with a non-relative increased from 8,670 to 10,066 people.²⁰ Of those living with a non-relative, the population living with a roommate or housemate increased by 1,014, from 4,823 to 5,837 people.²¹

The largest increase in household type from 2000-2010 was in non-institutionalized group quarters, defined by the U.S. Census as facilities such as college/university housing, adult group homes, adult residential treatment facilities, workers' group housing and religious quarters.²² The population of East Village residents in non-institutionalized group housing increased by 2,612 people, and the majority of the growth was in census tracts 40 and 42, which encompass the area bounded by 9th and 14th Streets and First and Fourth Avenues.²³ This is the same area in which NYU opened several dorms during the decade 2000-2010.

The East Village saw an increase in median household income in all census tracts over this period. The increases ranged by census tract from \$1,999 to \$33,792.²⁴ Geographically, the largest increases were predominantly seen north and west of Tompkins Square Park from Avenue B to Fourth Avenue, 9th to 14th Streets. There was one outlier in both median household income increase and location; the census tract area between Houston and 3rd Streets and Avenues B and D saw an increase of \$62,700 in median household incomes. Because the number lies so far beyond other increases in the area it is important to note that a new market-rate housing development was built within

are located in Community District 3. As the East Village constitutes 38% of Community District 3, it is safe to say that the community has a number of residents that fall into the aforementioned groups. In addition, Community District 3 lost 8% of rent-regulated units from 2002-2011.²⁶ A decrease in affordable housing options can cause excessive rent burdens and forced displacement from the East Village. While several longstanding residents will continue to reside in public and other regulated housing, a future lack of affordable housing choices may further alter the type of resident living in the community. The lapse of affordability programs and new construction is causing a larger portion share of East Village housing to be market rate. These additional market-rate units are attracting new and possibly wealthier people to the neighborhood.

All of these factors imply that the new population of the East Village is young, wealthy and mobile. The majority of the new residents are considered Generation Y or Millennials. This generation's population is outpacing that of the baby boomers and their purchasing power is just beginning to be felt. Research by Boston Consulting, which defines millennials as those currently 18-34 years old, shows the group already accounts for \$1.3 trillion of annual consumer spending.²⁷ Therefore, their spending preferences and trends may affect the types of establishments moving into the East Village as their purchasing power continues to grow. However, it is important that the preferences and needs of the new residents do not leave the long-standing residents without affordable retail and services.

Built Character

In the late 1990s and early 2000s the demand for housing in the East Village increased and several out-of-scale developments were proposed or built in the neighborhood. In 2005 The East Village Community Coalition hired BFJ Planning consultancy to prepare “Rezoning the East Village: A Discussion Paper” in an attempt to curb the out-of-scale building. After three years of dialogue between the residents, Manhattan Community Board 3, community organizations, and the Department of City Planning, in 2008 the East Village was rezoned and the final plan reflected much of the proposal presented in the discussion paper. According to the Department of City Planning’s East Village/Lower East Side Rezoning overview website, the proposal aimed to 1) preserve the established neighborhood scale and character by establishing contextual zoning and districts with height limits, and 2) provide modest opportunities for residential growth and incentives for affordable housing along the area’s widest streets well-served by bus or subway lines.²⁸

Additional mechanisms for the continued protection of the community’s built character are the designation of historic districts and landmarks. Currently there are three historic districts designated within the East Village: the East 10th Street Historic District (2012), the East Village/Lower East Side Historic District (2012) and the St. Mark’s Historic District and Extension (1969/1984). The New York City Landmarks Preservation Commission landmarks historic buildings or districts because they have a “special historical, cultural, or aesthetic value to the City of New York, state or nation, [and are] an important part of the City’s heritage.”²⁹ Each historic district represents styles of architecture typical of one or more eras in the city’s history. The three districts within the East Village help to preserve the aesthetic character of the neighborhood by placing oversight on building renovations, facades and upkeep. While these districts will help keep the East Village aesthetic alive, they do not influence what types of establishments may occupy the commercial spaces.

The East Village streets are made up predominantly of tenement buildings with lot sizes ranging from 18 to 25 feet wide. In the past, these small spaces were attractive to local proprietors looking to start a business for the first time. Today, larger retailers are adapting to these



211 E. 5th Street is a prime example of the historic built fabric of the East Village. The tenement-style building features a 25-foot lot frontage with a residential entrance and two storefronts. Source: East Village/Lower East Side Historic District Designation Report, 2012.

smaller, cheaper spaces, sometimes displacing local stores. As of August 15, 2014, there were 76 properties listed on LoopNet.com for lease in the East Village.³⁰ Twenty-five of the listed properties were located on a side street where commercial use is zoned for local-serving retail. Of that subset, 11 advertised spaces with more than 1,000 square feet, and the side-street spaces had a mean of 943 square feet. Among the remaining 51 properties located on the commercial overlay avenues, the floor areas ranged from 246 square feet to 11,700 square feet, with a mean of 2,306 square feet. The overall average-sized space available in the East Village was 1,857 square feet. (As a point of reference, the 7-Eleven on St. Marks Place that closed in December 2013 was 3,600 square feet.)

The East Village is rife with new developments and construction. Luxury mixed-use developments have been moving into the neighborhood since the mid-aughts

and will continue in 2015. Through new construction, the East Village will gain at least 170,993* square feet of new retail space from 2013-2016³¹ from mixed-use developments alone. This number does not include any new commercial-only developments, or existing space renovations. The layout of the retail spaces within these developments is largely unknown until construction is finished or a commercial tenant has signed a lease. As the developers make the majority of their profit from the residential units, the retail space is usually left as an afterthought and in some cases is unusable without renovations.³² The retail spaces in these buildings are often expensive to rent as they are larger than existing storefronts and have new amenities.³³ Therefore it can be much harder for local, independent merchants to utilize these new spaces in the neighborhood.

Not only do chain stores have an easier time affording the newly constructed retail spaces, but they are now adapting to smaller spaces as well. Formula retail is usually thought of as big-box stores like Target, Walmart, Walgreens, and Old Navy. The square footage required for these chain stores can range from 15,000-30,000 square feet (Old Navy and other clothiers)³⁴

to 135,000-180,000 square feet (superstores like Walmart)³⁵. However, some chain stores are resizing and redesigning their stores to better suit urban areas. Target is now creating CityTarget stores as small as 70,000 square feet, half the size of an average suburban store.³⁶ While such a store is still too big to find space within the East Village very soon, it may be a sign of the future. Currently Walmart has a 3,500-square-foot store in Fayetteville, Arkansas to test small-store formats.³⁷ Given that the sample of vacant spaces in the East Village ranged from 246 to 11,700 square feet, with 33 of the properties being 1,500 square feet or larger, it is important to encourage leasing to local businesses in the neighborhood before formula retail businesses begin to compete, using their small-store prototypes that could move into the available East Village real estate.

Chain stores have a history — indeed, a goal — of uniformity, especially when it comes to their signage and facades. Until recently a Target in Ithaca looked just like a Target in Brooklyn, with its bold red typeface decorating store exteriors. These days, as mentioned above, chains are becoming more flexible with their stores' appearances. However, uniform facades still

TABLE 3: EAST VILLAGE NEW MIXED-USE DEVELOPMENTS 2013-2016

Address	Cross Streets	Type	Retail Square Feet
7 Avenue D	Corner of 2nd Street	Rental	9,640
98-100 Avenue A	6th + 7th Streets	Rental	7,161
500 E. 14th Street	Corner of Avenue A	Unknown	39,310
524 E. 14th Street	Avenues A + B	Rental	14,219
438 E. 12th Street	1st Avenue + Avenue A	Rental	18,000
152-154 2nd Avenue	9th + 10th Streets	Rental	7,962
542 E. 5th Street	Avenues A + B	Rental	4,530
21 E. 1st Street	2nd + 3rd Avenues	Rental	10,832
24 2nd Avenue	Corner of 1st Street	Condo	7,000
432-438 E. 14th Street	1st Avenue + Avenue A	Rental	15,400
644 E. 14th Street	Corner of Avenue C	Rental + Community Facility	8,578
79-89 Avenue D	6th + 7th Streets	Rental	7,868
347 Bowery	Corner of 3rd Street	Unknown	10,800
67 Avenue C	4th + 5th Streets	Rental	1,843
11 Avenue C	Houston Street + Avenue C	Rental	7,850
<i>Total</i>			<i>170,993</i>

Source: EV Grieve, Curbed NY, and The Real Deal blogs

*New construction square footage was calculated using periodical sources including: EV Grieve, Curbed New York, and The Real Deal. These sources depend on the New York City Department of Buildings, various real estate agencies, developer plans and other sources for their information.

exist and can often be out of place within an urban or even suburban environment. The avenues of the East Village are zoned with C1-5 and C2-5 overlays. With this commercial overlay zoning come regulations on storefront signage and lighting.³⁸ These regulations are meant to keep signage in the neighborhood at the same scale as the buildings and storefronts. However, there are no mechanisms in place to curb colors, patterns or out-of-character images from being placed on a storefront.

An example of chain store facades versus a contextual facades can be seen along First Avenue between 6th and 7th Streets. The west side of the avenue is composed of a variety of small-scale local shops and restaurants. Their facades have predominantly large windows, black or muted colored awnings, and almost no lighted signage. Across the street, however, is a different story. At the intersection of 6th Street and First Avenue the east

side of the street is home to a Dunkin Donuts/Baskin Robbins, McDonald's, Subway and Ricky's, lining the block almost all the way to 7th Street. These chains have brightly colored and sometimes lighted lettering, plus patterned flags hanging over the sidewalk. The chains scream for attention from passersby, using the same methods of attraction they would anywhere in the United States, or maybe the world. The west side, though, remains uniquely representative of East Village streetscape style. It is also important to note that some chain businesses do add unique elements to individual locations, such as the Rite Aid on First Avenue, which covered its facade with a nature-themed mural.³⁹ However, if left to chance, chain stores may not take an interest in matching storefronts to a neighborhood. It is when chain stores do not attempt to blend into the community's built context, and instead construct their predictably uniform facades and signage, that the unique aesthetic of the East Village will be dulled.



The images showcase the differences between chain store facades and contextual East Village facades. The top photo shows the west side of First Avenue between 6th and 7th Streets. The west-side streetscape includes similar awnings and signage in more muted colors. The east side of the street, shown in the lower photo, is a stark contrast with large signage, massive banners and bright colors.

Presence of Formula Retail

Since the Gap on St. Mark's Place closed in 2001, other chain stores have been moving into the neighborhood. The Center for an Urban Future's (CUF) annual State of the Chains study counts chains in New York City by store brand and zip code. Since the study began in 2009, the East Village zip code 10003 has ranked among the three neighborhoods in New York City with the most chains, and has the second-highest number in Manhattan. Meanwhile, the number of chain stores in the East Village/Alphabet City zip code 10009 has remained limited.

Prompted by CUF's zip code analysis of the city, The Local - East Village blog wanted to see specifically how many chain stores were located within the East Village, which includes both the 10003 and 10009 zip codes. In 2012, reporters for the blog walked and mapped the East Village, bounded by 14th Street to the north, Avenue D to the east, East Houston Street to the south and Broadway to the west. Their counts found roughly 115 chain stores within the boundaries. When applying the East Village's common boundaries, of 14th Street to the north, Avenue D to the east, East Houston Street to the south and Bowery/Third Avenue to the west, roughly 63 chain stores were found.⁴⁰ The EVCC conducted a similar study in August 2014, a ground-floor use survey. The survey found that there are 63 chain stores located within the community, 47 along the avenues and 16 on the streets.⁴¹ The study found that these 63 chain stores make up 3.60% of the total number of storefront spaces within the East Village.

EVCC is continuing analysis of the retail changes within the neighborhood. Through publication of the annual Get Local! Guide to Local Shops, a seven-year history of local, independent retailers and service providers has been generated. These records are organized by retail or service type, address, opening date and, if applicable, closing date. Data review will help identify trends that have reduced the diversity of retail and services available in the community.

The effect chain stores have on independent retail is not unique to the East Village. In fact, the New York State Senate Committee on Cities' 2010 Report "New York Retail...Serving the Public!" listed competition from national formula retailers as the second-biggest

TABLE 4: CHAIN GROWTH 2009-2014

Zip Code 10003		
Year	Number of Chains	Percent Change since 2009
2009	151	-
2010	166	10%
2011	169	12%
2012	179	19%
2013	171	13%
2014	164	9%
Zip Code 10009		
2009	20	-
2010	20	0%
2011	21	5%
2012	23	15%
2013	26	30%
2014	25	25%

Source: Center for Urban Future, State of the Chains reports 2009-2014

challenge to urban retailers in the state of New York, behind escalation of rent.⁴² The report went on to suggest ways to address the problem. Several of their ideas align with what EVCC has found and suggests later in this report.

EAST VILLAGE CHAIN STORES



Chain stores are not the norm in the retail landscape of the East Village. The EVCC's ground-floor use survey in August 2014 showed the neighborhood is home to 1750 storefronts, with 196 vacancies. Chain stores make up 3.60% percent of East Village businesses, yet they are stiff competition for the small independent businesses that are the majority in the area. The map shows the chain stores tend to occur in clusters throughout the East Village with the highest concentrations to the south and west of Tompkins Square Park.



LOCAL BUSINESS SUPPORT

Locally Based Businesses are Better for the Economy

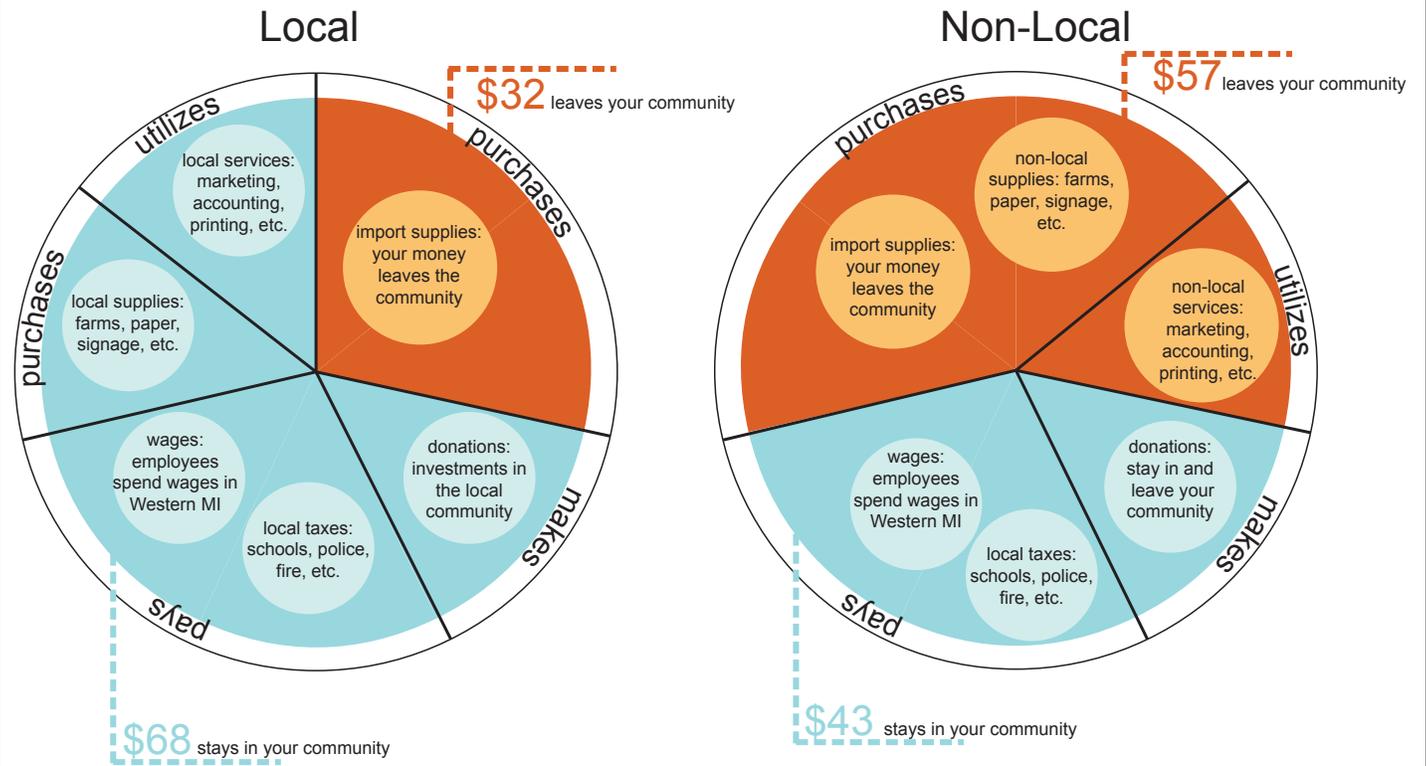
Local stores not only shape the character of a neighborhood, they also benefit the local economy. In contrast, formula retail businesses significantly divert resources from the local economy. A number of studies have compared the portion of sales returns to the local community from formula retail stores to those of local businesses. A 2004 Chicago study by the firm Civic Economics found that every \$100 spent locally created \$68 of local economic activity, but from \$100 spent at a chain store, only \$43 of local activity was created.⁴³ Another Civic Economics study, done in 2008 in Grand Rapids, Michigan, put the amount of money that stays local via local businesses even higher, at \$73 per \$100.⁴⁴

According to elocal.com, a website designed to connect consumers with local businesses, similar returns have been seen throughout the United States, where typically “only about 33.6% of the revenue from national chains is reinvested into the community which is very low compared to the 64.8% return from local businesses.”⁴⁵ By spending money locally, consumers are investing not only in the store they are buying from, but into the

entire neighborhood through the amount of economic activity created by their spending.

In addition to economics, there are other reasons to support local business that may hit closer to home for some New Yorkers. Stacy Mitchell, senior researcher at the Institute for Local Self-Reliance, recently wrote about research that shows neighborhoods where “locally owned businesses make up a relatively large share of the economy have stronger social networks, more engaged citizens, and better success at solving problems.”⁴⁶ Mitchell also wrote that “research suggests you are roughly seven times as likely to end up in a conversation with another customer at a farmers market or neighborhood bookstore than you are at a big-box store.”⁴⁷ In the aftermath of Superstorm Sandy, which hit the area hard, we have learned that the ties existing in a community with local retailers, service providers and neighbors will be the most beneficial in times of crisis. According to the popular East Village blog EV Grieve, during Sandy’s impact and aftermath in October and November 2012, a number of businesses stayed open in the East Village, both chain and independent.⁴⁸ However, community commenters who thanked businesses that offered help during the storm predominantly identified independent, local stores and storeowners as those

TABLE 5: WHEN YOU SPEND \$100



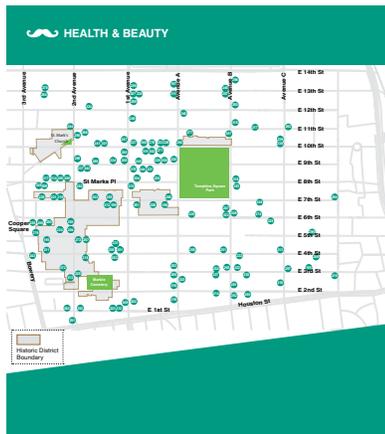
The chart illustrates how spending a hundred dollars locally and non-locally effects the economy. Source: LOCAL WORKS! Examining the Impact of Local Business on the West Michigan Economy, Civic Economics, 2008

who lent a helping hand to residents.⁴⁹ Commenters thanked local businesses for providing food, warmth, and services to residents when the neighborhood was dark and flooded.

Local, independent, small business owners are often live in the community, or nearby. Therefore these individuals are invested in the neighborhood both at a business level and also at a personal level. They take interest in community issues, appearances and events, and exhibit greater social responsibility.

Tools for Local Business Support

Across the country, municipalities are taking charge of their neighborhoods and commercial zones through “shop local” campaigns, independent business alliances, and zoning ordinances designed to prevent the growth of formula retail. While individually these are all strong programs, when combined they have the ability to shape the economy of a neighborhood or a municipality.



Shop Local Campaigns

In recent years, “shop local” campaigns have gained popularity across the nation, including EVCC’s own Get Local! Campaign and its annual printed guide to East Village local shops. The shop local movement has even garnered national attention from American Express’s Shop Small and Small Business Saturday initiatives.⁵⁰ According to the 2013 Independent Businesses Survey, “buy local” campaigns have a large effect on independent businesses’ revenue. The survey found that “independent businesses in communities with an active ‘buy local first’ initiative run by a local business organization reported average revenue growth of 8.6% in 2012, compared to 3.4% for those in areas without such an initiative.”⁵¹



Merchant Organizing

Another strategy communities can use to strengthen their local character and retain a variety of independent businesses is to form a local business alliance. Differing from other types of business alliances in which groups are formed by industry category and not always focused on independent owners, the independent business alliance pulls together all small business owners in a geographic area. Independent business alliances typically have three main priorities: 1) educating the community about the value of independent businesses, 2) working together and sharing promotions, advertising, and resources, and 3) creating a strong voice for independent business owners in the community.⁵² By aligning themselves, these businesses can create a strong network and address challenges facing the community.

In 2013 EVCC began working with small businesses owners to promote and advocate for the small and independent businesses in the East Village. Dubbed the East Village Independent Merchants Association (EVIMA) by the steering committee, the organization held its formal kickoff meeting in February 2014. Operating with the mission to connect, support and promote small and independent businesses in the East Village, EVIMA continues to hold regular meetings and serve as a resource for area small businesses.

Zoning Solutions

Zoning regulations are the most effective way to manage formula retail. While zoning regulations will take time and effort to get adopted, they are also the clearest path to neighborhood preservation. There are several different ways to design and implement zoning changes. The best and possibly most complex example of a Formula Business Ordinance is in San Francisco, whose strict rules govern which neighborhoods may allow formula retail, how much formula retail is allowed within them, and where formula retail is banned altogether. Several of the neighborhoods that allow

formula retail do so conditionally and require public review before a permit is approved. “Conditional use” is a use that is not principally permitted in a particular zoning district, and when a conditional use is proposed, a public hearing must be held to determine if the use meets certain criteria.⁵³ At the hearing, the Planning Commission must take into account several things:

- Is there already a concentration of formula retail businesses in the neighborhood?
- Are similar goods or services already provided within the neighborhood?
- Is the formula business compatible with the character of the neighborhood?

Conditional use zoning is not the only preventive measure that can be taken to regulate formula businesses. Some cities have implemented restrictions on the square footage of formula businesses. Proving that not just large urban centers feel the effects of formula retail, in 2004 Bristol, Rhode Island — population 23,000 — passed an ordinance prohibiting any “formula businesses larger than 2,500 square feet or that take up more than 65 feet of street frontage from locating in the downtown.”⁵⁴

In 2008, EVCC was the client of a Pratt Institute Graduate Center for Planning and the Environment studio project. The study focused on preserving the character of the neighborhood through a variety of methods ranging from creating more affordable housing to increasing transportation resources. The study included recommendations of formula retail zoning, the creation of a merchants association and a shop local campaign as tools to preserve the local and independent retail within the East Village.⁵⁵ In 2010, the Pratt Center for Community Development released a presentation entitled “Preserving & Strengthening Local Retail: Issues & Strategies.” The recommendations again included formula retail zoning, but also recognized neighborhood-serving zones as a useful tool for preserving local retail.⁵⁶ Those two reports, plus this one, aim to advance the goal of preserving the East Village's unique character and maintaining independent, local-serving retail as the main type of business in the neighborhood.

New York State Assemblyman Fred Thiele (I-Assembly District 1) and New York State Senator Kenneth P. LaValle (R-Senate District 1) noticed the impact formula retail is having on the unique identities of many New York communities, such as their own on the East End of Long Island. Together in January 2013 they introduced legislation in the State Senate (S1771-2013) and State Assembly (A1216-2013) that would allow “local governments (to) have the authority under New York State law to enact regulations to address the issue of formula retail uses.”⁵⁷

In the New York State Assembly, the bill is co-sponsored by Andrew P. Raia (R-Assembly District 12) and Michelle Schimel (D-Assembly District 16), and has additional support from James F. Brennan (D-Assembly District 44), Deborah Glick (D-Assembly District 66), and Claudia Tenny (R-Assembly District 101).⁵⁸ Recently, at the request of constituents, New York State Senator Brad Hoylman (D-Senate District 27, including most of the East Village) signed on as co-sponsor of the bill. The bill has been referred to the local governments committee since 2013.

The rationale for the bill, considered “enabling legislation” for the formal enactment of local rules, speaks to the very core reason and purpose of the proposed East Village Formula Retail Regulation zoning. The justification section in the legislation states,

“Formula retail businesses, previously relegated to shopping malls, have invaded village and hamlet downtowns eroding historic character, aesthetics, and unique community character and identity, replacing it with the sameness of Anywhere USA. Many communities across the nation have acted to protect community identity by enacting restrictions and prohibitions on formula retail stores. However, in New York, the lack of express statutory authority has a chilling effect on local government action. There is a lack of certainty in New York over whether such regulations would be legal zoning regulations or an impermissible regulation of economic competition. This legislation would make it clear that such legislation is permissible so long as it is enacted pursuant to a comprehensive plan and for a legitimate purpose such as protecting historic character or community identity.”

The bill's justification references the chilling effect, which when used in a legal context refers to an action that has a discouraging or deterring effect.⁵⁹ The language implies that municipalities may have taken action against formula retail businesses, except they felt they had no authority on the matter. If explicitly legal, local governments may have already taken action. If passed, the bill will give municipalities the legal right to take action in regulating formula retail businesses within their jurisdictions.

In addition to the supportive state legislation, the recommended East Village zoning changes would work congruently with two of New York City's regional plans. Both PlaNYC 2030 and the New York Regional Economic Council's 2011 Strategic Plan cite diverse neighborhoods and local small businesses as important factors in New York's future.

Preserving the city's neighborhoods is a main goal of PlaNYC 2030. According to the Housing and Neighborhoods section of the report, "Each neighborhood has its own distinctive character, history, and culture; maintaining this diversity plays a vital role in the continuing health of the city."⁶⁰ In addition, the city wants to work on broader neighborhood retail strategies to enhance the local shopping experience. The report specifically cites wanting to support the needs of small business as a goal in PlaNYC 2030: "The City will create a local retail zoning 'toolkit' that will expand the use of zoning tools to address specific retail issues facing different types of commercial corridors throughout the city."⁶¹

Additionally, the New York Regional Economic Council's 2011 Strategic Plan lists seven quality of life improvements needed for New York City's economic future founded upon the assertion that "diverse and thriving neighborhoods are the building blocks for a livable city."⁶² According to the NYREC's Strategic Plan, New York City's traditional reputation as a concrete jungle is false, because in reality, the city is a collection of unique, dynamic neighborhoods that make it special. The report asserts "ensuring the distinctive flavor of each neighborhood in the city is critical to attracting and retaining the diverse population that is one of New York's most important competitive advantages."⁶³ The report goes on to state: "The regional council will establish a system to monitor critical baseline indicators

for these seven categories and, where appropriate, will look to integrate quality-of-life objectives with economic development projects and programs. The regional council will also seek to identify how state regulatory actions, legislation and policies can more effectively support these quality-of-life objectives."⁶⁴

These movements to scale back formula retail business within citywide plans help validate and give momentum to local ordinances or zoning changes that could regulate chain retail within the East Village.

Proposed Regulatory Framework

The most common change to an already existing zoning law in New York City is through the creation of a Special Purpose District. According to the New York City Department of City Planning's glossary, "The regulations for special purpose districts are designed to supplement and modify the underlying zoning in order to respond to distinctive neighborhoods with particular issues and goals. Special purpose districts are shown as overlays on the zoning maps..."⁶⁵ More than 20 special purpose districts can be found in Manhattan alone, with several more in the other boroughs.

According to New York land-use attorney Patricia Salkin, evoking protectionism of local retail could violate the U.S. dormant Commerce Clause and cause the zoning to be overturned in the long run. Instead, it is recommended that the ordinance or zoning change be written to clearly state that the "purposes are not protectionist in nature, but that they are reasonably related to preserving the unique community character that supports tourism, contributes to a higher quality of life for residents, and that would be threatened by the intrusion of inherently non-unique formula businesses."⁶⁶ Knowing that the goals of the East Village formula retail regulations are, in fact, preservation of the community's unique historical, built and cultural character legitimizes the legality of the zoning recommendations presented below.

Based on legal considerations and current New York City Department of Planning zoning mechanisms, three recommendations for curbing formula retail and strengthening local, independent neighborhood-serving retail in the East Village are laid out below. Some general information encompasses all three recommendations.

First, we have adopted the definition for formula retail currently proposed in the New York State Assembly legislation: "[a] retail sales establishment which, along with ten or more other retail sales establishments located in the United States, maintains two or more of the following features: a standardized array of merchandise, a standardized facade, a standardized decor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark."⁶⁷

Second, as the streets in the East Village are already zoned for local-serving retail, that zoning language should be updated and enforced so businesses on the streets specifically meet needs of neighborhood residents. As defined by the NYC Department of Planning, Use Group 6 (local-serving retail) "consists primarily of retail stores and personal service establishments which:

1. provide for a wide variety of local consumer needs; and
2. have a small service area and are, therefore, distributed widely throughout the City.⁶⁸

A more detailed and East Village-specific definition for local-serving retail could be created. The definition could address affordability, resident needs and saturation issues for the streets. The definition could be used by the New York City Departments of City Planning and Buildings to then enforce which types of businesses locate on the neighborhood streets.

Last, the New York City Department of City Planning should create an East Village Special District. The purpose of the East Village Special District will be to preserve and protect the unique retail and residential character of the East Village from Houston Street north to East 14th Street and from Avenue D west to Third Avenue. Within the Special District, formula retail can be regulated through the recommendations presented below.

If a Special District is established in the community the surrounding areas could see more pressures based on zoning changes made within the East Village. This may result in the need for the Special District to have slightly different boundaries than those presented for the East Village in this report or it may call for related guidelines in neighboring communities.

Recommendation 1

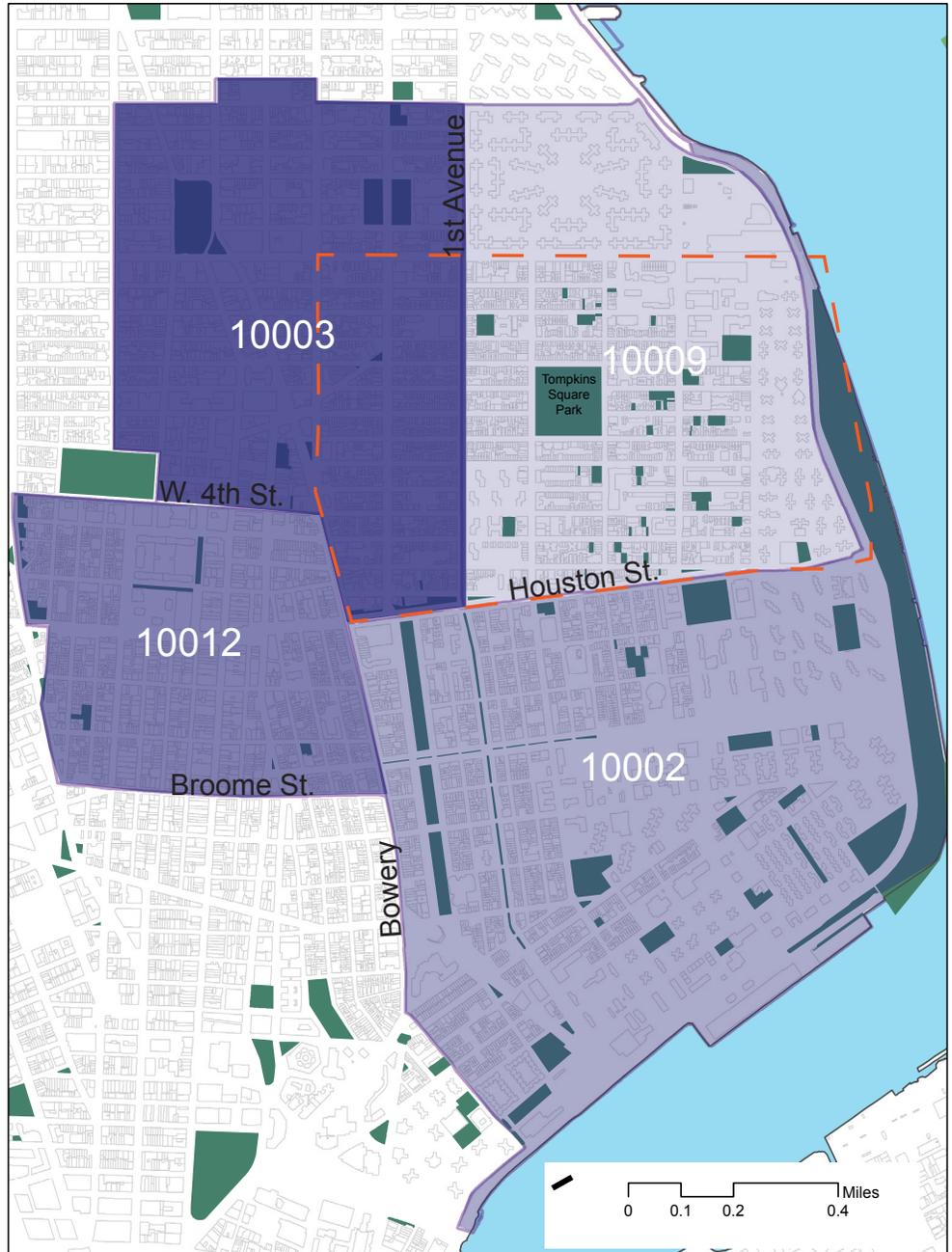
Formula Retail Ban

The most effective and simplest way to preserve the character of the East Village would be to ban all Formula Retail within the East Village Special District. By doing this, the historic, cultural and built character of the neighborhood would remain intact without being threatened by chain store competition.

Already the areas surrounding the East Village to the northwest, west and south are pressured by chain store expansion. Union Square, once only home to a grocer and a Walgreens, now hosts numerous chain retailers. The same can be said for West Broadway and its ever-increasing number of formula retail establishments. To the south, Delancey Street is lined with chain stores, including The Children's Place, Payless, Starbucks and Duane Reade. Many newer developments along Third Avenue are home to chain stores as well.

According to the Center for Urban Future's most recent chain store data, the zip codes immediately surrounding the East Village – 10002 (Lower East Side/Chinatown) and 10012 (Greenwich Village/SoHo) – were home to 161 national retailers in 2014. If you include the zip code of 10003 that overlaps with the East Village there were 325 chains total, of which only about 24 are located in the 10003 zip code area within the East Village boundaries defined by this report. The remainder, about 300 chains, are in the immediate areas around the East Village. As chains continue to fill the areas around the East Village, it becomes of greater importance to preserve the uniqueness of the neighborhood.

FORUMLA RETAIL SURROUNDING THE EAST VILLAGE



According to the Center for Urban Future's data, the zip codes immediately surrounding the East Village are home to many chain stores, 10003 having the most, followed by 10012, then 10002. The East Village zip code of 10009 has the fewest chains.

Recommendation 2

District-Wide Physical Regulations + Special Permitting

Part I: Grandfathered Non-Conforming Use

Within the East Village there are grandfathered non-conforming uses along the streets. These are the small-scale local-serving retail and services that cater to the immediate population surrounding the establishment, located on East Village streets with zoning categories R8B and R7B. However, if these commercial spaces remain vacant for two years they should be returned to their conforming residential use.

Formula retail establishments should be barred from locating along East Village streets within the areas of R7B and R8B. To date, most chain stores within the East Village have already found homes on the avenues, but in order to maintain the vibrant streets within the East Village, formula retail will be allowed only on East Village avenues in line with existing commercial overlays and only in compliance with conditional use requirements. Formula retail would be entirely banned from East

Village streets or anywhere without an existing C1-5 or C2-5 commercial overlay or full commercial zoning (Second Avenue, Third Avenue, etc.), leaving space in the community for true Use Group 6 uses: local-serving retail, provided by independent store owners.

Part II: Square Footage + Combining Storefronts

Tenements are the typical building style of the East Village and a tenement retail space is roughly 25 feet by 100 feet. Therefore, throughout the East Village commercial uses will be regulated to 2,500 square feet, to remain contextual with the built environment of the community. Some specific uses, such as grocery stores, could possibly be exempt from this square footage limit. Exemptions, if any, would be determined through the community planning process. In addition, combining storefronts between buildings will be prohibited throughout the district. If a proposed project does not meet the size requirements and the applicant is unwilling to modify the plans, the project will not be within the district.

Recently the combining of storefronts has resulted in the loss of two well-known East Village independent businesses. In January 2015, it was discovered that Duane Reade on Third Avenue and East 10th Street would expand and take over the storefronts of East Village Cheese and Excel Art and Framing Store.⁶⁹ The proposed regulation would prohibit situations like this, allowing for a

EAST VILLAGE EXISTING ZONING MAP



The East Village Zoning Map showing the C1-5 and C2-5 commercial overlays along the East Village avenues. Source: New York City Department of City Planning, East Village Proposed Zoning Map, 2008

combination of stores like Duane Reade, East Village Cheese, and Excel Art and Framing Store to co-exist as long as their stores were less than 2,500 square feet each.

Part III: Special Permit

Formula retail will be regulated within the entirety of the East Village. Stores meeting the definition of Formula Retail will not be permitted within the East Village Special District without a special use permit granted by the City Planning Commission (CPC). Anyone seeking a Formula Retail Special Use Permit will be required to apply to the CPC and go through the Uniform Land Use Review Procedure (ULURP) process. On average the ULURP process takes 150-200 days, requiring reviews by the Community Board, Borough President, CPC and City Council. If interested, the Mayor is able to weigh in on the decision.

In order for a Formula Retail Special Use Permit to be approved it must meet the special use and neighborhood-serving criteria. The special use and neighborhood-serving criteria will be metric and methods-based, using numbers and statistics as the basis for permitting decisions rather than loosely translated discretionary decisions. These criteria may be created with the help of a planning consultant through various studies and research. The EVCC has conducted several studies that may be applicable to the criteria including: a retail market analysis, ground floor use survey, and vacancy rate calculation. EVCC's research could be combined with other already existing resources such the Center for Urban Future's State of the Chains as a way to expedite the process. Additional studies and research should include, but not be limited to: existing East Village commercial facades and designs, and an inventory of affordable goods located within the East Village and immediate surrounding areas.

The findings of these studies and surveys may be presented to the public at a workshop where community members can give input on the findings and help shape the criteria. The criteria could include, but not be limited to:

- Number of formula retail establishments per block
- Density/availability of like goods and services within predetermined radius

- Number of total formula retail establishments within East Village Special District
- Percent of total formula retail establishments within East Village Special District.

Metrics and statistics will help create consistency within the permitting process not always achieved by agencies using subjective discretionary criteria. If a Formula Retail Special Use Permit meets all of the criteria it will be granted. If it does not meet the criteria, the proposed project will have to be altered for approval.

The existing special use permit application and attachments would remain the same and, in addition, a retail market analysis and proof of lease or ownership would be required for a Formula Retail Special Use Permit. When applying for a Formula Retail Special Use Permit the standard ULURP process, public notifications, reviews and meetings would apply.

Recommendation 3

District-Wide Physical Regulations

Formula retail would only be regulated by the implementation of the previously described Formula Retail ban on East Village streets, the enforcement of the 2,500 square-foot limit, and the prohibition of combining storefronts from separate buildings. There would be no special permitting process, leaving the East Village commercial overlays open to formula retail.

While these physical regulations would most likely deter large-scale formula retail from developing in the East Village, they would not protect against smaller establishments such as Subway, GNC, Starbucks, etc.

Additional Regulation

In addition to the three above outlined recommendations, EVCC believes that outreach should be done with the residents of the neighborhood before any Formula Retail store is approved. San Francisco currently has a neighborhood notification program that is composed of three steps. First, surrounding property owners, residents, and businesses are mailed a notification of the formula retail business attempting to

TIME TO ACT

move into the neighborhood. Second, a large, window-sized poster is placed at the location of the proposed project, and third, an ad is placed in the San Francisco Chronicle to alert the entire city of the proposal.⁷⁰ While the East Village may choose not to follow these exact steps, it is a good model for guidance.

While Formula Retail poses a threat to the East Village's historic, cultural and built character, there are other types of uses that hurt the quality of life in a community. These can range from a limited number of daytime-serving businesses to a saturation of utility facilities. In short, any unbalanced community is not a healthy community. These metrics and recommendations could possibly be applied to other saturation issues within the East Village district. In addition, one regulation that may benefit the community could be the generalized closing time of 2:00 a.m. for all businesses that do not operate 24-hours-a-day. This type of ordinance could help improve the quality of life for residents within the East Village.

As New York City continues to experience homogenizing trends, with respect to both its built environment and retail landscape, a timely solution to preserving the city's individual neighborhoods is a must. The East Village has importance for the city both culturally and historically. It has long been the home of immigrants, artists and a diverse mix of residents. As demographics change and buildings go up and come down, longtime residents must know that their quality of life is not at risk. Protection and preservation of affordable goods and services as well as the built character within their community will help residents' sense of stability and allow them to stay in a neighborhood they have called home for some time. The history of retail in the East Village is that of local, independent merchants and it is important to ensure that these types of entrepreneurs are able to continue working in the community.

New York City agencies, the state legislature and even other neighborhoods all have communicated that they value protecting the unique places that make up our city. Through utilization of one or a combination of the proposed recommendations, the East Village can be preserved for generations to come.



Photo Credit: Steven Garcia

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**Testimony of Olivia LaVecchia and Stacy Mitchell, Institute for Local Self-Reliance
Before the New York City Council Committee on Small Business and Subcommittee on
Zoning and Franchises
Oversight Hearing on Zoning and Incentives for Promoting Retail Diversity and
Preserving Neighborhood Character
September 30, 2016**

Thank you, Chairs Cornegy and Richards, and Members of the Committee on Small Business and the Subcommittee on Zoning and Franchises, for holding this hearing and for the opportunity to submit testimony on this critically important issue.

We work at the Institute for Local Self-Reliance, a 42-year-old national nonprofit research and educational organization with primary offices in Minneapolis and Washington, D.C., where Olivia is a researcher and Stacy is co-director. In our work, we examine the many benefits that strong locally owned businesses bring to communities and economies, and public policy tools that support their growth and development. Stacy has presented on this topic at national conferences organized by groups like the American Planning Association and the National Main Street Center, and has advised many communities seeking policy responses. We're also the co-authors of an April 2016 report titled, "Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses, and What Cities Are Doing About It," in which we outline six broad policy strategies cities can use to maintain and create a built environment where locally owned businesses thrive.¹

Our testimony briefly examines the importance of locally owned businesses to New York City and the crisis affecting them, and then offers examples of effective and proven policy strategies to level the playing field for these businesses. Promoting retail diversity and preserving neighborhood character are worthy policy goals, and ones that help the City achieve many other goals as well, such as creating jobs, advancing economic opportunity, and strengthening neighborhoods.

Understanding the Problem

We can't talk about the current need to promote retail diversity and preserve neighborhood character without talking about the soaring cost of commercial real estate. Data from the Real Estate Board of New York shows that retail lease rates in Manhattan shot up 10 percent overall in the last year, and in particular neighborhoods, the increases are even greater. The Upper West Side, for instance, saw ground-floor rents rise to an average of \$390 per square foot, a 37 percent increase. Small businesses have long persevered, and even thrived, in challenging markets. Today, however, local business owners that have been serving the every day needs of their communities, sometimes for generations, are being forced out. At the same time that long-time businesses are having to relocate or close, people looking to start new businesses are also being hit, which is further raising barriers to entrepreneurship and stunting the city's economic dynamism.

The cause of the rising rents is a multi-layered web that includes the resurgent appeal of cities, the popularity of commercial real estate among global investors, a limited and declining supply of small spaces, a preference for national companies over independent businesses in commercial real estate financing, and others. The result, however, is more straightforward: Local businesses in New York City are closing, and fewer are opening. In their absence, there's vacancy in marginalized and affluent neighborhoods alike, and there's the proliferation of national chains, which can negotiate better rents or afford to subsidize a high-visibility location.

While there's been reporting on what's being dubbed "high-rent blight" in places like the West Village,² this crisis isn't limited to affluent neighborhoods, and in fact, some of the most intense pressure is falling on businesses in lower income neighborhoods. As we cover in our recent report on the issue, "Among New York City's boroughs, the Bronx has seen the biggest jump in court-ordered evictions of small businesses,³ and over the last year it also experienced the largest percentage increase in the number of

chain stores.⁴ Among these newly arriving chains is Boston Market, which is slated to open on a busy corner previously occupied by Zaro's Bakery, a beloved business founded by a Polish family in 1927 and given just a few weeks' notice that its lease would not be renewed.⁵ Across the Harlem River, in Washington Heights, numerous longstanding businesses have recently been evicted or handed hefty rent increases. One is the nearly 40-year-old Liberato Foods, a Dominican grocery store with two-dozen employees that is reportedly facing a tripling of its rent.⁶

You all know these stories. They're unfolding on your streets, in your districts, all over the city. When this happens, New Yorkers lose. The businesses on the front lines are the grocers and hardware stores, the neighborhood-serving businesses that sell everyday goods and have little padding on their margins. When these businesses get displaced, residents lose the ability to walk to the store for their shopping, to bump into neighbors, and to chat with business owners. There's also the loss of something deeper: Generations of New Yorkers have pulled their families into the middle class by starting a business, but now, this traditional route to a stable and prosperous life is diminishing.

The City loses too, because the strength of the independent business sector is closely tied to other policy aims. Recent research has found strong relationships between the prevalence of local businesses in a city's economy and economic and social well-being, including higher income growth, lower poverty rates, and increased levels of social capital and civic engagement.⁷

New York isn't alone in these stories—we're hearing them from all over the country—but you are on the front lines, and your actions here could lead other communities struggling with a similar set of issues.

Policy Solutions

Public policy is well-equipped to address the complex set of issues facing New York's local and neighborhood businesses. We review a dozen policy solutions in our recent report on the issue, but today, we'd like to highlight five that are particularly suited to New York. Some of these are already successful in parts of New York and could be expanded to include other areas of the city, and others have an effective record in peer cities like San Francisco and Seattle.

Enact a formula business policy — One of the most effective tools for maintaining and increasing neighborhood retail diversity is the formula business policy. It's a strategy that's been used by communities from Chesapeake City, Md., to Port Townsend, Wash., but most instructive to New York is its use in San Francisco, where it's been in effect in some form since 2004, and successively strengthened.⁸ That year, the San Francisco Board of Supervisors added formula retail stores and restaurants to a list of uses that triggered neighborhood notification, and two years later, voters strongly endorsed a ballot measure that strengthened the law by making a formula businesses a "conditional use" in all parts of the the city zoned as neighborhood commercial districts. These districts include about half of the city's total commercial space.

In these districts, a formula business has to apply for a special use permit, and the application is reviewed by the Planning Commission. The law outlines several factors that the Commission considers in its review, including the existing concentration of formula retail in the neighborhood, and whether similar goods are already available within the district. "It allows a formula retail store to go forward when it benefits the neighborhood and not to go forward when it doesn't," Supervisor Scott Weiner, who represents the Castro neighborhood, has told us.⁹ In his district, for instance, a Levi's outlet store was approved, but a Walgreens, which already had a store in the neighborhood, was rejected.

The law works. San Francisco has more independent businesses and fewer chains per capita than other big cities, and a study commissioned by the city found that formula businesses occupy 24 percent of the commercial space in parts of the city covered by the policy and nearly twice that in areas not covered.¹⁰ Between 2005 and 2013, the Planning Commission approved a majority of the applications that it

received—about three-quarters—but part of the law’s efficacy is its deterrent effect, which limits the number of chains that apply in the first place to only those that are truly committed to the neighborhood and have a strong case to make for the benefits they will bring. The law has proved so popular and effective that in Nov. 2014 the City passed a major revision to expand it to cover additional districts.¹¹

More information about formula business policies, including San Francisco’s measure and others, can be found on our site, here: <https://ilsr.org/rule/formula-business-restrictions/>

Use zoning provisions to create a built environment conducive to local businesses — A second tool uses cities’ zoning and land use codes to zone for a local business environment. Part of the crisis affecting local businesses in New York and other cities is that the built environment is changing to become less hospitable to them, and that, absent regulation, commercial space is increasingly tailored to the needs of large national chains. This happens as older buildings get replaced, as developers turn to large national retail tenants to smooth financing on new projects, and as chains adapt city buildings to their large-format, suburban business model.

We suggest two broad strategies. The first is to protect the mixed fabric of the city’s neighborhoods. Research has shown that urban neighborhoods that have a diverse mix of building sizes and ages, including historic buildings that provide smaller commercial spaces, have more startups and a higher density of small businesses, compared to areas where the buildings are larger, newer, and more homogenous.¹² An analysis in Seattle found that these kinds of traditional mixed-building neighborhoods were home to more small businesses, as well as businesses owned by people of color and women.¹³ New York could adopt a variety of policies to protect this fabric, including historic preservation measures and zoning rules to prohibit the consolidation of smaller commercial spaces into larger ones.

The second approach involves instituting measures to ensure that new development and redevelopment projects include spaces suitable for locally owned businesses. This can be achieved by establishing store size caps in certain districts,¹⁴ and requiring that all new development include a minimum amount of small commercial spaces. As you know, New York has taken modest steps in this direction. On the Upper West Side, in 2012, the City approved a zoning change to regulate the width of new storefronts, limiting bank storefronts to 25-feet and other storefronts to 40-feet.¹⁵ The City could expand zoning measures such as this one to other neighborhoods across the city.

Adopt set-aside requirements for local businesses in new development — A third tool, setting aside space for local business in new development, is similarly targeted at the supply side of the problem. New development that includes space that is appropriate and affordable for local, neighborhood entrepreneurs has a crucial role to play in filling current gaps, but within New York’s globally-scaled real estate market, the priorities of developers and financiers are not always aligned with those of residents, local business owners, and neighborhoods. To address this imbalance, the City can use set-asides for local businesses. It can require that a certain portion of ground-level retail space in new development be set aside for locally owned business; a certain portion be dedicated to commercial spaces that are small; and a certain portion be commercial condominiums, which has the added advantage of encouraging small business property ownership.

New York is already doing this for individual projects. The City’s Dec. 2015 Request for Proposals for a major mixed-use development in East Harlem, for instance, included the specification that, of up to 700,000-square-feet of commercial space, a modest portion—50,000-square-feet—would be reserved for local retailers.¹⁶ Moving forward, the City could automatically include such a specification in any new development or redevelopment that includes a significant amount of commercial space, or that’s located within certain business districts, and could look to increase this relatively modest threshold for future development.

Create a preference for local businesses in leasing city property — Much in the way that New York and other cities create procurement policies that align their purchasing with their larger aims, the City can develop guidelines that make City-owned properties, or properties that receive City financing, more accessible to locally owned businesses. The City of Seattle, for instance, recently renovated its central transportation hub, the King Street Station, and is now looking at ways to make commercial space in and around the station affordable and accessible for local businesses. The City has committed \$360,000 in federal Community Development Block Grant funds to help tenants renovate the spaces, and also plans to explore features such as small-sized spaces and flexible leases. On Wednesday, the City released a report on commercial affordability that includes an intention to use the King Street Station project as a jumping off point. “This project will serve as a model of commercial affordability that could be included in other projects,” the report says.¹⁷

Establish modest incentives to support adaptive reuse by local entrepreneurs —The City could also consider a program to assist local businesses in retrofitting and adapting spaces in historic buildings. This approach may be particularly helpful in areas of the city suffering from vacancy and a dearth of businesses. One of the leading models for this type of program comes from Phoenix, where the city’s Adaptive Reuse Program is designed to encourage entrepreneurs to start businesses in older spaces. For renovations on commercial spaces that are vacant, fall within certain square-footage tiers, and were built prior to 2000, the city offers incentives like permit-fee waivers, assistance with variances, and streamlined plan review processes. Since its launch in 2008, more than 90 businesses have used the program, and it’s offered them significant savings — by one report, the first 12 businesses to use the program saved an average of four-and-a-half months of work time and \$16,000 in fees.¹⁸

The five strategies above, as well as the others in our “Affordable Space” report, together form a multi-pronged approach to addressing commercial affordability, promoting retail diversity, and preserving neighborhood character. These strategies will work best when used in combination, and together, they create a policy context and a built environment conducive to a healthy local business community, and therefore, a healthy city. Strengthening the independent business sector is in New York’s best interest, not only as an end in itself, but also as a means to foster diverse economic development, increase equity and opportunity, maintain New York’s distinct character, and ensure that this city remains one where people can pursue and achieve their dreams.

We have helped a number of cities research and enact policies such as these, and would welcome the chance to share additional information about these and other policy approaches, as well as address any questions you may have, as your investigation of this issue continues.

Thank you for the opportunity to submit testimony at today’s hearing.

Olivia LaVecchia and Stacy Mitchell
 Institute for Local Self-Reliance
 (612) 808-0828 and (207) 774-6792
olivia@ilsr.org and smitchell@ilsr.org
www.ilsr.org/initiatives/independent-business

Notes

¹ “Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses, and What Cities Are Doing About It,” Olivia LaVecchia and Stacy Mitchell, *Institute for Local Self-Reliance*, April 2016.

² “Why Are There So Many Shuttered Storefronts in the West Village?” Tim Wu, *The New Yorker*, May 24, 2015.

³ “Bronx Leads All Boroughs In Court Evictions of Businesses, Up 30%,” Peter Milosheff, *The Bronx Times*, Oct. 16, 2015.

⁴ “State of the Chains, 2015,” *Center for an Urban Future*, Dec. 2015.

⁵ “Zaro’s Bakery in Parkchester—Iconic Bronx Store—To Close Its Doors,” *Welcome2TheBronx*, Dec. 22, 2015.

⁶ “Landlords Can’t Stop Evicting Latino-Owned Businesses in Washington Heights,” Anita Abedian, *The Village Voice*, Feb. 9, 2016.

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⁹ “How San Francisco is Dealing With Chains,” Stacy Mitchell, *Institute for Local Self-Reliance*, Aug. 30, 2012.

¹⁰ “San Francisco Formula Retail Economic Analysis,” *Strategic Economics for San Francisco Planning Department*, June 2014.

¹¹ “Planning Code — Formula Retail and Large-Scale Retail Controls,” *Ordinance No. 235-14*, San Francisco.

¹² “Older, Smaller, Better: Measuring how the character of buildings and blocks influences urban vitality,” *Preservation Green Lab and National Trust for Historic Preservation*, May 2014.

¹³ *Ibid.*

¹⁴ Several San Francisco neighborhoods limit retail stores to under 4,000 square feet, for example. See: <https://ilsr.org/rule/store-size-caps/>

¹⁵ “City Council Changes Zoning to Limit Sprawl of Big Banks on Upper West Side,” Kate Taylor, *New York Times*, June 28, 2012.

¹⁶ “NYCEDC Announces Major Steps Forward in E125 Development, Bringing 1,000 Residential Units and Hundreds of Thousands of Square Feet of Commercial, Retail And Public Space to East Harlem,” *New York City Economic Development Corporation*, Dec. 11, 2015.

¹⁷ “Seattle Commercial Affordability: Advisory Committee Recommendations,” *City of Seattle*, Sept. 28, 2016.

¹⁸ “Phoenix helps breathe new life into old buildings,” Connor Wince, *The Arizona Republic*, Jan. 14, 2014; “Adaptive Reuse Program,” *City of Phoenix*; “Phoenix Adaptive Reuse Program Eases the Way for Downtown Development,” Liz Button, *Bookselling This Week*, Sept. 28, 2016.



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

**New York City Council Hearing
Oversight: Zoning & Incentives for Promoting Retail Diversity
September 30th, 2016**

Good Morning Chairmen Greenfield, Richards, and Members of the City Council:

My name is Jolie Milstein and I am the President of the New York State Association for Affordable Housing (NYSFAH). NYSAFAH is the statewide trade association for New York's affordable housing industry. Our 375 members are responsible for the vast majority of the housing built in New York State and City with federal, state, or local subsidies. Thank you for the opportunity to submit testimony for today's City Council oversight hearing on zoning and incentives for promoting retail diversity.

Both experience and research confirm that vibrant, livable urban communities must include retail stores and community facilities alongside housing. The City recognizes this, but the tools to implement this in practice have been limited.

The administration and the City Council took a significant first step to encourage much needed retail through the approval of the Zoning for Quality and Affordability (ZQA) text amendment earlier this year. This was a major victory for our City as it removed zoning impediments developers face in providing quality ground-floor retail spaces. Although this was an important first step in removing a barrier, there are additional ways the City can promote the development of quality commercial uses when developing affordable housing.

In 2013, NYSAFAH proposed a Community Investment Fund (CIF) to help meet this need at the State level. This initiative, managed by the State's Department of Housing and Community Renewal, supports retail, commercial, and community facility components of mixed-use affordable housing development in urban areas. The program encourages development of these important amenities, either directly within an affordable housing development or nearby, by providing project capital funding for non-residential space to facilitate the new construction of retail and community facility space in neighborhoods where market rents are too low to support new construction.

Other important steps to consider are changes to the Industrial and Commercial Abatement Program, or ICAP, by expanding the boundaries of the special commercial abatement areas and extending the length and expanding the terms of the ICAP benefits. Retail and commercial space is not covered in affordable housing developed with the 420-C property tax exemption program, which constrains the financial viability of many projects and discourages mixed use affordable development. Expanding the special commercial abatement areas eligible under ICAP will lead to more affordable housing projects qualifying for the additional abatement benefits needed to be able to incorporate retail uses. The duration of ICAP benefits, particularly for projects in the special commercial abatement areas should be extended to coincide with other government

incentives such as the 420-C property tax exemption program and subsidized government loans and should start at the time of construction, similar to 420-C and 421-a benefits. To further incentivize retail uses, ICAP's inflation protection within the special commercial areas should be provided to cover retail uses and not just properties with predominant commercial and industrial uses. Such changes would help make more affordable housing projects viable while at the same time promoting retail development.

The Mayor's affordable housing plan presents a great opportunity for the City to encourage mixed-use affordable housing projects where commercial and community facilities can be created or improved. Including incentives to encourage diverse retail and community uses as the City moves forward to realize Mayor De Blasio's affordable housing goals would help ensure the creation of dynamic and lively neighborhoods – and perhaps even address some of the local anxieties about neighborhood changes we've recently seen.

Thank you for your time and attention, and I'm happy to answer any questions you may have.



**TESTIMONY BEFORE A JOINT HEARING OF THE COMMITTEE ON SMALL BUSINESS
AND THE SUBCOMMITTEE ON ZONING OF THE NEW YORK CITY COUNCIL**

**OVERSIGHT HEARING ON ZONING AND INCENTIVES TO PROMOTE RETAIL
DIVERSITY AND PRESERVE NEIGHBORHOOD CHARACTER**

**JESSICA WALKER
PRESIDENT AND CEO**

FRIDAY, SEPTEMBER 30, 2016

The Manhattan Chamber of Commerce is a membership organization that drives broad economic prosperity by helping sole proprietors, startups, long-time neighborhood businesses and large companies succeed in business. We do this by facilitating strategic partnerships and offering networking opportunities; promoting members through marketing, advertising, business recognition and participation in high-profile events; providing resources and information to assist members in making strategic decisions; and acting as the collective voice for business on public policy and economic development decisions at all levels of government.

The current state of small business in New York City can be summed up thusly: it is the best of times and it is the worst of times.

On the one hand, things are going incredibly well insofar as new startups are popping up all over the city. But on the other hand, small, neighborhood stores that cater to the needs of long-time residents are disappearing. Not a day goes by where New Yorkers do not read about another business that is unique to the character of our city closing down. I attribute this to three major factors:

- (1) **Affordability.** Rapidly escalating rents are forcing many businesses to relocate or shutdown altogether. The average asking rent for retail space in Manhattan rose nearly 42% between 2012 and 2015 (from \$110 per square foot to \$156 per square foot). Several neighborhoods in the city are "hot" -- attracting new commercial tenants willing to pay rents that long-time businesses cannot afford.
- (2) **Obsolescence.** The evolving marketplace means that some businesses are becoming "extinct." Prime examples include record stores and flower shops, as customers increasingly go online to purchase music and may now buy flowers from their local pharmacy or bodega.

(3) ***New customer journey.*** In the span of only 10 years, technology has redefined the way people shop. Businesses must adapt to these changes in order to remain competitive. Websites, social media and online sales and reviews are now imperative for business success. Those that cannot keep up may not survive. Those that are agile and able to transform their business model may continue to attract a large customer base, mitigating the concerns outlined above (i.e., lack of affordability and possible obsolescence). For example, many startups have the advantage of having to pay little or no rent unlike many longtime "brick-and-mortar" stores.

Work must be done to help small, longtime neighborhood businesses in Manhattan survive and thrive by addressing these issues. This is critical because small businesses are a driving force for job creation. According to the Center for an Urban Future, if half of the city's 165,000 micro-businesses (those with fewer than five employees) in NYC were able to hire just one more employee it would mean 55,000 additional jobs citywide.

In addition, these long-time neighborhood businesses often cater to the needs of long-time residents who remain even in the face of gentrification. For example, my community of Harlem is undergoing tremendous changes and revitalization that has resulted in rising rents. Many residents have been priced out. Yet, the lowest-income residents who remain (often in public housing developments or rent-regulated units) have fewer and fewer affordable places to shop in their own neighborhood.

So what is the solution? In the end the best solution is to help these businesses compete.

In Manhattan, in particular, below 96th Street, there's a way to significantly reduce the costs on thousands of local businesses by eliminating the regressive Commercial Rent Tax ("CRT").

The CRT was enacted by a cash-strapped city in 1963. As fiscal conditions improved, the tax was eliminated for most parts of the city, including the outer boroughs and northern Manhattan. Today the tax is only imposed on commercial tenants south of 96th Street in Manhattan (except for areas near the World Trade Center).

The cruel irony is that the tax is calculated as a percentage of rent so businesses pay more as their rents increase. Tenants are exempt from the tax if their annual base rent falls below \$250,000. But, because rents jumped 42% in Manhattan between 2012 and 2015, more and more businesses are subject to the tax.

In 2003 the city collected nearly \$388 million from 5,858 businesses. By 2015, 7,354 businesses were on the hook for the tax, paying \$720 million to the city (86% more than in 2003).

Councilman Garodnick's legislation (Intro. 799-A) would raise the threshold at which businesses are on the hook for the tax (up from \$250,000 in annual rent to \$500,000), therefore carving out more businesses. Others want to raise the threshold even higher or target relief to retailers. Mayor de Blasio could also create a multi-year plan in his next budget that would phase this unfair tax out altogether.

Now is the time because the city is flush with tax revenue surpluses and reserves. Over time, the revenue losses will be offset by new tax revenue triggered by business expansion and a broader tax base.

In addition the Manhattan Chamber is working with the City's Department of Small Business Services on the Chamber on the Go program, which is funded by the City Council. The program allows us to meet businesses where they are and connect them with free support resources at SBS.

But part of the solution is also you and me. Modern ways of shopping prize speed, efficiency and cost over any loyalty to long-time businesses. So we must be the change we want to see -- by going out of our way to support the small businesses we want to help thrive. At the end of the day they need customers in order to pay escalating rents and hire staff.

Thank you.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

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(PLEASE PRINT)

Name: Mark Caserta

Address: _____

I represent: Park Slope 5th Avenue BID

Address: _____

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Name: ANDREW HOAN

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I represent: BROOKLYN CHAMBER OF

Address: COMMERCE

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Name: Jenny Young

Address: 303 3rd Avenue Brooklyn, NY, 11215

I represent: Brooklyn Robot Foundry

Address: same

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Name: Sabrina Brockman

Address: 197 Patchen Ave.

I represent: Small business owner

Address: _____

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(PLEASE PRINT)

Name: Audrey Sasson

Address: 20 E. 18th St. ET Brooklyn NY 11226

I represent: Walmart-free NYC

Address: _____

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Appearance Card

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Date: 09.30.2016

(PLEASE PRINT)

Name: Janika Reyes, L.

Address: 23 E. 109th St Apt #62 10029 NY NY

I represent: Retail Action Project

Address: 7 Penn Plaza

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Name: Paula Crespo

Address: _____

I represent: Pratt Center for Community Development

Address: _____

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Date: _____

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Name: Tiffany Jones

Address: _____

I represent: The Black Institute

Address: _____

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Date: _____

(PLEASE PRINT)

Name: Gale A. Brewer

Address: 1 Center Street

I represent: _____

Address: _____

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Date: 9/30/16

(PLEASE PRINT)

Name: PATRICIA DOREMAN

Address: 39-46 46th St

I represent: SUNNY SIDE CHAMBER OF

Address: 204399 11104 CUMMERGE

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9.30.7.2016

(PLEASE PRINT)

Name: Christa Perfit

Address: 1322 Park Place Brooklyn 11213

I represent: City Harvest

Address: 10 E 32nd St 5th Floor, NY NY

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: Sept. 30 '16

(PLEASE PRINT)

Name: KIRSTEN THEODOS

Address: 333 e 14th St apt 17K

I represent: Take Back NYC

Address: _____

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THE CITY OF NEW YORK**

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in favor in opposition

Date: 9-30-2016

(PLEASE PRINT)

Name: Stacey Anderson

Address: 488 Madison Suite 1900

I represent: The Municipal Art Society

Address: 488 Madison Ave

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THE CITY OF NEW YORK**

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Robin MORRIS

Address: 477 FDR Drive

I represent: me

Address: _____

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THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. 0402-2014 Res. No. _____

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Date: 9/30/2016

(PLEASE PRINT)

Name: Tania Mattos

Address: 3436 89th street

I represent: [scribble]

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. SJ Res. No. _____

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Date: 9/30/2016

Name: RIVA Rosenfeld (PLEASE PRINT)

Address: 224 Garfield Pl.

I represent: myself in Park Slope

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9/30/16

Name: Josef Szende (PLEASE PRINT)

Address: 338 Atlantic Ave, Suite 202, Brooklyn NY

I represent: Atlantic Ave BID

Address: _____

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Date: 9/30/16

Name: Nevin Cohen (PLEASE PRINT)

Address: CUNY Urban Food Policy Institute

I represent: _____

Address: _____

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THE CITY OF NEW YORK**

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in favor in opposition

Date: Sept 30, 2016

(PLEASE PRINT)

Name: Jayne S. Markel

Address: 60 Gramercy Park North, 713

I represent: Self

Address: _____

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THE CITY OF NEW YORK**

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Sharon Woolums

Address: 51 West 8th St #9 NY, NY 10011

I represent: CB2 - MYSELF

Address: _____

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THE CITY OF NEW YORK**

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Phillip Morgan

Address: 406 ATLANTIC AVE Brooklyn

I represent: BUILDING ON BOND (RESTAURANT)

Address: 112 BOND STREET Brooklyn

**THE COUNCIL
THE CITY OF NEW YORK**

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I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9/30/16

(PLEASE PRINT)

Name: Mathew La Sorsa

Address: 123 Atlantic Ave.

I represent: Atlantic Ave BID

Address: 338 Atlantic Ave, Brooklyn NY 11201

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9/30/16

(PLEASE PRINT)

Name: ~~SE~~ WOLFF

Address: 143 LAFAYETTE AVE 1A

I represent: BID ATLANTIC AVE, AALDC

Address: 338 ATLANTIC, 494 ATLANTIC

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Olga Chevumorets for Brooklyn Borough

Address: _____ President Eric Adams

I represent: _____ ↓

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Lucian Reynolds

Address: _____

I represent: Gale A. Brewer

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9/30/16

(PLEASE PRINT)

Name: WARREN GARDNER, ~~SR~~

Address: _____

I represent: Small Business Services

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Barry Dinustain

Address: 170 Broadway

I represent: Dept of City Planning

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Laura Smith

Address: NYC Dept. City Planning

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Vandra Thorburn

Address: 380 Classon Ave

I represent: Vokashi, Inc.

Address: 380 Classon Ave

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Lena Afridi

Address: _____

I represent: ANHD

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

formula retail zone
Date: 9/30/16

Name:

HARAY BUBBINS
(PLEASE PRINT)

Address:

232 EAST 11th St. NY 10003

I represent:

Greenwich Village Society for Historic Preservation

Address:

same

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 9/30/16

Name:

Tida Infahsaeng
(PLEASE PRINT)

Address:

110 William Street

I represent:

NYC EDC

Address:

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0402-2014 Res. No. _____

in favor in opposition

Date: 9/30/16

Name:

Jenny Dubman
(PLEASE PRINT)

Address:

78-10 34th Ave. #1B

I represent:

Artist Studio Affordability Project

Address:

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0402-2014 Res. No. _____

in favor in opposition

Date: 9/30/14

(PLEASE PRINT)

Name: Ann McDeimott

Address: 225 East 82nd Street, 4A, NY, NY 10028

I represent: Kate Back NYC

Address: 225 East 82nd St, 4A, NY, NY 10028

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0402-2014 Res. No. _____

in favor in opposition

Date: Oct 1, 2016

(PLEASE PRINT)

Name: Paddy Johnson

Address: 20 Jay St 309

I represent: PITFCITY

Address: 20 Jay St 309

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0402-2014 Res. No. _____

in favor in opposition

Date: Sept 30, 2016

(PLEASE PRINT)

Name: Emily McCoy

Address: 80 Chambers St

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms