

TESTIMONY
BY
COMMISSIONER JONNEL DORIS
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEE ON SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
FRIDAY, JANUARY 22, 2021

Good morning Chair Gjonaj and members of the Committee on Small Business. I am Jonnel Doris Commissioner of the New York City Department of Small Business Services and I am joined by SBS First Deputy Commissioner, Jackie Mallon. We are grateful for the opportunity to testify today on SBS's support services to small businesses and jobseekers under the continued impact of the pandemic.

Eleven months after New York City's first confirmed COVID-19 case New York City's small businesses are still reeling. The impact continues to be devastating to our smallest businesses and especially to our immigrant and minority-owned businesses. At SBS, we have worked tirelessly to provide a backstop for businesses and blunt the most severe damage from this health and economic crisis.

Agency wide we have delivered over 108,000 services to businesses across the city. Our small business recovery hotline fielded over 52,000 individual calls and we have hosted 275 webinars with nearly 50,000 individual participants. We've walked in over 70 commercial corridor tours, meeting businesses where they are and we've connected with over 100 business advocacy groups to support outreach. We've launched four grant programs and two loan programs dispersing vital direct aid to businesses. We recently launched three new mentorship programs for business in the

hardest hit communities, MWBE's and a new initiative for Black entrepreneurs.

SBS launched Shop Your City, a multi-phase advertising and social media campaign, to encourage consumers to shop locally. This campaign, which includes resources to help consumers find local businesses, will continue indefinitely.

With employment still a challenge, our workforce team has assisted more than 69,800 individuals, referred over 36,300 people to jobs, and worked with over 980 businesses on over 25,100 job opportunities. And we have connected more than 8,600 New Yorkers to jobs with an average wage of \$17.44. We've launched Career Discovery NYC to provide online, no-cost trainings that prepare New Yorkers to pursue an in-demand career.

A primary goal over these 11 months has been to confront the stark inequality the pandemic has exacerbated in our communities. After the first round of federal stimulus under the CARES Act, we all saw that large portions of the community did not have the same access to aid. Analysis of the first round of PPP showed that businesses led by people of color in New York were less likely to receive a loan and when they did, were more likely to receive less funding.

We knew that we had to design programs that reached these small businesses and we had to do it creatively and with limited resources. A mixture of grants and loans is an ideal way of getting funding in fast and also leverages the limited dollars that are available. The NYC LMI Storefront Loan, the Interest Rate Reduction Grant, and the Strategic Impact COVID-19 Commercial District Support Grant were designed as a two grant, one loan, three-part program to target those that did not get their fair share.

We know that immigrant and minority owned businesses are all too often shut out of traditional credit markets. CDFI's have historically played and continue to play a vital role in filling this gap. With the Interest Rate Reduction Grant we worked with CDFI partners to target these borrowers directly with a grant to pay-off the interest and reduce debt of these clients.

To date the interest rate reduction grant has removed interest costs for over 290 small businesses across the city. 88% of these grants have gone to minority owned businesses in LMI communities. Our continued work with CDFI's has also deepened and opened new opportunities for collaboration and partnership.

Additionally, our CBO's are vital and trusted community partners. They provide unparalleled culturally competent outreach, build trust and bring resources to the communities that need it the most. The second grant, the Strategic Impact COVID-19 Commercial District Support Grant, was designed to bolster these community support systems. We've simplified the application process and reduced programmatic red tape to maximize impact.

We also announced the awardees for our Strategic Impact COVID-19 Commercial District Support Grant. We've awarded over \$750 thousand to 24 organizations across the city. They will use these resources to conduct outreach and provide technical assistance and support for small businesses in the targeted LMI neighborhoods.

The LMI Storefront Loan was designed to directly target reports that showed LMI communities received disproportionate federal funding. This program expands our reach by leveraging private dollars to provide \$35 million in 0% interest loans to these hardest hit areas.

Our LMI Storefront loan program has worked diligently to reach potential borrowers and support them in determining if a loan is the right

solution for their business. To date, we have approved over \$5.5 Million to businesses and over 80% of these are minority-owned small businesses.

The path forward for many of our small businesses is through federal aid. The latest round of stimulus funding can be a real lifeline to our city's small businesses, but we must make sure they get their fair share. We launched the Fair Share NYC campaign to help businesses take full advantage of this opportunity. For many of our businesses this funding will be the difference between surviving through the pandemic and closing their doors for good. Fair Share NYC leverages what we learned in the first round and provides information, 1-on-1 support, and direct connections to lenders when needed, to ensure businesses are not left out. With over \$284 Billion on the table we can't afford to miss this opportunity.

To get the word out on the program we've launched a webpage, created daily webinars, created flyers in 15 languages, and have shared content with over 100 business organizations, BIDS, CBO's and community partners citywide. We've created "Train the Trainer" content that any interested party, advocacy group, or individual can follow and become an outreach ambassador for small business.

Businesses will learn about PPP forgivable loans and the Economic Injury Disaster Loan Advance, known as EIDL “idle”, that gives grants of \$10,000 to microbusiness and businesses in low-income communities. Then we provide direct 1-on-1 support to businesses to understand what product is best suited for them. We then get to work on details and help them review and put together loan documents, calculate loan repayment terms, connect them with our network of 40 lenders – including CDFI’s, banks, credit unions, non-profit lenders and the Small Business Administration (SBA), help prepare SBA loan forgiveness documents, and finally help them understand loan payment deferment options. With these services in up to 15 languages, we are much better positioned to support businesses through this round of funding.

With the new administration in Washington we are also hopeful that this will not be the last opportunity for our businesses. We continue to advocate for more aid to our hardest hit businesses, direct liquidity to our CDFI’s, more funding for deeper outreach, and rule changes that help ensure that no business in need is left behind.

SBS will also remain dynamic and adaptive to the needs of small businesses. We will continue to be innovative and bring more programs like Career Discovery NYC, Mentorship Programs, BeNYC, WeNYC, Fair

Share NYC, and the Open Restaurants and Open Storefronts programs to our businesses. And if and when additional funding becomes available, we will build on what we've learned and continue to find new ways to directly support our small businesses in a way that's fast, easy and equitable.

Thank you for your partnership through this crisis and I look forward to your continued support and feedback as we get to the other side of this pandemic. I am happy to take your questions.

**Testimony of
the New York City Hospitality Alliance
Before the Committee on Small Business
January 22, 2021**

My name is Andrew Rigie, and I am Executive Director of the New York City Hospitality Alliance (“The Alliance”), a not-for-profit association representing restaurant and nightlife establishments throughout the five boroughs. I want to thank Chair Mark Gjonaj, and members of the small business committee for the opportunity to testify regarding the Mayor’s Recovery Agenda.

COVID-19 has decimated our city’s hospitality industry and without aggressive action and support from every level of government we will continue to lose even more beloved small businesses and jobs. Thousands of local restaurants and nightlife establishments have already shuttered and countless more are teetering on the edge of survival. According to a report published by the state’s Comptroller’s office it’s projected that without adequate government support, one-third to half of New York City’s approximately 25,000 eating and drinking establishments will permanently shutter. Pre-pandemic our city’s restaurants and bars employed 325,000 people. After the initial shutdown order in March, jobs plummeted to 91,000 and increased to 193,000 thanks to the Open Restaurants outdoor dining program and limited indoor dining. Unfortunately, due to the cold winter weather making outdoor dining less attractive and the second shut down of indoor dining many of those jobs that came back are being lost again, as the most recent unemployment numbers show.

While the greatest support must be provided by the federal government via enactment of the RESTAURANTS Act, city government must also provide critical support. Thus, we present 17 polices to support eating and drinking establishments during the COVID-19 pandemic and to also correct structural regulatory burdens that existed pre-pandemic:

1. **Sales Tax (COVID-19 Policy):** Convert sales tax collected by restaurants and bars into grants. These small businesses need an immediate injection of cash to help them survive during the government’s COVID-19 restrictions on their operations. Since these monies are on hand, converting (and/or reverting) the sales tax collection into a grant will help small businesses immediately with needed cash flow while they will also stimulate economic activity.
2. **Rent, Property Tax, Commercial Rent Tax, FICA Tax & Liquor Excise Tax (COVID-19 Policy):** Our most recent rent survey found that 88% of restaurant, bar and club respondents could not pay any or full rent in October and only 1 in 10 have renegotiated their leases, which is a troubling pattern reoccurring each month since April. The City should provide: (1) a reduction in property tax payments for these small businesses that pay them as a pass through by their landlords; (2) landlords should be provided tax incentives to forgive back rent and renegotiate new leases; (3) the inequitable Commercial Rent Tax must be eliminated for those businesses subject to the tax; (4) the City and State Finance Departments should permit the FICA Tip Tax Credit to be an allowable subtraction from that business’ taxable income; (5) eliminate the unfair liquor excise tax imposed by the City on all local liquor license holders.

3. **Planning, Coordinating and Notifying (COVID-19 Policy):** The ever-changing COVID-19 restrictions placed on restaurants and bars pose significant challenges and compound the severe uncertainty small business owners already have. Ensure that any changes to city laws, regulations and policies affecting the city's hospitality industry limit burdens to the greatest extent possible, are clearly and effectively communicated to the industry and consistently implemented, while providing as much advanced notice as possible.
4. **PPE, COVID-19 Tests and Vaccines (COVID-19 Policy):** Provide PPE at no charge to restaurants and bars, offer coordinated COVID-19 testing to their employees and conduct additional outreach to businesses to ensure they're aware of its availability, and prioritize that hospitality workers are eligible for the vaccine asap.
5. **Data Ownership:** In today's digital world, data is a valuable asset for businesses to market to their customers and enhance operations. Some third-party companies, such as certain delivery and reservation platforms used by restaurants and bars do not share with these businesses their own customer data or they restrict how it is used. Pass a law providing businesses ownership of their customer data (and related analytics) that is collected by third-party companies.
6. **License Renewals (COVID-19 Policy):** All licenses and permits such as Health Department permits, etc. must be renewed automatically, and licensing fees be waived until eating and drinking establishments may open at 100% indoor occupancy.
7. **Cut the Red Tape and Reduce Fines:** Review all laws and regulations governing restaurants and nightlife establishments to determine which are antiquated, duplicative or inappropriate. We should then amend or repeal the identified mandates to streamline the permit and licensing process and enhance the experience businesses have when interacting with the government, including making the sidewalk licensing process faster, less expensive and simpler. Also, requiring that inspectors educate businesses first, by explaining why a violation exists and how to correct and prevent it. The goal should be to reduce fines, increase education and compliance, and provide a warning or cure period before a fine is levied for any violations that do not pose an imminent hazard to the public.
8. **Coordinated Inspections:** NYC restaurants and nightlife venues receive unannounced inspections by multiple city agencies, sometimes during prime hours like dinner service, which disrupt business operations and the customer experience. It's often reported by small business owners that different inspectors provide different and sometimes contradictory information. To fix these issues, the city should coordinate to the greatest degree possible pre-scheduled, multi-agency inspections to streamline the process, reduce burdens and ensure that accurate and consistent information and requirements are provided.

9. **Commercial Rent Tax & Property Tax:** NYC should begin the process of eliminating the unjust Commercial Rent Tax (CRT), which is effectively a 3.9% surcharge that only businesses located south of 96th Street in Manhattan pay on their annual rent when it exceeds a given threshold. This tax is discriminatory as it only applies to businesses in a certain area of Manhattan with the highest rents, and is calculated on the rent, not income. CRT has already been repealed citywide, except in this one geographic area. Most commercial tenants pay a portion of their landlord's property taxes, in addition to their rent. These taxes pose a significant financial burden on small businesses. Provide small businesses with a tax credit against a portion of the property taxes they pay.
10. **Health Department Letter Grades:** Amend the NYC Department of Health's Letter Grade inspection system by allowing cure periods for minor violations and eliminating points for non-food safety related violations that calculate a letter grade. Also, introduce "due process" into the inspection system so a judge's ruling determines the frequency of inspection, instead of an inspector's accusations, which is how the unfair system currently works.
11. **Scaffolding:** Scaffolding (sidewalk sheds) are essential in protecting people from building construction, etc. However, it is no secret that scaffolding left up for an extended period has a devastating impact on restaurants and bars. The effects range from a significant loss of business, to the reduction of employee hours and layoffs, to a major factor in some businesses closing. Some small business owners even suspect that unscrupulous landlords have kept up scaffolding to drive them out of business to get a higher rent-paying tenant or for them to sell or demolish the building. A law must be passed to require more aesthetically pleasing scaffolding and forbid it from staying up for unnecessarily long periods of time, without significant penalties. Tenants must also have a private right of action to recoup money in appropriate circumstances.
12. **Rent:** Similar to the way cities negotiate deals with real estate developers to provide affordable housing in new developments, deals must also include affordable commercial space for small businesses. Existing developments that seek taxpayer subsidies could also have such requirements as a condition of the benefit.
13. **Community Boards:** Standardize the process to apply for and renew liquor licenses and sidewalk cafe permits across community boards. The expectations of applicants should be clearly defined, and community board specific policies should be provided. Community boards should also identify locations where late-night hours for nightlife establishments are appropriate in their respective districts and provide applicants with constructive guidance, so stakeholders' time is not wasted.
14. **DEP Water Shutdowns:** The NYC Department of Environmental Protection (DEP) must provide businesses with sufficient time, such as 30-day notice (or the longest notice period possible), before scheduled water shutdowns. Restaurants sometimes receive less than 24-hours notice, and sometimes only a few hours notice before a prescheduled, non-emergency water shutdown. Without working water, restaurants and nightlife establishments and workers suffer significant loss of income when their reservations and events are cancelled last minute.

15. **Office of Nightlife:** Increase the budget and staffing of the Office of Nightlife so it can effectively fulfill its mandate, which will allow it to provide greater support to nightlife businesses, residents and other stakeholders. Direct persistent nightlife establishment conflicts to the Office of Nightlife so they can mediate situations, instead of immediately involving the NYPD (or other agencies) for enforcement purposes where non-imminent safety matters occur.
16. **Agent of Change:** This proposal places the responsibility on the party entering the community to take action to mitigate/eliminate potential conflicts that may arise between businesses and residents, such as requiring a new residential developer to pay for the soundproofing of an existing nightclub next door
17. **Dancing:** Now that NYC repealed the Cabaret Law, the City must create a panel of expert stakeholders to conduct a citywide review of the Zoning Resolution, and submit recommendations to the Mayor and City Council, for additional areas.

New York City will not recover if our local government fails to do more for small businesses. These policy proposals will help protect and sustain small businesses and jobs throughout the pandemic and in the longterm recovery. We appreciate the City Council and the Small Business Committee for their time and consideration on this matter.

If you have any questions, I am reachable at arigie@thenycalliance.org

Respectfully submitted,



Andrew Rigie
Executive Director
NYC Hospitality Alliance



TESTIMONY

New York City Council
Committee on Small Business
Oversight Hearing: The Mayor's Recovery Agenda
Friday, January 22nd, 2021

Submitted by:
MJ Okma
Policy and Campaign Strategist
Human Services Council of New York

Introduction:

Good morning Chair Gjonaj, and members of the New York City Council Committee on Small Business. My name is MJ Okma, and I am the Policy and Campaign Strategist at the Human Services Council (HSC), a membership organization representing over 170 human services providers in New York City. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our City's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges.

This year as the COVID-19 pandemic tore through every corner of New York City thrusting City contracted human services workers onto the frontlines of a global health crisis—ensuring high-risk populations such as seniors and disabled New Yorkers had access to food and mental health support, providing childcare for the families of first responders, running drop-in centers and shelters for homeless New Yorkers, supporting our City's youth struggling to keep up with their education without resources to learn remotely, and ensuring New Yorkers have access to the skills, training and education needed to economically respond and recover from this pandemic.

Mayor de Blasio's Recovery Agenda included the core priorities of creating high-quality jobs and continuing to make New York the fairest city in America -- both of which has fallen short due in part to his administration's refusal to work with nonprofit human service organizations on the frontlines and dispositional cuts to social services in a time of growing need.

Before the Mayor's Recovery Agenda was announced in September 2020¹, leaders from across the human services sector were brought together as part of the Mayor's Nonprofit and Social Services Recovery Taskforce². That task force came up with a list of core recommendations (included below) to support essential workers in the sector, protect community services, and amend the procurement process to allow needed flexibility to meet community needs. None of those recommendations were ever implemented.

At the same time the expertise of those organizations out on the frontlines were being ignored, the City cut human services contracts even more and retroactively clawed back indirect funding. To add further insult to injury, the impact of the April FY20 cut to the Indirect Cost Rate (ICR) Initiative was not communicated with providers until a month after the close of the fiscal year, so there was no opportunity to engage with the Administration or the Council leadership on the impact of this cut. And when providers and advocates in the sector did ask, we were told it was just a "rightsizing" of the program, only to be told in August 2020 that indirect funding for FY20 would be cut up to 40%, despite the fact the fiscal year was over, and the money had already been spent. This delay also allowed the City to repeat the same underfunding of the ICR initiative in the Adopted FY21 budget, and it was only then that we were informed this would be a real cut both retroactively in FY20 and for the start of FY21.

In addition to this cut for FY20, which providers found out after the fiscal year was over, the City still has not told nonprofits if they will receive their funding for the current fiscal year. These funds are already budgeted for in providers' FY21 budgets and it is tremendously risky to have human services nonprofits operate in the face of the second wave of COVID-19 with no clear communication of how much they will be paid for their services. Under this broken system, providers must decide what to budget for and what to spend money on now, and if they don't spend that money, they cannot be reimbursed for those costs, meaning providers can be conservative in their spending and potentially lose out on reimbursements for indirect, or spend as they planned and end up with a deficit. This is not how you treat an essential industry.

The refusal to listen to or work with the human services sector and to retroactively cut funding on human services contracts comes at an immense cost. New York City cannot recover from COVID-19 without the human services sector. **The nonprofit human services sector employs over 200,000 workers in New York City and has seen a net-loss of 44,000 jobs since February 2020 with no job rebound in sight**³. This is especially devastating due to the fact the New York City's human services workforce is comprised primarily of women (82%) and people of color (80%) making providers a vital employer in communities of color or who continue to be the hardest hit by COVID-19⁴. This massive net loss of jobs is not only devastating for the over 44,000 workers who lost their jobs but also to the New York City as a whole. **Our City's failure to have a strong and fully funded human services sector undermines the scope and effectiveness of essential services during a time of desperately growing need and sets back our City's journey towards recovery.**

June 2020 Recommendations from the State of the Mayor's Nonprofit

¹ <https://www1.nyc.gov/office-of-the-mayor/news/677-20/mayor-de-blasio-new-york-city-s-recovery-agenda>

² <https://www1.nyc.gov/office-of-the-mayor/news/290-20/mayor-de-blasio-fair-recovery-taskforce>

³ <http://www.centrernyc.org/reports-briefs/2020/10/1/cnycas-covid-19-economic-update>

⁴ <https://humanservicescouncil.org/wp-content/uploads/Initiatives/RestoreOpportunityNow/RONreport.pdf>

and Social Services Recovery Taskforce:

These recommendations were sent to Mayor Bill de Blasio on June 5, 2020 by the following organizations, who were represented in the Nonprofit Social Services Taskforce: Ali Forney Center, Asian American Federation, Bedford Stuyvesant Restoration Corporation, Black Veterans for Social Justice, Bowery Residents' Committee (BRC), BronxWorks, CASES, Casita Maria, Catholic Charities Brooklyn & Queens, Center for Hearing and Communication, Children of Promise, Children's Village/Harlem Dowling, Chinese-American Planning Council, Citymeals on Wheels, Coalition for Hispanic Family Services, Girls for Gender Equity, Good Shepherd Services, Henry Street Settlement, Hispanic Federation, Independence Care System, LGBT Community Center, Los Sures/ Southside United, MinKwon Center for Community Action, NAACP, Northside Center for Child Development, Older Adults Technology Services (OATS), Project Hospitality, RiseBoro Community Partnership, SCO Family of Services/Center for Family Life in Sunset Park Safe Horizon, Services for the UnderServed, Sheltering Arms, Urban Pathways, Urban Resource Institute (URI) and WomanKind.

None of these core recommendations made it into the Mayor's own Recovery Agenda or have been fully implemented since the taskforce stopped meeting in June.

1) Support Essential Workers:

- Commit to paying frontline human services workers emergency pay retroactive to March 23, 2020, when non-essential workers in New York were ordered to stay home. The City's emergency pay plan for residential workers needs to be quickly approved and paid out and essential workers not covered by that program must also receive pay for their work on the frontlines.
- Pay human services workers fairly. City-contracted human services workers are some of the lowest compensated workers in our City's economy. The small COLA that they receive on City contracts is set to expire at the end of FY20 and we must not allow this benefit to be stripped away from these essential workers.
- Work to achieve comprehensive pay parity for human services workers as part of New York COVID-19 recovery to ensure these workers finally earn fair pay for their labor under City contracts.

2) Protect Community Services:

- Ensure the survival of small community-based and person of color led organizations by providing access to the resources they need in order to stay open and serve our communities, and structure human services procurements going forward to be inclusive of small, person of color led institutions.
- Immediately retract the summer program cuts that leave no safe place for our kids: SYEP, Beacon, SONYC, and Compass. Young people of Color fall behind every summer – we anticipate that this will be vastly exacerbated by the inequity of remote learning. The child welfare and juvenile justice systems should not be the outcome for poor Black and Brown children, but we fear that lack of programming and the current civic unrest will make that inevitable. We are leaving our children and youth with no productive activities for the summer, which will lead to devastating consequences.
- Fund programs that address the inequities that have been exposed by COVID-19 pandemic.

- Bring community partners to the table to discuss budget cuts so that essential services are preserved, and necessary cuts are made in ways to minimize the impact on communities and human services providers.
- Pull the Home Delivered Meals RFP, which is already underfunded based on pre-COVID- 19 demands, and work with food-based providers to design a home delivered meals system that utilizes the sector's expertise, infrastructure, and current needs of the community.
- Embrace changes made during COVID-19 that benefit communities, like the expanded use of technology to better serve clients.
- Support providers now with continuing emergency funds to address COVID needs and during reopening with a plan for redesign of program space. Funds are needed to ensure important community spaces can adhere to social distancing requirements, are deep cleaned, and have necessary sanitation supplies.

3) Amend the Procurement Process:

- Back FY21 contracts with robust cash advances that are sent out immediately in July.
- Stop the recoupment of advances and change the policy so that advances are recouped at the end of the contract, not at the end of each year.
- Provide no cost extensions on contracts and allow providers to carry over accruals.
- Pay invoices immediately upon receipt and verify documentation at audit.

Timeline of New York City's Failed Indirect Manual Rollout:

The City's handling of indirect created fiscal chaos for a sector providing critical safety net support for New Yorkers. Cuts to indirect were issued retroactive in FY20, no clarity has been given to providers about how much of their indirect costs will be reimbursed for their services on FY21 contracts, and new RFPs are refusing to cover their approved indirect rates. This is a massive failure that is directly impacting the quality and scope of essential services at a time of growing need. Below is a comprehensive timeline of how we got here.

February 2019: The *Health and Human Services Cost Policies and Procedures Manual*⁵ was released through the Nonprofit Resiliency Committee (NRC). This manual standardizes indirect rate definitions across human services contracts and creates a standard approach for providers to calculate an individualized rate. At the time the manual was published, the City did not increase funding to address the gaps this manual displays in human services contracts or allow for any reductions in services to account for these glaring gaps in funding. The NRC members were asked to "trust" that this was a good faith process and that providers would not be disadvantaged with this manual.

March 2019: Human Services providers strongly advocated for the City to back its implementation of the manual with additional dollars so that providers can apply their real indirect rates as part of New York City's FY20 budget.

April 2019: The New York City Council called for an investment of \$106 million to fund the *Health*

and Human Services Cost Policies and Procedures Manual in their FY20 Preliminary Budget Response⁶. This cost estimation of \$106 million came from an estimation that the manual would increase the indirect rate to an average of 12 percent, up from ten percent.

Mayor Bill de Blasio did not add this funding into the Executive Budget, so providers continued to fight for the manual to be funded as the Mayor and City Council began their final budget negotiations.

June 2019: The Mayor and City Council committed to funding an adjustment to the Indirect Cost Rate (ICR) Funding in the FY20 Budget. No money was set aside for this initiative as part of the FY20 Adopted Budget with the intent that money would be allocated during an upcoming FY20 budget adjustment and providers would get their true indirect rate retroactive to the beginning of FY20 (June 2019).

July 2019: The Office of Management and Budget and Mayor's Office of Contract Services from a City Implementation Team (CIT) to design the implementation and roll-out of the ICR Funding Initiative that was established in the FY20 budget⁷.

October 2019: City-contracted human services providers were briefed on the City's implementation plan and the timeframes for rolling out ICR Funding Initiative⁸. As part of the process, providers were once again told that they would receive their true indirect rate on all City contracts, retroactive to June 2019 and through FY23 if they submitted all their paperwork based on the deadlines in the CIT's implementation plan.

November 2019: The de Blasio Administration added a total of nearly \$54 million in baselined funding to the budgets of 12 city agencies for the ICR Funding Initiative⁹. This was around half of the \$106 million the City Council estimated it would cost in their FY20 Preliminary Budget Response back in April.

December 2019: Mayor Bill de Blasio and Speaker Corey Johnson officially announced that the City has launched the ICR Funding Initiative¹⁰.

April 2020: ICR funding for FY20 was reduced from \$54 million to \$34 million, which was characterized at the time as a "rightsizing" of the funding needed to fulfill FY 2020 contract submissions¹¹. Providers were assured that their FY20 indirect rates would not be impacted because of this cut, despite the City's ICR funding level now being only 32% of \$106 million the City Council estimated it would cost in their FY20 Preliminary Budget Response.

⁶ https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/04/Fiscal-2020-Preliminary-Budget-Response_FINAL.pdf

⁷ <https://www1.nyc.gov/site/nonprofits/funded-providers/indirect-implementation.page>

⁸ <https://www1.nyc.gov/assets/nonprofits/downloads/pdf/Indirect%20Rate%20Initiative%20Follow-Up%2010.18.19.PNG>

⁹ <https://www1.nyc.gov/office-of-the-mayor/news/566-19/mayor-de-blasio-releases-november-financial-plan-for-fiscal-year-2020>

¹⁰ <https://www1.nyc.gov/office-of-the-mayor/news/602-19/mayor-de-blasio-speaker-johnson-city-council-the-launch-the-indirect-funding>

¹¹ <https://www1.nyc.gov/office-of-the-mayor/news/259-20/facing-unprecedented-crisis-mayor-de-blasio-budget-plan-protects-new-yorkers-by>

June 2020: The FY21 Adopted Budget included the reduced ICR funding level of \$34 million for FY21, once again under the guise of a “rightsizing.”¹²

August 2020: City-contracted human services providers were told that the cuts in April were a reduction, not a rightsizing, and that their indirect funding for FY20 would be cut up to 40%, despite the fact the fiscal year was over, and the money had already been spent¹³.

Providers were given no information about what this means for their FY21 contracts, despite ICR funding being underfunded at the same level (\$34 million) in the FY21 Adopted Budget.

Led by Contract Chair Kallos, over 20 council members wrote to the Mayor calling for ICR funding for FY20 to be fully restored¹⁴. Comptroller Stringer and all five borough presidents also called on the Mayor to reverse this damaging retroactive cut¹⁵.

November 2020: The City announced that RFPs will continue to use the manual but have a 10% “placeholder” for indirect, so providers can only include 10% indirect in the RFP and are then supposed to negotiate later. Under the ICR Funding Initiative, all new RFPs should cover the provider’s cost manual rates and no justification was given about this new policy. This effectively reverts the contracting system back to February 2019 when the *Health and Human Services Cost Policies and Procedures Manual* was released with no increased funding to address the gaps this manual displays in human services contracts or allow for any reductions in services to account for these glaring gaps in funding.

It now over six months into FY21 and providers still have not been given any information about how their indirect rates for FY21 will be affected by the reduction of funding in the FY21 Adopted Budget.

Conclusion:

Cuts to human services during a pandemic and the refusal to listen to his own Nonprofit and Social Services Recovery Taskforce deeply harmed the very communities in crisis the de Blasio administration claims to support.

These actions obstructed our City’s recovery in the communities already most impact by COVID-19 due to structural racism, ableism, and income inequality with Black and brown New Yorkers are suffering the deepest harm. In order to support recovery in the communities that need it most, funding for the jobs and services that the human services sector provides must be restored and bolstered. Without immediate action, it will only be more difficult for our City to recover and rebuild.

Thank you Chair Gjonaj, for providing me with this opportunity to testify and holding this important oversight hearing. We value our partnership with the City Council and know you stand

¹² <https://www1.nyc.gov/site/omb/publications/finplan11-20.page>

¹³ https://www1.nyc.gov/assets/nonprofits/downloads/pdf/Aug11_Indirect_Rate_Initiative_Update.pdf

¹⁴ <https://benkallos.com/press-release/letter-demanding-restoration-funding-indirect-costs-non-profits>

¹⁵ <https://comptroller.nyc.gov/newsroom/comptroller-stringer-calls-for-full-funding-of-indirect-cost-rate-initiative-so-non-profits-can-continue-to-deliver-critical-services/>

with us in our call to address this crisis.

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**Testimony for New York City Council Oversight Hearing on
The Mayor's Recovery Agenda**

Submitted to the New York City Council Committee on Small Business

January 22, 2021

Thank you, Chair Mark Gjonaj and the Committee on Small Business, for convening this hearing.

My name is Ahyoung Kim, and I am the Associate Director of Small Business Programs at the Asian American Federation (AAF). AAF's mission is to raise the influence and well-being of the pan-Asian American community through research, policy advocacy, public awareness, and organizational development. We represent a network of nearly 70 member and partner agencies that support our community through their work in health & human services, education, economic development, civic participation, and social justice. Through our Small Business Program, we directly serve nearly 100 Asian-owned small businesses in Flushing and work together with groups that support thousands of Asian small business owners across the city, such as the Korean American Business Council of New York.

In our rapid response efforts in the face of this pandemic, we have facilitated the distribution of over 320,000 masks and hundreds of thermometers to small business owners all over New York City. We also set up an in-language resource web page for policy changes and government assistance programs, and continue to provide direct services for business owners who need marketing and administrative assistance. From July to August this year, we conducted a survey¹ to assess the impact of the pandemic on Asian small business owners across the State, through which we collected over 400 responses.

The majority of our survey respondents answered that their businesses were operating in limited capacity at the time of the survey, and over 31% of them said their business was temporarily closed. Almost all business owners reported a decrease in revenue—55% of them suffering from over 75% loss in revenue.

Asian small business owners have been largely left out of outreach and information dissemination efforts in the time of this pandemic. In our small business survey, over 40% of business owners answered they experienced difficulty in finding information in their language. We are devastated to find the Asian American small business community repeatedly excluded from the economic recovery efforts, due to both lack of meaningful engagement and systematic issues that fail to recognize their urgent needs.

Our biggest concerns for the Mayor's recovery agenda is the use of low-or moderate-income (LMI) ZIP codes in determining subject regions, eligibility, or outreach for assistance programs. ZIP codes provide an arbitrary and unsophisticated standard for economic recovery, as the area reflected in ZIP codes do not reflect the nature of commercial corridors in the region. Manhattan, Chinatown was left out of the LMI

¹ AAF conducted a survey of Asian American small business owners in New York, from July 14 to August 31, 2020. A brief report summarizing the findings from this survey will be published in the near future.

Storefront Loan program by SBS because of this specific reason—ZIP code 10013 was excluded from the program because it includes other regions like SOHO.

Small business owners in Chinatown, however, had not benefited from their proximity to SOHO. In fact, along with other Asian enclaves across the City, Manhattan Chinatown had seen a dramatic decrease in business and foot traffic since as early as January 2020. Similarly, small business owners in Koreatown in Midtown have also seen drastic decrease in revenue but were not eligible to this program.

Moreover, while LMI ZIP codes may reflect the purchasing power of certain neighborhoods, it is not an accurate indicator of business conditions. This standard overlooks the fact that 1) small business owners in non-LMI areas face greater rent and other associated costs, 2) certain business owners like professional service providers in LMI areas are often more equipped to access working capital than small business owners in non-LMI regions, and 3) commercial corridors that cater to specific culture and community draw visitors to the City. Should we allow these immigrant commercial corridors wither away, and the economic recovery will be slower and more difficult.

Recent efforts from SBS, such as designating an Asian liaison among staff, convening stake holder conversations, and increasing in-language outreach efforts have allowed immigrant small business owners to communicate with City Hall faster and with more ease. However, community feedback and open discourse should take place from the planning stage of such assistance programs to better assess needs and ensure a more equitable distribution. AAF and other community-based organizations have repeatedly pointed out that LMI ZIP codes are not adequate standards of eligibility for small business assistance, yet this standard is repeatedly used as eligibility standards or when planning outreach efforts for SBS programs.

Lastly, distribution of resources should also be carefully considered to ensure programs and organizations that directly serve the hard-to-reach community are getting adequate funding. CDFIs that have the capacity to offer culturally appropriate services in-language are left with insufficient funds. While they had to raise the default rate, their cash reserves have dried out, and government assistance is not reaching our community. Other programs, such as the Commercial Lease Assistance programs, provide critical value to small business owners who need legal counsel, but language access for the program stops short at merely informing people of the program. While the City spends money on translation for promoting the program, immigrant small business owners who cannot read or write English are expected to discuss and understand legalese in English.

In light of these challenges our small business owners face, we respectfully recommend the following:

- Replace LMI ZIP code as SBS program development and eligibility criteria with metrics that better reflect community needs, such as census tracts
- Mandate community input and public comment on emergency assistance prior to announcement and launch of such programs
- Empower and fund community-based organizations and community development financial institutions that serve hard-to-reach communities

Thank you.

Brooklyn Legal Services Corporation A Written Testimony – [Name of Hearing] Hearing
January 2021

Thank you for giving our office the opportunity to provide testimony. Brooklyn Legal Services Corporation A (Brooklyn A or BKA) was founded in 1968 with a focus on providing services in low-income neighborhoods where our clients live, developing programs and staff that are part of and responsive those communities, & working to advance social and economic justice in the communities we serve. For over half a century, we have utilized an array of legal and advocacy strategies— transactional legal services for community based organizations and small businesses, community organizing, affirmative civil rights litigation, and eviction and foreclosure defense to defend the rights of individuals and families. Collaboration with the city, state, and federal officials to enforce laws that uphold the rights of our communities and develop legislative solutions is also an integral part of our strategy. Brooklyn A focuses our work on advocacy that preserves affordable housing, protects economic equity and sustains and develops community and economic development. Today as we talk about recovery from the multiple crises facing our city, small business recovery is central to this conversation.

Before going into what our advocates are seeing on the ground working with small businesses pre and during the COVID pandemic, some background on our work. In 2017, Brooklyn A recognized the common and significant hurdles facing commercial tenants to address leasing issues that are foundational to their business, including that there are minimal rights for commercial tenants on a state level, making leases the only form of protection for small business owners. We joined with the United for Small Business NYC (USBnyc) coalition, which is a coalition fighting to protect small businesses from the threat of displacement, to advocate for public funding to adopt a citywide approach to provide support for small business owners through attorneys who could help them understand and exercise their rights and options and during the term of a lease. The City Council and Small Business Services (SBS) also exhibited leadership and vision in creating the Non-Residential Tenant Harassment law, Commercial Lease Assistance Program, and securing funding to implement these initiatives. Brooklyn A has had the honor to serve as the lead organization to implement to the program, in close collaboration with Volunteers of Legal Service (VOLS), and TakeRoot Justice (TakeRoot) and partnership with many CBOs through the city.

Since its inception, the CLA Program has addressed over 1,200 legal matters. The demographics of whom consist of business owners from all five boroughs in every city council district and who are 99% lower-income, 75% individuals of color, 64% immigrants, 51% women, 33% non-native English speakers, 20% sole proprietors, and the majority with five or fewer employees. Legal representation in lease matters levels the playing field. Even before the pandemic, nearly 50% of new businesses did not make it past five years. Through our assistance, we found that the represented businesses were more likely to stay open and see lower rent increases. This program is the only city funded source of free legal assistance for small business owners.

Recently, a fitness business owner came to our program facing hundreds of thousands of dollars in rental arrears from the time of the NY State Pause, and lockdown of all non-essential

businesses, and due to reduced business revenue was unable to afford rent even following re-opening. Fortunately, the landlord wanted to keep our client as a tenant and was willing to work with our client to forgive some arrears and possibly reduce the rent. However, the lease amendment provided by the landlord contained several provisions that could have exposed our client to serious financial risks, including a provision that could have allowed the landlord to terminate the lease at any time with very little notice without returning the security deposit. We are currently helping the client negotiate fairer terms. After our last call with the client discussing issues with the lease amendment, the client thanked us for alerting us to these provisions and said that without legal representation, he would have likely signed whatever agreement the landlord sent. Many small business owners, like our client, do not have access to readily available legal advice or attorneys to advise them, leaving them in vulnerable positions to sign potentially unjust commercial leases.

An Asian restaurant owner reached out to CLA because they were unable to pay their rent due to the pandemic. We were able to negotiate a 50% rent abatement agreement through the end of the year. The client agreed to leave the space, and saved over \$25,000 through the rent abatements. Our client also received their security deposit upon vacation. Having legal representation when communicating with a landlord, or property management company, provides support to small business owners who may otherwise experience intimidation or lack of clarity in asking for what is just and fair. In addition to the devastating loss of their businesses, many business owners endure large amounts of debt from the back payments expected and enforced by their landlords, despite the inability to operate in a pandemic.

While the impact of COVID-19 is unprecedented territory for small business owners, and most communities at large, the small business community has always been vulnerable. In 2020, we saw our city's most marginalized communities suffer, as the Amazons of the world have [broken records in profit and revenue](#). Our city's small businesses not only need consumer support, but legal, government and structural support to compete with larger businesses that have access to a plethora of resources.

Last year the CLA program and the businesses it represents was put in a hard position. The approved FY21 City Council budget cut funding for the Commercial Lease Assistance Program due to the reality that was New York City's government was facing its worst budget crisis since the 1970s. After advocacy by many elected officials, city agencies, small business owners and community-based organizations, Mayor de Blasio restored public support for legal representation on behalf of small business owners fighting to keep their businesses alive. We thank the Administration for this decision. The reversal of the decision to cut funding for the program at this pivotal moment of crisis, despite budgetary constraints, is a testament to the critical need for services for NYC's small businesses as well as to the program's successful track record.

Small business is vital to the city's economy and culture. According the City's [Small Business First](#) report, of the approximately 220,000 businesses located in the City, 98 percent are small (fewer than 100 employees) and 89 percent are very small (fewer than 20 employees). These businesses employ nearly half of the New York City's workforce. Small businesses create

employment and income opportunities for people of color, women, and immigrants who may be overlooked by large corporations or otherwise don't have access to other career paths. Our small businesses not only support the local economy, but our local communities as well. They define the neighborhoods we all live in and love. Legal support for our small business owners keeps their business open, saves them from debt, and creates opportunities for intergenerational wealth for their families and for our communities. It is critical that the city continue to support the Commercial Lease Assistance Program Support that provides essential services to save small businesses which will be crucial for the recovery of NYC.

On Monday, January 11, 2021, the current property owners of the Public Assistants space at 711 Franklin Avenue in Crown Heights, notified us that they are *to begin construction on a new development within 20-50 days, effectively expediting our need for a new HQ location.*

This is alarming, but not unforeseen, as we had assurances from them that our lease would likely run through the end of summer 2021. The terms of our occupancy here have always been at risk of sudden termination due to the systemic prioritization of profit over community. Safe havens for the queer Black and brown young people who make up our community, are both rare and fast disappearing, making our continued existence crucial.

We do not wish to further escalate into conflict, a situation and relationship that have been fraught with uncertainty from the start. We are intent on transitioning from our current space safely, securely, and on a reasonable timeline. While it's not an easy decision to start anew, our roots in Crown Heights transcend the walls of 711 Franklin. We seek a stable, hospitable environment in which to flourish.

How did we get here?

In June 2020, during the massive uprisings in support of Black Lives, the property managers approached us and offered to lease us the space at 711 Franklin Avenue. They made it clear that they were offering us the use of the space in support of our movement work, although we were not naive to the fact that a deal involving real estate is never purely altruistic.

The building had become a burden on the neighborhood, having been left unattended by the developers for several years, with no regard for the surrounding community. The space consisted of an abandoned corner property-- an unheated, unconditioned shell of a building with significant water damage, and an outdoor lot. Through all this, we could see the potential for a beautiful community space for resistance and the cultivation of radical joy.

With support from the community, we accepted the offer, signed a lease and undertook a major renovation to make the spaces habitable, investing sweat equity from volunteers and donated materials. What was once a corner acquired and neglected, has become a

multidisciplinary production and design studio, mutual aid network, and neighborhood resistance hub.

Over the last few months, the management company suddenly reappeared, and began to show the space to possible renters while ignoring us as viable tenants. It's come to light their intent to convert the space into a gourmet supermarket, one of a half dozen similar recent developments already clustered in the area, catering to the new, affluent residents of Crown Heights over long term community members.

DonChristian Jones

Founder and tenant

Public Assistants Inc.

Kathleen Sforza's Testimony
Committee on Small Business
Oversight – The Mayor's Recovery Agenda

When it comes to how they treat small business, NYC will soon be an acronym for Nann Y City!

Why? Overregulation and taxes on small businesses do not encourage entrepreneurship. They discourage it!

Government bureaucracy scares people. Government bureaucracy hits the STOP button every step of the way.

Business owners don't know the rules of the game. Why? Overregulation by government agencies causes rule changes. Business owners can never truly know if they are doing the right thing. I owned Town & Country Gifts, on Staten Island, for 25 years from 1987-2013. I was a business owner who feared every time I got a visit from one of the government agencies. The first thing I thought was, what did I do wrong? It would take a massive amount of education to keep up with the rules and regulations of every city, state, and federal agency. I have family and friends who work in the restaurant business. A visit from the Department of Health can end in an unfair grade. Sanitation is quick to ticket a store owner for improperly disposing of their garbage or not sweeping 18" from the curb.

This pandemic has shown the small business community just what the government thinks of them. DISPOSABLE! Big box stores all open, but small businesses that can control their crowds need to be closed. Where is the logic? Where is the science?

Unfortunately, years of government regulations cause innovative entrepreneurs to throw their hands up in the air and give up! Let's change from Government the Great Discourager to Government the Encourager!

Post-Pandemic Recovery will need to involve cash grants to small businesses to assist with back rent and utility bills. No fining! We need to build this city back!

Thank you for your time and consideration.

Kindest Regards,
Kathleen Sforza
Candidate for City Council, District 50, Staten Island



Asian Americans for Equality

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January 22, 2021

Public Testimony: Asian Americans for Equality

New York City Council - Committee on Small Business

Oversight Hearing: The Mayor's Recovery Agenda

Good afternoon, Chairman Gjonaj and members of the Committee on Small Business. My name is Jennifer Sun, co-executive director of Asian Americans for Equality (AAFE), a community-based organization serving immigrant neighborhoods in New York City for nearly a half century.

My testimony today is informed by AAFE's experience spanning 25 years as a small business advocate and lender. Through our affiliate, Renaissance Economic Development Corporation, we are dedicated to providing access to capital for communities historically excluded from mainstream small business lending programs. Renaissance is a U.S Treasury-backed CDFI and the only CDFI serving the multifaceted Asian American and Pacific Islander community in New York.

Due to xenophobia and racism, small businesses in Chinatown and other Asian-American enclaves began feeling the impact of Covid months before businesses in other parts of the city. In response, AAFE and Renaissance established an Emergency Small Business Relief Loan Fund in March. Applications were accessible in English, Chinese, Korean and Spanish. Raising funds almost exclusively from the private sector, we were able to close more than 150 loans totaling nearly \$3 million, helping many immigrant small businesses survive an economic catastrophe. We also provided \$1.5 million in PPP loans.

In past emergency situations, including 9/11 and Hurricane Sandy, we partnered with government agencies to ensure that small business aid reached low-income and immigrant entrepreneurs. While we anticipated this would be the case again during Covid, AAFE and other neighborhood nonprofits have largely been on our own in serving our devastated business community. We recognize that the scale of this disaster is immense and that the city has too few financial resources at its disposal to rescue small businesses across the five boroughs. But at the same time, we believe there's a lot the Department of Small Business Services could have done to more effectively support our most vulnerable businesses.

There was great disappointment about the omission of the 10013 zip code from SBS's LMI Storefront Loan Program. This decision made it impossible for many businesses in the commercial heart of Chinatown to apply. To Commissioner Doris's credit, SBS has been working to rectify the situation through a community task force, increased community outreach and held discussions about a possible new loan program that could help Chinatown businesses. But these are all potential solutions that only materialized after SBS rolled out its programs for LMI communities in November.

There are lessons to be learned from the administration's Covid response. In the future, we urge SBS to:

--Reach out to grassroots community-based organizations before programs are designed and take their feedback to heart. AAFE and Renaissance have been included in SBS's Interest Rate Reduction Grant Program and have processed 146 applications for our existing small business clients. Months before the program was launched, we provided SBS a list of suggested zip codes to be included, and some were, but others were omitted, and there was no followup from the agency.

--Create a more effective framework for delivering aid to LMI businesses. Rather than simply designating eligible zip codes, consider using census tract data to determine where LMI businesses are located.

--Partner with a broad range of CDFIs serving all of New York's diverse communities of color, rather than relying on a small number of select lenders who lack the language skills and cultural competency to deliver loan programs where they are most needed.

--Finally, and this is a recommendation that should be acted on immediately, convene a capital access roundtable including banks, CDFIs, other community organizations and government officials at all levels to coordinate small business needs during and after the pandemic. Our communities are hurting and many organizations are doing amazing work on the ground. But we could all do far more if we successfully maximize our collective impact.

AAFE and Renaissance are looking forward to extending our partnership with the City Council and city agencies to ensure that immigrant small businesses are once again able to thrive in New York City. Thank you for the opportunity to share our experiences with the Committee on Small Business.

Good morning Chairman Gjonaj, members of the committee. Thank you for inviting me to testify today. My name is Tom Grech and I am the President and CEO of the Queens Chamber of Commerce, the oldest and largest business association in Queens.

When the pandemic first hit, our borough quickly became the epicenter of the epicenter of the virus, with a disproportionately high number of cases and deaths.

The virus also dealt a tremendous blow to our economy, with particularly devastating effects on the small businesses that form the economic backbone of our borough. Across Queens, and all of New York City, many cherished local institutions are gone forever. Others have been forced to dramatically change the way they operate, putting their futures in jeopardy. And, unemployment is at unprecedented levels.

In the midst of this crisis, assistance from all levels of government has been lacking. In many cases, city and state agencies have been downright hostile toward small businesses. This past week, we heard about a well-known Queens restaurant that lost their liquor license when an undercover SLA officer reported a minor infraction.

Unable to make ends meet without revenue from alcohol sales, the restaurant has been forced to shut down their entire operation for an indeterminate amount of time. Staff has been furloughed, customers are devastated, and ownership is struggling to figure out their next move.

If the state spent as much time, money, and resources on helping small businesses as they did on investigating and cracking down on minor violations by restaurants, we would be much better positioned for this recovery. We must prioritize the common good for our small businesses and our communities during these exceptional times, rather than mindlessly enforcing rules and regulations that were established under very different circumstances.

Another area where we would like to see more action is grants for small businesses. To be sure, Chamber members have been grateful for the loans they received through the Small Business Administration's Paycheck Protection Program (PPP) in mid-2020.

The Chamber worked with our congressional delegation to advocate for this money to be replenished after the first wave, and to ensure that there was money set aside for lenders with a track record of working in communities of color, including minority owned financial institutions and community development finance institutions. After the money reached our members, we worked to help these businesses in any way we could.

But we have seen that, for many small businesses, loans are insufficient to address their financial needs. Acquiring more debt during these uncertain times is the last thing any small business owner wants. While loans can serve as a stopgap for a business on the brink of bankruptcy, they are half measures at a time when we need full measures.

The Queens Chamber urges government on all levels to establish more grant programs for our struggling small businesses. We have seen countless businesses saved by grants already during this pandemic, and we plan for many more.

Recently, the Chamber was chosen to distribute over \$2 million to Queens small businesses, thanks to the generosity of New York Mets owner Steve Cohen.

The money will go to businesses in the zip codes hardest-hit by COVID-19, and 30 percent will be set aside for restaurants and street vendors. These grants, which will match up to 20% of a business's 2019 revenue, will prevent countless mom-and-pop stores from shutting down for good, and provide breathing room for so many on the brink. The grants will also come without the burden of more debt in a future that remains uncertain.

Queens has all the assets in place to recover from this crisis. Our borough has a diverse and talented workforce, eight world class colleges and universities, a thriving arts and culture scene and strong transportation infrastructure, including LaGuardia and JFK airports.

But a significant part of this recovery will be acting swiftly so that things don't get worse before they can get better. We look forward to working with city, state and federal officials to ensure our borough, our city, and our nation, recover from this pandemic.

Thank you for your time, and I am happy to answer any questions.



心目華埠

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WRITTEN TESTIMONY TO NYC CITY COUNCIL COMMITTEE ON SMALL BUSINESS

January 19, 2020

SBS's Latest Covid-Relief Program Has Missed the Mark Again for Manhattan's Chinatown

Proposed program amendments from Think!Chinatown

The NYC Low and Moderate Income (LMI) Storefront Loan program has omitted coverage of the historic working-class core of Chinatown. By using zip codes as the sole indicator of geographic eligibility for this program, NYC Department of Small Business Services (SBS) has overlooked struggling LMI neighborhoods that happen to be adjacent to high-income areas. The zip code 10013 includes the historic working-class core of Chinatown along with high-income areas such as Tribeca, SoHo, and NoLiTa. Thus, businesses in zip code 10013 do not qualify for the LMI Storefront Loan program. Businesses on Mott, Elizabeth, Mulberry, Baxter Streets south of Broome, Canal St west of Bowery, the west side of the Bowery, Bayard, Pell, Mosco, and Doyers Streets are left out of this relief program because eligibility is based only on zip codes. Just as SBS's quickly depleted NYC Employee Retention Grant program failed to serve Chinatown, the NYC LMI Storefront Loan program is again leaving Chinatown behind.

A [press release from the Office of the Mayor on Nov. 25](#) announced, "City Launches Small Business Supports for Hard-Hit Low and Moderate Income (LMI) Communities" and identified the urgent needs among minority-owned businesses:

"Now more than ever, Black, Latinx, and Asian businesses are struggling with access to capital. The launch of these programs is a targeted approach to provide relief efforts in communities that need it most," said Jonnel Doris, Commissioner of the NYC Department of Small Business Services.

"Advancing a strong recovery means providing the communities hardest hit by COVID-19 with the resources they need to rebuild," said James Patchett, president, and CEO of New York City Economic Development Corporation. "Our minority-owned businesses were disproportionately impacted by the pandemic and their resurgence is key to the City's long-term success..."

It is devastating to see that a program designed to target support towards minority-owned businesses in LMI areas, hit hard by COVID-19, excludes one of the hardest-hit communities-- Manhattan's Chinatown-- which early on suffered the fallout of xenophobia against Asian Americans, even before the general economic and public health crises hit NYC. Hoping that the exclusion of impacted Chinatown businesses was just an administrative error that could be quickly rectified, Think!Chinatown director Yin Kong met (via video conference) with various SBS staffers to explain the problems with the zip code eligibility criteria, and proposed that SBS include businesses within the area serviced by the Chinatown BID-- a catchment area already recognized under other SBS programs. Think!Chinatown has invested the time to partake in several more meetings with SBS staffers, including two group meetings with the Commissioner as part of the "Chinatown Task Force," contributed to the open letter written by State Assemblymember Niou, contributed to the resolution written by CB3, and spent countless hours discussing this issue with various Chinatown community members and stakeholders. Despite all of our collective efforts, the Chinatown community's plea to be included in the NYC LMI Storefront Loan program; SBS has not found a solution to direct any of the \$35 Million lending capital for interest free loans to Chinatown 10013 or 10038. We do acknowledge the addition of 10013 and 10038 to the "Interest Rate Reduction Grant" program for existing loans through our local CDFI Renaissance. This has alleviated the interest burden of a dozen or so businesses, but has not solved the real issue of bringing in necessary lending capital through our CDFI.

Since the launch of the NYC LMI Storefront Loan program Nov 30, 2020, we have been advocating to **amend the eligibility criteria for the NYC LMI Storefront Loan program to include all storefronts located in census tracts designated as low or moderate income**, so that all deserving businesses and communities get a fair shot to apply. We recognize that this first-come, first-served program of finite funding at this point will not be able to serve our community and **we wish for the City Council to acknowledge this failure in the City's relief program.**

Lack of equal access to relief programs only exacerbates the challenges facing neighborhoods like Chinatown. In our collective goal of moving towards equitable access for immigrant communities and communities of color **we propose focus in these areas:**

1. **Funding for relief programs such as interest free loans should be dispersed by local CDFIs.** Beyond empowering them with capital for loans, our CDFIs should be funded to conduct in-language outreach for relief programs. Our CDFIs are set up to understand community specific needs, both in language capacity and also business practices. These are the entities that need to be empowered to disperse these programs, rather than large financial entities based outside of the City.
2. **Discontinue the use of zip codes as an indicator of need or eligibility criterion in future relief programs.** More nuanced indicators such as census tract data must be used to give all deserving communities a fair shot.

3. **Effective outreach in Chinatown should include these elements:** bilingual printed materials, press conferences geared to Chinese language newspapers, segments on Chinese language radio shows, along with door to door outreach from. It's a lot of work, but for a program to touch down in immigrant neighborhoods to reach the most vulnerable businesses a program is intended to support, a collaborative outreach strategy that includes community partners is essential to overcome language and cultural barriers.
4. **Discontinue the use of the first come first serve approach.** Yes, we understand relief is needed quickly, but in-language outreach takes time. Phases or rounds of applications would result in a more equitable distribution of resources.
5. **Seek and incorporate feedback from the communities that SBS aims to serve in the development phase of the program.** We understand that SBS is moving fast in uncharted territory. That is why, more than ever, we hope SBS will solicit and incorporate guidance from community partners to improve its programs while these programs are still in development, so we can avoid future unintended exclusions.
6. **Require SBS to build a standard operating procedure for working with vulnerable neighborhoods that will continue through administrations to come.** As exclusion for relief programs has been a repeated issue, we need to ensure future administrations will not repeat this exclusionary practices such as defaulting back to using zip codes. We need to move forward with all the input that the Chinatown Task Force has expended the human resource to gather, rather than watch this repeat in the next administration.

SBS has acknowledged zipcodes are not a good indicator of need for relief programs and has verbally agreed to working towards eliminating the use of zipcodes in the future as an indicator of need, but this is not enough. We need to ensure that neighborhoods like ours are better represented in the decision making process in the formation of these relief programs. The current process and points of representation have shown gross failure.

Thank you for your service in this difficult time,
Yin Kong,
Director of Think!Chinatown

Think!Chinatown is a nonprofit organization based in Manhattan's Chinatown working at the intersection of storytelling, the arts, and neighborhood engagement. We believe the process of listening, reflecting & celebrating builds the community cohesion and trust necessary to take on larger neighborhood issues. Our aim is to overcome barriers of community organizing where socio-economic factors, language, and cultural barriers create challenges for immigrant communities' autonomy to make decisions in their own neighborhood. We've built Think!Chinatown to push from within our neighborhood to shape better policies and programs for our communities. Learn more at www.thinkchinatown.org

Testimony on The Mayor's Recovery Agenda
January 25, 2021

Chair Gjonaj and committee members:

My name is Karen Narefsky and I am the senior organizer for equitable economic development at the Association for Neighborhood & Housing Development. ANHD is a nonprofit whose mission is to build community power to win affordable housing and thriving, equitable neighborhoods for all New Yorkers. Our members include more than 80 neighborhood-based community development organizations across New York City.

ANHD is also a member and convener of United for Small Business NYC, a coalition of community organizations across the city fighting to protect small businesses from the threat of displacement, with a focus on owner-operated, minority-run businesses that serve low-income and minority communities.

As you have heard in our past testimony, businesses in these communities were extremely vulnerable even before COVID-19, due to the lack of legal protections for many commercial tenants and the extremely high rents in New York's commercial corridors. **It is critical that the city pursue a coordinated and proactive strategy to address the biggest existing problems and prevent displacement of our smallest businesses.**

Rents are the biggest threat to small businesses and the biggest impediment to their eventual recovery¹. While many businesses have been able to negotiate short-term compromises with their landlords, some have just negotiated waiting periods and will be expected to pay months of back rent. Since last spring, many of the businesses that were forced to close have re-opened, but with limited capacity and a backlog of financial obligations. After nearly a year of closures, many businesses owe tens of thousands of dollars in back rent.

Part of New York City's recovery agenda must be a collaboration with the State government to provide comprehensive rent relief for small businesses and commercial property owners. We support the approach proposed by [Assembly Bill 3190](#), which would provide a partial rent abatement to impacted commercial tenants along with reimbursement for impacted landlords.

At the local level, the city must commit to full and consistent funding of the Commercial Lease Assistance Program, the only program providing full-service legal representation to commercial tenants. After being eliminated from the budget last year and then restored after months of uncertainty, the CLA program is once again zeroed out of this year's preliminary budget. Launched in 2018 as an SBS program, the CLA Program provides free legal representation in connection with commercial leases to underserved, small business owners who otherwise cannot afford counsel. Since the beginning of the COVID-19 crisis, the CLA Program has seen a 10-fold surge in requests for help and has advised over 1000 small

¹ <https://www.nytimes.com/2020/09/22/nyregion/nyc-restaurants-rent.html>

businesses. Letting funding lapse again would be a huge mistake, and would be devastating to the commercial tenants who need this support.

The Department of Small Business Services should also continue to **provide targeted and flexible support to small businesses, especially micro-businesses and those who are ineligible for federal aid.** The applications for these programs should be clear and accessible to businesses who document their income in various ways, the applications themselves should be translated and shared with staff of CBOs, and the funding should be distributed equitably to ensure that all areas of the city, especially those hardest hit by the pandemic, are able to benefit.

Additionally, there is legislation pending in this committee that could help to maintain our independent small business sector, and we encourage the committee to act on it.

Intro 1796-2019 would help to regulate commercial rents and provide a clear and comprehensive framework for commercial tenants and property owners. The communities that are hardest hit by rising rents are the same communities most impacted by COVID: communities of color and communities facing rapid gentrification². We encourage the chair to schedule a hearing for this bill and move it forward before the session is over.

Intro 1466-2019 would convene a regulatory review panel to determine whether cure periods can be implemented for violations that do not pose an immediate safety or health hazard. At a time when small business owners are attempting to comply with new and ever-changing safety regulations to prevent the spread of COVID-19, it is imperative to allow them time to cure violations that are not immediately hazardous. We support this approach and urge the administration and the council to act quickly to reform the inspection and violation process.

After nearly a year of the pandemic, thousands of small businesses across New York City are on the edge of collapse. We need to see bold leadership from the Administration and the Council to ensure that our commercial corridors continue to thrive.

Thank you for the opportunity to submit testimony.

² <https://anhd.org/report/forgotten-tenants-new-york-city-immigrant-small-business-owners>