



Legislation Text

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Res. No. 541

Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation establishing a property tax credit for commercial landlords who voluntarily limit the amount of rent increases to small business owner tenants upon lease renewal.

By Council Members Cornegy, Chin, Constantinides, Espinal, Eugene, Gentile, Johnson, Mendez, Rose, Dromm and Rosenthal

Whereas, New York City's small and local businesses define the identities of its many diverse neighborhoods and are integral to creating vibrant, successful communities; and

Whereas, Often these small and local businesses open in less popular or less trafficked neighborhoods and their presence causes the neighborhood to become transformed into a more sought-after area; and

Whereas, According to the Real Estate Board of New York's Fall 2013 Retail Report, in areas where these boutique, one-of-a-kind stores create neighborhood appeal, the asking rents tend to rise as established retailers who want to benefit from the interest created by the small businesses come into the neighborhood and create demand and competition for space; and

Whereas, Once the commercial rents rise, the very businesses that generated the neighborhood appeal in the first place are no longer able to afford to remain in the area and are often forced to close or relocate; and

Whereas, The City has an interest in creating a commercial environment in which these small and local businesses can thrive and benefit from the neighborhood popularity that they themselves created; and

Whereas, The City also has an interest preventing retail homogenization and the wholesale replacement of "mom and pop" neighborhood stores with big-box retailers; and

Whereas, Within the past several years, numerous small and locally-owned businesses that many would describe as New York City institutions were forced to close or relocate as a result of exorbitant rent increases

sought by landlords during the lease renewal process, including Bleecker Bob's Records which closed in 2013 after 46 years in business in the West Village after the landlord reportedly sought a \$15,000 to \$20,000 monthly rent increase and which was replaced with a frozen yogurt chain store; Colony Music in Times Square, which closed in 2012 after 63 years in business after the landlord sought to raise its rent from \$1 million per month to \$5 million per month; the Second Avenue Deli which closed in 2006 after 51 years in business on the Lower East Side, and was replaced with a bank, after the landlord sought a \$9,000 increase to its \$24,000 per month rent; and CBGB, which opened in 1973 in the East Village and closed in 2006 after the landlord asked to increase its rent from \$19,000 per month to \$41,000 per month, was replaced by an upscale men's clothing chain; and

Whereas, There are currently no legal protections for these businesses during the lease renewal process that would limit the amount of any rent increases sought by the commercial landlords; and

Whereas, There also are no tax incentives for commercial landlords to keep rents for small and local businesses affordable rather than obtain a higher rent from an established or chain business; and

Whereas, Similar incentives exist in the residential rent context, for example in the form of the Senior Citizen Rent Increase Exemption ("SCRIE") program under which the rent of qualifying senior citizens is frozen at a certain level, thereby effectively providing them with an exemption from future rent increases, and compensates the landlord by providing him or her with a property tax abatement credit equal to the amount of the senior citizen's future rent increases; and

Whereas, A tax incentive for commercial landlords that would enable the local businesses that make up the fabric of our communities to be able to continue to thrive would be beneficial both to these businesses and to the residents of the City; now, therefore be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation establishing a property tax credit for commercial landlords who voluntarily limit the amount of rent increases to small business owner tenants upon lease

renewal.

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