

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

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March 18, 2019
Start: 10:19 a.m.
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HELD AT: Committee Rm. - City Hall

B E F O R E: MARK GJONAJ
Chairperson

COUNCIL MEMBERS: Helen Rosenthal
Bill Perkins
Daniel Dromm
Stephen T. Levin

Diana Ayala
Joseph Borelli
Margaret S. Chin
Rafael L. Espinal, Jr.
Vanessa L. Gibson
Corey Johnson
Ben Kallos
Stephen T. Levin
Mark Levine
Carlina Rivera
Helen Rosenthal
Kalman Yeger

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

Greg Bishop, Commissioner
New York City Department of Small Business Services

Gayle Brewer,
Manhattan Borough President

Sheila Feinberg,
New York City, Department of Finance

INVITEES

Lynn Alfredie, Director of Economic Development
and Policy at the Association for Neighborhood and
Housing Development "ANHD"

Minister Akeem Walker,
Owner of Boutique in East Flat Bush Brooklyn

Bonnie Slatnick,
Owner of Bonnie Slatnick Cook Books

Mohammed Atia, Co- Director of
The Street Vendor Project

Andrew Riggie, Executive Director
New York City Hospitality Alliance and
New York City Leasing Operators Association

Rob Bookman, Counsel
New York City Hospitality Alliance

Kathleen Riley
New York City Government Affairs Coordinator for the
New York State Restaurant Association

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

Loyson Gordon
Owner of Historic Nearest Tavern

Taylor Kaberry
The Municipal Art Society,

Harry Bubbins
Village Preservation

Danielle Christensen
God's Love We Deliver

Mary Ann Rothman
The Council of New York Cooperatives and
Condominiums

Testimonies

Harry Bummins, On Behalf of Village Preservation
The Greenwich Village Society for Historic
Preservation

Laura O'Reilly, CEO and Founder
Wall Play

Mary Ann Roffman, Executive Director
Council of New York Cooperatives and Condominiums

Wilma Alonzo, On Behalf
of the Fordham Road Bid;

Frank Delaritus
Fordham Road

Michael Brady of Third Avenue;

Will Specik, Director of Programs
Chia Community Development Corporation (Queens)

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

Julian Hill, Staff Attorney
Community Development Project of the Urban Justice
Center

Laura Seawell, Executive Director
East Village Community Coalition

Michael Brady, Executive Director
Third Avenue Business Improvement District and
Southern Boulevard Business Improvement District

Jamie Burkhart, Member
The New York City Artist Coalition

Mannie Gomez, Chairman
Sunnyside Chamber of Commerce

Evia Cordoza, Staff Attorney
Volunteers of Legal Service in the Micro Rental
Price Project

Samantha Rower, Senior Staff Attorney
Brooklyn Legal Services, Corporation A,

Olympia Cozzi,
New York City Artist Coalition

Abigail Ulman: Director
Planning and Development at Cooper Square Committee

2 [sound check] [pause] [gavel]

3 CHAIRPERSON GJONAJ: Good morning. This
4 will begin the Small Business Commission Hearing. I
5 am Council Member Mark Gjonaj, Chair of the Committee
6 of Small Business. I'd like to welcome you to our
7 hearing on a package of nine bills that are designed
8 to improve the environment for small business in our
9 city. Thank you for making the time for us today.

10 Mom and Pop shops frequently navigate in
11 our [Inaudible-1:30] of thousands of rules and
12 regulations as they set up their businesses.
13 Building, sanitation and zoning codes can cost local
14 entrepreneurs thousands of dollars in start up costs
15 as well as months and even years of invaluable time.

16 That's why I sponsored Intro 1467 which
17 would create an interactive website that would
18 provide businesses with information about applicable
19 laws, rules, penalties and fines. It is absolutely
20 vital that the small businesses can access and
21 understand local regulation as swiftly as possible.

22 In a similar vane, I am also proud to co-
23 sponsor alongside my colleagues, Council Member
24 Espinal and Yeger, Intro 1466 which would create a
25 regulatory review panel that will view New York

2 City's Regulatory Architecture in order to identify
3 cure periods for certain violations.

4 Another major area of concern that we
5 have identified over the course of the last several
6 years has been the issue of vacant store fronts. Two
7 bills under considerations today will tackle the
8 crisis head on by helping the city acquire a more
9 holistic and comprehensive understanding of this
10 problem.

11 Intro 1472 sponsored by Council Members
12 Rosenthal, Yeager and the Speaker will acquire a part
13 in the small business services to maintain a data
14 base of commercial properties while Intro 1473
15 sponsored by Council Members Rosenthal, Rivera,
16 Kallos and the Speaker would require a registration
17 of vacant store front property. Additionally,
18 Council Members Rivera, the Speaker, Yeger and
19 Presamble, Levine and Levin have introduced Intro
20 1089 which will require periodic surveys by SBS to
21 assess the state of storefront businesses.

22 We're also making efforts to facilitate
23 the process by which local shops expand that small
24 businesses are the life, blood and employment in the
25 city. Roughly nine out every ten employers in New

2 York City has fewer than 20 employees. However, it
3 can be a daunting prospect to expand your services
4 which is why Council Member Rosenthal, alongside the
5 Speaker has introduced Intro 1471 which requires SBS
6 to offer business assistance. Expansion, however, is
7 not the only concern. Sometimes just keeping your
8 location can be a struggle, so to protect local
9 institutions from unscrupulous landlords, council
10 members Levine, Rivera, Powers, Rosenthal and Ayala
11 have introduced 1470 which will make low cost legal
12 services available to small business owners who are
13 facing eviction proceedings.

14 Intro 1410, sponsored by Council Member
15 Gibson has similar intention. This bill would
16 require certification of no harassment before the
17 approval of construction documents and demolition
18 permits for commercial buildings.

19 Lastly, we are seeking to address the
20 issue of affordability. Intro 1408 by Council
21 Members Espinal, Combo and Chin would establish a
22 requirement for affordable retail space, and all
23 development projects that receive city assistance.

24 I could not be more proud to hold a
25 hearing on such an exciting package of legislation.

2 We want small businesses in New York City to be able
3 to expand swiftly, comply with regulations easily and
4 address logistical and legal challenges with as
5 little fuss as possible. Taken together, these bills
6 will provide vital support for Mom and Pop shops in a
7 highly competitive and challenging client.

8 I'd like to thank the Committee Staff,
9 Council Irene Bosky, Policy Analyst Michael Kirtz as
10 well as my Chief of Staff, Reggie Johnson, for making
11 this hearing possible.

12 Finally, I'd like to recognize the
13 committee members that have joined us, and many more
14 will, Council Members Ayala and Council Member
15 Gibson. I'd like to ask Council Member Gibson to
16 make a brief opening statement, if that's okay,
17 Commissioner?

18 COUNCIL MEMBER GIBSON: Thank you so much.
19 Thank you, Chair Gjonaj.

20 Good morning, everyone. Good morning,
21 Commissioner Bishop. It's good to be here. I'm
22 Council Member Vanessa Gibson. I represent the 16th
23 District in the Bronx, and I am grateful to be here
24 for today's hearing of the Committee on Small
25

2 Business, and I want to talk specifically about my
3 bill that's on today's agenda.

4 Intro 1410(b) which will require a
5 certificate of no harassment prior to the approval of
6 construction documents or the issuance of permits for
7 demolition or renovation of certain commercial
8 buildings and broadening commercial tenant harassment
9 to include acts or omissions causing a commercial
10 tenant to vacate or to surrender or waive their
11 rights.

12 This bill will create a three-year
13 certificate of no harassment, pilot program for
14 commercial buildings which would require building
15 owners to apply for a certificate of no harassment
16 before obtaining department of buildings approval for
17 construction documents or permits for covered work.
18 Buildings would be those where a court finds
19 commercial tenant harassment or those in a community
20 district with a city-sponsored neighborhood-wide
21 rezoning in the 60 months before or after the bill's
22 enactment. If the Department of Buildings denies or
23 rescinds a certificate of no harassment, the owner
24 would pay a fine of \$100 to \$1,000 and not be
25 approved for construction documents or permits for 12

2 to 24 months with a building harassment index
3 determining the fine and time period.

4 The bill would also broaden the acts and
5 omissions that constitute commercial tenant
6 harassment to include those that cause or intend to
7 cause a tenant to vacate or to surrender or waive
8 their rights. Given the reality of massive
9 development and rezonings throughout the City of New
10 York, small business have the least amount of
11 protections and regulations to safeguard them from
12 the affects of the changes that occur when a
13 neighborhood is rezoned.

14 Commercial landlords offer pressure and
15 harass tenants as they seek to maximize their profits
16 with rent increases through commercial business
17 displacement. In addition to recognizing and
18 thanking our Speaker, Corey Johnson, for his
19 leadership, I want to thank our Chair of Small
20 Business, Council Member, Mark Gjonaj as well as all
21 of my colleagues in the city council. We want to
22 recognize and give a special recognition to Nichole
23 Bramstead for working closely with our office on
24 Intro 1410. I also want to thank the Legislative
25 Division and certainly many of our advocacy groups

2 that joined us earlier this morning for our very
3 impactful rally. I want to thank A&HD, Brooklyn
4 Legal Services, Chia CDC, CD Project of Urban Justice
5 Center, Cooper Square Committee, 4th Arts Block
6 Municipal Art Society, my group, Northwest Bronx
7 Community and Clergy Commission, the New York City
8 Artist Coalition, Street Vendor Project and another
9 Bronx-based group that I'm proud to work with,
10 Wedcco; and we also want to recognize Volunteers of
11 Legal Services, VOLS.

12 And certainly coming on the cusp of a
13 rezoning that I worked on in the Bronx, I think I
14 learned a lot in my rezoning of the value of
15 protecting commercial businesses. I've done walk
16 throughs many times with organizations like WAMA, the
17 United Auto Merchants Association as well as you,
18 Commissioner Bishop; and certainly we're going to
19 continue to do that, providing more services through
20 SBS with a mobile unit, the commercial lease services
21 unit and many other aspects of helping our workers.

22 I do want to see an opportunity where
23 many of our workers and tenants can ultimately become
24 owners, and I think that should always be our goal.
25 So I'm looking forward to today's hearing on this

2 package of legislation and want to thank you Chair
3 Gjonaj for your leadership, and I'm looking forward
4 to seeing these bills pass and be codified in law. I
5 really want to thank all of our advocacy groups for
6 the work done on the ground every single day to
7 protect all of our small businesses in the City of
8 New York.

9 Thank you, Chair Gjonaj.

10 CHAIRPERSON GJONAJ: Thank you Council
11 Member, and I just want to acknowledge that we've
12 been joined by Council Members Rosenthal and Council
13 Member Espinal, and Mr. Espinal would like to make an
14 opening statement brief, if possible.

15 COUNCIL MEMBER ESPINAL: Good morning,
16 everyone. I'll be very brief. But first and
17 foremost, I want to thank you, Mr. Chair for holding
18 this hearing on this very important bill that I think
19 will really support our small business economy here
20 in New York City. Before I move forward, I just want
21 to also acknowledge and say hello to the New York
22 City Artist Coalition, the New York City [Inaudible-
23 13:26] Sally Alliance who have been working very
24 closely over the years on improving night life here
25 in New York City.

2 The Development of Affordable Housing for
3 Residential Tenants should not displace commercial
4 tenants. That is why I'm proud to introduce Intro
5 1408 which will require any developer receiving a tax
6 subsidy to be a responsible neighbor to both the
7 people and small businesses that make up the
8 community that would like to build them. Having
9 certain set aside of affordable of units is not
10 enough. When the market rate units still have the
11 power to raise property values for the surrounding
12 neighborhood, a select number of people who win the
13 affordable housing lottery and find themselves in new
14 unit, but at what cost? The businesses they would be
15 able to shop at can be price gouged before these new
16 tenants even get their keys. Chain stores often move
17 into these vacancies, and then we see how an
18 affordable housing development can displace a
19 community just as easily as luxury housing.

20 Conversations surrounding commercial rent
21 control have been going on for a long time with no
22 sign of progress anytime soon. However, Intro 1408
23 is a step in the right direction. Many new
24 affordable housing developments have a ground-floor
25 retail which presents the perfect opportunity for

2 small businesses to stay in their neighborhoods at an
3 affordable price. Just as we have set aside to
4 address the affordable living crisis for tenants, we
5 must also have set aside to address the vacancy
6 crisis for small businesses.

7 I'm also introducing Intro 1466 which
8 will require city agencies to evaluate the
9 availability of cure period for all the different
10 violations that can be issued to small businesses.
11 The cost of doing business in the city is high, but
12 astronomical rent is only part of the problem. Our
13 Mom and Pops with less staff and less bureaucracy can
14 sometimes fall down a warm whole of noncompliance.
15 These fines can quickly add up in extreme cases, lead
16 a small business to close its stores for good.

17 Our regulation of standards should be
18 protecting consumers and punishing bad actors, not
19 shuddering the store fronts of business we love. By
20 giving the businesses a window of opportunity to
21 correct the violation before being issued a fine, we
22 are able to identify and support the small businesses
23 that lost track of things, from the big business that
24 are looking to cheat our system.

2 I look forward to hearing testimony on
3 these bills and those of my colleagues as we continue
4 to fight against the vacancy crisis here in our city.

5 Thank you, Mr. Chair.

6 CHAIRMAN GJONAJ: Thank you, council
7 member. I believe Council Member Rosenthal would
8 like to say something as well.

9 COUNCIL MEMBER ROSENTHAL: I just want to
10 say I'm not going to give my opening statement. I'm
11 going to wait until later because I really am looking
12 forward to hearing from the Commissioner and very
13 much looking forward to hearing from the retail
14 business owners who are here today, and I want to
15 thank you for coming out and thank the organizers for
16 pulling together the rally we had on the steps of
17 City Hall just now.

18 Thank you.

19 CHAIRPERSON GJONAJ: Thank you, Council
20 Member. Now, just for the record, on Friday we had
21 our hearing on SBS' budget. Later that afternoon, or
22 in the evening, I spoke to the Commissioner about
23 today's hearings, and over the weekend we were in
24 touch with the SBS staff; and as late as 10 pm last
25 night, we were on the phone trying to work out

2 details. This is an important hearing. SBS realizes
3 the importance of it, and I want to thank you,
4 Commissioner and your staff for working over the
5 weekend after Friday's budget hearing to prepare for
6 this and outline the future of our small businesses
7 which are certainly in dire straits.

8 So, thank you, Commissioner.

9 COMMISSIONER BISHOP: Thank you. Good
10 morning, everyone and Good Morning, Chair Gjonaj and
11 Members of Committee of Small Business. My name is
12 Greg Bishop, and I'm the Commissioner of The New York
13 City Department of Small Business Services.

14 At SBS we aim to unlock economic
15 potential and create economic security for all New
16 Yorkers by connecting them to quality jobs, building
17 stronger businesses and fostering thriving
18 neighborhoods across the five boroughs.

19 I am joined by a --

20 CHAIR GJONAJ: I'm sorry, Commissioner --
21 we forgot to swear you in. Otherwise, you'll have to
22 do it all over again.

23 COMMISSIONER BISHOP: All right.

24 CLERK: I'm sorry if you could please
25 raise your right hand.

2 Do you affirm to tell the truth, the
3 whole truth and nothing but the truth, in your
4 testimony before this Committee and to respond
5 honestly to council members' questions?

6 COMMISSIONER BISHOP: I do.

7 Again, thank you very much for this
8 opportunity. Deviating a little bit from my remarks,
9 you are correct. We are, as an agency, very
10 passionate in terms of what we can do to help small
11 businesses. This hearing is very important and very
12 timely so looking forward to your questions.

13 As I said, small businesses are essential
14 to the local economy and character of our
15 neighborhoods. Small business ownership and
16 entrepreneurships can lift and help uplift
17 generations of families while providing neighbors
18 with essential goods, services, and job
19 opportunities. And while we know many business face
20 challenges in our competitive market and struggle to
21 adapt to changes in the business environment, our
22 agency wants to ensure that small businesses have the
23 tools necessary to succeed. The underlying cause of
24 these issues are complex and very from neighborhood

2 to neighborhood, corridor to corridor, and property
3 to property.

4 To address these challenges, this
5 administration has invested in several programs
6 designed to help business launch, grow and operate
7 more efficiently. At SBS we are committed to
8 providing businesses with services to improve
9 outcomes for every step of their development. We
10 accomplish this through a range of free services,
11 including navigating government, comprehensive
12 business education courses and trainings and
13 assistance with access to capital, all offered at our
14 NYC Business Solution Centers located throughout the
15 five boroughs.

16 We also rely on the expertise of local
17 on-the-ground partners such as bids and other
18 community-based organizations some of them which are
19 here today to connect business owners with our
20 existing services and work together to develop
21 solutions to address the unique challenges faced by
22 New York City's diverse neighborhoods and commercial
23 corridors. We know that one of the biggest
24 challenges business owners face is navigating the
25 leasing process. To support businesses that are

2 facing issues with their lease, we provide free legal
3 services through our commercial lease assistant
4 programs. Attorneys help businesses with
5 understanding and negotiating new commercial leases,
6 amending, renewing, or terminating an existing lease
7 and negotiating on behalf of the commercial tenant
8 with their landlord and providing advice and referral
9 services when litigation cannot be avoided.

10 This program is serving small business
11 owners that have historically lacked access to
12 quality services. Of the business served, 80 percent
13 are minority owned and 60 percent are immigrant owned
14 and nearly half are owned by women. Another common
15 issue businesses face is navigating government.
16 Through the work of Small Business First, the
17 administration implemented 30 commitments to reduce
18 the regulatory burden on small businesses by making
19 city regulations easier to navigate while still
20 protecting the health and safety of New Yorkers.

21 SBS wants [Inaudible-22:52] commitments
22 or developed by gathering feedback from community
23 stakeholders and more than 600 business owners, all
24 of which have been implemented and are projected to
25 save businesses \$50 million annually. Business

2 owners can connect with these regulatory resources
3 through are online NYC business portal or directly at
4 their door through our compliance advisor program.

5 Compliance advisors are regulatory
6 experts who provide an onsite consultation to help
7 business owners comply with the city's regulatory
8 requirements to avoid common violations. Since
9 launching, compliance advisors have served over 5,000
10 small business owners. We also oversee largest
11 network of business improvement districts in the
12 country. SBS provides the bid network and other
13 community development organizations with technical
14 assistance, grant opportunities and capacity-building
15 services which further strengthens the direct
16 connections between our agency and our local small
17 businesses.

18 At SBS we work with community partners to
19 identify the needs of local commercial districts and
20 plan targeted solutions through our commercial
21 district needs assessment or CDNAs. CDNAs identified
22 the strengths, the challenges, and opportunities
23 within a commercial corridor to better inform
24 subsequent investments.

2 Last year, SBS shifted the focus of
3 Avenue NYC Grant Program from project-specific awards
4 to long-term community commitments. The new Avenue
5 NYC Program allows community-based organizations the
6 opportunity to hire a full-time program manager,
7 conduct a CNDA in the neighborhoods and implement
8 programming based on the findings.

9 To further increase the capacity of our
10 community partners, SBS developed the Neighborhood
11 360 Fellows Program which pairs ten paid full-time
12 neighborhood development professionals with local
13 community based organization. The program not only
14 provides local organization with dedicated support
15 for commercial revitalization projects, but also
16 builds a pipeline of diverse talent in the
17 neighborhood development field.

18 SBS is also developing and testing
19 solutions to help long-standing neighborhood business
20 adapt to changing market conditions through our Love
21 Your Local Initiative. Love Your Local helps
22 supports small businesses through a promotional
23 campaign and a competitive grant program that
24 connects awardees with industry experts to determine
25

2 and implement projects to help their business remain
3 competitive in an ever-changing city.

4 Through our first round of the program,
5 SBS awarded up to \$90,000 in grants to help 20 small
6 businesses. This program will allow SBS to test
7 interventions to help businesses remain competitive
8 and scale up successful strategies through
9 integration with our NYC Business Solution Centers,
10 local community groups and other partners.

11 We look forward to working with council
12 and consideration of the bills before the committee
13 today. While we continue to review the details of
14 the legislation, we share many of this council's
15 goals in offering it. This is especially true as an
16 alliance with the efforts the city has made over the
17 past five years to better assist businesses in areas
18 like navigating regulations and negotiating leases
19 and to better assist neighborhoods in maintaining the
20 vibrancy of the commercial districts. In particular,
21 we agree that more data is needed to better fully
22 understand the scale of commercial vacancies and
23 address them.

24 To that end, the administration will
25 continue to actively work with you on a vacancy

2 registry. Such a registry would be an important part
3 of an effort to also pass a vacancy tax in Albany.
4 This administration shares council's belief in the
5 importance of thriving small businesses in healthy
6 commercial corridors, and we look forward to working
7 with you and other advocates to create a fair
8 environment for our small businesses.

9 Thank you, and I will now take your
10 questions.

11 CHAIRPERSON GJONAJ: Thank you,
12 Commissioner.

13 We've had discussions off and on the
14 future of small business and from discussions of box-
15 store competition, the internet consumer behavior
16 changes, the regulations that are imposed and
17 mandates that are imposed on small businesses by this
18 administration. And across the board in meeting
19 local Mom and Pop Shop owners, the feedback that I
20 consistently get is we want a happy employer --
21 employee. We want to make sure that they have proper
22 health coverage, that they're able to afford to
23 provide for their families. We want sustainable
24 employment with less turn over. The complaint is
25 they can't do both. In this budget alone, there's a

2 projected \$1.8 billion increase in real estate taxes
3 that will be passed on to our small businesses in one
4 form or another. Rising costs in water and sewer as
5 well as minimum wage increases, paid family leave,
6 sick leave, healthcare which are wonderful and
7 important programs that we need to provide our
8 employees.

9 When do we realize that too much is too
10 much and we have to create a way where our businesses
11 thrive and survive without the burden. To give, they
12 have to also get something, and it seems that they're
13 the piggy bank that we constantly go to and draw
14 water from for our tax base and revenue source. When
15 will this administration truly value our small
16 businesses as a partner? And I know that you're
17 hearing it. I'm hearing it. We all know it. When
18 can we look to the -- forward to the day that they'll
19 be real constructive dialogue that our small
20 businesses will not only be heard but will be given
21 the equipment and the ability to be prosperous?

22 COMMISSIONER BISHOP: You know, to answer
23 your question and to be clear, I think. Since the
24 start of this administration, we've heard from small
25 businesses. I just want to remind everyone that in

2 the previous administration, many of our regulatory
3 agencies had revenue targets, and one of the things
4 that we heard from our small businesses was a hidden
5 tax on the small businesses to actually fund the
6 city.

7 The Mayor was very clear when he created
8 Small Business First that we needed to create
9 opportunities to ensure the vibrancy of our small
10 businesses, because as you know, and we've had many
11 conversations about this, small businesses are the
12 economic backbone of New York City. They represent,
13 not only the -- small businesses are hiring New
14 Yorkers, but they're hiring within their local
15 community so we are fully invested in insuring that
16 our small businesses are successful.

17 We've worked with our regulatory agencies
18 through Small Business First to reduce the impact of
19 fines to our small businesses. Have we reduced all
20 of them? No, and we certainly -- we continued to
21 work with our panel and look at other areas that are
22 barriers for small businesses and we continue to look
23 at any other areas that we can make an impact. I
24 would say to answer your question; from the very
25 start of this administration, we want to make sure

2 that we created a climate in New York City that is a
3 climate that small businesses can be successful.

4 We've made investments. For example, and
5 we can talk more about our commercial lease
6 assistance program, but that program wasn't around
7 about a year ago. One of the reasons why we made
8 that investment is because we actually worked with
9 counsel to address the issue of commercial tenant
10 harassment, and we wanted to make sure we provided
11 the resources for our small businesses. As I
12 indicated in my testimony, a lot of our small
13 businesses are micro businesses, and you and I have
14 had conversations about that as well. We're not
15 talking about franchises. We're not talking about
16 the larger corporations who have the access to lines
17 of credit, attorneys on retainers. Our small
18 businesses are Mom and Pop, maybe two or three
19 individuals, maybe one person with two staff who's
20 really working hard to build that business so we want
21 to make sure we're the agency that provides the
22 services necessary for their growth.

23 CHAIRPERSON GJONAJ: Thank you,
24 Commissioner, and I agree with you. SB1 was the
25 start of SB1 and its intentions were warranted, but

2 in four years and \$36 million dollars later of the
3 5,300 or 6,000, we're still not exactly sure on the
4 number of rules and regulations that small business
5 have to comply with. All we've done is modify 80,
6 and that typically means we've made them worse. We
7 haven't removed a single requirement or burden on our
8 small businesses. We've only added. In the last
9 four years, we have added more rules and regulations.
10 We haven't removed a single rule, a single
11 regulation. We've modified, and correct me if I'm
12 wrong.

13 COMMISSIONER BISHOP: I will correct you
14 because one of the things -- just for the record.
15 We've -- we will continue having this conversation.
16 And as I said on Friday, I'm willing to sit down with
17 your team and my team to really look at the portal.
18 The portal -- as with any technology, you know, when
19 Windows 95 came out, it didn't stay Windows 95.
20 Every year we added more features and we just added
21 more revisions. It's the same thing with our
22 business portal. One of the things that we wanted to
23 ensure was user technology to raise awareness and
24 transparency to the regulatory environment. Are we
25 finished? No, we still have more work to do and

2 we'll continue to fine tune that portal based on the
3 feedback of our small business owners.

4 So I'd be happy to sit down with you and
5 figure out if there's any more changes that we need
6 to make and also include the small business community
7 to ensure that we're covering -- raising to
8 transparency to areas that they may have issues with.

9 Your point about the regulations, just to
10 be clear; the 5,000 number is the rules of the City
11 of New York. They don't necessarily apply to all
12 small businesses. As I said, if you're a retail
13 business, you may have to comply with one or two of
14 those regulations versus if you are an auto repair
15 shop versus if you're dealing with hazardous
16 chemicals. We have the portal if you're looking to
17 start a business, or if you're operating a business,
18 you can put in the type of business that you have,
19 and you will be able to see what are regulations that
20 you are responsible for.

21 Just a reminder; some of those
22 regulations affect the health and safety of New
23 Yorkers. Some of those regulations require, for
24 example, restaurants not to have rodents;
25 restaurants, to keep food at a certain temperature.

2 So I don't think we want to modify those rules, but
3 to your point, I think we want to modify the rules
4 that will require, for example, a small business to
5 have to go to one agency and take the same
6 documentation and go to another agency when nothing
7 has changed. And that is the type of bureaucracy
8 that we're looking to eliminate or modify, to
9 streamline the engagement that small business owners
10 have with city government. Because we know small
11 businesses and the owners, their time is valuable,
12 and we don't want to have them spending the entire
13 day running from agency to agency.

14 CHAIRPERSON GJONAJ: Thank you,
15 Commissioner. I agree with you. We certainly don't
16 want to jeopardize the health and safety of New
17 Yorkers. Those rules are there for their protection.
18 But in the four years, can you think of one rule that
19 was removed by SBS -- or SB1?

20 COMMISONER BISHOP: There's a number of
21 things that we've done. For example, when we first
22 came into -- when Small Business First was created,
23 what the City did was create almost like SWAT team
24 called The New Business Acceleration Team. Why did
25 we create that? Because interactions with specific

2 agencies, they did not have the infrastructure to
3 deal with businesses. So, for example, the Health
4 Department, we had staff stationed at SBS, and when a
5 business needed an inspection, we would deploy them
6 from SBS. The Health Department has built out their
7 infrastructure so now the Health Department has a
8 whole unit that works with small businesses so we no
9 longer need to provide that service.

10 We worked with the Department of
11 Buildings and the Fire Department. If you're a
12 restaurant and you're looking to get your range hood
13 inspected, you would have to file your documents with
14 the Department of Buildings and also take that same
15 information and file it with the Fire Department,
16 each of those costing money. So we were able to work
17 with the Fire Department to build out a system where
18 now you only have to file with the Fire Department
19 and the Department of Buildings is actually notified.

20 I could go on and on in terms of the
21 things -- the ways we have actually streamlined that
22 process, but the reason why we're able to identify
23 those areas is because we heard from small business
24 owners. Right now, for example, we are looking at
25 sidewalk cafes and what it takes to actually get a

2 license to install a sidewalk café. So again, this
3 is not just government -- us looking at our
4 regulations. We encourage and want feedback from the
5 small business community and certainly from your
6 point of view. If there are other regulations that
7 our small business are complaining about, we meet
8 with the regulatory agencies on a regular basis to
9 review other areas that we can take a look at, so
10 happy to continue that conversation.

11 CHAIRPERSON GJONAJ: Thank you,
12 Commissioner.

13 I know you're passionate about small
14 businesses and your heart is in the right place, and
15 we need to do more. But this administration removed
16 a moratorium on a signage sign, from the previous
17 administration and hundreds and hundreds of
18 businesses were issued violations that started at
19 \$5,000 and went up to \$20,000. It took a year almost
20 to have that moratorium put back on. Those
21 violations closed businesses. Where is the consumer
22 health risk? Because the signage print was larger
23 than 12 square feet, a law that was placed in 1961.
24 What was the risk to consumers that warranted a
25 \$20,000 fine and allowed 311 to be weaponized in

2 putting small businesses out of business? Four
3 years, hundreds and hundreds of violations? We
4 didn't act swiftly enough.

5 Clear curbs, a six-month pilot program
6 that put small businesses out of business. No
7 parking from 7 am until 10 am; from 4 pm until 7 pm
8 on a theory, how to get congestion -- how to
9 alleviate congestion? Where were the voices of those
10 small businesses that were literally shut down? They
11 took losses of more than 40 percent. We look at road
12 dieting that impacts our commercial corridors. I
13 have a proposed road diet coming into a main
14 thoroughfare in my district against opposition from
15 every business area. We have the Metro North coming
16 in a well embraced infrastructure improvement. It
17 will be up and running by 2022, the end of. Instead
18 of looking at the feasibility and what the impact it
19 will have on our commercial corridor, that by getting
20 rid of two lanes and creating one, on a thoroughfare
21 that is going to lead to a Metro North station
22 against the wishes of our small businesses that are
23 complaining that we don't have adequate parking now.
24 I don't have the ability to receive my deliveries
25 now. Let alone, if you remove an extra driving lane

2 which allow them to double park in most times to drop
3 off and pick up. We're so ready with our traffic
4 agents, the moment your meter expires, the moment
5 you're double-parked to pick something up, its \$115
6 fine. How many times before you stop at that same
7 pizzeria and they know that that's in a sense of
8 public safety, but it's a "gotcha" at every corner.
9 If we truly want to hear from our small businesses
10 and want to value them as the partner that they are
11 and value them for the contributions they make, not
12 only to revenue, but employment and the commercial
13 corridors that they create that make our neighborhood
14 such a great place to live and thrive, we actually
15 have to do something when we hear them. And that's
16 just a few that I brought up.

17 We have a lot of work to do,
18 Commissioner. Time is not on our side. Fifty
19 percent of small businesses never make it to year
20 five. Eighty percent of restaurants that open up
21 never make it to year five, and I can't say that they
22 all have flawed business models. We've made it an
23 unfriendly business environment for them to thrive.

24 COMMISSINER BISHOP: There was multiple
25 questions packed into your statement, Chair.

2 I'd like to just start by saying we share
3 the same goal. We want to make sure that our small
4 businesses are successful in New York City. I would
5 say that as a service agency, our job is to ensure
6 that small businesses that start are empowered to
7 survive beyond the first five years which is why we
8 make a number of investments on our business
9 education. So everything from our programs in terms
10 of how to develop strategies to grow business, our
11 programs in terms of how to have an online presence.
12 Because as you know, technology has changed the way
13 certain sectors are doing business. We've made
14 investments in innovating our courses to address the
15 changing consumer behavior.

16 I just want to touch on a couple of
17 things. We have a relationship with council that I
18 think is important. As we look at different areas
19 where there are significant barriers, I'm working
20 with council to address those. So, for example, with
21 the signage, you know, the Department of Buildings
22 has an important job and that's to ensure the safety
23 of New Yorkers. When we walk into buildings, when we
24 walk on sidewalks, we don't really think about
25 whether or not this building was built to code, etc.

2 We expect it to. In Bay Ridge in Brooklyn, there
3 were a couple of incidents or an incident where a
4 sign just fell off and actually injured two
5 pedestrians walking. So the Department of Buildings,
6 when a call is made about a sign that's improperly
7 installed, they have to respond. Now --

8 CHAIR GJONAJ: Commissioner --

9 COMMISSIONER BISHOP: -- that, that. I'm
10 sorry?

11 CHAIR GJONAJ: -- Commissioner, I'm not
12 referring to the health and safety of pedestrians
13 that a sign may fall. Those violations were issued
14 were explicit. The law said no more than 12 square
15 foot of print. They had 14, 16 and 20 square feet of
16 print, and they were issued a violation for
17 noncompliance. This wasn't about is the sign safely
18 -- is stable or not. Is it in jeopardy of falling
19 and hurting someone? It was about the print size.

20 COMMISSIONER: You were referencing the
21 fines that were associated to those small businesses,
22 and the fines that were associated were signs
23 installed -- work without a permit fines.

24 We can -- the point that I'm making is
25 that we recognize that this was a challenge for small

2 businesses, that there were individuals or something
3 happening that 311 was being weaponized. We worked
4 with you and Council Member Espinal. Matter of fact,
5 it was Council Member Espinal's district. When I was
6 out there, he pointed out that that was issue, and we
7 certainly -- I would say, in terms of this
8 administration, we worked closely with all the
9 regulatory agencies that were responsible for this.
10 We moved as quickly as we could working with council
11 to pass a bill that I think the small business
12 community appreciated. The advocates appreciated.
13 You know, I would like to see that bill -- I would
14 like to see more because one of the challenges I
15 heard from small businesses is actually the cost of
16 getting a licensed sign installer. So that's just a
17 number of ways we work closely together.

18 So as I said, when there are challenges
19 that are facing small businesses, for example, you
20 mentioned Claire Kirbs, we as agency, we depend on
21 our local organizations. There are many advocates
22 that we work closely with. We heard from our local
23 business improvement district that this was a
24 challenge to small businesses.

2 I've reached out to my counterpart at the
3 Department of Transportation. We did a walk through,
4 you and I, in Queens and talked to a lot of the small
5 businesses and heard the impact. I communicated that
6 impact and the administration was receptive to the
7 fact that this pilot was affecting small businesses,
8 and we made those change. So, I guess, what I'm
9 trying to say is that we as an administration, we
10 care a lot about small businesses, and where we hear
11 there are challenges either on the regulatory side,
12 policy side, or even on, for example, Access to
13 Capital, etc., because we have not -- and we can have
14 this conversation later on, about Capital -- too
15 small businesses. We want to make sure that we do as
16 much as possible, working with council, to address
17 those challenges and to make it easier for small
18 businesses to operate in New York City.

19 CHAIR GJONAJ: Thank you, Commissioner.

20 I will acknowledge that Council Members
21 Levin and Perkins have joined us, and I believe
22 Council Member Rosenthal would like to -- and Yeger
23 just walked in.

24 Thank you for joining us Council Member,
25 Yeger.

2 COUNCIL MEMBER YEGER: Thank you so much,
3 Chair and thank you Commissioner for all your work on
4 this effort.

5 I'm looking through your testimony and
6 seeing, you know, a wide variety of programs that SBS
7 has implemented to try to get at the variety of
8 issues that the small businesses face. I wanted to
9 ask, "Do you know how much money is collected from
10 fines on our small businesses for last fiscal year,
11 this year, year to date?"

12 COMMISSIONER BISHOP: I don't have last
13 fiscal year. What I can say is that last year, I
14 believe it was, either last year or the year before,
15 when we did take a look at the signs collected by our
16 regulatory agency, we saw a \$45 million reduction of
17 fines. That stems from the start of the
18 administration to a point of either last year or the
19 year before, but we can get back to you in terms of
20 the actual count. The reason, and one of the largest
21 reasons for that was because the Mayor made an effort
22 to direct those regulatory agencies to reduce the
23 revenue targets. That was a direct result of hearing
24 from the small business community and the advocates
25 that the agencies that were doing the inspections

2 were, you know, in the previous administration was
3 fining them for any and everything so we wanted to
4 make sure that to meet their revenue targets. So we
5 wanted to make sure that we loosened the targets on
6 those particular agencies.

7 COUNCIL MEMBER YEGER: It would be great
8 to see those numbers. We passed a law a couple of
9 years ago on the dismissal rates for violations so we
10 could have [Inaudible-59:35] tell us how many
11 violations were issued to small business and then of
12 those how many were then dismissed for all the
13 variety of reasons. It's actually worth looking at
14 for DOMH in fiscal year '17, 28,000 violations were
15 dismissed because there was no violation and
16 dismissed on the merits of the violation. Yeah;
17 2,700 dismissed no prima facie case. That was 2017.
18 In 2018, 26,000 dismissed because there was no
19 violation really, and year-to-date, 18,000 have been
20 dismissed.

21 The reason I think that's important is
22 because what I've heard from -- this would be on
23 restaurant owners because it's through **HMH**
24 [Inaudible-1:00]. I've heard that it's really hard
25 on the small business owners to have to, you know,

2 take off a day of work to go to OATH, and I'm just
3 wondering if you'd be willing to explore that issue a
4 little bit more and to understand better how we can
5 encourage the health inspectors to not put business
6 owners in that situation?

7 COMMISSIONER BISHOP: So yes. Again, as
8 I said, Small Business First was our first attempt to
9 help the small business community. It's not the only
10 attempt, and we will continue looking at different
11 ways we can eliminate barriers.

12 One of the things we did hear from small
13 business owners when we sat down with them was
14 consistency so when inspectors come in --

15 COUNCIL MEMBER YEGER: Yes.

16 COMMISSIONER BISHOP: -- they need to be
17 consistent. And part of our 30 initiative was to
18 ensure continuous training of inspectors. I hate to
19 say this, but we also heard customer service, having
20 inspectors that understand that I'm the only business
21 owner, that I'm the only person right now so figuring
22 out ways to communicate to business owners, inform
23 them of what you're doing, etc. So that was one of
24 the findings that we found, and we made sure that all

2 the inspectors at all the different agencies were
3 trained in business customer service.

4 We also heard about creating flexible
5 ways of responding to a violation. So in SB1, and we
6 worked with OATH, you do not have to actually show up
7 in person. You have other ways of responding to a
8 violation including online and including fax and
9 telephone, but we can look at other ways we can make
10 it easier. To be frank, I want to make sure that
11 business owners don't get violations.

12 COUNCIL MEMBER YEGER: That's the point,
13 yeah.

14 COMMISSIONER BISHOP: Right. We want to
15 make sure that we bring transparency. The Chair has,
16 on numerous occasions talked about being transparent,
17 about what rules and regs you are responsible for.
18 That is why we have the compliance advisors so
19 businesses can contact our staff. We can come out,
20 and what we're doing, we're doing a data-driven
21 approach. We're looking at the most common
22 violations per fiscal year. We're looking at to see
23 what businesses -- and when we launch the Compliance
24 Advisory Program, what are the top violations? So,
25 for example, with retail and consumer affairs, it's

2 usually the unit pricing. Like you have to have on
3 all your products, pricing on all of your products.
4 So we look at those common violations. We will look
5 at it again to get your information as well, and then
6 we'll see if there's something else that's now in the
7 top ten that we need to educate our business owners
8 on.

9 COUNCIL MEMBER YEGER: So you know -- do
10 you know the top three agencies or reasons? You just
11 gave a great example of one from DCA -- the top
12 violations that are issued?

13 COMMISSIONER BISHOP: So it depends on
14 the sector, and it depends on the agency. For
15 example, with restaurants, it's typically -- there's
16 a number of things. It's typically your particular --
17 -- I'm sorry. The wash -- I don't know the exact --

18 COUNCIL MEMBER YEGER: Oh, sorry. I'm
19 not -- now you're getting way -- I go down rabbit
20 holes, but that's real.

21 COMMISSIONER BISHOP: Okay.

22 COUNCIL MEMBER YEGER: Hang on one
23 second. What I just simply meant, what are the top
24 -- in terms of agencies, which agency puts out the
25 most -- gives out the most violations? Is it DOH?

2 COMMISSIONER BISHOP: I don't have -- I
3 don't have that information in front of me. What I
4 will say is that obviously there's a lot of
5 restaurants in New York City but we -- I'll tell you
6 the agencies that we work closely with; Department of
7 Health, Department on Consumer Affairs, Department of
8 Buildings, The Fire Department. They all have
9 interaction with our businesses so they have a role
10 to play in terms of how businesses operate. We can
11 get back to you in terms of which agency issues the
12 most violations.

13 COUNCIL MEMBER YEGER: Yeah. I think it
14 would be worth looking at. Do you mind if I ask just
15 a few more, two more? And then we're going to other
16 -- okay, sorry. [Inaudible 1:07]

17 CHAIR GJONAJ: [Inaudible-low audible
18 response].

19 COUNCIL MEMBER YEGER: Do you have any
20 measures of success of the programs that you've
21 implement?

22 CHAIR BISHOP: Sure. One of the things
23 that we announced last week was because we completed
24 the first 30 initiatives of Small Business First, we
25 are now looking at -- and based on either the

2 violations that we helped businesses avoid, the
3 violations that we've either streamlined, etc. We no
4 project a \$50 million annual savings to small
5 businesses. Obviously, we are now going to take a
6 look at the additional regulatory environment to see
7 if there's anything else we can be working on.

8 COUNCIL MEMBER YEGER: Can you provide us
9 with that information?

10 COMMISSIONER BISHOP: Yes, we can,

11 COUNCIL MEMBER YEGER: Great.

12 COMMISSIONER BISHOP: We also, in looking
13 at the portal -- for example, one of the things we
14 heard. You now, it is -- the City of -- we have
15 multiple agencies that businesses have to interact
16 with. It was a herculean effort to actual get all
17 the data that businesses need to pay attention to
18 into one place. So I just want to make sure people
19 understand that if you're a business owner and you do
20 not have an account on nyc.ghost/nycbusiness, you
21 really need to create that account. Because now, not
22 only can you see the permits that you have, you can
23 see when you need to renew it. The next versions
24 will be for you to review those online.

2 If you're a restaurant, one of the things
3 we've heard from the restaurant community is when I'm
4 going in front of my committee board, that's the
5 first time I'm hearing that there were "X" amount of
6 311 complaints against my restaurant. We brought
7 transparency to that so if you have an account, you
8 can see all the 311 complaints coming into your
9 restaurant.

10 Again, everything that we heard came and
11 was sourced from listening to small businesses and
12 listening to some of the --

13 COUNCIL MEMBER YEGER: Okay.

14 COMMISSIONER BISHOP: -- in hearings like
15 these where we hear some concerns. So we would be
16 happy to sit down with everyone to figure out if you
17 are hearing something different from the business
18 community that we have not addressed to actually
19 start looking at those issues.

20 COUNCIL MEMBER YEGER: The last issue
21 along those lines is just a matter of nomenclature
22 that I've heard from the LGBT community discomfort
23 with the expression "Mom and Pop" shops and that, you
24 know, it's important to recognize that -- to be more
25 gender neutral. Thank you.

2 COMMISSIONER BISHOP: Our micro
3 businesses?

4 COUNCIL MEMBER YEGER: Micro businesses.
5 Thank you very much. I appreciate it.

6 Thank you, Chair.

7 COMMISSIONER BISHOP: Thank you.

8 CHAIR GJONAJ: Thank you, Council Member.
9 You've brought up some great points, and I'm looking
10 forward to further investigating the number of
11 violations that were dismissed, and 28,000 is a
12 considerable amount of violations by one department
13 or agency.

14 Council Member Gibson, I think you had a
15 question.

16 COUNCIL MEMBER GIBSON: Thank you again,
17 Chair. Good afternoon, Commissioner.

18 COMMISSIONER BISHOP: Good afternoon.

19 COUNCIL MEMBER GIBSON: I have specific
20 questions related to the bill that I have on the
21 agenda which is Pilot Certificate of No Harassment
22 for Commercial Businesses, and I'm not sure to the
23 extent of how familiar you are with the recent
24 passage of legislation that was codified that relates
25 to residential certificates of no harassment. We are

2 currently in the pilot phase of that, and there are
3 several community boards that are in the first pilot
4 and two of mine around the Jerome Enwood area are
5 Bronx Community Boards 4 and 5 are a part of that
6 pilot. So while a lot of the enforcement and work
7 around Certificates of No Harassment are really the
8 Department of Buildings, but because in this instance
9 we're looking at commercial certificate of no
10 harassment, obviously it calls for SBS to work very
11 closely with DOB.

12 So while your testimony, as Council
13 Member Rosenthal eluded, speaks to a lot of the
14 existing SBS programs, I wanted to ask two questions
15 about the current protections are what we have within
16 our toolbox today that helps businesses who are in
17 face of displacement. I think, as I mentioned in my
18 opening, I've learned a lot around my rezoning. It's
19 something I never want to go through ever again. It
20 took me three years, and for the remainder of my term
21 here, I have to make sure that everything we agreed
22 to is implemented. It is a lot of work and a lot of
23 detail. What I've learned in my walk throughs with
24 you and your administration are we have different
25 businesses. So I have one business who was able to

2 get a renewal of his lease for ten years, which is
3 great.

4 I have another business that renewed for
5 five years, but then I found businesses where the
6 landlord has already expressed an interest in selling
7 so they have a certain amount of time left on their
8 lease. But then I also have a lot of businesses
9 along Jerome in the Bronx that don't have a lease t
10 all, and they're just month to month to month. The
11 uncertainty is extremely real for them, particularly
12 when many of them are using that as a lifeline to
13 take care of their families.

14 I guess my first question is what do you
15 we have today within our toolbox that can help a
16 business that fears that they are going to be
17 displaced by their landlord?

18 COMMISSIONER BISHOP: And thank you very
19 much. It's been terrific working with you and your
20 team as well. You've been a strong advocate for
21 small businesses in your community. You know, we
22 worked with council -- actually at the very start of
23 this administration to pass the Commercial Tenant
24 Harassment Bill. Before -- prior to that, there were
25 no laws that actually tried to put some structure to

2 what harassment -- commercial harassment, what that
3 looked like.

4 Partnering with counsel, we then launched
5 the Commercial Lease Assistance Program where we've
6 in the past at SBS provide free legal assistance to
7 actually understand the structure, maybe review a
8 lease but not negotiate and maybe review contracts.
9 What we did is we made an investment knowing that we
10 needed to provide attorneys to your point -- to small
11 businesses to help them actively negotiated their
12 leases. I think a lease is the biggest deterrent to
13 either harassment or displacement. to your point,
14 you know, there are state laws that we are not -- at
15 this point, if a landlord decides not to issue a
16 lease, there really isn't anything because of state
17 laws that we can do to tell a landlord they have to
18 issue a leases. However, if a landlord is open to
19 issuing a lease, we certainly have the legal services
20 available, and where we have seen businesses that
21 have used our legal services, we have seen outcomes
22 like ten year leases which is very much so helpful
23 for a small business especially when they're looking
24 to project in the outer years what they need to have

2 in terms of sales, employees, etc., consistency on a
3 lease, on pricing is one thing.

4 One of the things that we're looking as
5 well is figuring out ways to look at the lease
6 environment. We have not talked about. To your
7 point, different landlords use different types of
8 leases. To help educate our small businesses on what
9 a standard lease looks like, so we would be happy to
10 continue working with counsel to figure out ways in
11 which we can actually help businesses who are at the
12 start of a process.

13 Now, if you're a business currently and
14 you have a lease and your landlord is pressuring you
15 to leave, that is where the Commercial Lease
16 Assistance program comes in. Now, since we've
17 launched this program, about 24 percent of the use
18 what we've seen our lawyers used for is related to
19 harassment. Most of it though is related repairs
20 that were not done. So the lease requires the
21 landlord to do a certain amount of repairs. They're
22 not doing it so those are the type of activities we
23 have seen. The rest have all been either new leases
24 or some type of lease review or something related to
25 the lease itself.

2 COUNCIL MEMBER GIBSON: Well, I think
3 it's also particularly challenging because many of
4 the small businesses that I'm most familiar with are
5 immigrant businesses where they have a small amount
6 of employees. A lot of it is generational where
7 grandparents and others, you know, carry the business
8 so I am supportive of a lot of the efforts, and I've
9 seen what SBS had done. I certainly think that, you
10 know, we would agree that we can obviously do a lot
11 more because many of the businesses that I represent
12 are just not simply covered by having a lease.

13 What happens in instances, and this is
14 really the mechanism and the basis behind the
15 Certificate of No Harassment when you actually have
16 demonstrated cases of harassment. There's just
17 persistent harassment by some of the same owners, and
18 you know, in many of our small businesses you have an
19 owner that owns several businesses, particularly in
20 my area of the auto repair and tire shops. So it's
21 one landlord that owns, you know, multiple business;
22 but what happens in instances where we, the City,
23 know that this particular owner has been known to
24 harass his or her tenants and we have documented, you
25 know, records and proof of that. You know, what type

2 of measures do we have that we can protect those
3 small businesses but also go after the owners?

4 I think, you know, by using a mechanism
5 like Certificate of No Harassment where we are
6 working with DOB in terms of not issuing permits to
7 do work, that's something that can drive out those
8 bad neighbors, but what else do we have where we can
9 help some of our small Mom and Pops that will tell us
10 I've been harassed, this one has been harassed; you
11 know, there's like a whole village of businesses that
12 have been known to be harassed by their owners, but
13 what types of protections do we have to really help
14 them in that situation?

15 COMMISSIONER BISHOP: I think, you know,
16 in looking at the different types of harassment
17 similar to, you know, working with council to create
18 the Tenant Harassment Bill, we'd be happy to work
19 with you to look at the existent law and see if
20 there's any type of harassment that's not being
21 covered for that. If there is harassment that's
22 happening, that's covered by the existing law, you
23 now, our CLA program goes up to the point of
24 litigation. We'll be able to, at least, let the
25 business owner know their rights and direct them in

2 terms of what they need to do to defend their rights.
3 We would have to have a conversation in terms of
4 resources to talk about litigation, but in some
5 cases, and I have seen it happen already, the
6 conversation changes when a lawyer actually is
7 present. I think, you know, when landlords know that
8 a small business owner has the resources available to
9 effectively defend some type of harassment, the
10 behavior changes, but currently, we only work prior
11 to litigation. I'd be happy to -- as we continue
12 discussing these bills, to look at the existent law
13 and figure out if there's things that you're seeing
14 that's not covered by this law and then what else we
15 can do to help those small businesses in those
16 situations.

17 COUNCIL MEMBER AYALA: Okay. Thank you,
18 Commissioner. I will keep talking about my bill as
19 well as the package and legislation. I turn it back
20 over to --

21 Thank you, Chair.

22 CHAIR GJONAJ: Thank you Council Member.
23 Council Member Ayala.

24 COUNCIL MEMBER AYALA: Thank you.

25 Good afternoon, Commissioner.

2 COMMISSIONER BISHOP: Good afternoon --
3 well, good morning.

4 COUNCIL MEMBER AYALA: Well, yeah, you're
5 right. It's still good morning.

6 My questions are really around the
7 Commercial Lease Assistance program. Can you tell us
8 how many businesses actually benefitted from that
9 service last year?

10 COMMISSIONER BISHOP: Right now, we have
11 about 400 cases open.

12 COUNCIL MEMBER AYALA: How many of those
13 cases are in litigation? Do you know?

14 COMMISSIONER BISHOP: Actually, I don't
15 know if we have -- most of the cases, as I said were
16 related to new leases or some type of lease review or
17 lease agreement. When we launched the program, one
18 of the things we thought we would see was, you know,
19 a huge amount of harassment-related cases, but that's
20 not the case. We've seen instead business owners use
21 the program to effectively negotiate a better lease
22 upfront. Of the 24 percent of cases that had some
23 type of landlord harassment breach of contract, as I
24 said, it was more or so related to repairs that the

2 tenant wanted the landlord to do that was covered
3 under the lease that the landlord was refusing to do,

4 I can get back to you in terms of what
5 has actually been referred to litigation, but I think
6 it's a very very very small number.

7 COUNCIL MEMBER AYALA: So I think that
8 Council Member Levin will be back to talk a little
9 bit more about Intro 1470 which would require free of
10 charge legal representation, right. Because what
11 we're offering now is pretty much advisory in nature,
12 right -- you don't represent in court?

13 COMMISSIONER BISHOP: Right. Sorry, yes.
14 Our program is an attorney that's dedicated to the
15 business owner. That attorney -- it's as if you had
16 the attorney on retainer, you could call that
17 attorney, etcetera, until you get to the point of
18 litigation. So we are providing free legal services.
19 I think the bill that we're talking about right now,
20 now steps into litigation and that is something that
21 we do not provide at this time.

22 COUNCIL MEMBER AYALA: Do you have any
23 concerns about the bill?

24 COMMISSIONER BISHOP: There's some
25 concerns about -- you know, in terms of budget

2 recourses. I think, you know, we would have to take
3 a look at that closer. As I said, you know, we want
4 to make sure that right now the funding that we have
5 covers the interaction that the attorneys have with
6 the businesses prior to litigation.

7 I don't think anyone wants to be in a
8 litigious situation, and I think our goal is really
9 to solve whatever the particular issue prior to
10 getting into litigation.

11 COUNCIL MEMBER AYALA: Understood. Now,
12 in regards to the SBS 360 program, is that a
13 permanent program, or is that a pilot program?

14 COMMISSIONER BISHOP: Well, I wouldn't
15 say it's a pilot program. It was related -- the
16 program was created as a result of, you know, some of
17 the work that we were doing in the different
18 neighborhoods. As I said in my testimony, we have
19 made some changes to our Avenue NYC Grant program
20 which is federally funded to actually mimic some of
21 the success that we've had through the Neighborhood
22 360 program.

23 So, for example, working with local
24 organizations to help empower them to actually do the
25 commercial district needs assessment is one of them.

2 We did that through the Neighborhood 360 program.
3 We've recognized that data is very important to the
4 point of this hearing. In order to come up with
5 effective solutions, every neighborhood is different
6 in terms of why we're seeing different challenges so
7 we need to better understand that, and the best way
8 to understand that is to work with local partners,
9 empower them to actually do the studies that would be
10 necessary to then -- for us to come up with effective
11 solutions. So we have a way, through Avenue NYC --
12 it is a competition, but we have a way to continue
13 funding across the city support for local
14 organizations.

15 COUNCIL MEMBER AYALA: I actually have
16 one in my district, and I love it. I think that the
17 small businesses also love it. They have been real
18 excited to have a partner in the community who they
19 can communicate some of their concerns with will also
20 help, you know, market them a little bit better. But
21 my concern is that it is limited to just a specific
22 corridor, right -- or two? Is there any intent to
23 add more -- to add an addition to that?

24 COMMISSIONER BISHOP: Yeah. I'm glad you
25 raised the scenario that happened in your district --

2 in the Neighborhood 360 program. Part of the program
3 is to build a capacity of local organizations so that
4 way we step in at the front end to see, not only the
5 building capacity, but also empower those local
6 organizations to get additional funding from private
7 funders to continue the work.

8 We have -- we started off with specific
9 neighborhoods, and we've now expanded through Avenue
10 NYC and helping different corridors because there are
11 some corridors that do not have either a business
12 improvement district or a local development
13 corporation that has the capacity. We want to make
14 sure that we build that type of capacity across the
15 city in the neighborhoods that may not have
16 organizations as strong as yours in your particular
17 district.

18 COUNCIL MEMBER AYALA: Well, I just want
19 to say thank you. I don't have any further
20 questions, but I wanted to acknowledge all of the
21 hard work that you have invested, I know, in my
22 district. I've worked -- been on council for over 13
23 years, and I haven't seen the level of commitment
24 that I have from anyone else, and so I wanted to say
25 thank you.

2 COMMISSIONER BISHOP: Thank you.

3 CHAIR GJONAJ: Thank you, Council Member.

4 Commissioner, in reference to Intro 1049, how long do
5 you think it would take for the administrator of this
6 administration, to come up with the state of store-
7 front survey?

8 COMMISSIONER BISHOP: For 1049, I think
9 -- you know, the intent of the bill, which is to get
10 data we agree with. We want to, and I think in
11 parallel, we've been having conversations about
12 coming up with a store-front registry, and we've been
13 working with counsel and what that looks like. I
14 don't have any -- I can't tell you how long that's
15 going to take. Obviously, there are other agencies
16 that interact with business differently in terms of
17 either property or blackened lots. So we're looking
18 across the city in terms of which agencies which we
19 can work with closely to get that information. I
20 know there's some third-party data out there that
21 certainly we have been conversations with about
22 leveraging. So we're looking at angles in terms of
23 how we can get, not only reliable data, but
24 consistent data.

2 CHAIR GJONAJ: In reference to Intro
3 1471, in your experience, what types of training and
4 counseling makes the biggest difference for local
5 entrepreneurs? More importantly, what type of
6 training is most cost effective?

7 COMMISSIONER BISHOP: I'm glad you
8 mentioned cost effective. You know, when we look at
9 our services, we want to make sure that it's
10 scalable. We also want to make sure that it's
11 accessible. We try to offer our programs all
12 throughout the day, either in the morning, midday,
13 afternoons, evenings to make sure that we make it
14 accessible for small business owners to attend the
15 courses because sometimes they are the only ones that
16 are running their business so we want to make sure
17 that they have time to run their business and also
18 get the information that they need.

19 Some of the things that we've seen that
20 small business owners, in terms of when you talk
21 about the different type of training, understanding
22 your books. You know, a lot of small business
23 owners, you know, in some cases we want to make sure
24 they understand the right point of sale system, how
25 that point of sale system can put the information in.

2 Whether it's Quick Books or whatever it is, an
3 accountant system, so they understand their sales
4 really quickly.

5 Through Love Your Local, again, that was
6 an investment to help us innovate the education
7 offerings that we will -- we could potentially offer.
8 One of the things that we found was the business that
9 had the assessment from the business expert, those
10 businesses did not have an inventory management
11 system. In everything that we do, we try to figure
12 out how -- what are some of the challenges that
13 businesses face in the back office, and then figure
14 out how we as a city can provide those training. For
15 example, knowing that technology is changing, if you
16 are a restaurant, even if you're a bodega, if you do
17 not have an online presence, you know, that is
18 detrimental your success. People who are looking for
19 particular products will -- the first thing they'll
20 do is go online. We want to make sure that -- and we
21 have programs, for example, on search engine
22 optimization, on how to actually insure that when
23 someone puts in "I'm looking for "x"" that your
24 result will come up on the front page.

2 We also have programs for customize
3 training so all these technologies mean that you have
4 to train your employees. That's an additional cost.
5 So we have something called customized training where
6 city will cover up to 75 percent of the cost if
7 you're installing some type of new system.

8 So again, there's -- a lot of the work
9 that we do is focused on understanding your
10 financials to better make informed decisions. I
11 think as I read these bills, the intent of it is
12 really to make it easier and transparent for
13 businesses to understand their expenses so either we
14 can reduce those expenses whether it's on the
15 regulation side or whether it's on the operation side
16 or we can figure out ways to actually help.

17 One of the things that we did not talk
18 about is healthcare; the cost of actually paying for
19 healthcare for your employees. We have heard that
20 from small businesses so we are also looking at that
21 and figure out ways we can make it easier and cheaper
22 for small businesses to help their employees with
23 healthcare.

24

25

2 CHAIR GJONAJ: Thank you, Commissioner.
3 We've been joined by Council Member Powers, and I
4 believe Council Member Levin has a question.

5 COUNCIL MEMBER LEVIN: Thank you, Chair.
6 Commissioner, nice to see you again. It's been only
7 a couple of days.

8 COMMISSIONER BISHOP: How was your
9 weekend?

10 COUNCIL MEMBER LEVIN: It was good. How
11 was yours?

12 COMMISSIONER BISHOP: Wonderful. I was
13 working.

14 COUNCIL MEMBER LEVIN: I wanted to ask
15 about Intro 1049 and -- in general. I'm sorry, Intro
16 1470. Excuse me, 1470, which is around legal
17 services. You mentioned in your testimony, the
18 Commercial Lease Assistance program.

19 Has this administration examined what
20 overall legislative framework ought to be pursued or
21 examined or contemplated when it comes to small
22 business rent, law? Some it is city law. Some of it
23 could be state law, but have you -- has this
24 administration kind of examined what ought to be the
25 -- first off, if there's -- if the status quo is

2 acceptable or unacceptable, and then if it's
3 unacceptable, what legal changes, law changes should
4 be made?

5 COMMISSIONER BISHOP: So a couple of
6 things, and I think it's related to this bill. First
7 of all, I want to make sure it's on the record that
8 anytime a business closes in New York City, it's --
9 I say it's personal for me, you know, because I think
10 about the fact that this business owner put in their
11 sweat, their life earnings to launch this business,
12 and anytime a business closes, it hurts. We
13 understand, you know, for that business owner, and I
14 could say every -- you know, all the facts that I
15 have in terms of reductions of fines, etcetera. But
16 if you're still getting affine, none of this really
17 matters, right so we want to make sure that I am
18 sympathetic to the issue at hand.

19 There's a couple things. One, we have
20 been, and we've been talking about a vacancy registry
21 because the store front vacancy registry -- because
22 in any particular commercial quarter, there's
23 different reasons why those storefronts are vacant.
24 You do have, and the narrative that's been in the
25 media is that, you know, there are landlords who one

2 minute your rent is \$6,000 and the next minute at the
3 end of your lease it's now \$12,000. But there are
4 landlords who have a viable storefront, but they
5 don't have the capital, for example, to upgrade that
6 store front to attract the right tenant; or they may
7 be a landlord that may not understand how to actually
8 attract the right tenants, or they may be business
9 owners that may not understand that that particular
10 neighborhood is looking for their particular service.

11 So again, these problems are very complex
12 and requires different complex solutions. One of the
13 things we're very focused on is getting data that's
14 consistent and reliable so we understand what the
15 vacancy issue is in the different commercial
16 corridors. We are pursuing a vacancy tax in Albany
17 because I think, you know, when you have a landlord
18 that is not using data to figure out -- to price the
19 square footage of their space and they're just using
20 sort of like, I think, because I see a Starbucks on
21 the corner that I too can also get that particular
22 rent. We want to make sure that they're thoughtful
23 in the increases that, you know, by state law,
24 they're allowed to do. We want to make sure that
25 they're thoughtful, and if there's a vacancy tax, I

2 think landlords will be thoughtful in terms of what
3 they're charging.

4 What we have seen through our Commercial
5 Lease Assistance program as I said earlier, is a lot
6 of business owners are actually using our service to
7 start a lease, and they're seeing a lot of success.
8 So they're getting 10-year leases out of our program
9 which is important because then you have consistency,
10 and then you have now an agreement between you and
11 that landlord in terms of what can and cannot be
12 done. So we talked about this on Friday. If you are
13 -- and you have a lease that prevents a property tax
14 from being passed through to your rent, you now know
15 that you have some stability in terms of the
16 increases that you agree upon. If you don't have a
17 lease, then a landlord has the right to actually do
18 that, and you may not know what the increases will be
19 throughout your time there. So, again, there's
20 multiple tools that we are pursuing to address the
21 very issue of vacancy.

22 COUNCIL MEMBER LEVIN: I just want to ask
23 one other question about -- I heard from a building
24 owner, a landlord, about the property taxes that they
25 pay on their commercial space, and that in some areas

2 it's not really commensurate with the amount of foot
3 traffic that they're getting on certain commercial
4 corridors and that in his opinion was the driver of
5 -- or could be or at times is the driver of high
6 rents being charged by landlords for commercial
7 spaces. It's the cost of the property taxes. Can we
8 examine the property taxes that -- or the way in
9 which we are assessing our property taxes so that --
10 particularly, when it comes to commercial retail
11 spaces so that we're not inadvertently driving up the
12 rent on small business?

13 COMMISSIONER BISHOP: So I think -- I
14 have some colleagues here from the Department of
15 Finance, but I think to -- to answer your question, I
16 think there is a process right now in evaluating the
17 entire property tax system.

18 COUNCIL MEMBER LEVIN: Right.

19 COMMISSIONER BISHOP: I know I've been at
20 several hearings where the Mayor has said that he
21 wants to have a comprehensive overview of the
22 property tax system. I think, you know, to your
23 point, educating business owners on what that means
24 in terms in triple-net leases, is important as well.
25 Because I've had many times, you know, spoken to

2 business owners who, you know, the landlord passes on
3 the increase of the property tax into their rent and
4 they were not aware. So for us, what we have done
5 through Commercial Lease Assistance program is really
6 equip business owners with the resources necessary to
7 negotiate an effective lease, but I don't know if you
8 want to add anything about the property tax.

9 CHAIR GJONAJ: We're going to have to
10 swear you in if you're going to make a statement.

11 CLERK: If you could please raise your
12 right hand.

13 Do you affirm to tell the truth, the
14 whole truth and nothing but the truth, in your
15 testimony before this Committee and to respond
16 honestly to council members' questions?

17 COUNCIL MEMBER FEINBERG: Yes, I do.

18 CLERK: And if you could identify
19 yourself?

20 COUNCIL MEMBER FEINBERG: I was just
21 going to build on what Commissioner Bishop -- oh,
22 Sheila Feinberg. I represent the New York City
23 Department of Finance.

24 I just wanted to build off of what
25 Commissioner Bishop just said. I think that is a

2 larger conversation that the New York City of
3 Department of Finance is looking into. We understand
4 the issues that you address that you're raising, and
5 I do -- I just want to echo what the Commissioner
6 said. I think it is part of a larger conversation
7 about how we reform the property tax system so that
8 we can meet the needs of many people.

9 COMMISSIONER BISHOP/LEVIN? [Inaudible-
10 1:22:01]: Okay. Certainly, as we're looking at that
11 with the property tax commission, I think it's
12 important to examine that really specific question of
13 what their kind of retail commercial tax is on -- and
14 how it's determined, and how specific it needs to be.

15 Like, for example, I've heard that
16 Atlantic Avenue is kind of assessed the same way that
17 7th Avenue is Brooklyn, even though the foot traffic
18 on Atlantic Avenue is markedly less, and so it's, you
19 know, there's just not as much opportunity for those
20 store fronts to attract customers. Just how it's
21 determined, what it's based on, you know, those are
22 things that I think we should be examining. Because
23 again, if that's one the drivers, then that would be
24 very unfortunate.

2 COUNCIL MEMBER FEINBERG: I would just
3 add that -- I think that's the only part of the
4 conversation, but the way that we do our assessment
5 is based on state law. I don't know that it really
6 depends of the foot traffic as much as it does the
7 state law, but I understand that.

8 COUNCIL MEMBER LEVIN: Okay. But it may
9 be also be -

10 COUNCIL MEMBER FEINBERG: Loss of traffic
11 affects the businesses.

12 COUNCIL MEMBER LEVIN: Right, and I
13 understand that it's certainly kind of cutting off
14 our nose to spite our face if we're -- if we were
15 forever able to keep a business open and collect
16 sales tax, it would be better than insisting on a
17 higher property tax. Thank you. Thank you, Chair.

18 CHAIR GJONAJ: Thank you, council member.
19 But before you leave, we like to have our cake and
20 eat it too. Last year, \$1.5 billion increase in real
21 estate taxes. This year, I projected \$1.8, \$3.3 over
22 two years, and the next three years have projections
23 of billion dollars year over year.

24 Our property owners are very
25 sophisticated. They're going to either raise the

2 rent and include real estate taxes or they're going
3 to pass it through as those increase come in. The
4 problem is that we're forcing them to raise the
5 rents. If they can't raise the rent, they're just
6 going to give them the increases in real estate
7 taxes. We're creating this condition. And you also
8 have a \$3.9 commercial rent tax on top of the real
9 estate tax increases.

10 I love the fact that we're talking about
11 their needs and their hurdles and their issues and
12 the competition that's out there and how we're going
13 to be supportive, but at the same time, government is
14 undermining them through increases in taxes, water
15 and sewer, dollar amounts associated to fines and
16 violations; and we can't have it both ways. It's
17 either, we're going to help them or we're going to be
18 their final nail in their coffin?

19 Thank you.

20 COMMISSIONER BISHOP: I don't know if you
21 wanted us to comment on that, but I will say that
22 this administration, we care about small businesses.
23 We're focused on the success of small businesses, and
24 I have to say that I have great partners at all the
25 different agencies, including the Department of

2 Finance. That they hear us, and I will continue
3 pressing the message that we have to make sure -

4 CHAIR GJONAJ: Commissioner, let's call
5 for a two percent tax cap then. If it's good enough
6 for the rest of the state, it should be good enough
7 for New York City. Give our small businesses a
8 fighting chance, including our property owners and
9 our tenants. There's a much bigger picture. We put
10 this burden on them, on top of everything else. It's
11 our doing. And this administration has been raising
12 real estate taxes, not the tax rate, real estate
13 taxes at an unprecedented rate; and it's going to
14 continue. I know that it's very difficult to balance
15 a budget, but the more we raise, the more we spend.
16 And the more we spend, the more we continue to raise
17 is the real problem. So it's a part of the spending
18 habit that we have as well.

19 Council member, if you don't mind, time
20 is of the essence.

21 COUNCIL MEMBER LEVIN: I'll be quick.
22 You tee'd me up well. I have a bill that's not on
23 today's hearing. It's related to a commercial rent
24 tax. We can fix my district and a few others in
25 Manhattan; 3.9 percent as you mentioned, additional

2 property taxes having being paid by the renter. She
3 feels unfair. The geographic boundaries and the
4 existence of it. Does the administration have any
5 opinion on for the repeal of the commercial rent tax?

6 COMMISSIONER BISHOP: Again, when we talk
7 about this administration's support of small
8 businesses, about a year ago, we worked to actually
9 make changes to the commercial rent tax. Back then,
10 we had to look at the budgetary impact that that
11 would have on the overall budget, and I think it
12 would be the same working with counsel to figure out
13 the budgetary impact.

14 COUNCIL MEMBER LEVIN: Okay. We'd like
15 to work with you on it because still more businesses,
16 I think that should - I don't think nobody should be
17 paying it, but I think certainly there's an
18 additional class of businesses here that shouldn't be
19 paying it so we'll ask you to take a look at that
20 bill as well,

21 COMMISSIONER BISHOP: Yep.

22 COUNCIL MEMBER LEVIN: The second is on
23 Bill No. 1408 on the agenda here which creates
24 affordable retail component in city economic
25 development projects. I'm wondering if you have any

2 -- I didn't see it in your testimony, but if any
3 comments related to the affordable housing side of it
4 which is that if we're doing an affordable housing
5 project, I think occasionally the market rate -- the
6 small businessman will help subsidize the -- or the
7 large business will help subsidize the housing or the
8 other parts of the project.

9 Do you guys have comments on that bill?

10 COMMISSIONER BISHOP: I have some
11 colleagues here from HPD who can talk more about
12 that. I would say that we've piloted this in a few
13 areas. I know in East New York. There's a project
14 in East New York that has sort of elements of the
15 intent of this bill. There's a project up in Inwood
16 that has the element. It's too early, I think, for
17 us to tell whether or not this is the right tool.
18 What we're also not talking about is when you're
19 looking at these projects, in order for these
20 projects to be financed, the banks require -- and in
21 certain cases, demands certain type of tenants. So
22 that's also lost in this. It's not actually
23 discussed, and I think that it's worth a conversation
24 to figure out how the financial industry is affecting
25 the look and feel of our neighborhoods based on their

2 willingness to commit to certain developments, but
3 the reason why I didn't touch on that is because that
4 is -- it's sort of out of our expertise, but I'd be
5 happy to have someone from HPD talk a little bit more
6 about that.

7 COUNCIL MEMBER LEVIN: Okay.

8 CLERK: I'll need you sworn in, too. If
9 you could please raise your right hand.

10 Do you affirm to tell the truth, the
11 whole truth and nothing but the truth, in your
12 testimony before this Committee and to respond
13 honestly to council members' questions?

14 COUNCIL MEMBER MICHAEL: I do.

15 Genevieve Michael from HPD. So just
16 building on what the Commissioner said there. I
17 think additional concerns with the bill is that as
18 drafted, it would require retail in all of our
19 projects, both preservation and new construction. I
20 think we certainly share the goal of wanting to make
21 sure that projects we are financing created vibrant
22 neighborhoods, but I think this legislation would be
23 overly broad. Certainly around our peek processes,
24 we try to do community engagement and try and
25 encourage retail that works with the local

2 neighborhood. But you know on some preservation
3 deals, on some other projects, you might have
4 existing tenants already in place. I think this bill
5 would actually harm, and additionally, I think really
6 we want to look at these projects on a case-by-case
7 basis, not legislation that would mandate it across
8 the board.

9 COUNCIL MEMBER LEVIN: Got it. Thank
10 you. And is there a concern it would harm the
11 availability of affordable housing?

12 COUNCIL MEMBER MICHAEL: Yeah. I mean, I
13 think the financing on each project is different, and
14 we don't want to put additional constraints in place
15 that don't us flexibility where we need it.

16 COUNCIL MEMBER LEVIN: Great. Thank you.
17 And I'll ask two more questions if I can do, quick.

18 One is, there's a bill in the city
19 council right now that also -- I think we should
20 actually look at some of these businesses differently
21 in terms of who they are and how they provide
22 services to the city. One of the bills that Council
23 Member Borelli has is related to restaurants, and I
24 know there are some representatives here which adds
25 more flexibility in terms of how they can do charges

2 and surcharges which many have argued would allow
3 them to have more flexibility in their pricing. It
4 essentially allow them to -- it's not a speedy
5 question. It allow them to add in like a surcharge.
6 Right now, you can do it if it's a group of eight.
7 The DCA, I think, came and opposed that bill or
8 raised concerns around it. I think you're going to
9 hear from some of the small businesses today and the
10 restaurant industry around their wanting to be able
11 to do that, especially there's concerns around stuff
12 is happening in Albany. I'm wondering if you guys
13 have looked at that particular bill from the SBS side
14 in terms of allowing for surcharges for the
15 restaurants?

16 COMMISSIONER BISHOP: And we work closely
17 -- and we continue to work closely with the industry,
18 I think. You'll hear from them as well in terms of
19 the work we're doing to help them address the
20 workforce issue. The cost of labor was one of the
21 things that they brought up. We're going to look at
22 different ways, and as the bill advances, I would be
23 happy to address some of the concerns that DCA had
24 which was more so -- you know DC is responsible for
25 ensuring that there's transparency in terms of what

2 consumers pay so if there is concerns that DCA has,
3 you know, and that can be addressed by working with
4 council, I'm sure that we can have further
5 conversations. But we are aware that the industry is
6 interested in figuring out ways to offset their labor
7 costs while this legislation is being discussed. We
8 are again looking at different ways we can lower the
9 cost in other areas, including finding labor and also
10 on the regulatory side to reduce fines that
11 restaurants typically face.

12 COUNCIL MEMBER LEVIN: Okay. My last
13 question -- I'm sorry to take so much time -- is
14 scaffolding. We always here often in Manhattan about
15 scaffolding outside of buildings and longtime
16 impacting small businesses. I had a coffee shop
17 owner one day described to me how many cups of coffee
18 he needed to sell in a given day to pay his rent,
19 down to that formula, and that a scaffolding could
20 take that -- wipe that equation out. And it was so
21 specific that it made me realize the impact of even
22 some visibility on a business. I'm wondering what
23 other measures around like scaffolding and other
24 disturbances like that the city can take. I know
25 Councilman Kallos has a bill around limitations on

2 scaffolding. I'm wondering if that's something you
3 guys are looking at in terms of helping.

4 COMMISSIONER BISHOP: One of the first
5 things I talked about when I became Commissioner was
6 about -- I mean we say scaffolding. I think the
7 official name is sidewalk sheds.

8 COUNCIL MEMBER LEVIN: The walk sheds.

9 COMMISSIONER BISHOP: I think we do need
10 to look at that law. I can't remember if it's Local
11 Law 11 or whatever it is. Because if there's any
12 type of loose brick on that particular building, the
13 landlord is required to put up a sidewalk shed. We
14 have to look at the design of sidewalk sheds. They
15 tend to be -- they're just not transparent. Anytime
16 a sidewalk shed goes up, I've heard -- I don't have
17 like the data itself. You know revenues drop either
18 30 to 40 percent. As you know, as we talk about
19 small businesses, any type of drop could be
20 detrimental to that small business. I would be happy
21 to work with council to figure out ways we could make
22 those sidewalk sheds more transparent; maybe even
23 reduce the length of time it takes for a landlord to
24 repair or to address the concern as to why that
25 sidewalk shed. Because what we have seen is that,

2 and what we've heard from small businesses, is that
3 sometimes there's a cost of doing business. The
4 landlord would rather pay the fine of keeping the
5 sidewalk shed up longer because it takes, you know,
6 maybe ten times more to actually fix the actual
7 problem. So we have to figure out what we can do to
8 help our small businesses there.

9 I know one of the things that we did as
10 part of SB1 in terms of bringing and raising
11 transparency is when permits are filed for things
12 like that, at least we are aware so that business
13 owner will know that a sidewalk shed permit has been
14 issued because the other issues that business owners
15 show up one day and all of a sudden there's a
16 sidewalk shed so there's no way to plan for the
17 impact of that sidewalk shed on the business.

18 COUNCIL MEMBER LEVIN: Great.

19 COMMISSIONER: Thank you.

20 COUNCIL MEMBER LEVIN: Thanks for the
21 Chair for having this hearing.

22 CHAIR GJONAJ: Thank you Council Member
23 and thank you Commissioner.

24 Now that I was reflecting a moment with
25 HPD. I hate to predict that the sky is falling, but

2 the sky is actually falling and perhaps all of the
3 vacancies that we're experiencing will someday become
4 affordable housing conversions. I can't see any
5 other way that we're going to have sustainability in
6 our commercial cause unless we take action now. So
7 HPD maybe your prayers will be answered. Maybe we'll
8 have hundreds of thousands of new affordable housing
9 units on the market at the expense of our small
10 businesses and conversion.

11 Commissioner, we have a slew of people
12 that would like to be heard but in particular, we
13 have Borough President Gayle Brewer here. I'm not
14 sure if you'd stick around. She's to the right
15 there.

16 COMMISSIONER BISHOP: I will sit here for
17 Gayle anytime, anytime. Gayle has been -- I just
18 want to be on the record to say that Gayle has been
19 such a strong supporter of small businesses. She has
20 been at the forefront of a number of initiatives, so
21 I'll be happy to sit and listen to her testimony.

22 CHAIR GJONAJ: Thank you, Commissioner.

23 COMMISSIONER BISHOP: I thank you very
24 much, Chair and looking forward to continuing our
25 conversations and working diligently to help our

2 small businesses and thank you for your advocacy, and
3 grateful too.

4 CHAIR GJONAJ: I'd like to call up our
5 President Gayle Brewer.

6 Commissioner, you don't greet me like
7 that.

8 CLERK: If you could please raise your
9 right hand.

10 Do you affirm to tell the truth, the
11 whole truth and nothing but the truth, in your
12 testimony before this Committee and to respond
13 honestly to council members' questions?

14 COUNCIL MEMBER BREWER: I do.

15 Thank you very much, Chair. I am Gayle
16 Brewer. I am the Manhattan Borough President, and I
17 want to thank Chair Gjonaj for holding this hearing
18 on 1472A and all the other bills. Small business is
19 incredibly important.

20 Before I go, I just want to answer.
21 Thank you Council Member Powers because I think in
22 terms of the scaffolding which does cut down on the
23 possibilities of people visiting that storefront,
24 we've got to use technology, and I have to suggest
25 drones as a way to look at what the (inaudible)

2 issues are and then do scaffolding. I only say this
3 because we've been talking about scaffolding like
4 since 1970s so I think we have to think of a way of
5 doing something different so it's an idea because I
6 don't know what else to do.

7 CHAIR GJONAJ: Were you even born,
8 Council Member -- thought so.

9 COUNCIL MEMBER BREWER: We need drones to
10 be able to see what's on that building, and then that
11 would save the time that they put the scaffolding to
12 move around and so on, something to think about.

13 We all know that the crisis facing small
14 business which inspired the Small Business Job
15 Survival Act decades ago has only gotten worse. Just
16 so you'll know, I wrote it with Ruth Messinger in
17 1985 so I'm very familiar with it. National chains
18 steadily spread throughout the city. Store fronts
19 been vacant for years, as you know, and online shop
20 is reducing foot traffic to our local shops. We need
21 to act now, and that's why we're having this great
22 hearing, and I thank you.

23 I am proud to sponsor Intro 1472A along
24 with speaker Johnson and Council Members Rosenthal
25 and Levin. This bill would require property owners

2 to report the vacancy status of their storefront
3 properties to the Department of Small Services abley
4 represented here by the Commissioner. Owners will
5 also be required to report the asking rent and
6 previous rent of each vacant property, the spaces use
7 capabilities, the total square footage and the owners
8 contact information.

9 SBS will be responsible for maintaining a
10 regular updated database with this information on the
11 open date of portal which I passed. New Yorkers will
12 be able to monitor their local businesses and help
13 ensure that property owners are in compliance by
14 reporting vacant storefronts to SBS through an
15 anonymous complaint line. This data is important
16 because, for instance, we walk from the bottom of
17 Broadway to the top of Broadway. About two years
18 ago, we found 188 vacancies, but we have no idea if
19 that's correct today.

20 As a primary sponsor of Open Data Law of
21 2012, I know the value of data as you do. It allows
22 us to track and identify issues and measure results.
23 This database will identify vacancy trends throughout
24 the city, spot areas where vacancy are rapidly
25 increasing and identify specific property owners and

2 managers who demonstrate a pattern of forcing out
3 small business. Additionally, it will be a resource
4 for small business space. Everyone I talk to about
5 this issue agrees we need a database. As many of you
6 know, I worked on the SBJSA during my time as a city
7 council staff member with Ruth Messinger, and we have
8 continued to fight on this issue endlessly.
9 Following the October hearing on the bill, I formed a
10 task force on small business looking at these issues
11 and trying to find solutions just as you are. We're
12 all working together. We're trying every possible
13 solution to help small business in our city,
14 including Legacy Business Rent Regulation. It's a
15 form of rent regulations for businesses that have
16 been around for more than 20 years, somewhat
17 successful in other cities, needs a look back.

18 Also a provision requiring that small
19 business leases specify the percentage of annual rent
20 increases as any other mechanisms by which property
21 owners can impose large increases. Also looking at
22 our task force, some form of required mediation or
23 again discussion because all owners don't talk to the
24 tenants. Mediation to cover proposed increases,
25 maybe zoning regulations to create special enhanced

2 commercial districts similar to the one I helped to
3 put in place on the Upper Westside. It has been
4 successful, I think, in curtailing the spread of
5 formula retail by limiting the size of storefronts.

6 I want to thank the City Council because
7 on a report that the City Council did on retail, they
8 said it was successful. I want to be honest. The
9 City Planning Commission is yet to do a study that
10 would be perhaps even more intense. We have to make
11 sure that it really works and more honest. I don't
12 know, but it helps.

13 We are discussing how to help small
14 businesses compete with online retail and the digital
15 economy. If we don't address this issue, we will see
16 more and more money flowing out of our neighborhoods,
17 out of our city and into the large corporations
18 thousands of miles away. Our task force is
19 discussing improving and increasing services for
20 small businesses including training to create and
21 maintain an online presence, and I know SBS is doing
22 that, also. Legal help for businesses and
23 negotiation leases, SBS has also got four people
24 doing that. Assistance with utilizing government
25 resources and training business owners in the use of

2 free accounting and operation software, something
3 that a lot of small businesses don't do. Creating
4 standardized lease provisions, something that we very
5 much want to do, and tax reform that reduces the
6 sales tax for transactions completed in store fronts,
7 and increases the tax on ecommerce transactions.

8 I know you had a discussion about the
9 Commercial Rent Tax. I certainly agree with the
10 council member and the whole issue of property tax
11 pass-alongs. When we talk to owners, we say, "Are
12 you getting a city deduction?" "No." "Are you
13 getting a state deduction?" "No." "Are you getting
14 a federal deduction?" "No." "Are you getting LLC
15 deduction?" "No." But we don't understand why
16 they're vacant. We ask -- the owners tell me "No,
17 Gayle, we're not getting any of those." I don't
18 know.

19 Our goal is to protect the local small
20 business that are essential to the character and the
21 [Inaudible-1:43] neighborhoods, especially the store
22 fronters that have contributed to the stability and
23 neighborliness of communities for many years.
24 There's no single solution to the crisis facing small
25 retail business as you know, but we must act to

2 reduce the burden with reforms and incentives that
3 are carefully tailored.

4 You also the issue of how do these
5 tenants that are so challenged by some of these
6 retail issues; how do they end up being vacant for so
7 long and that's the burden that we cannot get our
8 hands around except with one of the suggestions that
9 are coming up today. We need to help the success of
10 these small businesses through close monitoring and
11 adjustment including additional legislation in the
12 counsel and in Albany if necessary.

13 Thank you very much for addressing this
14 very challenging issue. I appreciate your time.

15 CHAIR GJONAJ: I want to thank you,
16 Borough President.

17 COUNCIL MEMBER BREWER: Thank you.

18 CHAIR GJONAJ: I agree with you.
19 Information is so vital on the vacancies so we can
20 actually, not only have a better understanding, but
21 come up with a point of action to address it.

22 You did mention something -- I'm hoping
23 that you will elaborate a little bit. What type of
24 special protection would you think of giving
25 commercial corridors? Would that be in the form of

2 real estate tax relate, similar -- and maybe we can
3 get very creative. We're familiar with "SCRIE"
4 "DRIE". I propose "DRIE".

5 COUNCIL MEMBER BREWER: You're absolutely
6 --

7 CHAIRPERSON GJONAJ: Should we come with
8 "CRIE" and that would be Commercial Rent Increase
9 Exemptions?

10 COUNCIL MEMBER BREWER: I think -

11 CHAIRPERSON GJONAJ: Or perhaps we can
12 put --

13 COUNCIL MEMBER BREWER: Absolutely.

14 CHAIRPERSON GJONAJ: I'd like to work on
15 that with you.

16 COUNCIL MEMBER BREWER: Yep.

17 CHAIRPERSON GJONAJ: Cause I truly do
18 believe that real estate burden is equally
19 significant of a problem as much as rent burden is.

20 COUNCIL MEMBER BREWER: I totally agree
21 with you because the pass-alongs are huge and you
22 never quite know. For instance, the store next to
23 you, I get complaints, how come they're getting "X"
24 to pass along and I'm getting "Y" pass along. They
25 have no information as to why "X" and "Y".

2 And the second issue is I have to say
3 that in terms of SBS, the most popular new program is
4 the Commercial Strip one where you can apply for "X"
5 amount of dollars, just literally cash, to help you
6 as an interesting local business. So it is about the
7 money. It's not just about the online and some of
8 the other challenges. So I think your "C" is a good
9 idea to pursue.

10 CHAIRPERSON GJONAJ: I'm looking forward
11 to working on this with you. Thank you so much
12 Borough President.

13 COUNCIL MEMBER BREWER: Thank you very
14 much.

15 CHAIRPERSON GJONAJ: Can we please invite
16 up Akeem Walker, Bonnie Slatnick, Mohammed Atia and
17 Lynn Alfredie.

18 I just want to point out that in the
19 interest of time, we're going to be capped at two
20 minutes, so please stay within that timeframe, and
21 we'll begin from you, young lady. If you provide a
22 written testimony sometimes its best just to sum it
23 up in your own words rather than read it to say under
24 the two minutes, but I'll leave it up to your
25 discretion.

2 MS. BONNIE SLATNIK: Is this on? Okay,
3 good morning. My name is Bonnie Slatnik. I'm the
4 owner of a 22-year old cook book store called Bonnie
5 Slatnik Cook Books which is now very happily on East
6 2nd Street, but what happened to me before I found my
7 spot on East 2nd Street is reflective of all the
8 bills. I encountered problems that all these bills
9 probably would have stopped.

10 My previous landlord, HM Village Realty
11 refused to renew my lease after 15 years after
12 offering me only a three-year lease. They suddenly,
13 in 2014, said we're not going to discuss your lease
14 with you. There was no rent increase discussion.
15 There was just "no". No phone calls, no letters. I
16 ran into my landlord on the street, and he got in his
17 car and slammed the door.

18 In that space, I had been subjected to
19 the property tax issue. The first year I was
20 suddenly billed for \$800 for property tax which I was
21 not expecting at all. Fourteen years by the time I
22 left, my monthly property tax bill was equal to my
23 rent. It literally doubled my rent. There were
24 building problems. There was a leak in the ceiling
25 which is really as bad as it gets for a book store.

2 I suddenly had a cascading leak in the middle of a
3 weekend afternoon. It took weeks to fix that. I
4 didn't get any restitution for what was damaged, and
5 there was an infestation of mice from the restaurant
6 in the basement. I had to pay for the exterminator,
7 and I had to pay the DOH fine because I was the one
8 who called it in. If the Certificate of No
9 Harassment Bill had been in effect, I never would
10 have rented from this landlord. He wouldn't have
11 been in compliance with it, and certainly when I left
12 he wouldn't have been in compliance with it.

13 When I found out that my lease would not
14 be renewed, I got the word out through Jeremia Moss
15 blog vanish in New York, and I got a lot of
16 publicity. And even State Senator Hoyleman called
17 me. I'm in his district and offered to help me, and
18 I knew that he couldn't help me. As long as there
19 are real estate entities like Krelman and Icon
20 Realty, landlord harassment is going to continue, and
21 commercial tenants are going to need all the help
22 they can get from city council. I really appreciate
23 your help.

24

25

2 CHAIRPERSON GJONAJ: Thank you. Did you
3 ever reopen your bookstore anywhere else, or have you
4 been closed? Have you reopened?

5 MS. BONNIE SLATNIK: I had an incredible
6 stroke of luck, and I found a very sympathetic
7 landlord. So I'm still open.

8 CHAIRPERSON GJONAJ: Glad that you're
9 still around. Thank you. If you could just
10 introduce yourself, what name and two-minute clock,
11 please.

12 MINISTER AKEEM WALKER: My name is
13 Minister Akeem Walker. My wife and I own a small
14 natural hair and beauty blow-dry boutique in East
15 Flat Bush Brooklyn. We're new business owners. We
16 worked very hard for many years. This was a dream of
17 ours. We lived in the neighborhood of East Flat Bush
18 on Church Avenue for 20 years plus. My mom owns a
19 home there. It was a big dream of mine to always
20 have a small business especially in the neighborhood
21 which I grew up. So when a flower shop on the corner
22 of my mom's block where I grew up became available, I
23 kind of, you know, rushed it and I grabbed the spot.
24 Me and my wife we renovated. We went through -- we
25 didn't know everything that, you know, we needed to

2 know about Department of Buildings and the codes and
3 everything of that nature, but we were willing to
4 learn as were going.

5 It turns out the landlord, he became very
6 aggressive when we started to point out some minor
7 things that needed to be fixed. Right now we have an
8 issue with our plumbing. We bought in -- with our
9 renovator, he didn't have an adequate plumber at the
10 time so we brought in a friend of the family, who
11 turned out to not be licensed. That turned out to be
12 whole "hoopla" but he follow suited with what the
13 landlord had in piping The landlord had illegal
14 piping in his basement. We addressed the issue. I
15 told him that no one is willing to work with this
16 piping as long as you don't have it changed so his
17 counter to that was to change all the piping and rip
18 out our drainage, completing crippling our
19 storefront. So now everyone attached to his
20 building, which are tenants upstairs and the
21 laundromat have water, but we have none. We have no
22 drainage -- I'm so sorry. We have no drainage. This
23 is KSK Properties. He refuses to fix it. He refuses
24 to do anything according to it. Every time we bring
25 in someone to fix it, he says well, they have to be

2 approved by me. He doesn't want to work with us to
3 -- in timing, and he's just being completely
4 irrational, and he doesn't he care.

5 This is why we're here today for, you
6 know, to try to push this bill so that landlords will
7 be held accountable for the things that they do.

8 CHAIRPERSON GJONAJ: I'm grateful to you
9 for your testimony. I want you to meet with my Chief
10 of Staff. I want to be very helpful to you to the
11 extent that I possibly can to help you out with.
12 That's just absurd.

13 MINISTER AKEEM WALKER: Thank you very
14 much.

15 MR. MOHAMMED ATIA: Good afternoon, Mr.
16 Chair. My name is Mohammed Atia. I am the Co-
17 Director of the Street Vendor Project. We are a part
18 of the Coalition United for Small Business NYC. I
19 was a former vendor. I've been selling food for nine
20 years so I can tell you how hard it is to be a street
21 vendor. We are the smallest version of small
22 business owners, and every vendor in the street,
23 including myself, we've been looking for the day to
24 be able to start a real like big -- small business,
25 not just be in the street for our whole life. Nobody

2 want to spend their whole life in the street. They
3 want to go to have a roof over the top of their heads
4 at some point.

5 With the way the city is, with the way
6 the regulations are, it's very hard. It's very
7 complicated. The landlord have sort of absolute
8 power. They can do whatever they want, and it's
9 really really hard to just get a small business
10 started, so you can imagine how difficult it is for
11 new immigrants like myself and thousands or maybe
12 millions of people live in our city who want to start
13 their own business but they cannot afford it. They
14 cannot afford the sky-rocketing rent. They cannot
15 afford to deal with the harassment and the legal
16 services they need and the legal assistance they need
17 that they cannot really afford.

18 Much less than what we deal with as
19 street vendors or the permitting process and the
20 permitting issue. On the underground market, it
21 makes it really, really hard. Now, we have seen a
22 lot of people who use to have restaurants are going
23 to be street vendors. They're going to have cars and
24 trucks because they cannot afford to keep their
25 lease. They cannot afford to renew the lease. Once

2 the lease is over, we here this story all the time.
3 The landlord double and triple the rent, so where is
4 the city in all of that? We understand that a lot of
5 steps need to be taken, and this is a great step. We
6 are supporting Intro 1473, 1470, 1049, 1410. We
7 believe this is the first step on the very large way
8 that the city needs to take and needs to take a lot
9 more steps to just make sure things are moving
10 forward and the city is actually keeping our culture
11 the way it is. We don't want to see New York City
12 just be like a big home for big corporates and the
13 new immigrants, and I'd say the poor people cannot
14 find room in it. That will be really sad. So thank
15 you so much for that.

16 CHAIRPERSON GJONAJ: Thank you. I'm also
17 a son of immigrants, and I completely understand what
18 you're going through. This is -- our immigrants are
19 a resource, and they also contribute to the city more
20 than we recognize so thank you.

21 MR. MOHAMMED ATIA: Thanks so much,
22 Chair.

23 COUNCIL MEMBER ALFREDIE: Good afternoon.
24 Thank you, Chair. Joe and I are Members of the
25 Committee of Small Business. My name is Leena

2 Alfredie. I'm the Director of Economic Development
3 and Policy at the Association for Neighborhood and
4 Housing Development "ANHD". ANHD convenes United for
5 Small Business NYC. We're a citywide coalition of
6 community organizations fighting to support and
7 protect New York City's small businesses from the
8 threat of displacement.

9 We particularly focus on owner-operated
10 low-income minority and immigrant run businesses, and
11 we're also the folks that you saw outside on the City
12 Hall steps this morning. I'm just going to read some
13 of this really quickly. I think that folks on this
14 panel have already summed up a lot of what needed to
15 be said. The voices of the small businesses that
16 really need to be heard here so thank you to my
17 fellow panelists.

18 "USB NYC applied the council's newly
19 released package of small business bills. We've been
20 urging transformative changes to this small business
21 landscape in neighborhoods across New York for years,
22 and this package is an exciting response to that
23 advocacy. While both residential and commercial
24 tenants in New York are at risk of landlord
25 harassment and subsequent displacement, commercial

2 tenants lack meaning rates and protections. It's
3 past time that the City acknowledges reality by
4 clearly defining the rights of commercial tenants and
5 taking necessary action to protect those rights.

6 The Small Business Package represents a
7 significant step forward in reaching those goals. I
8 particularly want to highlight the importance of the
9 commercial COH bill, Council Member Gibson's bill.
10 That's Intro 1410 and Council Member Mark Levin's
11 bill, Intro 1478 which would establish a small
12 business' right to counsel. A right to counsel is
13 extremely important and ensures that tenant's facing
14 displacement have accessible legal representation.

15 We also want to shout out the work of the
16 work of The Coalition Against Tenant Harassment to
17 Establish a Residential Certificate of No Harassment
18 in 2017 and the work that they did to get a right to
19 counsel for residential tenants. We need the same
20 thing on the commercial side.

21 We also want to highlight the importance
22 of Intro 1473 which will, for the first time,
23 establish a registry for commercial spaces that have
24 remained vacant for more than 90 days. While all
25 these bills are really important and provide a great

2 step forward, creating protections for commercial
3 tenants, we do have to say that they can't come of
4 the expense of affordable housing. While we
5 recognize a need for affordable retail space in New
6 York, we can't support the bill that would require
7 low-price ground floor retail space because there's
8 no gap financing and so that puts affordability at
9 risk for the non-profit affordable housing developers
10 that create those spaces. We're happy to have more
11 conversation around that. We just don't want to --
12 we want to make sure that residential tenants are not
13 pitted against commercial tenants. That's not the
14 intention of the work that we're trying to here.
15 Thank you.

16 CHAIRPERSON GJONAJ: Thank you for
17 bringing that out and to our attention. We do that
18 too often. We pin one against another to alleviate
19 ourselves becoming the target, but you're absolutely
20 right. There's going to be much dialogue in the near
21 future. Thank you for the passion this morning with
22 rallying the troops out there. It goes a long way.

23 COUNCIL MEMBER ALFREDIE: Thank you.

24

25

2 CHAIRPERSON GJONAJ: Thank you folks.

3 Next, we'll call up Andrew Riggie, Rob Bookman,
4 Kathleen Riley, and we'll bring up Loyson Gordon.

5 MR. ANDREW RIGG: Start over here?

6 CLERK: Go ahead, sir. Thank you.

7 MR. ANDREW RIGGIE: All right. Good
8 afternoon. My name is Andrew Riggie. I am the
9 Executive Director of the New York City Hospitality
10 Alliance. We're a non-for-profit association
11 representing restaurants and bars throughout the five
12 boroughs of New York City.

13 Now, something bad is happening in our
14 industry. Back in 2014, there was almost seven
15 percent consecutive annual employment growth. Fast
16 forward today, or I should say the end of 2018, it
17 dropped to minus, almost minus two percent growth and
18 this is since the increase of the tip-wage has
19 doubled. There are a lot fundamental changes going
20 on, and that's why we need business reform.

21 On today's bill, 1466, which would create
22 a regulatory review panel. We support this bill.
23 Years back, under the last administration, there were
24 similar legislation that was passed. All of the
25 regulatory agencies were required to review the fines

2 and violations they issued to small businesses. They
3 came back unfortunately with almost nothing. Even
4 the Department of Health, which was mentioned before,
5 out of the countless violations they issue
6 restaurants, couldn't find one, not one violation to
7 say we'll provide you an opportunity to cure. So we
8 hope this legislation gets passed, and we also hope
9 that it has the teeth to ensure that all the
10 different agencies come back to the table with
11 meaningful cure periods and warnings before monetary
12 penalties are issued.

13 We also support the compilation of all
14 the rules and laws governing small businesses. We
15 think this would be helpful so we are supportive.
16 Further, we would like to see Intro 408 which would
17 provide affordable rent for commercial establishments
18 in certain development spaces. We think this would
19 go a long way in help preserving some of our small
20 businesses, however, we did have some questions about
21 the 30 percent ownership. There are many small
22 business owners that are small business owners but
23 they have a little, larger than 30 percent ownership
24 in another restaurant or another bar. And just
25 because they do own another business, doesn't mean

2 that they're not struggling to stay open at another
3 location. So we'll submit some additional comments,
4 but again we think the streetscape of New York City
5 is vital to keeping New York City the restaurant and
6 nightlife capital of the world. And to do that, we
7 need to know what's going on in the streets so the
8 bills that will help compile the list of vacancies
9 and other related data would certainly be helpful.

10 So again, we're supported of these bills,
11 and we think the council needs to act quickly, and we
12 hope that the D'Blasio administration, particularly
13 with the regulatory review panel is committed to
14 making this happen. When he was then candidate for
15 Mayor, he believed that this bill didn't go far
16 enough. So now that he is the Mayor, we hope that
17 his bill goes farther than he had anticipated, and we
18 provide cures for the countless violations issued to
19 businesses that do not impact the public immediately.

20 CLERK: Thank you, sir.

21 CHAIRPERSON GJONAJ: Any order.

22 MR. LOYSON GORDON: Yes. Good afternoon.

23 My name is Loyson Gordon, and I'm here today -- I own
24 Historic Nearest Tavern. I'm here to represent no

25

2 just small business but also small local historic
3 businesses that's a vital part of New York City.

4 Really, I just want to reiterate, as a
5 historic local business that's approaching 190 years,
6 we really would like to see these things to through
7 to at least make 200 years in ten more years. I
8 really didn't understand the culture value of these
9 businesses when I jumped in and tried to help this
10 local business until something happened, and it was
11 gentleman that jumped into -- which pretty much like
12 approached me when I walked through the door one day
13 of this restaurant. He said, "I want to thank you
14 for keeping Historic Nearest Tavern" open. I said,
15 "No problem. We all did together. We're a
16 community. After all, I can't drink all the beer and
17 the burgers, right." He said, "I don't think you
18 understand. He said, you know, my father and I we
19 weren't really close, and he loved this place. This
20 was like a second home, and unfortunately, he died
21 really suddenly. I felt kind of a whole, that I
22 didn't have the forwithal to actually try to get to
23 know him, and this was the only place that I can go
24 back to and actually get to know him. Now, I'm
25 sitting in his seat of his favorite place having a

2 beer. It's almost like I'm having a beer with my
3 father."

4 Right then, I really kind of got the
5 value, not just of -- you know, the monetary value of
6 owning a business and things, but the cultural value
7 that the small local historic businesses -- that we
8 invest, that these people invest in. I really would
9 like to point out that leaving small businesses to
10 fend for themselves against like predatory practices
11 that we talked about today. For me, it's like giving
12 a free reign to developers to fill in Central Park
13 with skyscrapers, and I believe, you know, New York
14 City small business is our Central Park. We need to
15 find ways to protect them, and it's not only about
16 maximize is a monetary investments, but also a
17 cultural investments that the small business and the
18 small business owners already made in this city and
19 we need to help them as much as possible.

20 CHAIRPERSON GJONAJ: Thank you, sir.

21 MS. KATHLEEN RILEY: Good afternoon,
22 everybody. My name is Kathleen Riley, and I'm the
23 New York City Government Affairs Coordinator for the
24 New York State Restaurant Association. We are a
25 trade group and we represent food and beverage

2 establishments in New York City and throughout New
3 York State.

4 I'm here today to voice the industry's
5 support and appreciation for the many helpful
6 proposals we've been discussing today. In atmosphere
7 where costs are constantly growing, including rent,
8 minimum wages rising and regulation is ever
9 tightening, our businesses, including restaurants,
10 are desperate for some relief. For city council,
11 knowledge is power, and some of today's proposals,
12 including Intros 1049, 1472A and 1473 would require
13 the city to conduct studies and maintain databases of
14 commercial properties and vacant commercial
15 properties as well as the state of storefronts in
16 general. For a body that does an enormous amount of
17 legislating to affect the commercial landscape in New
18 York City, city council is wise to suggest gathering
19 data on the current state of affairs.

20 With data in hand, city council will be
21 better positioned to make informed decisions on
22 future legislation as well as evaluate the impact
23 both intended and unintended of past legislation.

24 [Inaudible-2:06] NYCER supports the school, and is

2 eager to see how data-driven legislation could look
3 in the future.

4 For business owners as well, knowledge is
5 power. And the second grouping of today's proposals,
6 including 1467, 1470 and 1471 would facilitate small
7 business owner's access to information on applicable
8 city regulations, legal expertise and crucial
9 business training. Small business owners know their
10 businesses and they know about serving their
11 communities, but they're typically not government or
12 legal experts. They want to be compliant. They want
13 to correctly and wisely proceed through the legal
14 system, but often are limited by a lack familiarity
15 with these institutions. Well intentioned people
16 doing their best to follow all those rules, shouldn't
17 be punished by complexity and the lack of
18 transparency. They should be assisted however
19 possible. And NYCER fully supports providing legal
20 services to small businesses facing eviction.

21 Finally, compiling an easy-to-navigate
22 database with a disparate regulations from various
23 agencies altogether in one place. Furthermore, we
24 support SBS increasing their services to support
25 existing, struggling small businesses with trainings

2 covering topics such as: ecommerce, new business
3 systems in marketing.

4 Finally, NYCER supports Intro 1466 which
5 would call upon the cities departments to evaluate
6 existing regulations across all areas to see if any
7 rule can be repealed or if cure periods can be
8 provided. This is pure common sense. It's something
9 the business has been calling for, and at a hearing
10 held by this committee at the end of January,
11 addressing the state of the restaurant industry, one
12 of the most persistent requests made in testimony was
13 for the city to consider adding more cure periods,
14 especially for violations that do not pose immediate
15 risk to the public.

16 With thousands of regulations on the
17 book, it seems more than likely that some have become
18 redundant or obsolete and can be repealed. NYCER
19 fully supports the goal of Intro 1466,

20 In conclusion, we truly support and
21 appreciate the work being done by this committee
22 today, putting forward so many hopeful proposals.
23 Between them, the city and its business owners will
24 have the benefit of greater access to useful
25 information which can be implemented to help everyone

2 succeed. These are laudable goals. We at
3 [Inaudible-2:08] look forward to continued
4 collaboration with this committee and all of city
5 council to accomplish them. Thank you.

6 CHAIRPERSON GJONAJ: Thank you.

7 MR. ROB BOOKMAN: Good afternoon. My
8 name is Rob Bookman. I am Counsel to the New York
9 City Hospitality Alliance, the News Group next to me,
10 and the New York City Leasing Operators Association.
11 I've been working with the council for over 30 years
12 on small business issues.

13 It's deja vu all over again. Next month
14 is the sixth anniversary of Local Law 35 from 2013
15 when the council passed requiring the six regulatory
16 agencies to review all of their rules and
17 regulations, come back to the council with a report
18 on which ones could be a warning and education
19 without a fine, first -- without sacrificing public
20 safety.

21 The Bloomberg administration was brought
22 kicking and screaming into that, and in December of
23 2013, the last month of the administration, they came
24 back with just indoor sign violations. Nothing else
25 from any agency, and the Health Department even

2 exempted itself from that. Then Candidate Diblagio
3 called it "window dressing" and promised to take
4 action. Six years later, we're still waiting for
5 that promise to be fulfilled, and we hope that
6 council goes ahead and fulfills that.

7 Regulatory burden and fines and
8 compliance cost associated with all of that is the
9 single largest issue that small businesses cite in
10 difficult in doing business in New York City and
11 national surveys year after year. The council itself
12 in its documents, and when they passed Local Law 35
13 quoted such a survey from the National Independent
14 Association. Nothing has changed in the last six
15 years. They say they reduced fines by \$45 million
16 but they don't tell you from what. Is that a five
17 percent reduction? Is a ten percent reduction?
18 Antidotally we know that there are hundreds of
19 millions of dollars in fines and compliance costs
20 associated with those fines and time taking away from
21 your business to go defend on those fines. One
22 example is the Health Department. When Mayor
23 Bloomberg took office, our world's famous restaurant
24 industry, had \$12 million a year in fines. When he
25 left the office, it was \$52 million a year in fines,

2 same restaurant industry that is administration has
3 reduced it to \$40 million a year and take credit for
4 that, still we've gone from \$12M to \$40M. And we see
5 that over and over again. That one bill here which
6 gets that moving again to me is the single most
7 important thing that you can go to force the
8 administration to focus on educating small
9 businesses, working with them when there's no public
10 safety issue involved, offering them an opportunity
11 to cure and only then if they don't cure, come back
12 and issue a fine.

13 CHAIRPERSON GJONAJ: I want to thank you
14 for mentioning that. SB1's primary goal was to
15 remove old antiquated laws and rules and regulations.
16 Year four, \$36 million, they modified \$80 which means
17 we made them worse.

18 How many people were in this survey that
19 you refer to?

20 MR. BOB BOOKMAN: Excuse me?

21 CHAIRPERSON GJONAJ: How many businesses
22 were part of the survey?

23 MR. BOB BOOKMAN: That was a national
24 survey cited by the council six years ago. It says
25 according to -- the biggest difficult facing small

2 business, according to the National Federation of
3 Independent Businesses most recent survey. Of
4 course, that's six years ago. Twenty-one percent of
5 small businesses list government requirements and red
6 tape and fines as their single most important problem
7 which is indicated more often than any other cause,
8 including sales and rents.

9 This comes from the council's own
10 documents. I want to say that SBS -- they're the
11 good guys in the administration as far as we're
12 concerned. It's the regulatory agencies that you
13 need to get up here, the ones who keep issuing these
14 fines. I got to say, you guys decide their budgets.
15 They're going to be coming to you shortly with
16 budgets, and in those budgets, there are lines for
17 fines. The council needs to stand up and say, it's
18 too much. We're not going to prove that budget with
19 that amount of fines in it.

20 CHAIRPERSON GJONAJ: Thank you.

21 SPEAKER 1 [Crosstalk-2:12] Mr. Chairman.
22 Thank you. I know Ms. Riley testified that your
23 organization supports Intro 1473, and I'm not sure if
24 the other three of you testified specifically that
25 you support 1473?

2 CHAIRPERSON GJONAJ: Three is the --

3 SPEAKER: The registration of vacant
4 properties?

5 CHAIRPERSON GJONAJ: -- is the
6 registration of vacant properties?

7 SPEAKER 1: Yes.

8 CHAIRPERSON GJONAJ: Is that a yes? Yes?

9 SPEAKER 2: Yes absolutely?

10 CHAIRPERSON GJONAJ: Yes, okay. You all
11 testified, I think in some way or another about over
12 regulation, burdens and fines, burdens and fees and
13 this sort of nickeling and diming to death that small
14 businesses endure.

15 1473 would require a registration of
16 vacant property that has been vacant for more than 90
17 days, an update every 90 days thereafter. It would
18 impose a fee on the registration itself and for the
19 failure to register and update, it would impose a
20 penalty of a \$1,000 each week or a portion thereof.

21 You've all testified in some way or
22 another of the burdensome fees and the "a foot on the
23 neck" of small business in the city imposed by the
24 government. Are you okay with \$1,000 a week not
25

2 registering a property in accordance with this new
3 statute that nobody know about?

4 SPEAKER LAWYER [MR. BOOKMAN]: I don't
5 represent the real estate industry. I think --

6 CHAIRPERSON GJONAJ: It's a yes or a no,
7 sir. You're a lawyer.

8 SPEAKER LAWYER [MR. BOOKMAN]: I think
9 you should speak to them about it, but generically, I
10 would say no --

11 CHAIRPERSON GJONAJ: Do you support it?

12 SPEAKER LAWYER [MR. BOOKMAN]: I am not
13 in favor of more fines on small business owners.

14 CHAIRPERSON GJONAJ: Sir, Mr. Riggie?

15 MR. RIGGIE: I might.

16 SPEAKER LAWYER [MR. BOOKMAN]: I don't
17 represent the real estate industry.

18 CHAIRPERSON GJONAJ: I'm asking you if
19 you support a \$1,000 a week penalty on failure to
20 register?

21 SPEAKER LAWYER [MR. BOOKMAN]: No.

22 CHAIRPERSON GJONAJ: Okay. Good, sir?

23 SPEAKER LAWYER [MR. BOOKMAN]: I'm not
24 sure if you're addressing it to the right people to
25 be honest so I have no comment.

2 CHAIRPERSON GJONAJ: Okay. We already
3 know because I read your testimony, and I heard you,
4 so you said, "Yes.". That's okay.

5 SPEAKER LAWYER: I thank you very much,
6 and I thank you, Mr. Chairman.

7 CHAIRPERSON GJONAJ: Thank you. The next
8 panel to testify is Taylor Kaberry of The Municipal
9 Art Society, Harry Bubbins of Village Preservation,
10 Danielle Christensen of God's Love We Deliver and
11 Mary Ann Rothman of the Council of New York
12 Cooperatives and Condominiums.

13 We're going to ask that you try to stay
14 at the two-minute mark please. We have quite a few
15 more that have signed up to testify. We'll start
16 from left to right.

17 MS. TAYLER KAYBERRY: Good afternoon, my
18 name is Taylor Kayberry with the Municipal Art
19 Society of New York.

20 MAS commends the York City council for
21 its recently released package of small business
22 bills. For more than a century, MAS has been a
23 leading advocate for the character and vibrancy of
24 our city streets which is connected to the health of
25 our small business community. While they are

2 supportive of legislation set forth in the small
3 package in its entirety, certain bills [Inaudible-
4 2:15] to MAS's values.

5 Intro No. 1049 2018 requires the
6 Department of Small Business Services to conduct
7 routine evaluations of the State of the Service
8 Business Environment in every community district at
9 least once every five years. This a crucial first
10 step in engaging the changes in streetscape
11 composition over time in identifying those
12 neighborhoods most need of protections. Further
13 assessment criteria promulgated under this
14 legislation includes a variety of factors such as
15 district demographics, number of vacant store fronts,
16 community involvement and opportunities for promoting
17 a vibrant (inaudible) of commercial uses and
18 improving the (inaudible) environment.

19 The flexibility provided by these factors
20 will allow us to fairly and adequately assess the
21 overall health of small businesses. This in turn has
22 the potential to better inform the decision makers
23 will continue to update and improve the parameters of
24 legislative protections of the issue of commercial
25 tenant harassment and displacement.

2 MAS supports Intro 1408 which would
3 require developers of projects receiving \$1 million
4 or more in financial assistance from a city agency or
5 economic development entity to provide affordable
6 ground-floor retail space to add to such projects.
7 Intro No 1408 would promote small business
8 entrepreneurship opportunities while fulfilling local
9 retail needs and reduce vacancies. The creation of a
10 public online search of a database of all tax will
11 permit -- premises and the monthly rent for such
12 premises as delineated in Intro 1472 2019 would
13 promote greater transparency and equity in commercial
14 landlord tenant lease negotiations and/or renewals.

15 MAS believes that the database will
16 provide a vital mechanism for the collection of
17 necessary data that can be monitored and analyzed to
18 determine trends and/or areas of particular
19 eligibility for small businesses.

20 Intro No. 1473 2019, requires the owner
21 of any storefront properties to register with SBS;
22 MAS supports this bill because it addresses
23 commercial vacancy directly through the imposition of
24 monetary penalties.

2 CHAIRPERSON GJONAJ: Thank you. And they
3 just want to bring up Laura O'Reilly to fill one of
4 our vacant seats.

5 MR. HARRY BUMMINS: Hi, I'm Harry
6 Bummins. Good afternoon, council members.

7 I'm testifying on behalf of Village
8 Preservation, the Greenwich Village Society for
9 Historic Preservation, the largest membership
10 organization in Greenwich Village, the East Village
11 and NoHo.

12 Small independently stores in our
13 neighborhoods, as in so many New York City
14 neighborhoods face tremendous pressure, and in the
15 last few years, we have lost an increasing number of
16 long-standing local small businesses due to
17 unstainable rents and landlord and transients among
18 other factors. It's vital that the city council do
19 something. We believe that the single most important
20 thing that council can do is pass the Small Business
21 Jobs survival Act which we have been working towards
22 and hope will be released for a vote soon. We know
23 there are some important issues that need to be
24 worked out there, but we also know that time is of
25 the essence on this issue. We do believe that some

2 of the bills before you today could provide some
3 additional assistance to small businesses.

4 We particularly believe that Intro 1410A
5 requiring a Certificate of No Harassment prior to the
6 approval of building permits and broadening the
7 definition of commercial tenant harassment and Intro
8 1470 providing legal services to small business
9 owners facing eviction could be very helpful. Too
10 often, small businesses are pushed out of their
11 spaces with little recourse or ability to fight back.
12 Anything that would even the playing field or prevent
13 or discourage landlords from harassing or wrongfully
14 evicting retail tenants would be welcome.

15 However, at the end of the day when most
16 businesses need to be able to stay and survive is
17 helped to ensure that they are offered a lease
18 renewal at a fair and reasonable rate which reflects
19 the market and which they can afford. While the
20 SBJSA does that, none of these bills would. So why
21 they may help, they do not address the core problems
22 that many small businesses face. We hope that the
23 council will do that.

24 In addition to moving on, the SBJSA, as
25 soon as possible, we would also urge the council to

2 further explore the possibilities of a vacancy tax to
3 discourage property owners from keeping their
4 storefronts empty while they wait for unrealistically
5 high rent for their space.

6 Thank you.

7 CHAIRPERSON GJONAJ: Thank you, sir.

8 MS. LAURA O'REILLY: Am I next?

9 Hi, Laura O'Reilly. I'm a CEO and
10 Founder of a Company called Wall Play. I am a small
11 business owner. I made it into my sixth year,
12 luckily pass the fifth. My company is unique in that
13 we program and operate vacant retail spaces until
14 landlords secure permanent tenants. I have 20 spaces
15 on Canal Street right now that my company operates
16 and programs, and I am here in favor today of the
17 registry. I do not believe in the penalty, but if
18 you do not have a process that encourages people to
19 actually list their vacant storefronts, it's a little
20 hard to necessarily motivate.

21 We are here today. I think it's a
22 complex issue. I am in subordinate of legacy
23 businesses getting the support they need, but I also
24 think that times are changing. I think that eComm
25 IRL and the way that people are selling their goods

2 is changing, and I believe that the future is where
3 we are going to be timesharing empty storefronts, and
4 it's going to be modular and it's going to be mobile
5 and it's going to be fluid. I believe that if you
6 try to go forth with the registration of store fronts
7 and with the purpose of the vacancy tax, you're not
8 going to motivate the landlords. I believe that
9 there should be a never empty reward instead of a
10 vacancy tax, but the first step in the problem is
11 identifying it so we need the data. Everyone needs
12 to work together, and we have to change this
13 narrative of the evil landlord raising the rent
14 because they are business owners as well, and we need
15 to work together.

16 The vacancy in our storefronts hurts
17 everyone, and it creates a halo affect that makes it
18 hard for anyone to thrive. So what my company does
19 is we come in, we operate the storefronts for short-
20 term use, and we work with small businesses, arts
21 organizations and brands to host pop-ups. If you
22 come on down to Canal Street, we have 20
23 installations open free to the public right now, and.
24 we are going to be expanding around the city. We are

2 here to work in partnership with the City with small
3 businesses and with landlords.

4 Thank you.

5 CHAIRPERSON GJONAJ: Thank you.

6 MS. MARY ANN ROFFMAN: Good afternoon,
7 Chair Gjonaj and members of the committee. My name
8 is Mary Ann Roffman. I'm the Executive Director of
9 the Council of New York Cooperatives and
10 Condominiums. We're the largest of several member
11 organizations that help housing cooperatives and
12 condominiums in the five boroughs beyond. A
13 significant portion of the housing cooperatives and
14 condominiums in our city have commercial space at the
15 ground floor. When that space is actually owned by
16 the co-op or condo, revenue from commercial tenants
17 supplements the carrying charges paid by shareholders
18 or unit owners which helps to offset the cost of
19 property taxes, operating costs and all the rest
20 keeping home ownership affordable. Co-op and condo
21 boards work hard to find tenants for their commercial
22 space who will be an enhancement to the building and
23 the neighborhood and who will pay on time, will
24 comply with sanitation laws and all other city laws
25 and who will not create noise or other disturbances.

2 When tenants fail to meet these reasonable criteria,
3 the co-op or condo boards look forward to the
4 expiration of their lease and begin a more careful
5 search for a better tenant. No co-op or condo
6 willingly leaves commercial space vacant for a moment
7 longer than is necessary. There is no better way to
8 mitigate costs to the homeowners than to be
9 collecting rent in the building's commercial space.
10 The council of co-ops and condos supports the
11 committee's efforts to assess the state of storefront
12 businesses, to help owners of small businesses to
13 obtain counsel and to understand their rights and
14 responsibilities and to facilitate small businesses
15 efforts to locate viably and affordably.

16 However, we must express concern with
17 Intro 1472 and 1473. Intro 1473 doesn't provide a
18 clear definition of vacancy and its proposed
19 penalties of a \$1,000 per week for failure to
20 register or unduly harsh, especially for small
21 property owners.

22 Intro 1472 would require the city to
23 create and maintain databases of constantly changing
24 information based on self-reporting by property
25 owners. In an era of diminishing resources, we urge

2 the city to consider other means of data collection
3 and analysis to address the worthy cause of
4 maintaining streetscapes and retail vibrancy. We are
5 pleased to support efforts to keep our city streets
6 active and vibrant, but we urge that these be done in
7 a realistic way that doesn't impose lease renewals on
8 the owners of commercial spaces nor punish them for
9 unavoidable vacancies.

10 Thank you.

11 CHAIRPERSON GJONAJ: I thank you all. As
12 you can see how complex this is. There's four of
13 you, and we have four different opinions though we
14 have a lot to consider, and time is not a friend to
15 small businesses. Thank you.

16 I'd like to welcome up Wilma Alonzo on
17 behalf of the Fordham Road Bid; Frank Delaritus of
18 Fordham Road; Michael Brady of Third Avenue; and Will
19 Specik. Let's bring up Julian Hill, and we'll bring
20 up Laura Seawell.

21 As customary, we'll start left to right.
22 Please try to adhere to the two-minute mark. If
23 you've submitted written testimony, sum it up for us
24 because we'll go through all of your submissions.

2 MR. WILLIAM SPECIK: Sure thing. Good
3 morning, afternoon. My name is William Specik. I'm
4 the Director of Programs at Chia Community
5 Development Corporation based in Queens. We work
6 South Asian Endocrine Communities to build powerhouse
7 and stability and economic well-being.

8 Last year, Chia partnered with SBS to
9 conduct a commercial district needs assessment in
10 Jackson Heights, and we also partnered with ANHD who
11 testified earlier to publish a report on the
12 experience of immigrant small business owners so we
13 know our neighborhood well. We've collected a lot of
14 data, and the primary takeaway that we have from this
15 experience is that commercial tenants are extremely
16 vulnerable. Thirty-seven percent of small business
17 owners surveyed in Jackson Heights have experienced
18 harassment by their landlord and sixty-eight percent
19 said they are rent burdened. I just wanted to
20 highlight to small business owners who were supposed
21 to come and testify but had to cancel last minute
22 which is why I'm here.

23 The first one is Umano whose a Napoli
24 immigrant who owns a restaurant on 37 Road who has
25 been experiencing commercial tenant harassment. Her

2 landlord demanded that she sign a new lease. He
3 tried to break the lease, that would double the rent.
4 When she refused, he began to verbally harass her and
5 reduce the power to her restaurant which resulted in
6 her industrial refrigerators failing and many of her
7 products spoiling causing her significant loss.

8 Just two businesses down, Tachalano owns
9 Petalla Restaurant had a similar experience where the
10 landlord tried to break a lease and raise the rent.
11 After refusing, there was physical intimidation, and
12 the landlord demanded that the \$6,000 monthly rent be
13 paid in cash which we know on the residential side is
14 a tactic that landlords often use.

15 So all business owners shouldn't have to
16 experience this kind of harassment, we believe that
17 they should have serious protections similar to
18 residential tenants, and we think that the city
19 council is taking positive steps with the
20 introduction of these bills. We encourage you to
21 pass them, particularly the Certificate of No
22 Harassment.

23 Thank you

24 CHAIRPERSON GJONAJ: Thank you.

25

2 MS. JULIAN HILL: Good afternoon,
3 Chairman Gjonaj, Members of the Committee on Small
4 Business. Thanks for the opportunity to testify. My
5 name is Julian Hill, and I'm a Staff Attorney at the
6 Community Development Project of the Urban Justice
7 Center.

8 Among other things, the CDP offers legal
9 advice to new and existing worker cooperatives, non-
10 profits and small businesses, works with grass roots
11 organizations and coalitions to ensure marginalized
12 communities are not pushed out of their neighborhoods
13 and supports are partners towards racial, economic,
14 and social justice. As you may know, CDP is one of
15 three legal service organizations that is
16 participating with the CLA program, and we are also a
17 member of USB NYC.

18 Just briefly; we've served over 60 small
19 businesses over the past year as part of the CLA
20 program, and I'm just going to make three sort of
21 high-level comments:

22 Landlord harassment, obviously whereby a
23 landlord engages in behavior causing a tenant to
24 vacate their space is among one of the most common
25

2 cases that we've been starting to see in our
3 practice.

4 Just two examples: Ariselli took out a
5 \$50,000 loan to open up her dream restaurant. Her
6 landlord refused to timely address important city
7 violations, and months after signing a lease and
8 wasting lots of money and lots of time, she was not
9 able to open.

10 Then there's Natalia whose landlord
11 removed her boiler after the city inspectors came by.
12 The landlord then refused to replace it saying that
13 it was her responsibility. And with little to no
14 protection under a lot of these commercial leases,
15 and the threat of eviction looming, my clients are
16 terrified. This council passed a bill last session
17 that should provide relief to Ariselli and Natalia.
18 They should be able to take their landlords to court,
19 but without access to lawyers who can represent them,
20 the new law's relief is out of their reach. The CLA
21 program only provides support with reviewing,
22 negotiating, memorializing leases and not for dealing
23 with the actual relationship between the landlord and
24 the commercial tenant. Access to legal
25 representation in these disputes is really important.

2 With respect to Certificate of
3 Harassment, it would be useful, but it's important to
4 think about expanding what harassment actually means
5 thinking about ways to facilitate improving
6 conditions for business owners and also providing
7 funding for community-based organizations.

8 Finally with respect to the vacancy
9 registry, something that we also are in support of
10 and also echo the idea that it's very important to
11 make sure we define vacancy in a way that is
12 responsible and really gets to the core issues at
13 hand.

14 Thank you again.

15 CHAIRPERSON GJONAJ: Thank you.

16 MR. LAURA SEAWELL: I'm Laura Seawell.
17 I'm the Executive Director of the East Village
18 Community Coalition. I hear the same stories that
19 we've heard all morning and really appreciate the
20 work of the CLA programs and hope that they will be
21 with us for a long time to come. I'm here to speak
22 about the desperate need for timely data collection.
23 This is an issue that consumes enormous amounts of
24 energy from our community-based organizations, our
25 bids, our community boards, energy we would all

2 rather spend on programming events, business
3 attraction to serve our neighborhoods. At every
4 meeting I attend, there's always the same pressing
5 question. How do we not have the data, but the mix
6 of state and local licensing entities and their
7 varying criteria do not give us an accurate picture,
8 leaving us to go out and walk the streets within our
9 (inaudible) time after time after time.

10 A few years ago, there wasn't anything we
11 could do but throw up our hands, look to unreliable
12 crowd-sourcing apps or Google cams that lag six to
13 twelve months behind, but that's changed. Technology
14 has caught up, and there's some promising solutions.
15 The city has an opportunity to take the lead on small
16 business issues to analyze what works where and give
17 neighborhoods the opportunity to build on their
18 strengths. We would all benefit from a city-wide
19 definition of vacancy, and I think that's one of the
20 things that holds us up here, but it's becoming
21 clarified through this conversation, and it's very
22 helpful. We all see the vacancies, the downsizing,
23 the shell-game shuffle of businesses taking on the
24 expense of moving a few doors or blocks away to
25 escape a predatory landlord. Not all landlords are

2 bad, but the ones who are, wow. We hear the same
3 emphasis names buying up dozens of buildings at a
4 time, and we know it's coming.

5 Many residents are surprised to learn
6 that commercial tenants are not included in even the
7 most basic anti-harassment protections that
8 businesses have operated for decades and contributed
9 to their neighborhood's revitalization, our often the
10 victims of the very success they helped create. We
11 commend the council for the package of legislation
12 being introduced today. While it addresses many
13 necessary protections, we anticipate it's only the
14 beginning of an improved climate for the beloved
15 microbusinesses that make our city and neighborhood
16 so special.

17 Thank you for the opportunity to comment.

18 CHAIRPERSON GJONAJ: Thank you.

19 MR. MICHAEL BRADY: Good afternoon, Chair
20 Gjonaj, Councilman Yeger. Thank you for the
21 opportunity to speak today. I'm Michael Brady,
22 Executive Director of the Third Avenue Business
23 Improvement District and Southern Boulevard Business
24 Improvement District both located in the South Bronx.
25 One neighborhood undergoing hyper development and in

2 the full swing of gentrification with the other being
3 positioned for future rezoning. I'm also a small
4 business owner, owning two brick and mortar
5 businesses along Bruckner Boulevard.

6 I'm here today, as I have been at every
7 Small Business Committee hearing because we as a city
8 have not created an environment whereby micro and
9 small businesses can grow nor where small businesses
10 want to or can stay. The New York City Council Small
11 Business Package has been presented today is a sign
12 that this council is paying attention to small
13 business, something that we have not seen coming from
14 New York City in a very long time, and a move that we
15 are very hardened with. Although the legislation
16 introduced today is not perfect, we look forward to
17 working with the council to hone and development
18 areas that are inadequate. Those areas include:
19 data, Intro 1049, Intro 1472 and Intro 1473, while
20 well intentioned, lack the proverbial teeth to be of
21 assistance to small businesses and do not provide
22 sustainable, accurate, or reliable data that can be
23 used in litigation. Additionally, many portions of
24 this legislation rest in the hands of New York City
25 Small Business Services. As you know, SBS is a

2 strong partner to the New York City bid network,
3 however, they have very little enforcement authority
4 nor do they have stable internal infrastructure or
5 legal standing to collect reliable data, enforce
6 penalties and move through likely litigation.

7 At first light, a vacant storefront
8 registry is a very good idea, however, it is only a
9 good idea if the information is accurate. Not all
10 vacancies are vacant. Some are in court actions.
11 Other are being held over by a previous tenant, and
12 still others are undergoing construction or have
13 long-term LOIs or in prolonged closing processes.
14 Before New York City legislates this process and
15 gives yet another regulation, we would recommend the
16 city establish a framework whereby all vacancies can
17 be understood for what they are. The data must also
18 be maintained with weekly reporting regulatory,
19 something this legislation does not outline.

20 In response to Intro 1049, while this
21 data collection would be very helpful and in many
22 cases, it's already being monitored and tracked
23 through various technology platforms, a report
24 published every five years is essentially useless and
25 does not provide the rapid response necessary to

2 compete and monitor changing trends in New York City
3 retail and services. Our recommendation on data
4 would be to go back to the drawing board and present
5 one piece of legislation that attracts all of this
6 information in real time. Other metropolitan cities
7 have similar systems, and best practices should be
8 investigated before we cloud the legislative system
9 with repetitive regulations seeking the same or
10 similar information.

11 Business Service Program Offerings Intro
12 1470 is redundant. My thoughts are there.
13 Litigation, we are very much in support of Intro
14 1410, 1466, 1467 and 1470. However, we would caution
15 the city's law department to undergo significant due
16 diligence to ensure the City of New York can assist
17 in commercial litigation stemming from eviction
18 proceedings. It's our understanding there are
19 various liabilities involved with this, and they need
20 to be undressed.

21 Regarding 1467, this legislation must
22 also include the law department and not just SBS.
23 Often agencies are constrained or hide behind the law
24 department in the areas of understanding all cities
25 small business laws and rules, but also in

2 categorizing and disseminating them. We are firm
3 believers that a commercial developer fund should be
4 established, and we'll work Council Member Espinal to
5 ensure that, that is completed.

6 And lastly, and I know I'm over time, but
7 I think this is something very important that needs
8 to be addressed. Something that hasn't been
9 addressed at this counsel and something that I think
10 we as a city like to ignore. In New York City,
11 commercial properties pay in approximate 54 percent
12 of the tax base, yet only represent 23 percent of
13 that base. In roughly, nine out ten commercial
14 leases, a share of the property taxes are passed
15 through to the tenant. When our city raises property
16 tax, we are essentially raising rent on the same
17 small businesses we seek to assist. If we are not
18 going to take a very hard look at that impact, then
19 all of this legislation that we've discussed today is
20 superficial and a Band-Aid on our small business
21 economy.

22 Thank you.

23 CHAIRPERSON GJONAJ: Thank you, Michael.
24 Great point, and thank you for the work that the Bid
25 does and the vital role they play in New York City.

2 We are really pressed for time. We have another
3 committee that's walking into the room so when I ask
4 the remaining -- if they're here; Jamie Burkhart,
5 Mannie Gomez, Evia --

6 CLERK: I think it's Cordoza.

7 CHIEF: I think it's Cordoza; Samantha
8 Rower. Are you here?

9 No, I'm going to let her speak. I'll
10 make sure, but you just have to stay on the two-
11 minute clock. If you can sum it up, less than two
12 minutes, please?

13 Bring it closer, please. You can pull
14 it.

15 MS. EVIA CORDOZA: Good afternoon, my
16 name is Evia Cordoza. I'm a Staff Attorney with
17 Volunteers of Legal Service in the Micro Rental Price
18 Project. As legal service providers and a Member of
19 The United for Small Business NYC Coalition, we
20 applaud the city council's commitment to support
21 small business tenants in the city. In general, our
22 Micro Rental Price Project provides free legal
23 services for eligible underserved small businesses in
24 the New York City, and we offer a variety of
25 transactional services and most recently directly

2 represent small business tenants through the SBS
3 funded Commercial Lease Assistance program.

4 Additionally, we conduct commercial
5 leasing educational programs for small businesses and
6 we work with the city to produce the comprehensive
7 guide to commercial leasing in New York City. As one
8 of the few providers in the CLA program, we see
9 first-hand how the lack of nearly any legal
10 protections results in the potential financial ruin
11 facing small business owners trying to make a living
12 for themselves and their families. We encounter
13 these challenges in our daily practice because
14 commercial tenants are limited to legal protections
15 found only within the four corners of their often
16 landlord friendly leases, if such tenant is even
17 lucky to have such a lease.

18 The need for universal provision of legal
19 services for commercial tenants expressed in Intro
20 1470 cannot be overstated. Currently, commercial
21 tenants who cannot afford an attorney rarely receive
22 their fair day in court during eviction proceedings.
23 Corporate entities are statutorily prohibited from
24 appearing pro se in a civil action, and so many small
25 business owners are --

2 CHAIRPERSON GJONAJ: Thirty seconds left.

3 MS. EVIA CORDOZA: -- sorry. Many small
4 business owners in financial distress are shut out of
5 the various lawsuit that results in their eviction.
6 On the other hand, when commercial tenants are
7 personally named in eviction proceedings, they are
8 forced to proceed without an attorney and too often
9 enter into detrimental settlement agreements with
10 pressure from landlord's attorneys. The proposed
11 rates of council bill would provide critical access
12 to justice for these vulnerable commercial tenants.

13 While we also welcome the passage of the
14 non-residential tenant harassment law 2016, we
15 recognize that it must be expanded to provide
16 enforcement mechanisms that hold landlord accountable
17 for their bad actions --

18 CHAIRPERSON GJONAJ: All right. I want
19 to thank you. We're really pressed for time. I'm
20 sorry folks. You have your written testimony. So if
21 you don't have to refer to your written portion, it's
22 probably best to sum it up.

23 MR. MANNIE GOMEZ: Good afternoon, Chair
24 and committee. My name is Mannie Gomez, Chairman of
25 Sunnyside Chamber of Commerce.

2 I'm here to voice only on small Moms and
3 Pops stores in our neighborhood, you know, Sunnyside
4 and Woodside. It is so important for the Small
5 Business Act that is taking place now. You know,
6 these are the ones who make their -- that make New
7 York City so unique and unfortunately, it seems like
8 we're losing on that because every time that a
9 business closes, it's like now I don't feel like this
10 is the same New York City that I always wanted to
11 live in and to enjoy. I think that it's a big
12 challenge that we're having right now. When we sit
13 back and see that the New York Times mentioned over
14 20 percent, it's a big concern when in our community,
15 we see every other block, you know, has a vacancy.
16 Some of them have sit, for the past maybe like more
17 than five years in our community, so it's a big
18 concern when we see that and nothing is taken care
19 of. These places have been just taken -- for film
20 makers to come in and make the money and leave us,
21 you know.

22 (Inaudible) have been in place or started
23 to take place 30 years ago, how long more they have
24 to take for this to past? You know, it's time for it
25 to pass right now. When people are -- when business

2 owners has the harassment, the fines, the taxes, and
3 now something new --

4 CHAIRPERSON GJONAJ: Thirty seconds.

5 MR. MANNIE GOMEZ: -- we have the
6 challenge as you mentioned. You know, these are
7 (inaudible) businesses. They cannot bring the
8 deliberation to the places. We are actually cutting
9 the ambulances and the fire departments in Sunnyside
10 where we have actually had an ambulance that couldn't
11 get through because they now are -- a two lane into a
12 one car lane. So we see that every often. It's time
13 for the Small Business Survival Act to pass now.

14 Thank you.

15 CHAIRPERSON GJONAJ: Thank you.

16 MS. SAMANTHA ROWER: Good afternoon. My
17 name is Samantha Rower, and I'm a Senior Staff
18 Attorney at Brooklyn Legal Services, Corporation A,
19 which is a member of the United for Small Business
20 New York City Coalition. I work on the Commercial
21 Lease Assistance program, and I'm testifying today to
22 comment on the potential impact of these bills for
23 our clients.

24 You heard earlier from one Brooklyn A
25 client, Akeem Walker, who recently rented out a space

2 for a hair salon on Flat Bush located on the same
3 block where he grew up and lived for twenty years and
4 where he's always dreamed of owning business.
5 Shortly after signing his lease, as you heard, he
6 learned that there is illegal piping running
7 throughout the building. Upon asking about the
8 issue, his landlord cut off all water supply to his
9 salon and began harassing him with eviction threats.
10 Mr. Walker has already invested roughly \$50,000 in
11 building out the space, and is now being charged
12 ongoing rent even though he hasn't been able to open
13 his business without running water.

14 Another of my clients was forced to shut
15 down his dry-cleaning business last fall after new
16 ownership took over his mixed use building in
17 Bushwick and issued him a notice to terminate. My
18 client had operated his business in that same
19 location for 20 years under a month-to-month
20 agreement with the previous owner which he entered
21 into after moving to Brooklyn from Puerto Rico in the
22 '70's. I spoke with him last Friday, and he
23 confirmed that his former space remains vacant. He
24 also told me that most of the residential units in
25

2 the building are now vacant and that the building is
3 slowly undergoing renovation.

4 All the bills being discussed today would
5 strengthen protections for small business tenants
6 under these Brooklyn A Clients --

7 CHAIRPERSON GJONAJ: Thirty seconds.

8 MS. SAMANTHA ROWER: -- and discourage
9 commercial displacement. In particular, Intro Nos.
10 1473, 1410 and 1470. Brooklyn A supports these bills
11 and my written testimony details some additional
12 recommendations, including that building owners
13 submit a written lease in order to be removed from a
14 vacancy registry and that there be a way for members
15 of the public to report vacancies. On behalf of
16 Brooklyn A, thank you for holding this hearing and
17 for this opportunity to testify.

18 CHAIRPERSON GJONAJ: Perfect timing.

19 Thank you.

20 MR. JAMIE BURKHART: Hello. I'm Jamie
21 Burkhart. I'm a member of the New York City Artist
22 Coalition. We advocate for the safety and
23 preservation of New York City Small Diverse
24 Neighborhood Cultural Spaces. We strongly support
25 the introductions discussed at today's hearing.

2 Cultural spaces our small businesses. Cultural
3 spaces closed due to rent, harassment, and eviction,
4 cultural spaces strive to be in regulatory
5 compliance. So I wanted to focus in and offer some
6 specific recommendations to expand Intro 1466 and
7 1467. Both require reporting on the city's laws and
8 practices related to small business, and both have
9 the potential to fill a critical information gap that
10 would help many small businesses more easily discover
11 and navigate the path to legality, safety and
12 compliance.

13 As a member of the Artist Coalition, I
14 meet frequently with cultural space operators who
15 strive to create and sustain small businesses with
16 limited means. I meet with city agency staff and
17 volunteer defacto community caseworkers who help
18 spaces navigate licenses, permits, certificate
19 inspections in pursuit of compliance. A common
20 sentiment is the city can provide a clear unified way
21 to understand the path to legality, a map of the
22 process for navigating the cities many agencies and
23 processes and answer to the questions every small
24 business must face.

2 So we can expand 1466 and 1467 to create
3 data sets on the city's open data portal and that we
4 and city agencies can build off to create online
5 tools for New York City small businesses to discover
6 and navigate the path to legality and compliance.
7 SBS has a step-by-step business wizard website that
8 asks operators questions --

9 CHAIRPERSON GJONAJ: Thirty seconds.

10 MR. JAMIE BURKHART: -- brings forward
11 more than 40 permits and certificates. Included here
12 is a list of questions that I'd like to be rows and
13 columns in a data set on the open portal that have to
14 do with, like how does this take and what are the
15 requirements and how much does it cost?

16 CHAIRPERSON GJONAJ: Thank you so much.
17 Can we please bring up the last two, and we have to
18 stick to the two minutes; Olympia Cozzi and Abigail
19 Ulman, if they're here?

20 MS. OLYMPIA COZZI: The best for last.

21 CHAIRPERSON GJONAJ: Always the best for
22 last. Desert comes at the end.

23 MS. OLYMPIA COZZI: Thank you. My name
24 is Olympia Cozzi, and I'm with the New York City
25 Artist Coalition, and we advocate for the safety and

2 preservation of grassroots cultural spaces that our
3 critical to our city's vitality. The spaces are
4 talent incubators that create support communities and
5 their treasured small businesses. Our members are
6 deeply affect by issues of affordability, commercial
7 tenant harassment and beau acratic (inaudible).

8 We are part of the United for Small
9 Business in New York City, and we support this
10 package of legislation. We particularly are
11 encouraged from the Certificate of No Harassment and
12 the right to counsel because they are very important;
13 and we're happy to see all the other -- I'm going off
14 the record for the two minutes -- not off the record,
15 off my original comments that you will read. But
16 basically, the vacancy stuff are also very important
17 because the collect the data, and this is something
18 that we need.

19 I want to take the rest of my time to
20 address Council Member Yeger's point. We are all for
21 streamlining a meaningful permanent process and
22 licenses, but when you're asking about why we need
23 this (inaudible) is because small businesses don't
24 they are not -- they don't have enforcement, and it's
25 very important that what you guys hopefully will be

2 voting will be enforced. Because as a city, we need
3 to support the small businesses, and we're losing
4 them. I want to make sure that you understand that
5 the New York City Artist Coalition supports starting
6 the challenges faced by small businesses and grass
7 root cultural spaces from many angles. So we need
8 commercial tenant protections, vacancy control and
9 the framework for affordable rents. This bills today
10 are important --

11 CHAIRPERSON GJONAJ: Thirty-five seconds.

12 MS. OLYMPIA COZZI: -- but we need to
13 continue because we need to save the cultural
14 displacement that is taking place right now in our
15 city.

16 CHAIRPERSON GJONAJ: Thank you.

17 MS. ABIGAIL ULMAN: Good afternoon.
18 Thank you for the opportunity to testify in favor of
19 the bills outline in my written testimony. I'm the
20 Director of Planning and Development at the Cooper
21 Square Committee. We're a community development
22 organization on the lower eastside. We've been on
23 the forefront of anti-displacement organizing for
24 decade with a particular focus on fighting the
25 predatory landlords and developers. Fortunately,

2 harassment is a well-documented part of their
3 business model. Until very recently, we really had
4 no tools to protect commercial tenants in buildings
5 experiencing harassment. We're proud to be part of
6 USB NYC and to have been behind the advocacy that
7 created the first commercial anti-harassment law. It
8 was good start, but we clearly need more tools to
9 fight back.

10 We recently conducted a survey of
11 businesses on the lower eastside, and a quarter of
12 them had experienced harassment from their landlord.
13 And I'll just share one quick story of many. You
14 heard from Bonnie Slatnik earlier the name ICON
15 Realty. This is a known bad actor in our community.
16 They own a building in East Village with several
17 commercial spaces on the ground floor. Three are
18 currently vacant because of an ongoing maintenance
19 issue that they failed to address, and two these
20 tenants are currently contemplating vacating, one
21 very serious at looking for relocation space. So
22 what you see is speaking to these tenants is a really
23 difficult decision between signing a lease and having
24 a dream of staying in the neighborhood and building

2 their business or being forced to vacate and to be in
3 the words of one of these tenants, "left in limbo".

4 So for this reason, we really strongly
5 support the Commercial Certificate of No Harassment
6 as well as the other bills that I outline in my
7 written testimony and just have some additional
8 comments and suggestions, including expanding the
9 definition of harassment to include some these
10 issues: such as refusal to --

11 CHAIRPERSON GJONAJ: To include -- I'm
12 sorry.

13 MS. ABIGAIL ULMAN: -- to include some of
14 these additional issues of harassment that we see in
15 the East Village and to expand the pilot to look at
16 other neighborhood conditions beside simply rezone
17 neighborhoods.

18 CHAIRPERSON GJONAJ: Thank you so much,
19 and I completely agree with you because I feel like
20 I'm being harassed and evicted out of this room so
21 the next committee can come in. Do we have a lawyer
22 in the house that will defend me from this illegal
23 eviction? I just want to thank you all for your time
24 and your testimony.

25 This hearing is adjourned.

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 May 16, 2019