

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS JOINTLY WITH
SUBCOMMITTEE ON ZONING AND FRANCHISES

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ROBERT E. CORNEGY, JR.
Co-Chairperson

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[gavel]

CHAIRPERSON RICHARDS: Alrighty

[phonetic]. Good morning. I want to welcome everyone. My name is Donovan Richards and I am Chair of the Subcommittee on Zoning and Franchises and I'm happy to be here this morning alongside the Chair of the Committee on Small Business Services, Council Member Robert Cornegy. While New York City is famous around the world for its towering corporate headquarters and massive department stores the true pillars of our economy are the hundreds of thousands of small businesses, entrepreneurs, and neighborhood retailers. These businesses provide the vital goods and services that make life in New York City possible. Storefront providers of basic goods and services, supermarkets, hardware stores, laundry mats and cleaners among many others are crucial to healthy and functioning neighborhoods. New York's independent retailers and small businesses are an essential part of our community fabric and contribute immensely to our city's unique culture. But we face increasing challenges to ensuring the preservation of neighborhood retail, diversity,

1 affordability, and access. In many neighborhoods
2 rising rent and competition with chain stores and
3 corporate commercial development are squeezing out
4 longstanding retailers and making it difficult for
5 new small businesses to find space. As competition
6 for scarce urban real estate grows cities across
7 the country are experimenting with new programs to
8 help create and support affordable commercial
9 spaces. This wide range of potential policies
10 includes zoning tools such as limiting the size of
11 retail spaces, restricting chain stores, and
12 increasing the supply of commercial store fronts,
13 financial incentives for developers, and landlords
14 who provide affordable long term leases. Direct
15 financial assistance for neighborhood retails,
16 support for new forms of local and community
17 ownership, and programs to create new affordable
18 commercial spaces within city owned or city
19 sponsored developments among many other
20 initiatives. In addition, while many New York City
21 neighborhoods struggle with the impacts of an
22 overheated real estate market we should not forget
23 the large areas of New York City that remain
24 underserved by diverse retail options with
25

2 inadequate access to neighborhood goods and
3 services. Recent studies have found that lower
4 income neighborhoods continue to have competitively
5 poor access to quality retail and essential
6 neighborhood services such as supermarkets,
7 pharmacies, and gyms and health clubs. On the other
8 hand unhealthy and un-harmful products like
9 alcohol, fast food, and predatory financial
10 services are often marketed aggressively in
11 communities of color. This is certainly true for
12 parts of my district in Southeast Queens and the
13 Rockaways. In downtown Far Rockaway I'm working
14 with the city on a comprehensive plan to support
15 commercial revitalization and community health
16 including major urban design and streetscape
17 improvements and new zoning that requires
18 commercial ground floor uses along the major
19 avenues. Maintaining and increasing neighborhood
20 retail diversity, affordability, and access
21 throughout all New York City communities is a
22 complex challenge but one we must meet in order to
23 achieve an equitable and sustainable future. We are
24 gathered at this hearing today to learn from zoning
25 and economic development experts, the business

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2 community, and local stakeholders about which
3 zoning and financial incentive policies could best
4 help to achieve this goal. I look forward to
5 hearing from all of you assembled here today and I
6 want to acknowledge my colleagues on the zoning and
7 franchises subcommittee who are here, are any here...
8 Okay, I see Council Member Antonio Reynoso, Council
9 Member Richie Torres, I think that's it. And I, I
10 want to acknowledge the Chair of the Land Use
11 Committee David Greenfield. I also want to thank
12 the many staff who have worked to put together this
13 hearing including my chief of staff Mercedes
14 Buchanan, Legislative Director Jordan Gibbins, and
15 especially our fantastic Land Use Committee staff
16 including Project Manager Bryan Paul, Committee
17 Counsel Dillon Casey, and our newest addition
18 Counsel Jeff, I'm going to mess up his last name,
19 Campania formerly of the legislative division. With
20 that being said I will now turn over the mic to
21 Council Member Cornegy for some remarks. Thank you.

22 CO-CHAIRPERSON CORNEGY: Thank you Chair
23 Richards. I want to start by apologizing for my
24 tardiness and any inconvenience it may have caused.
25 This morning it was for good reason. I actually cut

2 the ribbon on 107 units of affordable housing for
3 seniors. 47 units were Section 8. So that was
4 incredibly important to be there with those seniors
5 this morning. So thank you for indulging me. Good
6 morning. My name is Robert Cornegy. I'm the Chair
7 of the Committee on Small Business. I want to thank
8 my colleague, the Chair of the Subcommittee on
9 Zoning and Franchises, Council Member Donovan
10 Richards for joining me in convening this oversight
11 hearing on zoning and incentives for promoting
12 retail diversity and preserving neighborhood
13 character. Independently owned small businesses are
14 an essential part of the character of our
15 neighborhoods and the uniqueness of New York City.
16 In their presentation offerings they have reflected
17 the diversity of our city's population and its ever
18 changing culture. Since the nation's founding
19 people have come from all over the country and the
20 world to seek freedom, fortune, and the American
21 dream bringing with them an entrepreneurial spirit
22 that gives New York City its energy and dynamism
23 while also making it the most densely populated and
24 competitive city in the country. These forces
25 create major challenges for anyone trying to open

2 or operate a small business. As Frank Sinatra said
3 if you can make it here you can make it anywhere.
4 Increasingly however, it seems that the real estate
5 market has become so hot that even small businesses
6 that have been making it here for decades are being
7 forced out of their long time locations. We've all
8 heard the reports of beloved restaurants and book
9 stores closing their doors because rents have gone
10 up five or ten times the amount under the last
11 lease. We've seen big box stores that were once
12 only found in suburbia and shopping malls creeping
13 into residential neighborhoods and chains like
14 Starbucks and Chipotle everywhere. Strangely as
15 electronic payment methods become ubiquitous and
16 people have less and less interaction with bank
17 tellers we see bank branches opening on every
18 single block. The overheated market has prompted
19 some landlords to leave storefronts vacant for
20 months and even years in the hope that these deep
21 pocketed tenants will settle in their locations.
22 Sometimes this never happens leaving commercial
23 corridors and shuttered storefronts, and
24 artificially... with artificially inflated prices.
25 This phenomena is gentrifying neighborhoods and

2 being aptly called high rent blight. At the same
3 time as small businesses are being gentrified out
4 of their long term locations there are
5 neighborhoods in this city that are under retailled
6 and lacking in the essential services necessary to
7 support a thriving community. These under retailled
8 areas tend to include predominantly black and brown
9 neighborhoods. In contrast to neighborhoods where
10 there is high rent blight many of them simply don't
11 have adequate retail. Independent retailers and
12 financial institutions have stayed away from such
13 neighborhoods. For such communities, chain stores
14 may provide valuable neighborhood services and
15 jobs. There are many advocates and scholars who
16 have been analyzing these issues for decades and
17 some have successfully advocated for the innovative
18 zoning and incentive programs in other cities. We
19 look to hear from their testimony. I want to add
20 some historical, hysterical, one historical note
21 about the chain store issue into this discussion.
22 Small business opposition to chain stores has
23 existed for about 100 years. In the 1920 small
24 independent grocers view the, the rise of A&P
25 supermarkets as a threat to their very existence.

2 To this day A&P is the largest chain store that has
3 ever existed. While Subway may have many franchises
4 A&P more wholly owned locations than any other
5 store ever. Small businesses formed anti-chain
6 store associations to stop A&P attacking the chain
7 for occupying large lots and for inflating real
8 estate prices. Recently A&P went bankrupt leaving
9 many neighborhoods without a local supermarket.
10 Ironically what was once seen as a threat to the
11 community came to be seen as a necessity. I raise
12 these issues for a few reasons. The first is the
13 stress that that the committee on Small Business
14 and my colleagues in the City Council are very
15 aware of the problems that high rents pose for
16 small businesses. The second is to emphasize that
17 there isn't a one size fits all solution for every
18 neighborhood and every business. The third is the
19 stress that there are new solutions being embraced
20 around the country that might do well to emulate.
21 To that end the purpose of this hearing is to hear
22 from experts and advocates about zoning and
23 incentive programs that can promote retail
24 diversity and preserve neighborhood character and
25 that are within the council's legal authority to

2 implement. We will study the testimony presented
3 today in the hope of taking action in the coming
4 months. I want to acknowledge my colleagues on the
5 Small Business Committee; Council Member Peter Koo,
6 Council Member Karen Koslowitz, Council Member
7 Vallone, and Council Member Ulrich. I also want to
8 thank many staff who have worked to put together
9 this hearing; my Chief of Staff Stephanie
10 Zimmerman, my Legislative Director Damon Lipscomb,
11 the committee's Policy Analyst Michael Kurtz,
12 Assistant Deputy for Finance Emery Adev [sp?], and
13 our Committee Counsel Jeff Campania who's leaving
14 us to join the Land Use Division. I also want to
15 thank the Zoning and Franchises staff; Project
16 Manager Bryan Paul and Committee Counsel Dylan
17 Casey for their work pulling this hearing together.

18 CHAIRPERSON RICHARDS: Thank you.

19 Alright, so we'll call the first panel and this
20 will be the administration. We'll hear from Barry
21 Dinerstein Department of City Planning, did I say
22 that right, Laura Smith New York City Department of
23 Planning, Warren Gardiner SBS.

24 LAURA SMITH: Good morning Chair

25 Cornegy, Chair, and Chair Richards, and members of

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2 the committee and subcommittee. My name is Laura
3 Smith and I'm the lead retail planner for the
4 Department of City Planning. I'm pleased to be here
5 to testify about the role of the Department of City
6 Planning has and Mayor de Blasio's efforts to
7 promote retail diversity and preserve neighborhood
8 character. As a city, as the city's planning and
9 Land Use agency DCP's role is to devise land use
10 policies that promote the economic vitality of all
11 of the city's business areas. New York City is
12 committed to planning goals around neighborhood
13 retail diversity, entrepreneurship, affordability,
14 job creation, and making sure our residents have
15 local access to critical goods and services like
16 supermarkets, laundry mats, hardware stores, and
17 daycare. While you'll hear from, while you'll hear
18 from SBS about the programs and services in place
19 to promote retail diversity and help preserve
20 neighborhood character I'd like to share some of
21 the zoning tools the Department of City Planning
22 has today in our tool box to further define the
23 retail landscapes in neighborhoods across the city
24 and share some of our thoughts on other tools that
25 have been suggested. First I'd like to highlight

2 the steps that we've taken with your help and
3 support over the past few years to help raise the
4 bar in terms of the creation of quality retail
5 space in the city. Zoning for quality and
6 affordability corrected two major barriers to a
7 healthy and vibrant commercial corridor. In parts
8 of the city where new buildings are allowed five
9 additional feet for providing a qualifying ground
10 floor we are incentivizing developers to create
11 high quality retail spaces with adequate floor to
12 ceiling heights. This has been a demonstrated
13 barrier for developers of affordable housing in
14 tenanting their ground floors with the types of
15 uses many communities need most including
16 supermarkets, pharmacies, laundry mats, and really
17 all other types of general retail. DQA also created
18 consistent and workable transparency standards
19 where such standards have been instituted across
20 the city in certain zoning districts, special
21 districts, and fresh food stores. No, no local or
22 national operator wants to occupy a dark cramped
23 space that feels, that feels like an afterthought
24 in the community. The department has taken a number
25 of other actions in specific neighborhoods across

1 the five boroughs to address demonstrated
2 challenges. Be they difficulty in attracting a
3 certain critical use like a supermarket, difficulty
4 in promoting active ground floor uses over other
5 uses like residential lobbies or parking or the
6 difficulty in fostering a diverse retail landscape
7 in light of a market skewed towards one particular
8 type of use like banks. Recognizing that one size
9 definitely does not fit all when it comes to zoning
10 along commercial corridors we apply these tools
11 after considerable analysis demonstrates a clearly..
12 rational for solving a very specific problem. As
13 just mentioned we have tools to create and expand
14 incentive programs for important uses such as
15 supermarkets where needed. The Fresh Program..
16 neighborhoods in central Brooklyn, northern
17 Manhattan, parts of Queens, and the Bronx has been
18 in place since 2009 to incentivize through zoning
19 the development of more full line grocery stores in
20 the communities that need them most. The program
21 has facilitated the completion of 12 grocery stores
22 with 11 others in the pipeline. Meanwhile the
23 Department of City Planning, the Mayor's Office of
24 Food Policy, and EDC is also working with the City
25

1 Council to improve the program and make necessary
2 updates and we look forward to our future
3 discussions with you. We have zoning tools that
4 require ground floor spaces to be occupied by
5 active uses. Ground floor use requirements or
6 restrictions ensure that businesses have the
7 opportunity to open along commercial corridors. We
8 have imposed this active ground floor use
9 requirement in neighborhoods like the upper west
10 side where residential lobbies and new buildings
11 were interrupting the longstanding strong retail
12 corridors of Broadway, Amsterdam and Columbus
13 Avenues along 4th Avenue in Brooklyn to encourage
14 ground floor businesses instead of parking in
15 residential lobbies and along Broadway and Bedford
16 Stuyvesant to promote the continued growth of that
17 retail corridor. Also on the upper west side where
18 the ratio of commercial square footage to
19 residential population is among the lowest in the
20 city meaning there is simply not enough commercial
21 space to accommodate the residential population we
22 have a clear land use rational for zoning that
23 ensures a variety of retailers are able to open
24 along the block. To achieve this, we require a
25

2 minimum number of stores per block and require that
3 no single establishment exceed 40 feet of
4 commercial frontage along the main street. There's
5 no limitation to overall store size and we know
6 that any retailer who really wants to locate in the
7 neighborhood will be capable of adapting to
8 restrictions like those placed on these three
9 avenues but at least we know that no single store
10 can dominate the entire block front. Zoning
11 meanwhile does limit store sizes indirectly and
12 directly. Commercial overlays naturally restrict
13 store sizes by virtue of being limited in depth and
14 only allowing one or at most two stories of
15 commercial uses. Big box retail simply cannot fit
16 in these districts today. In certain special
17 districts we've limited store sizes based on local
18 land use concerns. There are additional aspects of
19 our existing zoning that may be altered or expanded
20 to improve the retail landscape of other
21 communities citywide. We are proactively working
22 with NYCHA to expand commercial overlays to other
23 areas where they do not currently exist. In order
24 to increase the potential supply of retail and
25 commercial services on NYCHA campuses. While

1 mapping overlays on these campuses is but one step
2 in allowing commercial uses in these areas we
3 certainly don't want zoning to slow down the
4 process and we want the right zoning in place if
5 and when NYCHA is ready to proceed with commercial
6 development. In, in neighborhoods with very low
7 commercial vacancy rates and a high demand for
8 additional retail there may also be opportunities
9 to expand overlays onto side streets or allow for
10 second story commercial uses. We'd want to ensure
11 however that these expanded commercial areas would
12 neither displace nor disturb existing residential
13 units. DCP has also been asked to explore
14 restrictions on formula retail more commonly
15 thought of as chain stores. To limit or require
16 special permits for these types of businesses. In
17 our view this would not be a good way to ensure a
18 vibrant and healthy neighborhood retail streets.
19 San Francisco whose formula retail regulations are
20 often cited as a model that New York City should
21 follow has admitted that quote formula retail does
22 provide lower cost goods and services and is
23 generally recognized to provide more employment
24 opportunities to minorities and low income workers,
25

2 end quote. Successful local retail streets are the
3 backbones of our community, contribute to
4 neighborhood character, service reliable
5 destinations for obtaining necessary goods and
6 services and provide opportunities for local
7 employment and advancement opportunities. Among
8 individuals looking to start their own business
9 franchise ownership is one significant means of
10 economic opportunity and mobility. Ace Hardware,
11 7/11, and Duncan Donuts for example are commonly
12 thought of as chain retailers but are in fact
13 independently owned and often, often by immigrant
14 entrepreneurs who would be substantially affected
15 by a limitation on certain types of retail
16 businesses. We also need to acknowledge the role
17 that a ground floor tenant plays in financing a new
18 building, particularly one that is comprised of
19 affordable rental units that have very limited room
20 financially speaking to allow for much curation of
21 their ground floor retail spaces. Zoning is a very
22 blunt tool which means it's often an inappropriate
23 mechanism for making very specific market tweaks
24 absent a solid land use rational. That said, we're
25 very eager to work with you on the specific local

2 retail issues facing your communities to see if we
3 have or can develop a zoning solution. We know that
4 what works in one neighborhood might not work in
5 another. And through our zoning studies and
6 neighborhood planning efforts we are committed to
7 considering the specific tools that are most
8 appropriate for tackling the unique needs of our
9 communities. Thank you.

10 CHAIRPERSON RICHARDS: Thank you.

11 Anybody else have testimony? Naw [phonetic], I'll
12 just ask you to provide a copy of your testimony to
13 the committee...

14 WARREN GARDINER: Good morning Chair

15 Cornegy, Chair Richards, and members of the
16 Committee on Small Business and Subcommittee on
17 Zoning and Franchises. My name is Warren Gardiner
18 and I am the Director of Intergovernmental Affairs
19 and Community Relations at the New York City
20 Department of Small Business Services, SBS. Today I
21 will discuss a series of programs and services SBS
22 is delivering to promote retail diversity and to
23 help preserve neighborhood character throughout our
24 city. At SBS we believe that small businesses are
25 the economic building blocks of New York City. They

2 strengthen our economy, anchor communities, create
3 jobs, and add to the vibrancy of our neighborhoods.

4 Part of our core mission at SBS is to create
5 stronger businesses by supporting them as they
6 start, operate, and grow. We also provide support
7 at the neighborhood level by partnering with the
8 community based organizations to invest in
9 commercial corridors where New Yorkers can shop,
10 work, and live. We understand that small businesses
11 are confronted with many challenges to starting and
12 growing New York City. In response SBS is expanding
13 and launching several new programs to support mom
14 and pop businesses as well as the commercial
15 corridors that anchor our communities. To assist
16 businesses who are dealing with soaring cost of
17 commercial space SBS is working with community
18 partners to provide a series of free commercial
19 lease workshops and clinics to business owners. In
20 addition to the free lease review case management
21 and pro, pro bono attorneys. To date SBS has
22 delivered 40 commercial lease courses that have
23 served more than 550 participants. We also have
24 another four courses scheduled between now and
25 December of 2016 and we are finalizing the details

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2 on the additional five in the coming weeks. Of
3 these businesses who have attended more than 50
4 have been referred to and successfully completed
5 one on one commercial lease review consultations.
6 Through our fast track growth venture courses SBS
7 is working to help businesses, business owners
8 strategically grow their businesses and adapt to
9 changes in the market. This course is also designed
10 to help local businesses learn how to access
11 capital, identify growth opportunities, build sales
12 strategies, and improve financial performance. We
13 are currently offering these classes in both
14 English and Spanish in all five boroughs. And since
15 2013 more than 15 hundred entrepreneurs have
16 graduated from this course. Business owners can get
17 connected to these and the rest of our free high
18 quality services and courses through our network of
19 seven business solution centers located throughout
20 the five boroughs. And with the support of Chair
21 Cornegy and the council SBS's chamber on the go
22 team has, has also been working with our community
23 partners to go door to door to spread the word
24 about our services to businesses. Chamber On the Go
25 has already served approximately 3,000 businesses

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2 and connected nearly 700 businesses to services. An
3 in conjunction with EDC, the mayor's fund, and
4 support of Chair Richards SBS was able to provide
5 grants to help local businesses and property owners
6 complete storefront renovation projects through our
7 storefront improvement program. Through our Avenue
8 NYC grant program SBS provided 1.3 million dollars
9 in funding for organizations in low to moderate
10 income areas to implement commercial revitalization
11 initiatives. Neighborhood Challenge is another
12 grant program hosted by SBS in partnership with EDC
13 to provide 500,000 dollars to support catalytic
14 projects developed by community organizations to
15 support commercial districts and address small
16 business challenges. SBS works closely with the
17 council to administer the neighborhood development
18 grant initiative which provides grants for
19 community based economic development organizations
20 in each of New York City's 51 city council
21 districts. In addition to these initiatives SBS in
22 collaboration with the city's 72 business
23 improvement districts are helping to combat the
24 effects of displacement of small businesses by
25 connecting business owners to available business

2 development and workforce assistance programs
3 providing visual merchandizing and façade
4 improvement assistance, marketing and promoting
5 businesses to the broader community and holding
6 events that attract shoppers and celebrate the
7 characters of neighborhoods. This is in addition to
8 their broader responsibility for the provision of
9 supplemental services such as sanitation and public
10 safety. In conclusion we, we have much work ahead
11 of us but at SBS we believe small businesses are
12 the lifeblood of our city's economy and an
13 essential part of the character of New York City
14 neighborhoods. We have an extraordinary opportunity
15 to leverage the efforts of our partner city
16 agencies and the local community based
17 organizations on the ground so that we can continue
18 to serve and support them and commercial corridors
19 on our, in our city. Thank you for the opportunity
20 to speak today and I'm happy to take your
21 questions.

22 CHAIRPERSON RICHARDS: Thank you so
23 much. And thank you all for the work that you're
24 doing and we definitely appreciated the partnership
25 in passing DQA in which you actually mentioned and

2 we thought that would give somewhat of a boost to
3 sort of... in your words and in our thoughts to
4 really incentivize better commercial space and
5 retail space for communities. Can you just go in...
6 being that we, you mentioned that in your testimony
7 so do you foresee ZQA [sp?] really helping to push
8 more retail, better retail, high, higher retail in
9 communities that historically have under, in
10 underserved communities that don't necessarily have
11 quality, great quality retail?

12 LAURA SMITH: Yeah, I think the ZQA and
13 the, the five feet of additional height for
14 qualifying ground floors while it will benefit all
15 communities where this additional height is
16 permitted has the potential to benefit low income
17 communities to the greatest extent. The biggest
18 problem that we've seen in the creation of, of good
19 ground floor retail spaces has been in subsidized
20 housing where we you know historically offered a
21 density bonus but not a height bonus. And so
22 developers of this type of housing were forced to
23 squish the additional density that we allowed into
24 a building envelope that couldn't fit, a building
25 that had adequate floor to ceiling heights from the

2 ground floor all the way up. And so the, the
3 sacrifices were typically made on the ground floor.
4 And what we've heard from HPD and from developers
5 of affordable housing was that these, these ground
6 floor spaces that were really set aside for
7 commercial uses in retail that we know is needed in
8 these communities were built with 8 foot 8 ceilings
9 which is really, really substandard. You know when
10 we look at other market rate buildings or historic
11 you know brownstone buildings with retail they
12 typically had ceilings of 10, 12, or 15 feet on the
13 ground floor and ZQA will enable those ceiling
14 heights on the order of 13 feet in all buildings
15 where, where this five feet qualifies. So in HPD
16 housing and affordable housing where we see the
17 greatest need for critical goods and services we
18 want to see retail spaces that can fit these types
19 of uses.

20 CHAIRPERSON RICHARDS: and for a lot of
21 communities and I'm interested in sort of hearing
22 and I appreciate that but looking to hear a little
23 bit more on the strategy that both SBS and the
24 Department of City Planning are really utilizing to
25 ensure that communities who do not have access to

2 great commercial development for very long periods
3 of time like the Rockaways and other areas across
4 the city we're interested in hearing a little bit
5 more of one, are you aware of particular
6 communities that really do not have access to great
7 retail and what are some of the strategies SBS and
8 both DCP are actually utilizing to try to promote
9 and incentivize better retail access for, for these
10 communities?

11 WARREN GARDINER: Thank you for the
12 question. You know we work closely with City Hall
13 and our agency partners and local community based
14 organizations to identify you know some of the
15 needs in these commercial corridors throughout the
16 city. So you know we, we really, you know we rely
17 on, on, on the work that you know we provide, we
18 help provide these community partners and the
19 funding that we help provide these community
20 partners to, to do the work. You know they are on
21 the ground, on the ground partners in a lot of this
22 work. So you know through some of our you know
23 grant programs that are administered through our
24 neighborhood development provision we were able to
25 fund capacity building in a lot of these local

2 based organizations to help us identify some of the
3 needs that we're, we're seeing in these community
4 based organizations and we're able to help build
5 those local organizations capacities to help
6 revitalize some of the, revitalize, whether it be
7 revitalization or you know just determining what
8 are the best solutions to some of these needs for
9 these commercial corridors.

10 CHAIRPERSON RICHARDS: And what
11 incentives are being put in place? So for
12 communities, and I'll just go back to the
13 Rockaways, Merrick Boulevard, you're a Queens guy
14 you pretty much know some of the areas that really
15 need assistance. So what are we doing to make sure
16 that the vacancies and the blight that we see you
17 know in some of these neighborhoods how are working
18 in particular... and this is one of the things we
19 often hear is the absentee landlords who owned a
20 lot of these in particular buildings who bring in
21 people, you know fly by night companies perhaps and
22 then they're gone within you know two months or
23 three months. So what are we doing to work with
24 owners in particular of these properties? Is the
25 city in touch with these owners of blighted

2 storefronts and, or, or how are you working to
3 ensure that we, there are strategies in place to
4 ensure that they actually... or incentives or, or
5 other strategies to ensure that we are lessening
6 the blight in many of these communities? And, and
7 we know these communities historically are
8 communities of color.

9 WARREN GARDINER: Well we do our best to
10 work with the property owners of you know in, in
11 these communities. But the majority of our work is
12 really focused on working with community based
13 organizations to identify some of these needs. We
14 do our best to communicate with property owners and
15 to identify you know what are some of the best you
16 know commercial needs for these, for these areas.
17 But yeah you know as you mentioned sometimes it's
18 just tough to identify you know who actually owns
19 the property. So you know we really just try to
20 refocus our work on...

21 CHAIRPERSON RICHARDS: And there haven't
22 been any studies in particular... Have, has, have you
23 looked at studying any of these particular
24 corridors across the city?

25 WARREN GARDINER: Yeah so we, we've...

2 CHAIRPERSON RICHARDS: And can you just
3 name a few that you, that you are?

4 WARREN GARDINER: Some of, I'm sorry
5 some of the, the...

6 CHAIRPERSON RICHARDS: Some of the
7 corridors if you are doing studies to, to sort of
8 promote better retail in neighborhoods that
9 historically you know are underserved. Is that a
10 strategy... the city really looking into particular
11 areas outside or just rezonings...

12 WARREN GARDINER: Nah, absolutely. Yeah,
13 we've worked with community partners in, in, in the
14 Bronx, in, in Flushing Queens, in, in up, in upper
15 Manhattan as well to identify some of these
16 corridors that are, that are in need of some of our
17 assistance.

18 CHAIRPERSON RICHARDS: Alright. I'm
19 going to hop around just a little bit...

20 BARRY DINERSTEIN: Right, if I can just
21 add... Southeast Queens has been a, you know a
22 concern in terms of...

23 CHAIRPERSON RICHARDS: Can you just
24 identify yourself too?

2 BARRY DINERSTEIN: I'm Barry Dinersteine
3 from the Department of City Planning. Southeast
4 Queens has been a, a concern for city planning in
5 terms of retail services...

6 CHAIRPERSON RICHARDS: Can you just pull
7 the mic closer...

8 BARRY DINERSTINE: Sure, sorry.
9 Southeast Queens has been a problem for a long time
10 and a concern of the Department of City Planning in
11 terms of retail services. And you know I, I think a
12 lot of the issues in southeast Queens really
13 relates to the suburban character of the
14 neighborhood which makes it very nice but it also
15 results in there not being a huge pool of
16 population for the retailers to draw on plus you
17 know they're competing against retailers in Nassau
18 County. We have tried a number of things in terms
19 of trying to make... parking requirements, making it
20 a little bit easier for development to occur in
21 Southeast Queens. And I will say in Laurelton [sp?]
22 we're very, very close to having a major
23 supermarket chain. They were going to come in, they
24 were going to build a store, they had a site. In
25 the end they passed on it. It was a great

2 disappointment but we you know were close. We're
3 hopeful they'll come back and look at it again. In
4 terms of Far Rockaway, we are trying to create a
5 lot of new commercial space, the developments and
6 planning effort. It's about affordable housing but
7 it's also about creating good commercial space and
8 you know this is a community that at one point has
9 a very active commercial space. And now it's a lot
10 weaker. And our attempt here is to try and
11 reinvigorate it by actually adding the significant
12 population that will be able to support the retail.
13 It's, you know we're definitely aware of the
14 problem there and we definitely want to, want to
15 certainly work with you to sort of figure out
16 solutions what we can do to make it look more
17 lively.

18 CHAIRPERSON RICHARDS: And I'm just
19 going to hop around into... So one of the things we
20 often hear as well is a lot of the gentrifying
21 areas across the city, a lot of small businesses in
22 particular being pushed out of these communities.
23 So I'm interested in knowing you know what is the
24 city, what are you looking at in terms of what sort
25 of strategies are being put in place to ensure that

2 there is affordable commercial development for
3 local communities and that we're keeping the
4 character. Even as we welcome new stores that come
5 in you know my community, very unique, they want a
6 Starbucks but how are we ensuring that we're not
7 pushing out the local coffee shop in particular as
8 well? What strategies are being in put in place for
9 that? And I know that in particular you know the
10 Pratt Center had put out a report on inclusionary
11 commercial development policies and I'm interested
12 in knowing have you looked at those particular
13 strategies that they, that they mentioned and are
14 you entertaining any particular policies or
15 proposals to incentivize and help keep rents
16 affordable for many of, of small businesses in
17 particular that are being pushed out of gentrifying
18 areas?

19 BARRY DINERSTEIN: We, we are, we, we
20 have seen the, the Pratt Study and we're, we're
21 still in the process of you know evaluating and
22 studying them. And you know we, we're open to
23 looking at all policy possibilities and solutions
24 here. So you know we're, but we're still in the
25

2 process of studying and figuring out what works
3 best.

4 CHAIRPERSON RICHARDS: That sounds very
5 good but you know the, the, the... our major concern
6 is that the longer we wait to tackle this issue by
7 the time we look up you know our communities are
8 going to lose a lot of these smaller in particular
9 businesses. So in particular I know we looked at
10 east New York. We're going to be rezoning many
11 other areas in particular that have city owned land
12 or city owned properties. What are the strategies
13 being put, being put in place to ensure that even
14 as we rezone areas and in particular I know we have
15 city owned sites in the Rockaways what are we doing
16 to ensure that as these RFPs are being put out and
17 I know HPD is not here that their coordination
18 between HPD and, and your agency's to ensure that
19 we are creating ground floor retail opportunities
20 one, for local communities but also how are we
21 going to ensure that the rents for city owned
22 properties in particular are also affordable.

23 WARREN GARDINER: Yes, absolutely. We,
24 we are currently in, collaborating with HPD and you
25 mentioned east New York. You know we, at SBS you

1 know we're committed to you know piloting a program
2 with HPD to potentially locate space for local,
3 locally based commercial tenants to occupy some of
4 those HPD sites. But you know as, we're still
5 developing that RFP and figuring out you know what
6 the best way to administer that program is. And you
7 know as the other zonings and, you know come up you
8 know we'd have to look at the different strategies
9 for the different areas throughout the city.
10

11 CHAIRPERSON RICHARDS: And I'm just
12 going to just ask some more questions and turn it
13 over to Chair Cornegy. So fresh program and I know...
14 and I want to thank the administration because
15 we've been working very closely to make sure that
16 the fresh program is updated and, and, and expanded
17 a little bit. So can you go into some strategies...
18 in particular, do you think the fresh program, and
19 we've seen a huge loss of supermarkets in
20 particular across communities in New York City, low
21 income communities in particular? And also we, we
22 could speak of other communities that, that larger
23 supermarkets are coming into that are becoming more
24 unaffordable. But we are seeing a huge loss of
25 fresh access to food and, and local supermarkets.

2 So what strategies are you, do you, or do you
3 foresee us utilizing with fresh to really improve
4 the quality of, of healthy food options for local
5 communities that, especially in food deserts in
6 particular?

7 LAURA SMITH: Sure. We're very open to
8 sort of revisiting the existing program. The
9 program where it exists today has been successful.
10 We're right on track with sort of what we expected
11 it to, to do or accomplish in terms of generating
12 new stores. As you know you know we're working with
13 the council on areas where we may consider
14 expansions, where expansions would be appropriate
15 under the existing program given the types of
16 incentive that are offered through fresh. The
17 incentives today allow for taller buildings, allow
18 for reduced parking, allow for things that a lot of
19 communities might not be favorable, you know view
20 favorably. So there are certain aspects that we
21 would want to work with the city council on and
22 work with local communities on to either tweak to
23 make them appropriate for perhaps lower density
24 neighborhoods where there's still a need for
25 additional fresh food but where the existing

2 program might not work either with their existing
3 zoning or sort of neighborhood character. And then
4 also just expanding to other parts of the city,
5 your district... so we know we've talked about where
6 the existing program might work and where, where
7 we'd like to see more fresh food stores. So you
8 know I guess it's sort of a twofold answer. We're,
9 we're willing to explore opportunities of expanding
10 the existing program and then also perhaps tweaking
11 to better fit a greater variety of neighborhoods.

12 CHAIRPERSON RICHARDS: Thank you. And
13 also NYCHA campuses. I know I have a lot of NYCHA
14 housing in the Rockaways in particular. Are you
15 looking at exploring different options? And I know
16 we have the chairman of the, the public housing
17 committee. I'm sure he'll chime in a little bit
18 more here but are there any strategies that NYCHA
19 in particular and DCP are exploring as well and
20 others SBS to really create more retail
21 opportunities on NYCHA campuses.

22 LAURA SMITH: Yeah. So from a zoning
23 standpoint we are working with NYCHA in at least
24 one of our neighborhood study areas today in East
25 Harlem on opportunities for expanding commercial

1 uses on some of their NYCHA campuses where they may
2 be fronting an avenue and interrupting a retail
3 corridor with an absence of retail uses. Zoning as
4 I mentioned in my testimony is just sort one
5 barrier towards commercial development on NYCHA
6 campuses. But as I also mentioned in the testimony
7 we certainly don't want zoning to be the thing that
8 is stopping the opportunities for additional
9 grocery stores or other critical uses or, or other
10 general retail in, in a lot of these areas. We can
11 map overlays. There's still a, a number of things
12 that have to happen before a commercial use can
13 actually operate on a NYCHA campus. And that's more
14 in NYCHA territory than ours. But certainly we are
15 well aware of the lack of essential services and
16 retail opportunities in a lot of areas that are,
17 that have a lot of NYCHA campuses. And so we would
18 be more than happy to do whatever really we can.

19
20 CHAIRPERSON RICHARDS: And can you just
21 go last question and I'll circle back after my
22 colleagues? What are some of the zoning strategies
23 being put in place so we know in some communities
24 they're being oversaturated for bigger banks and
25 bigger chain stores. So what are you doing to look

2 at zoning actions to ensure that you know perhaps
3 the square footage is being limited in certain
4 areas to ensure that there's smaller retail
5 opportunities being put in place you know for, for
6 local communities that may be oversaturated with
7 the big box stores and chain stores. And once again
8 this just goes back to ensuring that even as newer
9 businesses come in that we're not necessarily
10 losing our barber shops and other smaller retailer
11 shops and, and as we know small businesses are more
12 likely to hire locally as well. So they play an
13 important role and, and are the fabric of many
14 local communities. So what are we doing to ensure
15 that there are zoning policies put in place to
16 ensure that we're not pushing out the smaller
17 retailers and smaller mom and pop spots that have
18 historically served our local communities?

19 LAURA SMITH: So I think at the, at the
20 sort of most basic level zoning does that in some
21 regards already. We have commercial overlay
22 districts which naturally limit the sizes of stores
23 because they're often only mapped to a depth of 100
24 or 150 feet. So you really can't fit a target or a,
25 another big box store. On the flip side you also

1 have a difficult time fitting in a supermarket say.
2 And then we have our commercial zoning districts
3 which allow for larger stores, a wider range of
4 commercial uses. And you know strategically when we
5 go into neighborhoods and we work with the
6 communities and try to develop a rezoning plan we
7 think about what type of zoning district would be
8 most appropriate. And you know is this, is this a
9 local retail corridor where we would want to only
10 map an overlay and sort of by default only permit
11 smaller locally oriented stores or is this a
12 regional destination or just sort of a, a hub, it's
13 off of a subway entrance, etcetera. Is this where
14 we want to see bigger stores? We think it's more
15 appropriate. So, so that's... those are, those are
16 our most fundamental tools. It's sort of the bread
17 and butter of what city planning does. And then
18 beyond that there's little in terms of a, you know
19 in terms of curating or regulating ownership that
20 we can do. You know from our standpoint from the
21 zoning and land use perspective a coffee shop is a
22 coffee shop regardless of who owns it. It's not
23 within our legal purview to really start weighing
24 the you know merits of one owner over another. But
25

2 certainly we do and, and we've, we spent a lot more
3 time recently I think over the past several years
4 than we have historically thinking about the
5 specific layout size fit out needs that different
6 types of retail uses need to be workable and one
7 example is what we did with ZQA by allowing for
8 taller, higher, taller floor to ceiling heights.
9 That was something that hadn't really been sort of
10 front and center at least on our radar previously.
11 But as we saw that substandard floor to ceiling
12 heights really were inhibiting local and national
13 retail and regional from all directions we tweaked
14 zoning to, to make it easier. And so you know there
15 are tweaks we've certainly worked in specific
16 neighborhoods to modify zoning, sort of modify the,
17 the standard zoning districts that we have where we
18 see a clear land use rational for doing so. Zoning
19 as I mentioned also is sort of a blunt tool and
20 it's not the best tool for responding to market
21 dynamics because the market changes and zoning is a
22 lot harder to change. But we, we do have a sort of
23 greater awareness of the role that zoning
24 allowances play in, in accommodating, accommodating
25 different types of retail uses.

2 CHAIRPERSON RICHARDS: Thank you. I'll
3 come back. Chairman Cornegy.

4 CO-CHAIRPERSON CORNEGY: Thank you Chair
5 Richards. I want to first acknowledge the presence
6 of Council Members Menchaca, Williams, and Wills. I
7 have just two questions that I'll ask and then I'll
8 allow my colleagues to ask questions and then I'll
9 come back. My two questions begin with Ms. Smith
10 around your, the, the context of the Fresh Program
11 as mentioned in your testimony. So in the past
12 advocates have called for the creation of
13 inclusionary commercial policy to require or
14 incentivize the creation of affordable retail
15 spaces. So you, you referenced obviously the Fresh
16 Program which offers seemingly a precedent for
17 using zoning, zoning to incentivize a particular
18 kind of commercial space. Supermarkets through a
19 combination of financial incentives and allowances
20 for increased density in new developments. Has the
21 city considered applying similar tools to require
22 or incentivize affordable commercial space within
23 new developments?

24 LAURA SMITH: So from a zoning
25 standpoint what Fresh does is, is basically allows

2 for a taller building that... grocery store or reduce
3 parking as I mentioned earlier. From a financial
4 standpoint I think I'd like to turn it over to Tita
5 who's at EDC and, with the, with IDA. The financial
6 incentives which I think get more at the, the
7 affordability of the space I think you can speak
8 to...

9 CO-CHAIRPERSON CORNEGY: So while she's
10 coming I just want to...

11 LAURA SMITH: Sure.

12 CO-CHAIRPERSON CORNEGY: ...also say that
13 we have a proposal in my committee which mirrors
14 the, the, the Fresh Program in the, in, in the idea
15 that if it was 25,000 square feet as opposed to
16 having a supermarket like in my community would no
17 longer after many, many years considered a food
18 desert but to break that space up into smaller
19 spaces and allow for there to be affordable retail
20 for long term businesses, i.e. the cleaners, the,
21 the, the shoe maker, all of these people who are
22 being pushed out. We think that that's a reasonable
23 solution is to use the same incentive tools, break
24 up the space, and make it more affordable
25 throughout the city. So not just in my district... I

2 referenced my district because we were once
3 considered a, a, a food desert and actually
4 benefitted from the Fresh Program to some degree in
5 Bed-Stuy and Crown Heights. But now we'd like to,
6 you know there's still development happening. We'd
7 like to still incentivize developers but also
8 secure long term retail and small business for the
9 area.

10 LAURA SMITH: Yeah and before.. I'm
11 sorry, before turning it over to Tita one sort of
12 important distinction about fresh and incentivizing
13 supermarkets as opposed to other general retail
14 uses supermarkets have very particular needs when
15 it comes to how their space is laid out, the fit
16 out of the space, the sizes that they require, the
17 floor to ceiling heights, loading, unloading,
18 etcetera. They're very difficult stores to build in
19 the city, especially on infill sort of tight sites.
20 They don't always make the best neighbors. People
21 want to live near a supermarket. They don't
22 necessarily want to live above it or right next
23 door. And so you know not only do they provide a,
24 an essential service to a community but they have
25 a, they are at a particular disadvantage when it

2 comes to finding appropriate sites. So it was
3 relatively easy for us to come up with zoning tools
4 to sort of put supermarkets on the same plain as
5 other types of retailers. I wouldn't even
6 necessarily say that what Fresh does is elevate
7 them above other types of uses although, it may be
8 nice if it did. But it sort of puts them on the
9 same playing field. So suddenly... so, so now they
10 can compete with pharmacies or shoe stores or
11 barber shops or any other use. So you know when we
12 think about zoning tools to incentivize other
13 critical uses or small businesses we have to work
14 very well closely with you and also we have to
15 think very critically about the specific land use
16 issues that may be hurting or putting these
17 businesses at a disadvantage as opposed to more
18 financial issues which I think is...

19 CO-CHAIRPERSON CORNEGY: So actually you
20 just strengthened my argument because what, what
21 I'm saying is that there are... you know these are,
22 these are critical and essential services to
23 communities but they're... they can no longer compete
24 based on, on price. And if we were to, if we were
25 able to create a structure that allowed for a

2 developer to break the space up.. So all I'm saying
3 is that we, we change the configuration of the
4 space so.. And it's not, those spaces aren't as
5 challenging as they would be for a supermarket
6 including low, including but not limited to
7 loading, ceiling heights, all of those kinds of
8 things. So there, there's actually a smoother
9 pathway I believe than a supermarket if we provided
10 the same incentives just to, as opposed to breaking
11 25,000... you know as a, as a, as a very rudimentary
12 example breaking 25,000 square feet into you know
13 15 hundred square foot chunks.

14 LAURA SMITH: Mm-hmm.

15 CO-CHAIRPERSON CORNEGY: Let's just say..
16 people could stay and at an affordable rate because
17 the developer will still get what, what he wanted,
18 just it would, it would be broken up. And the
19 communities will still get what they need in terms
20 of essential services which we're... [cross-talk]

21 WARREN GARDINER: I just...

22 CO-CHAIRPERSON CORNEGY: ...losing...

23 WARREN GARDINER: I just...

24 CO-CHAIRPERSON CORNEGY: ...at a rapid
25 rate.

2 WARREN GARDINER: ...want to say that you
3 know we can sort of play with the zoning to try and
4 incentivize spaces. That doesn't necessarily mean
5 it's going to be affordable. I mean we can create
6 spaces but it doesn't mean that... because zoning
7 does not control cost. It only controls the sort of
8 use and size of the space. And that isn't the same
9 as what the rent would be. So we'd have to sort of
10 think about how something might play out in a
11 particular location before we did something like
12 that in terms of requiring or, or trying to get
13 people to subdivide spaces.

14 CO-CHAIRPERSON CORNEGY: Right. So this
15 is, this... when you, when you talk about incentives,
16 the creativity necessary in order to create
17 incentives that contribute to or create
18 affordability is, is, is basically what the hearing
19 is about. So I know that it may not exist currently
20 but we want to move in a direction of creating
21 incentives that create affordability. And I believe
22 it's possible because you know... and we can, we can
23 talk offline but we've done some of the, the math
24 figuratively and literally to show that it's... it's,
25 it can still be lucrative for developers so they're

2 not even going to take a loss on the front end and
3 on the back end with the incentives, the tax
4 incentives in the bill. So I, I'd be very
5 interested... [cross-talk]

6 WARREN GARDINER: I, I think we'd be
7 very, very open to looking at that and seeing what
8 work you've done.

9 CO-CHAIRPERSON CORNEGY: Thank you.

10 TITA: Hi, my name is Tita Empathen and
11 I'm from EDC... Fresh Program for the agency. So just
12 speaking to some I guess the affordability...

13 CHAIRPERSON RICHARDS: Pull your mic in
14 a little closer and...

15 TITA: Oh, the affordability...

16 CHAIRPERSON RICHARDS: ...if you could
17 project...

18 TITA: ...issues that we address through
19 the Fresh Program we understand and I think we all
20 agree that supermarkets are really essential
21 businesses to any vibrant commercial corridor and
22 those are some of the businesses that provide
23 really...

24 CO-CHAIRPERSON CORNEGY: I'm, I'm so
25 sorry I can, I can barely hear you...

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TITA: Oh.

CO-CHAIRPERSON CORNEGY: I don't know
if..

TITA: This better?

CHAIRPERSON RICHARDS: Don't be shy.

Pull that mic closer.

TITA: This better?

CHAIRPERSON RICHARDS: There you go.

CO-CHAIRPERSON CORNEGY: That's, that's
a little better.

TITA: Little better? How about now?

CHAIRPERSON RICHARDS: There you go.

TITA: Okay. Got it.

CHAIRPERSON RICHARDS: Yell at him.

TITA: I was just saying that we, we
definitely agree that supermarkets are essential to
any vibrant commercial corridor and they provide
goods and services that are really necessary. But
we also know that supermarkets are a business that
operate at very, very thin profit margins. And at
Fresh through the EDC we try to help mitigate those
costs by lowering the tax burden for supermarket
operators. The program's really designed to help
influence the location decisions of operators who

2 are looking to invest in areas that are
3 underserved. So it is not I think in itself the
4 silver bullet to answering escalating rent issues
5 but we are able to help supermarket operators who
6 are making investments to underserved often low
7 income neighborhoods by helping them save both on
8 the investment that they're making with the sales
9 tax exemption but also to help them sustain over
10 time. And we feel very confident that the program
11 is, is doing that for operators who are typically
12 local, locally based..

13 CO-CHAIRPERSON CORNEGY: So while I'm
14 you know acutely aware of the benefits of the Fresh
15 Program I still think that that program can be
16 mirrored, just reconfigured for the needs of small
17 businesses which basic.. So I, I understand what the
18 program was designed to do and provide an essential
19 service.

20 TITA: Sure.

21 CO-CHAIRPERSON CORNEGY: I think that
22 all of us are saying here that we're losing
23 essential services whether it be the clean, the dry
24 cleaners or whether it be the shoe maker. We, you
25 know people who have had the pleasure of having

2 those essential services in their communities once
3 they're gone realize the value of those. And we
4 value them as essential services. So the language
5 that you're using is very consistent with the
6 language that we want to use about small
7 businesses, small mom and pops who can't afford to
8 be in these spaces anymore. And there's really
9 nothing, seemingly nothing that can be done when we
10 want to use the tool of zoning and incentivizing to
11 accomplish the goal which is to keep those
12 businesses and essential services where they are.
13 So I...

14 TITA: Yeah.

15 CO-CHAIRPERSON CORNEGY: ...I appreciate
16 your testimony as it relates to the Fresh Program.

17 TITA: Mm-hmm.

18 CO-CHAIRPERSON CORNEGY: But once again
19 I got to, I got to state that it just strengthens
20 my argument. I know the context of the Fresh
21 Program. I just believe it can be replicated and
22 serve the same purpose for small businesses.

23 TITA: Sure.

24 CO-CHAIRPERSON CORNEGY: That we, that
25 we consider as a city to be essential services. So

2 I, I, I know, I know what the Fresh Program does
3 and, and it did tremendous things within my
4 community when we were considered to be a food
5 desert which we no longer are so... But there are
6 other essential services that we need.

7 LAURA SMITH: I think we agree. We, we
8 know that supermarkets are but one of several uses
9 that we, that we would like to see in every
10 neighborhood. And so if there is a way to ensure
11 that we have laundry mats, hardware stores... you
12 know we can work with you to think through what,
13 what a list is and we have sort of our own short
14 list. We can look to see where there is the
15 greatest need to hold onto these uses or
16 incentivize them and see if there are appropriate
17 zoning tools to incentivize them. You know zoning
18 deals with things like height, deals with things
19 like parking, deals with things like parking, deals
20 with things that you know communities have to be
21 comfortable accepting as an incentive but where
22 that works it, it tends to work. So you know it's
23 certainly something we're open to talking about.

24 CO-CHAIRPERSON CORNEGY: So actually
25 that's an excellent, excellent Segway into a subset

1 of questions that I have which... one of which I will
2 ask in terms of what is the, the city's definition
3 of retail diversity. Because I work with my BIDs in
4 my community to try to create retail diversity. And
5 I want to know if we have the same consistent
6 definition...

8 LAURA SMITH: Yeah.

9 CO-CHAIRPERSON CORNEGY: ...of what retail
10 diversity from a global perspective which is where
11 your perspective is to a micro perspective which is
12 in some of our communities as council members our
13 perspective.

14 LAURA SMITH: Yeah. And you know we
15 don't have a set definition on what that means. To
16 some extent it means different things to different
17 communities. But generally speaking we do know that
18 there are a handful of uses that we think are
19 critical to see in every neighborhood. So what we
20 did, so, so back in 2008 we were asked by the
21 current Borough President of Manhattan Gale Brewer,
22 she was then the Councilwoman of the upper west
23 side to look at this issue of what was then a
24 perceived sense of an overrun of banks and
25 drugstores in her district, banks and drugstores in

2 her district, and in order to substantiate that
3 claim as real we needed to go out and survey a
4 number of other healthy local retail corridors. So
5 we selected 10 or 12 different retail corridors in
6 all five boroughs and did very extensive ground
7 floor retail surveys sort of across the commercial
8 corridor to try to quantify what retail diversity
9 meant and what a healthy retail corridor is.
10 Because we all have a sort of gut sense of what a
11 healthy corridor is but when it comes to the actual
12 percentage³ of one use over another or allocation
13 of spaces we really didn't know. So what we found
14 was remarkable consistency in terms of the
15 distribution of neighborhood services and community
16 facilities like daycare and local offices, tax
17 preparation etcetera. About I think 60 percent or
18 so or 70 percent of retail, of ground floor spaces
19 occupied by, by active retail uses the mix of
20 restaurants to sort of food, food at home
21 establishments like grocery stores where you take
22 food home versus places where you go to eat food
23 out, general retail clothing stores, pet stores
24 etcetera. So we have a, a sense of what the right
25 balance is. Low vacancy rate obviously is also part

2 of that. And you know what I think we do when we
3 hear from a community that they have an issue in
4 their neighborhood is we like to go out and see
5 sort of how does this corridor compare to what we
6 know a healthy corridor looks like. It's very much
7 on the ground. There's not a lot of data that we
8 can pull on but we, we like to make sure that at
9 least the, the mix seems consistent. Now there may
10 be local community preferences for more of one use
11 or less of another use. And certainly banks are a
12 good example where we want to see more banks in
13 some neighborhoods and less in other neighborhoods.
14 But you know so I can't exactly answer your
15 question. We don't have a sentence that I could
16 rattle off in terms of what retail diversity means
17 but we have collected enough data at this point to
18 sort of know it when we see it.

19 CO-CHAIRPERSON CORNEGY: So I certainly
20 would like to have further dialogue with you...

21 LAURA SMITH: Yeah.

22 CO-CHAIRPERSON CORNEGY: ...about that
23 because we've found a loosely kind of constructed
24 idea of what the definition should be. And I'd love
25 to share that with...

1 LAURA SMITH: That'd be great.

2 CO-CHAIRPERSON CORNEGY: ...you. And it,
3 and believe it or not it's, it's pretty consistent
4 whether it's an intercity community, whether it's...

5 LAURA SMITH: Yeah.

6 CO-CHAIRPERSON CORNEGY: ...you know
7 whether it's a, a, a community of color, whether...
8 it's pretty consistent with what the services are.
9 And if the baseline is that someone leaves their
10 home and is able to spend an afternoon on a major
11 commercial thoroughfare what does it take to do
12 that. Like that's the baseline...

13 LAURA SMITH: Yeah.

14 CO-CHAIRPERSON CORNEGY: ...start. What
15 does it take to get you to, to shop E and do all
16 the essential things on a major commercial
17 thoroughfare? But let me move on to just my second
18 question before I go to my colleagues. So today
19 the, you know I'd like to address the overall
20 problem. So since 2010 commercial storefront rents
21 have risen significantly in most neighborhoods of
22 the city, by over 50 percent in some parts of
23 Manhattan. Vacancy rates are also growing. And over
24 20 percent on some prime retail corridors. The term
25

2 high rent blight has been coined to describe this
3 pattern. Does the administration view the
4 increasingly unaffordable, unaffordability of
5 retail space and the warehousing of commercial
6 storefronts as public policy problems and in need
7 of solutions?

8 WARREN GARDINER: Absolutely. And thank
9 you for, for bringing that up. We, you know we, we
10 do recognize that this is a very serious issue in
11 our city. You know and as we, as we try to figure
12 out what are the best solutions for this issue you
13 know at SBS we are, we currently try to work with
14 commercial tenants to, to learn what some of the
15 other concerns are. That... you know commercial
16 tenants are always faced with a myriad of issues
17 that exacerbate the cost of rising rent. So we work
18 with them to try to be a little preemptive to, you
19 know to work on like lease negotiations to, to help
20 them avoid the... We try to be a little preemptive to
21 help them avoid the issues of, of commercial rents
22 when they come up. And we, we've learned that a lot
23 of the issues really stem from you know bad lease
24 terms. So we try to work with them to do lease
25 negotiations and workshops and one-on-one

1 consultations so that they get into the best lease
2 terms so that they're not facing this issue in the
3 future when their leases come up.
4

5 CO-CHAIRPERSON CORNEGY: So you know
6 there, there is an ugly word that, that is from the
7 upper west side to Far Rockaway which is, which is
8 warehousing. So you know what is the city doing
9 about landlords who are obviously warehousing
10 properties?

11 WARREN GARDINER: I mean I'm, I'm not,
12 I'm not... I'd have to get back to you with a, with a
13 clear answer on that. I'm not, I'm not sure if
14 there's a, a way that we can necessarily identify
15 or pinpoint that, that... You know we understand that
16 you know landlords are always looking for best
17 opportunities for their spaces but you know we try
18 to work with our commercial tenants who are already
19 in those existing spaces to keep them there as best
20 as we can and to help them grow and, and succeed.
21 And you know we do our best to work with landlords
22 as well to, to look for you know some local,
23 locally grown you know tenants and businesses to be
24 able to stay in those communities as well.
25

2 CO-CHAIRPERSON CORNEGY: So I could very
3 easily get 51 members of the council to provide in
4 two days their warehouse properties which would
5 number probably in the thousands. How, how
6 landlords or developers are able to keep properties
7 vacant and are still sustainable is beyond me. How...
8 so there's a list of bad landlords. We'd like to
9 see a list created of, of landlords who are
10 warehousing properties. I think that that's one of
11 the probably... warehousing properties with the
12 intent of driving up the rents should be illegal.
13 It's not currently but we have to do, we have to do
14 something, my district alone if you go along Fulton
15 Street or any other major commercial thoroughfare
16 you can find in, in the midst of growth, and the
17 huge growth and development, vacant properties that
18 are, that are own... we can find the owner very
19 clearly, like easily. So it's not somebody who's,
20 who's not... so there are clearly there's an intent
21 throughout the city to, to drive up, drive up rents
22 with that methodology. We have to do something.

23 WARREN GARDINER: I think the, the
24 concern we have is just that you know we all know
25 that this is a problem and that there are vacancies

2 on certain commercial streets and just scratch her
3 head and say well why has this store been vacant
4 for so long. We really though don't have a good
5 sort of data on like... is this everywhere in the
6 city? Is this in certain neighborhoods? You know if
7 members of the council have lists of stores that
8 are vacant we certainly would love to share data
9 and we, you know we'd work together on that. I will
10 say that at one point we did a study, well we went
11 out and looked at commercial street, actually 5th
12 avenue in Brad's district. And we had done a survey
13 and wanted to see where there were vacancies. And
14 this was during the recession and we decided well
15 why don't we go back a year later and let's see how
16 the neighborhood is doing in terms of vacancies as
17 a result of the recession. And so we went out and
18 we surveyed the, the street and what we discovered
19 is, is that the vacancy rate had stayed about the
20 same which was good. But the vacancies were the
21 very same stores which really puzzled us as to why
22 certain stores had been vacant for a whole year.
23 And in some ways you know I think the answer is, is
24 that in some cases yes it's, you know a landlord is
25 gaming the system hoping to get higher rent. But

1 there are other things that are going on. Sometimes
2 it's just bad management. You know the landlord;
3 they just can't get their act together to rent the
4 store. It, it seems incredible but that's... you know
5 people live in Florida and forget about the
6 property. Other times... you know other times you
7 have situations where an owner has died and you
8 know family is fighting. I mean there's all sorts
9 of things that are going on. And it may not
10 necessarily always be about someone just trying to
11 get rent. There may be other things happening.
12 Sometimes you know there could be someone who's
13 leasing the space and just have, are occupying it
14 and they're paying rent. So you know I think it's
15 something that we need to look at and there's
16 certain neighborhoods we clearly need to focus on
17 and it's a real issue but I think we really have to
18 get a fuller picture of what's going on before we
19 you know jump into something that might have
20 unintended consequences.

22 CO-CHAIRPERSON CORNEGY: So what I'd
23 like to do is, is volunteer to, to, to do an
24 assessment in conjunction with city planning if
25 you'd like. But it's funny that you mention 5th

2 Avenue, I wasn't going to bring it up 'till later
3 Brad but that, that's actually one of the
4 commercial corridors that other neighborhoods like
5 mine model after. Because the retail diversity on
6 that corridor in addition to you know having an
7 anchor hospital and things, things that contribute
8 to a very vibrant commercial thoroughfare has been
9 able to do an excellent job on keeping those
10 businesses to some degree locally sourced
11 businesses. So if you go on 5th avenue you can get
12 something to eat, you can go to a little baby
13 clothing store. You can... So we... we're trying to...
14 you know so, so Brad I'll, I'll be over by you
15 later but, but that's, that's, that's a model of
16 retail diversity.

17 COUNCIL MEMBER LANDER: We'll sing our
18 woes when it comes to be my turn.

19 CO-CHAIRPERSON CORNEGY: I'm sure. I'm
20 sure you have some. But if, at first glance or
21 first snapshot that's a model for retail diversity
22 that makes sense right. And again that's at first
23 glance and, and Brad and I can talk about it later.
24 But we have to, I'm volunteering now myself and my
25 staff to be a part of whatever taskforce necessary

2 to do a full and robust assessment of vacant
3 properties, commercial properties in the city.

4 Every... I, I have... as the Chair of Small Business I

5 have had probably the occasion of having every

6 single council member come to me about this very

7 issue³³. So, so it's not exclusive to one

8 neighborhood. Now I think it's higher in

9 gentrifying areas for obvious reasons. I think

10 those landlords are taking advantage of, of what

11 they believe a forecast is for a particular area.

12 And I think that we see more vacancies in those

13 areas but consistently across the city essential

14 services have been shuttered and then nothing

15 reopens for several years. So outside of the

16 economic impact that has it becomes eyesores. It

17 becomes havens for bad behavior and for criminal

18 activity, all kinds of things that I don't think

19 that we're paying close enough attention to are

20 happening. So if we were to overlay these vacant

21 stores with criminal activity on a precinct level

22 I'm sure we could find some consistency. Right? It

23 doesn't take a genius to know that. In my community

24 that happens all the time, where there's

25 inactivity, where there's an opportunity for bad

2 behavior. And it's not exclusive to my community.
3 So, so... and, and I'm just glad to actually have a
4 conversation and a hearing with city planning
5 because I have wondered for so long what the, you
6 know what the, what the thought process is on
7 commercial thoroughfares around the city. So I'm
8 going to go to my colleagues but I'm definitely
9 going to come back while I have you, you guys here
10 because I have some very important questions.

11 WARREN GARDINER: And we look forward to
12 working with you on...

13 CO-CHAIRPERSON CORNEGY: Alright. Thank
14 you.

15 CHAIRPERSON RICHARDS: Thank you. And,
16 and I would just add to that because we just moved
17 on a property that was vacant for 30 years. We had
18 them all in the Rockaways and we move very
19 aggressively on it by proposing urban renewal on
20 it. But perhaps for smaller businesses you may want
21 to think of a vacancy tax or... and making it some
22 astronomical number. Because that's the only way
23 some of these property owners will move is when the
24 city gets more aggressive in particular in
25 communities... not just gentrifying communities but

2 communities that historically have been abandoned
3 across the city. You know there, there needs to be
4 a stronger push on the city side. And I don't know
5 if that means working with the Department of
6 Finance to make sure that that happens but people
7 who, who aren't doing what they're supposed to do,
8 I met with the landlord who had 15 vacant
9 businesses in Far Rockaway yesterday. And she's
10 finally just starting to in particular move on two
11 of the properties after 20 years. So you know for
12 landlords like that there needs to be a penalty.

13 WARREN GARDINER: But that, but that
14 would be bad management. That's an example of
15 someone who for whatever reason is just not
16 managing their property well. It's not...

17 CHAIRPERSON RICHARDS: Well she forgot
18 about it.

19 WARREN GARDINER: Well that's...

20 CHAIRPERSON RICHARDS: We, we should not
21 allow her to forget about it as a city though.

22 CO-CHAIRPERSON CORNEGY: Well, well I'd
23 like to add though that not just should we, should
24 we be moving on her in a negative way, we should be
25 supporting her to help open businesses. So in my

2 district where that's happened and where, where
3 landlords were amenable to it we did popup shops
4 just to get those businesses... those spaces active
5 again. So, so you know obviously there's a negative
6 way that we can deal with it. But there's also a
7 positive way. We can be supportive. Once we get
8 that robust assessment we can go in with many
9 tools. Some of them can be incentives to say hey
10 open, open these businesses up where we find that
11 there are people who are, who are just not paying
12 attention to it. We can help them. We can give them
13 incentives to open those businesses and to begin
14 some vibrancy. And where we see that there are bad
15 actors there, there are, there are actions that we
16 can take as a city and as an administration to, to,
17 to be punitive. When it's necessary. I don't, I
18 don't necessarily believe that being punitive from
19 the onset is productive. So I think that there are,
20 there are, there are assets that we can leverage to
21 get these businesses back online.

22 CHAIRPERSON RICHARDS: And also just
23 lastly before I go to Chair Greenfield. In your
24 testimony you mentioned you, I think you were in
25 opposition of formula retail. So can you just go

2 into that a little bit and then why, and then you
3 know opposing the formula uses is that opposition
4 regulating to... is that, is it applicable to non
5 uses as well?

6 LAURA SMITH: I'm not sure I understand
7 what you're...

8 CHAIRPERSON RICHARDS: So you oppose
9 regulating formula uses in particular in your
10 testimony right?

11 LAURA SMITH: So, so actually not use
12 but formula retail... the definition of formula
13 retail is another, is another, is another thing
14 that hasn't fully been defined by anybody. People
15 often look to San Francisco for their definition of
16 Formula Retail since they're the largest city in
17 the country that has regulations around formula
18 retail. The way San Francisco defines formula
19 retail as any business that has more than 11
20 establishment, or 11 or more establishments
21 worldwide. So if you have you know 12 convenience
22 stores in Tokyo and you want to open up your
23 flagship store in San Francisco that's not allowed
24 as of right. From our perspective ownership is
25 well... ownership is not what zoning regulates.

1 Zoning regulates use and bulk. Ownership does not
2 directly have land use implications with regards to
3 zoning. So, so from City Planning's perspective we
4 want to make sure that our retail spaces are, that
5 there are enough of them, that there are the right
6 size to accommodate the needs, the retail and
7 commercial needs of the community, that we have the
8 goods and services that we know are essential
9 within access to local communities. We have yet to
10 see a land use rational for regulating ownership.
11 Like I said earlier a coffee shop is a coffee shop
12 or a grocery store is a grocery store, a pharmacy
13 is a pharmacy, a laundry mat is a laundry mat. For
14 us to regulate ownership aside from being really
15 outside our purview and a potentially questionable
16 legality as far as New York state law goes when we
17 looked at this several years ago our city law
18 department recommended we not pursue this path. As
19 far as meeting the needs of the community, if the
20 community needs a laundry mat we don't want to say
21 okay but it has to be owned by this person and not
22 this person. If the community wants a coffee shop,
23 we are not in the position to say okay but it has
24 to be owned by this person and not this person. So
25

2 as far as meeting the needs of the communities of
3 formula retail ban for regulations around formula
4 retail there's no direct line between regulating
5 ownership and ensuring a diverse retail mix.
6 Certainly you know we have worked with local
7 communities where there has been a proliferation of
8 a certain type of use or there's not enough of a
9 certain type of use. But again there's sort of a
10 land use rational and that's used space which is
11 something that zoning does regulate as opposed to
12 ownership. On top of that we are extremely mindful
13 of unintended consequences associated with
14 regulating ownership were we to go down that path.
15 As I mentioned you know a lot of neighborhoods like
16 chain stores they have longer hours, they're open
17 after work. They're often open in early morning.
18 Many of them do hire locally. They offer goods
19 often at more affordable prices and it's a, it's a
20 reliable good whether you know I'm not making a, a
21 quality judgement on whether it's a high quality or
22 low quality. But people know what to expect. In
23 addition, I mentioned a lot of the owners that we
24 know that different neighborhoods in the city are,
25 you know have, have issues with. People point to

2 7/11 a lot. These are not chains, these are
3 franchises and franchises are independently owned.
4 They are essential gateways to entrepreneurship for
5 low income residents who may not have the capital
6 to open up their own business. They can buy a
7 franchise and sort of be set up with their own
8 business. That's often a gateway to then starting
9 truly their own business. They're, they're
10 important sources of employment for... for immigrant
11 entrepreneurs and so we really, you know we feel
12 that a definition of the problem is essential
13 before we start applying a very restrictive
14 regulation that we're not really sure would, would
15 fix, fix things.

16 CHAIRPERSON RICHARDS: Okay, thank you
17 so much. I'm going to go to Chair Greenfield but I
18 just want to add on city owned property where HPD
19 is going to RFP out particular sites we, we, we can
20 be a little bit more aggressive in this particular
21 area and one way to build you know economic
22 mobility and, and upward economic mobility is to
23 ensure that local residents have the first crack at
24 really having an opportunity to own businesses. And
25 there's nothing better than a local person open up

2 a business who knows the community because you know
3 I don't just want the person serving coffee, right.
4 You want the manager to be you know, we want the
5 ownership to also be for those you know who are in
6 the local community as well. So that being said I'm
7 going to go to Chair Greenfield.

8 COUNCIL MEMBER GREENFIELD: Thank you
9 Co-chairs. And I have many questions and I'm just
10 going to focus one out of deference to the many
11 folks who'd like to testify today. And that is that
12 when I look at the scope of the issues one of the
13 most carnicious [phonetic] issues that I find, and
14 I see this across the city including in my own
15 neighborhoods is that of the big retail banks and
16 I've actually spoken to landlords who've told me
17 that they were offered multiples of what they were
18 actually charging for rent at the time from these
19 banks. And the reason is these are billion dollar
20 corporations and for them simply to get a footprint
21 in a specific neighborhood just being able to say
22 that they have X amount of banks in Brooklyn or
23 Bronx or Queens is more important to them than the
24 cost and certainly they're happy to pay 10,000
25 dollars a month rent instead of 3,000 dollars

2 because in the grand scheme of their marketing it's
3 actually worthwhile. And so this has had a very
4 drastic effect in a lot of different communities.
5 And one approach that was used was a 2012 where
6 there were some changes in the regulations on the
7 upper west side. I'm curious as to how the success
8 of that has been and whether that is a template
9 that we could use as individual council members,
10 the council as a whole to look at other
11 neighborhoods where we can actually adopt those
12 regulations and put them into effect.

13 LAURA SMITH: So, so we did, we, we,
14 what we did on the upper west side in 2012 was we
15 placed frontage restrictions for all retail uses
16 along Columbus and Amsterdam Avenue, limiting them
17 to 40 feet but further restricted banks and
18 residential lobbies to 25 feet along Broadway,
19 Columbus Amsterdam. And the definition of success
20 in that case is no new banks that are wider than 25
21 feet. And so we have been successful on that to
22 that extent.

23 COUNCIL MEMBER GREENFIELD: That's
24 pretty good.

2 LAURA SMITH: So, right. So we, we
3 haven't seen or we haven't seen or we haven't heard
4 of any banks not complying with their new zoning.
5 We have a couple of cases where we've gotten calls
6 at city planning from developers asking us what the
7 rules are, making sure that they can't put a bank
8 here which may be further defined as success
9 because we can perhaps you know conclude that they
10 would have put a bank here but for our regulation.
11 So...

12 COUNCIL MEMBER GREENFIELD: And what do
13 you think of using this as a template in other
14 neighborhoods across the city that are having this
15 issue.

16 LAURA SMITH: So you know the issue of
17 banks in particular, right after we passed the, the
18 zoning on the upper west side sort of the, the
19 banking market collapsed and we were you know
20 pointed to as, as being too late or not effective
21 because banks were not entrusted in opening up in
22 some neighborhoods anymore anyway. They may
23 certainly... [cross-talk]

24 COUNCIL MEMBER GREENFIELD: Oh I see
25 them...

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LAURA SMITH: ...still be a problem.

COUNCIL MEMBER GREENFIELD: ...popping up
all over the city. I'm sure many folks here do as
well.

LAURA SMITH: So you know as far as the
template goes it's a zoning tool in our toolbox.
There's obviously a precedent for doing this. We,
again you know are always extremely mindful of
potential unintended consequences because market
dynamics are fluid and zoning is relatively
inflexible. Once we have zoning on the books as you
all know it's very hard to change it. And so we you
know we prefer to address market issues in ways
that are a bit more flexible and can respond
dynamically to changes in the market. That being
said we, you know the upper west side is not the
only neighborhood where we have... restrictions. We
have done this in other places. And so if there is
a specific problem in a specific community we'd
certainly be happy to look at it.

COUNCIL MEMBER GREENFIELD: Well I think
we should look at it and I certainly will encourage
my colleagues who have this issue to take a look

2 and try to use this as one potential to, to deal
3 with this issue. Thank you.

4 CHAIRPERSON RICHARDS: Thank you Mr.
5 Chairman. We're going to put five minutes on the
6 clock for members. We have 30 people who are going
7 to testify today. I'm going to Council Member Koo.

8 COUNCIL MEMBER KOO: Thank you. Thank
9 you all the two chairs here, all of you come to
10 speak to us. I have a lot of questions too but I
11 just want to ask one or two. I think the high cost
12 of doing business is the main obstacle for small
13 business owners. High cost of doing business namely
14 the high cost of rent, high cost of regulations,
15 high cost of labors, those are main three things.
16 And the future of retail is really hard in New York
17 City because of mail order, internet, now we can
18 buy things from Amazon at 8:00 p.m. and they
19 deliver to you.. morning. You can buy a printer, a
20 lot of stuff without leaving the door. And I'm a
21 small businessman. I, I see my volume keep
22 declining every year because of the events of
23 technology. So the city can, can, can help only so
24 much because this, this is a, a, a business model
25 changing so fast. Most traditional retailers cannot

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2 handle it. So... and a lot of the problems that we
3 talk about here, not just a legislative problem,
4 there are social problems. But you don't have to do
5 a good business you had... critical mass, and the
6 critical mass have the good purchasing power. And
7 if you put a one business in the neighborhood of
8 course they will close the door. And the Council
9 Member Cornegy just said there are lot of vacant
10 stores. In my area there are no vacant stores but
11 the rent's really high. So I hope the city can help
12 the small businessman in handling the high cost of
13 doing business by giving them incentive... test a...
14 test rebate or, or they... ease of regulations. Right
15 now too many businesses are under too many
16 regulations, restaurants... supermarkets. Every
17 business under the... three or four different
18 agencies supervision. So it's hard for a business
19 owner to concentrate on making money because there
20 is, and, and, and the last thing I want to say is
21 that the property tax is so high you know. And it's
22 not the land owners' fault to charge high rent
23 because there... their overall cost is so high too.
24 Because I have one of them owner told me hey Peter
25 no even though I charge you a two dollar... 20,000

2 dollar rent almost half of this go to the city or
3 state. So in relative half, they only have half the
4 rent because they have to use the other half for
5 maintaining and... paying tax. So I'm asking all of
6 you to tell the current administration to have a...
7 on property tax. Because property tax going up
8 every year it's hard for do, to do business in the
9 city. It's the main thing. Because we have to
10 provide to all the employees with higher minimum
11 wage, higher minimum wage, higher sick leave, paid
12 sick leave, and all these benefits add up to the
13 cost. Big cooperation's easy because they have
14 stock holders to share the burden. For a small
15 business owner, it's only him. No? If he don't,
16 doesn't make the money he will close the store.
17 It's tough, no. So, so I'm asking that all of you
18 that do work with the administration to slow down
19 the increase of property tax. That's the main
20 thing. With the other things we can talk all day
21 long. But this is the first, the easiest fix, at
22 least to help this business people. So I want to
23 hear your... you know your reply.

24 LAURA SMITH: There was a lot in there
25 which I think is, is all valid points. There's a

2 lot at play when it comes to making conditions more
3 or less favorable to small businesses, to business
4 in general. Taxes are certainly a big deal. I will
5 do what I can which may not be much personally but
6 you know I, I... we hear you and we certainly know
7 that you know the fines and fees and taxes
8 disproportionately affect small businesses who
9 don't have the sort of financial leverage across
10 their establishments, across the country or across
11 the city or, or across the state. So we, we
12 certainly know that's an issue. We've heard parking
13 tickets. We've heard you know fines, department of
14 health, we, you know we're, we're well aware of
15 that. I think you know the, the point you made
16 about needing a critical mass is essential, one
17 that we're aware of certainly from a zoning
18 perspective, I think it was brought up earlier that
19 in order to have a vibrant corridor you need people
20 to support it. And so we certainly do take that
21 into consideration when we're looking at, at
22 neighborhoods and we're looking at zoning and
23 thinking about what, what population density is
24 sort of necessary to support the mix of businesses
25 that are here or that we'd like to see in the

2 future. And on the flip side what commercial
3 density is necessary to support the residents that
4 are here or will be here. The, you know the issue
5 of internet sales and sort of the changing way
6 people shop that's something you know we're all I
7 think trying to better understand. We have a sense
8 of how it's affecting small businesses. It's
9 certainly not in most cases helping them. It's not
10 something we have the power to change but it, there
11 may be things that we can do. I don't know what
12 they are but you know we can think about, we have
13 to think about ways that shifts, fundamental shifts
14 in how people shop are affecting us on the ground
15 floor.

16 COUNCIL MEMBER KOO: Okay. One more
17 thing I want to mention is that in the city we have
18 a lot of empty... utilize commercial space and they,
19 you mentioned NYCHA right? Actually we can... some
20 small business there, a coffee shops, barber shops,
21 and they, they're... sustain, they're self-
22 sustaining. And, and also in a lot of MTA subway
23 stations they are like really, really underusing. I
24 mean we are not here to build museum no? Or, or
25 architectural wonder, no. If you see the... or all

2 these new buildings, they are... center they are
3 really... some money. I mean they are not in charge
4 of building the architectural wonders. They are in
5 charge of building commute space that at the same
6 time you are encourage retails. So there's a lot
7 of... a lot of... they subway passages that in other
8 countries they fully utilize this for small
9 business... baker, small bakeries and newspaper
10 stands, a lot of stuff. So you can encourage a lot
11 of new immigrants who are... to... stand, small
12 standard 200 feet, square feet, no. You can do a
13 lot of little things. And once these people have a
14 foundation here they can go out and open more...
15 bigger business. So I think we should look into
16 those spaces.

17 LAURA SMITH: That's really..

18 COUNCIL MEMBER KOO: Thank you.

19 CHAIRPERSON RICHARDS: Okay, I'm going
20 to ask you to wrap up.

21 CO-CHAIRPERSON CORNEGY: I just want to
22 say something really quickly. Peter Koo's testimony
23 is a testament to the makeup of the city council.
24 I'm very proud to be a part of this city council
25 because we have you know business owners,

2 educators, like everything that you could possibly
3 imagine. So you need to know that when decisions
4 are made they are informed by certainly what the
5 constituency says. But we have people internally
6 who really work hard at the industry that they
7 either come from or are headed to so on a
8 consistent basis. So I just, you know I just, I
9 think his testimony underscores the makeup of the
10 council and how important it is to have those
11 various voices always at the table on behalf of, of
12 the city.

13 CHAIRPERSON RICHARDS: Going to go to
14 Council Member Lander now.

15 COUNCIL MEMBER LANDER: Thank you to the
16 chairs for holding this hearing. So I appreciate
17 that we're trying to look at a lot of different
18 kinds of problems; the NYCHA issue which is in low
19 income communities, supermarkets, and that there's
20 a lot of you know many different kinds of issues of
21 the kinds that Council Member Koo talked about and
22 that all of your agencies are you know committed to
23 looking at these things. But I'll be honest. On the
24 core issue that I feel is facing my community and a
25 lot of others the loss of independent mom and pop

2 local retailers as the result of rising commercial
3 rents leading to people to, you know to growth of
4 national chains, to the warehousing of spaces, and
5 the outflow of those small businesses. We really
6 have not; we don't have one policy in place that is
7 really helpful. And everything that we've talked
8 about or that Institute for Local Self Reliance or
9 the Pratt Center has talked about you guys have,
10 have been somewhat dismissive of. So I guess my
11 first question is have you done any research, do we
12 have any data on that problem? Right. Like we see
13 it. We're losing independent locally on mom and pop
14 small businesses. I think we share the agreement
15 that it's a public policy problem. But I guess two
16 questions. One, do we share the... do you agree that
17 it's actually a policy problem that we need to be
18 working on and has the administration done any
19 research or do you have any data that helps us
20 understand it?

21 WARREN GARDINER: Absolutely. We
22 absolutely agree that it is a policy problem. And
23 you know we, you know we, I thank Council Member
24 Koo for bringing up the other issues. We know we
25 always hear about rent but you know when it comes

1
2 to like regulations and fines and you know at SBS
3 we're administering the administration small
4 business first initiative.

5 COUNCIL MEMBER LANDER: I don't want to
6 be rude. I'd like you to answer my question.

7 [cross-talk]

8 WARREN GARDINER: Right, yeah.

9 COUNCIL MEMBER LANDER: ...lots of studies
10 about the property.. [cross-talk]

11 WARREN GARDINER: Yeah.

12 COUNCIL MEMBER LANDER: ...tax and other
13 challenges small businesses face. I haven't seen
14 anything about the particular issue that I asked of
15 the displacement of long time locally owned mom and
16 pop independent businesses. [cross-talk]

17 WARREN GARDINER: I think, I think the,
18 the issue of ownership is one that is very, very
19 difficult..

20 COUNCIL MEMBER LANDER: To study?

21 WARREN GARDINER: Well, to deal with.

22 COUNCIL MEMBER LANDER: To study though.
23 Let me answer my question. Has the.. are you aware
24 of any data research study from the administration

2 on this particular... We could surely study
3 ownership...

4 WARREN GARDINER: I, I think...

5 COUNCIL MEMBER LANDER: ...before we would
6 worry about how to appropriately regulate it.

7 WARREN GARDINER: I'm about to agree
8 with you because I, I think what the issue is, is
9 not so much ownership as much as character. And...

10 COUNCIL MEMBER LANDER: Have you studied
11 that?

12 WARREN GARDINER: That is... that is the
13 question. Is no we...

14 COUNCIL MEMBER LANDER: I asked the
15 question. It sounds like the answer is no. It
16 sounds like none of you are aware of any
17 administration or research on the question of the
18 loss of... You could characterize it differently if
19 you want. I'm going to stick with independently...
20 you know locally owned independent small
21 businesses. If you wanted to talk about it as
22 neighborhood character that'd be fine but it
23 doesn't sound like we have any of that.

24 LAURA SMITH: Well we have; we have
25 looked at this to some extent. So we have

2 Department of Labor data. It's the Bureau of Labor
3 Statistics. And we have employment data available
4 at the address level. So we can really do local
5 studies. Looking at what businesses are where and
6 how many employees they have. One thing we know is
7 that the city is still overwhelmingly 93 or 4
8 percent dominated by independent businesses. In
9 terms of the share of employees, independent
10 businesses are obviously smaller and they employ
11 fewer people so the share of employment may be
12 greater...

13 COUNCIL MEMBER LANDER: You're talking..
14 that can get a number of employees but it can't
15 tell a Dunkin Donuts from the 7th Avenue Donut shop
16 and it can't tell a 7/11 from a bodega? And you can
17 tell me a coffee shop's a coffee shop but I think
18 the people that are here know... And you know that's
19 a good one to use because we don't have too many
20 iHops here so we don't have big chain coffee shops.
21 But it doesn't sound like what you're talking about
22 is a study of what I'm asking about.

23 LAURA SMITH: So then the issue you know
24 to answer that specific question I think our
25 question would be what, you know what is the

2 problem that we're trying to solve. Because Dunkin
3 Donuts and 7/11 specifically are franchises. They
4 are independently owned. So is the issue with
5 ownership or is the issue with the brand or...

6 COUNCIL MEMBER LANDER: Well I will get
7 to formula retail use and why it's a use and not an
8 ownership issue in, in just a minute. But I guess I
9 just want to start here. Like if we don't have one
10 city sponsored.. And I guess the council, hasn't,
11 doesn't either. We, we don't put out a lot of
12 reports but there.. you know a good starting place
13 would be if we did some research and if we looked
14 at what we're talking about and that would involve
15 some surveying, there's lots of folks in the room.
16 If we're starting from a base of actually zero
17 knowledge.. You know if we agree there's a problem
18 and if we don't agree then I guess I'd like to hear
19 it. I perceive and I think I just heard that you,
20 you guys agree that there is a problem in the loss
21 of, of what we mean by mom and pops. Do we need to
22 define them? We need to define them. But it seems
23 clear to me they're being pressured out by rising
24 real estate prices and we need some solutions to,
25 to that. But we don't yet even have the, the data..

2 WARREN GARDINER: I, I think, I think
3 we...

4 COUNCIL MEMBER LANDER: Chair can I
5 continue...

6 CHAIRPERSON RICHARDS: Two more minutes.

7 COUNCIL MEMBER LANDER: ...little bit.

8 Thank you sir. So on formula retail... Well go ahead.

9 LAURA SMITH: I, I just, I was going to
10 I think perhaps agree with you. We, we do need to
11 work collaboratively perhaps on, on defining the
12 types of businesses that we're talking about
13 because we certainly hear it. We know you hear it.
14 We all see it. A changing dynamic of local retail
15 corridors when it comes to ownerships or brands or,
16 or independence. But you know from our end when it
17 comes to at least zoning policy you know what is,
18 is the issue with the... I know...

19 COUNCIL MEMBER LANDER: But so I'm, I'm
20 glad to go there. Because I'll be honest I really
21 don't accept at all that formula retail
22 restrictions are an ownership restriction, they're
23 a use restriction. I don't care who owns it. It's
24 fine with me if McDonalds wants to buy or lease a
25 store and not put a McDonalds in it. Formula retail

2 uses are uses and they'd be perfectly relatable
3 under zoning. And I guess that's my second question
4 which is did you study the impact of formula retail
5 because you cherry picked the one sentence in San
6 Francisco's report which is overwhelmingly a report
7 that says here's our thoughtful tailored approach
8 to this and why we actually think it's working. And
9 so you cherry picked one sentence where they
10 admitted that there are some reasons to consider
11 having formula businesses and, and that's the
12 entirety of your reference. So has, has city
13 planning actually studied the impact of formula
14 retail restrictions?

15 LAURA SMITH: We did speak to the San
16 Francisco Planning Department and it's not an
17 entirely rosy picture. I mean there are certainly
18 plenty of San Francisco-ins who are very happy with
19 the, with the ban or with the regulations. The
20 Planning Department though can point to corridors
21 with a higher vacancy rate with a slower opening of
22 businesses. It's a much slower turnover when every
23 business has to go through an approval process.

24 COUNCIL MEMBER LANDER: And if you're
25 saying we would need a thoughtful approach to it

2 here so that we don't do harm in lower income or
3 lower ranked communities and prevent the opening up
4 of businesses that are needed in the neighborhood
5 that has none of them then I 100 percent agree with
6 you. I don't think a citywide approach that can't
7 tell our districts from each other is not going to
8 be, is going to be helpful. But, but I, I just... To
9 me it's pretty clear that formula retail use is a
10 use and not an ownership issue. And I am not
11 interested here in trying to distinguish franchise
12 businesses from nonfranchise businesses. To me if
13 we're trying to preserve retail diversity and not
14 only local ownership but yes there's a character of
15 enabling people to open up the kinds of businesses
16 that reflect local creativity and sure I'm, I'm
17 extraordinarily lucky to live in a neighborhood
18 that has that and it's a big city and a lot of the
19 neighborhoods don't have it at all. But, but it's,
20 it is a wonderful facet of our city and we surely
21 we want to encourage it. So I think we have more to
22 do to look at, at formula retail. And I will say
23 that obviously you know I was a long supporter of
24 MIH but there we use zoning to regulate income,
25 family size, what neighborhood you lived in before

2 and what rent can be charged so I'm not proposing
3 we do all those things for our mom and pops but...
4 And I guess the last thing I will just say is I am
5 glad we finally applied the active ground floor use
6 restrictions on 4th Avenue after not getting that
7 right the first time. Like we're learning. We
8 didn't do it. We hated what we got. But we didn't
9 apply any size requirement. But we could have
10 tailored that to have some size requirements to get
11 us some retail mix. And I think... and I guess I'll
12 just offer, I hope in guanos we can work together
13 to think about opportunities because with some
14 thoughtful zoning regulations I'm confident we can
15 do better on these issues. But I just, I want to
16 push. We are not doing well on them. We don't yet
17 have the tools to do them. I think we'll hear from
18 ILSR and Pratt and others and can do more to look
19 at what's going on around the country. So I, I just
20 want to end by saying I hope we can, we can do that
21 together. So thank you.

22 LAURA SMITH: Thank you.

23 CHAIRPERSON RICHARDS: Thank you so
24 much. So I want to thank you. You have any... you
25 want to close... Okay, I'll go to Council Member

2 Cornegy and then we'll start the close out... portion
3 of the hearing.

4 CO-CHAIRPERSON CORNEGY: So one, one of
5 the exciting things about having dialogue with city
6 planning is sometimes we get stuck and regimented
7 in this reactionary way of, of, of doing things as
8 city government. City planning to me signifies
9 vision and, and the ability to look at what, not
10 study the industries as they stand today but what
11 industries would be appropriate in those
12 inappropriate uses of space past, present, and
13 future. I'm just, I'm just curious as, when we talk
14 about warehousing that that's not a key component
15 in the city planning. Like you know not SBS but
16 city planning that that's not key and critical to
17 the function of city planning not having that
18 assessment.

19 BARRY DINERSTEIN: Of course, of course,
20 of course it is. And you know the issue with
21 vacancy on a commercial street is you know if
22 that's the number one issue, if the street has a
23 lot of vacant space that's a problem. And so that's
24 like the first thing you would look at when you'd
25 look at a commercial street is well how much

2 vacancy. And then the next question becomes well
3 why is it vacant which is sometimes much more
4 difficult to ascertain. But that's vacancy is the
5 number one question I think when you look at a
6 commercial street.

7 CO-CHAIRPERSON CORNEGY: So honestly I'm
8 just, I'm very excited to have again this dialogue
9 but a little disappointed at that particular you
10 know which I believe to be the crux of some of the
11 issues is, is warehouses, not the whole enchilada
12 but is, there is, there is a key component in the
13 ability for landlords to warehouse these spaces.
14 And I know that that's an unpopular term to use
15 because it signifies some nefarious behavior. And I
16 don't, I don't want to make it nefarious but there
17 are you know some people who use that literally as
18 a business model to some degree which I think is a
19 very flawed business model and it, you know it
20 doesn't, doesn't help our city move forward. So
21 while that is a business model and I'm acutely
22 aware and most people who study economy or business
23 understand that that is you know this underlying
24 kind of business model that people use I don't
25 think it, I don't think it work... it doesn't serve

2 this city well. It may work with for the
3 individuals that practice it but it doesn't serve
4 the city well. And I think that we need to be more
5 aggressive at addressing that particular business
6 practice when it doesn't serve the city well.

7 BARRY DINERSTEIN: Agreed.

8 [background comments]

9 CO-CHAIRPERSON CORNEGY: I just wanted
10 to make that statement. And I guess the caveat
11 would be I look forward to working with you very
12 closely in making this assessment. I volunteer
13 myself and my office which I'm probably going to
14 get in trouble for later as, as, as the formulation
15 of some task force that will look at this acutely
16 and, and very soon.

17 CHAIRPERSON RICHARDS: Thank you Mr.
18 Chairman. And I want to thank you for, for
19 certainly coming out today. And I think what Co-
20 Chair Cornegy is certainly on point. We know
21 there's an issue. One of the best things to do, do
22 once we know there's an issue is to survey it and
23 then to also take some bold actions to ensure that
24 we really are doing everything within jurisdiction
25 and power to ensure we're not keeping vacant

2 properties you know which are killing and hurting
3 local communities like the Rockaways and parts of
4 Brooklyn and, and Staten Island out there for so
5 long. So there... you know so we look forward to
6 continued conversation. Want to continue the
7 conversation on fresh. I know we're moving on that
8 and certainly public housing as, as also another
9 opportunity. We should not lose site on that
10 opportunity to create more opportunity for the
11 poorest residents in New York City and also just
12 lastly the affordability once again of local retail
13 opportunities and communities as the cost rise and
14 as property values go up and gentrification... head
15 in some sense is we need to ensure that we are
16 creating opportunities for local communities and
17 especially I just want to emphasize on city owned
18 sites and city owned land so with that being said
19 thank you for coming out today. We look forward to
20 the continued dialogue and conversation. Alrighty
21 and we're going to go to our first panel, next
22 panel. We have our, oh okay Lucian Reynolds
23 representing Borough President Gale Brewer and I
24 believe Borough President Gale Brewer is here, the
25 infamous, and Olga... I'm going to mess your last

2 name up... from Brooklyn Borough President Eric
3 Adams' office. You'll say it and I'll try to repeat
4 it so I don't mess it up. Chinamoritz, Chinamoritz,
5 Olga.

6 [background comments]

7 CHAIRPERSON RICHARDS: ...Borough
8 President.

9 GALE BREWER: Thank you very much. Good
10 afternoon I'm Gale Brewer Manhattan Borough
11 President and I'm here with Lucian Reynolds from
12 our office and I want to thank Chairs Robert
13 Cornegy who's been working on this endlessly,
14 probably as long as I have and Donovan Richards for
15 scheduling this hearing on zoning and incentives
16 for promoting zoning and retail diversity because
17 we all need to preserve our neighborhood character.
18 I know you get tired of me talking about this but I
19 really appreciate this hearing. As many of you know
20 I'm an advocate for small businesses both in
21 Manhattan and citywide. The entrepreneurs who
22 created business from a dream are some of the
23 hardest workers in our city. A successful business
24 owner is someone who goes beyond the endless hours
25 of managing the business by reading and learning

2 about all the rules and regulations that they must
3 follow to avoid fines that cut into their bottom
4 lines. Zoning is one of the most well-known and
5 impactful regulations that govern how someone may
6 do business by restricting commerce to commercial
7 streets. However, zoning does not need to be an
8 impediment to doing business. There are ways that
9 we have used zoning in the past to protect small
10 business diversity. As you heard earlier when I was
11 in the city council representing the upper west
12 side big banks and drug stores were pushing to
13 establish themselves in my district, although
14 they'd been doing it long before I was in the
15 council to the detriment of mom and pop stores, an
16 issue that you've heard a lot about. When a
17 building owner wanted to land a tenant such as a
18 bank he or she would warehouse their smaller
19 ground floor commercial units until they could make
20 a combined space for one large tenant. The bank
21 didn't need the space to do business, they wanted
22 the commercial frontage for advertising. And I know
23 that people say banks are going to get smaller but
24 I do think at least in areas where there's a lot of
25 pedestrian traffic which is certainly true in our

2 borough and certainly citywide in some cases the
3 banks are going to stay large because they want the
4 advertising. I asked the Department of City
5 Planning back then to work with my office to build
6 a zoning solution to fight back against the
7 expulsion of neighborhood business and the
8 warehousing of small commercial spaces. After
9 completing a neighborhood study, they identified
10 neighborhood standards for the amount of frontage
11 that a business could have on the street. Within a
12 new special commercial district banks could only
13 have 25 feet of storefront along the street and
14 stores 40 feet only. Along parts of Columbus and
15 Amsterdam Avenues any building with at least 50
16 feet of frontage on the street needs to have at
17 least two commercial units within that frontage.
18 Super marks, supermarkets are of course exempt from
19 these requirements because we need them so badly.
20 There's a great deal of interest in other parts of
21 the borough for these types of small business
22 protection. Small businesses like small retail
23 spaces and larger chain stores are not outlawed but
24 forced to operate the bulk of their square footage
25 on a second floor unit, a cellar unit, or wedged

1 between the commercial unit next door. I believe
2 that this is the closest the city has come to
3 enshrining the classic New York commercial street
4 environment into zoning text. After I took office
5 as a borough president I released a report that
6 outlined a number of proposals to address common
7 challenges that befall our small businesses. From a
8 microeconomic standpoint the demand for ground
9 floor commercial units far outstrips the supply.
10 More entrepreneurs are competing for a limited
11 number of potential locations which may be a
12 significant factor in driving up price per square
13 foot. To alleviate this imbalance, the report
14 identified two main points where zoning might be
15 helpful. These are somewhat controversial. The
16 first would be to expand commercial overlay
17 districts where appropriate. This would allow more
18 commercial activity to occur as of right. The
19 second is more complicated, more controversial
20 using what I would call ultra-low density
21 commercial districts. The city would mat special
22 commercial areas on side streets that would only,
23 only allow low traffic, low impact businesses to
24 operate. These will be businesses that serve
25

2 neighborhood needs as opposed to destination
3 retail. This zoning would be New York City's first
4 performance based zoning where a city agency like
5 Small Business Services would look at a business
6 plan and certify whether it would be permitted to
7 establish itself in such a district. Like you
8 wouldn't want a shoe store because I know there's a
9 shoe store in my neighborhood and every time the
10 wonderful cobbler fixes a shoe... [makes sound
11 effects]

12 CHAIRPERSON RICHARDS: Oh I thought you
13 meant a new shoe store. I was going to say...

14 GALE BREWER: No, but you can't even...
15 this would not be an example of a low dense... low
16 impact because just so you know shoe stores make
17 noise but other stores you could put it. Through
18 the use of a nimble business specific agency as a
19 gate keeper, performance based zoning enables other
20 retail diversity goals such as the exclusion, I
21 know you discussed this earlier, of formula based
22 retail in chain stores. Creating more supply only
23 helps if landlords choose to rent the spaces out to
24 walk around any commercial corridor in Manhattan to
25 see vacant storefront after vacant storefront. Many

2 of which have been sat untenanted for years.
3 Commercial vacancy on the street levels to
4 diminish, diminishes safety for the sidewalk and
5 the street. Business owners are also our neighbors
6 and we rely on them to keep the sidewalk in front
7 of their shops clean and shoveled and well lit. For
8 our collective safety and security, we, as a city,
9 must act to disincentivize, the holding of a
10 storefront vacant for extended periods of time
11 because the owners are often waiting, at least in
12 Manhattan for a formula based store, more rent. I
13 urge the city council to call upon their state
14 counterparts to give New York City the ability to
15 tax its owners for holding their ground floor
16 commercial spaces vacant when there's no legal or
17 structural reason for them to do so. In the
18 meantime, we must create a program wherein a
19 landlord would pay a fee and register their vacant
20 store fronts and we have the data. This would give
21 us an essential new source of open data to be
22 analyzed by city government academia in the civic
23 hacker community. While disincentives may deter
24 owners from holding space vacant to wait for a
25 chain store tenant incentives are needed for small

2 mom and pop storefront-ers to say in Manhattan.

3 This is why Council Member Johnson and I have
4 drafted and are preparing for introduction a
5 commercial rent tax exemption bill. This tax
6 exemption which can be enacted locally without
7 state legislation would exempt small owner operated
8 street level retail businesses and supermarkets
9 from the commercial rent tax which now exists
10 between 96th Street across Manhattan all the way
11 down to Chambers. It would make these businesses a
12 little bit more competitive in the battle to remain
13 in their space. This year the Department of Small
14 Business Services launched their cornerstone
15 business initiative to support established small
16 businesses that have served their communities for
17 at least 20 years. The first year's honoree's
18 reserved, received free one on one advising a free
19 dot NYC domain for one year and other services.
20 This is a step in the right direction. And I urge
21 SBS to expand the program in future years to
22 provide even more support such as employment based
23 grants to the business and some rental assistance
24 grants to landlords that extend the lease for these
25 businesses similar to what's going on in cultural

2 discussions in, in San Francisco. The New York City
3 zoning resolution is 100 years old this year.
4 Zoning by its nature has a tendency toward being
5 more restrictive over time. As a means to protect
6 the citizens of New York it has largely achieved
7 its intended goals. Our challenge is to create more
8 opportunity for business in our city without
9 erasing the gains we have made in safety and
10 quality of life. Our challenge in zoning for the
11 next 100 years is to make it more flexible and
12 creative and responsive to changing needs. I just
13 want to add what we have done with new buildings
14 both in the work in East Harlem with the speaker is
15 that when there is a new zoning which of course
16 hasn't happened yet but it's proposed, that would
17 be a situation in which the retail size would be
18 structured. So it wouldn't be open unless it's a
19 grocery store. We did the same thing in the west
20 side urban renewal area that passed when I was in
21 the council. So in that area on Columbus and
22 Amsterdam any new or renovated Mitchell-Llama in
23 that area has to follow a certain size of the
24 store, unless it's a grocery store, and guess what,
25 a grocery store's coming in. So it worked. At the

2 same time, we are challenged because the elephant
3 in the room is always the rent. And so the question
4 is how do we deal with some of these other zoning
5 issues which we can't legislate rent or we can't
6 legislate what goes into the store. So you could
7 have a small store and it could be a Verizon store
8 or something that's not amenable to the street
9 scape. The issue is people in New York want mom and
10 pops, we also want to have something to look at and
11 looking at a big drugstore, bank streetscape as we
12 know is not conducive. I just want to add a couple
13 other challenges. When you live in a co-op it used
14 to be that you could in fact only take as, as a
15 shareholder and as a board member, most of your
16 income had to come from the shareholders. And it
17 changed in Albany some years ago so that now any
18 amount can come from outside the shareholders, so
19 it could come from the commercial. So if you have
20 commercial and you're in a co-op you owe it to your
21 shareholders really to get as much maximum revenue
22 from the commercial. So that's another challenge
23 because it didn't used to be that you could get as
24 much as possible from the commercial. It had to
25 come from the shareholders. And of course we're all

2 facing this issue of vacancy. There might be
3 something that we could do on that issue locally.
4 So these are the, probably the number one issue in
5 Manhattan I hate to say is not the need for
6 affordable housing because the people who have
7 housing. What they're interested in is a, something
8 to protect their mom and pops. It is the number one
9 issue. I don't know if it's citywide but it
10 certainly is in Manhattan. So I really appreciate
11 this hearing. There have... we need the data that
12 Council Member Lander was talking about which we do
13 not have. There is a gentleman named Justin
14 Levinson who has been looking at the vacancies sort
15 of by doing his own computer programming but I
16 don't... I think it's a little bit anecdotal. And
17 nobody knows as Council Member Lander was
18 suggesting how many formula based, how many mom and
19 pops, and when you say small stores they're not
20 necessarily or small companies they're not
21 necessarily storefront-ers. We got storefront-ers,
22 you got small companies that might be upstairs, are
23 not raising the same rent issues. So it's a very
24 complicated issue. Definitely appreciate the
25 hearing, working with NYCHA would help. We have

2 tons of NYCHAs that are on avenues that would
3 benefit from having commercial. So that's another
4 possibility for having not just for the residents
5 but for the whole community would be extremely
6 helpful. So thank you very much.

7 CHAIRPERSON RICHARDS: Thank you Madam
8 Borough President.

9 OLGA CHINAMORITZ: You almost did it
10 right. It's Olga Chinamoritz. Good morning. I am
11 here to deliver testimony on behalf of Brooklyn
12 Borough President Eric L. Adams. The following are
13 his remarks. I want to thank the city council,
14 Chair Robert Cornegy and the Committee on Small
15 Business for the opportunity to provide comments at
16 this public hearing. I applaud the city council for
17 looking for ways through the New York City zoning
18 resolution, regulations, and incentive programs to
19 promote retail diversity and preserve neighborhood
20 character. Many of Brooklyn's retail corridors are
21 substantially underdeveloped based on the zoning
22 floor area permitted by their particular zoning
23 district. Given the strength of Brooklyn's housing
24 market retailers occupy space within these
25 underdeveloped sites are at risk for being

2 displaced as part of making way for new
3 construction. Unfortunately, too often commercial
4 zoning districts merely allow for retail use
5 without obligation on... developer to return retail
6 as part of the redevelopment. For these retail
7 streets the developer has a right to place
8 residential use and/or parking along the building's
9 street frontage. Not only does this adversely
10 affect and directly displace retail tenants. It
11 could weaken and, it could weaken the retail
12 corridor by breaking up continuity of the shopping
13 street and disrupting walkability and livability of
14 the neighborhood. As redevelopment too often
15 displaces mom and pop businesses. The city should
16 take steps to ensure that retail space is part of
17 the development. One... one recently established tool
18 in the zoning resolution that should be applied
19 more frequently is that of special enhanced
20 commercial districts or SE... ECDs. While the SECD
21 does not in and of itself guarantee mom and pop
22 businesses' occupants it ensures presence of tail
23 owner community, of facility use with prescribed...
24 standards for new developments. Such zoning overly
25 can be established as part of a rezoning where

2 retail is desired and along existing retail
3 corridors as a means to ensure existing retail
4 character. Retail corridors zoned R6 and R71 remain
5 vulnerable to small retail displacement given the
6 presence of many underbuilt buildings. And the
7 written testimony provides a list of neighborhoods,
8 specific streets where these conditions are present
9 but I will skip that. Depending on the nature of
10 establishing an S, SECD it might be appropriate to
11 include additional regulations such as applying a
12 combination of use restrictions and/or frontage or
13 ground floor location restrictions as a means to
14 control placement of larger retailers and expanding
15 the applicability of the fresh food program for
16 financial incentives and zoning. Such controls
17 might limit certain uses to lobby frontage with
18 more expensive use toward the rear of the building
19 and/or above the ground floor. A key exception of
20 course being the fresh food stores. Recently
21 established rules that much... as mentioned earlier
22 applied to the upper west side might be worthy of
23 being incorporated as more SECDs are created. In
24 addition to financial incentives for supermarkets
25 the city should advance mom and pop retailers

2 through its RFPs for the disposition of city owned
3 land. The city must also additional funding to
4 provide legal services for mom and pop businesses
5 to combat tenant harassment as well as financial
6 incentives and credit to ensure that they, they
7 compete on a more level playing field with larger
8 corporations. Further safeguards to promote mom and
9 pop businesses as retail tenants would be to
10 designate a non, nonprofit local development
11 corporation that LDC has the collective RFP
12 respondent, nonprofits are more, are much more
13 mission based than for profit developers and are
14 generally less sensitive to maximizing income from
15 retail rentals. As a result, such LDCs are able to
16 best coordinate the retail uses in a manner that
17 favors mom and pop businesses as retail tenants.
18 Thank you.

19 CHAIRPERSON RICHARDS: Thank you. Sir..
20 Oh, he's with you? Oh great. Okay well thank you
21 Madam Borough President for your testimony. Just a
22 few questions. So you spoke of the ultra-low
23 density commercial districts a little bit. Can you
24 just expound on where do you think that this
25

2 particular district would be successful in
3 particular in Manhattan?

4 GALE BREWER: Well it's, it's a good
5 question. I mean there are some streets that have
6 small you know believe it or not restaurants and
7 small hat stores and things that are very low
8 density. And, but they're far and few between. One
9 of the issues that's interesting is that on the
10 west side you have Brook... Broadway, Columbus, and
11 Amsterdam that are commercial. But West End Avenue
12 and Riverside and Central Park are not. You go to
13 the East side and you've got you know Lexington and
14 Third Avenue and Second Avenue and First Avenue and
15 so on, Madison, that are all commercial, just Fifth
16 is not, and Park. So when we did the study we
17 learned that the West Side was more applicable
18 according to City Planning for having this
19 reduction in size of store. But at the same time it
20 turns out that on the, we have very few also... any
21 side streets that has any commercial at all. So
22 they literally get pushed out completely. So the
23 issue would be that you know where there is perhaps
24 doctor's offices now which is often true in some of
25 the side streets that can be opened up for low

2 impact retail. Again it'd have to be studies as to
3 what really is low impact retail. And it might give
4 people an opportunity, would not include, you know...
5 would not include anything that would have an
6 impact and that would have to be discussed.

7 CHAIRPERSON RICHARDS: And you spoke a
8 little bit and I of course applaud your, your work
9 on the frontage restrictions. Has the, has those
10 restrictions actually been adequate enough or had
11 they been adequate in actually protecting
12 independent retailers?

13 GALE BREWER: Well funny that you should
14 ask. Of course I checked with city planning
15 commission and they don't have any data yet. I
16 checked with the community board and they don't
17 have any data yet but I checked with commercial
18 retail brokers and they have an opinion. And what
19 they're basically stating is that it's too soon
20 because the leases in some of these mom and pops
21 have not come up. But they said that many of the 93
22 percent or 94 percent of these avenues already
23 conformed. So it's a good situation in the sense
24 that these mom and pops and whoever would succeed
25 them will be able to continue in this 93 94 percent

2 of smaller stores. I will be honest with you, this
3 one challenge, which is that if a mom and pop wants
4 to expand beyond 40 feet then that is an issue. And
5 I'm being honest because that's what this friend of
6 mine who's a broker just pointed out. They did say
7 that as time goes on some of the banks are going to
8 get smaller. But so far I haven't seen any of them
9 that are currently there get smaller I think
10 because of this what I call eyeball issue of
11 advertising.

12 CHAIRPERSON RICHARDS: So if you could
13 improve the restrictions that would be one area you
14 would look at?

15 GALE BREWER: I think that the zoning
16 issue for mom and pops is something that we could
17 definitely look at, particularly in an area that
18 already have mom and pops and you haven't lost them
19 all that you could continue that most of them are
20 within that 40 feet, you'd have to work out if
21 somebody wanted to expand, if that's something that
22 city planning would allow.

23 CHAIRPERSON RICHARDS: And I was very
24 happy you touched on NYCHA campuses so can you go
25 into... you know do you foresee a conflict between

2 residential and commercial in particular on these
3 particular campuses and you know what sort of
4 retail do you foresee you know coming in if there,
5 if we were to...

6 GALE BREWER: Well I can tell you at
7 least in, in Manhattan so many of the NYCHA
8 developments are on avenues. And even you know
9 we're always facing this infill residential
10 challenge, particularly in Manhattan we want to
11 have... the administration wants to have some market
12 and some affordable... of course what I want is 100
13 percent affordable. But it would seem to me that
14 you could build out even onto the campus without
15 destroying playgrounds, parking lots, or anything
16 else retail capacity just like you're doing in Far
17 Rockaway where you have a two story what I would
18 call taxpayer. And it's very, very popular. You
19 have lots of small stores and so on. So many of
20 these campuses that are in the borough of Manhattan
21 have a great deal of frontage that I think would,
22 could be developed into commercial where there's
23 nothing now. Most of the commercial now is either
24 unoccupied or within the complex itself. So having
25 what I would call the Far Rockaway type of two

2 story would be a wonderful way to build out and
3 good for the neighborhood and for NYCHA. Revenue
4 for NYCHA, commercial opportunities, small stores
5 for the neighborhood.

6 CHAIRPERSON RICHARDS: And you think
7 residents would be happy with that?

8 GALE BREWER: They would be ecstatic.

9 CHAIRPERSON RICHARDS: Great. Okay, I'm
10 going to go to Council Member Cornegy.

11 GALE BREWER: Thank you Sir.

12 CO-CHAIRPERSON CORNEGY: Madam Borough
13 President, good morning.

14 GALE BREWER: Good morning, good after..
15 yeah, good afternoon.

16 CO-CHAIRPERSON CORNEGY: Oh, yeah good
17 afternoon, sorry. So you're, your report, the small
18 business big impact suggested a new programs and
19 reforms to support the creation of commercial
20 condos, to enable business owners to purchase their
21 store front spaces while leaving the landlord in
22 control of the rest of the building. What, what is
23 the incentive for a spectacular landlord to sell a
24 business in interest in the building.. just to find
25 a tenant who can pay five or 10 times more.

2 GALE BREWER: I know I can tell you that
3 in some cases you know it's been a situation where
4 I have known very entrepreneurial oriented low
5 impact you know eyeglass store and so on that have
6 managed to figure out a way to co-op his condo, his
7 store. I don't think it's particularly prevalent
8 because of the owners not wanting to give up that
9 lucrative opportunity. I do know that there's
10 federal money available. And that's where this
11 could be helpful. But Lucian Reynolds could answer
12 that more specifically.

13 LUCIAN REYNOLDS: Hi, good afternoon. So
14 the... program that we outlined in the report depends
15 on, depends upon a US small business,
16 administration loan program called the 504 loan
17 program which is, allows low cost financing for a
18 small business to purchase real estate in order to
19 do business the, the catch for New York City is
20 that 50, at least 50 percent of that property
21 purchased must be used by the small business which
22 immediately makes it most small businesses in
23 Manhattan ineligible if they're within a mixed use
24 building. So the condo-ization program brings
25 together guidance set forth by the state Attorney

2 General, no, no action condo-ization where they
3 separate all of the residential units from all the
4 commercial units because there's no offering plan
5 needed and then, which would allow the small
6 business to use the 504 program to borrow in the
7 tune of many millions of dollars, the ability to
8 purchase the commercial space. One of the issues
9 with that is that we are in a very hot commercial
10 market, real estate market at the moment. And so
11 it's possible that many small businesses that would
12 wish to purchase those spaces would have a hard
13 time doing so, so the, the, the thought behind
14 incentivizing the, the condo-ization and sale of
15 the commercial unit would largely be urging not the
16 great landlord but landlords who are behind on
17 certain utility payments in the city whether it's
18 water or they have us, issues with DOB on complying
19 with certain codes and have racked up a number of
20 violations if they were to sell the commercial unit
21 to pay off the leans or to fund the, the correction
22 of certain DOB violations. That could be one way to
23 incentivize them to continue having ownership of
24 their building but through the sale of their
25 commercial condo downstairs.

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2 GALE BREWER: I think what we're saying
3 is we have to try everything. You know we need a
4 big basket of opportunities for these small mom and
5 pops.

6 CO-CHAIRPERSON CORNEGY: That's it for
7 me. I just look forward...

8 GALE BREWER: Thank you.

9 CO-CHAIRPERSON CORNEGY: ...to continuing
10 to work with you

11 GALE BREWER: We'll keep... yep, thank you
12 very much.

13 CO-CHAIRPERSON CORNEGY: Thank you Madam
14 Borough President.

15 GALE BREWER: Thank you very much.

16 CHAIRPERSON RICHARDS: Nothing you do is
17 complicated. Put that in your testimony. You reach
18 for the stars as we all should. Alrighty, we're
19 going to call the next panel. Paula Crespo, Stacy
20 Anderson, Harry Bubbins, I believe I got this
21 right, and Jane Merkel. Okay you may begin.

22 PAULA CRESPO: Good afternoon. I am
23 Paula Crespo, a planner at the Pratt Center for
24 Community Development and as we heard earlier from
25 the opening remarks from Chair Richards and Chair

2 Cornegy the challenges associated with local retail
3 in New York City are of a dual at least dual
4 nature. In many of the city's lowest income
5 neighborhoods a critical mass of decent affordable
6 goods and services simply doesn't exist while an
7 economically stable and growing communities, rising
8 rents, and the increased presence of national and
9 regional change has caused a pronounced
10 displacement of locally owned independent retail
11 that has historically served residents with
12 affordable goods and services. The retail gap that
13 exists in many low income neighborhoods includes
14 over saturation of marginal retail stores that
15 don't provide essential products like fresh foods,
16 pharmaceuticals, affordable clothing, or services
17 like banking. In higher income or gentrifying
18 neighborhoods long time retailers have been
19 increasingly threatened by real estate prices.
20 Throughout the last several years of economic
21 growth residential gentrification in traditionally
22 low and moderate income neighborhoods has caused
23 retail rents to rise and corporate chains to move
24 into new markets. These forces has displaced local
25 and neighborhood serving retailers that previously

2 provided affordable goods and services to low
3 income residents while also creating the unique
4 look and feel of their communities. Because retail
5 related challenges are complex and multifaceted and
6 because they vary from neighborhood to neighborhood
7 a broad set of policy tools as needed to fully
8 address the issues. For example, to give small
9 locally owned businesses a leg up in neighborhoods
10 that are undergoing new development, buildings that
11 receive subsidy through HPD or other agencies can
12 be underwritten to ensure affordable commercial
13 rents and limits on rent increases. Formula retail
14 regulations have worked in other cities and can
15 impede the proliferation of chain stores and
16 neighborhoods where this is a problem. Of course
17 it's important to acknowledge that people in some
18 neighborhoods want chain stores. Zoning can mandate
19 size caps and therefore discourage large corporate
20 retailers and big box stores. And tools for
21 reducing the cost of doing business such as energy
22 bundling and purchasing can help small independent
23 retail stay in business. The neighborhood 360
24 program out of SBS and commercial district needs
25 assessments are a great start for comprehensive

2 retail planning. But they need to be better
3 integrated with the current rezonings that are part
4 of the mayor's affordable housing plan. And they
5 need to robustly engage a broad range of
6 stakeholders including small business owners and
7 entrepreneurs, BIDs, and community groups. Moving
8 forward my colleagues at the Pratt Center have been
9 engaged with the New York City retail issues for
10 several years and they are eager to work with the
11 council to figure out what set of tools are worth
12 pursuing. I'm leaving you with a document that
13 briefly describes many of these tools and where
14 there are precedents that have been implemented in
15 other places and we hope the conversation can
16 continue. Thank you for this opportunity to testify
17 on this important issue that regularly affects all
18 New Yorkers.

19 CHAIRPERSON RICHARDS: Thank you so much
20 for your testimony and your work on this. Thank
21 you. You may begin. State who you are for the
22 record and your name and...

23 JAYNE MERKEL: My name is, my name is
24 Jane Merkel and I'm speaking here today as an
25 architectural historian and critic and is a 25-year

2 resident of the Manhattan Neighborhood of Gramercy
3 Park. I'm also a journalist. And last month I wrote
4 an opinion piece for the New York Times called New
5 York's Disappearing Storefront which got more play
6 than anything I've ever written and I've had a very
7 long career. I had letters from people all over the
8 country, notes, it really clearly this is an issue
9 that is affecting a lot of people and is an
10 enormous concern of people and not just in New
11 York. But particularly it, my piece was about the
12 important unique family businesses we've been
13 hearing about all morning that are going out of
14 business mostly because of rising rent. There are a
15 few other circumstances of course as well. This is
16 not a new phenomenon. We lost a superb family owned
17 stationary store in my neighborhood of about a
18 block, block away or you could buy really heavy
19 cardboard folders. And all kinds of very
20 inexpensive printed and also very inexpensive
21 printed and also very fine and grave stationary.
22 There's, there's no place else in the city that I
23 know of that, that, where you can get all these
24 things. Then a little bit, few years later we lost
25 Forchasey [sp?], the second oldest hardware store

2 in the city. This was a place where you could not
3 only buy hardware and get free advice but all other
4 kinds of things, household appliances, plants,
5 soil, pots, I mean you could lead your whole life
6 basically out of that store. Then last week we lost
7 right before my article appeared we lost Krups
8 [sp?]. It was a grumpy family owned appliance store
9 where they could find anything for you that
10 everybody else told you, told us didn't exist.
11 Strange old historic appliances, things to fit into
12 little crannies of New York kitchens and
13 particularly replacement materials. Then another
14 huge loss for me was the, the trap options. And
15 that's... that was on Madison Avenue in Midtown. This
16 was a case where the landlord first brought in a, a
17 competitor, a chained competitor and then triple
18 the rent so of course we lost that. And this was an
19 eyeglass store that had tenants from... I mean
20 clients from all over the country, really sold
21 unique merchandise. The real loss, the loss for me,
22 that will make a difference in my life probably
23 every single week was Tekserve the unique apple
24 store, what the New York Times called the Apple
25 store before there were Apple stores where you

2 could get advice, you could walk in, you've got a
3 little paper ticket. They served you within a half
4 an hour. And you, they knew absolutely everything
5 if you, if you had a problem with your computer you
6 could write an email and the owner would answer in
7 the middle of the night. And it was such an iconic
8 place that it even popped up on an episode of, of
9 sex and the city. Well it's gone so now we have to
10 have the, the corporate Apple store.

11 CHAIRPERSON RICHARDS: I'm going to ask
12 you to wrap up.

13 JAYNE MERKEL: What? Okay. Okay.

14 CHAIRPERSON RICHARDS: Thank you. We,
15 but your, well, your point is well taken though.

16 JAYNE MERKEL: Right, thank you.

17 CHAIRPERSON RICHARDS: ...say that. Okay.

18 STACY: Hi, my name is Stacy Anderson
19 and I'm here to testify on behalf of the Municipal
20 Art Society, founded in 1893 MAS promotes
21 intelligent urban planning, design, preservation
22 through education, dialogue, and advocacy. We
23 continue this legacy as we advocate for the
24 protection of New York City's public assets
25 including its neighborhood character and the

2 important contributions, small business, and ground
3 floor retail make to this essential collective
4 good. In 2014 MAS founded CUE, the Center for Urban
5 Entrepreneurship or rather the Committee for Urban
6 Entrepreneurship. As an initiative for MAS the
7 committee advocated for Urban Policies and Civic
8 Leadership that encourage entrepreneurship to
9 strengthen New York City's livability, cue
10 specifically focused on the way the special city,
11 how it is planned, zoned, regulated can bolster
12 retail diversity and cultivate independent
13 business. Regulatory mechanisms considered to be
14 the committee, considered by the committee included
15 zoning amendments to restrict the size of store
16 fronts, provisions for below market commercial
17 space in city sponsored developments, and lease
18 renewal legislation as outlined in the small
19 business job survival act. In addition, MAS also
20 partnered with the New York City Department of
21 Small Business Services, last spring to deliver a
22 series of three public workshops focused on
23 neighborhood based economic development through our
24 livable neighborhoods program. Working with local
25 partners selected through an open RFP process, more

2 than 400 participants in five different
3 neighborhoods learned about New York City's
4 government structure and the land use planning
5 processes, the fundamental components of economic
6 development and tools to diagnose commercial
7 corridors, programs, and resources for business and
8 how to identify map and leverage their
9 neighborhood's creative and cultural assets. During
10 these workshops MAS gathered 149 surveys where 44
11 percent of respondents for local business owners,
12 from the total responses to questions about their
13 local commercial districts, the second worse
14 problem there... represented, there representative
15 commercial... their representative commercial
16 districts face is the lack of diversity and types
17 of shops following poor physical conditions. They
18 also cite high rents as the leading impediment to
19 maintaining an existing or starting a new business
20 followed by the lack of funding opportunities. For
21 the question, quote, what could the city do
22 differently to strengthen your neighborhood
23 economy, the following were the most important or
24 most common responses. Improve local infrastructure
25 including streetscape and transit, increased

2 support for local businesses through work,
3 workshops and technical assistance, regulate retail
4 space runs and lease terms and provide more
5 financial support and opportunities for small
6 businesses. These survey responses from small
7 business owners and users of local commercial
8 districts conserved as a starting point to further
9 inform policies related to retail diversity and
10 small business. We look forward to working with the
11 council to draft appropriate legislation will help
12 to preserve and improve this important part of New
13 York City experience. Thank you.

14 CHAIRPERSON RICHARDS: Thank you. And if
15 you could submit written testimony as well. Great,
16 thank you.

17 HARRY BUBBINS: Thank you. Good
18 afternoon. I'm Harry Bubbins with Greenwich Village
19 Society for Historic Preservation. We're the
20 largest membership organization in Greenwich
21 Village, the East village in no-ho. And we have our
22 own small business of the month program by
23 nomination from the public. Formula retail or big
24 box chain stores can in some cases pose a real
25 threat to retail diversity and to small independent

2 businesses. These small businesses not only add
3 character and add a variety of services and
4 products to the neighborhoods but keep more revenue
5 local. We believe that measures which would limit,
6 discourage, or outright prohibit, chain, or formula
7 retail in certain areas merit consideration. For
8 instance, the east village community coalition
9 released an excellent report which I have
10 distributed to the members preserving local
11 independent retail, recommendations for formula
12 retail zoning in the East Village. And these
13 recommendations could be implemented in other parts
14 of the city and we... indeed we heard some of those
15 ideas today. Include limiting chains to major
16 commercial thoroughfares, requiring special permits
17 for certain kinds of change, chains, regulating
18 maximum square footage and combining of
19 storefronts, returning to residential use
20 grandfather nonconforming uses when they are vacant
21 for a period of time or a ban on chains in certain
22 areas entirely. While zoning incentives are
23 important to consider without consideration of
24 commercial lease renewal protections it won't be
25 enough. One approach to the vexing challenge of

2 rent gouging and refusal to renew a lease would be
3 the small business job survival act which we are
4 here in support of today. Supported by a majority
5 of council members a hearing and a vote
6 specifically on that bill should occur. To many the
7 commercial lease renewal process is more of a
8 shakedown than a fair negotiation. The bill could
9 better level the playing field for small businesses
10 dealing with difficult and unyielding landlords.
11 Our city's neighborhoods are struggling to hold
12 onto their character defining, job producing,
13 entrepreneur driven small businesses. We need
14 legislation and zoning measures as soon as possible
15 to protect them from unfair competition and price
16 gouging landlords. We hope today's hearing will
17 bring us to a serious consideration of those
18 measures. Thank you.

19 CHAIRPERSON RICHARDS: Thank you so much
20 for your testimony. And just two questions. I know
21 I cut you off Ms. Merkel. So can you just describe
22 what are some of your, your strategies you believe
23 could work that would help to preserve small
24 businesses in your district?

25 JAYNE MERKEL: They've all actually...

2 CHAIRPERSON RICHARDS: And, and, and
3 then for Pratt you had a proposal on inclusionary
4 commercial and I was just interested in knowing is...
5 do you believe it's financially feasible and, and
6 how would the city get... So I'll start with Ms.
7 Merkel and then we'll go to Pratt.

8 JAYNE MERKEL: Actually, all the things
9 I was suggesting further down here which, which is
10 on the written testimony have been suggested this
11 morning and the, the, the zoning incentives and
12 much more complicated ones. So you basically got
13 it.

14 CHAIRPERSON RICHARDS: Okay got... I got
15 it, alright good.

16 JAYNE MERKEL: Yeah.

17 CHAIRPERSON RICHARDS: That means I'm on
18 the right side of the tracks. Okay.

19 PAULA CRESPO: To be candid I'm here
20 because my colleagues who are actually the retail
21 planning experts had some schedule conflicts so I'm
22 going to take that question back to them.

23 CHAIRPERSON RICHARDS: I'm upset.

24 PAULA CRESPO: And get back to you.
25

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2 CHAIRPERSON RICHARDS: I'm messing with
3 you. I'm messing with you. Okay, no problem. So
4 we'll, we'll have offline conversations. I'm sure
5 Council Member Cornegy will be... Thank you all for
6 your testimony today. Thank you. Seems like we all
7 align. Alright next panel; Nevin Cohen, CUNY Urban
8 Food Policy Institute, Crista Perfect, or Pertit,
9 City Hall, City Harvest Andrew Hoen Brooklyn
10 chamber of Commerce, and Patricia Dorphmin
11 Sunnyside Chamber of Commerce.

12 NEVIN COHEN: Thank you very much
13 Council Members. And I'm really pleased to be here.
14 My name is Nevin Cohen. I'm an Associate Professor
15 of Public Health at the CUNY School of Public
16 Health and Research Director for the CUNY Urban
17 Food Policy Institute. And I will abbreviate my
18 remarks because I've submitted written testimony.
19 But I wanted to comment on one thing first. And
20 that is zoning while it doesn't literally determine
21 the ownership of retail, in effect does by defining
22 the spaces and the uses and defining the value of
23 real estate on a particular site and in adjacent
24 sites in the community. So in a neighborhood we
25 studied in East Harlem the rezoning of 125th Street

2 and adjacent rezonings created land value for the
3 Pathmark site that makes it very difficult for the
4 current owner to justify putting a grocery store at
5 the ground level and determines the type of grocery
6 store if one is rented to in that space that would
7 be able to pay the rents that would be of
8 sufficient revenue for that, that site. So there
9 are three challenges that face the food sector and
10 I want to focus on food retail because it's
11 essential to creating healthy neighborhood and to
12 creating identity and diversity in, in our
13 communities. The... is we, heard testimony about it
14 today, rising commercial rents, the second is
15 competition from, in the case of food stores, drug
16 stores, dollar stores, and online retailers that
17 are capturing a greater share of food sales. And so
18 as the committees consider how to maintain
19 diversity in retail. It's really essential to
20 understand that the market is changing very, very
21 rapidly. In the third challenge for food retailers,
22 food gentrification as low income neighborhoods
23 undergo rezoning and redevelopment to attract more
24 affluent residents. And that means that remaining
25 residents who may be of lower income, particularly

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2 residents of New York City Housing Authority
3 developments may not be able to afford a future
4 retail prices. So I want to just... five strategies
5 that the committees can take, one just by stemming
6 commercial rent increases through commercial rent
7 control and by increasing the availability of
8 commercial spaces. Second is in revising the fresh
9 initiative to consider alternative forms of food
10 retail including cooperatives, buyers' clubs, and
11 pickup sites for online groceries because online
12 grocery delivery is a growing and... will be a very
13 large part of the food retail sector. Returning to
14 public food markets and not boutique markets like
15 the Essex Street Market but real food markets that
16 allow small business people in the community to
17 sell groceries. Fourth, to develop spaces to make
18 online food delivery accessible to the lowest
19 income New Yorkers in neighborhoods with high
20 concentrations of public housing, online retail
21 delivered to community centers and then delivered
22 by community organizations to peoples' apartments
23 can be a viable alternative to bring diverse food
24 from, from local grocery stores that can't afford
25 to build new brick and mortar stores in those

2 developments to, to those consumers. And finally to
3 think about the entire food system in thinking
4 about how to maintain diverse food retail because
5 food hubs and distribution facilities are essential
6 to enabling small grocers and green grocers and
7 specialty food stores to survive. Thank you.

8 CHAIRPERSON RICHARDS: Thank you so much
9 for your testimony. Hit the mic, button's on, turn
10 red like Rudolph and then you're ready.

11 CHRISTA PERFET: So my name is Christa
12 Perfet. I'm the Manager of Retail Partnerships at
13 City Harvest. Thank you Chairperson for holding
14 this hearing today. I'd like to state for the
15 record today is my birthday.

16 CHAIRPERSON RICHARDS: Happy... What
17 better way to spend your birthday?

18 CHRISTA PERFET: I couldn't be more
19 excited to talk about things I'm very passionate
20 about, small business...

21 CHAIRPERSON RICHARDS: Should we, should
22 we start singing.

23 CHRISTA PERFET: ...and food.

24 CHAIRPERSON RICHARDS: Everybody want to
25 sing Happy Birthday?

2 CHRISTA PERFET: I only have two
3 minutes.

4 CHAIRPERSON RICHARDS: Okay.

5 CHRISTA PERFET: And most of you are
6 probably familiar with City Harvest work. We, you
7 know we do food rescue, pick up food that would
8 otherwise go to waste and bring to soup kitchens
9 and soup pantries throughout New York City but we
10 also take a long term approach to hunger relief
11 through our healthy neighborhoods initiative. And
12 we believe that one of the best ways for our
13 communities to thrive is to ensure that they have
14 access to healthy affordable food. And this is
15 where our healthy retail work comes in. So I'm a
16 manager of the Health Retail Partnership. We
17 provide supermarkets and bodegas of ongoing
18 individualized training like mark, marketing,
19 merchandizing, technical assistance. Sometimes
20 we're rearranging the stores, sometimes we're
21 actually buying coolers for them. We work with
22 approximately 98 stores. That's 50 corner stores in
23 48 supermarkets. And you know everybody knows we've
24 talked about a lot increasing rents or pushing
25 stores out. I have two stores right now, one on

2 Markus Garvy [sp?] in Bed-Stuy, one in Washington
3 Heights both really worried about their pending
4 significantly high pending rent hike coming up. And
5 you know we want to, we want to look out for that.
6 So we, we do support neighborhood commitment plans.
7 We'd like to see community involvement and planning
8 in all neighborhoods that will be rezoned prior to
9 rezoning. We really commend some of the work that's
10 been done to ease regulatory burdens lately, the
11 NYC amnesty debt relief... great. There's extended
12 curing times. More issue, more warnings being
13 issued, fine reductions. But maintaining a small
14 business is still a constant battle. And last year
15 I spent some time talking with 10 of our corner
16 stores just asking what are your challenges and how
17 can we help. And one of the questions I asked was
18 what services in New York City have you used to
19 help support your business and not one of them
20 mentioned a public service. Yesterday I talked with
21 our program managers who said not, they could only
22 come up with one of our 98 stores that actively
23 take advantage of services. I know that there's a
24 lot of tricky jargon out there. I often joke I have
25 Masters in public policy and I have a very hard

2 time discerning some of the rules so I try to
3 translate them for folks but it, it takes a lot of,
4 of time and research and when there's, the strap
5 for time and there's maybe language barriers. We,
6 we have a hard time getting this information to our
7 stores. And I'm talking about food retail but I
8 think this transcends to a lot of small businesses.
9 For... resources through EDC and SBS but even when
10 stores are aware of them they're often skeptical.
11 Trust is a real issue. I have great success working
12 with SBS. This is an acceleration unit. This is a
13 shout out to Lisa Ennas [sp?]. But even when we get
14 in the store and they trust us we still have to
15 hold their hand and make, and ensure them that
16 we're not there to harm them, we're there to help.
17 We really hope bridge the, help bridge the gap
18 between these small businesses and the representing
19 government agencies. We encourage you to expand
20 your outreach. Even if this is physical or working
21 with community based organizations that are on the
22 ground maybe through incentive based participation,
23 maybe through a dedicated outreach team. We found
24 that you have to meet the stores where they're at
25 which is in their stores. There, I know that

2 there's continued collective work with relevant
3 government agencies like the, the common mistakes
4 page on the NYC dot gov business portal is great
5 but I still haven't found a store that uses it.
6 Admin... the co-chair of the healthy food retail
7 networking group's advocacy committee and I
8 wholeheartedly offer our support. I know member
9 organizations are jointly available to consult on
10 these topics as needed. We know there's always
11 going to be turnover and retail. But we want to
12 prevent failing businesses because of missed
13 opportunities. So how can we continue to support
14 them. Their foundation of our local businesses,
15 local economies. We all know bodegas are
16 fundamental to the character of New York City. I
17 can't imagine a New York City without them. So... and
18 they you know provide cycles of reinvestment and
19 growth and I... we should, we should help. So city
20 Harvest is here and eager to help the council and
21 administration to ensure adequate support and
22 attention to this, to this issue. And we, we
23 appreciate this hearing today. So thank you.

24 CHAIRPERSON RICHARDS: Thank you so much
25 for your testimony.

2 UNIDENTIFIED: Happy birthday.

3 CHRISTA PERFET: Thank you.

4 ANDREW HOAN: And good afternoon now.

5 Council Members and Chairs thank you so much for
6 having us here today. My name is Andrew Hoan and
7 I'm the Executive Vice President of the Brooklyn
8 Chamber of Commerce which is a membership based
9 organization and an economic development
10 corporation which represents 22 hundred business
11 members and provides a host of business services
12 such as Chamber on the Go which we were thrilled to
13 pilot with you and now operate this in Brooklyn of
14 course and you operate the New York City business
15 solution center and a number of other neighborhood
16 services that get right to the core of helping,
17 helping businesses in their businesses. And the
18 issue of retail diversity and neighborhood
19 character, major focus of the chambers attention,
20 our retail corridors and small businesses give much
21 character to the borough and our major provider of
22 economic development and employment. So consider
23 this, in 2015 there were 562,000 jobs in Brooklyn.
24 That makes Kings County one of the largest
25 employment hubs in the country. There are more jobs

2 in Kings County than in entire cities like Boston,
3 Philadelphia, San Francisco, Seattle, and in the
4 entirety of eight individual states. That's a big
5 deal. Of the 562,000 jobs in Kings County, 72,000
6 of those are in the retail trades. That makes
7 retail the second largest employer in Brooklyn
8 behind only healthcare and social services. What is
9 concerning is that last year alone Brooklyn lost
10 5.8 billion dollars in economic activity due to
11 what is known as retail leakage. That was B,
12 billion. That's money that is leaving the borough
13 and with all due respect to Manhattan, Staten
14 Island, Nassau, Suffolk, Jersey. West Chester. We'd
15 rather have that money right here in Brooklyn. I
16 think we could all agree that preventing something
17 like this is a major focus of what should be an
18 administration city council priority. Bottom line
19 we have a retail crisis. It's not just about mom
20 and pop. It's not about big box. It's about
21 everything. We are desperately short of retail. If
22 you lose 5.8 billion dollars in economic activity
23 that is a crisis. And that's an employment crisis
24 too. Think about shifting some of that money back
25 to the borough. How many jobs does that represent?

2 So it's a serious consideration we all need to
3 focus on. Like this committee and it's a great
4 topic to be talking about to consider three
5 specific recommendations. Some of them have been
6 talked about here today already. The first is
7 affordable commercial zoning. Inclusionary housing
8 has proved an effective tool for aligning the
9 interest of those who need affordable housing with
10 the development community. It's time we consider
11 the same sort of creative techniques to align the
12 interest of our mom and pop retail and the
13 development community. Let's make this incentive
14 based. A no-vacancy incentive. Let us consider ways
15 to reward property owners who maintain occupied
16 storefront retail and limit turnover time between
17 tenants. It is critical that we incentivize owners
18 to keep their storefronts occupied, bottom line.
19 And then adapting to change. And I just have to say
20 this program that City Harvest has is an incredible
21 program. It's a smart program. That is one thing
22 that's constant in New York City. It's going to
23 change. Whatever it might be today it will be
24 something different tomorrow. And we do not do a
25 good enough job educating store owners, what's

2 coming down the road, how to help them to adapt to
3 a changing environment, whether that be in our
4 bodegas, that's just one segment but we could be
5 doing this in every single segment of retail across
6 the city's spectrum. It is necessary. It needs to
7 happen. We need to empower small business services
8 to provide some sort of educational material that
9 we can put out there, get under the streets, go
10 right into the stores and help them adapt to the
11 changing environments we face. So with all these
12 initiatives combined some of the great ideas that
13 are already presented here today I think we've got
14 a great start to what should be an absolute
15 critical conversation and was a good question you
16 asked earlier Council Member Cornegy about is this
17 an administration focus. It should be all of our
18 focuses so thank you for having this hearing. Thank
19 you for having us.

20 CHAIRPERSON RICHARDS: Thank you.

21 PATRICIA DORFMAN: My name is Patricia
22 Dorfman. I'm Executive Director of Sunnyside
23 Chamber of Commerce which is about 126 members.
24 This is Sunnyside Queens and Woodside Queens are
25 most of our members. And to me it feels and to our

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2 members as though a great tsunami is coming toward
3 us which is big real estate dominating the city.
4 And every single thing that happens seems to be a
5 gift to big real estate, MIH means we're going to
6 get some affordable housing but then we're going to
7 have to get 70 percent more people. Then there's no
8 infrastructure to support. Even our small
9 businesses support the small business job survival
10 act and the rejection of the recent, for instance
11 Barnett, which was supposed to be 100 percent
12 affordable housing which we all want but it turned
13 out that 95 percent of the community said no. and
14 our council member has been talked about as though
15 he's some sort of a nimby person which he is not.
16 Our community is diverse. And the reason it was
17 rejected is because it would hurt our small
18 business. It would hurt our residents. Back to the
19 small business job survival act. If anybody in your
20 committee has a better idea, we would certainly
21 like to hear it. It just seems to be the very best
22 way and one night could stop the speculation that
23 is wrecking Sunnyside. We have on Green Point a
24 3,000 dollar rent just went to 15,000. The guy sunk
25 100,000 into... he's out. A beauty salon was paying

2 4,000. Their rent went to 15,000. I generally don't
3 like to regulate land owners. It's their property.
4 I, if I owned property I wouldn't want someone
5 telling me what to do but we don't see any other
6 solution but the small business job survival act.
7 And today the things you were saying, high rent
8 blight. That's a wonderful description of it. But
9 you are also saying incentivizing developers. We
10 don't need to incentivize developers. Developers
11 are, are, have way too much power in the city it
12 appears. It feels to us that you guys are talking
13 about life rafts and water wings when we have the
14 tsunami coming toward us. You have to help us. And
15 I believe, this is my opinion, and I represent a
16 bunch of other people, the first council person who
17 speaks out against what's happening we'll, we will
18 carry him on our throne to the mayoralty. We need
19 help.

20 CHAIRPERSON RICHARDS: Well we can't...
21 Okay, so I'm going to ask you to wrap up your
22 testimony.

23 PATRICIA DORFMAN: Okay, that's it.

24 CHAIRPERSON RICHARDS: Thank you so
25 much. Just... I had a few questions. In particular

2 for Brooklyn Chamber of Commerce. So you spoke of a
3 no vacancy incentive. Can you just go into a little
4 bit more of what your thought process is, like a
5 tax break or, or what sort of tax incentive, or
6 what sort of incentives would you give to a
7 landlord to ensure that they up kept their
8 property?

9 ANDREW HOAN: Sure I'm no, no expert on
10 tax policy but I do know this; when you do pay your
11 property taxes you're assessed on the value that is
12 produced and the revenue that is generated from,
13 from the property. So if you have a vacant
14 storefront it's really an incentive to keep it
15 vacant in some ways. It may be that you're holding
16 out or it's just that there's a lower tax bill. So
17 I think we have to look at encouraging sort of a
18 flipping of the switch of looking at ways to align
19 positive incentives for keeping it occupied as
20 opposed for disincentives for lack of occupancy. I
21 think if you get people, if you look really at most
22 of Brooklyn the property owners that align our
23 commercial street are not big developers. They're
24 small businesses themselves. They're mom and pops
25 that own a single brownstone and a commercial

2 corridor that has a single commercial tenant. And
3 they're struggling to make ends meet as well. And I
4 think we need to encourage them. If they're the
5 sort of good landlords that we like let's encourage
6 them, let's provide them some sort of a tax
7 incentive. That would be classic or a credit
8 possibly to keep their stores occupied. And also to
9 look at that specific moment when you do lose a
10 commercial tenant, maybe it's not because there was
11 something wrong or business was a bad business,
12 maybe it's just that you know it's a restaurant
13 that's going out of business because mom and dad
14 are retiring and you got to look at that turnover
15 time. And how do you increase, or how do you
16 decrease the, the time between when a store goes
17 out and when a new one comes in. And in doing
18 encourages for delivering on-time occupancy. That
19 would be a huge issue. So instead of looking at
20 ways to further restrict things or sort of tie
21 things up with increasing disincentives let's look
22 at way to incentivize the increasing occupancy. I
23 think it's just a way of looking at things
24 differently. Let's use carrots instead of sticks.

2 CHAIRPERSON RICHARDS: And Mr. Cohen you
3 sort of spoke of the fresh program a little bit and
4 you spoke of the strategy around on, online
5 deliveries or pick up sites for groceries. Can you
6 just go on, a little bit into that? And do you
7 think that a lot of small businesses in particular
8 would have capacity to actually fulfill that. But I
9 think it is a worthy strategy as Amazon and other,
10 the other bigger companies actually are moving
11 towards that model of you know delivering your,
12 your bananas to your, your doorstep now. How do you
13 foresee local small businesses actually playing a
14 part in that?

15 NEVIN COHEN: Thanks. My first point was
16 that the, the fresh initiative has been designed
17 around a model of grocery store that is a one size
18 fits all model and I think we need to be more
19 creative and include types of retailers that might
20 have different ownership models like co-ops and
21 that might therefore have different configurations
22 of, of square footage and, and, and product
23 assortment. And on, online the USDA's just issued
24 request for retailers to participate in a new pilot
25 to test snap purchases for online delivered

2 groceries. And so they're working with a number of..
3 actually a very small food retailers around the
4 country to pilot this. And so I think there are
5 real opportunities to develop programs so that snap
6 recipients can pay for online grocery delivery and
7 the retailers can be small independent grocery
8 stores like the independent owners of key foods and
9 med stores. They don't have to be Fresh Direct and
10 they don't have to be Amazon. But we have to
11 recognize that, that, that people are using those
12 services and, and that's cutting into the profit
13 margin of the small retailers when people can buy
14 paper goods and, and package goods at, at, at
15 Dollar Stores and then buy other supplies at, at
16 Amazon Prime it, it cuts into the profit on the
17 traditional grocery stores.

18 CHAIRPERSON RICHARDS: Definitely true
19 because I, I just became a homeowner. And my
20 neighbor actually like, my first week see this like
21 big Amazon truck like pull up.. like what are they
22 delivering, it's like all groceries. I was like
23 amazed and astounded at it.

24 NEVIN COHEN: If we provide the space
25 for collective delivery of online goods and then

2 work with NGOs to help deliver products to peoples'
3 apartments but also use community centers at, at
4 NYCHA developments for example.

5 CHAIRPERSON RICHARDS: Right,
6 interesting.

7 NEVIN COHEN: There are programs around
8 the country piloting this and, and New York can be
9 a leader.

10 CHAIRPERSON RICHARDS: Thank you.

11 CHRISTA PERFET: May I say one more
12 thing? I'm going to say it quick. I'd like to say
13 that I'm...

14 CHAIRPERSON RICHARDS: If it's on the
15 Survival Jobs Act we're not discussing that. So as
16 long as it's on the strategy today of...

17 CHRISTA PERFET: I... it's not about that.
18 It is something else.

19 CHAIRPERSON RICHARDS: ...zoning and...

20 CHRISTA PERFET: I understand that.

21 CHAIRPERSON RICHARDS: Okay.

22 CHRISTA PERFET: I don't... it's very
23 upsetting to the people who are here that it's only
24 you and the chairman and the attorney who are here
25 when we are facing such a crisis in the city. They

2 should all be here, not just make a speech and
3 leave.

4 CHAIRPERSON RICHARDS: So it's the
5 holiday coming up and we have a lot, a lot of
6 individuals actually but we won't get into that as
7 well but, but... Everybody is busy. So thank you. and
8 thank you all for your testimony. No, no, no. I'm
9 not done. I just wanted to ask a question. Andrew
10 the, you, you came with some very astounding and
11 eye opening numbers. The number of 5.8 billion
12 which is a tremendous concern to me because as you
13 mentioned it represents jobs in the borough. Where
14 did you get that number?

15 ANDREW HOAN: So we produce an annual
16 assessment of Brooklyn's economy actually we're due
17 to publish it in a week from now. We'll of course
18 send you a copy and each year one of the biggest
19 things that we focus on is the retail economy
20 because it really provides jobs for Brooklynites.
21 So we employ an analytics firm that provides this
22 information. It's drawn from a number of different
23 places like Sentace [sp?], labor statistics,
24 American family survey. So it, it comes from every
25 single possible source. It is credible information.

2 And I'll make sure that you get the highlight of
3 it. We, this was the lead on Cranes [sp?] a year
4 ago when we published the first retail leakage
5 survey report. And it was one of the most, the
6 biggest things we ever had response to at the
7 chamber. But well what are you doing about it? And
8 I continue to reiterate that this is something that
9 affects all of us and is a huge... just go back to
10 how many jobs this could create if we focused our
11 attention on this matter. And it's a big issue. So,
12 it's from our report. I'll send a copy of you, copy
13 of it to you of course.

14 CHAIRPERSON RICHARDS: I would like
15 that. Also I just want you to know that I
16 appreciate the forward thinking, not just to
17 compile data but actually to have a solutions
18 based, or solutions oriented approach to what we're
19 facing. And I would just like to say on behalf of
20 my colleagues I don't think they're, their not
21 being here is a testament to the city or the city
22 council's commitment to this issue. I really.. you
23 know there's other hearings that happen and people
24 have to go to other hearings. The chairs are
25 required to stay the, the entire length of the

2 hearing but thyeir staffs are watching it and on,
3 on video and, and so really I've heard passionately
4 and vehemently from my colleagues around this
5 issue. So I just want to say that them not being
6 here at this time during the day on a Friday when
7 there's other hearings going on is not a testament
8 to the collective energy of the council around this
9 issue.

10 CHRISTA PERFET: Thank you.

11 CHAIRPERSON RICHARDS: Thank you. Thank
12 you all for your testimony. Alright we'll call the
13 next panel. Tiffany Jones I believe Black
14 Institute, Shanika Reyes Retail Action Project,
15 Audrey Sasson Walmart Free NYC, and Sabrina
16 Brockman a small business owner. So once you guys
17 have settled in we can begin your testimony as you
18 see fit. I generally say that you know we have
19 deference and respect for women but the whole panel
20 was women so you guys are going to have to choose
21 amongst yourselves. Woman power. Laurie Cumbo is
22 somewhere screaming in, in excitement I'm sure.

23 AUDREY SASSON: Good afternoon. Thank
24 you so much for giving us the opportunity to
25 provide testimony today. My name is Audrey Sasson.

2 I'm the Director of Walmart Free NYC. Ah-ha, got
3 you. As a city, as we know we've successfully kept
4 Walmart stores out of the five boroughs. This is a
5 victory specifically kept Walmart stores out of the
6 five boroughs. This is a victory specifically
7 related to retail diversity and neighborhood
8 character. It's widely known. I don't think I need
9 to reiterate this but that Walmart has a track
10 record of harming communities where it operates
11 forcing small businesses to close and often
12 becoming the sole retailer in any given
13 neighborhood. But I'm here today because despite
14 this victory the expansion of Walmart's low road
15 business model across New York City is a major
16 threat to retail diversity and neighborhood
17 character and we must push back against it. More
18 specifically and, and just to be clear we do see
19 this business model all across the retail industry
20 due to Walmart's influence they have basically
21 driven a race to the bottom. So let me just say
22 Walmart's business model is a race to the bottom
23 premised on the exploitation of its most flexible
24 cost which is labor. This competitive advantage
25 causes the ripple effect of, of harm on neighboring

2 businesses and communities overall. The way an
3 employer treats its workforce should therefore
4 serve as a litmas [sp?] test for how it will
5 operate in our communities and the impact it will
6 have whether positive or negative. Low road
7 retailers are those that behave like Walmart,
8 providing low wages, erratic schedules, few if any
9 benefits, little if any advancement opportunities,
10 and retaliate against workers who try to organize
11 to improve their conditions. Whereas high road
12 retailers treat their workforce as their most
13 important quote, asset, and offer the opposite set
14 of conditions, living wage jobs with benefits,
15 stable schedules, job training, and the freedom to
16 organize. We do understand that when advocates
17 discuss retail diversity and neighborhood character
18 as we've heard today they are usually referring to
19 land use issues related to zoning such as the foot
20 print and aesthetic of chain stores. One thing I do
21 want to say, we're going to actually.. our
22 recommendations are less about the zoning and more
23 about financial incentives but I do want to point
24 out that on the zoning front square footage which
25 has been brought up here today should not be, we

2 should be careful about considering that a way to
3 block major retailers or chain stores given that
4 they have adapted their models to be able to fit in
5 some of those smaller locations. Okay. So that's
6 not... It wasn't... anyway... So we, we are here to offer
7 another complimentary approach. We understand that
8 zoning is a limited mechanism to address labor
9 standards and retail and we're not here to argue
10 otherwise. But we do want to raise three critical
11 points and I'll be brief. As already stated retail
12 diversity and neighborhood character are threatened
13 by the expansion of low road retailers that operate
14 like Walmart, not just Walmart itself. We can and
15 must promote high road retail with every mechanism
16 at our disposal including incentives such as
17 subsidies and tax breaks which we, we are
18 submitting a report with a breakdown of those
19 mechanism as part of this testimony. And we also
20 support the concrete recommendations and the
21 testimony that our partners at the Alliance for a
22 greater New York are submitting as well. I've
23 submitted that as a separate... they couldn't be here
24 today but they did, they did draft testimony on
25 this issue and are very, have some very concrete

2 proposals in there. And we do not assume that large
3 chain stores are necessarily low road retailers. If
4 they are protecting their workforce and treating
5 employees with respect and dignity. And I just urge
6 us to keep that, this in mind when we're
7 considering what retail diversity entails. Large
8 chain stores might be protecting the workforce.
9 We're heartened by the passage of the mayor's
10 executive order that mandates a labor peace
11 agreement for certain city funded economic
12 development projects. It's a critical step in the
13 right direction and we are hopeful that the city
14 council will codify it. It is, the executive order
15 can and should signal the beginning of a new era in
16 how we approach economic development in our city so
17 that we can count on the expansion of retailers
18 that will lift up and serve rather than harm and
19 exploit our communities. Thank you very much for
20 your time.

21 CHAIRPERSON RICHARDS: Thank you. I just
22 want to ask the remainder of the panel; we have
23 several panels left so if you could to some degree
24 summarize some of your testimony it would be
25 terrific.

2 SABRINA BROCKMAN: Yes.

3 CHAIRPERSON RICHARDS: That means give
4 us the recommendations.

5 SABRINA BROCKMAN: My name is Sabrina
6 Brockman and I'm here to testify regarding the need
7 for a commercial overlay on Patchen, Malcom X, and
8 Ralph Avenues in the Bedsur Tuy [phonetic] Bedford-
9 Stuyvesant area of Brooklyn. These avenues
10 underwent a rezoning in 2007. The economic downturn
11 happened. Several establishments closed along these
12 avenues and have lost their commercial status in,
13 in that process. I am the owner of Grand Champs
14 Kitchen and Market, a Haitian restaurant located on
15 Patchen Avenue in Bed-Stuy along with my husband
16 Sean [sp?] Brockman we employ 14 people, half of
17 which are women, 91 percent are minorities, and
18 over half of our workforce is from the surrounding
19 neighborhood. Our early success is a clear
20 demonstration that the community is clamoring for,
21 for more retail establishments. Bed-Stuy is very
22 strong and vibrant and it's home to much more
23 purchase power than one might expect. We know that
24 with the right opportunity other unique small
25 businesses can thrive and expand to the greatness

2 of our community. New York City can do much more to
3 increase the presence of small business in Bed-
4 Stuy. Especially given an existing stock of vacant,
5 reasonably sized commercial spaces that are ideal
6 for small business. However, existing zoning
7 constraints that could cost tens of thousands of
8 dollars to resolve means that landlords and small
9 business owners alike are not positioned to spur
10 healthy economic development in the area. With the
11 onslaught of change the area has quickly become a
12 target for disproportionately high rents and
13 speculative real estate development deals that are
14 failing residents, small businesses, and the
15 economy alike. It's important to make sure that the
16 people who have been in the neighborhood for
17 decades benefit from the recent resurgence. An
18 overlay could provide a responsible way to promote
19 healthy, economic activity and commercial
20 development that grows as a result of the needs of
21 the community while providing much needed
22 employment. This would no doubt be something we
23 could all be proud of paving the way for new
24 diverse retail establishments and allow businesses
25 like ours to provide more services to the

2 community. I'm very excited that the council is
3 considering a commercial overlay along Patchen,
4 Malcom X, and Ralph Avenues. And while the area has
5 been resource starved in some ways in the past this
6 body has done a lot of good work and this is
7 another significant opportunity to continue that
8 good work by reducing barriers for small business
9 and encourage local development. Thank you.

10 SHANIKA REYES: Hi, good afternoon.

11 Thank you. My name is Shanika Reyes. I was born and
12 raised in Silverside in the heart of East Harlem
13 otherwise known as El Barrio. I work two part time
14 jobs as a child care provider and the other surveying,
15 surveying retail workers. My family has been in
16 East Harlem for many years before I was born. It is
17 a place where many other families like mine have
18 decided to raise and nurture the future generations
19 of our families. It's a place where we have planned
20 to pass on our homes to our children through our
21 wills and our leases and communities like mine
22 families come to stay to love and support our
23 neighbors. But with rezoning and development it
24 doesn't leave my generation with that option. We
25 also understand how zone, how zoning and

2 development work, how so often the plans are
3 discussed and decided without inviting the voices
4 and experiences of those who it will impact the
5 most. I want to thank the committees for allowing
6 us to be here today and be a part of this
7 discussion. In the last 10 years I've watched the
8 ripple effects of zoning and fast paced high profit
9 development and there is nothing I can do to stop
10 it. It began with just one condominium in my
11 neighborhood where it trickled down to new
12 management in my building where working class
13 families live. So our beloved corner store owners
14 forced out by raising the rent every year. Families
15 are forced to move out because while they may even
16 be protected by rent stabilization they cannot
17 afford to simply live their lives in their own
18 neighborhoods. Tasks like grocery shopping and
19 laundry services become way too expensive and
20 access to important services become strange.
21 Example; free clinics are replaced with private
22 practices but what happens to the single parent who
23 works in retail, placed on their roster as a part-
24 time worker working full time hours with no
25 benefits to reap for their family? What happens?

2 Retail diversity seems to only focus on what
3 consumers are receiving but not the quality of life
4 it provides for its workers and effects it has in
5 its neighborhoods that it moves into. Who cares how
6 many generations a family has been there. Who cares
7 if the people that live there feel connected with
8 their communities and neighbors. If they're not
9 providing the profits companies are looking for
10 they must be pushed out. But we were here first.
11 It's not a childish statement. I mean, excuse me,
12 it's a childish statement but it's true none the
13 less. No one should have higher priority above the
14 other. Let's not forget how working class families
15 drive this economy, more in depth how retail
16 workers who provide a way for companies to continue
17 to profit. Let's preserve the integrity of our
18 working class communities by making sure we are
19 keeping our communities fair and affordable. The
20 members of REP hope for better diversity of high
21 road retailers who provide benefits, pay within
22 reason to meet living costs, and those who will not
23 shy away from workers wanting to create unions in
24 their sectors. That is the type of retail diversity
25 that does not tear apart the character of a

2 neighborhood. Unfortunately, it is a very far cry
3 from the type of development we're seeing in this
4 city. My hope is that this committee is getting
5 ready to reverse this trend. Thank you so much for
6 your time.

7 CHAIRPERSON RICHARDS: Thank you.

8 TIFFANY JONES: Hi, my name is Tiffany
9 Jones. I'm the Organizing Director for the Black
10 Institute. I want... on behalf of our founder Bertha
11 Lewis we want to thank the Committee of Small
12 Business as well as the Subcommittee on Zoning and
13 Franchising for giving us the opportunity this
14 afternoon to present testimony. The Black
15 Institute, and it's very important that we allow
16 everyone to understand our base, the Black
17 Institute is a think tank that is proactively
18 affecting and impacting and changing intellectual
19 discourse and dialogue as it relates to communities
20 and issues that impact our base. And what we are
21 doing is we're shaping that and we're bringing
22 these issues forward and we're making sure that the
23 lens is focused on our communities and our
24 communities are preserved. Economic justice is an
25 important issue for the black institute. And so we

2 partner up with Walmart Free NYCC to set the
3 standard of what high road retailing look like. We
4 welcome retail diversity within our neighborhoods.
5 We understand the effect of retail rent lining and
6 how it has economically destabilized our community.
7 We want to see our communities grow. We feel this
8 is a remedy but we don't want this remedy to be
9 accompanied with a prescription for gentrification.
10 So the first thing we want to do is set the
11 standard of what high road retailing looks like.
12 And as she said high road retailing is that a
13 company, is a company, excuse me, with a living
14 wage. It's accompanied with adequate benefits, it's
15 accompanied with quality, excuse me, it's
16 accompanied with community investment. And it's
17 also accompanied with embracing the worker's right
18 to organize. So to assure that these standards are
19 met TBI has submitted some suggestion that we'd
20 like you to consider. The first is when you talk
21 about preserving neighborhood character no one can
22 speak to character more than the people who lived
23 who have businesses in these communities and who
24 are leaders and political leaders of our
25 neighborhood. They have a direct investment in our

2 communities. And so they should have a say in how
3 our communities are preserved. So the first thing
4 that we asked is that a subcommittee comprised of
5 local business owners, community leaders, clergy,
6 political leaders, and community based
7 organizations within the community board have a say
8 at what retailers are allowed in our community.
9 They will be responsible for oversight. They will
10 be responsible for reviewing these retailers that
11 want leases. They would also be responsible for,
12 I'm sorry, executing standards and also for
13 ensuring compliance even if it meets the
14 conditional. If the retailer does not want to meet
15 the community as well as the economic high road
16 standards that we are suggesting, then we want them
17 out. But if they're willing to work with community
18 then we, community does not reinvesting in them.

19 CHAIRPERSON RICHARDS: Going to ask you
20 to begin to wrap up.

21 TIFFANY JONES: Okay. The second that
22 we're, the second thing that we're asking for is
23 that we keep locals local and we get our
24 communities an economic leg up by providing 70
25 percent of the job stemming from these retail to

2 local communities. Also we're asking that... excuse
3 me, also we're asking that 70 percent of the
4 construction contracts and 50 percent of the
5 contracts that supply good and services to these
6 retailers be offered to minority and women owned
7 business. And last, we're asking for, and I'm
8 wrapping up, we're asking for there to be an
9 establishment of a community benefits agreement
10 that spells out how these retailers into, intend to
11 reinvest in our community. They can do that through
12 schools, community revitalization, initiatives.
13 However, we don't mind spending money and
14 supporting businesses that support our communities,
15 have goods that we want in our neighborhoods and
16 care about being in our community for the long
17 term. Thank you.

18 CHAIRPERSON RICHARDS: Thank you. And
19 you let Bertha know I gave you extra minutes
20 alright. Any questions? Thank you all for your
21 testimony. Thank you.

22 CO-CHAIRPERSON CORNEGY: Is that, is
23 that Bertha right there? I'm blind. Oh she's here.

24 CHAIRPERSON RICHARDS: Want to call the...
25

2 CO-CHAIRPERSON CORNEGY: I see, see, I
3 see the belt in her hand.

4 CHAIRPERSON RICHARDS: That's right.

5 CO-CHAIRPERSON CORNEGY: ...didn't even
6 see you, see. Thank you for your testimony.

7 CHAIRPERSON RICHARDS: Eve Wolf, Mathew
8 Lasorsa [sp?], and I'm sorry Yosef Senada
9 [phonetic], Eve Wolfe, Lena Alfridi, I'm sorry, I'm
10 sorry Ms. Wolfe. So you can, you can begin.
11 Everybody except...

12 JOSEPH SZENDE: I have, I have two
13 testimonies because I actually had two business
14 owners with me and they both had to depart to run
15 their business.

16 CHAIRPERSON RICHARDS: Sorry.

17 JOSEPH SZENDE: So I'm going to do the
18 testimony from the BID and then the testimony from
19 one of the business owners.

20 CHAIRPERSON RICHARDS: What's the
21 Business Owner's name?

22 JOSEPH SZENDE: Phil Morgan from
23 Building on Bond. So the Atlantic Avenue BID
24 represents over 300 businesses in the Brooklyn
25

2 neighborhoods and Brooklyn Heights Forum Hill,
3 Cobble Hill. We have...

4 CHAIRPERSON RICHARDS: Can... Would you
5 just introduce yourself again...

6 JOSEPH SZENDE: Oh sorry.

7 CHAIRPERSON RICHARDS: ...for the record.

8 JOSEPH SZENDE: Yeah. Joseph Szende,
9 Executive Director of the Atlantic Avenue Business
10 Improvement District. So the Atlantic Avenue BID
11 represents over 300 businesses in the Brooklyn
12 neighborhoods of Brooklyn Heights, Forum [phonetic]
13 Hill, and Cobble Hill. We have recently begun to
14 use the tagline Brooklyn's Main Street and we like
15 to be a familiar place for many people around the
16 borough. But on Atlantic Avenue and throughout the
17 city mom and pop shops are getting priced out and
18 many are leaving their original neighborhood,
19 leaving NYC, or simply going out of business
20 altogether. A lot of this process has to do with
21 rising property values. Theoretically rising
22 property values should be positive for business
23 because they would go along with higher income
24 residents and shoppers. But the reality on the
25 ground for business is quite different. People

2 moving into the neighborhood do not necessarily
3 shop local. They do not necessarily shop in person
4 at all. Many go online. Yet, we know that property
5 values are going up and therefore so our real
6 estate taxes especially on the mixed use commercial
7 properties that are typical in our neighborhood.

8 Even if some stores see marginal improvement in
9 income it is essentially impossible for retail and
10 restaurant businesses to make revenue go up as much
11 as they would need in order to keep path, pace with
12 these rising property values. We're, we're, we are
13 experiencing substantial vacancies in our area and
14 we think this is a big contributing factor. And it
15 cuts across many types of different stores whether
16 it's restaurants, wine shops, or flower stores. We
17 hope that the city council will consider some
18 reforms to the commercial real estate tax system.

19 One possibility is that we move to a system where
20 the income earned from properties such as the
21 business profit or the commercial rent gets taxed
22 rather than the assessed value. Another possibility
23 is that commercial landlords who keep the rent
24 below a certain level will be taxed at a lower
25 level or receive a tax credit to incentivize them

2 to keep business small and local. Perhaps the city
3 could move to a system of taxing more so at the
4 time of the capital gain at the time of the
5 property sale and less incrementally from year to
6 year. We know right now that this is one of the
7 biggest issues that's facing our businesses and the
8 misalignment between rising property values and
9 what's happening on the ground in terms of sales is
10 causing a lot of businesses to go out. Okay. So
11 this is the testimony from Phil Morgan who's the
12 owner of Building on Bond, a restaurant at the
13 corner of Pacific Street and Bond Street in Borum
14 Hill. Building on Bond. Yeah. So he signs a ten
15 year plus five additional renewal at the end of
16 2007 and opened in 2008. Before he opened it, it
17 was a bodega that sold warm milk and cigarettes and
18 he added a lot of value to the, to the building and
19 to the neighborhood by doing a huge, very
20 expensive, renovation and provides a service at a
21 price point that's approachable for most if not all
22 of the area. They are a coffee shop, they are a
23 restaurant, they are a bar. They've hosted all
24 sorts of family gatherings that are very important
25 for the neighborhood. They serve pastries, then

2 lunch, brunch on the weekends, open many holidays
3 and, and do a lot for the neighborhood. In 2014
4 their taxes were 22,000, 2015 they were 40,000, in
5 2016 they were 60,000. Everyone should pay their
6 fair share of taxes Phil says but it should not
7 increase at an unsustainable rate. At 60,000 a year
8 he's now paying 5,000 a month just in terms of
9 taxes and that's a huge increase in their occupancy
10 cost. That solution, the solution to that is not to
11 increase prices. I mean there's only so much prices
12 can increase. He's trying to increase the number of
13 seats but again there's only so many seats he can
14 get into the restaurant. And more, most recently,
15 particularly this is relevant to land use and city
16 planning his sidewalk café was curtailed. And so
17 the one way he's trying to make up for all of these
18 huge increases in costs much of which has to do
19 with taxes was that, that sidewalk café. And so
20 even ways that he's trying to help him, help cover
21 his costs are, are being curtailed. So again this
22 is a very severe example but this is out there and
23 any neighborhood that is gentrifying that has an
24 increase in property values has an increase in
25 property taxes. And that, those do boil down

2 whether it's explicit in leases or it's just baked
3 into what the rent is. And so we really encourage
4 the council to consider these as part of your
5 reforms. Thank you.

6 SUE WOLFE: My name is Sue Wolfe. I am
7 an owner of a building on Atlantic Avenue. I am a
8 member of the Atlantic Avenue BID and member of
9 Atlantic Avenue Local Development Corporation. My
10 family lives over a bakery on the ground floor
11 which has been our tenant for over 20 years. They
12 employ 20 people throughout the week, typically
13 millennials who are being trained to go into the
14 bakery or food service business. I've kept their
15 rent at market rate but due to other operating cost
16 pressures, labor, ingredients, taxes, insurance,
17 etcetera even this tenant is finding it
18 increasingly difficult as a small business owner of
19 New York City to run a profitable business. I
20 understand businesses come and go. However, the
21 trend that I see is most surviving small businesses
22 either have to go, own their own building and are
23 still hanging onto a long term favorable lease or
24 have a landlord who cares about maintaining the
25 character of the neighborhood. We cannot continue

2 to replace small businesses with chain stores,
3 banks, real estate agencies, large residential
4 development etcetera. It takes away from the charm,
5 the neighborhood feeling, and the neighborhood
6 amenities such as laundry mats, dry cleaners,
7 delicatessens, book stores to name a few examples.
8 This has happened across the city on Columbus
9 Avenue in Manhattan and continues to happen in
10 Harlem. And even in areas as Bushwick and Brooklyn.
11 There is a unique character and social fabric that
12 attracts people to live in neighborhoods of New
13 York City. If this is lost not only will residents
14 increasingly feel alienated and disconnected but
15 short sided developers who have killed the goose
16 who have laid their golden eggs. It is your and our
17 job as lifelong New Yorkers to work together to
18 prevent that. There is not a clear solution. It is
19 hard to imagine requiring developments to do the
20 right thing. But we can think of incentives to
21 encourage small business, preservation,
22 development. We have to fight a solution or a
23 series of solutions where the city council and the
24 New York state can keep these neighborhoods as
25 vibrant as they once were. Solutions such as tax

2 considerations, retail zoning districts, thinking
3 out of the box is sorely needed so Brooklyn and New
4 York City doesn't lose what has made our
5 neighborhood so special. Thank you.

6 LENA ALFRIDI: My name is Lena Alfridi.
7 I'm the Policy Coordinator for Equitable Economic
8 Development at the Association for Neighborhood
9 Housing Development, ANHD. ANHD is a membership
10 organization of New York City, New York City based
11 community groups. We have nearly 100 members
12 throughout the five boroughs. We're speaking as
13 part of United for Small Business NYC. We're a
14 citywide coalition of community organizations
15 across New York City find, fighting to protect New
16 York small businesses and non-residential tenants
17 from the threat of displacement with a particular
18 focus on owner operated low income, immigrant
19 minority run businesses that serve low income and
20 minority communities. Small businesses have defined
21 the culture of many of New York City's various
22 neighborhoods. Unfortunately, gentrification of
23 various neighborhoods threatens to erase this
24 cultural identity, most notably in low income
25 communities of color. As a result, small business

2 displacement is causing significant cultural
3 displacement. Drawing comparisons with the relative
4 achievements of the housing movement significant
5 works need to be done to protect small businesses.
6 Though housing displacement cannot be understated
7 residential tenants have a step, have established
8 rights through our housing maintenance code. No
9 such document exists for commercial tenants. As a
10 result of the shortcoming tenants operating without
11 a written lease have a few defined rights and the
12 city plays a small, small part in enforcement that
13 protects small businesses. We applaud the council's
14 passage and recent enactment of Local Law 77 which
15 establishes a private right of action for small
16 businesses being harassed by their landlords. But
17 additional protections are necessary. Because of
18 the lack of a maintenance code the city plays no
19 role in either fining or penalizing a landlord who
20 commits commercial tenant harassment. Small
21 businesses are therefore on their own when it comes
22 to challenging their landlord, taking time and
23 money away from their livelihood in order to
24 rectify an injustice. The passage of a commercial
25 maintenance code will protect all small business

2 owners, not just those who have the means to
3 litigate against unscrupulous landlords. In
4 addition to the maintenance code we ask that you
5 consider innovative approaches taken by other
6 cities. Austin incentivizes affordable commercial
7 spaces in new commercial developments. San
8 Francisco's Formula Business Ordinance encourages
9 commercial diversity by requiring chains to apply
10 for a special use permit while its legacy business
11 registry recognizes existing small businesses as
12 cultural landmarks. San Francisco also finds
13 landlords who keep properties vacant from, for
14 longer than 6 months similar to a recommendation by
15 borough president Brewer's office. We know it'll
16 take more than one tool to effectively prevent the
17 continued displacement of commercial tenants
18 citywide. And in addition to the aforementioned
19 zoning tools we urge city council to take into
20 account what has been proven to work in New York
21 City such as the housing maintenance code and apply
22 those same rights to commercial tenants. Thank you.

23 CHAIRPERSON RICHARDS: So I, I want to
24 thank you all for your testimony but Sue I want to
25 be clear. You're here as a building owner who's

2 actually kept your tenants' rent at market rent
3 which is...

4 SUE WOLFE: Below market rate.

5 CHAIRPERSON RICHARDS: Below market rate
6 which the tenant still finds based on, based on
7 fees, based on taxes difficult...

8 SUE WOLFE: It's very difficult, yes.

9 CHAIRPERSON RICHARDS: Well I want to
10 thank you for just taking the stance of, of being a
11 responsible landlord and, and working with your
12 small business. If we would have more of that...

13 SUE WOLFE: Well I, I thank you. And I
14 hope out of the box the solutions can, can happen
15 and soon because it's really necessary for
16 everyone.

17 CHAIRPERSON RICHARDS: So... and also I'd
18 just like to get your card before you leave.

19 SUE WOLFE: Yes.

20 CHAIRPERSON RICHARDS: Thank you. So I'd
21 like to call the, the next panel; Phillip Morgan,
22 oh, okay, Liva Rosenfield [sp?], Jenny Young [sp?],
23 and Emily McCoy [sp?], Reeva Young, sorry not you?
24 Ms. McCoy? Mathew Lososo [sp?]? Thank you. Tanya
25 Matos [sp?], Robbin Morris [sp?]. Ann McDermott.

2 Kiersten Theodose and Jenny Dubaine [sp?]. I would
3 just ask that we begin with Emily since she got
4 there first. Yep, and you'll see a red light.

5 EMILY MCCOY: Yep. I'm usually afraid to
6 speak to a crowd of people but I can see that's not
7 the case here so it makes it easier. My name is
8 Emily McCoy. I live here in Manhattan and I just
9 literally wrote this as I sat in the audience so
10 forgive me if it's a little scattered. But small
11 businesses have already been gutted in our once
12 diverse city. We need a major shift in how we're
13 going to prevent further change and encourage small
14 businesses and artists to return to our
15 communities. Every time I walk around the city that
16 I love I find it becoming less and less
17 recognizable as our distinct beautiful buildings
18 are torn down and luxury housing and hotels are put
19 up. These new buildings aren't even completed by
20 the time they've secured leases from chain stores
21 and banks. I hope this is an issue that our
22 politicians will actually deal with and not just
23 deliver the same empty platitudes that we get over
24 affordable housing and helping the middle class.
25 Little by little we're losing our business

2 districts; the floral district, the garment
3 district, the lighting district, you get the
4 picture. In the 1990s the city council and mayor
5 managed to change the rules to break up the old
6 Times Square to encourage the bland, soulless
7 corporate businesses to take over. Maybe as you did
8 with the sex shops you can create rules to keep
9 chain stores, as I call them corporate horrors,
10 from being able to open within a certain distance
11 from each other or you can't open within a certain
12 distance from a similar small business, like
13 Starbucks can't open on the same block as an
14 existing coffee shop or within 10 blocks of another
15 Starbucks. You can find landlords that allow shop
16 spaces to sit empty months on end and bring back
17 the rules to keep rents from doubling and tripling
18 as they have been all over the city. Ironically I
19 live in Tribeca on the same block as the storefront
20 from the Disappearing New York Storefront's book.
21 It's gone now by the way. My street is radically
22 changed in the past 15 years forcing out artists
23 and musicians and writers that I knew and gutting
24 buildings to change into luxury buildings. I had a
25 shop for five years on a block that turned over,

2 that the block has turned over every space in the
3 past 9 years since I, I vacated my space. And when
4 I've looked for another space I find obscene rents
5 everywhere I've looked including on dead ends, side
6 streets, and out of the way locations. Is it okay
7 if I just finish up this last bit on... And that's
8 just when a landlord would bother returning my
9 calls. Spaces that I saw empty with signs in the
10 window remained empty for months, even years. It
11 was finally given priority to rent a space on 7th
12 Avenue between a Tarot Card Reader and sex shop. It
13 was a tiny pie wedged space around 150 square feet,
14 no running water, no bathroom. And the asking price
15 was 3,000 dollars a month and he told me he had a
16 long list of people to rent it to. We were told we
17 needed to provide proof of a million dollars in
18 escrow and there would be no good guy clause that
19 would let us out of our lease assuming business
20 didn't go the way we had hoped and we'd still be
21 losing our deposit and our investment in creating
22 that space. If I had that kind of money I wouldn't
23 be looking for 150 square feet without a bathroom.
24 I won't read the rest of it. I'll just finish up my
25 point on that. That space on 7th Avenue and

2 Greenwich Village sat empty for multiple years,
3 briefly had a coffee shop in it that lasted less
4 than a year and is now sitting empty again. So
5 regardless of what the initial panel that was up
6 here said about trying to rent out space and not
7 being able to successfully find people or that it
8 was bad management I just, I don't know where
9 they're seeing that that's the case. I mean these
10 landlords know these spaces are sitting empty and
11 they are not taking phone calls and they don't want
12 to talk to you unless you're Chase bank or
13 Starbucks. And that's ruining our city. It's really
14 changed our city greatly. And that's what people
15 like at least myself moved here for, was for the
16 creative vibe that we, we once had. Thank you.

17 ANN MCDERMOTT: Hi, thank you for your
18 time today Council people. My name is Ann McDermott
19 and I currently reside on the upper east side of
20 Manhattan but I was born in Brooklyn. I love pizza,
21 especially New York pizza. I was raised on it.
22 Pizza has always been a good quick lunch, dinner,
23 and when prepared with salad can actually be
24 thought of as healthy. I would say that Pizza is
25 the heart of New York food experience that those

2 hordes of tourists we now have come to enjoy. It
3 was brought to us by Italian Immigrants at the turn
4 of the century and more than any other food
5 symbolizes what it means to eat in New York. It's
6 fast. It's cheap. It's delicious. And it's very
7 satisfying. Since moving to the upper east side in
8 1991 I would get my pizza at Mimi's [sp?] on the
9 corner of Lexington Avenue and 84th Street. The
10 neighborhood joint where they knew me, they knew
11 what I wanted and it was a solid reliable part of
12 my life. I could always grab a slice on my way to
13 the number six train or for a quick dinner on my
14 way home. Mimi's was also famous because Bobby Flay
15 started his culinary career there while in high
16 school and it was also frequented by Paul McCartney
17 and his, his ex-wife, his former wife Linda who
18 also lived in the neighborhood. The people who
19 worked at Mimi's seem to love their jobs and they
20 knew the customers and cared about the quality of
21 their product. Now they are all unemployed. And I
22 and thousands of upper east siders have lost our
23 favorite place for a quick tasty dinner due to an
24 inability to come to an agreement between the owner
25 of the building and Mimi's. Famiglia chain pizza

2 place is now moving into that spot but I will not
3 be frequenting that, that operation. This body is
4 responsible for the loss of thousands of places
5 like Mimi's and tens of thousands of jobs that went
6 along with them because of the real estate board of
7 New York's control over you and by not passing the
8 small business job survival act to help our small
9 businesses. Recently we ate at a, at a restaurant
10 in the east village called Three of Cups. And we
11 spoke to the guy who owned the place and he said
12 okay I've got two and a half more years on my lease
13 but I don't think I'm going to be able to survive
14 it because he has zero negotiating rights. Small
15 business owners need negotiating rights in order to
16 survive. Thank you. and that bill would give it to
17 them.

18 JENNY DUNOW: Thank you for having...

19 CHAIRPERSON RICHARDS: I love pizza too.

20 JENNY DUNOW: Can you hear me? Okay. My
21 name is Jenny Dunow and I work, I'm a working
22 artist and a lifelong New Yorker. I work with a
23 group called the Artist Studio affordability
24 project. The commercial rent crisis also affects
25 working artists in industrial zones. In a sense

2 we're small businesses too. Like other artisans,
3 musicians, dancers, and manufacturers our community
4 is in crisis. Why? The biggest problem is simple,
5 unaffordable rents. Artists often rent working
6 spaces usually in industrial zones alongside car
7 repair shops, carpenters, and small factories. Our
8 rents have skyrocketed as neighborhoods gentrify
9 and as motels and storage facilities crop up in the
10 industrial zones. We have zero recourse. Last year
11 in Guanos Brooklyn hundreds of artists and
12 musicians there was a mass eviction in a building
13 in Brad Lander's district. When a landlord
14 systematically emptied out the building, how did he
15 do it, he just didn't up, he didn't renew peoples'
16 leases. He has every right to do that. A tenant, a
17 commercial tenant in good standing doesn't even
18 have the right to renew their lease. He's going to
19 renovate the building. He can't... it's zoned
20 industrial so he can't turn it into condos but he's
21 probably going to gut renovate and bring in higher
22 paying creative tech firms most likely, like
23 architects, graphic design firms, working artists
24 in a different category financially and do not have
25 money to pay the rent that these creative tech

2 firms do. If the SBJSA, the small business job
3 survival act, had been enacted the landlord would
4 have had to renew every lease in good standing.
5 He'd have had to offer ten-year lease extensions
6 which is crucial for artists and restaurants and
7 small businesses. We build out our spaces. I have
8 30 years' worth of paintings in my space. I spent a
9 thousand dollars, that's a lot for me, to build
10 racks. You know to, to have to leave my space which
11 I probably will in Long Island City in the next
12 three years when my lease is up my rent is going to
13 skyrocket. I don't, I don't have any plan B. I
14 might have to leave the city. I grew up here in
15 Washington Heights. I do not want to leave my city.
16 I was priced out of Brooklyn. I live in Queens. I'm
17 clinging to Queens with my bare fingernails. We
18 need the small business job survival act. I also
19 think that I wish that the city planning people
20 were still here because I think some of the very
21 policies that they're putting into place are making
22 the problem worse. I was just up in Jerome Avenue
23 last night. 500 people were out to protest the
24 rezoning of Jerome Avenue Carter. Thousands of
25 businesses are going to be displaced because of

2 that. The BQX trolley is going to decimate what is
3 left of the working waterfront, affordable spaces
4 for working artists, and jobs producing
5 manufacturers. I think that the city is leading and
6 we need strong policy and if you guys in the city
7 council enact the SBJSA, restrict zoning
8 regulations for motels and industrial zones, and do
9 other things to protect small business you will be
10 our heroes.

11 CHAIRPERSON RICHARDS: We are definitely
12 looking at the industrial areas. And you'll be
13 hearing more on that as we move forward.

14 JENNY DUNOW: Thank you.

15 KIERSTEN THEODOSE: Got it. Thank you.
16 My name is Kiersten Theodose. New York City small
17 businesses, working artists, and cultural
18 institutions face a crisis to survive caused by
19 exorbitant rent hikes, unfair lease terms, and
20 landlords refusing to renew leases for tenants in
21 good standing. Under Mayor de Blasio New York City
22 court warrants to evict commercial businesses are
23 averaging 542 a month. That's higher than under
24 Bloomberg which illustrates that the crisis is
25 getting much worse and high rent is no longer a

2 Manhattan problem and it's rapidly spreading to
3 every neighborhood in every borough. Since
4 commercial tenants have no protections like
5 residential tenants do landlords can increase
6 resident commercial rents by 200, 300, even 400
7 percent. Many of these predatory landlords force
8 long standing tenants into short term impressive
9 leases, in some cases month to month which puts the
10 landlord in a better position to speculate on its
11 property. Having no rights has made the lease
12 renewal process for New York City business owners
13 and artists an absolute nightmare. While I
14 appreciate the intent of this hearing striving to
15 promote retail diversity and preserving
16 neighborhood character retail zoning only applies
17 to retail tenants and only new leases. It will not
18 stop a single business from closing nor will it
19 save a single New Yorker's job. This past December
20 56-year-old Zaros [sp?] in the Bronx was denied a
21 lease renewal. They were even willing to pay more
22 rent but they still lost their lease. Around the
23 same time a 26-year-old bike shop across the street
24 from where I live in the east village closed after
25 it was rent hiked 400 percent and I'm also in the

2 process of losing my grocery store. There was a lot
3 of talk about that earlier. Retail zoning would not
4 have saved either, any of these businesses. If we
5 are seriously looking at solutions to save our mom
6 and pops that make up our neighborhood's character,
7 then we need to address the crux of the problem
8 which is exorbitant rent increases and no right to
9 a lease renewal. We also shouldn't be considering
10 proposals originating out of former Speaker
11 Christine Quinn's office that were created back in
12 2009 to substitute for a bill she obstructed a vote
13 on, and that bill was the small business job
14 survival act. Should I stop? It's okay? Thanks. The
15 small SBJSA addresses the issues our commercial
16 tenants face by giving them a right to a minimum
17 ten-year lease renewal for tenants in good standing
18 and a right to equal negotiation terms when it
19 comes time to renew their lease. With recourse the
20 third party binding arbitration of fair terms
21 cannot be found. New York City business owners are
22 victims of decades of manipulation and speculation
23 of the free market, rent gouging, banks bidding
24 against franchises for prime space, warehousing
25 storefronts, sometimes for years. Thank you Council

2 Member Cornegy for brining that up earlier. I was
3 actually surprised that city planning didn't know
4 that was an issue. Flipping property with
5 commercial space in it just, and just plain greed
6 all results in commercial tenants not able, to be
7 able to compete for reasonable lease terms. Let
8 change come to a neighborhood or let the small
9 businesses who sacrificed and invested in that
10 neighborhood have the opportunity to stay in
11 business, protect their investment in the jobs of
12 their employees. Small businesses are the largest
13 employer, the backbone of New York City's economy
14 and vital to the stability and character of every
15 neighborhood. The majority of New Yorkers want our
16 law makers to live up to their campaign pledges and
17 support progressive legislation like the small
18 business job survival act. It's important that all
19 lawmakers take this crisis of our business owners
20 and artists that they face today seriously and make
21 it a priority. The future of our economy is at
22 stake. Thanks.

23 CHAIRPERSON RICHARDS: So I, I want to,
24 I want to thank you. But before I ask a couple of
25 questions again I want to let you know that your

2 testimony and your passion around this issue is not
3 wasted on this body.

4 KIERSTEN THEODOSE: Thank you.

5 CHAIRPERSON RICHARDS: I, I really
6 appreciate sometimes not as much as you might
7 imagine the truth that I get from you Theo [sp?].
8 But in all honesty this, we are trying to take
9 painstaking measures to make sure that whatever
10 legislation that's enacted is sustainable, it's,
11 it's, it's legal proof so...

12 KIERSTEN THEODOSE: Council Member can,
13 can I just...

14 CHAIRPERSON RICHARDS: Wait, let me, let
15 me...

16 KIERSTEN THEODOSE: Sure, sure.

17 CHAIRPERSON RICHARDS: ...let me just
18 finish my statement.

19 KIERSTEN THEODOSE: Sure.

20 CHAIRPERSON RICHARDS: Because I'm not,
21 I'm not talking about just the, the, the, the bill
22 that you are suggesting. You know it, there's a,
23 there's a funny saying that says you know how do
24 you eat an elephant, you know one bite at a time.
25 So, so some of the, some of what we're seeing has,

2 has been long term planning in the opposite
3 direction and to, to... I just... I just need you to
4 know that we are really attempting in hearings like
5 this. This hearing isn't about the small business
6 job survival act, that doesn't mean that that's not
7 on the radar.

8 KIERSTEN THEODOSE: Mm-hmm.

9 CHAIRPERSON RICHARDS: Today's hearing
10 was about the ability to use some tools that we
11 have in the toolbox around zoning and around
12 incentives. That doesn't mean that we disregard the
13 work that's, and effort that's been put in at that.
14 I think I've told you that before and I've told the
15 small business congress who I met with that before.
16 We're just trying to use every measurable tool at
17 our disposal to make sustainable change. And so I
18 just needed to make that statement before I ask a
19 couple of questions. I'll, I'll, I'll let you
20 respond. Emily what type of business was it that
21 you, that you own?

22 EMILY MCCOY: Oh sorry. I designed
23 porcelain tea pots and mugs and dog bowls. It was
24 called Daisy Dog Studio. I was on Dwane Street for
25 five years. And the landlord that I had in all

2 fairness there was perfectly lovely. It was before
3 I think we had the real jump in Tribeca in terms of
4 what rents were. But I left. It's a long story. My
5 dog passed away. The neighboring business was
6 closing. I said alright I'll, I'll close here, I'll
7 reopen in a year and it just was like landlords
8 don't return, they don't return your call and..

9 CHAIRPERSON RICHARDS: And.. and I'm
10 sorry the, do, do you know what the estimated build
11 out space on that 150 square foot space that you
12 looked at, what, what would the build out have,
13 have cost? Do you remember?

14 EMILY MCCOY: I don't know. My, my
15 husband is a super and did a lot of the work in
16 our, in the space that we have on Dwane Street
17 himself or with tradespeople that he knew. But I
18 mean it's a big investment. It's a, it's a very big
19 investment. And my, my alternative after I couldn't
20 get a shop space was to take part in the holiday
21 market in Union Square which is a public space that
22 somehow gets rented out for private business. And
23 the rental on those, on a half booth, a half booth
24 in that market is 85 hundred dollars. I haven't
25

2 done it the past couple years because you know if
3 the weather is crap then your business is crap. So...

4 CHAIRPERSON RICHARDS: 85 hundred
5 dollars on what period...

6 EMILY MCCOY: 85 hundred dollars for a
7 half...

8 CHAIRPERSON RICHARDS: What period to
9 what...

10 EMILY MCCOY: 5 weeks. That's what the
11 city has become. And unfortunately it's build as
12 sort of an artist's market, that it's you know
13 artisans that are there but in reality what it is
14 you, you quickly realize when you learn about the
15 booths around you very little of what's there is
16 actually made by artisans in the city and if it is
17 it's sort of kind of a, not entirely honestly made
18 in the city. It's like part of it's made in the
19 city, it's assembled in the city, but it's, most of
20 it is not artists. Most of it's overseas crap
21 that's dumped at the market and marketed as
22 artists, you know artists' work. So at this point I
23 haven't done, been doing anything with my business
24 because I don't have an outlet to sell my work. You
25 know. Chain stores sell their own teapots and mugs.

2 They don't need mine. They'll knock mine off but
3 they won't buy it from me. So I mean I'm sad to see
4 the way the city has gone.

5 CHAIRPERSON RICHARDS: As it was
6 mentioned earlier I had wished that city planning
7 was able to stay and hear from you directly but
8 you, you can best believe that I'm going to relay..
9 there's something about though the authenticity of
10 hearing it from you and the passion within, within
11 your voice that I will, I will try to relay.

12 EMILY MCCOY: Sure.

13 CHAIRPERSON RICHARDS: Don't know if
14 I'll ever be able to do it to the degree that you
15 were able to do it here today but I do appreciate
16 and I need to again reiterate that your testimony
17 and your passion around keeping this city vibrant
18 is not wasted on me.

19 EMILY MCCOY: Okay thank you.

20 CHAIRPERSON RICHARDS: Thank you.

21 UNKNOWN FEMALE: Council Member I don't
22 mean to be rude but I have to pick up my kids in
23 like 20 minutes so I got to go. But I just want to
24 say thank you, you know for your attention both
25 Chairman and you know hopefully we'll get to the

2 addressing the real, the real part of the problem
3 which is about rents. It's not really about fines
4 or landlord harassment. I mean all the landlord has
5 to do is just not renew the lease. It's really
6 about the rents and unfair short lease terms and
7 hopefully you know we could take a look at the
8 small business job survival act and get a fair
9 hearing, and honest debate. Thank you Sir. Thank
10 you.

11 CHAIRPERSON RICHARDS: Thank you. I
12 believe that we are at our last panel, panel so I'm
13 going to call Patty Johnson and Sharon... or not...
14 going once. Going twice. Sold. Thank you so much.
15 And I want to thank, and I'm honored to actually
16 co-chair this hearing with such a phenomenal
17 fighter for small businesses; Robert Cornegy. Since
18 he's become the chair fines have gone down, SBS is
19 doing a lot more in communities hypothetically and,
20 that they have never really even payed attention to
21 and a great deal of that credit goes to Chairman
22 Robert Cornegy. And today's hearing was great you
23 know to, to really give an opportunity for people
24 to come out in particular to, to hear from the
25 public and from the admin on strategies we all

2 think are important to our communities. And that's
3 preserving small businesses, keeping them
4 affordable, creating new opportunities, and there's
5 sort of this very interesting dynamic when you
6 think about it because for communities like mine
7 who have no banks or very little banks in very
8 little good high quality retail you know they're
9 calling for one thing. And then for a community
10 that overburden would think you know they want
11 smaller businesses as well so there's this really
12 creative conflict that I think we're all trying to
13 maneuver around and, and, and to move in particular
14 incentives in things in different directions for
15 different communities. And I think that small
16 businesses certainly are and play a critical place
17 in our, in our local communities and we do have to
18 look at zoning and in ways to ensure that we are
19 protecting small businesses in creating more
20 opportunities for high road retail and other
21 opportunities for communities especially of color
22 who don't have access to you know fresh food and
23 fruits and, and things of that... I'm very happy to
24 see you know Bed-Stuy definitely get the Fresh
25 initiative and we're really looking and exploring

2 other opportunities to ensure that Fresh is also
3 expanded in the city and look forward to continuing
4 to work with my colleague in that area in any way
5 that I can enshape [phonetic] and inform to help.
6 So thank you today. It's been an honor to serve
7 you. And you want to bang the gavel or you want me
8 to? Alright, it's fine. It's closer to me, okay. So
9 I'll bang it at this moment. At 2:23 this hearing
10 is now over.

11 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 12, 2016