

**Statement by Deputy Commissioner Calvin T. Brown, NYC Dept. of Small Business
Services
New York City Council, Finance Committee
December 19, 2024**

Good morning, Chair Brannan and members of the Finance Committee, I am Calvin T. Brown, Deputy Commissioner of Neighborhood Development at the Department of Small Business Services (SBS). I am joined by Emily Edwards, Executive Director of the BID Program and Leslie Velazquez, Director of BID Development and Legislation. I wish to express SBS' support for the laws providing an increase in the amount to be expended in 9 Business Improvement Districts (often referred to as BIDs), as well as the district plan amendment for the Madison Avenue BID.

At SBS, we are working hard to open doors for New Yorkers across the five boroughs – focusing on creating stronger businesses, connecting New Yorkers to good jobs, and fostering thriving neighborhoods. We oversee and support the City's network of BIDs and groups who wish to form new BIDs in their communities. We believe BIDs are central to these efforts as valuable and proven partners in fostering the vitality of the City's neighborhoods and commercial districts. The Mayor's Economic Blueprint also places the BIDs front and center in several initiatives to rebuild and reinvent our commercial corridors and central business districts.

Part of our role in overseeing and supporting the City's existing network of 76 BIDs includes guiding them through legislative processes, including increases to their assessment caps and amendments to their District Plans. To propose an assessment increase or an amendment to a District Plan, BIDs must complete a multi-step review process overseen by SBS. The BID Board of Directors—which includes local property owners, merchants, and residents, as well as representatives from the City Comptroller, Borough President, City Council, and SBS—must review and approve the proposed assessment increase or district plan amendment. For assessment increases, SBS requires all BIDs to submit an in-depth written justification, proof of Board approval, and letters of support from all City Councilmembers represented in the BID boundaries. SBS then reviews these justifications and determines whether they are sufficient to

bring to City Council. District Plan amendments go through a similar process, plus an additional requirement to host a public meeting to present the plan and allow for stakeholder comment.

As required by law, each BID included in these two bills published a notice of this public hearing at least once in a local newspaper having general circulation in the districts specifying the time and place of today's hearing and stating the change to their assessment amount or district plan. SBS collected record of these notices and confirms they were completed on time.

It is SBS's priority that assessment increase proposals focus on enhancing programs and services provided to the district. Each BID proposing an assessment increase today is doing so to address vital needs and changing conditions on the ground. The increases will further expand, reinforce, and strengthen core services currently provided in the business districts. This may include funds for additional streetscape improvements, greening and beautification, new public events, and/or added staff capacity. Additionally, portions of these increases will be used to sustain or increase current levels of sanitation and public safety services impacted by the rising costs related to inflation and minimum wage increases.

The proposed increases vary according to budget size, district size, and proposed changes in programs and services. The proposed increases are:

- (1) 34th Street BID, from \$13,000,000 to \$14,300,000
- (2) Times Square BID, from \$14,347,293 to \$17,200,000
- (3) North Flatbush Avenue BID, from \$200,000 to \$350,000
- (4) Madison/23rd/Flatiron/Chelsea BID, from \$6,000,000 to \$9,000,000
- (5) Bayside Village BID, from \$230,000 to \$430,000
- (6) Fulton Street BID, from \$500,000 to \$800,000
- (7) Hudson Square BID, from \$3,900,000 to \$5,850,000
- (8) Atlantic Avenue BID, from \$390,000 to \$637,000
- (9) SoHo BID, from \$900,000 to \$1,757,934

The Madison Avenue BID is also pursuing an assessment increase from \$2,100,000 to \$2,520,000, and a District Plan amendment to revise the assessment formula to more equitably assess the properties within their district. The proposed amendment will authorize a change in the method of assessment. Currently, the assessment formula is based solely on commercial square footage, with varying rates depending on the property's location in the district. The proposed law would amend the formula to add a reduced assessment to residential properties, create a new property class to assess vacant lots, and overall decrease the rate for commercial properties.

Representatives from each BID named in these laws are present to answer any questions pertaining to their specific requests. However, I am happy to answer any general questions you may have. Thank you.



**Testimony of the Madison Avenue Business Improvement District before the
New York City Council Committee on Finance**
Thursday, January 19, 2024

Good morning, Chair Brannan, our own Council Member Keith Powers, and members of the Council's Finance Committee. My name is Matthew Bauer, and since 1999, I have served as the President of the Madison Avenue Business Improvement District.

The Madison Avenue BID supports the property owners, businesses and residents of Madison Avenue and its adjacent side streets from East 57 Street in East Midtown, north to East 86 Street on the Upper East Side. Our 29-block, 1.5-mile portion of Madison Avenue is known worldwide as a center for fashion, jewelry, fine art and hospitality. Just this year, Giorgio Armani, Jimmy Choo, Michael Kors and Van Cleef & Arpels opened their US flagship stores on Madison Avenue. We are also the home to Ralph Lauren, Hermes, Manolo Blahnik, De Beers, Versace, Valentino and Dolce & Gabbana, and four of the world's leading hotels, The Carlyle, The Mark, The Lowell and The Surrey.

Though we are an international shopping and hospitality destination, we also serve as the "Main Street" of our portion of the Upper East Side community. Indeed, sixty percent of the shoppers on Madison Avenue are local. There is a distinct sense of camaraderie among the businesses of Madison Avenue. Since 2004, we have met each month at a different shop along Madison Avenue to share best practices, and on December 7, 76 Madison Avenue businesses joined together to donate 20% of sales to the pediatric programs of Memorial Sloan Kettering Cancer Center, as part of our 38th Annual Miracle on Madison holiday event.

We are before you today for two items: to request approval for an increase in our assessment cap, and to change our assessment formula. After substantive community outreach and a series of meetings led by our Assessment Working Group, our Board of Directors ratified both of these items on June 27, 2024.

We wish to raise our assessment cap twenty percent, from \$2,100,000 to \$2,520,000, which would be phased in incrementally starting in July 2025. The last time we raised our cap was in July 2017, and this fiscal year is the first time we assessed our full cap amount. Our last assessment increase request was thus eight years ago. Since that time, our operational costs, consisting mainly of salaries and benefits for our uniformed & unionized public safety officers, and our sanitation team, for which we contract for from The Doe Fund, have gone up considerably.

The second item that we have before your committee is to change the formula by which we assess property owners. While we have till now only assessed residential property owners \$1 per year, we propose assessing residential square footage, but at a rate considerably reduced from our commercial assessment rate, and not to exceed approximately 9.8 cents per square foot. Note that BID assessments are levied from property owners, not tenants, and that virtually all of the buildings within our district are mixed use, with retail and service uses on lower levels of the buildings, and residential use above. Thus many of the same property owners assessed for the commercial space in their buildings will be assessed for the residential space as well, so there will be a slight reduction in our commercial assessment rate.

We are also including in our formula an assessment on vacant land within our district. When buildings are torn down, there is a large gap of time that, because the lots are considered inactive, assessments have not been charged to these parcels. During this period, our existing formula would collectively charge other property owners in the district the assessment that would have been levied on that lot, leading to increased costs for all of the other property owners in our district. Under this proposed provision in our formula, we will assess parcels while they are considered vacant (ie. after demolition and during construction), based upon their lot size.

We can illustrate some of the rationale for making both of these changes to our formula by noting two properties, 625 Madison Avenue, recently sold for \$632.5 million, and 655 Madison Avenue, recently sold for \$160 million. These two large retail and office buildings are currently being demolished to make way for a mix of luxury retail, hospitality and residential use. Just as businesses on the upper floors of these buildings benefited from the supplemental sanitation, security, marketing, capital and advocacy services that we provide, so shall the residents that will soon move into the properties. Thanks to this proposed amendment to our formula, while these buildings are under redevelopment, there will not be a huge hole in our budget that will have to be made up by other property owners in the district.

Our Board of Directors includes four residents within our district, and each played a leading role in developing our new assessment formula. They recognize how integral our services are to the quality of life in our district, and how the enjoyment of their living space is dependent on the vitality of the businesses that line the storefronts of Madison Avenue. We have taken care to make sure that the residential assessment is modest. To illustrate this, the average size two-bedroom apartment in Manhattan is 792 square feet. The maximum annual Madison Avenue BID assessment for a space this large would be \$77.71. The assessment for a 2,000 square foot apartment, which is quite large, would be less than \$200 annually.

Because of the strong work that the Madison Avenue BID has done for over 25 years, and the care of our Assessment Working Group in creating an equitable assessment formula, we have not received a single objection to increasing our assessment cap and these amendments to our District Plan. Outreach included sending a first class mailing last spring detailing the assessment formula and cap amendment to all property owners and residential and commercial

tenants within our district, holding a public meeting at the Roosevelt House Public Policy Institute at Hunter College, and just a few weeks ago, sending another first class mailing to district property owners regarding our proposed assessment and formula cap amendment and notifying them of this public hearing before the Council.

I would like to conclude by thanking Council Member Powers and his team for his leadership and guidance as a member of our Board, as well as the wonderful team at the NYC Department of Small Business Services for their remarkable stewardship of the BID program citywide. Special kudos to Commissioner Dynishal Gross, Deputy Commissioner Calvin Brown, BID Program Executive Director Emily Edwards, and Senior BID Information Analyst Michael Melamed...we all so much appreciate what they do to strengthen the retail corridors of New York City.

Thank you and I would be pleased to answer any questions you may have.

- *Respectfully submitted by Matthew Bauer, PhD, President*

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Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. 11

in favor in opposition

Date: _____

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Name: Assemblymember Ju Anne Simon

Address: 341 Smith St.

I represent: Assembly District 52

Address: 341 Smith St.

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I represent: Dept of Small Business Services

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Name: Matt Bauer

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Address: 29 E 61 St, 3rd Fl, NY, NY 10065

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