

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON SMALL BUSINESS

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September 14, 2020
Start: 1:17 p.m.
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HELD AT: Remote Hearing, Virtual Room 2

B E F O R E: Mark Gjonaj
Chairperson

COUNCIL MEMBERS: Mark Gjonaj
Stephen T. Levin
Bill Perkins
Ydanis Rodriguez
Helen K. Rosenthal
Carlina Rivera

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

Jonnel Doris
Commissioner
Department of Small Business Services

Andrew Rigie
New York City Hospitality Alliance

Karen Duresky
Senior Organizer
Equitable Economic Development

Jane Lock

Iyong Kim

Edward Klein

Kathleen Reilly

Louise Favier

Michael Brady

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2 SERGEANT AT ARMS PEREZ: Sergeant
3 Leonardo, I leave it to you.

4 SERGEANT AT ARMS LEONARDO: Good
5 afternoon, and welcome to the New York City Council
6 remote hearing on the Committee on Small Business.
7 At this time we ask that all council members and
8 staff turn on their video for verification purposes.
9 We ask that you please place all cell phones and
10 electronic devices to silent or vibrate. If you wish
11 to submit testimony for the record, you can do so by
12 sending it to testimony@council.nyc.gov. Once again,
13 that's testimony@council.nyc.gov. We thank you for
14 your cooperation and we will begin momentarily.

15 CHAIRPERSON GJONAJ: Sergeant at Arms, are
16 we ready to begin?

17 SERGEANT AT ARMS: You're all set, sir.

18 CHAIRPERSON GJONAJ: Thank you. [gavel]
19 Thank you for joining our virtual hearing today on
20 the state of small businesses and one preconsidered
21 intro. I'd like to acknowledged that we've been
22 joined by some of my colleagues and thus far I see
23 Council Member Perkins and Council Member Rivera.
24 Good afternoon. I'm Council Member Mark Gjonaj,
25 chair of the Committee on Small Business and I

1 welcome you to our remote hearing today on the state
2 of small business. The COVID-19 crisis presents the
3 greatest threat to small business economy in modern
4 history. According to a recent report by the city
5 comptroller, small business revenue have dropped by
6 25% since January, ranking the greatest city in
7 America fortieth amongst the 52 largest American
8 cities during this period. In early April small
9 businesses had experienced a drop in revenue of over
10 60%. As small businesses are experiencing massive
11 declines in revenue, thousands of small businesses
12 have closed in New York. In his May 22 press
13 conference, Governor Cuomo reported that over 100,000
14 small businesses have closed across the state since
15 the pandemic begin. According to the city
16 comptroller's report, at least 2800 small businesses
17 closed permanently between March 1 and July 10.
18 Partnership for New York City predicts that as many
19 as a third of the 230,000 small businesses in New
20 York City may never reopen. That is roughly 75,000
21 small businesses. Small businesses are not only
22 currently operating on a budget in the negative, but
23 they now have the added burden of purchasing personal
24 protective equipment, or PPE, for both to ensure the
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1
2 safety of the employees and create a safe environment
3 for consumers to shop. Restaurants, retail stores,
4 grocery stores, and other establishments have had to
5 retrofit their spaces. According to Dr. Susan
6 Bailey, president of the American Medical
7 Association, the dramatic increase in need for PPE
8 will continue to be a problem for churches, schools,
9 businesses, everyone that's trying to reopen needs
10 PPE and we're all competing for the same small
11 supply. While I welcome SBS's efforts to distribute
12 free face masks during this virus, I'm interested to
13 hear whether the agency has worked to distribute
14 Plexiglas, social distancing markers, or any other
15 PPE-related equipment to business owners. As small
16 businesses are forced to increase their expenses with
17 decreased revenue, many small businesses have been
18 unable to pay rent. The Hospitality Alliance
19 surveyed restaurants, bars, nightclubs, and event
20 venues in July and found that over 80% of respondents
21 did not pay their full July rent. I want to
22 emphasize that many landlords in this city hopefully
23 are renegotiating their leases with their tenants in
24 good faith. Some small owners may feel, however,
25 that their inability to pay rent may lead their

1 landlord to go after their assets or personal
2 property. This past spring the council boldly acted
3 to prevent this through the passage of Local Law 55,
4 which temporarily prohibited the enforcement of
5 personal liability provisions and some commercial
6 leases. The preconsidered introduction will extend
7 this necessary bill. The mass closure of city small
8 businesses will leave commercial corridors decimated
9 and unemployment rates high. Households will
10 struggle to feed their families. This city needs a
11 bold vision. This city needs a plan. This
12 administration need to lobby the federal government
13 to get the small businesses of the five boroughs a
14 lifeline. I look forward to hearing the
15 commissioner's plan today at this hearing as to what
16 the city can do now while we wait for state and
17 federal funds. With that said, I need to thank my
18 chief of staff, Reggie Johnson, our legislative
19 counsel, Stephanie Jones, our policy analyst, Noah
20 Mexler, and financial analyst Alia Ali, for all their
21 hard work in preparing for this hearing. I'd like to
22 turn it over to my dear friend, Council Member
23 Rivera, to give a statement about her preconsidered
24 intro. Council Member Rivera?

1 COMMITTEE ON SMALL BUSINESS 8

2 COUNCIL MEMBER RIVERA: Thank you, Chair

3 Gjonaj, for all of your support and for your

4 advocacy, ah, since you started your time in the

5 council. I know we've worked together on a number of

6 bills and I'm looking forward to working to pass this

7 as soon as possible. So I appreciate the opportunity

8 to speak briefly on my preconsidered bill that we are

9 hearing today to extend the prohibition of

10 enforcement of personal liability provisions in

11 commercial leases or rental agreement involving a

12 COVID-19-impacted tenant. Since we passed my

13 legislation to create this emergency prohibition in

14 May, I have heard from countless small business

15 owners of their gratitude and thanks for the city

16 giving them a lifeline when our state and federal

17 government had failed to do so. Just last week *New*

18 *York Magazine's* Chris Crowley interviewed one

19 restaurant owner, Roni Mazumdar, who said that the

20 protections in this bill, and I quote, "Absolutely

21 and desperately needs to continue. It would be a

22 fatal blow to the restaurant industry if they don't

23 extend it." While more than 2800 businesses in New

24 York City have permanently closed since March 1,

25 according to data from Yelp, those small business

1 owners can take solace in the fact that their
2 landlords cannot go after their personal life savings
3 and assets thanks to this prohibition. And countless
4 other businesses teetering on the edge can continue
5 to focus on paying workers and supporting their
6 communities without this threat looming over them.
7 While I hoped in May that our federal government
8 would have been able to bring us back to a point
9 where most businesses could fully reopen safely,
10 today that just isn't the case. That is why we are
11 forced to return here today to vote on a six-month
12 extension to the prohibition, and I'm hoping I'll
13 have your support when this bill is up for a vote. I
14 look forward to hearing today the stories of small
15 businesses, workers, landlords, and others suffering
16 in the midst of this crisis, and while I certainly
17 understand that this law and the proposed extension
18 we're hearing today may not, may not be supported by
19 everyone at this hearing, rest assured that I will
20 continue to push for any and all measures that our
21 city can take to help our communities and those most
22 at risk. Thank you so much.

24 CHAIRPERSON GJONAJ: Thank you, Council
25 Member, and I look forward to continuing to work

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2 alongside of you as we deal with this devastation,
3 from loss of life to devastation of our economy, and
4 we have quite a bit to do. Thank you for that. I
5 want to turn it over to our moderator, ah, committee
6 counsel Stephanie Jones, to go over some procedural
7 items.

8 COMMITTEE COUNSEL: Thank you, Chair. I
9 am Stephanie Jones, counsel to the Small Business
10 Committee of the New York City Council. Before we
11 begin testimony, I want to remind everyone that you
12 will be on mute until you are called on to testify,
13 when you will be unmuted by the host. I will be
14 calling on panelists to testify. Please listen for
15 your name to be called. I will be periodically
16 announcing who the next panelist will be. The first
17 panelist to give testimony will be Commissioner Doris
18 from the Department of Small Business Services. I
19 will call you when it is your turn to speak. During
20 the hearing if council members would like to ask a
21 question of the administration or of a specific
22 panelist, please use the Zoom raise hand function and
23 I will call on you in order. All hearing
24 participants should submit written testimony to
25 testimony@council.nyc.gov. We will now call

1
2 Commissioner Doris from the administration to
3 testify. Before we begin, I will administer the
4 oath. Commissioner Doris, please raise your right
5 hand. Do you affirm to tell the truth, the whole
6 truth, and nothing but the truth before this
7 committee and to respond honestly to council member
8 questions?

9 COMMISSIONER DORIS: I do.

10 COMMITTEE COUNSEL: Thank you.

11 Commissioner, you may begin when ready.

12 COMMISSIONER DORIS: Thank you so much.

13 Good afternoon, ah, Chair Gjonaj and, ah, members of
14 the councils, Johnson and others here today. My name
15 is Jonnel Doris. I'm the commissioner of the New
16 York City Department of Small Business Services. I
17 hope to, ah, take some time today to tell you a
18 little bit about what SBS is doing. Ah, but first, I
19 hope your families and loved ones are doing safe,
20 being safe during this time, this most difficult time
21 for us all. It is my pleasure to testify before the
22 City Council today on the preconsidered of Intro 1932
23 that seeks to extend the temporary personal guarantee
24 protection provisions for commercial tenants impacted
25 by COVID-19 until March 2021. I am grateful for the

1 council's ongoing support and friendship as we work
2 together to advocate for small businesses throughout
3 the city. The economic crisis brought forth by the
4 COVID-19 has been tremendous. Rent challenges for
5 commercial tenants continue to place enormous
6 pressure on our businesses and business owners, now
7 more than ever, disproportionately affecting our
8 communities of color. Before the pandemic small
9 business owners were receiving free legal
10 representation via our commercial lease assistance
11 program as they engaged with their landlords to
12 discuss changes to their lease obligations. Since
13 the program's existence, SBS has assisted over 800
14 businesses with more than 900 legal issues related to
15 their leases. This program gets at the core of our
16 mission, serving the businesses that need it the
17 most. Over 50% of the total pool of our clients are
18 from women-owned businesses and more than 70% of our
19 clients are minority-owned businesses. In August the
20 mayor announced the continuation of the program,
21 increasing the funding, allowing us to continue to
22 serve and reach more businesses during this time.
23 Though rent affordability has been an issue that this
24 administration as tackled, ah, since its inception,
25

1 the financial crisis brought forth by COVID-19 has
2 only heightened these challenges and forced us to
3 think creatively, which is why we are here to speak
4 on the administration's support for the extender bill
5 relating to Local Law 55 of 2020, which aims to
6 extend the guaranteed protection provisions of Local
7 Law 55 for commercial tenants impacted by COVID-19
8 until March 2021. We have heard from our
9 constituents how the bill has allowed them to plan
10 accordingly, allow business owners to make
11 determinations without having to endure additional
12 losses. Many businesses are planning to make a
13 decision before the end of the money on whether to
14 remain open. This extension allows for further
15 planning and allows them to generate additional
16 income in the absence of federal and state aid. SBS
17 has worked hard to be nimble and adaptable in
18 addressing the challenges faced by our constituents.
19 We have worked tirelessly to connect small businesses
20 owners to more than 78 million in financial awards,
21 partner with the health, DOT, and, ah, other agencies
22 to launch the Open Restaurants Initiative, which has
23 far exceeded our expectations with more than 10,000
24 participating restaurants since March. And since
25

1 pivoting our work force one, ah, services to an all-
2 virtual platform due to the pandemic, we have helped
3 more than 46,000 job seekers and continue to work
4 with more than 700 employers on over 12,000 job
5 opportunities across the five boroughs to ensure that
6 New Yorkers are connected to good jobs. We will
7 continue to think creatively and work collaboratively
8 with the council, city agencies, and our community
9 partners to find ways to further assist our small
10 businesses and job seekers during these times. Thank
11 you again for the opportunity to testify today. I'm
12 happy to take your questions you may have.

14 COMMITTEE COUNSEL: Thank you,
15 Commissioner. I'm going to turn it over to questions
16 from Chair Gjonaj. If you could stay unmuted, ah,
17 during this question and answer period that would be
18 great. Thank you. Chair?

19 CHAIRPERSON GJONAJ: Thank you. Thank
20 you so much, ah, Commissioner Doris. I think the
21 world of you and the challenges that we have ahead
22 ourselves, some very difficult ones. I'm pleased
23 that the administration is supportive of the extender
24 bill that's going to protect some of the, ah, small
25 businesses that have personal guarantees. I wonder,

1
2 though, why aren't we offering that same type of
3 protection to our small businesses when it comes to
4 their inability to pay real estate taxes, or water
5 and sewer rates?

6 COMMISSIONER DORIS: Thank you so much,
7 ah, Mr. Chair, and, and, you know, as you know, ah,
8 this particular bill, this particular bill, ah, you
9 know, we are supportive of the bill and other tools
10 in the tools box. Um, as we mentioned, um, at our
11 last hearing we continue to look at those options.
12 Certainly, um, we thought about considering at a
13 state level, um, which some of those adjustments will
14 have to be made, so, um, you know, we are here again
15 in support of this bill and, and certainly looking
16 for other options and ways that we can be supportive
17 of our small business community, as you know, um, but
18 that's certainly on the table and in, in the
19 conversations happening at the state level, and
20 certainly, um, we look forward to hearing what
21 happens, ah, going forward.

22 CHAIRPERSON GJONAJ: Thank you,
23 Commissioner. As you can see, I started off with a
24 law, an easy question. You'd have it no other way,
25 I'm sure. But, again, you're, you're going back to

1 the state. This is within the ability of New York
2 City to offer similar protections by helping small
3 businesses that can't pay city real estate taxes and
4 water and sewer. If we're able to afford these
5 protections to tenants against landlords, which are
6 other small businesses, as government shouldn't we
7 lead by example? Shouldn't we be there to do our
8 part first in helping alleviate the pain, to assure
9 that these businesses can stay afloat to just
10 survive? There's really no question about thriving,
11 just surviving.

12
13 COMMISSIONER DORIS: Yeah, certainly.

14 Look, you know, you know we continue to work, ah,
15 with our small businesses. Um, those who have
16 concerns and issues with, ah, when it pertains to
17 taxes, um, you know, our, our partners at DOE, we've
18 been working with them and initially extending, ah,
19 the time and, and, and penalties, etcetera,
20 associated. You know, we are, ah, really in a dire
21 time and we do agree with you on that. And, um,
22 certainly that is, ah, something that was brought up.
23 I know it's being looked at, at multiple levels, um,
24 but, you know, where the city is right now, um, you
25 know, um, for, ah, where our fiscal concerns are,

1 where we are fiscally, you know, DOF is working, um,
2 with, um, many of those businesses who have asked,
3 ah, for help and assistance based upon, ah, getting a
4 payment plan together and/or other supportive
5 services, so I'm happy to share some of that with
6 you, ah, going forward, but certainly, um, there is
7 support there, ah, particularly DOF, for, for these
8 businesses.
9

10 CHAIRPERSON GJONAJ: All right. Thank
11 you for that, Commissioner, and by support you mean
12 that we come up with a payment schedule where they
13 still have to pay interest? Ah, that's not real
14 support. Ah, by support you mean that if they don't
15 pay and they, the agreement that they make, ah, that
16 they won't be foreclosed on, that would be support.
17 Under the current structure of the Department of
18 Finance if these small businesses don't pay their
19 taxes, they're given a grace period, but eventually
20 the property will be foreclosed on. And that's my
21 point, that we always ask others to do their part but
22 yet we never show ourselves and we should lead by
23 example. We need to do more. We'll continue this.
24 I know that it's not in your hands. We've had this
25 dialogue before, but I keep reiterating that we can't

1
2 have a double standard. We can't hold other
3 industries responsible and expect them to do their
4 share when government is not willing to make the same
5 sacrifices that we ask others to do. You did
6 mention, you brought up restaurants, and we talk
7 about a very volatile and extremely important
8 industry in New York City. What are we doing
9 grateful restaurants to help them reopen? What have
10 we done so far?

11 COMMISSIONER DORIS: Well, thank you so
12 much for that, ah, question. Um, and as I mentioned
13 in my testimony, ah, we did something that was
14 certainly, um, you know, creative and outside of the
15 box with our Open Restaurants Program. Ah, we were
16 able to now sign up about 10,000 restaurants to that
17 program. Originally we thought we would have about
18 maybe 5000 or so restaurants who would participate
19 and about maybe 49,000 jobs to come back. We have
20 10,000 businesses there and about 90,000, ah, jobs,
21 ah, who came back, ah, because of that program. Ah,
22 so we've been supportive of our restaurants and we
23 have, ah, you know, did, um, virtual compliance
24 checks with them, also to make sure that they're
25 setting up accordingly. Our team at SBS, ah, we have

1 instituted our hotline, which you know, ah, 35,000-
2 plus calls, ah, significant portion of them with our
3 restaurant and, ah, industry and guiding them,
4 helping them to understand how they can come back.
5 And, and so that 10,000 is really a lot of work that
6 we've put in, ah, to, ah, assist in our, ah,
7 restaurants to get the support they need. We've
8 also, ah, did outbound calls and, and onsite visits,
9 myself, ah, going to corridors all around the city to
10 speak to restaurant owners, understanding the
11 challenges that they have. We've given, distributed,
12 ah, PPE to those restaurants, ah, spoke to them and
13 understand, ah, their challenges in getting the
14 necessary PPE even for their customers who would come
15 in that may not have a mask, give them extra so that
16 they have it. So, ah, we've done that, just the
17 technical support, the training, but also created a
18 program which brought some life back to our city, so
19 many of our restaurants that we love dearly are open,
20 ah, and are, are beginning to, to come out and
21 beginning to, ah, really, ah, take a turn, ah, based
22 on availability of this program.
23

24

25

1
2 CHAIRPERSON GJONAJ: Thank you. So by
3 creativity you're saying the Open Sidewalks Program,
4 obviously?

5 COMMISSIONER DORIS: Yeah, the Open
6 Sidewalks and, and the street, right? I mean
7 certainly the processes that we've had to those
8 programs were lengthy, ah, we were able to do this
9 very nimbly, ah, the restaurants self-attest. That,
10 that's coordination with DOT, um, and their work that
11 they're doing. Um, certainly our work, making sure
12 that restaurants' voices are being heard at the table
13 and also we're training the restaurant owners on, on
14 some of the regulatory environment so that, ah,
15 everyone is on the same page, and also those
16 restaurants who are not participating that they have
17 an opportunity to participate.

18 CHAIRPERSON GJONAJ: So I believe the
19 number is 27,000 restaurants for New York City
20 [inaudible]?

21 COMMISSIONER DORIS: Yes, ah, we have
22 about 27,000, ah, food establishments [inaudible]
23 also including food establishments and hotels and
24 other places, but, yes, about 27,000.

1
2 CHAIRPERSON GJONAJ: So roughly a third
3 of them have taken you up on this creative thinking,
4 which allows them to reopen outdoors? At their own
5 expense, of course, not that we provided them with
6 anything more than a waiver of fees.

7 COMMISSIONER DORIS: Yeah, I mean, so
8 the, what we've done was, um, we allowed them to open
9 outdoors. Um, also they can utilize, ah, their
10 existing furniture. Um, so we didn't, the cost, I
11 believe, most of the restaurants mentioned that the,
12 the cost was just to acquire some, the barricades to
13 make sure that they're compliant, if they are in the
14 street outside of that. Restaurants are utilizing
15 their own, ah, equipment, existing equipment, um, and
16 the city, again, ah, did not, ah, there's no cost
17 there associated with that transaction, it's a self-
18 attestation.

19 CHAIRPERSON GJONAJ: But, again, there
20 was an expense on the restaurants to have to invest
21 in these barriers, which they put up originally and
22 then thereafter had to replace them, many of them
23 were, according, um, ah, were not conforming to the
24 city's requirements, after they were approved and
25 installed. And they were then again hit with a

1 second expense of replacing the existing barriers
2 that they had to put up which were originally
3 approved in one manner or another. Commissioner, I'm
4 grateful for, for what you're saying. But it's only
5 a [inaudible] of the businesses, and my understanding
6 that's roughly 25% of the total business that these
7 restaurants do.
8

9 COMMISSIONER DORIS: Absolutely. Look,
10 we, we understand, um, look, we're, we're in a
11 pandemic, as you know. Um, and the challenge that we
12 have is to balance both the health components and if
13 given a, really a, ah, simple and a low cost, ah, way
14 to get our restaurant communities back up and running
15 for all of us to go back and, and patronize those
16 restaurants and go back to our local restaurants and
17 make sure that those jobs come back and those, that
18 industry and that supply chain, um, is engaged again.
19 So, ah, Mr. Chair, I agree with you. I mean, we, we,
20 we certainly, ah, understand the limitations of the
21 outdoor, um, you know, we wanted to make sure that we
22 get something going, the restaurant industry, I
23 believe, was extremely, um, supportive and
24 appreciative of our efforts here, and we are of them,
25 and, you know, they're resilient. Our New York City

1 businesses are resilient. They're doing everything
2 they can to survive and we were there with them and
3 are there with them making sure that this program,
4 again, remains simple and low cost in order for our,
5 to get our restaurants back up and running, and
6 certainly they, a third of them are participating at
7 the moment. Ah, we did outbound calls, um, to those
8 who were not yet in the program, ah, several
9 thousands of those, ah, to reach out to them. Some
10 restaurants, or some, ah, establishments are take-
11 out, ah, only or they do, ah, orders only, um, you
12 know, and, and, and delivery only, and, and that's
13 just how they, their business, ah, operates. Ah,
14 others, um, you know, were happy to hear from us and
15 said, yes, we're going to sign up. And so we
16 continue to reach out to the corridors and areas
17 where we're not seeing some activity and particularly
18 in some [inaudible] communities and we want to make
19 sure, ah, that they have the information and what it
20 takes to actually do this program, about five to 10
21 minutes, ah, attestation and they can actually go and
22 start utilizing the program.

24 CHAIRPERSON GJONAJ: Well, thank you for
25 that, Commissioner. The winter months are upon us

1 and for those restaurants to now invest in those
2 barriers and whatever other investment is needed is
3 not going to pay for itself, let alone produce any
4 profits. And I bring up the restaurant industry
5 aside from all other industry because we refer to
6 this pandemic that we have that is a health concern
7 for all. But yet we hold our restaurants to a
8 standard that no other industry is being held to.
9 And it's very difficult for me and for New Yorkers,
10 as well as those businesses to understand the logic.
11 Our subways are open. There's no social distancing.
12 There's no cleaning routine. There's no oversight of
13 mask and PPE. Ah, no one knows what those riders are
14 being exposed to. We opened up retail outlets. You
15 want walk into a mall now and go shopping, get your
16 hair done, your nails done, seek other services, and
17 at a gym you can even get a workout within that same
18 mall. But if you're a restaurant, as of right now
19 you cannot dine indoors under the same rule being
20 utilized by the same customer at the same opening
21 hours. We put an unfair restriction on restaurants.
22 And if it wasn't for a recent lawsuit, the mayor said
23 not until well into 2021 will our restaurants be able
24 to open for indoor dining. It took a lawsuit for
25

1 this city to wake up and acknowledge that [inaudible]
2 wrongfully so they were not allowing for indoor
3 dining. There was no scientific metric behind it.
4 There was no reasoning or rationale. It was more
5 like a form of punishment than anything else. So
6 that same industry that you're referring to that
7 we've done so much for, we've undermined their very
8 existence without reason or understanding. 25% of
9 indoor dining capacity and more forced regulations.
10 Our restaurant industries, our food and beverage
11 industries, will not be able to survive and when
12 those businesses close down they will not reopen.
13 And the double standard that we've imposed on them is
14 immoral, illegal, and unjustifiable. So when you
15 have your meetings, as you regularly do, with this
16 administration, let's stop the double standard. If
17 50% capacity is permitted throughout the state with
18 higher infection rates, New York City restaurants
19 should have the same affordability to survive. There
20 is no reason for the double standard or the other
21 regulations that are being imposed. And I know that
22 we've been joined by several other committee members,
23 we have Council Member Rosenthal as well as Council
24 Member Levin, um, and I have one last question before
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1
2 I turn it over to the other council members. At a
3 recent small business committee hearing in response
4 to one of my questions you said the administration
5 would consider adding more funding to the COVID Small
6 Business Grant and Loan Programs past the initial 49
7 million allocated earlier this year, which we all
8 understand is not nearly enough. What is the status
9 of this issue? Should struggling small business
10 expect to have additional grant and loans relief from
11 City Hall? And will it be equally dispersed amongst
12 the outer boroughs versus the initial phase where
13 Manhattan benefitted overwhelmingly?

14 COMMISSIONER DORIS: Thank you, ah,
15 Council Member. Um, certainly first on, on the
16 restaurant question, um, you know, we, we've seen,
17 ah, I believe, around, ah, the country and the world
18 that restaurants really being the only location in
19 which, um, the requirement to keep the face covering
20 is, is different when you're indoors and you're able
21 to sit and take the face covering off. Um, and so
22 it's a bit of a different of a health challenge that
23 we've from the health experts, um, why it's unique,
24 ah, for indoor dining. Um, certainly we support our
25 restaurants. We want to make sure that we do get

1 indoor dining going. The, the, governor, as you
2 mentioned, did give the go-ahead for New York City to
3 do indoor dining at 25% capacity. Um, certainly that
4 was [inaudible] because of a lot of work. For about
5 30 days now we've seen infection rates down. Ah,
6 we've seen, ah, that the virus, as much as we can,
7 we're doing everything we can to control the spread
8 [inaudible] the 1%, and so we're, we're very excited
9 about the 25%, um, added with what we have now with
10 the outdoor dining. Um, we, we feel that our
11 restaurants, and we've heard from our restaurant
12 community, particularly, ah, and the excitement of at
13 least having the opportunity to start on the indoor
14 dining, particularly as we get into the colder
15 months. As it pertains to, ah, the loan, ah, the
16 grants and loan, ah, funds, ah, yeah, we are
17 certainly, um, ah, you know, um, concerned about, you
18 know, the number of, as you know, the number that,
19 ah, went to certain communities or certain boroughs
20 and, again, our five-borough strategy, as we continue
21 to say, is that everything we've done since I became
22 commissioner have, have been a five-borough
23 strategies in the sense that we're going to every
24 borough, I've been in every borough multiple times
25

1 dealing with all the businesses and communities and,
2 ah, community partners and those, ah, very
3 deliberately, ah, in the outer boroughs, making sure
4 that we're addressing their concerns and needs and
5 we'll continue to do that. Um, we understand that
6 right now the city does not have, ah, the financial,
7 ah, ability right now to, to feed that, ah, loan and
8 rent program with additional funds, as mentioned last
9 time, and this is why we've asked to lobby really
10 hard on the, on the stimulus that's, ah, from the
11 federal government. And then also, ah, to get a
12 long-term borrowing from the state, ah, the ability
13 to do that. I think that will then give us an
14 opportunity, ah, to do more programming, additional
15 resources, funding, etcetera, ah, for our small
16 businesses. And so, ah, we appearance the council's
17 support for long-term borrowing at the state level,
18 and certainly I believe that's gonna help us to get,
19 ah, to where we need to do, ah, to get some
20 additional support. And also, lastly, I say we are
21 working with other groups, um, and, and we'll
22 probably be making some of those, ah, you know, more
23 public. Ah, but other groups, other organizations,
24 um, you know, really to think about what we can do
25

1 when it comes to funding, um, other financial
2 institutions trying to come up with some additional
3 resources and solutions, ah, for our small businesses
4 at this time.
5

6 CHAIRPERSON GJONAJ: Thank you,
7 Commissioner.

8 COMMISSIONER DORIS: Thank you, sir.

9 CHAIRPERSON GJONAJ: But we have to
10 [inaudible]. We did not properly, ah, the, the
11 limited funding, which was, ah, crumbs, at best, were
12 not evenly distributed to the outer boroughs. I
13 can't let this go. The outer boroughs are not ready
14 to let that go. And it's a wrong that has to be
15 righted and the only way you can do that is by
16 showing them how much you really care and that's by
17 putting up the money. You need to relook at this,
18 and I'm disappointed that you don't have an update
19 on, on this, when you last said you would be looking
20 into it, and relying on the state and federal
21 government for help that may never come is not an
22 answer. Our outer boroughs businesses were not
23 afforded the same assistance as Manhattan. That's
24 some gross numbers. So I'm gonna continue to hold
25 you on this issue, and I'm gonna ask you to figure

1
2 out where we can find that funding and who we have to
3 take it away from, and to give it to those that
4 rightly, rightfully deserve it. And I'm gonna call
5 on Council Member Rivera, who has a few questions,
6 and I'll pass it back to Stephanie Jones, who will be
7 asking other members for questions. I warmed him up
8 for you, Council Member Rivera.

9 COUNCIL MEMBER RIVERA: I know you did.
10 I just wanted to make sure, usually someone yells
11 time, but, um, OK. So I thank you so much, ah, Chair
12 Gjonaj. Thank you to the commissioners, of course.
13 So, um, clearly you stated that you are, ah, your
14 position is in support of the bill and I thank you
15 very, very much, ah, for supporting the extension.
16 Correct me if I'm wrong, but that's what I heard
17 pretty clearly. Have you heard from any landlords,
18 um, any stories related to landlords violating the
19 current prohibition, and how are you working to
20 enforce the one that is in place today?

21 COMMISSIONER DORIS: Well, thank you for
22 that, ah, question, Council Member. Ah, we've heard
23 from business owners, um, who have, ah, appreciated
24 the current bill and certainly how it's constructed.
25 Ah, we have not heard, um, from landlords, um, who

1
2 are on the bill, who are either, ah, not supportive
3 or supportive. Um, we generally are working with,
4 ah, the, ah, business owners, um, themselves and, um,
5 we heard, though, which I think it's a great piece in
6 addition to what we're doing here, is that, um, there
7 has been an increase in landlords who are looking to
8 negotiate and renegotiate, ah, with their tenants
9 based upon, ah, the enactment of this law, which I
10 think it's, ah, what we're looking to do, right? I
11 think it's meeting, um, ah, you know, meeting where
12 we are, where we need to be. I know a lot of
13 landlords also, ah, you know, with the, ah, the
14 court, ah, you know, the court decision, I guess, to
15 see where they will go. Ah, but for us, um, we're
16 hearing a lot of, ah, you know, praises for this bill
17 from the small business community. Um, I certainly
18 want to make sure that we are supportive of them
19 during this time, um, and so as it pertains to
20 enforcement, um, you know, again, you know, SBS,
21 we're not an, an enforcement agency. We're here to
22 support our small businesses, um, but we have not
23 heard of extensive, ah, issues around enforcement of
24 this. Ah, we've heard, ah, quite the opposite, ah,

1
2 which is landlords actually trying to work with
3 tenants now, um, to help them, ah, during this time.

4 COUNCIL MEMBER RIVERA: That's great, and
5 that was absolutely one of the intentions of, of
6 putting forward this bill, was to not just protect
7 our small business owners who are really just such
8 important New Yorkers to us, they keep the city
9 moving, that are the lifeblood, but also to show to
10 some of these landlords that, um, we really are
11 trying to do everything we can to support a fair and
12 effective negotiation. We realize everybody's in
13 hard times, ah, but that increase in landlords
14 looking to negotiate new lease terms was absolutely a
15 positive side effect of the bill that I put forward
16 that we're hoping to extend today, and of course
17 [inaudible] compliments that is something that the
18 city, ah, did restore after much advocacy from
19 myself, from a number of advocates, which is the
20 Commercial Lease Assistance Program, which is that
21 city program to help people negotiate legal lease
22 terms and so I'm so glad that that was restored and I
23 hope it continues, ah, to be restored and looked at
24 for even an increase going forward. Um, it's a
25 really, really important piece, especially for

1 minority- and women-owned businesses and
2 entrepreneurs, which I know you have a heavy, heavy
3 focus on, even pre-tenure as the SBS commissioner.
4 So do you know how many businesses have contacted
5 your agencies concerning potential financial exposure
6 from a personal liability clause?
7

8 COMMISSIONER DORIS: Um, no, we do not
9 have an exact number of, of, ah, businesses who have
10 contacted us for that specific, ah, question. Um,
11 again, you know, I think we were supportive and are
12 supportive now because the general consensus is and
13 we, you know, we, we talk to small businesses all the
14 time, ah, either in our Commercial Lease Assistance
15 Program or even those we are, um, [inaudible] into
16 our pro bono, ah, partners and/or through our
17 hotline, etcetera, but, you know, certainly we do not
18 have a list. Um, on the Commercial Lease Assistance
19 Program, if I just may, you know, we did, the mayor
20 did increase, ah, the annual allotment there from 1.2
21 to 1.5 mil, so additional \$300,000 was put in the
22 program to further assist our small businesses and,
23 you know, you're right about, you know, um, those who
24 receive assistance through that program historical
25 have been 52% are, are women, um, 70% are minority-

1
2 owned businesses, 52% are immigrant businesses, and
3 62%, really to, ah, Council Member Gjonaj's, ah,
4 question around borough diversity, ah, 62% of all
5 cases are from the outer boroughs, and so this
6 program is an ideal program, um, and we look to
7 continue, um, you know, advancing that program now,
8 even in this critical time.

9 COUNCIL MEMBER RIVERA: Absolutely, and,
10 and I thank you and, and I'm sure all of the
11 nonprofits involved...

12 COMMISSIONER DORIS: Oh, they were
13 amazing.

14 COUNCIL MEMBER RIVERA: ...thank you. We
15 were fighting, ah, pretty voraciously on, on this
16 one. So I guess my, my last question and, and, and
17 Chair Gjonaj did ask this, um, in a way, ah, for
18 sure, ah, but I wanted to ask again because I do have
19 many, many constituents who ask me this question and
20 I want, I want to answer with them directly. I
21 prefer to answer them in a list form, in a
22 comprehensive email that I could send them about
23 resources. So in the wake of the city shutting down
24 its loan and grant programs, what are SBS and DCA
25 doing to support small businesses impacted by COVID?

1 We have the Commercial Lease Assistance Program, I
2 know there is a hotline for questions. Can you just
3 list very quickly some of what your agencies are
4 doing separately and collaboratively, specifically to
5 help, ah, these businesses impacted by COVID?
6

7 COMMISSIONER DORIS: Yeah, absolutely,
8 ah, so, you know, you said a few of them. So, ah,
9 resources, ah, that we have, ah, for our small
10 businesses, we do have the hotline, ah, which is our
11 clearing house essentially for our small businesses,
12 making sure that they have all the resources they
13 need and connecting them to the various places that
14 they need to go to. Um, then we also have, ah, you
15 know, our guidance that we give and technical
16 assistance and support. And, you know, sometimes we
17 hear that and we don't understand what it really
18 means to say, well, technical assistance and support.
19 Well, it helps a business make, ah, critical
20 decisions as to, you know, how to pivot and what to
21 do during this time. We do that [inaudible] over
22 115, ah, webinars and 3500 attendees. Ah, again,
23 with the digital resources helping these businesses
24 to understand the new world we're in. We're also
25 giving out, ah, PPE, um, face coverings, etcetera,

1
2 over five million distributed, 7.5 million we have on
3 hand to assist our, ah, small businesses. We also do
4 reopening compliance, ah, consultations. Um, again,
5 free, ah, consultations to, with one-on-one, with the
6 business owner and, ah, SBS, um, to assist them. We
7 also are doing, ah, things for employees of those
8 businesses. For instance, we launched our career
9 discovery portal. Ah, that has launched. We already
10 have 700 [inaudible] last month 775 people looking to
11 sign up to get training, additional skills around
12 coding and web development, which will then help
13 their, ah, particular businesses that they're gonna
14 work for, um, to pivot and to do, ah, what they need
15 to do and advance it forward. We're also, again, um,
16 we have not, you know, stopped, ah, working with, um,
17 our, ah, partners, our 40 lending, ah, partners that
18 we have here at the city, um, to get financial
19 assistance into the hands of our small businesses.
20 We've already done 78 million, over 4000 of those
21 businesses already. And so those are some of the
22 programs we have. Um, and lastly, ah, where the,
23 Council Member Gjonaj mentioned the PPE, and so we,
24 we created a marketplace, online marketplace, ah,
25 that you can go to, um, and we brought the resources

1
2 to, ah, the businesses to make it easy for them to
3 find, ah, those particular, um, ah, PPE that they may
4 need. And so, yeah, you know, we're doing quite a
5 bit and, and that and a lot more, ah, but that's
6 somewhat of a summary. We're happy to send you along
7 all this information, but, um, you can certainly go
8 to nyc.gov/business. All the opening resources are
9 there for, for those, um, small businesses out there.

10 COUNCIL MEMBER RIVERA: Well, thank you
11 so much. I, I'm, tomorrow I'm having, ah, a meeting,
12 ah, it's really just a Facebook live hour that I do
13 on certain topics, bringing in a small business
14 owner, bringing in Pace University small business
15 program, and I want to make sure that we're
16 highlighting some of the things that you're working
17 on, so I just wanted to give you this opportunity to
18 list the eight or so things that you're trying to
19 offer small businesses. I realize we have to ramp it
20 up and I agree with my colleagues that there are a
21 few things that the city can do. I know that you're
22 not an enforcement agency, but you do work
23 collaboratively with DCA, who is, who institutes a
24 number of fines in some of these business that we
25 should explore. Some of them seem a bit punitive.

1
2 And then the other is just to, um, you know, make
3 sure that we're planning for a federal government
4 that clearly has left us behind. So I want to just
5 thank you for your time and for answering my
6 questions, and to Chair Gjonaj for being, ah, so
7 gracious with allowing me to ask these questions.
8 Thank you very much for all your work.

9 COMMISSIONER DORIS: Thank you, Council
10 Member.

11 CHAIRPERSON GJONAJ: Thank you, Council
12 Member. Um, Commissioner, I'm not sure if there
13 anyone, ah, the other members here to ask questions.
14 But were you alarmed by the statistic that a third of
15 our small businesses may not open? A third?

16 COMMISSIONER DORIS: Yeah, look, you
17 know, it is, ah, it is our work every day to try to
18 beat back that prediction. Ah, it is our drive every
19 day to make sure that, ah, that does not come true,
20 right? Um, you know, SBS was created for this
21 moment, ah, really, to make sure that our small
22 businesses have a way forward. And so alarm, yes, we
23 were extremely alarmed. We are every single day
24 alarmed at, you know, what we are hearing, based
25 upon, again, no fault of the small business owners

1 themselves, but the fact of we do have a pandemic
2 that in [inaudible] city and world, um, which
3 constricted markets and stopped folks from actually
4 having to engage in business in the way that we have.
5 So one of the things that we want to do and we've
6 been doing, and that's why I've been out and about as
7 much as possible really is bring some consumer
8 confidence back, you know, consumer confidence is
9 down. Ah, we want to bring the consumer confidence
10 back to shop in your local area, shop with your local
11 businesses, work with your small businesses in your
12 area to make sure, ah, that you support them, um, not
13 just, you know, beyond online all the time, you know,
14 buying from, you know, large corporations, um, you
15 know, support your local business, support your
16 local, ah, you know, book store, your local art
17 store, your local coffee shop, your local retail
18 establishment. Ah, you know, we're promoting that.
19 We're pushing that. We want to build consumer
20 confidence because we know, ah, to lose a third of
21 our business is unconscionable. We can't think about
22 that. There's something that, ah, you know, really
23 hits at the core of what New York City is, and, and
24 that will be taken away. So we certainly are with
25

1 you on that. And that's why we're here. That's why
2 we do the work we do.
3

4 CHAIRPERSON GJONAJ: I look forward to
5 working with you, Commissioner, on the consumer
6 behavior changes by educating them of the importance
7 of shopping locally.

8 COMMISSIONER DORIS: Absolutely.

9 CHAIRPERSON GJONAJ: We've begun the
10 conversation. We're gonna be dealing with the other
11 commissioners, ah, including the EDC. I'm getting
12 that message out. Um, the sooner the better. It
13 takes a while for consumer behavior changes to
14 adjust, ah, and to make them understand that every
15 dollar that is spent locally stays locally and the
16 benefit is threefold and fourfold. Ah, we have our
17 work cut out in that regard. And given the
18 wherewithal what do you think the top two things that
19 we can do for our small businesses to prevent a
20 catastrophe of 30% or a third of our businesses not
21 reopening. And just to put that thing in
22 perspective, during the same period of the 52 largest
23 American cities, New York City is ranked 40th.
24 That's where we've stooped to. So it's no longer we
25 don't want to think about it, it's there. And the

1 rest of the country is somehow muscling through this.
2 What is it that we're not doing and given the
3 wherewithal what would you want to do? And don't go
4 back to the state and federal government. What can
5 New York City do today besides consumer behavior
6 changes?
7

8 COMMISSIONER DORIS: Oh, yeah, no, thank
9 you so much. Ah, hello?

10 CHAIRPERSON GJONAJ: Yep, we're here.

11 COMMISSIONER DORIS: OK, sorry, I'm
12 tired, something popped up and said that I was not,
13 no longer on. Um, no, thank you so much for that
14 question, ah, Council Member. Ah, look, there's,
15 there's, there's so much that we can do and I think
16 are doing it. I think we have to deepen that.
17 Certainly, ah, you know, in size and scale and scope
18 we have 240,000 businesses, um, compared to other
19 cities, ah, you know, who certainly have that
20 challenge that we have, the, the fact that we were
21 the epicenter of this, ah, [inaudible] continues to
22 [inaudible] challenge that other cities are not faced
23 [inaudible].

24 CHAIRPERSON GJONAJ: Commissioner, I
25 think we're losing you. I think we lost the

1 commissioner, um, so I have to turn it back to
2 Stephanie Jones, ah, as she stars, oh, he's back.

3
4 COMMISSIONER DORIS: [inaudible]
5 connection. Are, are you able to hear me, sir?

6 CHAIRPERSON GJONAJ: We are, and it's
7 perfect.

8 COMMISSIONER DORIS: OK, sorry about
9 that. I'm not sure what's going on with the
10 connection here. Ah, but, but, but I was just saying
11 that, that, ah, you know, we have several, ah,
12 differences, as you know, with, with these other
13 cities. I mean, you know, the fact that we were at
14 the epicenter, the fact that we have 240,000, ah,
15 small businesses here that we're working with on a
16 daily basis. Ah, certainly the challenge is unique
17 in the City of New York. Ah, but the things that we
18 can do, um, I, you know, there, there are two big
19 things. One is we got continue to get resources into
20 the hand of small business and you're right, it's not
21 just the federal government or the state government.
22 But we are doing that, um, with connecting them to
23 the financial resources. One way that we can do that
24 is for all of us to come together around the business
25 interruption insurance challenge. I mean, that is

1 something that we, if we can fix that, um, you will
2 save more small businesses than any loan or grant
3 program can initially do, ah, right now. We have,
4 ah, these insurance, ah, companies sitting on 800
5 billion dollars, ah, of revenue and that we're unable
6 to tap into right now because of, of that. Um, and,
7 ah, we want to make sure, ah, that we are able to,
8 ah, get to, ah, these, ah, you know, business
9 interruption insurance, um, you know, so that we can
10 actually get these businesses running again. That is
11 something big. We just heard, ah, you know, Century,
12 ah, 21, ah, being able to now have to actually shut
13 down, file for bankruptcy because of the same issue.
14 Now if they're having that challenge what about a
15 small business? What about our small businesses? So
16 that is something that we need. That is something
17 that we need, OK, ah, to get the support on. Um,
18 it's a state issue, it's a federal issue, we need
19 that, ah, ASAP. And then lastly I, I believe, you
20 know, what else do we need? Ah, you know, yes, we
21 need to build consumer confidence. Yes, we need the
22 business interruption insurance. Ah, but we also
23 need to think about regulatory reform, and it's
24 something that we're thinking through. You know,
25

1
2 what do we do? How can we make the, our world in the
3 city, our small business world, um, you know, more,
4 ah, attractive to our small businesses. What do we
5 need to do from a regulatory standpoint, ah, to take
6 care of a lot of the things that you've been saying,
7 sir, and, and also we've been hearing from our small
8 businesses, how do we streamline our processes? Um,
9 we're looking into all these pieces to make sure, ah,
10 that our businesses stay afloat and they survive this
11 time.

12 CHAIRPERSON GJONAJ: Thank you,
13 Commissioner. My follow-up to that, and I agree with
14 you that business interruption insurance is
15 significant. I'm out there every day talking to
16 consumer and to small business. Consumer says I
17 can't shop locally. I'm afraid to shop locally.
18 Look at my commercial corridor. I feel threatened.
19 I don't feel safe based on what is happening. My
20 small businesses, I can't stay afloat, look at the
21 illegal vendors that are outside of my location
22 competing against me, where they're not paying income
23 tax, sales tax, or any tax, have no regulation. That
24 inspector walks by them and he showed me on a video,
25 the inspector walking by a number of illegal street

1 vendors, absolutely no compliance, and into a brick
2 and mortar establishment to make sure that they're
3 complying. So, Commissioner, we have a lot more to
4 do. And it's more than consumer behavior changes and
5 more than business interruption insurance. Let's
6 clean up our streets. Let's give these businesses a
7 fighting chance by cracking down on the illegal
8 activity that is competing against them by making our
9 streets safe so consumers don't have to shop online,
10 that they feel comfortable walking into an
11 establishment and purchasing and patronizing that
12 small business. I am happy to discuss this with you,
13 provided that we can come up with a concrete solution
14 to this problem that is fixable. It is fixable and
15 addressable immediately. You don't have to respond,
16 Commissioner.

18 COMMISSIONER DORIS: [inaudible].

19 CHAIRPERSON GJONAJ: If you'd like to,
20 I'd love to hear your response.

21 COMMISSIONER DORIS: No, I'm, I'm saying
22 absolutely we would like to continue that
23 conversation. You know, we work with our, our BIDs,
24 um, you know, around the city, um, who, ah, we
25 support, ah, you know, ah, with grants, with, with

1
2 governance, assistance, and, and etcetera, ah, to
3 make sure that their corridors and corridors, even,
4 by the way, a lot of our, our BIDs have went above
5 and beyond, um, even now working with, ah, areas
6 outside of their, their corridors and, um, making
7 sure during this time that they're being assistance
8 to other, ah, business communities. So, look, I hear
9 you. This is a real concern. Um, we want to, we
10 want to continue to address it and so, um, happy to
11 have those conversations, um, and to work through,
12 ah, your thoughts and, and certainly what we're
13 hearing from our BIDs and our other, ah, commercial
14 corridors, merchants' associations, etcetera, what
15 we're hearing from folks and how we can be better,
16 ah, you know, better assist them during this time.

17 CHAIRPERSON GJONAJ: Thank you,
18 Commissioner. Ah, I'm gonna pass it back to
19 Stephanie Jones, ah, to call on those that want to
20 testify.

21 COMMITTEE COUNSEL: Thank you, Chair. We
22 will now turn to public testimony. I'd like to
23 remind everyone that unlike our typical council
24 hearings we will be calling individuals one by one to
25 testify. Council members who have questions for

1 particular panelists should use the raise hand
2 function in Zoom. And I will call on you after the
3 panelist has completed their testimony. For
4 panelists, once your name is called a member of our
5 staff will unmute you. I would like to now welcome,
6 ah, Andrew Rigie, followed by Karen Narefsky, and
7 then Robert Bookman. Andrew?

9 ANDREW RIGIE: Yes. Thank you, good
10 afternoon. Thank you, Chair Gjonaj, council members,
11 Council Member Rivera. Ah, you know, when this
12 legislation passed, ah, earlier this year to suspend
13 the enforcement of personal liability guarantees, ah,
14 in leases, this is one action the council took that
15 has helped saved countless small business owners, you
16 know, people who put their livelihoods into these
17 small businesses and the fact that they cannot only
18 lose their business, but then their landlords can go
19 after their personal assets, their savings, their
20 homes, just created so much fear and uncertainty. So
21 we at the New York City Hospitality Alliance, which
22 is a nonprofit organization representing restaurants
23 and nightlife venues throughout the five boroughs
24 strongly support, ah, the extension of this, ah, law.
25 We conducted a survey and we've been doing it

1
2 monthly, but to the most recent one, ah, about 500
3 restaurants in the five boroughs responded, and 83%
4 of them had paid no rent or partial rent, ah, and
5 only one in 10 had been able to renegotiate their
6 leases. So we are still in a dire situation. It was
7 just announced, thankfully, ah, that September 30 we
8 will begin indoor dining at a 25% reduced occupancy.
9 But let's keep in mind prep that when restaurants a
10 100% occupancy, ah, they could barely even survive in
11 many cases. So I can't explain how important
12 extending this law is, ah, to the future of our small
13 businesses and I also think it's important to note
14 that, you know, many small restaurant owners I've
15 spoken with, if this law wasn't in effect and they
16 know they did not have this protection, they may just
17 toss their keys in right now, even though otherwise
18 they had a successful restaurant that they hoped one
19 day they could, ah, bring back. So, again, this law
20 is just so important. We thank you for your
21 consideration in extending it. Ah, we think it also
22 helps support the City of New York because as you've
23 heard me say so many times, I see no way our city
24 ever recovers unless our restaurants and our
25 nightlife are at the core of that recovery. And this

1
2 law helps them do that while they figure out how they
3 were ever going to work so hard to have their
4 business recover. So, again, we strongly support
5 this legislation. It's going to protect small
6 business owners from financial ruin personally and
7 give them the opportunity to do what we need them to
8 do - focus their efforts on rebuilding their
9 restaurants so when the time is right we can
10 hopefully have them here, not only for the immediate
11 time, but really during the long-term recovery and
12 for years and years into the future. So I want to
13 thank you all for your consideration. My colleague,
14 Robert Bookman, is also here, and he is able to speak
15 on some additional issues, but I'm happy to answer
16 any questions at this time, but we urge the committee
17 and the council to pass this legislation and urge
18 Mayor de Blasio to enact it into law, because we need
19 to support our small business owners. This bill does
20 exactly that. It takes action, critically important,
21 I can't stress it enough, and I want to thank you
22 all.

23 CHAIRPERSON GJONAJ: Thank you, Andrew.

24 ANDREW RIGIE: Thank you.
25

1 COMMITTEE ON SMALL BUSINESS 50
2 CHAIRPERSON GJONAJ: Ah, Council Member
3 Rivera has a question for you.

4 COUNCIL MEMBER RIVERA: Hi, hi there.

5 ANDREW RIGIE: Hi.

6 COUNCIL MEMBER RIVERA: Thanks for being
7 here time and time again. Um, I know that you
8 mentioned you've been, you know, reached out to, and
9 I mentioned in my opening testimony, I can't really
10 count how many people have counted, have, have
11 reached out to me about this issue, whether like on
12 Instagram or, you know, justice social media DMs, ah,
13 emails, etcetera, etcetera, and a lot of that is
14 because of the advocacy, ah, of the alliance. Do you
15 know how many of your members have been impacted by
16 personal liability clauses during COVID-19? And how
17 many [inaudible] have you heard from since my bill
18 took effect?

19 ANDREW RIGIE: Well, so I don't have a, a
20 hard number for you. But what I can tell you is I am
21 bombarded with phone calls, text messages, everything
22 you can imagine, same way, you know, direct messages,
23 you know, by hundreds, I'm sure it's thousands. I
24 mean, you, you look at the 25,000-plus eating and
25 drinking establishments pre-pandemic, the vast

1 majority of them are small business owners, meaning
2 that there is a likelihood that they do have one of
3 these personal liability guarantees in their leases.
4 So, I mean, I expect the number is in the thousands.
5 I can just tell you from my experience, it's almost
6 everyone I've spoken to tells us how important this
7 law is. And without it they would probably just have
8 to toss back their keys now, um, which would be
9 horrible for the city because then we know no matter
10 what we do we're not gonna get these restaurants
11 back. Um, but we also know the underlying issue is
12 that people's personal assets are on the line and
13 when we talk about people, particularly living here
14 in the city, we need to keep our New Yorkers here and
15 to do that they're gonna have their, need their
16 resources and resources. So, um, again, I expect the
17 number is in the thousands. Um, I've heard around
18 the clock, and I've been continually asked, you know,
19 this is getting extended, right, this is getting
20 extended? So, um, you know, that's the best answer I
21 can give you. I hope it's somewhat sufficient.

22
23 COUNCIL MEMBER RIVERA: No, I, and, it
24 means a lot to know that people have reached out to
25 you. I mean, that was the point of the bill, right,

1
2 is, is to help our neighbors and to help our city on
3 a road back to recovery. Um, again, when the federal
4 and, and state level governments haven't really done
5 as much as we'd like. So I guess my, my, my last
6 question is just what else should the city and state
7 be doing to support your members? I mean, we've
8 mentioned business interruption insurance. Ah, there
9 is, you know, the rent relief that's desperately
10 needed, or maybe just extending outdoor dining. I
11 think there's like small fixes and extensions, um,
12 that we could start with and then the bigger things,
13 which is like finally waiting for some sort of
14 package to pass in Congress. Short of waiting for
15 that, which I always prepare for, for doomsday,
16 that's more my style is to prepare for the worst
17 possible scenario, you know, I, I wrote a letter to
18 Cuomo and the mayor back in March asking for some of
19 these things. So are, what else can we be doing to
20 support your members now?

21 ANDREW RIGIE: Thank you. So good
22 question. There is a list. Certainly, you know,
23 more locally the state does have the business
24 interruption insurance bills. I think giving people
25 a plan I think giving people a plan for outdoor

1 dining, what it's going to look like post October 31
2 going into next year, using heat lamps, giving them
3 confidence so they can plan. Um, allowing cure
4 periods and, ah, warnings for any violations that
5 don't pose immediate hazards, um, to the public. I
6 think, although I know there's a cost involved with
7 it, there's also a cost not doing anything. A lot of
8 these small business owners, they pay a portion of
9 the property taxes, um, as part of their lease
10 agreement. Finding a way to reduce those payments,
11 um, would be so important because they are going to
12 literally pump those savings right back into the
13 local economy and wages, purchasing from local
14 vendors, including, you know, the farmer upstate.
15 That's a way that we can help reduce those expenses,
16 things like the commercial rent packs. Um, also
17 allowing, ah, restaurants to add a clearly disclosed,
18 ah, COVID surcharge to a bill is going to be very
19 important. Um, I know there's legislation, ah, to do
20 that, help them cover the cost of PPE, ah, help them,
21 rent, all these other expenses that they have,
22 employee wages, um, we need to save these small
23 business owners. Ah, currently restaurants, believe
24 it or not, are the only industry in the City of New
25

1
2 York I'm aware of that are prohibited from adding a
3 clearly disclosed surcharge, um, to their checks. I
4 mean, every other industry can do it. In fact
5 everyone other restaurant throughout the rest of the
6 state can also do it. So I think that's an option
7 that could help many of these restaurants, um, ah,
8 you know, Rob's gonna speak a little bit later. You
9 know, there are some additional issues with permits
10 and licensing to speed up the process. Um, and I can
11 send you, we have a list of probably about 40 or 50
12 policies, ideas, that could be done at all levels of
13 government. Some of them will have immediate help
14 like the surcharge issue, like a reduction in taxes,
15 um, like allowing cure periods for violations. Um,
16 but I think part of it is really looking at this long
17 term, is how can we kick this crisis and make long-
18 term changes to operating a restaurant here in the
19 City of New York, um, and how do we reduce them and
20 enhance the experience, and I think things like the
21 outdoor dining is a perfect example, where pre-COVID
22 you needed to go through an expensive and lengthy
23 permitting process to get outdoor dining. But, look,
24 we were able to stand up the process really quickly
25 and take out so much of that bureaucracy, um, so I

1 think where there's a will there's a way, and those
2 are just a handful of, ah, ideas, and there's
3 certainly a whole bunch more where, ah, they came
4 from.
5

6 COUNCIL MEMBER RIVERA: Thank you, and I,
7 I know you all have an extensive list. I mean, I
8 think we've all been writing letters and compiling
9 reports of all these different great ideas out there
10 that are being championed by so many, and so, but
11 just hearing you say it with the clear urgency that
12 is needed is just something that I think is always
13 important for us to just ring the alarm in these
14 spaces. So thank you for all that you do and for
15 your team, and, ah, thank you, Mr. Chair, for
16 allowing me, ah, to ask these questions.

17 CHAIRPERSON GJONAJ: Thank you, Assembly
18 Member. I will hand it back to CJ now, who is gonna
19 go down the list of those that are testifying.
20 Thanks, Andrew.

21 COMMITTEE COUNSEL: Thank you, Chair. My
22 name is CJ Mario. I'll be taking over as committee
23 counsel for the remainder of the hearing. Ah, I
24 would now like to welcome Karen Duresky to testify.
25

1
2 After Karen I will be calling on Robert Bookman,
3 followed by Jane Lock. Karen Duresky, you may begin.

4 KAREN DURESKY: Great, thank you, um, and
5 thanks Chair Gjonaj and, um, members of the committee
6 and Council Member Rivera. Um, my name is Karen
7 Duresky. Ah, I'm the senior organizer for Equitable
8 Economic Development at the Association for
9 Neighborhood and Housing Development. Um, ANHD is a
10 nonprofit whose mission is to build community power
11 to win affordable housing and thriving equitable
12 neighborhoods for all New Yorkers. Um, as part of
13 that work, we're a member and a [inaudible] of United
14 for Small Business New York City, Coalition of
15 Community Organizations, um, across the city,
16 fighting to protect especially owner-operated,
17 minority-run small businesses from the threat of
18 displacement. Um, and, ah, you know, we want to
19 testify in support of this legislation. We
20 supported, um, Local Law 55 when it was first
21 introduced, um, and we certainly believe that it
22 should be extended through March 2020, as proposed.
23 Um, of course, some of the businesses that have
24 closed in April have been able to reopen in a limited
25 capacity but, um, the public health requirements of

1
2 operating during a pandemic have increased financial
3 strain, um, and many of the businesses that we work
4 with and, and nonprofit cultural and other spaces,
5 um, rely on public assembly and on people coming
6 together, and they may not be able to be fully
7 operational for long after, um, the period ends. Ah,
8 so the challenges to small businesses are really
9 numerous and they have been touched on very
10 eloquently in this hearing, um, so this is an
11 important way to, ah, to ensure some protection, um,
12 for the individuals who are running those businesses
13 and ensure that their livelihoods are not ruined
14 along with the potential risk to their business. Um,
15 we do believe that the legislation would benefit from
16 some additional clarity, ah, making sure that it
17 includes, um, personal guarantees that are executed
18 simultaneously with leases but aren't actually a part
19 of the lease document. Um, this is a fairly common
20 practice in signing commercial leases and we would
21 want to make sure that business owners that have
22 signed a separate guarantee, um, of personal
23 liability would also be protected. Um, and to make
24 sure that some small businesses actually sign leases
25 in the name of DBA, doing business as, or in the

1 business owner's name rather than in the business's
2 name, um, and while these business owners have not
3 signed personal guarantees they still face
4 substantial financial risk, um, and we think they
5 should be protected from personal liability as well.
6 Um, but overall, ah, we're very supportive of this
7 legislation and if the council's intent, ah, to
8 continue providing this really important relief to
9 some of the city's most vulnerable small businesses
10 and their employees, um, we have heard from
11 businesses that our members work with, um, that, ah,
12 you know, are relying on this relief and it's really
13 important to them, um, in a time when they're not
14 able to operate their business, um, and we also just
15 want to encourage the council to really continue to
16 pursue, um, measures of rent relief and other
17 financial support for small businesses to ensure that
18 [inaudible] still here can weather the long-term
19 effects of the, of the virus as much as possible.
20 Um, so thank you very much for the opportunity to
21 testify.

22
23 COMMITTEE COUNSEL: Thank you. Unless
24 there are any questions from the members, we will
25 move to the next panelist. Seeing no hands raised, I

1 would now like to welcome Robert Bookman to testify.
2
3 After that, I will be calling on Jane Lock, followed
4 by Iyong Kim. Robert Bookman, you may begin.

5 ROBERT BOOKMAN: Good afternoon, um,
6 Chairman Gjonaj, Council Member Rivera, two of my
7 favorite council people. Thank you for doing this
8 today. Ah, listen, personal liability clauses, or as
9 we call them, good guy clauses in the, in the
10 industry, were never intended to apply to this
11 unprecedented situation of government shutting down
12 businesses for months on end. In fact, personal
13 guarantees like other, ah, documents like that and it
14 got a lot of scrutiny lately, um, mandatory
15 arbitration clauses, ah, and nondisclosure
16 agreements, are really intended to get around the
17 law. I mean, our corporate laws in the State of New
18 York are designated to protect individuals. They
19 form a corporation. The corporation goes into
20 business. It's supposed to protect their personal
21 assets. That's the whole purpose of corporate law.
22 Um, these, ah, personal guarantees are at their root
23 designed to get around the law. Um, and in normal
24 times it's not, you know, you can deal with it,
25 because you have opportunity, if your business is not

1 doing well to turn in your keys, give it an
2 appropriate notice, without having any personal
3 liability. But now we don't have that opportunity.
4 And mom and pops are only technically in position,
5 but they cannot open or operate their businesses
6 effectively for months, and that's because of a
7 government mandate. So, yes, in such an
8 unprecedented emergency it is not only appropriate
9 for government to intervene, ah, but it is, it is a
10 moral imperative for government to protect the
11 thousands of small business owners, the ones most
12 likely to have to have personal guarantees, 'cause
13 large corporations when they sign these leases don't
14 need the personal guarantees. Um, to protect, ah, to
15 protect these businesses that protect our city and
16 our commercial corridors from becoming blighted and
17 ghost towns, ah, which would negatively impact our
18 quality of life, public safety, sanitation, you know,
19 etcetera. Um, and this law has been very effective.
20 Um, as an attorney, you know, with a very small
21 little country practice, I could tell you, I know of
22 dozens of clients just, you know, in, in my practice
23 that but for this law would have already been forced
24 to turn in their keys, ah, and close their
25

1
2 restaurants permanently 'cause they could not take
3 the additional risk of the personal liability. And
4 yes, ah, we were all shocked that indoor dining has,
5 ah, did not start on July 6 when we originally passed
6 Local Law 55, as we thought it would, and it's taken
7 three full months for it to happen, and then at only
8 25% capacity. But it has gotten the attention of
9 landlords, who have been waiting for us to open and
10 open at full capacity, um, but given that that didn't
11 happen this law is necessary to bring more and more
12 landlords to the table and say, listen, you know,
13 let's work out something 'cause it's better to have
14 that tenant who's always there for years, who didn't
15 miss rent at a reduced rent, um, than an empty space,
16 ah, and you do not have the opportunity to go after
17 us personally now. Um, the bankruptcy lawyers are
18 going to be very, very busy. Ah, so all this, the,
19 the bill is very important. The law is important
20 and, and this intro is extraordinary important. Um,
21 it could be the single most important thing right now
22 preventing that one-third, you know, number from
23 happening, and it's something we could do locally.
24 We don't need state and we don't need federal
25 approval for it. [inaudible] larger, you know,

1 overall issues that you were talking about. Um, we
2 do need a Marshall Plan for small businesses, ah, in
3 order for us to get back to where we were pre-COVID.
4 Um, you know, Dr. Fauci has basically warned us we're
5 not gonna be norma this year and we're not gonna be
6 normal next year. It's probably not until January
7 2022 that we're gonna see a level of normalcy. We
8 had 65 million tourists who came to New York in 2019.
9 That's not happening in 2020, ah, until there is a
10 worldwide, effectively distributed, ah, vaccine. So
11 we, we do need a Marshall Plan. Um, I think we're
12 going to need new, ah, new leadership in Washington
13 to effectuate that Marshall Plan, ah, but there are
14 thing that we could do here locally, and things that
15 we can do here locally now. Ah, Andrew touched on
16 some of them. Um, I want to reiterate, ah, some cost
17 money to the city, but some don't. Ah, clearly,
18 suspending all fines that are not safety-related, um,
19 a regulatory review. That may cost some money, but
20 it's something we should do and we should do it now.
21 Ah, we should eliminate the commercial rent tax for
22 those businesses in Manhattan who are particularly,
23 ah, struggling, um, because they are tourist-related
24 businesses. Times Square is a ghost town. Midtown
25

1
2 is a ghost town. We have clients who say even if it
3 was 50% capacity I'm not gonna open my restaurant in
4 those areas because there's nobody there to come to
5 the restaurants. The offices are closed. Um, it's a
6 chicken or the egg type of situation. The offices
7 don't want to open if there's no place to get a cup
8 of coffee or, or buy your lunch, and yet we can't
9 open because there's nobody there. So we do need to
10 get rid of that discrimination on that commercial
11 rent tax for south of 95th Street in Manhattan. We
12 need to stop discriminating against our New York City
13 businesses compared to the rest of the state. So
14 that means passing that legislation which allows us
15 to have the same rights as everybody does in the
16 state and have a clearly disclosed COVID surcharge,
17 you know, temporarily during this crisis. It means
18 eliminating the liquor franchise tax, which is not a
19 lot of money, but why should New York City businesses
20 have to pay for the privilege of having a liquor
21 license, which we, either way, we pay double the rest
22 of the state for the same liquor license, um, yet,
23 ah, nobody else in the state has to have, you know, a
24 liquor franchise tax. We need to reform the sidewalk
25 cafe process. Um, I don't know that we're going to

1 permanently go back to having sidewalk cafe licenses.
2 My guess is some day we will. But that process needs
3 to be reformed so that people can open faster. I
4 mean, right now if you have the mistake of opening a
5 business, and I put a mistake in quotes, in April or
6 May you can't get your sidewalk cafe for the first
7 season that you're open historically. That's silly.
8 I mean, we have to have a process where people can
9 operate on a pending status. Um, we need to have
10 winter outdoor dining. When we did outdoor dining
11 and the city was great with that, Polly Trottenberg,
12 DOT, I give them all kudos, the mayor, ah, you know,
13 you guys pushed it, pushed them into it for sure, but
14 they responded, you know, no question about it. They
15 responded, you know, aces. Um, but, you know,
16 understand that we anticipated that we would have
17 months of, ah, indoor dining at 50% capacity along
18 with the outdoor dining and together that would get
19 us through the winter. We didn't anticipate having
20 only outdoor dining until the weather got cool, and
21 now only 25% indoor dining. Um, so all these things
22 we can do, and then there's some things that we could
23 do, as a city. Council, mayor, going to the governor
24 and saying we need some reforms of the SLA that
25

1 discriminate against New York City. I'll give you
2 one quick example 'cause I know I'm taking up too
3 much of your time. Ah, one quick example is outside
4 of New York City if I apply for a liquor license, I
5 can get a temporary to, to start operating my
6 businesses within about 30 days after I file with the
7 Liquor Authority, if they reviewed the application
8 and seen that everything is there, ah, while it takes
9 them four or five months to review the application.
10 The law does not allow that for New York City. It's
11 absurd. Even if I'm taking over a space that is now
12 vacant but used to have a liquor license, still not,
13 still no, no opportunity for a temporary. And, and
14 the temporary is not issued until after you've had
15 community comments, so you're not cutting anybody
16 out. So there are a number of things like that which
17 the governor could do, by the way, merely with, by
18 executive order that I think we, we all need to start
19 lobbying. But together we need to start thinking
20 about a true Marshall Plan, which will clearly
21 involve the state and federal government and a lot of
22 money. Thank you. Pass this bill.

24 COMMITTEE COUNSEL: Thank you. Unless
25 there are any questions from the council members

1
2 we'll move on to the next panelist. Seeing no hands
3 raised, I would now like to welcome Jane Lock to
4 testify, followed by Iyong Kim and then Edward Klein.
5 Jane Lock, you may begin.

6 JANE LOCK: Hi. Um, so I'm, ah, our
7 small business, I mean, uh, and I really appreciate,
8 um, ah, Chair Gjonaj for mentioning this, but we're a
9 small property owner and our family is also a small
10 family business. My siblings and I, like, and my
11 father, shovel and salt the sidewalks during the
12 wintertime. My sister and I do the billing and
13 accounting, and even now when our tenant hasn't been
14 maintaining the sidewalks because he's been closed my
15 dad goes out once a week to go pick up the garbage
16 and the litter on the sidewalks from the outdoor
17 dining nearby that's been happening. And this, a
18 bartender of ours who has owed rent since February
19 2019 and has received PPP money, but has not paid any
20 rent since April, or opened, or attempted any outdoor
21 seating at all. We've tried to negotiate with then
22 and say, you know, how about we work out with you a
23 discounted rent for this year, maybe a one- to two-
24 year extension on the lease to make up for the fact
25 that this year is probably going to be a terrible

1 year for you and it's at the last year, um, you know,
2 something like that, and he just completely shot it
3 down and said I'm not paying a single dime during
4 this pandemic because I can't operate as normal and
5 so the only thing that he was open to was unless we
6 wrote off a majority of his arrears from, all the way
7 from 2019 to now and then to give him a permanent
8 rent reduction along with an additional 10-year
9 lease, he said he would just return the PPP money to
10 the government rather than paying any rent he owes.
11 And the thing is I understand that the business is
12 difficult. I run myself another small business and
13 for us our revenue dropped 80% from April to June,
14 and even now our business is roughly 50% of what it
15 is at [inaudible] this year. It has been a huge
16 shock. I get that. But I haven't gone and assumed
17 that rent is free because it's difficult now, and it
18 boggles my mind that like the assumption is that a
19 small business owner, you know, it's been five months
20 since all this happened and like you should be
21 working this stuff out. Either you work it out with
22 your landlord with deferrals, discounts, figure out
23 something that's acceptable to both parties, because
24 the honest answer is most landlords know that if you
25

1 kick a tenant out now, which you can't do, um, but if
2 you do there's probably not very many people coming
3 to fill that space. And so there is a ready
4 incentive to move to the table. And we have a huge
5 property tax bill coming up and we're already using
6 borrowed money to help cover the recent July billion.
7 We're already going into debt to cover our insurance
8 bills and, really, we have a risk of losing our
9 assets if we don't, even though our business income
10 has been zero since the lockdown started. Our tenant
11 won't even use super-low interest government aid that
12 is completely forgivable, essentially free money, to
13 pay his bills to us because he is untouchable, thanks
14 to the protections that the New York City Council
15 thinks his small business deserves, but our small
16 business doesn't deserve. To us that, that's a
17 double standard and really to me it's like a kind of
18 discrimination. And this is what I think Chair
19 Gjonaj pointed out earlier that was actually really
20 moving, because nobody seems to acknowledge that. I
21 mean, for anyone who claims to support minority- and
22 women-owned businesses, who say they support small
23 business, want to avoid displacement, our family and
24 our business fit all of those things, but somehow we
25

1
2 don't deserve any of that. Like, our family has been
3 in this neighborhood for decades. We've always
4 wanted to stay. We've always said no again and again
5 to developers who want to buy our property over the
6 years. My parents are immigrants to the US who came
7 with nothing. We spent, you know, worked six or
8 seven days for decades paying for this property, and
9 because of this kind of targeted like discrimination
10 against our family's business we're being pushed
11 further and further into debt that we can't afford
12 and we probably, we're thinking about selling our
13 assets to get out of the hole because we can't afford
14 it and there's no protection for our assets, and even
15 though we're undoubtedly going to be shortchanged. I
16 literally have a meeting this evening to maybe
17 discuss the sale of the property with, ah, with a
18 developer because we, we aren't even able to borrow
19 more money from the bank to keep ourselves afloat,
20 because the banks have told us because of the laws
21 that the council and everybody has passed you, we
22 don't believe that you have ability to pay any sort
23 of mortgage or anything, so that we can't even stay
24 afloat. And the sad thing is at the end of the day
25 if we have to sell, and sell our business to a

1
2 developer, our tenant isn't going to stay around,
3 either, because the developer wants a vacant property
4 so they can build whatever they want to build. So
5 because of that you're gonna get displacement not
6 just of our small business, but also their small
7 business. So, for those reasons I am not in support
8 of the personal guarantee bill passing.

9 COMMITTEE COUNSEL: Thank you. Unless
10 there are any questions from the council members
11 we'll move on to the next panelist.

12 COMMITTEE COUNSEL: Thank you, Ms. Lock,
13 and I understand. You said from 2019 your tenant has
14 not paid rent? Did you begin legal proceedings at
15 that time?

16 JANE LOCK: Hello?

17 CHAIRPERSON GJONAJ: Yes.

18 JANE LOCK: OK. So it's not that he's
19 completely not paid rent. He's fallen short and
20 we've, we've tried to, you know, it's not our
21 intention that when someone drops off a little we
22 just kick them out right away, and that's what
23 everyone wants to believe, but that's not the case,
24 and this is an example of that. He's fallen short
25 and we said, OK, you know, would you catchup? He

2 says, yes, yes, yes, and then we say, OK, you know,
3 it's been some time now, I don't want this to keep
4 snowballing or, you know, kind of rolling around.
5 He's like, oh, we're, we're working on it, we're
6 gonna get this, and it's been a year, and we've given
7 a year and now it's now.

8 CHAIRPERSON GJONAJ: Thank you, Ms. Lock.

9 COMMITTEE COUNSEL: And now I'd like to
10 welcome Iyong Kim to testify, followed by Edward
11 Klein, and then Kathy Reilly. Iyong Kim, you may
12 begin. Ms. Kim?

13 CHAIRPERSON GJONAJ: Ms. Kim?

14 COMMITTEE COUNSEL: Ms. Kim, you're on
15 mute.

16 IYONG KIM: Does that work?

17 CHAIRPERSON GJONAJ: You're good.

18 IYONG KIM: OK, thank you. Thank you,
19 Chair Gjonaj and the Committee on Small Business for
20 convening this hearing. My name is Iyong Kim. I am
21 the assistant director of small business programs at
22 the Asian American Federation. Our mission is to
23 raise the influence and well-being of the pan Asian
24 American community through research, policy advocacy,
25 public awareness, and organizational development. In

1
2 our rapid respond, ah, rapid response efforts in the
3 face of this pandemic we have facilitated the
4 distribution of over 320,000 masks and hundreds of
5 thermometers to small business owners. We also set
6 up a resource center for policy change and government
7 assistance programs in language and continue to
8 provide direct services for business owners who need
9 marketing and administrative assistance. In the past
10 money we have also conducted a survey to assess the
11 impact of the pandemic on Asian small business owners
12 across the city, which was tied to a \$100,000 grant.
13 Um, I'd like to thank, um, Council Member Rivera for
14 the preconsidered bill, the good guy clauses, an
15 especially pressing issue for immigrant small
16 business owners, as well, and as we welcome this
17 effort to extend this protection I would also request
18 for an ample outreach to the immigrant communities to
19 make sure that all small business owners are aware of
20 their rights. I also recognize that there are
21 difficulties that other small property owners face,
22 such as the story we have heard from Ms. Jane just
23 now, and we want to, ah, we want to recognize this
24 difficulty for the small property owners, and also
25 encourage the council to facilitate an assistance for

1
2 the smallest of the small property owners as much as
3 possible. But we need more protective measures to
4 serve as a safety net for the most vulnerable small
5 business owners with little access to meaningful
6 assistance. And I'm here mainly today to talk about
7 the way that the SBS and the current administration
8 is failing to meet the demands of the small business
9 owners that do not speak English and that do not, ah,
10 that are not part of the big wheel or the system of
11 lobbying and talking to the, um, main government, um,
12 agencies. We have seen that the SBS employer
13 retainment grant was closed in just two weeks without
14 meaningful effort to assist those unable to apply due
15 to a language barrier. Since then, the SBS has been
16 guiding small businesses owners to seek assistance
17 through federal programs, such as PPP. What do we
18 have as a result? We see ZIP codes with the highest
19 concentration of Asian small businesses, such as
20 Flushing, but the lowest approval rate for SBA loans
21 in all of New York City. Even the Commercial Lease
22 Assistance Program, which we support and we, we are
23 welcoming the refunding of, we must say, we must
24 point out that there is not any language assistance
25 there, either. And our small business owners, even

1 when I do connect them to the program itself, can't
2 get any meaningful assistance because they are not
3 able to speak and communicate with the attorneys in
4 this program. Immigrant small business owners with
5 limited English proficiency are lost at the lack of
6 language access because they don't understand what
7 kind of policies are coming up, or what kind of
8 policies have changed, and what their obligations and
9 penalties that they will face will be before they are
10 actually given that penalty. The SBS webinars that
11 we heard about today, those webinars with language
12 access are only available weeks after a new policy is
13 introduced, during which time our small business
14 owners are left to scramble for their own whatever
15 means possible to get information out of desperation.
16 We have requested for webinars that focus more on
17 what to expect during inspections and to advise on
18 the cure processing language if it's not possible to
19 give this kind of webinar in time, in real time when
20 all the other English-speaking small business owners
21 are getting the information. We're still waiting to
22 hear from the SBS and look forward to working
23 together to bring more, more relevant content to the
24 immigrant small business community. Outreach to
25

1
2 immigrant small business owners from the SBS also
3 leaves immigrant small business owners out. In our
4 survey of Asian small business owners in New York
5 City over 90% of our respondents have answered that
6 they are not a member of a BID or chamber of
7 communicate. Yet, we see very little opportunity for
8 small business owners to directly engage with SBS
9 other than the hotline system that the SBS talks
10 about, which, again, is not given in language access.
11 Immigrant small business owners are also falling prey
12 to corporate greeds that targets them for easy
13 revenue. For example, Con Ed is billing exorbitant
14 demand fees to charge them for the same or higher of
15 [inaudible] as last year this time, despite the fact
16 that businesses are right now operating at like 30%
17 capacity compared to pre-COVID times. To whom
18 they're supposed to ask help for is still unclear,
19 again, because there's not enough outreach to
20 immigrant small business owners from this
21 administration. We have repeatedly pointed out from
22 the federation's testimonies in the past that there
23 are hostile inspections that are resulting in tickets
24 and fines for small business owners and that are
25 causing logistical and financial burden on already-

1 struggling businesses. We have pointed out that
2 there are [inaudible] complaints that automatically
3 trigger inspections and that needs to be in check.
4 We have not seen any effort from the SBS to work with
5 other agencies to decide what's going to happen with
6 this. Our small business owners are frustrated with
7 hostile practices and lack of will to communicate
8 during inspections. They are left with tickets and
9 fines that they don't know why they got it. They are
10 left with tickets and fines they don't know how to
11 cure. New regulations that don't make sense are also
12 putting our small businesses in jeopardy. The Korean
13 Cleaners Association expects that hundreds of their
14 members will be closing business this year because of
15 unreasonable fire safety regulations, not because of
16 COVID. Yes, COVID has made their businesses very
17 difficult, but it's not just because of COVID. The
18 city is also making it impossible for their business
19 to survive and the city is not helping them to cure
20 any problems that they can work out. With this, we
21 recommend the City Council and SBS to increase
22 language access, to mandate same-day release of in-
23 language material introducing new policies and
24 regulation, fund the community-based organizations
25

1
2 dedicated to offering director services and Language
3 Access Coalition to immigrant small businesses with
4 limited English proficiency. We also ask that the
5 city fund CLA program partners to provide Language
6 Access Coalition to LAP small business owners. We
7 also want to ask for an increased outreach to
8 immigrant small business owners through not just BID
9 or chambers of communicate, but through CBOs that are
10 actually talking to the business owners that are on
11 the ground, that are not in the reach of the city
12 agencies. We want to see more collaboration with
13 other city agencies from SBS to reduce small business
14 burdens through streamlining [inaudible] and
15 licensing, ah, processes, and consistent practices of
16 inspections. Thank you so much, Chair, for our
17 opportunity to testify today, and we look forward to
18 working with you.

19 COMMITTEE COUNSEL: Thank you. Unless
20 there are any questions from the council members
21 we'll move on to the next panelist. Seeing no hands
22 raised, I would now like to call on Edward Klein to
23 testify, followed by Kathleen Reilly, and then Louise
24 Favier. Edward Klein, you may begin.

1
2 EDWARD KLEIN: Thank you very much. Good
3 afternoon, ladies and gentlemen. My name is Edward
4 Klein. I'm a real estate owner in this lovely city
5 of ours, a managing member of a law firm, and I'm a
6 promoter and founder of a higher education initiative
7 to several hundred adult members of the Jewish faith.
8 I have close to a hundred people in line for my
9 various endeavors. Suffice it to say, and this might
10 come out a little but harsh, but suffice it to say
11 that the original passage of the guarantee law and
12 the proposed extension of the law, I do believe that
13 many business people are coming to the conclusion
14 that New York City is no longer a place to conduct
15 business. Now, of course, before I continue to
16 explain that sentence, my sympathy and the sympathy
17 of all my members...

18 UNIDENTIFIED: Mr. Klein, you're not very
19 audible. If you could speak a little closer to the
20 microphone.

21 EDWARD KLEIN: Sure, sure, sure. Thank
22 you so much. I appreciate that. Um, thank you for
23 bringing that to my attention. Is this better?
24 Yeah, OK.

25 UNIDENTIFIED: Yes, it is a little better.

1 EDWARD KLEIN: Thank you very much. Um,
2
3 my, my sympathies go out to the thousands and
4 thousands of New Yorkers who have suffered pain and
5 death. Our community actually has suffered very,
6 very badly in March, April, and May of this, of this
7 year, as much as any other community throughout the
8 city. So the sympathy is there and the understanding
9 of all the problems, of all the people in the
10 business world is high on our agenda. So what I'm
11 about to say is not intended to diminish or degrade
12 or downplay the pain and suffering being suffered by
13 many New Yorkers, financially especially, as well as
14 physically. Um, you know, by the grace of God we
15 should get out of this, ah, this muck, this plague,
16 as quickly as possible. But when the official
17 legislative arm of this great City of New York
18 abrogates contracts that have been entered into
19 consensually between members of the business world,
20 we're talking about business people, not talking
21 about residents, like residents, and this is
22 essentially focused on the business world, then the
23 time has come to reconsider New York City. The
24 council's wholesale cancellation of tens of thousands
25 of contracts, maybe even hundreds of thousands, in

1 the form of leases and guarantees is a massive
2 rewriting of most of the commercial real estate
3 relationships in this city. It's simply wrong. It's
4 not, it's, you can't just tear contracts up and try
5 to start over again, notwithstanding the better, the,
6 the negative outfall, fallout, of the, ah, of, of
7 COVID. You know, property owners, large and small,
8 all types, all stripes, all colors, have financial
9 obligations to maintain our buildings. We have to
10 maintain the buildings for the tenant's benefit. We
11 have to maintain the buildings to comply with
12 federal, state, and local laws by the hundreds. We
13 have to pay taxes, real estate taxes, payroll taxes,
14 insurance, upkeep, superintendents, staff, on and on
15 and on. The City Council, by having the passed the
16 law six months ago, the original cancellation of
17 guarantees, and by considering this extension of
18 guaranteed cancellation, is interfering with every
19 landlord's constitutionally protected contract
20 rights. They're reallocating the risk of all these
21 losses from tenants to owners by suspending payment
22 obligations of dependent guarantors. You're
23 suspending hundreds of millions of dollars of tenant
24 obligations. It's not a, a temporary cancellation.
25

1
2 That's a misnomer. It's not even true. You're
3 suspending hundreds of millions of dollars of
4 obligations that's being done at the expense of
5 depriving all owners practically, of a critical form
6 of security for their lease obligations, and their
7 own ability to pay their own expenses of their
8 properties. Many of the speakers who have come
9 before you, Mr. [inaudible] and all the others, have
10 stated that 80%, 70%, are not paying their bills, and
11 where do you think that leaves the landlords? How
12 are they supposed to pay their bills with 70% of the
13 tenants, commercial tenants are not paying their,
14 their obligations. The council members, also
15 respectfully, need to understand that the pummelling
16 of this one industry, the real estate industry,
17 through various statutes, because this has to be
18 taken into context of all the other, ah, statutes
19 that have been passed by the state, ah, even though
20 the New York City Council doesn't have direct
21 responsibility for the state, they're causing much of
22 the real estate industry to flee New York. I mean,
23 if you have to lose money on your investments, you're
24 not going to stick around, you're not going to stay.
25 We're not talking about break even. We're talking

1 about losing money when laws like this are passed.
2 You can't survive losing money. You're gonna lose
3 your building for foreclosure. You're gonna lose
4 your building because you can't sell it, because you
5 can't afford to feed the building when it's have a
6 negative cash flow of 10%, 20%, 30%. Nobody has that
7 kind of money, with the exception of some of the
8 really bigger landlords. But that's not what we're
9 talking about here. You've already seen sales
10 activity and leasing activity and any other type of
11 activity decline in 2020 versus 2019, not just
12 because of COVID. Of course, COVID is part of the
13 responsibility. But also due to the New York State,
14 again, this is not the city legislature, but in New
15 York State legislatures total rewriting of the law in
16 2019 to the benefit of tenants and to the detriment
17 of landlords, and also because of Governor Cuomo's
18 essential [inaudible] legal system in terms of
19 freezing evictions for over a year and, and freezing
20 the system. The system is still not even working in
21 terms of getting tenants to pay their rent in court.
22 Make no mistake. I'm not looking here to be critical
23 of those trying to support COVID victims. You know,
24 most of my staff got COVID. Many of my friends lost
25

1
2 their parents. Many of my rabbis are no longer among
3 the living, who I gleaned from over decades. Those
4 deserve protection in this terrible plague. But this
5 particular law is the City Council's attempt to
6 continue to strip real estate owners of their rights
7 and their income streams. We can't afford it. You
8 can [inaudible] those rights and those income streams
9 to the tenants that we serve. We serve these
10 tenants. We provide space for these tenants to
11 survive, and you're making it impossible for the
12 tenants to be serviced by the landlords 'cause the
13 landlords just don't have the money to service them.
14 It's a bold attempt at rewriting the relationship
15 between landlords and tenants that have evolved over
16 the last hundred or two hundred years. One more
17 question and I'll conclude. Why does the council
18 constantly target real estate leases and the real
19 estate industry? This is not the first time. Ah,
20 I'm not going to recount to you the four or five or
21 six other laws by the city and half a dozen by the
22 state as well, ah, to essentially, essentially take
23 funds from real estate owners, from landlords, small
24 and large, it doesn't make a difference if you own
25 two units or 2000 units, to the exclusion of any

1
2 other industry. You haven't done this to any
3 industry. You haven't told the banks that they have
4 to stop taking, ah, payments [inaudible]. There was
5 a short moratorium, but that's over now and you're
6 and of the stopping the banks. You haven't required
7 the insurance companies to pay the thousands of
8 claims for lost rent. That affects landlords also.
9 The reason it hasn't been done is beyond me. I'm not
10 sure exactly why not. But you have to look back,
11 look at yourself in the mirror, and, yes, does that
12 suggest that there is an animus to real estate
13 owners, whatever that might be? Whatever the reason
14 is, I'm not going to claim racism, anti-Semitism,
15 that's nonsense. It just seems there's this, this,
16 this left concept of an animus for anybody who owns
17 anything. If it's not an animus [inaudible] please
18 tell me why not. I'm happy to hear why not. Ladies
19 and gentlemen of the council, it's time to wake up
20 and smell the roses. Your statutes such as the
21 guaranteed law extension are doing extraordinary
22 damage to the entire fabric of business. Yes, you're
23 helping the tenants, ah, some of the commercial
24 tenants stay in, but not all of the tenants would go
25 out of business. Many of the tenants that are using

1
2 this as a club against their landlords are not going
3 out of business and are doing OK. It's not only
4 restaurants that are affected and, and benefitting
5 from this law. Read the statute carefully. It
6 affects many, many other classes of tenants. As a
7 matter of fact, so much so that it was [inaudible]
8 into law with several others over the federal court
9 action against the original law, of which arguments
10 of two hours were, were heard on Friday, which I
11 listened to, and the judge was not terribly happy at
12 the fact that it's really an extraordinary over-broad
13 law. It wasn't carefully crafted. It's not a
14 carefully, ah, understood or carefully acknowledged
15 law. It's very broad in its scope and affects
16 hundreds of thousands of people, much more than those
17 that really need it. Please understand, please try
18 to understand the extraordinary damage being done to
19 the commercial fabric of business in the city.
20 Please reject the extension of this bad law. Thank
21 you for listening, and thank you for understanding,
22 and God bless everybody.

23 COMMITTEE COUNSEL: Thank you. Unless
24 there are any questions from the council members
25 we'll move on to the next panelist. Seeing no hands

1 raised, I would now like to welcome Kathleen Reilly
2 to testify. After Kathleen Reilly I will be calling
3 on Louise Favier and then Graham Robinson. Ah,
4 Kathleen Reilly, you may begin.

6 KATHLEEN REILLY: Thank you. Ah, good
7 afternoon, everybody. My name is Kathleen Reilly,
8 with the New York State Restaurant Association and
9 coming up on six months since the stay-at-home orders
10 were imposed in response to COVID-19. The restaurant
11 industry is still one of the hardest hit by the
12 pandemic. Ah, we know how much the restaurant
13 industry means to the city and the culture and its
14 economy, and we have to believe that all levels of
15 government will find a way to support this industry.
16 With that goal in mind, we're testifying today in
17 favor of extending the personal liability protections
18 until March 31, 2021, and on the overall state of our
19 industry grappling with COVID-19. First, to address
20 the preconsidered introduction. NYSRA is
21 wholeheartedly in support of extending the provisions
22 of Local Law 55 until March 31, 2021. This law,
23 which prevents personal liability provisions in
24 commercial leases from being enforced against COVID-
25 related defaults has provided both protection and

1
2 peace of mind to our New York City restaurants in the
3 last few months. Without intervention, the
4 protection would expire on September 30, and while
5 that date seemed reasonable back in April, we have
6 unfortunately had a much worse summer than everyone
7 had hoped. Between the outbreaks of COVID-19 around
8 the country and the dire local economic situation,
9 the summer served as a reality check that the impacts
10 of the COVID-19 pandemic will be much more extreme
11 and long-lasting than previously [inaudible]. The
12 support to extend the protections of Local Law 55 is
13 strong and as early as June or July our members
14 realized they would need such an extension to
15 continue planning their recoveries. Thank you,
16 Council Member Rivera, for introducing this proposal.
17 In light of this being an oversight hearing as well,
18 I'd like to briefly discuss the direct state of
19 [inaudible] operators in New York City at this point
20 in the pandemic. NYSRA has conducted periodic
21 surveys to better understands the needs and concerns
22 of operators across the city and state. In our most
23 recent survey of 1042 restaurants conducted in the
24 last week of August, we learned that without a
25 comprehensive relief package specifically for

1 restaurants, 63.6% said they're likely to close by
2 the end of the year. Of those who indicated they are
3 likely to close, 54.8% said they will be forced to
4 shut their doors before November. In our earlier
5 August survey we asked whether restaurants expected
6 to be profitable in the next six months, and a
7 whopping 89.7 said they did not. Asked what relief
8 measures would be most critical to survival, the
9 operators identified commercial rentals, business
10 interruption insurance claims being paid, and an
11 increase in indoor dining capacity as their top three
12 priorities. For additional context on how this
13 impacts employment, our survey from the first week in
14 August found that 91.8% of restaurant operators had
15 been forced to furlough or lay off employees since
16 the COVID-19 outbreak began and a majority, which is
17 54.7%, had to lay off or furlough 90% to 100% of
18 their employees. 74.2% of operators reported no
19 plans of hiring additional employees in the next 30
20 days. These numbers are stark and they paint an
21 extremely worrying picture of an industry in a fight
22 for its life. They also reveal an industry that has
23 always been a cornerstone of the community, and even
24 in its darkest hour is continue to act like it.

1
2 Nearly every restaurant that is open right now is
3 operating at net mutual or a loss, but still striving
4 to provide what jobs they can and taking every
5 necessary precaution to ensure the health and safety
6 of their employees and customers. [inaudible]
7 pressures on our restauranteurs whose steadfastness
8 in complying with state mandates has been laudable,
9 with Governor Cuomo's own task force reporting
10 anywhere from 90% to 99% compliance in their
11 inspections. All of that said, and acknowledging
12 that the city is not in a position to provide the
13 immense financial relief the industry needs, I'd like
14 to briefly touch on a couple of areas where the city
15 can provide assistance. First, we need clarity and
16 foresight on outdoor dining. While Governor Cuomo
17 has now granted New York City restaurants the ability
18 to open their dining rooms starting September 30, it
19 will be at just 25% capacity until at least November
20 1, if not later. This additional option for seating
21 was greatly needed and we appreciate it as a starting
22 point, but outdoor dining will remain a critically
23 important avenue to supplement that limited indoor
24 capacity. We need, as soon as possible, to get clear
25 guidance from FDNY and DOT about exactly what will be

1
2 required to use outdoor heaters in open restaurant
3 spaces. We need [inaudible] for Mayor de Blasio to
4 definitively say whether or not he will extend the
5 Open Restaurants Program beyond October 31. We would
6 encourage him to do so, but either we just need a
7 clear answer. We also need all the support we can,
8 whether through SBS or otherwise, to make sure we
9 reach every corner and every community in the city
10 and every language, as was mentioned earlier, with
11 the regulations for indoor dining. We have the month
12 of October to prove that New York City can reopen
13 indoor dining safely and successfully, and if any
14 segment of our city's restaurant operators is left
15 behind in education and outreach efforts it could be
16 devastating both for their individual businesses and
17 for the industry. In conclusion, NYSRA is grateful
18 to the City Council and the Small Business Committee
19 for discussing Council Member Rivera's preconsidered
20 introduction to extend Local Law 55. We're in
21 support of this measure and we appreciate the
22 committee taking the time to revisit the ongoing
23 concerns of our small businesses across the city. I
24 hope the dire situation of the restaurant segment has
25 clear come through in this testimony. It's an

1 industry fighting for its life, and we thank City
2 Council for keeping that in its consideration of this
3 and other relief measures. Thank you.

4 COMMITTEE COUNSEL: Thank you. I'd now
5 like to call on Louise Favier to testify, followed by
6 Michael Brady. Louise Favier, you may begin.

7 LOUISE FAVIER: Hello. Ah, thank you so
8 much for listening to me today. I'm here to support
9 the extension of this legislation. Um, in my
10 particular case we reopened after our forced closure
11 and, you know, we're still losing money. Ah, we're
12 still struggling. But we know if we close our doors
13 that everything we've invested and all the jobs that
14 the lovely we work with will all be, ah, it will all
15 be for nothing. So we'd love to try and keep holding
16 on, um, you know, hopefully not losing huge amounts,
17 even though we expect to continue to lose money
18 throughout the winter, but if we get an extension of
19 this it would give me a little breathing room to
20 decide whether or not I can, ah, how much we can
21 tolerate, ah, a slow winter, and it would give me a
22 moment to decide whether or not I need to, ah, really
23 sadly throw in the towel. If, with this September 30
24 deadline it feels very pressured, where I could be on
25

1
2 the hook for, for so much money and do I need to
3 decide to close my restaurant right now or can I take
4 these months over the winter to see if we can
5 survive. We know we're gonna lose money for the
6 next, you know, six months, a year, maybe a year and
7 a half, and then I have two businesses, one a small
8 neighbor bar, there's one in Brooklyn and one in
9 question, and just in rent alone we're in debt
10 \$100,000, and we have lovely landlords. One of our
11 landlords, to give us a rent break going forward, we
12 had to become compliant on everything going back.
13 And with our other landlord we have, they have just
14 allowed us to defer half of our rent right now.
15 They've been lovely, but we've been paying half. But
16 there's no plan for that, that all those bills will
17 come down the road. So we've gotten SBA loans, which
18 is lovely, but I'm 56 and they are 30-year repayment
19 time, and that means I'd still be paying them off
20 when I'm 86, possibly with no businesses. I have no
21 assets. I don't have a house, etcetera. So working
22 at the businesses is really, really important to me.
23 So I want to plead for the extension of this. Um,
24 what, what the lawyer said earlier about these
25 personal guarantees being kind of an end run around

1 corporate law, ah, that really just impacts small
2 business owners because big corporations don't sign
3 these personal guarantees, felt very true for me.
4 When we were signing leases it was one of those
5 things if you want it you have to do the personal
6 guarantee. So we'd be very grateful to know there
7 was an extension. I do want to say thank you very
8 much to the city, ah, for the Open Streets Program.
9 Ah, we're, we, it's made a huge difference in terms
10 of, you know, we're still losing money, but the
11 amount we're losing is more tolerable. Um, we've
12 appreciated the reduction, the elimination of
13 sidewalk fees. Um, I would like to appeal for
14 programs that gives small targeted grants to small
15 restaurants and small businesses. I feel like all
16 our businesses, ah, all the information about us is
17 all transparent, in our bank accounts and through the
18 city or the sales tax we've always paid. Everyone
19 can see what rent we pay. So it would be, it would
20 take a lot of work, but I feel it would be very
21 worthwhile to offer small targeted grants. I have a
22 small bar out in Washington State and we got a \$5000
23 emergency grant from our county, um, to put towards
24 inventory reopening, and we got an \$8000 grant from
25

1
2 our city, and those amounts seem so small in the big
3 picture of things, but they have transformed our
4 sense of like we can do this, we can come through
5 this, you know, with in addition to using our PPP
6 money it's like OK, we're still losing money and, ah,
7 but, you know, if we could just hang in using our SBA
8 loans who knows how many years we'll be paying them
9 off, but we can only pay them off if our business is
10 still open to do it. So I would appeal for small
11 targeted grants, as many people, ah, mentioned, a
12 reduction in many of the onerous fees, whether it's
13 all the taxes and city fees, ah, it would mean so
14 much to, for our landlord to be released from some of
15 those so he doesn't have to pass them on to us, his
16 real estate taxes, etcetera. And, ah, and for us to
17 be released from a lot of them. Ah, we appreciate
18 the support. We have no idea how we're gonna get
19 through the winter. Um, even with open streets, I
20 mean, I'd love to put heaters, but we know in the New
21 York City winter, um, I just don't know how much
22 money we can afford to put into it. We will, of
23 course, continue to invest, you know, already we
24 spent a couple of thousand on each of our, ah, open
25 street structures to try to make them compliant with

1
2 DOT because we'd heard from so many other restaurants
3 that the awful fines, ah, that they were getting,
4 we're very afraid of the SLA. Um, at this point
5 we've hired extra staff 'cause we're so fearful of
6 getting our liquor license revoked. We're so fearful
7 of someone standing up accidentally while they have a
8 drink that we spend a lot of time making sure we're
9 keeping people safe, but also fearful of undue
10 punishment, ah, from the state. So this to finish
11 up. I just want to say thank you so much for, ah,
12 having given this law. It gave us a sense of
13 security for a few months, that at least we wouldn't
14 be in a state of ruination and, and chased for the
15 rest of our lives, ah, because we're already going to
16 be paying off these SBA loans for the rest of our
17 lives, um, and so an extension of this we'd be, we'd
18 be most grateful. I'd be particularly grateful if,
19 ah, the good guy, ah, clauses were actually, um,
20 eliminated. Ah, that would be a wonderful thing for
21 small businesses. And I appreciate your time, and we
22 look forward to more support from all of you. Thank
23 you.

24 CHAIRPERSON GJONAJ: Thank you, Louise.
25 We've been joined by Council Member Rodriguez and I

1 want to call on Council Member Rivera, who has a
2 question for you, Louise.

3
4 COUNCIL MEMBER RIVERA: Louise, are you
5 still there? OK.

6 LOUISE FAVIER: Yes, I [inaudible].

7 COUNCIL MEMBER RIVERA: Thank you, and
8 hi. I'm, I'm Carlina. Um, I just wanted to ask just
9 two quick things. One is where, what are your bars
10 called? I know they're in Brooklyn and Queens. But
11 what are the names?

12 LOUISE FAVIER: Ah, we're in Ridgewood.
13 We're on Onderdonk Avenue in Ridgewood. So one of
14 them is called Onderdonk and Sons. They're kind of,
15 you know, old school type places, and we, ah, are in
16 the lovely community of Greenpoint, Brooklyn, um, at
17 the corner of Greenpoint and Franklin, the Pencil
18 Factory Bar. That's almost 20 years, ah, old and,
19 ah, Onderdonk has been there about five, six years.

20 COUNCIL MEMBER RIVERA: Excellent, always
21 looking for a long bike ride and where to, a
22 destination. OK. I also wanted to ask you how, how,
23 I just want to say that I'm sorry because I realize
24 how stressful this is and I have personal experience
25 with my husband, who's involved in the restaurant

1 industry, and that's the first time I had ever heard
2 of a good guy clause and what it means, and how it
3 could really ruin someone in, in so many ways. So I
4 just want to say that I'm, I'm sorry that, for the
5 anxiety that this has all been putting you all
6 through, and, and to thank you for putting it into
7 the perspective of regardless of, of what happens,
8 um, you know, you have debt and you could be paying
9 debt until you're well into your eighties, and I just
10 feel like that is something important for people to
11 understand right now, when we're talking about
12 survival. You mentioned an SBA loan. Was that easy
13 to apply for, all things...

14 UNIDENTIFIED: Yes.

15 LOUISE FAVIER: Yeah, I, I thought they
16 were quite, I mean, it was a lot of paperwork
17 initially, but, um, you know, we, we applied for all
18 the city loans, the \$75,000 that was a possibility,
19 but none of those came through, even though we
20 applied, you know, within the first 24 hours. But
21 all the SBA loans came through, which, you know, is a
22 really, is the only reason why we're still operating,
23 because, you know, we, we have no assets to be
24 putting into it, but we're, have no illusions that
25

1
2 it's still debt, you know, and, and our landlords are
3 lovely, but they see the loans and they're like you
4 have money, and we're like yes, but it's not real
5 money, it's debt, you know, that I would be paying
6 for the rest of my life that I personally am
7 guaranteed to paid. And, um, so yes, they were
8 straightforward to pay for, to, to apply for. I felt
9 that the SBA was, you know, it's the only reason that
10 we are still standing, um, and that, ah, the
11 businesses, we've been able to open the doors but,
12 you know, it doesn't come with a long-term cost,
13 which is that, you know, all that money, you know,
14 just between the two businesses, \$100,000, you know,
15 that's, as you guys know, um, is not like these
16 businesses, you know, were making buckets of money
17 anyway. Um, so, you know, thankfully they are low-
18 interest loans and I accept that this is the risk
19 I've taken as a business owner, and I could have just
20 closed the doors and not reopened, but, you know,
21 it's my livelihood, these are my communities. You
22 know, it's been, ah, many years in it. So I'm, I'm
23 trying to see if, if we could get through this year,
24 like maybe by next summer, ah, you know, this open
25 streets having get started in May, you know, I mean,

1
2 even if it goes through the winter it'll only be good
3 to us in May, that we might actually start to
4 recover.

5 COUNCIL MEMBER RIVERA: Absolutely, and I
6 think that was a good vision for open, open streets,
7 was to explore open streets dining and, and permanent
8 solutions, and I know that people sit outside during
9 the colder months all over the world in other cities,
10 and maybe not January and February 'cause the parking
11 spaces are filled with snow, but we can certainly
12 figure out how to extend it, um, in a responsible
13 way. And, and thanks for your recommendation on, on
14 small targeted loans. We're certainly gonna try to
15 advocate for that. So that way you can get actual
16 assistance instead of being kind of laden with more
17 debt. So thank you for your recommendations and, of
18 course, um, I'm glad it was easy to apply for the
19 loan, and I think that's what, you know, this kind of
20 chorus of making it as easy as possible, especially
21 for those who might speak English as a second
22 language, um, to make sure that, that people can, can
23 access those opportunities. So thank you so much for
24 your testimony today. Thank you, Mr. Chair.

25 LOUISE FAVIER: Thank you.

1 COMMITTEE ON SMALL BUSINESS 100
2 COUNCIL MEMBER RIVERA: Looking forward
3 to going to the shops.

4 COMMITTEE COUNSEL: Thank you. I'd now
5 like to welcome Michael Brady to testify. Michael
6 Brady, you may begin.

7 MICHAEL BRADY: Wonderful, thank you.
8 Ah, Chair Gjonaj, members of the New York City
9 Council Committee on Small Business, specifically
10 Council Member Rivera, ah, thank you for this
11 convening on the state of New York City's small
12 business community. I want to thank you both
13 specifically, ah, because I'm really disheartened by
14 the lack of participation in the hearing by other
15 members of the council. Um, it appears that small
16 business may not rate among the other members, but I
17 am really grateful for you both being here. Ah, as I
18 said, I'm Michael Brady. I'm the chief executive
19 officer of Third Avenue Business Improvement District
20 and the Bruckner Boulevard commercial corridor,
21 located in the South Bronx. Collectively, these
22 organizations represent a thousand South Bronx
23 largely immigrant-owned mom and pop businesses. The
24 work of, ah, these organizations address the barriers
25 for the district's small and micro business owners

1 and build robust and equitable economic development
2 tools by demanding equitable city resources, safer
3 and cleaner streets, and responsible emission-driven
4 development. I'm also from the borough where the
5 unemployment rate hovers at around 30%, and as a
6 result of COVID-19 and a lack in equitable resource
7 deployment in the, in the boroughs by New York City.
8 I was able to be a part of a small group of
9 individuals that have deployed roughly 20 million
10 dollars in grants and other resources to borough
11 businesses and organizations. Our organization is
12 helping drive systemic change needed to support
13 equitable economic development in the Bronx. We
14 organize and build coalitions, provide strategic
15 community services, provide research and data
16 analysis, and support targeted advocacy efforts in
17 strengthening community voices, building community
18 power, and helping to win economic development
19 policies that invest in people as much as they invest
20 in places. For the purpose of this hearing we are
21 supportive of the preconsidered extension of Local
22 Law 55 to assist small businesses and landlords in
23 navigating the very murky waters that exist in New
24 York City by addressing the personal liability
25

1 clause. As noted in our prior testimony, when the
2 legislation was first, ah, passed, we would recommend
3 that the City of New York investigate the legality in
4 terms of contracts that may be modified as a result
5 of this legislation. Much like the Commercial Lease
6 Assistance Program, this is one step that must be
7 accompanied by many in order to one, make New York
8 City, ah, make New York City make sense for small and
9 large businesses, and two, provide a road map for the
10 future of equitable economic development and
11 neighborhood stabilization. These are steps which
12 are good and we are so very grateful. But this is a
13 piecemeal approach and does not represent a serious
14 plan on the order of magnitude of us being the City
15 of New York. New York's small business community is
16 precariously close, close to becoming extinct.
17 Sadly, New York City and the state did not mobilize
18 early enough nor have sufficient resources have been
19 deployed to assist small businesses. This is a
20 failure that we knew was coming. It's a failure that
21 many of us wrote in letters in early March. This
22 administration has sacked small businesses for both
23 terms, introducing legislation that has raped the
24 coffers, closed small businesses, jeopardized the
25

1 work force, and now when the tax base, the base that
2 is generated by property owners and small businesses,
3 when that is in jeopardy the administration is
4 shocked and horrified by the reality. This is sadly
5 associated with politics. And our city deserves
6 better. We need real programs and resources to get
7 New York City back on track. Unfortunately, just
8 handing out PPE and referral services are not enough.
9 And quite frankly hearing, quote, we need to wait for
10 federal assistance, is not an answer, nor is that
11 assistance coming. Additionally, New York City
12 agencies need to stop finger pointing and playing the
13 proverbial hot potato and be very clear and direct
14 about the challenges New York City faces and the
15 solutions that they can implement. There is a path
16 forward and here are some of the elements that we
17 think are needed. Long-term lending in New York City
18 under the direction of a robust financial control
19 board. This requires both the state and the city to
20 put ego aside and encounter the real difficult
21 realities of governing. It also requires New York
22 City to bring, ah, bring about a pause on pet
23 projects and take a look at a year of austerity
24 measures. Quite frankly, from a business
25

1 perspective, we don't trust this mayor with deficit
2 spending and we need the assurance that the financial
3 control board has the power needed to assist our city
4 and maintain our long-term fiscal health. We cannot
5 kick the debt can down the road. Secondly, we
6 must manage our city. We need to address quality of
7 life in systemic matters like housing. In addition
8 to addressing cleanliness and the safety of our
9 neighborhoods, we must meaningfully address housing.
10 There are currently over 13,000 empty units in New
11 York City right now. If New York City were
12 innovative and creative we could acquire them through
13 eminent domain under a state of a new emergency and
14 address homelessness challenges in real time. But
15 our city fails to do this. Number three, no more
16 debt programs. Businesses need grants and cash
17 infusions, not more debt. Businesses, unlike New
18 York City, cannot kick the debt can down the road.
19 We must engage with philanthropy in a very real, very
20 targeted way to provide resources to vulnerable small
21 businesses and organizations. Number four, create a
22 clear path forward for restaurants, nightlife, and
23 hospitality. We have had six months to develop a
24 plan and now we have an extraordinarily weak program
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1
2 to move things forward. This is unacceptable for a
3 city like New York City. Number five, finally
4 address noncompliant street vendors. Assign
5 locations. Fix the licensing program. Have vendors
6 pay into property taxes and pay into BID fees. End
7 the underground and predatory lending economy. We
8 know the path forward. Why aren't we doing it?
9 Number six, under a model similar to Liberty Bonds,
10 invest in infrastructure and employ New Yorkers. Use
11 deficit spending in a very smart way to invest in our
12 city. Number seven, invest in citywide e-commerce
13 models and cap third-party fees, like Amazon
14 Marketplace. Eight, we need a citywide COVID-19
15 commercial rent forgiveness program, which correlates
16 into property owner tax credits. This is no longer
17 something we can think about. It's something we have
18 to do to move our city forward. Number nine, mandate
19 same-day language access for all legislation, codes,
20 and agency marketing materials for individuals where
21 English is not their first language. It's not right
22 to be held accountable for a law that is not
23 communicated in your language. It's not New York
24 City. Ten, business interruption insurance. Why we
25 have not seriously addressed this boggles me every

1
2 day. Where is our lawsuit against insurers? Where
3 is the attorney general on this? Why have we not
4 called the question in the courts? This is literally
5 a 900 million dollar path forward for our businesses.
6 And lastly, number 11, handle property taxes. We've
7 known for years that the property tax structure in
8 New York City is broken. We've had commission upon
9 commission to create a plan to address it and we
10 still haven't. We must appropriately address
11 property taxes to be adjusted due to the pandemic and
12 similarly address a long, or create a long-term
13 strategy to create a fair and equitable system, not
14 just a city piggybank. Nationally and locally, both
15 the healthcare system and the government were poorly
16 prepared for COVID-19 and have been in crisis
17 response ever since New York's first, ah, case was
18 identified on March 1. We have the power and we have
19 the brains to create a very clear and smart path
20 forward for our future. It is my hope that this
21 council and the extension of Local Law 55 will be a
22 piece of that plan. But I must underscore that we
23 need a real plan. The piecemeal approach just
24 doesn't work. Thank you again for your time. I
25 really do appreciate it.

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2 CHAIRPERSON GJONAJ: I want to thank you,
3 Michael, ah, you touched on so many issues there that
4 I'm going to stay in touch and want to continue to
5 stay in touch, as we have over the years. But,
6 Michael, tell me a little bit about the 20 million
7 dollars in grants in New York City, ah, explain that
8 one to me.

9 MICHAEL BRADY: Sure. Um, when, so
10 there's a, there's a small group of organizational
11 leaders in the Bronx that created the Bronx Community
12 Relief Effort, and the relief effort was created, ah,
13 as a result of understanding that the Bronx wouldn't
14 get resources, at least not equitable resources, from
15 New York City or from, from our state or federal
16 partners. So we mobilized very early on with
17 philanthropy and among an organizational network to
18 raise and deploy roughly 20 million dollars. Ah, you
19 know, to small businesses, organizations, to justice
20 initiatives, to really make sure that we could deeply
21 touch as many Bronx businesses and organizations as
22 possible, and now because of those efforts we've
23 actually pivoted to creating the, the Bronx
24 Foundation. And some of the efforts, you know, very
25 specifically, ah, another panelist had, had

1 referenced the cost of doing outdoor dining. Um, you
2 know, we, just two weeks ago for Labor Day weekend,
3 we, ah, launched our first open streets, ah, program
4 on Alexander Avenue in the Bronx, where the Bronx
5 Foundation actually paid for the creation of the
6 outdoor dining, to the tune of about \$125,000. I
7 could not imagine if all those small businesses had
8 to pay for that. And because of the success of that
9 program we're now expanding the open streets dining
10 with the Rockwell Group, the Foundation, and the
11 Third Avenue BID to Melrose and then to Westchester
12 Square.
13

14 CHAIRPERSON GJONAJ: That's incredible,
15 Michael, and I just, I'm a little taken back by the
16 number of 20 million dollars. And this is all
17 grants?

18 MICHAEL BRADY: Yeah, it's, it's really
19 astonishing when you look at, um, New York City
20 allocated 49 million dollars to the entire City of
21 New York, which is disgusting and gross. Ah, with a
22 small group of literally rag-tag people who are
23 working full-time jobs, um, we're able to mobilize 20
24 million dollars for our borough.
25

2 CHAIRPERSON GJONAJ: That says a lot,
3 Michael. And these are no interest payment grants,
4 correct?

5 MICHAEL BRADY: Correct.

6 CHAIRPERSON GJONAJ: No loans? These are
7 just...

8 MICHAEL BRADY: No loans. This is you're
9 a business, you fill out a very simple application
10 form, it's vetted, and you have a check in your hands
11 within three weeks.

12 CHAIRPERSON GJONAJ: That is incredible,
13 Michael, and maybe you should be sharing this a
14 little bit with City Hall and this administration on
15 how you did it and how to get it done within three
16 weeks.

17 MICHAEL BRADY: We, ah, we've tried. Ah,
18 a lot of colleagues in government and in, ah,
19 philanthropy have, have written letters to the mayor
20 and appropriate commissioners and the governor. Um,
21 but as I stated earlier, um, I don't think small
22 businesses win votes, um, so I don't think folks pay
23 attention to all, us all that much, except for when
24 they want our taxes.

1
2 CHAIRPERSON GJONAJ: Michael, we, we,
3 thank you for that. I couldn't have said it better
4 myself. But, yes, it's a, it's a big concern and the
5 irony that we fight for small business, allegedly,
6 in words and put no resources or real time and energy
7 into it, and we'll continue this, as well as
8 something that I'm working closely on, which is the
9 marketplace third-party fees that are paid to Amazon,
10 which would help, ah, our small businesses. So,
11 Michael, thank you.

12 MICHAEL BRADY: Thank you very, Council
13 Member, appreciate you.

14 COMMITTEE COUNSEL: Thank you. At this
15 time if your name has not been called and you wish to
16 testify please raise your hand using the Zoom raise
17 hand function. Seeing no hands raised, I will now
18 turn it over to Chair Gjonaj for closing remarks.

19 CHAIRPERSON GJONAJ: Thank you, CJ. Um,
20 as we all heard today, the difficulties that our
21 small businesses are having, ah, that their very
22 existence is being undermined, the only thing that's
23 certain when it comes to small business is
24 uncertainty. And we have all failed. Ah, I am gonna
25 continue to fight with my colleagues to give every

1 small business a fighting chance to survive this
2 crisis. And I truly believe that if we wanted to we
3 could focus the time and energy to get that done. So
4 I want to thank all of those that testified of the
5 duration, ah, the City Council staff, and all those
6 that helped put this committee together. This will
7 conclude our hearing on the state of small business.
8

9 [gavel] Thank you.

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C E R T I F I C A T E

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



Date October 12, 2020