

COMMITTEE ON ECONOMIC DEVELOPMENT JOINTLY WITH

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SUBCOMMITTEE ON ZONING AND FRANCHISES

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON ECONOMIC DEVELOPMENT JOINTLY WITH
THE SUBCOMMITTEE ON ZONING AND FRANCHISES

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June 21, 2018
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HELD AT: Committee Room - City Hall

B E F O R E: PAUL A. VALLONE
Chairperson

FRANCISCO P. MOYA
Co-Chair

COUNCIL MEMBERS:

- ADRIENNE E. ADAMS
- INEZ D. BARRON
- COSTA G. CONSTANTINIDES
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- CARLINA RIVERA
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- RITCHIE J. TORRES
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A P P E A R A N C E S (CONTINUED)

Jennifer Gravel

Director of the Housing, Economic and
Infrastructure Planning Division at the
Department of City Planning

Krishna Omolade

Assistant Vice President in the Strategic
Investments Group with the New York City Economic
Development Corporation, Deputy Executive
Director of the New York City Industrial
Development Agency, IDA

Danielle Artisy

Representative of Western Beef Supermarkets

Nelson Eusebio

Director of Government Relations for the National
Supermarket's Association, NSA

Michelle Mendoza

Director of Marketing with Associated Supermarket
Group

Jay Peltz

General Counsel and Senior Vice President of
Government Relations for the Food Industry
Alliance of New York, FIA

Alex Gleason

Director of Policy, Research and Legislation at
The New York City Central Labor Council, AFL-CIO

Nikki Katemon

Representative of Local 338 RWDSU/UFCW

Brendan Sexton

Director of Organizing and Political Coordinator
For UFCW Local 1500

Michael Davoli

Director of Government Relations for the American
Cancer Society Cancer Action Network

Craig Willingham

Deputy Director of the CUNY Urban Food Policy
Institute

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A P P E A R A N C E S (CONTINUED)

Armando Meritz-Chapelliquen
Campaign Coordinator for Equitable Economic
Development at the Association for Neighborhood
And Housing Development, ANHD

Teg Singh Sethi
Senior Project Manager at Cypress Hills Local
Development Corporation

Daniel Rad
Principal of Radson Development LLC

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[gavel]

CHAIRPERSON VALLONE: Good to go, thank you. Good morning everyone, welcome to our hearing today at EDC. We will be Co-chairing with our... Francisco Moya, the Council Member from Land Use who should be here any minute. Also, Council Member Richards is a... been a leader on the Fresh program in the past and we're looking forward to his cooperation, help and assistance on this. So, today we will be assessing the zoning and financial incentives of the food retail expansion to support health programs so we're going to start our hearing. So, welcome to the EDC. Today is Thursday, June 14th, 2018. My name is Council Member Paul Vallone and I have the privilege of Co-chairing this hearing along with my fellow Council Member Francisco Moya, Chair of the Subcommittee of Zoning and Franchises. I'd like to extend my special thanks to Council Member Moya as well as Council Member Richards and the other members of the committee to helping us prepare for today. The purpose of today's hearing is to review the financial and zoning incentives offered by the Industrial Development Corporation and the Department of City Planning respectively which together make up

2 the food retail expansion to support health program
3 also known as FRESH. The FRESH program was born in
4 2009 out of a desire to ensure that all New Yorkers
5 have access to supermarkets and fresh, healthy food.
6 The incentives offered as part of the program are
7 primarily to supermarket operators and real estate
8 developers in order to ensure that fresh food is
9 available in the areas of the city that need it most.
10 The supermarket should be a critical component of any
11 neighborhood and this ambitious program was created
12 to make it easier for supermarkets to thrive in areas
13 of the city with limited food access options. The
14 initial creation of the FRESH program was through an
15 interagency effort between the council and the
16 Economic Development Corporation, Department of City
17 Planning, the Department of Health and Mental
18 Hygiene, and the Deputy Mayor for Health and Human
19 Services. The areas where FRESH incentives are
20 available were determined through an interagency
21 effort and based primarily on the so-called
22 supermarket needs index developed by the Department
23 of City Planning that identified high need areas
24 based on several relevant indicators. These
25 indicators range from population density to

2 prevalence of obesity and diabetes to the ratio of
3 fresh food retailers to all food retailers among
4 several others which we will discuss further today.
5 Since then the administration has partnered with the
6 council to discuss amendments to both the financial
7 and zoning incentives offered through the FRESH
8 program and we applaud that work that has been done,
9 done so far to deepen these incentives in productive
10 and meaningful ways. I would be remiss if we did not
11 acknowledge the work done by Council Member Donovan
12 Richards last session as Chair of the Subcommittee on
13 Zoning and Franchises and head of the FRESH Task
14 Force which set out to amend and improve the FRESH
15 program in real time. Despite the substantial work
16 done by our colleagues at the council and within the
17 administration over the last decade, however this is
18 the first time since its creation that the FRESH
19 program has a dedicated council hearing to evaluate
20 its progress and we hope this hearing provides a
21 forum for an open and candid discussion on the merits
22 of several proposals to expand the FRESH program
23 through both it's tax and zoning incentive offerings.
24 Currently the Industrial Development Corporation, IDC
25 administers the FRESH financial incentive program

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2 which offers three types of benefits to eligible
3 grocery stores. The first is a building tax reduction
4 based on the real estate tax of the property before
5 FRESH improvements begin or a full land tax abatement
6 for new construction. Either of these incentives are
7 available for up to 25 years with a phase out period
8 beginning in year 21. The second incentive is a sales
9 tax waiver of the 8.875 percent city and state sales
10 tax for materials used to construct, renovate, or
11 equip supermarket facilities. And the third incentive
12 is a reduction of the mortgage recording tax from 2.8
13 percent to .3 percent for mortgages on eligible
14 projects. It is important to note that all of these
15 incentives are offered through the IDA's
16 discretionary funding and any interested supermarket
17 operator or developer also needs to be in FRESH
18 eligible neighborhoods as a prerequisite to any
19 approval. Notably the IDA did amend its universal tax
20 exemption policy last year to streamline this process
21 for interested parties. We look forward to hearing
22 testimony from EDC and the IDA of the effects of this
23 new policy and what impact it is having on FRESH
24 applications as well as expanding the areas that may
25 be eligible for FRESH. I know Chair Moya is also

2 eager to discuss the zoning incentives offered as
3 part of FRESH, so we will defer to him when Chair
4 Moya is... makes it at this point. Before we turn it
5 over to him I'd like to turn it over to Council
6 Member Richards for his opening statement.

7 COUNCIL MEMBER RICHARDS: Thank you Chair
8 Vallone and I want to thank Chair Moya for holding
9 this hearing today. My name is Donovan Richards, I
10 was formerly the Chair of the Subcommittee on Zoning
11 and Franchises and I'm here today to provide some
12 background on the work from last session on FRESH.
13 During the review process for mandatory inclusionary
14 housing the Mayoral Administration made a commitment
15 to studying fresh food access and the efficiency of
16 the FRESH program. Nearly ten years since the
17 program's creation it's time to see what adjustments
18 can be made to ensure the program is as effective as
19 possible including the expansion of zoning benefits
20 to attract new supermarkets to areas that have been
21 left behind to date. To that end the city council
22 established a FRESH Task Force which was convened in
23 spring 2016, I led this Task Force and the City
24 Council's legislation, finance and land use divisions
25 participated. The Task Force met with representatives

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2 from City Hall, EDC, DCP and the Mayor's Office of
3 Food Policy as well as several advocacy groups to
4 discuss a variety of potential solutions that would
5 address issues faced by supermarket operators and
6 different real estate markets. A few of the ideas
7 discussed included expanding, expanding the
8 geographies for the zoning and financial incentives
9 of the FRESH program, considering commercial overlays
10 on NYCHA property to allow for the construction of
11 supermarkets and programmatic offerings such as the
12 expansion of FRESH food box programs and an SBS help
13 desk for supermarket operators. In the years that
14 followed the creation of FRESH more grocery stores
15 face new pressures due to rising real estate values
16 and commercial rent increases. In other areas such as
17 the Rockaways in my district, the area does not have
18 the FRESH zoning incentives, the Rockaways are in an
19 underserved neighborhood that would benefit from all
20 available incentives to bring FRESH food supermarkets
21 to the area. I look forward to hearing the proposals
22 today and to seeing how the FRESH program can be
23 approved.. can, can be improved to ensure food access
24 in low and moderate-income areas. I want to turn it
25 back over to the Chairs but thank them for certainly

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holding a hearing on this important subject, thank
you.

CHAIRPERSON VALLONE: Thank you. I'd also
like to thank our Economic Development Committee
staff; Legislative Counsel, Alex Paulenoff; Policy
Analyst, Nadia Johnson; Finance Analyst, Aliya Ali as
well as the council's team and the land use division;
Director, Raju Mann; Policy Analyst Rebecca Crimmins
and Project Manager Chelsea Kelley for their hard
work putting this hearing together as well as my
Chief of Staff, Jonathan Szott; my Deputy Chief of
Staff Amanda Zarr [sp?] and my Legislative Director
Michael Young. I'd like to acknowledge the Council
Members that are present; Peter Koo, Council Members
Rivera, Torres, and Adams. So, as soon... what we'll do
is, as soon as Council Member Moya comes, I think we
can... do is have... start with the testimony from EDC
to... and then when... we'll turn it over to have an
opening for Council Member Moya, sound like a plan?
So, let's swear in. Please raise your right hand, do
you swear or affirm to tell the truth, the whole
truth and nothing but the truth in your testimony and
to respond honestly to the council member's

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questions? Thank you, you can introduce and start your testimony.

JENNIFER GRAVEL: Good morning Chair

Vallone and the Committee on Economic Development and Zoning and Franchises. My name is Jennifer Gravel and I am the Director of the Housing Economic and Infrastructure Planning Division at the Department of City Planning and I appreciate this opportunity to provide an overview of the zoning incentives provided through the food retail expansion to support health or FRESH program. I am joined today by Krishna Omolade from EDC's Strategic Investments group, who will speak to the city's FRESH financial incentives programs. As you know FRESH was developed in response to a citywide study conducted by the Department of City Planning called Going to Market. This was released in 2008 and what this highlighted was really a widespread shortage in neighborhood grocery stores providing fresh food in several communities in New York City and the FRESH program was really one of many interventions that was created to offer zoning incentives and financial benefits in these underserved communities. The goal of the program is to encourage development and retention of convenient,

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accessible stores that provide fresh meat, fruits and vegetables and other perishable goods in addition to a really full line of grocery products. What the program is, it offers a set of zoning incentives that provide additional floor area in mixed buildings, it reduces the amount of parking required for food stores and permits larger grocery stores than what's permitted as of right in our light manufacturing districts. The financial benefits which are administered by the Industrial Development Agency, exempts or reduces certain taxes for, for stores that qualify as FRESH food stores. The program is currently applicable, applicable in shopping districts in selected neighborhoods where there is a demonstrated shortage of super... grocery stores and a higher incidence of health-related disease. These areas encompass portions of Manhattan's community districts 9 through 12, Bronx community districts 1 through 7, portions of Bronx community districts 3, 4, 5, 8, 9, 16, and 17 and portions of community district 12, the Special Downtown Jamaica district in Hallett's Point in Queens. A developer seeking to utilize the zoning incentives of the FRESH program must demonstrate that the primary business of the

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retail space is the sale of food products. Prior to obtaining a building permit for the development, the proposed store must be certified by the Department of City Planning as a FRESH food store verifying that it meets certain floor area requirements, selling space is dedicated to FRESH food and that the space is legally committed to use as a FRESH food store and also that the grocer has agreed to operate a FRESH food store in the place... in the space. The specific requirements to, to qualify for the zoning benefits are that, that you must have at least 6,000 square feet of selling area of the store must be delegated... dedicated to grocery selling area and of that selling area 50 percent must be used for a general line of food products and then no less than 30 percent of that floor area must be set aside for perishable goods such as fresh food, fresh, fresh fruit, fresh meat, and frozen foods and no less than 500 square feet must be used for fresh meat, fruits and vegetables. We also... the, the program also requires that a percentage of the ground floor street wall of a FRESH store must be glazed and transparent to contribute to a more active streetscape. In addition, all certified FRESH food stores must also display the

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FRESH sign at the entrance to the store indicating participation in the FRESH program and that fresh foods are sold inside. A development would be permitted one additional square foot of residential floor area in a mixed building for every square foot of a FRESH food store that's provided up to a maximum of 20,000 square feet. The City Planning Commission may also by authorization allow an increase in the maximum building height up to 15 feet to accommodate the additional floor area in districts where we have height limits. In light manufacturing districts, FRESH food stores with up to 30,000 square feet would be permitted as of right, currently any stores over 10,000 square feet would be required to have a City Planning Commission's special permit so this, this rule allows a larger store if you'll qualify as a FRESH food store. Parking require, requirements are also relaxed in some zoning districts that have been in... for, for qualifying FRESH food stores. In M1 and C8 districts, the first 15,000 square feet of floor area in a food store is exempt from the minimum parking requirements and in our C1 through C6 districts which are many of our neighborhood retail corridors, FRESH food stores with less than 40,000

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square feet of floor area do not have to provide parking. There are some exceptions to these reductions, they do not apply in portions of Manhattan community district 12, in Bronx community district 17... I'm sorry, Bronx community district 7, Brooklyn community districts 5, 16, and 17 and the Special Downtown Jamaica district. The program requires, requires a continuing commitment to operate a FRESH food store. However, in the unlikely event that a food store becomes economically not viable on a particular site, the space may be converted to another use but only by authorization of the City Planning Commission or certification by the Chairperson. The zoning and tax incentives are a modest program facilitating new stores in underserved parts of the city. Since its inception, the FRESH program has resulted in approximately 15 approvals with one application that's currently in public review. Average store size has been modest, just above 13,000 square feet. City Planning completed data last... analysis on the potential effect of its... of the program since it's adoption in 2009, as well as an overall analysis of the food retail landscape in New York City, by comparing population changes and

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store closings and openings between 2007 and 2016. We created a series of maps that show the locations of all the supermarkets in the city. In general, our findings were that most community districts that... have actually seen an increase in supermarket square footage since 2007. In some cases, population growth outpaced that increase in supermarket square footage, this is true in Bronx, Bronx community district 5, Brooklyn districts 2, 3, 6, 7, 13, and 16, Manhattan districts 5, 7, and 10, Queens community districts 1, 2, and 4 and Staten Island community district 3. A handful of districts really had no significant change in either population or supermarket square footage, this is true in Manhattan community district 12, community... Queens community district 5 and 13 and Brooklyn community district 18. The remainder and the majority of the community districts in the city had an increase in supermarket square footage to population. In most cases, neighborhoods see more but smaller stores over they had in 2007. The analysis did not show in, in any evidence of clustering of supermarket losses or any particular neighborhood in the city experiencing what we would consider an exodus of stores. The FRESH program has succeeded in

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2 providing some stores but it's, it's clear that
3 there... a need still remains. One of the most
4 effective ways to increase the FRESH participation in
5 underserved communities is for elected officials and
6 community partners to advocate for the program and to
7 also help us to make sure when they hear news of
8 redevelopment that you're able to connect the... those
9 developers to potential operators of a store. Staff
10 at, at the Department of City Planning always work
11 closely with applicants to navigate the approval
12 process and coordinate with our partners at EDC on,
13 on complimentary financial incentives. Thank you
14 again for the opportunity to speak today about the
15 FRESH program and we look forward to hearing from you
16 on other ways to improve the program. Thank you.

17 KRISHNA OMOLADE: Good morning Chairs
18 Vallone and Moya and the Committees on Economic
19 Development and Zoning and Franchises. My name is
20 Krishna Omolade and I am an Assistant Vice President
21 in the Strategic Investments Group with the New York
22 City Economic Development Corporation, as well as
23 Deputy Executive Director of the New York City
24 Industrial Development Agency, also known as the IDA.
25 I appreciate this opportunity to provide an overview

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of the financial incentives provided through the food retail expansion to support health or FRESH program. FRESH financial incentives are administered by the IDA, a public benefit corporation formed under the New York State General Municipal Law and Public Authorities Law. The IDA is staffed by employees from the New York City Economic Development Corporation but has a separate legal existence and an independent board. The mission of the IDA is to encourage economic... thank you... the mission of the IDA is to encourage economic development throughout the five boroughs, preserve existing jobs, and create and attract new well-paying ones. IDA programs provide companies with tax benefits that enable the businesses to purchase real estate, construct or renovate facilities and acquire equipment. All applicants must satisfy eligibility requirements and demonstrate a need for assistance. We conduct due diligence on all projects seeking assistance; this due diligence includes an analysis of the economic impact to the city of providing incentives for the project, a review of the applicant's employment practices, a background check of company principals, and a review of the environmental impact of the

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project. FRESH projects seeking financial assistance are legally required to presented during a public hearing. A notice of the hearing is published at least 30 days prior, and the economic impact analysis, application and environmental assessment form are posted to the IDA website at least two weeks before the hearing. After the hearing is complete projects are presented to the IDA board of directors for their review. Approval by the IDA board is necessary to provide FRESH financial incentives. FRESH benefits are discretionary; they seek to address the challenges related to financing the cost of acquiring property for new and existing supermarkets and the operational expenses of running a supermarket. These benefits are designed to influence where grocery store operators put their stores and encourage developers to choose to locate in underserved, low income neighborhoods. Recipients of FRESH incentives benefit by saving on property taxes through stabilizing the assessed value of their building at a pre-improvement level and abating the property taxes attributed to the value of the land. In addition, the city and state sales tax of 8.875 percent on materials used to construct, renovate or

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2 equip facilities is waived. Finally, recipients are
3 able to reduce their mortgage recording tax from 2.8
4 percent to .3 percent, which saves on upfront closing
5 costs. In order to be eligible for FRESH benefits, a
6 project must take place in a census tract with a
7 poverty rate above 20 percent and an unemployment
8 rate that is at least 25 percent more than the state
9 average. Through the use of a FRESH eligibility map,
10 decisions about supermarket projects in a census
11 track are informed by economic data as well as the
12 current number of existing supermarkets in areas with
13 inadequate supermarket space. In addition to being
14 located in an eligible area, stores must provide a
15 minimum of 5,000 square feet of retail space for food
16 and nonfood grocery items intended for home
17 preparation, consumption and utilization. At least 50
18 percent of the retail space must be dedicated towards
19 the... those food items and at least 30 percent of the
20 space must be used for perishable goods such as
21 dairy, fresh produce, meats, poultry and fish.
22 Finally, at lease 500 square feet must be set aside
23 for the sale of fresh produce. In 2017, the IDA
24 reevaluated the eligibility criteria for the FRESH
25 program in order to include more stores. The minimum

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store size was reduced from 6,000 square feet to 5,000 square feet. FRESH program recipients are now eligible for a full land tax abatement and developers can apply for the benefit in addition to the supermarket operator. Overall, in this current fiscal year when the changes were officially adopted, the IDA as... has closed on five supermarket projects. These five projects are a significant increase from the one project which closed with the IDA in the previous two fiscal years. Since 2009, the FRESH program has provided incentives to 22 stores throughout New York City, 15 of which are now completed and open to the public. Those 22 projects translate to the retention of 600 jobs and the creation of over 1,100 new ones. It has spurred more than 128 million dollars in private investment and created or renovated more than 680,000 square feet of space. One of our most successful projects is SuperFi Emporium in Harlem... in East Harlem. SuperFi has used FRESH benefits to both build two stores in the neighborhood. These locally owned and immigrant founded supermarkets will bring 25,000 square feet of fresh produce and high-quality food to a historically underserved area and will create and retain 80 full

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2 time equivalent jobs. The FRESH program has also
3 enabled the construction of a 19,000 square foot
4 Cherry Valley supermarket in the Williamsbridge
5 section of the Bronx. The Cherry Valley, which is
6 scheduled to open later this summer, will bring a
7 supermarket to an area lacking in supermarket space
8 and will create 80 new full time equivalent jobs. We
9 are proud of the impact the FRESH program has on
10 local communities. We look forward to continuing our
11 working relationship with the grocery industry and
12 the city council and bringing more stores to
13 underserved areas. Thank you for the opportunity to
14 testify before you today and we're happy to answer
15 any questions.

16 CHAIRPERSON VALLONE: Thank you, both of
17 you for your testimony. We've been joined by Council
18 Members Williams and Menchaca and now I'd like to
19 turn, turn over to Chair Moya for discussion on the
20 zoning incentives offered as part of FRESH, we'd like
21 to defer to him on his discussion of the benefits
22 offered through the zoning and the Department of City
23 Planning and especially since he's been an advocate
24 for this for quiet some time. Thank you, Council
25 Member Moya.

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COUNCIL MEMBER MOYA: Thank you Chair

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Vallone and first let me apologize it, it, it is

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graduation season so it's always tough, I know a lot

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of people think it was the world cup, but my team

6

doesn't play until two o'clock so if we can wrap it

7

up before then I think we'll all be good. Thank you

8

Chair Vallone, I want to welcome everyone. I'm

9

Francisco Moya, I'm the Chair of the Committee on

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Zoning... the Subcommittee on Zoning and Franchises and

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today we are here to listen to the hearings, it's

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titled FRESH, assessing the zoning and our financial

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incentives of the food retail expansion to support

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health programs. I'd like to recognize the members of

15

the Subcommittee who are here today; Chair Adams,

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Menchaca, Torres, Chair Rivera, Koo, Council Member

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Richards, thank you for your testimony. At this

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hearing the committee and subcommittee will consider

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assessments of the FRESH program and feedback on

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proposals for reform. The committee and the

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subcommittee seek to hear testimony from the New York

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City Economic Development Corporation, the Department

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of City Planning, FRESH incentive recipients and, and

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applicants, food justice advocates and interested

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members of the public. The FRESH program has two

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2 major components to promote the creation and
3 retention of neighborhood grocery stores in
4 underserved communities; zoning incentives for
5 developers of FRESH food stores in certain mixed
6 residential, commercial and light manufacturing
7 districts throughout Northern Manhattan, the South
8 Bronx, Central Brooklyn and Queens and the financial
9 incentives that were described by Chair Vallone. The
10 zoning incentives are for new developments and the
11 financial incentives can be used to create new or
12 preserve existing supermarkets. In order to receive
13 the zoning incentives, the developer must apply for
14 certification as a FRESH food store to the
15 Chairperson of the City Planning Commission. This
16 requires the submission of site plans and a lease or
17 commitment by the... by a participating grocer before
18 the additional floor area is approved. Financial
19 incentives come in the form of real estate tax
20 reductions, sales tax exemptions, and mortgage
21 recording tax deferrals and an approval by NYCIDA on
22 a discretionary basis. The FRESH program offers
23 several possible zoning incentives; one, additional
24 floor area, additional square foot or floor area in a
25 mixed-use building for every square foot provided for

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2 a FRESH food store up to the maximum bonus of 20,000
3 square feet. Two, a... is reduction in required parking
4 depending on the location and the size of the grocery
5 store, waivers for parking allow for smaller
6 development sites to accommodate a supermarket.
7 Three, a FRESH store in M1 zones, M1 zones have a
8 size reduction on supermarkets but FRESH supermarkets
9 are allowed to occupy a larger area, up to 30,000
10 square feet. Prior to the creation of the FRESH food
11 zoning text, the DCP created a supermarket needs
12 index using geo-partial analysis in order to
13 determine which areas the zoning bonus would be
14 mapped. The SNI is comprised of criteria selected to
15 reflect both the health status of local populations
16 and the economic and geographic barriers they face in
17 acquiring fresh food. When created in 2008, the SNI
18 found that three million New Yorkers were living in
19 the areas that identify... that were identified as high
20 need. Since the FRESH program was created in 2009, 32
21 grocery stores have taken advantage of one or both
22 incentives, 15 of the projects are complete with open
23 stores while 17 are still in progress. Additionally,
24 two stores received the zoning bonus but could not
25 secure a grocer... a grocer upon opening. The following

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are preliminary proposals the council is seeking feedback on to reform the FRESH program; expand the list of neighborhoods that are available to receive the FRESH zoning bonus to more closely align with the areas of highest need where the financial incentive is mapped. Potential areas for expansion include parts or all of the following neighborhood districts; Manhattan; portions of CD3, Council Member Rivera and Chin; CD7, Levine and Rosenthal; Bronx CD9, Council Members Salamanca, Gjonaj, Diaz Sr.; CD12, Council Members Cohen, King, Torres; CD10, King and Gjonaj; in Brooklyn CD7, Menchaca and Lander; CD13, we have Treyger and Deutsch; CD12, Yeger, Lander and Menchaca; Queens CD1, Constantinides, Van Bramer; CD4, Moya, Koo, Lancman; CD14, Richards; Staten Island CD1, Rose, Matteo and two, to identify opportunities for supermarkets on NYCHA owned land where there is a scarcity of grocery stores. Currently many campuses are zoned strictly for residential use which are districts that prohibit grocery stores. In order to allow the construction of FRESH supermarkets on NYCHA property; an exemption to the residential zoning district rules on land controlled by NYCHA could be created exclusively for

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FRESH grocery stores. And three, to expand... explore
reductions in parking that would encourage additional
FRESH zoning benefits, ease glazing requirements to
work better with recent changes to the building code
concerning energy efficiency, consider a large zoning
bonus for projects that include a FRESH supermarket
and our 100 percent affordable housing potential
deepening the financial incentives in higher need
neighborhoods where the existing benefits have not
worked to deliver grocery... to deliver grocery stores,
simplify the application process for both financial
and zoning incentives to make it less cumbersome for
developers who would like to use the program and
provide a FRESH grocery store, increase the
visibility of FRESH incentives by including the
program on HPD term sheets as a potential benefit,
also to improve the oversight and transparency so the
public can benefit from the understanding the
efficacies of the FRESH program. At this hearing the
council is evaluating the areas that could benefit
most from the expansion of the FRESH zoning
incentives. Additionally, the council is eager to
learn more of the experiences of developers and
supermarket operators about the ways to improve the

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application process for the zoning and financial

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incentives. Finally, the council is interested in

4

hearing feedback from the administration, related

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industries, food justice advocates on the job

6

proposals included in this report to identify

7

approaches to updating and strengthening the program.

8

I know turn this over to my colleague or... that was

9

already taken care of. I want to thank everyone for

10

the opportunity to read my testimony and now we can

11

move to questions.

12

CHAIRPERSON VALLONE: Thank you Chair

13

Moya. Today... for those who are joining us a little

14

bit different than you regular council hearing

15

because we're really discussing ideas, there isn't

16

anything on the table as to legislation but looking

17

at a program that's been around for over ten years

18

that hasn't been looked at so, what we want to do as

19

a council and that's why we're all here and joined

20

with different groups is to... is to look at a program

21

that everyone is eager to kind of give a jump start

22

and, and grow because the overwhelming need in this

23

city is for supermarkets and for FRESH food and I

24

think from the original onslaught of or the creation

25

it goes beyond just any particular neighborhood, I

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2 think there's every... is, isn't a neighborhood in the
3 city that wouldn't like to see their local
4 supermarket survive and the expansion of more fresh
5 food ideas so what you're... what you're hearing from
6 the council members are ideas and I, I think both
7 Chair Richards and Moya presented a few so I wanted
8 to give you an opportunity to turn back both to EDC
9 as to some of the... your thoughts on the expansion of
10 the program and where you think we should take it
11 from here.

12 JENNIFER GRAVEL: Sure, we, we share your
13 interest in evaluating the success of the program and
14 believe this is a good time to sort of... it's been
15 almost ten years, it's time to take a look back and
16 see what's happened. We would support expansion of
17 the program in additional areas where need exists and
18 there's local support so we're happy to continue to
19 work with the council to try and identify those
20 places.

21 CHAIRPERSON VALLONE: So, the
22 identification process, so how, how... what would be
23 the next step in expanding the council... we... Council
24 Member Moya listed we have CD3, community district 3,
25 7, 9, 12, the Bronx is 9 and 12 and Brooklyn is CD 7,

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2 7 and 13 and 12, that was in Brooklyn and Queens, we
3 have council district 1, council district 4 and 14
4 and in Staten Island council district 1, those are
5 some of the original or it's ones that we can expand
6 to the neighborhoods so we can expand the eligibility
7 for FRESH zoning bonus and to look at the areas of
8 highest need, that process, would we be open to
9 looking at those council districts?

10 JENNIFER GRAVEL: Sure, yeah, I think we,
11 we would take those districts and, and any others
12 that get proposed and see how they... we would want to
13 update the supermarket needs index which was done to,
14 to identify those areas where there is both a
15 shortage of supermarkets and an... high incidence of
16 health related... diet related disease so we would want
17 to see whether, whether the need exists and it's also
18 a conversation with local communities because there's
19 the additional bulk and the additional height which
20 can... and the reduction in parking which does have an
21 effect on local neighborhoods so we would want to
22 know not only is there need but is there support in
23 these neighborhoods and we're, we're happy to
24 continue this dialogue to, to try and figure out
25 where it makes the most sense.

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CHAIRPERSON VALLONE: Well, I mean we

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don't have a lot of success stories here and I, I see

4

there's 22 stories and I know Council Member Richards

5

was just last year really trying to expand and I know

6

last year you, you did some expansion and you had

7

five new projects which is a great start but 22 is

8

not enough in a city of 8.5 million people that...

9

everyone's asking for this program to, to really

10

take hold. What are some of the things that you can

11

present today that would streamline the application

12

process and make this more user friendly because what

13

we're hearing on all sides whether you're someone who

14

wants to be the person who's the developer or the

15

purchaser or someone who wants to be the operator

16

tenant or someone who lives in the neighborhood

17

there... the, the, the timelines, the barriers, the

18

fees involved are, are prohibitive to... [cross-talk]

19

JENNIFER GRAVEL: Sure... [cross-talk]

20

CHAIRPERSON VALLONE: ...the process... so,

21

we have to take a look at the process... maybe you want

22

to take us through... if, if, if the three of us wanted

23

to purchase this building and, and it was an existing

24

supermarket on, on... in the building what would be

25

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2 CHAIRPERSON VALLONE: ...of the ones we
3 have and one to create new ones in areas that in need
4 and probably any area at this point.

5 JENNIFER GRAVEL: Yeah, yeah, that's a...
6 it's, it's a good question, I'll... I can speak to the,
7 the zoning incentives. I guess looking back when we...
8 when we created the program in 2009 it, it was an
9 experiment I'd have to say and I, I think it's one
10 that we were... we're... we were excited about wondering
11 if this would work so our, our projections were
12 modest, we, we projected 15 stores in ten years and
13 we have actually met those expectations, we have 15
14 improved stores, we're coming on ten years. So, that,
15 that's great I, I think its indication that, that
16 this is a program that can work, and we need to think
17 about ways to, to make it work better and I think
18 we're interested in talking about what those
19 opportunities are. In terms of the process, the
20 process is one that, that we, we understand it's
21 always difficult to come through the land use
22 process, we do believe that's it's, it's necessary to
23 ensure that, that these properties are delivering
24 what is expected and that these stores remain FRESH
25 food stores in the long term and that these are

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2 viable projects and this is not a back door to get,
3 getting around the zoning limitations on what is the
4 appropriate height and density and parking the
5 neighborhood. The process that does exist is, is one
6 of the sort of less onerous process which is a
7 certification process, it's a ministerial, there... if,
8 if all of the requirements are met then the store...
9 the net... the project needs to be approved, we do have
10 our, our borough office staff work very closely with
11 applicants to help them navigate this process and if,
12 if you were to... if you were a developer and you...
13 [cross-talk]

14 CHAIRPERSON VALLONE: So, how many total
15 applicants have you received over the ten years, so
16 how many applications to apply for the FRESH process
17 have you received, not how many have actually been
18 successful and launched but how many applications
19 actually came your way?

20 JENNIFER GRAVEL: There are 15 that have
21 been approved and I believe another six or seven that
22 are currently at City Planning, I can confirm the...
23 those numbers for you and sometimes we have inquiries
24 that come in and then for whatever reason they, they...
25 [cross-talk]

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2 CHAIRPERSON VALLONE: Well that, that's...

3 [cross-talk]

4 JENNIFER GRAVEL: ...decide not to pursue...

5 [cross-talk]

6 CHAIRPERSON VALLONE: ...for whatever
7 reason is what we're curious about... [cross-talk]

8 JENNIFER GRAVEL: Yeah... [cross-talk]

9 CHAIRPERSON VALLONE: ...do we... so, do we
10 know how many... [cross-talk]

11 JENNIFER GRAVEL: Yes... [cross-talk]

12 CHAIRPERSON VALLONE: ...have started the
13 process and weren't successful and either pulled the
14 application... [cross-talk]

15 JENNIFER GRAVEL: Yeah... [cross-talk]

16 CHAIRPERSON VALLONE: ...or gave you
17 reasons as to why they couldn't go forward?

18 JENNIFER GRAVEL: I'm, I'm not sure, we
19 can look into that and, and try to understand those
20 questions, I mean I'm sure the reasons are many, but
21 we could... we could certainly try and... try and figure
22 that out.

23 CHAIRPERSON VALLONE: I think that... I
24 think part of understanding... [cross-talk]

25 JENNIFER GRAVEL: Yeah... [cross-talk]

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2 CHAIRPERSON VALLONE: ...is how many
3 applicants have, have, have started the process and
4 have failed or withdrawing their application for
5 whatever reason, I think we need to know of the 22
6 success stories how many... was it 25, out of 28, 200,
7 2,000 how many other applicants have you received..
8 [cross-talk]

9 JENNIFER GRAVEL: I, I'm... yeah, I'm
10 unaware of anyone that's actually withdrawn an
11 application that's filed, we, we get inquiries and
12 have informational meetings but I, I can... I will try
13 to figure that out for sure.

14 CHAIRPERSON VALLONE: With the initial
15 application process the, the operator tenant must be
16 identified at the beginning?

17 JENNIFER GRAVEL: Yes... [cross-talk]

18 CHAIRPERSON VALLONE: Has there been any
19 discussion of providing additional time to bring in
20 an operator tenant during the process or extending
21 the time to finding the proper person who can run the
22 FRESH supermarket?

23 JENNIFER GRAVEL: After the approval or
24 do you mean to, to find the tenant after the
25 approval?

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2 CHAIRPERSON VALLONE: Correct.

3 JENNIFER GRAVEL: It, it's certainly
4 something we, we could look at, I mean we're open to
5 ideas to make this, this process easier. I think... we
6 would want to ensure that, that before they can build
7 the building that, there, there is a, a, a tenant in
8 place so, what we don't want to happen is them to, to
9 build the building speculating they're going to find
10 a tenant and then find out that, that they, they
11 can't or to claim that they can't because once the...

12 [cross-talk]

13 CHAIRPERSON VALLONE: Well what if...

14 [cross-talk]

15 JENNIFER GRAVEL: ...building is built...

16 [cross-talk]

17 CHAIRPERSON VALLONE: ...what if the
18 flipside... [cross-talk]

19 JENNIFER GRAVEL: ...it's there... [cross-
20 talk]

21 CHAIRPERSON VALLONE: ...what if the tenant
22 is not able to fulfill their obligations as removes
23 themselves? So, there... at this time my understanding
24 is there isn't any additional time allocated in the
25 application process so if you lose your... [cross-talk]

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2 JENNIFER GRAVEL: Uh-huh... [cross-talk]

3 CHAIRPERSON VALLONE: ...your operator
4 tenant you're kind of dead in the water.

5 JENNIFER GRAVEL: Yeah, I mean that's...
6 [cross-talk]

7 CHAIRPERSON VALLONE: See what I'm
8 saying... [cross-talk]

9 JENNIFER GRAVEL: ...certainly an idea we
10 can go back and discuss with our land use review
11 staff and see what the implications of that would be.

12 CHAIRPERSON VALLONE: And I think you
13 started to discuss some additional maybe financial
14 incentives, was there something you wanted to bring
15 to the table today?

16 KRISHNA OMOLADE: Sure, so yeah as I
17 mentioned last year we changed some of our policies
18 when it comes to FRESH with the idea of, you know
19 achieving the goals that you mentioned of expanding
20 the number of supermarkets that, that successfully go
21 through the program. One of them that you alluded to
22 is increasing the land tax abatement so previously
23 there was a land tax abatement that was... that, that
24 varied depending on the employees and where the
25 project was located now in order to expand the

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2 program we have provided a full land tax abatement
3 throughout, throughout the city for any project
4 that's eligible for FRESH and it's, you know
5 relatively recent, we only made the changes the last...
6 in... a few months ago but so far that has resulted in
7 an uptick in the number of projects that have both
8 successfully reached agreements with the IDA as well
9 as projects that have expressed interest and
10 submitted applications and we hope that that change
11 in addition to reducing the minimum square footage
12 that's required will continue to result in an
13 increase in projects that go through the program.

14 CHAIRPERSON VALLONE: Have you found that
15 those are the two, two reasons that were additional...
16 suscesible to five new bids that you got this year?

17 KRISHNA OMOLADE: That one... and, and the
18 other reason was also a change in making it easier
19 for developers to apply through the program. So,
20 previously the program was designed specifically for
21 owner operators to apply and receive benefits, but
22 we've seen an increase in the number of the mixed-use
23 projects where there's a residential portion as well
24 as a supermarket on the ground floor and we made a
25 change to make it easier for those projects to come

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2 through out process and we have seen that in addition
3 to the other changes has resulted in, in an increase
4 in projects.

5 CHAIRPERSON VALLONE: So, have, have the
6 projects that come forward are they utilizing both
7 benefits for the land use and the financial or are
8 there certain projects that are just using one and
9 not the other?

10 KRISHNA OMOLADE: So, it's a mix. So,
11 there are projects that definitely take advantage of
12 both benefits, but we also see projects that are led
13 by an owner operator who might only take advantage of
14 the financial benefits but not necessarily the zoning
15 benefits.

16 CHAIRPERSON VALLONE: So, is there a need
17 then maybe to discuss the, the separation of the
18 process for one and two or to, to increase both, I
19 think we should look at both the financial package as
20 well as the zoning limitations and restrictions and,
21 and increasing from not just communities in need but
22 to, to really all communities because I think the
23 need for fresh foods in the city at this point is, is
24 self-evident, there really isn't a lot of place... one
25 thing we haven't talked about is preservation of

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2 existing supermarkets, so is there anything that we
3 can talk about for the future of those supermarkets?

4 JENNIFER GRAVEL: Sure, I can speak to
5 that. The, the FRESH program, the zoning program is
6 really about increasing the number.. total number of
7 supermarkets, it wasn't designed as a... as to, to, to
8 preserve existing supermarkets, you know with that
9 said to, to qualify for the FRESH certification you
10 have to have an agreement with a supermarket operator
11 to the extent that... the, the, the connections can be
12 made with local supermarkets who are looking for
13 space, space that will... where there is more certainty
14 or more stability over the long term, these projects
15 do provide real opportunities for those supermarkets
16 and making those connections can be an opportunity
17 for local neighborhoods.

18 CHAIRPERSON VALLONE: I don't think there
19 was a lot there that I could grab on, I was trying to
20 figure out what we could do as to offer maybe a new
21 program for new... for existing operators and I think
22 that's where the fear in the neighborhood starts
23 because we all hear as a council member that's there
24 a, a supermarket in trouble they can't handle the
25 retail market value of their property based on what a

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2 developer could possibly get for that and that starts
3 the process and then the fear builds in the
4 neighborhood that we're going to lose our local ABC
5 store or whatever it is and that's something some big
6 box store is going to come in and some development's
7 going to come in and I think we can be proactive in
8 that process and, and realizing the limitations of
9 the, the rental value in trying to preserve it's
10 subsidies what an owner operator could get for that
11 property to keep the... to keep the supermarket, keep
12 the employees that are at that supermarket which are
13 mostly usually our local family members that are
14 employed there, provide the best possible pay and
15 benefits for those employees and, and this way it's
16 a... it's a benefit to everyone that's there.

17 JENNIFER GRAVEL: Yeah and it's, it's
18 also worth pointing out that the, the FRESH zoning
19 incentives are, are part of a multi-pronged strategy
20 and that the, the tax incentives are really probably
21 the sort of more effective tool at, at supporting
22 existing operators of supermarkets.

23 CHAIRPERSON VALLONE: Is there a... [cross-
24 talk]

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2 KRISHNA OMOLADE: Yeah and I can... oh, I
3 can speak a little bit in... [cross-talk]

4 CHAIRPERSON VALLONE: Please... [cross-
5 talk]

6 KRISHNA OMOLADE: ...terms of... [cross-talk]

7 CHAIRPERSON VALLONE: ...and then we need
8 to turn it over to... [cross-talk]

9 KRISHNA OMOLADE: ...you know the work that
10 we do to preserve supermarkets. So, for supermarkets
11 that are existing and once you engage in a project to
12 improve their store either by changing the layout or
13 buying new equipment we can provide incentives for
14 those types of projects, basically the same
15 incentives that, that we discussed earlier. The
16 challenge is obviously that for projects to be
17 eligible for FRESH they have to be making an
18 investment in the property in order to, to take
19 advantage of those benefits and we... but that being
20 said we definitely share the same concern about being
21 able to preserve supermarkets and we believe that
22 through the incentives we can help supermarkets to
23 make investments that can make them more viable to,
24 you know change with the communities that might... to...
25 and you know it... for communities that, that have been

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2 around and have had a... you know have had difficulty
3 accessing FRESH produce we can help supermarkets to
4 increase their produce options and their services and
5 that can, you know potentially make them more
6 financially viable and keep them around going into
7 the future.

8 CHAIRPERSON VALLONE: I missed the
9 beginning portion of that because I just got a text
10 from my son who finished 5th grade with a 99.9
11 percent average which was very happy for... so, daddy's
12 very happy.

13 [applause]

14 CHAIRPERSON VALLONE: Good job Charlie,
15 who's also a diehard Argentina fan so, we share that
16 and he's already saying dad it's almost two o' clock
17 so we got to wrap up. So, with that I'd like the
18 Chair... back over to first to Chair Moya and then
19 Chair Richards for their questions.

20 COUNCIL MEMBER MOYA: Thank, thank you...
21 thank you Chair Vallone, thank you again for your
22 testimony. So, we've, we've identified opportunities
23 for supermarkets on NYCHA owned land where there is
24 the scarcity of grocery stores, currently many of the
25 campuses are, are zoned strictly for residential use

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2 which are districts that prohibit grocery stores. In
3 order to allow the construction of FRESH supermarkets
4 on NYCHA property an exemption of residential zoning
5 district rules on land controlled by NYCHA could be
6 created exclusively for FRESH grocery stores. Is this
7 a reasonable change that we can make to the policies?

8 JENNIFER GRAVEL: Yes, yes, I would say
9 they... there is a real opportunity here then... we have
10 actually done this before as part of some... as, as
11 part of a neighborhood study typically because you
12 would... as, as, as you... as you mentioned it... many of
13 the NYCHA campuses don't actually have zoning to
14 permit a supermarket so the... in addition to the
15 process to certify the store you'd have to have the
16 zoning just to allow the use, I mean if there's
17 support for these kinds of changes, if it's
18 appropriate, if there's a need City Planning is
19 certainly willing to work NYCHA and the council on,
20 on identifying places where this makes sense.
21 Alternatively, we have, have done this before in area
22 Astoria Houses is that the, the program could also be
23 expanded to those areas that already have the zoning
24 that are located near NYCHA campuses which is, is, is
25 another process that, that... where it may be less

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2 disruptive in, in, in having this... the construction
3 on the campus itself but that's... these are both
4 options that we could consider.

5 COUNCIL MEMBER MOYA: Okay because
6 obviously as you know these are the areas that are
7 most effected by the lack of, of access to quality
8 and fresh... [cross-talk]

9 JENNIFER GRAVEL: Uh-huh... [cross-talk]

10 COUNCIL MEMBER MOYA: ...produce. For me I
11 have the district that has the highest rate of
12 childhood obesity, there's a lack of... [cross-talk]

13 JENNIFER GRAVEL: Uh-huh... [cross-talk]

14 COUNCIL MEMBER MOYA: ...of opportunities
15 for fresh produce so this would be something where we
16 should be definitely looking at really doing a
17 reevaluation of how we go about identifying areas
18 where we can bring these programs in, we can do the
19 zoning changes to make sure that these programs come
20 in and could be beneficial to the community. DCP was
21 conducting a study that included updated mapping of
22 supermarket locations compared to the population
23 density, can, can you share those findings with us?

24 JENNIFER GRAVEL: Sure, the, the findings
25 were that... what we found is that, that most districts

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have seen an increase in supermarket square footage relative to the population. In a few cases the population growth outpaced the increase in supermarket square footage and that was true in Bronx community district 5, Brooklyn districts 2, 3, 6, 7, 13 and 16 and Manhattan districts 5, 7 and 10, in Queens districts 1, 2 and 4 and Staten Island community district 3. There were a... there were a handful of districts that had no significant change in population or supermarket square footage. This was Manhattan community district 12, Queens community district 5 and 13 and Brooklyn 18. The remainder of all of the community districts we actually saw a... an increase in supermarket square footage to population so the market is... does appear to be producing more supermarkets in New York City. This is... this is good news and... but we're... but I think FRESH continues to be an important part to, to make sure those supermarkets are also growing in places where there's the greatest need.

COUNCIL MEMBER MOYA: So, how, how do

you... how do you see that we can improve the oversight and transparency so that the public can benefit from

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2 understanding of what this program actually does and
3 how it benefits the community?

4 JENNIFER GRAVEL: Uh-huh, we, we
5 currently... we currently have the information that we
6 do, do consolidate in... on EDC's website just because
7 if it gets... it's easier to make sure that accurate
8 information is kept in one place, but we can
9 certainly make that easier to get to from our
10 website. Right now the, the program... you know the...
11 part of the, the, the process which we, we understand
12 is... can be... can be time consuming is necessary for
13 part of... for notification and, and oversight so
14 there's this tradeoff between sort of the ease of use
15 of the program and, and the assurance of the, the
16 effectiveness and the oversight of the program so
17 this is... the... currently the applications for
18 certifications must get referred to community boards
19 and there is a reporting process where owners of, of
20 properties of FRESH supermarkets have to, to, to send
21 a letter reporting exactly that, that, that they're
22 clients with the program and have to take pictures of
23 the space to show that they are in compliance. We
24 are... that's required about... the zoning text requires
25 this after three, three years after the approval,

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FRESH food stores took advantage of the additional allowance for a larger store in a light manufacturing district so currently in our light manufacturing districts supermarkets are limited in size to 10,000 square feet. Stores that qualify as a FRESH food store can build up to 30,000 square feet without going through the City Planning Commission special permit approval process which is a more onerous process than the FRESH food... FRESH food certification process. Those stores are... they're... of the stores that are open nine are in Central Brooklyn... I'm sorry, of the stores that have been approved, nine are in Central Brooklyn, one is... one of those is open in five or under construction, there's one in the South Bronx which is, is open and operating, there's three in Manhattan, one of those stores is open, two are under construction and, and there's one store in Western Queens that we've... I understand is under construction.

COUNCIL MEMBER MOYA: And it appears that

the, the, the data set is incomplete on the EDC website, it... is, is there a reason why the, the data set is still incomplete?

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2 KRISHNA OMOLADE: We are actively working
3 to make sure that the EDC website is as up to date as
4 possible, we have noticed that there are
5 discrepancies in terms of projects that are complete
6 that are not described as being complete on our
7 website and we're actively working to change that...
8 [cross-talk]

9 COUNCIL MEMBER MOYA: So, so how
10 frequently do you update?

11 KRISHNA OMOLADE: So, we updated... so, we
12 update it whenever a project is approved and whenever
13 it has a final agreement that's achieved between the
14 IDA and that supermarket, we also have a, a
15 compliance team that regularly checks on supermarkets
16 to make sure that they're open and whenever we get
17 word from them we update the super... the website to
18 reflect that.

19 COUNCIL MEMBER MOYA: So, what's that...
20 when you say regularly, what is that... [cross-talk]

21 KRISHNA OMOLADE: They... [cross-talk]

22 COUNCIL MEMBER MOYA: ...every week, every
23 month... [cross-talk]

24 KRISHNA OMOLADE: ...every, every year
25 they... so, throughout their portfolio they go through

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2 about a quarter of the projects every year to have
3 an... a physical visit and... but they also are
4 regularly... by regularly meaning every year getting
5 certifications from the supermarket operator to
6 confirm that they're on schedule with their project.

7 COUNCIL MEMBER MOYA: And who maintains
8 the list of participating projects?

9 KRISHNA OMOLADE: So, it's both of our
10 departments so... IDA as well as Department of City
11 Planning.

12 COUNCIL MEMBER MOYA: So, IDA is in
13 charge?

14 JENNIFER GRAVEL: City Planning provides...
15 [cross-talk]

16 COUNCIL MEMBER MOYA: City Planning...
17 [cross-talk]

18 JENNIFER GRAVEL: ...the data to... [cross-
19 talk]

20 COUNCIL MEMBER MOYA: ...okay... [cross-talk]

21 JENNIFER GRAVEL: ...as, as requested on
22 the... on the zoning program to, to the IDA. I should...
23 so, there's been a lot of activity in the program,
24 the program came out was just after the recession so
25 there was actually slow uptake in the first few

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2 years, we've seen sort of a, a... sort of... the, the
3 participation in the program, the zoning incentives
4 increased much more in the last two years as, as
5 we've seen a... because it sort of ebbs and flows
6 along with the development market cycles so we, we
7 are... we did more recently need to update this and we
8 wanted to make sure we had the most updated
9 information for the hearing today and we will share
10 this information with EDC and the IDA after this
11 hearing to make sure that the information on the
12 website is current.

13 COUNCIL MEMBER MOYA: So, that leads to
14 my next question is how do you all coordinate this
15 information gathering?

16 JENNIFER GRAVEL: We, we're in regular
17 communications between our two agencies and, and also
18 with the Mayor's Office of Food Policy whenever
19 there's request for it we provide it. When we're...
20 when we're aware of applications that are coming
21 through the process we notify... [cross-talk]

22 COUNCIL MEMBER MOYA: How many... how many
23 applications so far this year?

24 JENNIFER GRAVEL: Applications?

25 COUNCIL MEMBER MOYA: Yeah... [cross-talk]

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2 JENNIFER GRAVEL: I'm not... I'd have to...
3 that have been... that have been... that... into the
4 process?

5 COUNCIL MEMBER MOYA: Yes.

6 JENNIFER GRAVEL: We... I'm not sure I can
7 confirm but... we can find out how many applications...
8 [cross-talk]

9 COUNCIL MEMBER MOYA: Thank you... [cross-
10 talk]

11 JENNIFER GRAVEL: ...this year.

12 COUNCIL MEMBER MOYA: And just one more
13 question and then I'll turn it over to my colleagues.
14 But can we just go back to the cost of the current
15 land tax abatement commitment for the, the projects
16 that are receiving financial incentives, if you can
17 just go over that.

18 KRISHNA OMOLADE: Do you mean... [cross-
19 talk]

20 COUNCIL MEMBER MOYA: What's the cost?

21 KRISHNA OMOLADE: So, the total cost as
22 we measure it... so, I'll... I can give you the cost in
23 terms of all of the incentives which includes land
24 tax plus property tax... [cross-talk]

25 COUNCIL MEMBER MOYA: Yep... [cross-talk]

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2 KRISHNA OMOLADE: ...as well as the sales
3 tax and mortgage recorded tax benefits, it's about 63
4 million dollars and we measure that over the 25 year
5 period that these projects have a, a term with the
6 IDA so over that 25 year period each project can be
7 getting a range of benefits that might be as little
8 as 500,000, if it's a project that is just taking
9 advantage of the sales tax exemption to several
10 million dollars for projects that are getting a
11 property tax abatement as well as sales tax and
12 mortgage recording tax benefits.

13 COUNCIL MEMBER MOYA: Okay, thank you.

14 CHAIRPERSON VALLONE: We've been joined
15 by Council Members Rosenthal, Reynoso, Levin, Powers,
16 and Lander and then I'd like to turn it to Council
17 Member Richards and then Koo and since we have quite
18 a few panels and quite a few Council Members I think
19 three minutes for Council Members, we can always
20 stretch.

21 COUNCIL MEMBER RICHARDS: Thank you
22 Chairs. So, can we go through... so, obviously we had
23 this task force last year and we... the council came up
24 with a, a set of recommendations we thought would be
25 useful in moving this program forward so what I'm

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2 interested in hearing is a little bit more on why
3 we're not further along in really thinking about
4 districts that this program should be expanded in, so
5 can you speak to why it's taking so long for us to
6 actually move this program forward with the
7 recommendations given to you?

8 JENNIFER GRAVEL: I mean we're, we're... we
9 have been and continue to have conversations with the
10 council on, on where it's appropriate and also needs
11 some assurances that, that these are districts where
12 there's local support for it, I think that the
13 additional bulk and, and height is our, our, our... can
14 have impacts on communities and we don't... although
15 there are needs there's also... there also needs to be
16 sort of acceptance of the program so that's... [cross-
17 talk]

18 COUNCIL MEMBER RICHARDS: But if we get
19 that but there are certainly rezonings... [cross-talk]

20 JENNIFER GRAVEL: Uh-huh... [cross-talk]

21 COUNCIL MEMBER RICHARDS: ...that have
22 taken a foot... [cross-talk]

23 JENNIFER GRAVEL: Yes... [cross-talk]

24 COUNCIL MEMBER RICHARDS: ...we also passed
25 ZQA... [cross-talk]

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2 JENNIFER GRAVEL: Uh-huh... [cross-talk]

3 COUNCIL MEMBER RICHARDS: ...MIH so I'm
4 interested in hearing a little bit more about the
5 coordination between DCP, EDC... [cross-talk]

6 JENNIFER GRAVEL: Uh-huh... [cross-talk]

7 COUNCIL MEMBER RICHARDS: ...DOH on FRESH
8 because it seems to me like there's not a real
9 concerted effort to really get the program expanded
10 to the degree we need it in the city so for instance,
11 I mean a perfect opportunity and I think an
12 opportunity loss but still an opportunity was... you
13 know obviously we went through a rezoning in Downtown
14 Far Rockaway so... and we... and obviously there was
15 support for it, we passed it here, can you speak to
16 the coordination between the agencies and having
17 conversations and... for underserved communities
18 because that... this community would certainly serve as
19 the model as an underserved community.

20 JENNIFER GRAVEL: Sure, uh-huh. Whenever
21 we do land use actions typically for the land use
22 actions City Planning is the lead and, in some
23 instances, EDC is, is managing the project, is the
24 applicant on the project. We work very closely with
25 EDC on those projects and with... HPD is coming through

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2 as well, we would coordinate with them, if there are...
3 if there's interest from the local council member,
4 the local community in expanding FRESH we are always
5 open to, to working with them to see if that's
6 appropriate and makes sense and do what we need to do
7 to make that happen.

8 COUNCIL MEMBER RICHARDS: So, I hear you
9 on that but how would a community know what the FRESH
10 program is and how would local council members know,
11 I mean I knew because I chaired the zoning committee...
12 [cross-talk]

13 JENNIFER GRAVEL: Uh-huh... [cross-talk]

14 COUNCIL MEMBER RICHARDS: ...but how... I'm
15 interested in knowing how do you market, how do you
16 promote this program?

17 JENNIFER GRAVEL: It will... yeah... [cross-
18 talk]

19 COUNCIL MEMBER RICHARDS: And also, you
20 know DOH obviously comes out with their community
21 district needs every year, how does DOE... DOH... [cross-
22 talk]

23 JENNIFER GRAVEL: So, see... [cross-talk]

24 COUNCIL MEMBER RICHARDS: ...utilize that
25 information that they receive to... I'll ask the Chairs

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2 to indulge with me a few more minutes but how does..
3 I'm just interested in hearing what the coordination
4 looks like.

5 JENNIFER GRAVEL: Sure, the, the
6 marketing of the program doesn't happen out of the
7 Department of City Planning, there are other agencies
8 that are involved such as the Mayor's Office of Food
9 Policy and I believe the EDC also does some
10 marketing... [cross-talk]

11 COUNCIL MEMBER RICHARDS: Okay, I'm
12 looking for steps, so I hear that but how... what does
13 that look like, what does marketing and getting
14 information out to the public look like, do they do
15 mailers, do they... are there posters put up in places..

16 KRISHNA OMOLADE: Yeah, I can speak in
17 terms... [cross-talk]

18 COUNCIL MEMBER RICHARDS: ...a little bit
19 more... [cross-talk]

20 KRISHNA OMOLADE: ...of... right, in terms of
21 the marketing... [cross-talk]

22 COUNCIL MEMBER RICHARDS: ...meat... [cross-
23 talk]

24 KRISHNA OMOLADE: ...we, we go to events,
25 we have regular meetings both with supermarket

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2 operators and associations as well as real estate
3 developers, real estate brokers to make them... and you
4 know larger members... you know nonprofit organizations
5 to make them aware of the program with that being
6 said we definitely can do more and we would welcome
7 the opportunity to work with you... with your group
8 and, and with all the council members to think of a
9 strategy for increasing outreach, if there are any
10 projects in your district that you're aware of or
11 supermarkets that might be interested in the program
12 we definitely would love to talk to them and have
13 meetings with them, we have those meetings, you know
14 on an ongoing basis but we definitely would love to
15 work with you guys in terms of, of, you know
16 increasing the outreach of, of the program.

17 COUNCIL MEMBER RICHARDS: So, if we were...
18 just to be purely honest we're not doing the job we
19 should do so I'm just hoping that moving forward
20 after this hearing there will be definitely a little
21 bit more outreach and coordination around this
22 because I, I'm sure if I went and spoke to my super...
23 I... it's because I'm aware of the program I could
24 bring it up to supermarket owners in my district but
25 I'm pretty sure if you... if we pull the majority of

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2 the council or pull the majority of supermarket
3 owners out there they would know nothing of the
4 program. Can you speak to it... I know we've already...
5 you, you spoke of, you know obviously there being...
6 you're supportive of the possibility of NYCHA housing
7 certainly having this program, can you speak to how
8 we could move forward to ensure that there, there is
9 an opportunity for more commercial overlay thoughts
10 when it comes to NYCHA?

11 JENNIFER GRAVEL: So, there's... we have
12 already scheduled a follow up with the council on, on
13 how... on moving ahead with these conversations and I,
14 I... that should be part of it, I mean just as we would
15 expand it to other areas NYCHA should be part of that
16 conversation so I, I think certainly this is
17 something we, we should look into, there's a real... I
18 think a real opportunity here and also certainly a
19 need.

20 COUNCIL MEMBER RICHARDS: I'm not going
21 to take much more time for, for... [cross-talk]

22 CHAIRPERSON VALLONE: Last question...
23 [cross-talk]

24 COUNCIL MEMBER RICHARDS: ...questions but
25 the point I want to make is that I, I just feel like,

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you know we've... I mean some... these recommendations,
the council did a retail diversity study, we're now
going into 2018, the program has not expanded, I'm
just hoping that post this hearing we're going to
really take this issue seriously, you know there are
communities out there that have access... very little
food access and these are the common communities
where... that the largest health disparities exist,
right, poor transportation, obesity, diabetes too so,
you know as we talk about making the city a fairer
city, you know one way to do that is to ensure that
there's real coordination happening in the area of
food access because that's what... the lack of food
access is what leads people to hospitals, right and,
and, and causes a lot of underlying issues for our
communities so since I don't have another minute to
speak I'm just hoping that over the course of the
next few months hopefully a month we'll really see
some real movement on this. Thank you Chairs.

CHAIRPERSON VALLONE: Thank You Council

Member Richards and the following Council Members
just so you know where... it's going to be Koo, Torres,
Williams, Rivera, Adams, Menchaca, Reynoso and Powers

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2 so, let's start with Council Member Koo for three
3 minutes. Thank you.

4 COUNCIL MEMBER KOO: Thank you and thank
5 you Chair Moya and Chair Vallone and thank you for
6 coming to testify. You, you mentioned here in, in
7 Queens, CD4 which is, is partly my district that we
8 need more supermarkets but according to my research
9 in my area we have like 18 supermarkets already so we
10 don't need any more supermarkets and that's the point
11 I want to make because, because we are in a transit
12 hub, it's convenient and in... we are already too
13 congested, we're like... more than enough supermarkets
14 already so my point is that supermarkets is a... is a
15 very tough business, it's very... in the high volume, a
16 lot of manpower and to ability to keep perishables,
17 you know you can only keep it for a few days and I
18 have been down there, there's apples that get spoiled
19 really fast so need... you need a large... a large
20 population to support a supermarket, you, you cannot
21 just say hey we giving you incentive open one here,
22 open one there, if there's not enough population you
23 shouldn't have this, they won't survive that's why
24 like for ten years this program, right, you, you, you
25 only attracted how many, 15 open already?

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2 JENNIFER GRAVEL: 15 approved... [cross-
3 talk]

4 COUNCIL MEMBER KOO: They're all opened,
5 right... [cross-talk]

6 JENNIFER GRAVEL: ...applications... [cross-
7 talk]

8 COUNCIL MEMBER KOO: ...so, maybe you, you
9 only have one or... one or two stores open for so far?

10 JENNIFER GRAVEL: How many... so, I
11 understand the question... [cross-talk]

12 COUNCIL MEMBER KOO: Yeah, for ten years,
13 this program has been in operation for ten years...
14 [cross-talk]

15 JENNIFER GRAVEL: Uh-huh... [cross-talk]

16 COUNCIL MEMBER KOO: ...but you only have
17 like 15 or 16 supermarkets already in operation.

18 JENNIFER GRAVEL: So, there are three in
19 operation, 15 that have been approved... [cross-talk]

20 COUNCIL MEMBER KOO: Only three in
21 operation?

22 JENNIFER GRAVEL: In operation, another
23 eight under construction, this is pretty consistent
24 with... as I... as I sort of said earlier that pretty
25 consistent... [cross-talk]

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2 COUNCIL MEMBER KOO: Yeah... [cross-talk]

3 JENNIFER GRAVEL: ...with the projections,

4 we projected 15... it's a model... it was a modest

5 program like I said, an experiment and we were

6 projected 15 stores in ten years and we seem to be on

7 track, we're close to ten years, we'll be on track to

8 get there.

9 KRISHNA OMOLADE: The... [cross-talk]

10 JENNIFER GRAVEL: I think there are

11 questions of whether we could expand it more than

12 there's also the incentive program which has... which,

13 which is... has... brings in quite a few additional

14 stores as well.

15 KRISHNA OMOLADE: Right, so... [cross-talk]

16 COUNCIL MEMBER KOO: Okay, so... [cross-

17 talk]

18 KRISHNA OMOLADE: Right and it... oh, I'm

19 sorry, in addition to the, the three that have

20 opened... that are receiving zoning benefits there's

21 also 15 that are opened that have received tax

22 incentives. One of the, you know challenges in terms

23 of why there aren't more openings is that these are...

24 a lot of them are new construction projects which

25 take a long time to actually come online, usually two

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2 to three years at least so that's part of the delay
3 and we expect that in the next few years a lot of the
4 projects that have been approved that are under
5 construction now will be complete and ready to go.

6 COUNCIL MEMBER KOO: And, and another
7 point I want to make is that... has the city... does... do
8 anything in education, you know we have to tell the
9 people that eating fresh fruit is good for you, I
10 mean you... we have to start there when they're young,
11 in, in kindergarten, you know eat bananas, apples is
12 good for you, don't eat potato chips, don't drink
13 soda those things, you know we start young otherwise
14 we just... once they get a habit it's very hard to
15 change a habit when they like sugar stuff, you know
16 those... I mean that approach is more important in, in
17 terms of like cutting down on obesity and diabetes
18 all this other stuff, you know educate the young
19 while they're in kindergarten, no. Thank you.

20 KRISHNA OMOLADE: Thank you.

21 CHAIRPERSON VALLONE: Thank you Council
22 Member Koo and now I want to... one... before we turn it
23 over to Council Member I want to recognize Council
24 Member Cornegy who has joined us today, thank you and
25 welcome, Council Member Torres.

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COUNCIL MEMBER TORRES: Thank you Mr.

3

Chair. I just want to share an experience in my own

4

district, I represent Fordham Road which is the

5

largest commercial district in the Bronx one of the

6

largest in the city and under the FRESH program EDC

7

made a decision to grant subsidies to Western Beef to

8

locate itself in Fordham Road and, and it seems to me

9

a business like Western Beef could operate

10

successfully in a heavily trafficked commercial

11

district like Fordham Road so, do, do you... do you

12

know for sure that you're subsidizing businesses that

13

could not succeed in the absence of the subsidy

14

especially in a heavily trafficked commercial

15

district like Fordham Road?

16

KRISHNA OMOLADE: Yes, we're confident

17

that, that our incentives are necessary for these

18

projects to take place. As part of our due diligence

19

for any project we look at their financials, we look

20

at their projected financials and basically look at

21

how viable the project would be both with and without

22

incentives and for all of our projects including that

23

one the determination was made that it... that

24

incentives were necessary to make sure that the

25

supermarket was viable. In addition, by viable the

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2 goal is to make sure that supermarkets are able to
3 succeed by being affordable and without necessarily
4 needing to increase prices, so I think that that's
5 another thing that we look at is making sure that
6 supermarkets based on their existing model and being
7 able to serve the residents of that area that they're
8 able to be successful through our incentives so...

9 [cross-talk]

10 COUNCIL MEMBER TORRES: Do, do you... do
11 you keep track of whether a large supermarket like
12 Western Beef has the effect of displacing mom and pop
13 supermarkets in the neighborhood, is that something
14 that you track?

15 KRISHNA OMOLADE: We, we have... we, you
16 know keep track of the number of supermarkets that
17 are in a particular area, we can, you know... [cross-
18 talk]

19 COUNCIL MEMBER TORRES: Do you track
20 displacement specifically?

21 KRISHNA OMOLADE: We do not track
22 displacement... [cross-talk]

23 COUNCIL MEMBER TORRES: Okay... [cross-
24 talk]

25

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2 KRISHNA OMOLADE: ...specifically and our...
3 but with that being said we do have a... what we call
4 sort of a census and a, a map that has the number of
5 supermarkets in a particular area... [cross-talk]

6 COUNCIL MEMBER TORRES: Because if we
7 were subsidizing businesses that were then displacing
8 mom and pop supermarkets that would seem to defeat
9 the purpose of the program.

10 KRISHNA OMOLADE: Right and... but yeah,
11 so... [cross-talk]

12 COUNCIL MEMBER TORRES: So, it seems like
13 it's... it seems worthwhile to track whether we're
14 displacing existing businesses. Now you said there
15 was an increase in the square footage but does the
16 increase in the square footage necessarily mean that
17 there's a net improvement in access or it could mean
18 there was a displacement of small businesses in favor
19 of big businesses?

20 KRISHNA OMOLADE: That is not the case,
21 so we, we provide incentives for a range of
22 supermarkets and one of the things that we changed is
23 by reducing the minimum square footage to 5,000
24 square feet the goals is to capture a lot of smaller
25 stores who, you know have a huge impact in, in

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2 increasing food access in areas but... so, yes, the
3 overall goal is to increase square footage but we do
4 that both through supporting smaller stores as well
5 as larger stores, we don't have a sort of a, a
6 preference in terms of the size of the store.

7 COUNCIL MEMBER TORRES: And just one
8 quick question, what are... what are the number of
9 supermarkets because obviously NYCHA has an info
10 program, a development program, we know that there,
11 there's an epidemic of food deserts on NYCHA
12 campuses, what are the number of supermarkets that
13 you've sited in... on NYCHA facilities?

14 KRISHNA OMOLADE: So, at least in the...
15 through the IDA I'm not aware of any projects that
16 are directly on NYCHA property, there are some
17 projects that are adjacent to NYCHA developments and
18 we can follow up with... [cross-talk]

19 COUNCIL MEMBER TORRES: Are there plans
20 to site supermarkets on NYCHA properties, is there
21 active coordination with H, HPD and NYCHA?

22 JENNIFER GRAVEL: It... one of the
23 recommendations that has come out of the city council
24 in which we believe is worth evaluating is whether we
25 should be exploring whether we should be allow...

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2 creating zoning to allow for supermarkets on NYCHA
3 campuses, the challenge now is that... [cross-talk]

4 COUNCIL MEMBER TORRES: With respect, I
5 mean my... much as a love the city council... [cross-
6 talk]

7 JENNIFER GRAVEL: Yeah... [cross-talk]

8 COUNCIL MEMBER TORRES: ...we knew that
9 there were food deserts in NYCHA before the
10 recommendations of the city council, we're in year
11 five of the info program and it seems like there's no
12 active coordination between EDC and NYCHA on how to
13 bring supermarkets to NYCHA.

14 JENNIFER GRAVEL: So, if there's interest
15 and support in, in advancing the, the additional
16 actions that would be necessary to encourage more
17 supermarkets on NYCHA campuses we're, you know happy
18 to look into that, we think it... there's a real
19 opportunity there, we'd want to work with NYCHA and
20 local communities to make sure it makes sense. We
21 have seen one project that... in Queens near Astoria
22 Houses that, that did take advantage of the zoning
23 incentives and is under construction right now, we...
24 that was at... the... that area was added as part of a
25 rezoning for the... specifically for that purpose so we

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2 will also continue to see if there are other
3 opportunities where we can increase access to fresh
4 food for these populations.

5 COUNCIL MEMBER TORRES: I'm over my time,
6 thank you Mr. Chair.

7 CHAIRPERSON VALLONE: Thank you Council
8 Member, I now turn it over to Council Member
9 Williams.

10 COUNCIL MEMBER WILLIAMS: Thank you Mr.
11 Chair, thank you for your testimony. I'm going to try
12 to get through this quickly and I apologize I'm sure
13 you may have said some of this in your testimony
14 already but what's the rational again for different...
15 having three different zones, why can't some places
16 have... why doesn't everybody just have the zoning and,
17 and the money, what's, what's the, the rational for
18 the two different ones?

19 JENNIFER GRAVEL: I'm sorry, can you
20 repeat the question?

21 COUNCIL MEMBER WILLIAMS: The rational
22 for having... so, I have a map that breaks up my
23 district I guess in zoning only incentives, zoning
24 and taxes and money only, why, why is... the rational
25 for those?

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JENNIFER GRAVEL: So, the, the current

3

program was adopted in 2009, it was a... based on an

4

index, a supermarket needs index that identified

5

those locations where there was both a shortage of

6

supermarkets and a high incidence of, of diet, diet

7

related disease so it's... it was a combination of, you

8

know whether these are geographies that had... where

9

there was a need but also whether they were

10

communities that were supportive of the additional

11

zoning changes that... whether they were... whether

12

communities that they were willing to make the

13

tradeoff of more density, less parking and more

14

height in exchange for the, the opportunity to have

15

more FRESH food stores.

16

COUNCIL MEMBER WILLIAMS: So, the zoning

17

incentives are based on what the zoning currently is?

18

JENNIFER GRAVEL: It's, it's based on...

19

there are, are maps in the zoning resolution that

20

identifies areas where the programs... [cross-talk]

21

COUNCIL MEMBER WILLIAMS: What, what...

22

which zoning resolution, I'm sorry?

23

JENNIFER GRAVEL: The, the New York City

24

zoning resolution.

25

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2 COUNCIL MEMBER WILLIAMS: The new one or
3 the one we did before?

4 JENNIFER GRAVEL: The existing zoning
5 one.

6 COUNCIL MEMBER WILLIAMS: So, this is
7 looking at the existing zoning of my district and..
8 [cross-talk]

9 JENNIFER GRAVEL: Uh-huh... [cross-talk]

10 COUNCIL MEMBER WILLIAMS: ...based on the
11 existing zoning there are some places that can
12 sustain additional extra zoning and some places that
13 can't?

14 JENNIFER GRAVEL: There are districts..
15 there are locations within your district where there
16 are properties are eligible for the zoning incentives
17 to encourage a grocery store... [cross-talk]

18 COUNCIL MEMBER WILLIAMS: Because of the
19 zoning that exists?

20 JENNIFER GRAVEL: Yes.

21 COUNCIL MEMBER WILLIAMS: Okay, thank you
22 because there's, there's areas that say zoning only
23 that we're actually trying to get a supermarket now
24 but it... they should have... so, so, what about the
25

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2 places that have... do have zoning like this area why
3 wouldn't they have the money overlay also?

4 KRISHNA OMOLADE: So, yeah, I can speak
5 to that so, it basically has to do with the state law
6 that governs the IDA and where the IDA can provide
7 tax incentives basically according to that law the
8 areas have to be... meet a definition of being highly
9 distressed which means that they have a poverty rate
10 above 20 percent and an unemployment rate that's 25
11 percent more than... [cross-talk]

12 COUNCIL MEMBER WILLIAMS: What's an area...
13 [cross-talk]

14 KRISHNA OMOLADE: ...the state average.

15 COUNCIL MEMBER WILLIAMS: What's, what's
16 the area, what's the... [cross-talk]

17 KRISHNA OMOLADE: It's by census tracked.

18 COUNCIL MEMBER WILLIAMS: By census
19 track?

20 KRISHNA OMOLADE: Right, yes. So, so
21 basically in order to be eligible for the incentives
22 it has to meet both of those.

23 COUNCIL MEMBER WILLIAMS: So... because
24 this one is Glenwood Houses and I would assume that
25 the zoning would allow some additional in Glenwood

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2 Houses, but it just says money only so why, why would
3 that not have both overlays?

4 JENNIFER GRAVEL: It's just if the, the
5 current... the current... [cross-talk]

6 COUNCIL MEMBER WILLIAMS: Nature... [cross-
7 talk]

8 JENNIFER GRAVEL: ...where the, the, the
9 zoning is currently.. where the incentive is currently
10 applicable are those locations where the.. that were
11 adopted as part of the program in 2009, we.. now that
12 we're ten years in... or close to ten years in we are
13 at a point where we want to sort of evaluate whether
14 there are, are areas where it makes sense to expand
15 it so I think it's a conversation that we are
16 intending to continue with the council.

17 COUNCIL MEMBER WILLIAMS: Alright, thank
18 you. I, I would say yes, absolutely. Two things, I, I
19 heard you mention the groups that you speak to I
20 didn't hear community boards and so I'm not sure if
21 you go to community boards and have these
22 conversations to try to spread this information and
23 secondly when I was listening to the communications
24 of agencies it seems to me that someone can be
25 working with DOB to see what kind of applicants are

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2 being... all the kind of applications are being put in...
3 put in because I'm not sure how the owners I'm
4 working with in certain areas would know that these
5 incentives exist or how supermarkets would know that
6 these incentives exist at this current time. It
7 seems... it seems like no connective tissue at all, it
8 seems to be a program up in the air if you happen to
9 know about it, it's great but... so, those are just a
10 couple of ideas I, I want it to work out because I'm
11 actually trying to get supermarkets in a couple of
12 places now and if I didn't have this information I
13 wouldn't be able to provide it to them, thank you.

14 CHAIRPERSON VALLONE: Thank you, now I
15 want to turn it over to Councilwoman Rivera.

16 COUNCIL MEMBER RIVERA: Thank you Chair
17 Vallone and Chair Moya for your leadership on this. I
18 want to ask about... so, and again thank you for
19 mentioning some of the Manhattan portions that we're
20 hoping to get supermarkets in, many people think, you
21 know my district, the Lower East Side up to Murray
22 Hill clearly districts of, of wealth and money but as
23 we get lower into the lower East side and Council
24 Member Chin's district there are pockets of poverty
25 there and thousand... tens of thousands of units of

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2 public housing and so one, one supermarket in
3 particular that was there that was turned... that was
4 torn down was on Pike Slip and Cherry Street and it
5 was the Pathmark and when Extell who we're counting
6 on and everyone here should know Extell because
7 they're the poor door people, is they are saying
8 they're going to bring in a supermarket back to that
9 space for the community, our worry is and what my
10 questions are to you is how do we ensure that the
11 supermarkets that do come back to the community or
12 are constructed in the community are actually
13 affordable and in terms of the living wages and the
14 jobs that are provided there how do we make sure that
15 the people that are working in these supermarkets
16 have a living wage and they're not excluded from
17 these types of standards that are important in
18 specifically these transit and food deserts where
19 there are low income communities.

20 JENNIFER GRAVEL: Regarding the, the, the
21 intent of the, the... of the FRESH program is really to
22 in, increase the number of supermarkets in the
23 neighborhood, it, it doesn't sort of address the, the
24 cost of the, the food sold in the neighborhood but
25 the, the... by increasing the number of stores we are

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increasing the options that are available, many of the districts in Manhattan are not currently eligible for the program but I think moving forward and some of the recommendations that we're hearing we can explore whether it makes sense for instance to do it on or near NYCHA campuses is something that, that's been proposed which we think is an opportunity worth looking into as well as other districts that, that meet the supermarket needs index and where there's actually a demonstrated need.

COUNCIL MEMBER RIVERA: I... you know my

mother, a single mom raised me and my sister, we were so dependent on that Pathmark because of the price points, if you went and you had put a Whole Foods there when my mother was trying to raise two girls in the 90's on a, you know civil servant's salary is is... it is not sustainable and so I, I realize that you're looking to place these brick and mortar facilities there but if we're not looking at how low income these communities are and, and when you look at 25 percent unemployment as one of your own criteria but you're not looking at bringing living wages into the area I really ask you to reconsider your whole

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2 formula and to really revise this plan of course in
3 conjunction with the city council.

4 KRISHNA OMOLADE: So, on the living wage
5 point and as well as the affordability point, so in
6 terms of living wage every project that submits an
7 application has to... has to provide detailed
8 information in terms of what they pay their
9 employees, they also have to provide payroll data
10 that we use to verify that they are paying at least
11 15 dollars... or at least the minimum wage which will
12 end up being 15 dollars an hour which is above living
13 wage so basically as part of vetting process we can...
14 we, you know place a great amount of importance on
15 making sure that, that supermarkets are paying their
16 employees what they are supposed to be paying them
17 and we also ask for information about benefits that
18 they are providing to employees, you know such as
19 health care and contributions for retirement plan so...
20 although it's primarily a food access program we
21 place a lot of importance on the employment part of
22 it that you have mentioned that, that is something
23 that we take very seriously.

24 CHAIRPERSON VALLONE: Thank you, I now
25 want to turn it over to Chair Adams.

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COUNCIL MEMBER ADAMS: Thank you very

3

much Chair Moya, thank you so much for your testimony

4

today. I represent portions of Southeast Queens and

5

unfortunately in April there was an article that came

6

out in our local publications authored by Public

7

Health Solutions and it labeled parts of Queens;

8

Jackson Heights, Corona and Jamaica as food swamps, I

9

keep hearing the expression food deserts but food

10

swamps and as you well know those are areas where

11

fast food chains pretty much dominate the area and

12

saturate low-income areas. So, my concern like the

13

concern of so many of colleagues particularly Council

14

Members Williams and Richards who mentioned marketing

15

and marketing strategy, it... and, and Council Member

16

Richards mentioned your, your outreach to entities

17

like the community board, I'm a Chair of... a former

18

chair of community board 12 in Queens and regularly

19

community boards welcome you and, and everybody like

20

you to bring in things that are so, so, so very, very

21

desperately needed in communities of need where we

22

have asked time after time for fresh food to be

23

brought into our communities and yet we get labeled

24

in our communities derogatory terms like food swamps

25

and we all know who lives in swamps but I won't go

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2 there today. My, my, my question is in your testimony
3 you referenced applicable shopping districts,
4 districts and you reference... you did reference
5 portions of my community board or one of them,
6 community district 12, do you actually have partners
7 within the district, downtown Jamaica and specific
8 plans with specific entities and a specific location
9 for any projects in Queens in downtown Jamaica at
10 this point?

11 JENNIFER GRAVEL: Do you want to speak
12 to...

13 KRISHNA OMOLADE: In terms of ED... the
14 incentives provided, the financial incentives we
15 don't necessarily have any projects in the pipeline
16 that are in Jamaica, with that being said we welcome
17 the opportunity to talk to the community board, to
18 talk to any developers and any organizations in your
19 district to increase awareness about the FRESH
20 program.

21 COUNCIL MEMBER ADAMS: Okay, so that,
22 that brings me to a little bit of confusion, when you
23 have located areas what is your outreach, what, what
24 are... what do you do proactively to make this happen,
25 to make portions of this testimony a reality when you

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2 know that there are applicable spaces available in
3 selected neighborhoods what do you do proactively to
4 make your vision a reality?

5 JENNIFER GRAVEL: So, the, the zoning
6 program is, is, is only... is one tool in a broader
7 strategy to address sort of food related concerns and
8 to improve access to food in neighborhoods, in
9 communities in this city, we work closely... there are
10 other partners in the city, the Mayor's Office of
11 Food Policy and the Department of Health that have a
12 number of strategies to go out to communities and
13 inform them of, of programs that are available to
14 address these concerns. The, the zoning program I
15 think gets a lot of attention and it's, it's, it's a
16 popular one but it's a modest one, it's really part
17 of a broader strategy and we, we're certainly happy
18 to, to work closely with, with communities as they
19 can bring... as they are aware of, of projects that can
20 come through and hoping to work with the council to
21 think of ideas to, to publicize the program that does
22 seem to, to be successful and, and we're hoping could
23 be more broadly used.

24 COUNCIL MEMBER ADAMS: Okay, thank you
25 very much I just have to echo sentiments again of my

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2

colleagues, this seems like a program that has so, so

3

much potential that's just really just dangling in

4

limbo for a lot of us and a lot of our communities

5

that have been disenfranchised for so long and I

6

really hope that there is something that we can do

7

collectively with you as partners to actually make a

8

lot of this become such a much needed reality for the

9

city of New York, thank you very much.

10

JENNIFER GRAVEL: Thank you.

11

CHAIRPERSON VALLONE: Thank you Chair

12

Adams, I want to turn it over to Council Member

13

Reynoso.

14

COUNCIL MEMBER REYNOSO: Thank you Chair,

15

welcome and thank you for your testimony and thank

16

you for this hearing. The FRESH program, so Council

17

Member Adams just talked about how unfortunate it is

18

that in her community we don't have more of the FRESH

19

opportunities I guess, and I think it... a lot of it

20

has to do with the application process itself and I

21

want to... I want you to go through with me what I'm

22

hearing is a cumbersome application process, in some

23

cases supermarkets that are familiar with these

24

poorer communities that are smaller not chain owned

25

for example, have a hard time having to fill out this

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2 application or need resources related to accountants
3 at times, lawyers at times, why would we make a
4 program that, that promotes fresh food and it's
5 FRESH, why make it so difficult, why not figure out a
6 way to make this process as easy as possible for
7 supermarkets to take advantage of instead of making
8 it onerous and, and disincentivize them from actually
9 wanting to join?

10 JENNIFER GRAVEL: Yeah, so thank, thank
11 you for the question, it... there's a balance between
12 making the program easy to use and, and to have it be
13 broadly applicable and sharing that the program
14 actually delivers what it's intended to deliver. As...
15 I can speak to the zoning incentives which
16 communities... this provides pretty generous zoning
17 benefits in terms of more floor area, taller
18 buildings, less parking and if we don't have some
19 sort of approvals in place and some assurance that
20 the, the, the projects that get developed are
21 actually going to provide a supermarket and a
22 supermarket that can be viable in the long term that,
23 that we're really doing a disservice and we're
24 providing a back door to really get around the zoning
25 resolution. The process that we have.. unfortunately

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2 once you come to City Planning there is a... sort of a,
3 a cost of entry but the process that we do have is,
4 is, is among our more simple processes if, if the
5 project meets the requirements, we have... it has to be
6 approved but we understand... [cross-talk]

7 COUNCIL MEMBER REYNOSO: And so, I'm...
8 [cross-talk]

9 JENNIFER GRAVEL: ...that this is... this is
10 challenging for, for... can be a challenge and we're...
11 would, would love to work with you to figure out ways
12 to make this... [cross-talk]

13 COUNCIL MEMBER REYNOSO: Yeah... [cross-
14 talk]

15 JENNIFER GRAVEL: ...easier... [cross-talk]

16 COUNCIL MEMBER REYNOSO: ...just make the
17 applications... [cross-talk]

18 JENNIFER GRAVEL: Yeah... [cross-talk]

19 COUNCIL MEMBER REYNOSO: ...simpler, I'll
20 tell you that very straightforward, make it simpler
21 for supermarkets so they can be incentivized to take
22 advantage of it and provide fresh food to food
23 deserts in our city, very simple and it seems like
24 when I talk to you about supermarkets you talk to me
25 about developers, I have a, a strange feeling that

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2 could possibly be true that maybe the developers are
3 the ones getting all the benefits from what's
4 happening here or from, you know taxes... related to
5 taxes and related to FAR and maybe those benefits are
6 not translating to the supermarket owners. Can you
7 tell me the difference between the benefits that a
8 developer gets versus the developer that a
9 supermarket gets and, and also a second part to that
10 because I'm running out of time is if a supermarket
11 can no longer be in that space because the rent is
12 too high for example do we reinstate parking
13 requirements, do we take away the FAR, do we take
14 away their taxes because you say you don't want them
15 to go through a back door channel but what
16 protections are there for the supermarkets, what
17 resources are there for the supermarkets, what taxes
18 are you giving like I want to know what... the
19 resources that the supermarket gets so they could
20 stay there because in a lot of our communities
21 they're being priced out and it seems like you guys
22 are taking care of the developers and are leaving the
23 supermarkets to dry.

24 JENNIFER GRAVEL: So, the, the, the
25 program is two pronged so that the zoning incentives

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2 are really about redevelopment; so when sites get
3 redevelopment how do we encourage that project to
4 have a grocery store in there and how to keep it a
5 grocery store over the long term so it, it is sort of
6 by definition a program that is tied to development,
7 the incentive program which I can allow Krishan to
8 speak to is, is not and intended to... they're intended
9 to be complimentary programs that, that we don't
10 have... it's not only about new development but to your
11 question about how do we... how do you make sure that
12 that supermarket can stay there in the long term,
13 once the, the space is built it can only be rented to
14 a qualifying supermarket so it has to have... they have
15 to provide a line of food products, of fresh food
16 products that, that... to serve as a resource for the
17 community.

18 COUNCIL MEMBER REYNOSO: Or they lose
19 their... they lose their tax break?

20 KRISHNA OMOLADE: So... [cross-talk]

21 JENNIFER GRAVEL: So, you can speak to
22 the tax break.

23 KRISHNA OMOLADE: For the tax breaks,
24 yes... so, if a supermarket is no longer operational
25 they would be... we would A, terminate the tax benefits

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2 and they would also potentially be subject to
3 recapture to basically repay the benefits that they
4 received so the benefits have to... and also to your
5 earlier point, the tax incentives directly go to
6 supermarkets so if the supermarket is no longer there
7 we, you know just end, end the benefit period and or
8 as I said recapture benefits.

9 CHAIRPERSON VALLONE: We, we got to... we
10 got to go, thank you... thank you Council... [cross-talk]

11 COUNCIL MEMBER REYNOSO: Very... I'm very
12 concerned... [cross-talk]

13 CHAIRPERSON VALLONE: Member... [cross-
14 talk]

15 COUNCIL MEMBER REYNOSO: ...about this
16 program Chair.

17 CHAIRPERSON VALLONE: Thank you. Now we
18 move it over to Council Member Powers.

19 COUNCIL MEMBER POWERS: Thank you, thank
20 you. just a... just a follow up question to the Council
21 Member, they would still keep their density though,
22 right, they'd still keep their high density even if
23 they ended the... ended the... got rid of the
24 supermarket?

25

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2 JENNIFER GRAVEL: Yeah, I mean this is
3 why we are... why we have the process that we have
4 because once the building is built it's, it's hard
5 to... [cross-talk]

6 COUNCIL MEMBER POWERS: Unbuild it..
7 [cross-talk]

8 JENNIFER GRAVEL: You can't undo... [cross-
9 talk]

10 COUNCIL MEMBER POWERS: Yeah... [cross-
11 talk]

12 JENNIFER GRAVEL: ...it, I mean... and you..
13 it's... you... it's impractical in most cases to add the
14 parking. If, if... but it does happen that sometimes
15 over the long term a store might not be viable, there
16 may not be a market for the store in the
17 neighborhood. To rent that... there is a process to
18 come back to the Department of City Planning to say
19 that you've made a good faith effort to market that
20 space to a qualifying supermarket and you just can't
21 find a tenant, it's a relief valve but we take it
22 very seriously, you can't just release that space
23 without first coming back to the Department of City
24 Planning.

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2 COUNCIL MEMBER POWERS: Got you and the,
3 the... so, you know I, I look at that process and some,
4 some point maybe talk to you guys about it just to
5 ensure that we're not adding the density and then,
6 you know let... not letting people walk away from a
7 project that, you know is supposed to have a
8 supermarket. The... to follow up on Council Member
9 Rivera's question around the wage requirements,
10 utilizing the FRESH program just, just give me a
11 short answer, there are no wage requirements outside
12 of minimum wage?

13 JENNIFER GRAVEL: Do you want to speak to
14 that... yes... [cross-talk]

15 KRISHNA OMOLADE: That's, that's
16 correct.

17 COUNCIL MEMBER POWERS: Got you and... but
18 if they... the benefit will never be over a million
19 dollars I assume but if they do get a million dollars
20 under the current city law they would be required to
21 pay a living wage?

22 KRISHNA OMOLADE: For, for projects... you,
23 you mean for projects that are receiving more than a
24 million dollars... [cross-talk]

25 COUNCIL MEMBER POWERS: Yes... [cross-talk]

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2 KRISHNA OMOLADE: ...that they would be...
3 [cross-talk]

4 COUNCIL MEMBER POWERS: ...in excess of,
5 yeah... [cross-talk]

6 KRISHNA OMOLADE: ...subject... yeah, if
7 they... if it's covered within the executive order they
8 would have to pay the living wage.

9 COUNCIL MEMBER POWERS: And how many are
10 doing that right now, are any in, in excess?

11 KRISHNA OMOLADE: Well all projects have
12 to pay at, at least living wage and, and most of the...
13 we can get back in more detail... but most of the
14 projects in terms of average wages are well above
15 that.

16 COUNCIL MEMBER POWERS: Okay and, and
17 then the... one of the questions is how many projects
18 have opted out of FRESH because they can't... they're
19 economically viable to date?

20 JENNIFER GRAVEL: We have received no
21 applications for, for sites where they want to opt
22 out of the program.

23 COUNCIL MEMBER POWERS: Okay, thanks and
24 the... and so just following up with a point that I
25 know were made earlier in, in Manhattan where I am on

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2 the... on the East side, on the West side in the
3 Speakers district as well and I know in Northern
4 Manhattan at least two sites, one in Council Member
5 Ayala's district and one in Council Member Levine's,
6 I think Levine's district retention has been the
7 issue really as not even... not even just taking the,
8 the... you know the, the, the retention of the site
9 there but also, you know occasionally a... you know
10 just a different usage that is, you know a chain
11 store or something like that, do we have strategies
12 right now in terms of retention of supermarkets
13 certainly looking at the FRESH program about whether
14 it can serve the purpose of supermarket retention as
15 well serving this similar purpose of access to food
16 and then similarly are those strategies that we have
17 around supermarket retention?

18

JENNIFER GRAVEL: There's notes as a
19 program through zoning but the... there may be programs
20 through some of our partner agencies that I, I
21 unfortunately can't speak to, but I can certainly ask
22 them and... [cross-talk]

23

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COUNCIL MEMBER POWERS: Has there been
any thought about using FRESH to do retention,
expanding it for even discretionary retention meaning

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2 they... not, not a set criterion but, you know you guys
3 evaluating the viability of and or the need for
4 retention?

5 JENNIFER GRAVEL: I mean the, the, the
6 zoning program generally happens with new
7 development... [cross-talk]

8 COUNCIL MEMBER POWERS: New development,
9 right, correct... [cross-talk]

10 JENNIFER GRAVEL: ...but I mean certainly
11 Krishna can speak... [cross-talk]

12 COUNCIL MEMBER POWERS: Tax incentives...
13 [cross-talk]

14 JENNIFER GRAVEL: ...to that of the
15 incentive program... [cross-talk]

16 KRISHNA OMOLADE: In terms of the tax
17 incentives for projects that are in areas that are
18 highly distressed areas we can provide and have
19 provided incentives for projects, for existing
20 supermarkets to make improvements to their store to
21 make the... to improve layout or buy new equipment to
22 make the stores more competitive and continue to be
23 financially viable.

24 COUNCIL MEMBER POWERS: Got you and my
25 last question because I know... I know my Chairs will

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2 be here for a while, the, the, the FRESH program as
3 constituted today what... sorry, remind me what year it
4 started in? 2009... [cross-talk]

5 JENNIFER GRAVEL: The zoning text was
6 adopted in December 2009.

7 COUNCIL MEMBER POWERS: Okay, '09, so
8 there's probably no supermarket that's taking
9 advantage of the benefit today or developer really
10 taking advantage of the benefit would be in a
11 situation where they are outside of the... they're... the
12 initial lease probably still governs any, any
13 supermarket that's there because we're... if it's a ten
14 year lease we're not at year ten yet unless it's a
15 short term lease so, so presumably there will be some
16 that will come to you after the... at the end of the
17 lease or when there's a lease renewal and will say
18 it's not economically viable for us or you know they,
19 they, they will charge a much higher rent than, than,
20 than the market will allow in this specific location
21 so what are we doing to safeguard that scenario
22 because none have come out yet but I realize that the
23 leases are governing them right now and the... once the
24 lease is up we may run into a number that will opt

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2 out of program and have taken advantage of the
3 benefit like new density, you know...

4 JENNIFER GRAVEL: So, so lease
5 extermination is not a valid reason to opt out of the
6 program, you have to... if, if you... if a tenant decides
7 to leave voluntarily or involuntarily because of the
8 expiration of a lease that they... that property owner
9 must occupy that space with another qualifying store.
10 In the event that... unlike... we think it rather
11 unlikely event but certainly not without the
12 possibility that they can't find a store they would
13 have to demonstrate to us that they've made a good
14 faith effort to market that store to a potential
15 tenant and we believe that there's... the demand is
16 there, I mean we're hearing a lot today about the
17 need and we agree that the need is still there so,
18 you know this is... this is why it... I said this is an
19 experiment, we... it was a modest... our expectations
20 were modest, there's a desire to see it expand but
21 for these reasons, you know we have to sort of think
22 about where is it appropriate and when is it
23 appropriate and to, to balance all of these things so
24 that... so that, that we aren't trading off bulk and
25 density and, and parking in exchange for a program

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2 that doesn't work but we, we're optimist that it can
3 work and work in more places.

4 COUNCIL MEMBER POWERS: Thank you,
5 thanks.

6 COUNCIL MEMBER MOYA: Thank, thank, thank
7 you Council Member and I want to thank the panel for
8 coming in to testify today, thank you very much and
9 we are now going to be moving on to the next panel
10 and I'll turn it over to Chair Vallone.

11 CHAIRPERSON VALLONE: Yes, and thank you
12 to the panel for the many questions and you can see
13 the desire for the re-looking the approach... project
14 itself in financial and land use so we thank both of
15 you. So, now we have four panels in 56 minutes, so we
16 are going to have to keep this to three minutes
17 without embellishing otherwise we'll have some people
18 who won't be able to testify. So, the first from the
19 National Supermarket Association; Nelson Eusebio;
20 from ASG Associated Supermarket, Michelle Mendoza;
21 Food Industry Alliance, Joe Peltz; Jay Peltz, sorry
22 and from Western Beef, Danielle Aristy.

23 [off mic dialogue]

24 CHAIRPERSON VALLONE: We thank you all
25 for coming today, we really want to hear from your

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2 side. The council members have all expressed the
3 interest to hear on your version of what's... how we
4 can make this better and expand it. Maybe... whoever
5 would like to begin just to identify yourself.

6 DANIELLE ARTISY: Good morning... [cross-
7 talk]

8 CHAIRPERSON VALLONE: Just make sure your
9 microphone is on there, right in front, the red
10 light.

11 DANIELLE ARTISY: Thank you very much.
12 Good morning all, thank you all for this hearing
13 especially to the Chairs, Mr. Vallone and Moya.
14 Congratulations to both of you on your family's
15 academic achievements today..

16 CHAIRPERSON VALLONE: Thank you...

17 DANIELLE ARTISY: My name is Danielle
18 Aristy and I am with Western Beef and I'm here to
19 share Western Beef's experience with New York City's
20 FRESH program. First, I'd like to provide you with
21 some background information on who Western Beef is.
22 Western Beef is a national grocery store chain
23 founded in 1968 and headquartered in Queens. Across
24 the five boroughs, we employ approximately 2,000
25 people and have 19 stores. Some might say that before

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2 there was FRESH, there was Western Beef. Western Beef
3 was... has been opening locations in underserved areas
4 and food deserts before anyone else was investing
5 there. Western Beef is proud to be a mission driven
6 company that strives to provide healthy, affordable
7 food for the people in low income communities who
8 need it most. Last year, more than a quarter of our
9 transactions occurred with federally funded
10 assistance through EBT. To serve our customers best,
11 our average pricing is six, six percent lower than
12 our competitors; this spring our eggs, bread and
13 chicken were a dollar cheaper per unit.

14 CHAIRPERSON VALLONE: Great...

15 DANIELLE ARTISY: For many of our
16 customers who are living on a median annual income of
17 45,000 for a family of four, every dollar saved
18 counts. 17 of our 19 New York City stores are located
19 in FRESH zones, but not all of these locations
20 utilize program benefits and I will tell you why; the
21 FRESH program restrictions, application processes and
22 red tape often mean that the costs of opting in
23 outweigh the program benefits. We believe strongly in
24 the FRESH program and think it was a trailblazer in
25 its first iteration. But since it was created, the

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companies who use FRESH including Western Beef have evolved. The city has evolved too. We hope that one day all Western Beef locations can utilize FRESH zone benefits and we are excited that the council is exploring enhancements to the program. We are currently pursuing two new locations in the Bronx, where the addition of FRESH zoning benefits would help us to help the neighborhoods of Marble Hill and Pelham Parkway. When programs like FRESH create a better business environment for our operations it is not only our customers who benefit, but our employees as well. Western Beef is proud to pay all store employees a living wage. Starting at minimum wage, employees receive a quarterly evaluation and are eligible for a 50 cent raise each quarter. This can add up to between 1,000 and 9,000 extra per year after a couple of years at the store. To be clear; FRESH and other city incentives critically enable us to pay these wages and keep good, middle class jobs in the five boroughs. We would welcome an opportunity to further discuss our experience with the FRESH program and illuminate several key areas where a streamlined program could produce better results for the companies that use it and for the New Yorkers

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2 they ultimately serve. Thank you again for your time
3 and attention today.

4 CHAIRPERSON VALLONE: Danielle that one
5 sentence was very telling where you have program
6 restrictions, application processes and red tape
7 often mean the cost of opting in outweigh the program
8 benefits...

9 DANIELLE ARTISY: Yes... [cross-talk]

10 CHAIRPERSON VALLONE: ...and that's what
11 we're trying to address.

12 DANIELLE ARTISY: Okay, we appreciate
13 that.

14 CHAIRPERSON VALLONE: Please, whoever.
15 [off mic dialogue]

16 NELSON EUSEBIO: Hello. Good afternoon,
17 thank you to the Council Members Francisco Moya and
18 Council Member Peter Vallone and the rest of the
19 council here this afternoon. Thank you for convening
20 this public hearing. My name is Nelson Eusebio, I'm
21 the Director of Government Relations for the National
22 Supermarket Association, the NSA. The NSA is a trade
23 association that represents the interest of
24 independent supermarket owners in New York and other
25 urban, urban areas throughout the East Coast, Mid-

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Atlantic region and Florida. In the five boroughs alone, we represent 400 supermarkets that employ over 15,000 New Yorkers. Today I'm here to testify about the current structure and impact of FRESH on NSA members. In the past and continuing to today, the New York City Economic Development Council, EDC, has been an influential and important partner for small businesses of all industries in New York City. All of NSA believes the FRESH program is an incredible step forward to expand economic opportunities for New York supermarkets. The program already has made a significant impact on some supermarkets across the city. However, while the FRESH program is an important initiative, our members have encountered many issues that come from the fundamental structure of the program which we find make it hard for smaller scale supermarkets to comply. EDC and NSA have long maintained a strong relationship to their credit, they have productively reached out to learn more about our members and ways we can better utilize the program. However, we continue to revisit this conversation, it occurred to us that the program itself needs revamping. FRESH applications... FRESH applications are cumbersome, complex and time

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consuming for small supermarket owners. For those that both own and operate their own stores, little time can be put aside to fill out lengthy and extensive paperwork. Not to mention, some aspects of the application require a lawyer and an accountant. Ultimately, the application process proven to be over bearing for many supermarkets looking to expand and grow. Most of the current beneficiaries form the FRESH program are large scale supermarket chains with 20... 10 to 20 stores under their control, their corporate structures allow them to easily navigate complex application process. NSA members typically own and run their own stores without corporate organization and resources, it makes it virtually impossible for small business owners to apply for FRESH. Even so, the structure of this program leans more heavily on benefits for the developers. For instance, increasing floor area and property tax abatement are two key component initiatives. FAR and property tax abatement lean more heavily in favor of developers, while sales tax savings are minor in comparison, comparison. We have some ideas as to how EDC can incentive supermarket owners and therefor increase participation in the program. For example,

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2 we think the possibility of rent stabilization or a
3 cap on how much rent could be increased are two
4 options that could be utilized by FRESH to greater
5 help supermarket owners. We look forward to working
6 with FRESH, we thank the city council and we are here
7 not to demolish this program but to support it and
8 make it easier and more accessible to our members.

9 CHAIRPERSON VALLONE: Thank you Nelson.

10 MICHELLE MENDOZA: Good morning or good
11 afternoon, sorry. My name is Michelle Mendoza, I am
12 the Director of Marketing with Associated Supermarket
13 Group. We represent over 250 independent stores in..
14 along the Eastern Seaboard and actually many of our
15 members are also NSA members, a significant number of
16 them. the purpose of us being here today is... I mean I
17 think we, we're very clear as to what the program
18 stands for and, and, and what it's ultimately to
19 achieve, I think you guys have brought up the point
20 very well that it's currently structured so that it's
21 incentivizing the developer and not incentivizing the
22 independent owner who is currently existing and
23 operating and doing business in New York. The
24 landscape has changed significantly, our stores are
25 independently owned and operated so at a corporate

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level we provide the, the financing and the
resources, the marketing and the government relations
as, as what's happening here today. But we need to
help them, guide them through the process and as my
peers have said it here today, there's a significant
amount of red tape much of which... you know they
abandon the application, so it'd be interesting to
see how many of them haven't been able to fulfil the
application or even be considered. We have two stores
that we know of that have qualified for the program;
one that is currently live, it's an associated in the
South Bronx on Webster Avenue and the other one is
Cherry Valley, the one that was spoken to and that
one is actually a new construction. So, to go back to
the independent owners who are trying to, you know
stay relevant and stay competitive in the marketplace
as more chains are coming into the store. I'm going
to give a clear example as to one area in which can
be focused on which is the tax part of it and this is
a statement from one of our, our owners currently on
the program. It's definitely something to consider,
the complexity of the program application and the
clarity of it and she goes on to say about the... about
the information that there's a lot of information and

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the cost are the barrier of entry in terms of the insurance requirements and so on to be able to be eligible for the program. But one of their biggest concerns are the... what they are referred to as the pilot payment... pilot payments which is initially understanding... what... the initial understanding was that the store would be exempt from real estate taxes, later we learned that the store had to pay pilot payments which is payment in lieu of taxes which actually turned out to be double what we pay in real estate taxes in a store four block away from this one. So, it's in the way that it's currently structured, while they may be receiving certain tax advantages and I don't have the details in terms of their structured from their... from their tax perspective, they... this is one where it is deficient in not providing the incentive from a tax perspective which is a significant contribution. So, thank you.

CHAIRPERSON VALLONE: Thank, thank you.

JAY PELTZ: Thank you for the opportunity to testify regarding the REFRESH initiative. My name is Jay Peltz and I'm the General Counsel and Senior Vice President of Government Relations for the Food Industry Alliance of New York. FIA is a nonprofit

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trade association that advocates on behalf of
grocery, drug and convenience stores throughout the
state. Neighborhood grocers have never faced a more
difficult operating environment. Operating expenses
are increasing as rents soar, health insurance
premiums rapidly rise and the minimum wage, wage
reaches 15 dollars an hour in the city on December
31st. Nontraditional food retailers that are largely
nonunion operators such as internet sellers,
warehouse clubs, natural and organics retailers and
dollar stores are taking market share from
traditional neighborhood grocers. These circumstances
are making it increasingly difficult for food
retailers to net even a penny on the dollar. In
addition, food deserts are present throughout the
city. This context makes it clear that neighborhood
grocers need help. Unfortunately, despite good
intentions, FRESH has not had the anticipated impact.
According to the Economic Development Committee, only
13 grocery stores have received financial incentives
since the program was launched in 2009. The principal
complaint about FRESH is onerous red tape. This
creates an insurmountable hurdle for most
neighborhood grocers. Lacking the in-house expertise

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2 to fully understand the program they would have to
3 hire outside consultants to assess the program and
4 comply with its requirements. This is typically cost
5 prohibitive to a neighborhood grocer earning about a
6 penny on the dollar. In addition, while the program's
7 tax incentives are helpful, neighborhood grocers are
8 usually starved for capital. Accordingly, grants or
9 low interest loans would, would provide a significant
10 incentive for food retailers to participate in the
11 program. We would like to thank Chairman Vallone and
12 Moya for initiating an effort to revitalize FRESH and
13 therefor deliver a wider assortment of fresh, healthy
14 products to the city's underserved communities. FIA
15 and its members look forward to working with
16 government stakeholders to create better outcomes for
17 the city's residents and its neighborhood grocers
18 under the program. I'd be happy to answer any
19 questions you might have.

20 CHAIRPERSON VALLONE: Well I, I think
21 both Chair Moya and I are along with other of the
22 Council Members, the, the, the most significant
23 complaint has always continuously gone back to the
24 red tape of the application, the fees involved, the,
25 the hidden fees that are there and the inability of

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2 the store owners and the independent store owners to
3 take advantage because it's too cost prohibitive so
4 those are things that can be addressed and that's why
5 we're so proud to have this hearing today because it
6 hasn't been talked about before so.. there's this
7 program with great intentions that's really not
8 working. So, the plan is to get it working and to get
9 these things so your testimony.. we thank you for all
10 coming today because it, it wouldn't work if you
11 weren't here and we can talk all we want with EDC and
12 IDC but if we don't have you here we're not going to
13 learn from that so, we thank you.

14 COUNCIL MEMBER MOYA: Thank you Chair and
15 I just want to one, align myself with Chair Vallone
16 but also to let you know that we will look at some of
17 the suggestions that you made in, in your testimony
18 regarding rent stabilization and how we can put a cap
19 on, on the rent increase, you know in Corona, Jackson
20 Heights the rents are skyrocketing it makes it very,
21 very hard for the small independent supermarket
22 owners to really be able to afford one, the
23 application process and we've seen how that has
24 created a barrier for most of our community to get
25 involved in this program; two, the outreach and

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2 education on letting people know that this program is
3 available has also been something that we have looked
4 at that has been lackluster so I, I appreciate your
5 testimony, this is why we have these hearings is to
6 really get the feedback from folks so... how we can
7 better improve the programs that we have and are
8 being funded and especially if programs are now
9 expanding into our communities as you saw the list
10 that I've read earlier today this is where people
11 mostly immigrants are going to be the ones that will
12 have the benefit of doing this and we also don't want
13 to see that this is having the reverse effect of what
14 the intent of this program is and where the
15 developers are the ones that come in and get the
16 bigger benefits and the larger chains are the ones
17 that are able to be able to afford this. So, we are
18 going to take a very holistic look at, at, at this
19 process and I think myself and the Chair and our
20 colleagues who are here are really going to be
21 focusing in on this in the upcoming months.

22 NELSON EUSEBIO: I have to say... [cross-
23 talk]

24 COUNCIL MEMBER MOYA: So, thank you... yes...
25 [cross-talk]

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2 NELSON EUSEBIO: Council Member Moya I
3 appreciate your comments and I can tell you for a
4 fact that most of the stores in your district are our
5 members and not one of those stores have been able to
6 take advantage of this program.

7 CHAIRPERSON VALLONE: Exactly... [cross-
8 talk]

9 COUNCIL MEMBER MOYA: Correct, correct
10 and that's one of the.. in, in the meetings that I..
11 that I had before this hearing is exactly that point
12 that I pointed out and if we have one store... I think..
13 I believe that there is one store in the district but
14 it's a larger food chain and so it's, it's Food
15 Bizarre on Junction Boulevard so they're the ones
16 that have been the, the operators in, in taking
17 advantage of this program but as, as you and I both
18 know we are the people who rely on our independent
19 supermarkets to do our groceries and the access to
20 quality produce and, and, and products from, from our
21 community so we want to make sure that we're not
22 hurting the businesses that are there currently, we
23 want to be able to expand and open that up, that I
24 think is the intent of this program. You have given
25 us a lot to consider and really have a thoughtful

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2 process in how we go forward on this and I think
3 that's what we were able to take from this hearing
4 and from, from your, your testimony... all of your
5 testimony here today.

6 CHAIRPERSON VALLONE: Thank you to the
7 panel.

8 COUNCIL MEMBER MOYA: Thank you.

9 CHAIRPERSON VALLONE: So, our next panel;
10 we have three people on this panel, its going to
11 start with... from New York Central Labor Council is
12 Alexander Gleason; from Local 338 is Nikki Kateman
13 and from UFCW Local 1500 is Brendan Sexton. Good
14 afternoon.

15 ALEX GLEASON: Good afternoon sir.

16 CHAIRPERSON VALLONE: However, you'd like
17 to start.

18 ALEX GLEASON: Good afternoon, my name is
19 Alex Gleason and I am the Director of Policy,
20 Research and Legislation at the New York City Central
21 Labor Council, AFL-CIO. As the umbrella organization
22 for unions across New York City, the Central Labor
23 Council advocates for lifting the floor on wages and
24 standards for all workers in the five boroughs. I am
25 here today to testify on the food retail expansion to

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support health, FRESH program and how this initiative aimed at eliminating food deserts can be improved to grow the market share of high road jobs. Many New Yorkers are denied access to well paying jobs, living in neighborhoods without basic services and necessities, this program can and in some cases has provided both a desperately needed community resource and high road jobs. Established in 2009, the FRESH program has provided incentives to over 20 grocery stores in the city's food deserts. The cost per project is roughly 5.5 million dollars and the average tax break has been around 1.4 million per store, which means the city is subsidizing around one quarter of each project. The city's ability to leverage tax subsidies to grow or shrink the market share of well-paying jobs can have additional positive or adverse impacts on a community. The FRESH program has specific requirements on access to fresh food, the square footage of groceries and other nutritional criteria, but lacks standards around quality or job standards. Why does this matter? Western Beef, one of the few nonunion operators, reports to the Economic Development Corporation their wages relative to the living wage law and shows their

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two stores have only seven percent and 16 percent of workers earning a living wage. All the stores reporting no provision of health benefits to even the full-time workers were non-union. When employers provide low pay and little to no benefits they are using the public social safety net and the material suffering of their workers to subsidize their bottom line profits at the expense of the taxpayers. It is also very likely many of the workers in the non-union FRESH program grocery stores cannot afford the fresh food they sell. There are several ways the FRESH program can be improved to lift the floor on wages and standards for the communities, operators and workers. The city should consider removing the living wage exemption of this program; that would ensure all recipients of public funding under the program would pay their workers a living wage. The council should also consider the inequality created by online retail, which is entirely inaccessible to the ten percent of unbanked, food insecure, low income people who cannot access the platforms. In addition, the city should consider what other areas are being underserved, and which could become so with the closure of one or two existing stores. This could be

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2 an incentive to revisit the FRESH program Going to
3 the Market study published nearly a decade ago. The
4 city could also eliminate the commercial rent tax,
5 which unfairly burdens grocers across every
6 neighborhood of the city. Demanding reciprocity with
7 public dollars gives the city government an
8 opportunity to incentivize high road employment
9 practices. Creating the conditions to grow the market
10 share of well paying jobs will not only benefit the
11 workers directly but the community and ultimately the
12 tax payers.

13 CHAIRPERSON VALLONE: Thank you, you did
14 that very nice. Okay.

15 NIKKI KATEMAN: Good afternoon and thank
16 you for the opportunity to testify today on the FRESH
17 incentive program. My name is Nikki Kateman and I'm
18 here on behalf of Local 338 RWDSU/UFCW, a labor union
19 that represents over 13,000 working men and women
20 employed in supermarkets, grocery stores, specialty
21 food stores, retail drug stores and other industries
22 across New York City, Long Island, the Hudson Valley
23 and Northern New Jersey. Currently, Local 338
24 represents 7,400 members who live and work in the
25 city of New York and many of these men and women are

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employed at over 130 food retail establishments including Gristedes, Morton Williams, Stop and Shop, Zabar's Associated, Food Town and other specialty... small specialty or gourmet shops. The need to access affordable groceries seems to be an issue that's only become more pronounced as small businesses throughout New York City face increasing rents. In 2016, an Associated on the West Side of Manhattan, which employed Local 338 members, was forced to close due to exorbitant rent increases despite public outcry. This left a huge void for families and seniors who had depended on the store due to convenience to their homes as well as the affordability of groceries sold there. However, this particular store closure, closure only added to already existing crisis. In 2015, after the supermarket chain A and P, whose chains... brands included Waldbaum's, Food Basics, Food Emporium and Pathmark declared bankruptcy, several dozen stores were liquidated throughout the five boroughs. While most of these locations were purchased and reopened by other grocery operators, many continue to remain dark or have since been acquired by nonfood retail companies. Therefore, we should rethink how food deserts are defined. In

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addition to the city's demographics shifting since the inaugural FRESH program, we have seen a real impact that the closure of just one or two community grocery stores can have on a neighborhood that doesn't traditionally fall in a, a FRESH eligible area. Furthermore, how we classify food deserts should take into consideration the impact of online retailers on underserved communities. Online food delivery networks cannot adequately address the needs of low income families as nearly ten percent of them are unbanked. The redefinition also... would also present the opportunity for existing brick and mortar grocery operators who are facing both rising rents and increased competition from online retail. For small... both small and midsized grocery, grocery operators, the margins of profits are narrow and hinder their ability to renovate their stores or expand beyond the neighborhoods they currently serve. In addition to expanding opportunities to qualify for FRESH, we would also recommend exempting grocery stores from the commercial rent tax. Food retail establishments are not just sources of fresh produce, meats, and other foods and household items, grocery stores are sources of important... of employment and

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many companies like the ones I stated earlier provide quality jobs that allow workers to support themselves and their families. One of the policy initiatives provided... one of the policy pro... one of the policy objectives discussed at the origin of the FRESH program was to create jobs and revitalize underserved neighborhoods. While creating jobs is incredibly important, we need to prioritize the goal of creating high road jobs. We would advocate for increased... for expanding the living wage to, to workers in the... to these workers, currently they are exempted under the living wage law. New York City has a history of recognizing that grocery stores and supermarkets provide crucial public benefits in terms of not just access, access to goods that promote public health but also to quality, local jobs. This reflects in the fact that since the program began in 2010, an average of three stores per year have opened in food deserts throughout the five boroughs. While the FRESH program has made progress over the last decade, we must address the changes that are happening both within the city of New York and the food retail industry. There is room to further support traditional brick and mortar grocery stores and supermarkets who are

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2 long established in these neighborhoods. However, we
3 are... cannot leave behind the men and women who are
4 working in this industry. We have the responsibility
5 to ensure that those employed in these establishments
6 can in turn access the fresh foods we are advocating
7 for. On behalf of Local 338 I look forward to having
8 further discussions on ways we can promote
9 responsible grocery retailers...

10 CHAIRPERSON VALLONE: Thank you... [cross-
11 talk]

12 NIKKI KATEMAN: Thank you.

13 BRENDAN SEXTON: Good afternoon Chairman
14 Vallone, Chairman Moya, thank you so much for having
15 us today.

16 CHAIRPERSON VALLONE: Your, your time is
17 up, thank you. I'm just kidding... [cross-talk]

18 BRENDAN SEXTON: Thank you very much, have
19 a good night... [cross-talk]

20 CHAIRPERSON VALLONE: I'm just kidding.
21 Just remember who did that to you.

22 NIKKI KATEMAN: Sorry, I took your time.

23 BRENDAN SEXTON: Yeah, she took my time
24 but I'm not going to go three minutes.

25

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2 CHAIRPERSON VALLONE: Take your time, I'm
3 just kidding, take you time.

4 BRENDAN SEXTON: My name is Brendan
5 Sexton, I'm the Director of Organizing and Political
6 Coordinator for UFCW Local 1500 and I'm giving
7 testimony today on behalf of Anthony Speelman,
8 President of UFCW 1500. With over 19,000 members,
9 Local 1500 is one of the largest locals in the UFCW
10 and the largest in New York State. Our union
11 represents men and women in Queens, Staten Island,
12 Bronx, Brooklyn and Manhattan along with many in
13 Nassau, Suffolk, Westchester, Putnam, and Dutchess
14 Counties. Our members work for companies that have a
15 long history in New York City. These companies such
16 as Stop and Shop, Fairway, King Kullen, ShopRite,
17 D'Agostino's, Gristedes, and the workers of Hale and
18 Hearty Commissionary have been serving New Yorkers
19 for many years. Our members receive better salaries
20 and better benefits because of the hard work Local
21 1500 has done in negotiating on their behalf. UFCW
22 Local 1500 has been at the forefront to push policies
23 so low-income areas have the same access as the more
24 fluent. As with any policy that doles out tax
25 exemptions, subsidies or tax breaks, we demand that

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the jobs created are well paid and compensated. Our philosophy is every community deserves good food, good jobs, and good health. FRESH is designed to create an environment for supermarkets to open in food deserts and be stable partners in the community. having permanent access to healthy fresh fruit is vital to any community, we, we applaud the understanding desired to address this. We implore you to also think of the permanent jobs left behind and the operators that are receiving tax payer's money, our members receive middle class benefit packages and wages, paid time off, health coverage and, and a pension so they can retire in dignity. They have fought hard to maintain and strive for these better benefits and we want to make sure that operators that recognize the workers seat at the table are also recognized. Along with our sister locals we have developed a quick guide to recognizing a local high road retailer. What is a high road retailer, we define them as companies who have three simple principles as their mission statement; be good community partners, have a strong environmental record, and invest in the greatest asset, their workers, by paying legal... living wages, stable

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2 schedules, full time hours, training, career
3 advancement and the freedom to form a union. The
4 communities that are considered food deserts often
5 lack the accessibility of economic advancement and
6 often there are those that change the laws for gain
7 and furthering their needs and this is not the case
8 here. By prioritizing high road retailers, the city
9 can ensure that communities are receiving both good
10 food and good jobs, without these two we cannot have
11 healthy communities across the city. Thank you.

12 CHAIRPERSON VALLONE: Thank you and to
13 the tens of thousands of members that you all
14 represent, these hearings are so important to hear
15 how we preserve these companies and these workers and
16 to, to make this right because it's, it's, it's close
17 but it's just not there and the idea was something
18 that we all kind of embraced but it didn't work like
19 it's even 22, 22 stores that have, have, have
20 succeeded in ten years over this is the reason why
21 we're having the hearing and, and all aspects of this
22 has to be relooked at and so we thank you so much for
23 your testimony and who you represent.

24 COUNCIL MEMBER MOYA: Thank... and thank
25 you again, I think this is opening the door for us to

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really start exploring what has been working with this program and what hasn't been working with this program. We want to make sure that not only are we treating the communities right but also the workers that live in the community and work in these.. in these supermarkets all have the right benefits for them to continue to thrive in the community and, and make this happen. So, I think for us we have our, our homework ahead of us to, to continue to look at how we can make those improvements, your testimony is critical in how we are able to shape the future of FRESH. So, thank you so much for, for your time and your testimony and to all of your workers who do a great job helping us here in the city, thank you.

CHAIRPERSON VALLONE: Thank you guys. So,

our next panel it will be from the American Cancer Societies, Michael Davoli; from the American Heart Association, Robin Vitale; from the Cooperative Economic Alliance of New York Evie Zavidow; and ANHD, Armando Chapelliquen and then there's one more panel after this so, guys just to let you know so Craig, Dan and.. two Dans you're the next panel. So, we have two, do.. maybe we want to do.. we want to add Craig

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2 Willingham from CUNY, do you want to come on up to
3 this panel

4 MICHAEL DAVOLI: Sure.

5 [off mic dialogue]

6 CHAIRPERSON VALLONE: Alright, so...

7 MICHAEL DAVOLI: Sure, good morning, my
8 name is Michael Davoli, I am the Director of
9 Government Relations for the American Cancer Society
10 Cancer Action Network... [cross-talk]

11 CHAIRPERSON VALLONE: Good afternoon...
12 [cross-talk]

13 MICHAEL DAVOLI: I'm going to keep this
14 sort of very brief. The American Cancer Society we
15 are directly concerned about healthy eating and
16 affordable healthy eating in New York City due to the
17 direct link between cancer and obesity. We are, you
18 know here today to express our support for the FRESH
19 program and to support... our support for the council's
20 efforts to improve this program but also to call
21 attention to the broader need to address healthy
22 eating and active living in New York City. I've
23 submitted testimony there for you today that goes
24 into depth. I want to just call attention to one very
25 specific detail; studies from the Department of

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2 Health when you look at the community health surveys
3 showed that nearly 13... or over 13 percent of all New
4 Yorkers don't eat fruit or vegetables and when you go
5 into many parts of the city including parts of the
6 Bronx, including parts of Central Brooklyn it's over
7 25 percent of adults do not eat fruits and vegetables
8 according to the community health survey and
9 unfortunately that is not a problem that's going to
10 be solved just by looking at the grocery stores and
11 our supermarkets. We do need to look at the
12 significant importance that they play but we cannot
13 ignore the important role that our corner stores and
14 our bodegas all across the city, they are often the
15 lifeline for our communities. And so, we are not
16 experts on the FRESH program and we are learning
17 about this as we go along, and we are here to express
18 our support and to work with you and to work with the
19 supermarkets to expand this program, but we also ask
20 the council to look very closely at ways that we can
21 expand fruit and vegetable access and affordability
22 in many of the sort of corner stores and bodegas
23 across the city. There are a lot of different ways
24 that we can do that through financing programs to
25 allow for their expansion, financing programs to make

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it easier for them to actually keep fruit and
vegetables on their... on their shelves but
additionally we need the city to look at programs
that make it simply affordable for people to actually
go purchase fruit and vegetables, expanding the SNAP
program, educating more New Yorkers about the SNAP
program, it's astonishing to me how many people do
not realize that that match exists. I had the very
conversation yesterday afternoon with the.. with the
caregiver who takes care of my four-month-old and she
didn't realize that the match existed. So, there's a
lot that we can do, and I am absolutely thrilled that
the councils looking at this. One last thing I just
want to mention is that while we are talking about
zoning to incentivize groceries and healthy food
options we also need to take a serious look at ways
to discourage the unhealthy options that are all
across our city. We have way too many fast food
restaurants, we have... do not have enough grocery
stores, we do not have fresh... enough fresh fruits and
vegetables, thank you.

CHAIRPERSON VALLONE: Thank you, go

ahead.

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CRAIG WILLINGHAM: Morning Chairperson's

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Vallone and Francisco Moya. My name is Craig

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Willingham, I'm the Deputy Director of the CUNY Urban

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Food Policy Institute. One of the issues that we see

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with FRESH is that we believe that the underlying

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theory of the program is flawed. When FRESH was

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designed the common belief was that increasing the

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availability of FRESH fruits and vegetables would

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nudge residents to eat healthier. More recently

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however studies have shown that the relationship

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between the access and diet is more complex.

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Residents may appreciate having new or renovated

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supermarkets in their neighborhoods but there's

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little evidence of significantly changed shopping

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behavior or nutritional health. What we want to ask

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is how can the city council address these limitations

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of fresh produce and we suggest the following six

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strategies; number one, identify food access needs

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through community planning not area wide indices.

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Community based food retail planning would be a more

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effective strategy for locating FRESH projects than

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the current area wide... excuse me, area wide

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designation. With the ULURP process allows for public

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input into zoning processes, proactive planning would

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2 engage residents in discussing the types of food
3 retail needed in their neighborhood, potential sites
4 and new and expanded retail options and strategies to
5 attract food retailers to those sites and to
6 encourage existing food retailers to expand. Number
7 two, focus on the availability of affordable healthy
8 foods, not square feet of retail space. The FRESH
9 program is designed to increase the square feet of
10 supermarket space per capita, yet the size of a
11 supermarket is not related to the quality, value,
12 healthfulness, or appeal of products for sale and
13 thus is not a meaningful indicator of access. Number
14 three, move beyond traditional supermarkets to
15 support other healthy food purveyors. The reliance
16 of... on supermarkets and other large retailers as an
17 indicator of access also underestimates the
18 availability of healthy food sold by other types of
19 retailers. Small grocers like fruit and vegetable
20 stores and ethnic markets or farmer's market may
21 better meet the needs of the community than
22 conventional supermarkets. Number four, address food
23 gentrification to protect remaining supermarkets. The
24 FRESH program remains focused on supermarkets while
25 the entire food retail sector is being transformed.

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FRESH will become less and less relevant if it does not take the impact of food gentrification into account. The continued shift to club chains and mass merchandise stores like Target and to chains that appeal to younger, more affluent consumers such as Trader Joe's and Whole Foods has also hurt conventional supermarkets. Not only are these types of food retailers appealing to different types of shoppers, they're opening in different neighborhoods than the stores that are closing. Number five, prioritize the needs of NYCHA residents. With approximately 400,000 low income residents with significant disparities in diet related diseases, improving food access in NYCHA developments should be a council... the council's highest priority. But rather than simply trying to offer incentives to conventional supermarkets to locate near NYCHA, an innovative food access strategy would involve residents in identifying the solutions. And lastly, focus on upstream interventions. Ultimately food access comes from having sufficient income to pay for food. The city council should consider policies that increase income as food access policies. These include higher minimum wage, truly affordable

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housing, access to affordable health care and child care, reducing transportation costs and increasing the number of eligible New Yorkers who take advantage of public, public food assistance benefits. Our institute has consulted with council staff on a variety of issues related to access and policy to support neighborhood supermarkets and we would welcome the opportunity to work in partnership with the council to analyze and assess food access to support these six recommendations. Thank you.

CHAIRPERSON VALLONE: Consider this an

open invitation to work with us because those were all wonderful ideas. Thank you very much, go ahead.

ARMANDO MORITZ-CHAPELLIQUEN: Good

afternoon Chairs. Thank you for the opportunity to provide testimony. My name is Armando Moritz-Chapelliquen, I'm the Campaign Coordinator for Equitable Economic Development at the Association for Neighborhood and Housing Development also known as ANHD. ANHD is a membership organization of neighborhood-based community groups across the... from... across the five boroughs and we have 100... we have over 100-member organizations throughout the five boroughs and our mission is to ensure flourishing

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neighborhoods and decent, affordable housing for all New Yorkers. We broadly support the council's review and efforts to review the FRESH program. I'm going to try to pull some parts from my written testimony because there is a lot here and I only have three minutes but I do want to touch on some of the points that were brought up throughout earlier testimony as well as some of the questions that other Council Members have brought up but for the purposes of time I'll be zooming in specifically on the eligibility requirements, the zoning incentives and the impact that the program has currently had on broader city policy. So, specifically I think what is interesting in the council's consideration of expanding out the FRESH boundaries is that we want more, more developing and we want more food grocers to be taking advantage of this program. However, one of the things that struck me about the existing FRESH program is the fact that the eligibility requirements aren't even consistent between the financial incentives or the zoning incentives. If you want to tap into the zoning incentives you need to meet, meet a minimum of 6,000 square feet of retail space for a general line of food and nonfood grocery products whereas if you

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2 want the financial benefits you need 5,000 square
3 feet, why not have it be consistent across the board
4 as one recommendation. The second point that I would
5 also make is if we're going to be really talking
6 about access to healthy food that doesn't necessarily
7 have to come through supermarkets but if we're going
8 to be looking at smaller grocery stores the threshold
9 of 5,000 or 6,000 square feet is way too high for a
10 lot of existing food retailers that are already in
11 neighborhoods that provide healthy food to
12 communities. So, part of... out of a lot of the
13 conversation from the hearing this morning, if... I'm,
14 I'm a bit unclear in terms of even what the goal of
15 the FRESH program specifically is because I've heard
16 two very distinct arguments so, so far from the
17 administration. One is to create access to affordable
18 and healthy food but then the other side of it is
19 specifically looking at the development of
20 supermarkets and those two things are not necessarily
21 always the same thing, so I think in terms of
22 thinking about how to reform the FRESH program we
23 need to think about how we can potentially tweak the
24 eligibility requirements to make it more accessible
25 for smaller food retailers. Focusing now on the

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zoning incentives, one of the things that I specifically wanted to jump... or, or point out is just pulling from some of the language that's available online that there are additional development rights that are triggered specifically the quote, "one additional square foot of area in mixed residential development and, and commercial buildings for every square foot provided for a grocery store up to a 20,000 square foot limit". That's encouraging greater development in areas where the zoning incentives are available specifically however there are areas that are currently mapped in the... in the FRESH map like in Hunts Point, Port Morris and East New York which are all industrial business zones and have already been identified by the city as core industrial neighborhoods in the city. So, while the city has an existing policy separately as part of its' industrial action plan that limits residential development in the IBZs, parts of FRESH are actually actively encouraging mixed use development which includes residential in those same neighborhoods, so I feel like that discrepancy needs to be addressed if we're going to have a solid strategy on how to provide

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2 healthy food to neighborhoods across the city. Thank
3 you.

4 CHAIRPERSON VALLONE: It, it may be
5 beyond the existing parameters of the FRESH program
6 to do all of these things that we're talking about..
7 [cross-talk]

8 ARMANDO MORITZ-CHAPELLIQUEN: Exactly..
9 [cross-talk]

10 CHAIRPERSON VALLONE: ...and I think that's
11 things that the... Chair Moya and I and all the council
12 members were talk... we may have to even go beyond and
13 look at subdivisions of the program or new programs
14 to exist to preserve the existing supermarkets that
15 we have, it doesn't matter about the square foot, it
16 determines on the actual food provider that's there,
17 critical to that neighborhood, what type of financial
18 incentives to help that lessee, operator, owner of
19 that program to preserve their workers and the food
20 that's there versus somebody looking at a brand new
21 development and us trying to make sure we bring in or
22 create a new food establishment that didn't exist and
23 layering NYCHA to give them the zoning abilities to
24 act... they don't even have the ability to do it now
25 so... [cross-talk]

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2 ARMANDO MORITZ-CHAPELLIQUEN: Yeah...

3 [cross-talk]

4 CHAIRPERSON VALLONE: ...what we want to do
5 is just give NYCHA that ability... [cross-talk]

6 ARMANDO MORITZ-CHAPELLIQUEN: Uh-huh...

7 [cross-talk]]

8 CHAIRPERSON VALLONE: ...to remove it from
9 the argument, have the ability to put whatever type
10 of food supermarket, produce that you... that
11 particular NYCHA development needs right now they
12 don't have that so there's all these greats stemming
13 from the conversation but it may not actually come
14 from the FRESH itself but, but streamlining the
15 application process, removing those fees, the onerous
16 process that they're going through is, is, is things
17 we can definitely address in the... in the immediate
18 future and then looking at some of these other goals
19 that you've addressed today are, are... might be in
20 separate programs... [cross-talk]

21 ARMANDO MORITZ-CHAPELLIQUEN: And if I
22 may just really quickly I think that actually is, is
23 entirely the point here because I think that the way
24 that FRESH has been crafted is that it is
25 specifically a development strategy for new

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2 development but there is as, as you pointed out and
3 as numerous council members have pointed out nothing
4 really here in this plan or in this program to
5 support existing food retailers that are struggling
6 to continue to serve their neighborhoods and I think
7 that that's, that's a... that's going to up a whole
8 other conversation because everybody knows that
9 commercial tenants in general are facing a
10 displacement crisis in the city right now.

11 CHAIRPERSON VALLONE: Nor do we even want
12 to unintentionally create them as a target for future
13 development to say hey we can take this and make it
14 bigger and do all this but the incentives that's,
15 that's not the goal either so... and that's why this is
16 so important and Council Member Moya and, and
17 Richards who've been working on this for us this is
18 the first time that anyone's brought this up so... and
19 we, we're appreciative that EDC and IDC is starting
20 the conversation but so much more and if not then
21 we'll take the next step with, with the powers that
22 the council can do also so... and closing remarks Chair
23 Moya?

24 COUNCIL MEMBER MOYA: I, I just want to
25 thank the panel for your insightful... [cross-talk]

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2 CHAIRPERSON VALLONE: We actually have
3 two more... [cross-talk]

4 COUNCIL MEMBER MOYA: ...testimony... [cross-
5 talk]

6 CHAIRPERSON VALLONE: ...people... [cross-
7 talk]

8 COUNCIL MEMBER MOYA: I'm sorry... [cross-
9 talk]

10 CHAIRPERSON VALLONE: I'm sorry, I
11 didn't... [cross-talk]

12 COUNCIL MEMBER MOYA: ...well thank you...
13 [cross-talk]

14 CHAIRPERSON VALLONE: ...realize... [cross-
15 talk]

16 COUNCIL MEMBER MOYA: ...for, for your
17 insightful testimony today, you know this helps us as
18 Council Member Vallone said is take this feedback
19 and, and help us as we go and, and, and develop what
20 we're looking to do with this program in the future
21 and you did bring SNAP which is a very important
22 program for us here at the council as well which, you
23 know we have been fighting for, for many years and,
24 and the programs that we'd like to keep in the budget
25 so, thank you for, for, for that as well, thank you.

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2 CHAIRPERSON VALLONE: Our, our last two
3 for today is Teg, Teg Singh Sethi from Cypress Hills
4 and Dan Rad from the Radson Development. Good
5 afternoon gentlemen, if you'd like... whoever would
6 like to start first.

7 TEG SINGH SETHI: Hello, okay. Hi, I'm
8 Teg, I work for the Cypress Hills Local Development
9 Corporation, it's a community-based nonprofit in East
10 New York and Cypress Hills operating in community
11 board five as a wide breadth nonprofit and I won't go
12 through everything we do but one of the things we do
13 is we develop affordable housing and have a Verde
14 program where we focus on healthy living and healthy
15 food. So, we built a project called Pitkin Berriman,
16 it's located at the intersection of Pitkin and
17 Berriman, the 2501 Pitkin Avenue, it is a 60 unit
18 deeply affordable, ELLA affordable housing deal with
19 a 7,200 square foot grocery store below as well as
20 3,200 square feet of storage and a small retail yard
21 for mechanicals. We pursued and achieved a FRESH tax
22 abatement through this program and I believe we were
23 the first FRESH deal where the developer received the
24 incentives so that if the grocery store were to leave
25 or be swapped out that the incentive would stay. The

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history of this site is that it was a rezoning and part of that rezoning was a commitment to the community which had asked during the rezoning process for fresh food in the neighborhood. There's a significant number of grocery stores North of Atlantic Avenue in Cypress Hills however South of Atlantic Avenue there's a dearth and around this site in particular there is one grocery store a couple.. about a quarter mile away but other than that everything is a subway ride away and there is a huge number of bodegas. I didn't prepare anything, but I'll talk a little bit about what the process was like for us, where our pain points were and also what good came out of it as well. The first thing I would say is that the staff at the IDA was extremely committed to the project and bent over backwards in some ways to help make this happen due to the fact that this project was very much in the spirit of FRESH; a low income neighborhood where fresh food was desperately needed, high incidences of health issues and a high level of fast food however.. and, and so I would have to compliment the IDA staff on doing so. The pain points for us were definitely the fees, I don't think that the fees are completely outrageous

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depending on the situation, perhaps for owner operators it may make sense where you're reaping the benefit directly however for a community-based nonprofit that was actually acting in the spirit of FRESH these fees were in a lot of ways counterintuitive. We were not intending to pass them on to the grocer because the goal here was to maximize the... our ability to attract a grocer that had the community mindedness that we needed to actually achieve the goals that we're talking about with the program. I'm almost done. The other parts are more specific, and I can talk about them more. Our greatest recommendations would be to exempt nonprofit from... nonprofits from fees, I can't speak to the other situations, some more understanding of affordable housing with regards to selection of outside counsel throughout the process, that was a huge challenge for us and I think the big missing piece here is that just building it and they will come may not be enough, that part of requiring this shouldn't just be HireNYC but it should also be funding and ensuring that these organizations who are achieving the FRESH benefit, work with nonprofits like Cypress Hills or like City Harvest that are

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2 going to provide the services to help people actually
3 use this fresh food to actually achieve the better
4 health benefits. So, thanks.

5 CHAIRPERSON VALLONE: Thank you very
6 much.

7 DANIEL RAD: Hi Chairman Vallone,
8 Chairman Moya, how are you? I'm Daniel Rad, Radson
9 Development, we're an affordable housing developer
10 here in New York City. I came to share about a
11 project that we did in Harlem, it's the first FRESH
12 supermarket in Harlem, it's on 140th Street and 8th
13 Avenue, it's 8,000 square feet at grade and 4,000
14 square, square feet below grade. So, I know we're
15 short on time, so I'll just come to the points that I
16 came to make. The DCP process was very long and
17 onerous, it's something an affordable housing
18 developer is accustomed to but it, it is definitely a
19 deterrent for other developers who are not accustomed
20 to that type of scrutiny of plans. The... at the time
21 of our development the, the benefit for the tax
22 abatement was not available to owners, it was only
23 derived through the tenant and that, that also became
24 a loss for our project, we were not able to convince
25 our tenant to apply because of the fee. So... I mean we

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did apply for an I-cap but unfortunately that, that
didn't work for our project. The zoning bonus however
was, was very beneficial to our project, it actually
enabled us to make an affordable housing project we,
we were able to get above 50 units by taking
advantage of the FRESH bonus so one of the
suggestions I'd like to make is potentially an
increased bonus for affordable housing developers
because in our case we were able to make an
affordable development that otherwise would not have
been able to happen. The... I've heard other testimony...
I've heard other testimonies, the, the general size
requirements I, I think should definitely be
revisited because the way that supermarkets are
operating is a little more fluid these days, size is,
is becoming more and more constricted because they
need to compete with all different kinds of markets
so having the large, large... you know 20, 20,000
square foot markets are not... they're not surviving
anymore, we have several that, that went under in the
past five years in other properties. So, whatever you
can do to encourage smaller, smaller markets would
be... would be wonderful. Then what we also wanted to
share was that the zoning bonus when you're taking it

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2 there's a height, there's also an additional height,
3 once you go for the additional height it's, it's,
4 it's no longer discretionary it has to go through a
5 full review by DCP and, and the council so it... there
6 should hopefully be a way to encourage the use of the
7 height without... you know because one, one thing to
8 have in mind is when you're trying to bring a grocery
9 even a, a for profit developer trying to bring a, a,
10 a FRESH supermarket into a development it's, it's a...
11 it's a drag on the... on the performance of the
12 property. So, however you can take that into
13 consideration to help the process with DCP so that if
14 the height is needed to make it happen it shouldn't
15 be at a further negotiation to the project... [cross-
16 talk]

17 CHAIRPERSON VALLONE: Well we thank... we
18 thank you for that because... especially the affordable
19 housing components and the conversation of it with...
20 and today's tenants... but definitely Council Member
21 Lancman is present as he's about to start his next
22 hearing. So, we conclude with that, we thank you for
23 today's joint hearing for everyone who participated,
24 have a great afternoon.

25 [gavel]

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

July 15, 2018