Committee on Small Business

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###### **THE COUNCIL OF THE CITY OF NEW YORK**

**Committee Report of the Governmental Affairs Division**

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**COMMITTEE ON SMALL BUSINESS**

**Hon. Mark Gjonaj, Chair**

##### September 17, 2021

**INT. NO. 568:** By Council Members Treyger and Ayala

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to reducing civil penalties where food service establishments donate left over food

**INT. NO. 1796:** By Council Members Levin, Gibson, Reynoso, Ayala, Lander, Chin, Van Bramer, Dromm, Kallos, Menchaca, Rivera, Rosenthal, Diaz, Rose, Koslowitz and Ampry-Samuel

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to the regulation of commercial rent

**INT. NO. 2000:** By Council Members Gjonaj, Cumbo, Cornegy Jr., Moya, Louis, Koo, Holden, Brannan and Vallone

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to the equitable distribution of emergency funding by borough

**INT. NO. 2299:** By Council Members Rosenthal, Levin, Gibson, Louis, Cumbo, Menchaca, Dromm, Chin, Ayala, Adams, Brooks-Powers, Rose, Koslowitz, Brannan, Riley, Kallos and The Public Advocate (Mr. Williams)

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to lease agreements concerning storefront premises

1. **INTRODUCTION**

On September 17, 2021, the Committee on Small Business, chaired by Council Member Mark Gjonaj, will hold a legislative hearing on the following pieces of legislation: (1) Introduction Number 568 (Int. 568), in relation to reducing civil penalties where food service establishments donate left over food; (2) Introduction Number 1796 (Int. 1796), in relation to the regulation of commercial rent; (3) Introduction Number 2000 (Int. 2000), in relation to the equitable distribution of emergency funding by borough; and (4) Introduction Number 2299 (Int. 2299), in relation to lease agreements concerning storefront premises. Those invited to testify at the hearing include representatives of the Department of Small Business Services (SBS), advocates, nonprofit organizations and small businesses.

1. **BACKGROUND**
2. **Distribution of Emergency Funding**

In response to the economic devastation caused by the pandemic, City, State, and Federal financial relief programs were developed to distribute money to small business owners in need. Prior to the announcement of the Small Business Administration’s Paycheck Protection Program (PPP), SBS announced the Employee Retention Grant Program and Small Business Continuity Loan Fund to provide immediate financial relief to small businesses during the COVID-19 crisis.[[1]](#footnote-1) To qualify for either program, businesses were required to provide documentation proving that over a two-month period in 2020 their revenues decreased by 25 percent due to COVID-19.[[2]](#footnote-2) Businesses with fewer than five employees were eligible for the Employee Retention Grant Program, which provided a grant covering up to 40 percent of a business's payroll for two months, with a maximum amount of $27,000.[[3]](#footnote-3) On April 3, 2020, SBS stopped accepting applications to the grant program.[[4]](#footnote-4) The Small Business Continuity Loan Fund provided a zero-interest loan to businesses with fewer than 100 employees for up to $75,000.[[5]](#footnote-5) On April 8, 2020, SBS paused application intake for the loan fund due to an overwhelming number of applications.

While the programs were successful in providing money to business owners in need quickly, the disbursement of City funds did not equitably provide relief to businesses across the five boroughs, with Manhattan businesses receiving the majority of funds.[[6]](#footnote-6) On November 27, 2020, SBS submitted a breakdown of the loans and grants issued by Council District (CD), zip code, and industry type to the City Council pursuant to Local Law 94 of 2020.

The results of the report reflect how certain neighborhoods in the City benefitted more from available resources than others. The three CDs that received the most money from the Employee Retention Grant Program were all in Manhattan, while the three CDs that received the least amount of grant money were in the Bronx.[[7]](#footnote-7) Businesses in Council District 11 qualified for more total grant money than businesses in any other Bronx Council District, but CD11 still received the 37th lowest amount of grant money. In addition to being geographically inequitable, SBS’s disbursement of grant money predominantly benefitted professional small businesses. During his press conference on March 8, 2020, Mayor de Blasio described the purpose of the Employee Retention Grant Program of providing money to “our smallest small businesses [with] under five employees, a lot of mom and pop stores, neighborhood-based stores.”[[8]](#footnote-8) However, attorney’s offices, physicians and dentists were the three professional groups that received the most amount of money through the program.

The Small Business Continuity Loan Fund similarly failed to disburse loans equitably across the five boroughs. Seven Council Districts, five of which are in the Bronx, received zero money through the program.[[9]](#footnote-9) The three Council Districts that received the most money from the loan program were the same Districts that received the most money from the grant program as well.[[10]](#footnote-10) It is important to note that certain Council Districts in the City, such as CD 1, were perhaps able to qualify for a high number of grants and loans because they have a greater concentration of businesses than do other neighborhoods in the City. Overall, however, the outer boroughs qualified for less City-funded aid through these programs than did businesses in Manhattan. Small business owners who were not conversant in English may have had difficulty understanding the terms and conditions and how to apply to the programs, without materials available in other languages. SBS took weeks to translate application materials on their website, and even then only translated certain materials, with text on the website translated by browser tools.[[11]](#footnote-11)

Unlike SBS’s grant program, the Small Business Continuity Loan Fund did not primarily benefit more professional and technical businesses. Restaurants, bars and nightclubs, and nail salons were among the business sectors that qualified for the most loans from the program.

*Support for Hard-Hit Low and Moderate Income Communities*

 On November 25, 2020, Mayor de Blasio announced three financial relief programs to benefit small businesses in low-to-moderate (LMI) income neighborhoods.[[12]](#footnote-12) The NYC LMI Storefront Loan, Interest Rate Reduction Grant, and Strategic Impact COVID-19 Commercial District Support Grant will disburse $37 million exclusively to small businesses located in LMI neighborhoods. According to SBS Commissioner Jonnel Doris, “The launch of these programs is a targeted approach to provide relief efforts in communities that need it most.”[[13]](#footnote-13)

SBS partnered with the New York City Economic Development Corporation (NYCEDC) and Pursuit BDC to develop the NYC LMI Storefront Loan, a $35 million loan program. Businesses with at least two and under 100 employees located in LMI neighborhoods are eligible under the program for a zero-interest loan for up to $100,000.[[14]](#footnote-14) To determine which businesses could qualify for the program, SBS used the Department of Housing and Urban Development’s 2020 area median income for the NYC region to determine low-to-moderate income zip codes.[[15]](#footnote-15) On November 30, 2020, applications for the loan program opened exclusively for small businesses located in the lowest income zip codes.[[16]](#footnote-16) The program then expanded to accepting applications from moderate-income neighborhoods on December 15, 2020.[[17]](#footnote-17)

*Advocate Concerns with SBS’s LMI Programs*

 As previously mentioned, to determine which neighborhoods qualify as LMI, SBS used the Department of Housing and Urban Development’s 2020 area median income for the NYC region.[[18]](#footnote-18) This dataset overlooked certain lower-income neighborhoods in the City, however, that are part of the same zip codes as neighborhoods with more affluent residents.[[19]](#footnote-19) The zip code 10013, which includes parts of Chinatown including Mott Street, Pell Street, and Doyers Street, was excluded from the LMI Storefront Loan program, as it includes parts of SoHo and Tribeca, which have higher median incomes.[[20]](#footnote-20) One census tract within zip code 10013-census tract 29-has a median household income of around $27,000, and over 40 percent of families rely on social security.[[21]](#footnote-21) SBS’s use of area median incomes to determine which zip codes qualify as LMI has therefore overlooked income diversity that can exist within a certain zip code.

 The failure of the LMI Storefront Loan program to include certain areas of Chinatown angered Chinatown advocates. According to Yin Kong, director of Think! Chinatown, "My first initial reaction was that I'm sure this is some sort of administrative oversight. They didn't realize that 10013 is also a part of Chinatown."[[22]](#footnote-22) Jan Lee, a member of the Chinatown Core Block Association, commented, “The loan is designed for minority communities and minority businesses. I don't understand how [SBS] can leave out Chinatown because you're using us in your publicity for your office.”[[23]](#footnote-23) Manhattan Borough President Brewer called on SBS to explain why they choose to use zip codes to determine which areas qualify as LMI, and for the agency to include zip code 10013 in the LMI Storefront Loan.[[24]](#footnote-24)

*Future Funding Initiatives*

 On April 23, 2021, Mayor de Blasio announced that over $155 million will be allocated for small business recovery in the City’s Fiscal Year 2022 Executive Budget.[[25]](#footnote-25) The $155 million will fund new and existing small business relief programs. The NYC Small Business Recovery Loan program is a $100 million fund that will provide low-interest loans of up to $100,000 to around 2,000 small businesses.[[26]](#footnote-26) The program will use census tract data to target the communities hardest hit by the pandemic.[[27]](#footnote-27) The $100 million Small Business Grant Program will include $50 million in rental assistance for small businesses in the arts, entertainment, recreation, food services, and accommodation sectors.[[28]](#footnote-28) The program will also provide $50 million in grants to small businesses in low- to moderate income communities, using census tract data. The existing Commercial Lease Assistance program will receive $10.4 million to provide expanded free legal services to help businesses and to expand outreach to small businesses in the 33 hardest hit neighborhoods.[[29]](#footnote-29) As the $155 million is disbursed, the Committee on Small Business will conduct oversight to ensure the provision of loans and grants to ensure all boroughs have equal access.

1. **Donating Leftover Food**

 Food waste is a major environmental polluter. Approximately 40 percent of all food grown in the United States is thrown away before it is consumed,[[30]](#footnote-30) and food constitutes 22 percent of all discarded waste in the United States.[[31]](#footnote-31) Beyond being a waste of all of the water and nutrients that created the food, food waste is a major contributor to climate change. Food waste decomposing in landfills accounts for over 15 percent of U.S. methane gas emissions.[[32]](#footnote-32)

 About 14 million tons of waste are thrown out in New York City every year.[[33]](#footnote-33) During the Bloomberg administration, nearly a third of New York City’s waste came from the food industry.[[34]](#footnote-34) In New York, supermarkets, restaurants, colleges, and hospitals generate over 250,000 tons of wasted food and food scraps every year.[[35]](#footnote-35) If food waste was diverted from landfills, the State could reduce over 120,000 metric tons of carbon dioxide from being released each year.[[36]](#footnote-36)

 Beyond ameliorating the harmful environmental impact caused by food waste, taking action to minimize food waste can help alleviate the hunger crisis experienced by New Yorkers. Before the COVID-19 pandemic more than 2.5 million working-age New Yorkers struggled to make ends meet, and nearly 1.2 million New Yorkers were experiencing food insecurity, including one in five children.[[37]](#footnote-37) The pandemic’s toll has further increased the number of food insecure New Yorkers. Over 1.5 million New Yorkers now experience food insecurity, including one in three City children.[[38]](#footnote-38)

 According to a 2017 report from the Natural Resources Defense Council, around 40 percent of food waste in NYC produced from the industrial, commercial, and institutional sector (ICI) comes from restaurants and caterers, the most of any ICI sector.[[39]](#footnote-39) Nearly 80 percent of this waste in NYC comes from full-service eating establishments.[[40]](#footnote-40)

1. **Commercial Rent Regulation and Landlord-Tenant Issues**

*History*

In May 1985, Mayor Koch and the City Council created the Small Business Retail Study Commission to study the impact of rising rents on businesses, city residents, and neighborhoods.[[41]](#footnote-41) As the report from the Commission was released in 1986 to ameliorate rising rents, legislation related to commercial rent control[[42]](#footnote-42) was introduced in the City Council.[[43]](#footnote-43)

 At the time, there was strong debate between proponents and opponents of commercial rent regulation. Proponents of commercial rent regulation argued that rapidly increasing rents threaten the existence of small businesses, and therefore, the economic vitality of New York City.[[44]](#footnote-44) Large increases in rents can leave business owners in untenable situations, forcing them to close their storefronts and fire their employees. Without regulation of commercial rents, these advocates maintained that storefronts would shutter, and neighborhoods would be deprived of the goods and services and employment opportunities that these small businesses supported.[[45]](#footnote-45) Opponents of commercial rent regulation, meanwhile, argued that government interference in the free market of commercial rents would impact the City’s long term economic growth.[[46]](#footnote-46) High tenant turnover rates and increased tax rates in neighborhoods experiencing economic growth was seen as evidence of a healthy economy and real estate market.[[47]](#footnote-47) At the time, debate between both sides was tense. John J. Powers described these debates in an article in the Fordham Urban Law Journal: “Compounding the issue is the paucity of empirical data to support either position in the debate, which is fueled by strong emotion and self-interest on both sides. In addition, both sides have charged that their adversaries have unfairly or inaccurately presented the nature of available data.”[[48]](#footnote-48)

 Over three decades after the initial debate on commercial rent control, the City Council heard Int. No. 737, in relation to creating a small business lease program for establishing an environment for fair negotiations in the commercial lease renewal process in order to determine reasonable lease terms on March 22, 2018. The hearing on the bill was nearly eight hours and included heated testimony as New Yorkers spoke both for and against the bill’s passage.[[49]](#footnote-49)

 *Rents*

 Before the COVID-19 pandemic, New York City was a difficult place for small businesses to operate. In addition to adhering to the layered regulatory schemes enforced by multiple City agencies, business owners confront challenges including consistently rising rents, competition from chain stores and e-commerce retailers, and various zoning restrictions. Across the City, storied local establishments sometimes closed in the face of skyrocketing costs. For example, Café Angelique in the West Village closed in 2014 when its rent increased by more than 160 percent, from $16,000 to $42,000.[[50]](#footnote-50) In 2016, the Greenwich Village location of Gray’s Papaya closed when its landlord announced plans to increase the rent by more than 66 percent, from $30,000.00 per month to $50,000.00 per month.[[51]](#footnote-51) In certain areas in Brooklyn, commercial rents increased nearly 40 percent between June 2014 and 2015.[[52]](#footnote-52) There is no rent regulation in commercial space in New York, so when a lease expires, there is no limit on the increase a landlord can charge for a lease renewal.[[53]](#footnote-53)

The COVID-19 pandemic has made it even more difficult for small business owners to afford their rents. During the initial stages of the pandemic, when businesses were subject to operational restrictions and New Yorkers stayed home to stop the spread of the virus, consumer spending declined in the City. In late March 2020, consumer spending dropped 44 percent year-over-year, according to Mastercard.[[54]](#footnote-54) According to an August 2020 report by the City Comptroller, small business revenues had dropped 26.4 percent since January.[[55]](#footnote-55)

The drastic drop in consumer spending in the City and resulting loss in revenue for businesses made it difficult for many business owners to continue paying rent. A survey from the Hospitality Alliance in December of 2020 found that 92 percent of the over 400 restaurants surveyed could not afford to pay their full December rent.[[56]](#footnote-56) Around eight percent paid all of their rent, 46 percent paid some rent, and around 45 percent paid no rent at all.[[57]](#footnote-57) Despite the inability for a majority of restaurants to pay their full rents, a majority of landlords, according to the survey, were unwilling to give their restaurant tenants rent abatements. Forty percent of businesses said their landlords reduced rent and 36 percent said their landlords allowed tenants to defer rent.[[58]](#footnote-58) Only fourteen percent of survey respondents were able to renegotiate leases with their landlords and 24 percent are in "good faith" negotiations.[[59]](#footnote-59) The current outlook for many small businesses over the past two years has been dire as they experience massive revenue declines but must continue paying the same fixed costs, such as rent, as pre-COVID times. Camilla Marcus, the owner of the restaurant west~bourne in Soho wrote in an op-ed about her business’s closure, “Restaurants are universally facing a simple and stark equation: our income has been cut by 75%, but most of our operating costs, including our rent, remain the same. And, there's no end of the tunnel in sight.”[[60]](#footnote-60)

Thousands of small businesses have closed in New York due to their inability to continue paying their fixed costs such as rent and the new safety COVID-related equipment they must purchase. According to the City Comptroller report, at least 2,800 small businesses closed permanently between March 1st and July 10th 2020 during the most dire part of the COVID-19 pandemic.[[61]](#footnote-61) The Partnership for New York City predicted in July 2020 that as many as a third of the 230,000 small businesses in NYC might never reopen.[[62]](#footnote-62)

Despite the increase in vacancies across the City however, and the inability of many small businesses to pay rents, landlords are not obligated to alleviate their tenants’ rent-burdens. Landlords with large portfolios of commercial properties that have vacancies may not be able to decrease their rents without it impacting the rest of their portfolio.[[63]](#footnote-63) Given the inability for many commercial tenants to pay their rents, it would seem logical that landlords re-negotiating leases would need to decrease their rents, in accordance with supply and demand.[[64]](#footnote-64) Commercial rents in NYC can be “sticky”, meaning they stay high even when the demand of commercial retail space is low. While many landlords are also suffering financially due to the pandemic, and their tenants’ inability to pay rent, many landlords are blocked by their mortgages and lenders from renting their properties for less money.[[65]](#footnote-65) Mortgages for commercial properties in the City typically set a minimum rent, which complicates the ability for a landlord to lower a tenant’s rent. Cutting the rent could therefore be a form of default on the mortgage.[[66]](#footnote-66) Many mortgages are also securitized, meaning the loans are sold and polled together to form a mortgage security that is traded in capital markets.[[67]](#footnote-67) The ability for landlords to lower rents for tenants is therefore complicated when the mortgage is securitized, as the terms may only be modified by investor consensus.[[68]](#footnote-68) Additionally, accepting lower rent for a property could impact the property value of a retail space. For example, re-negotiating a lease at a 50 percent decrease per month in rent for a property could cause a massive decrease in the official property value of a space.[[69]](#footnote-69) Due to all of these considerations, landlords may wait for demand to return for retail space than commit to a cheap longer-term lease, which would lead to a further increase in retail vacancies across the City.[[70]](#footnote-70)

While these considerations may prevent a landlord for renting space to small businesses at an affordable price, it is important to also highlight that smaller landlords have struggled during the pandemic as well. According to Ari Karkov, a broker who has worked with commercial landlords and tenants. “On the landlord side, you’re talking about potential foreclosure, you’re talking about people defaulting on their loans, not being able to pay their bills.”[[71]](#footnote-71)

1. **LEGISLATIVE ANALYSIS**

**Int. 568**

This bill would require the Department of Sanitation (DSNY) and DCWP to establish a food donation program that would allow owners of food service establishments to receive waivers of their civil penalties for eligible violations if the owner agrees to donate the establishment’s excess food. A “food service establishment” is defined in the bill to mean any premises where food is provided directly to the customer, whether free of charge or sold, and whether consumed on or off the premises, including food provided by a pushcart, stand or vehicle. It would include, but not be limited to, restaurants, cafés, delis, grocery stores, food trucks and cafeterias. Eligible violations would be determined by each department, but would include violations of laws or rules enforced by DSNY that require source separation, the recycling of designated materials or the posting of signage, as well as violations of laws or rules enforced by DCWP that require the display of prices, the accuracy of scanners or the posting of signage. To be able to receive a waiver for civil penalties of an eligible violation, the owner could not have received the same or a substantially similar violation within the six month period prior to the issuance of the eligible violation. To be eligible, the owner would be required to enter into an agreement that is approved by DSNY or DCWP, as applicable, with a not-for-profit to donate the qualifying excess food of the owner’s food service establishment. “Qualifying excess food” would be defined as food that the establishment does not intend to make available, or intends to stop making available, to customers, and meets all quality and labeling standards imposed by laws and rules. The agreement entered into by the owner would be required to be applicable for a period of time that the relevant agency considers satisfactory. At the end of that period, the owner would have to provide a statement from the not-for-profit certifying that the owner provided qualifying excess food per the agreement for the duration of the period, in order to be eligible for the waiver. An owner who participates in the program but is found not to have been in compliance would have their civil penalties reinstated and doubled.

This bill would take effect 180 days after becoming law.

**Int. 1796**

The proposed legislation would establish a system of commercial rent registration and regulation applicable to retail stores of 10,000 square feet or less, manufacturing establishments of 25,000 square feet or less, and professional, services or other offices of 10,000 square feet or less.

This bill would add a section 22-1203 to the Administrative Code, relating to the creation of a Commercial Rent Guidelines Board. In this section, the bill would require the Mayor to appoint a nine-member Commercial Rent Guidelines Board responsible for annually establishing guidelines and the rate of rent adjustments for covered commercial spaces. The chairperson would be a member of the public with at least eight years of experience in finance or economics; two members would represent commercial tenants which are not chain businesses, meaning part of a group of establishments that share a common owner or principal who owns at least 30 percent of each establishment where such establishments (i) engage in the same business or (ii) operate pursuant to franchise agreements with the same franchisor as defined by a certain provision of State law; two members would represent commercial landlords; and the remaining four would be members of the public with at least five years of experience in finance, economics, real property management or community development.

Except for the chairperson, the board members would serve staggered terms of two years. Four members – one member representing tenants, one representing owners and two public members – would serve until January 1, 2023. The other members, excluding the chairperson, would serve until January 1, 2024. After that, all members would serve two-year terms until their successors have been appointed and qualified, except for the chairperson would serve at the discretion of the Mayor.

Members of the board, except for the chairperson, could be removed by the Mayor only for cause after an opportunity to be heard in person or by counsel in the members’ defense, with at least 10 days’ written notice. The chairperson would be the chief administrative officer, with the authority to employ, assign and supervise employees of the board and enter into contracts for consulting services. The administering agency commissioner would be required to assign personnel and perform services for the board as reasonably requested by the chairperson. Members of the board would be compensated per day for no more than 25 days per year at a rate determined by the administering agency commissioner; except that the chairperson would be compensated for more than 50 days per year at a rate determined by the administering agency commissioner.

The board would establish guidelines for commercial rent adjustments. Initially, the adjustments would be required to be made by the July 1 date immediately after the appointment of the last member of the board. Thereafter, the guidelines would be established annually. In determining whether to adjust rents for commercial spaces subject to this bill, the board would be required to consider:

1. The economic condition of the commercial real estate industry in the affected area, including:
	1. Commercial real estate taxes and sewer and water rates;
	2. Gross operating and maintenance costs (including insurance rates, governmental fees, fuel and labor costs);
	3. Costs and availability of financing (including effective rates of interest); and
	4. Overall supply of commercial spaces and overall vacancy rates;
2. Relevant data from the current and projected market values of commercial rentals in the affected area; and
3. Any other relevant data available to the board.

By July 1 each year, the board would have to file its guidelines for the previous calendar year. The guidelines would be required to include a statement of the maximum rent or rates or rent adjustment for commercial spaces subject to this bill authorized for rental agreements commencing on the next October 1 or within 12 months after. The guidelines and statement would be published in the City Record.

Prior to annual adjustments of rents, the board would be required to hold at least two public hearings to collect information on the factors the board would be required to consider as enumerated above. Notice would be published in the City Record daily for eight days prior to the hearing date and in at least one newspaper one or more times in the eight days preceding the hearing date.

Maximum rates of rent adjustment would not be permitted to be adjusted more than once per year. No rate would be permitted to be adjusted in the one-year period by any surcharge, supplementary adjustment or other modification except as provided in the bill.

This bill would add a section 22-1204 to the Administrative Code, relating to allowable commercial rent stabilization provisions. In this section, the bill would prohibit rents from exceeding the limits established by the board. Commercial spaces that become subject to a rental agreement as of the effective date of this bill would charge the initial regulated rent designated by the board, which shall not include any pass-alongs (taxes and utilities charged to tenant as a condition of renting the space). If a claim alleging commercial tenant harassment by the previous tenant is upheld by the court who heard the harassment case, the owner would be liable to pay the previous tenant damages of 10 times the proposed new lease’s monthly rent or $50,000, whichever is greater, in addition to damages and any other available legal remedy. Upon a finding of commercial tenant harassment, the rent could be no higher than the rent that could have been charged the previous tenant, retroactive to the beginning of the new tenancy.

This bill would add a section 22-1205 to the Administrative Code, relating to procedures and enforcement of the bill. In this section, the bill would make owners who charge tenants more rent than is authorized by the board, liable to these tenants for a penalty equal to three times the amount of the overcharge. If the owner could establish the overcharge was not intentional, the penalty would instead be in the amount of the overcharge plus interest accumulated from the initial date of the overcharge. Voluntarily adjusting the rent after being served with notice of a complaint by the tenant would not be considered as evidence that the overcharge was not intentional. For determining an overcharge, the legal rent would be the rent indicated in the annual registration statement served on the tenant six years prior to the most recent registration statement, or the initial registration statement, if more recently filed – plus any subsequent lawful increases and adjustments. The commissioner of the administering agency would be permitted to consider all available rent history reasonably necessary to make a determination. For overcharge complaints filed with 90 days of the initial registration of a commercial space, the legal regulated rent would be the rent charged on the date six years prior to the initial registration date, or if subject to the bill for less than six years, the initial legal regulated rent – plus any lawful increases or adjustments. If such rent charged on the date six years prior cannot be determined, the commissioner would be required to set the rent based on the factors enumerated in the list above.

Complaints could be filed under the bill with the commissioner of the administering agency at any time, but recovery of overcharge penalties would be limited to the six years prior to the complaint. Owners found to have overcharged their tenants could be charged the reasonable attorney’s fees and costs, as well as interest from the initial date of the overcharge at the rate of interest payable on a judgment according to a provision of State law. The commissioner of the administering agency would be required to enforce the provisions of section 22-1205 and issue appropriate rules and regulations under the section.

This bill would add a section 22-1206 to the Administrative Code, relating to rent registration. In this section, the bill would require every commercial space subject to the bill to register with the administering agency within 120 days of the effective date of the bill. The registration form would be required to include: the name and address of the building and the tenant, the number of commercial spaces belonging to the owner in the commercial space’s building or group of buildings; the number of commercial spaces in the building or group of buildings subject to the bill; the rent for the commercial space charged on the date of registration; and the square footage of that commercial space.

This bill would add a section 22-1207 to the Administrative Code, relating to fees; and a section 22-1208 relating to the application for adjustment of initial rent. In section 22-1207, the bill would require that owners of commercial spaces subject to the bill pay a $100 fee each year, for which the City can initiate an action to recover if such fee is unpaid. In section 22-1208, the bill would permit tenants and owners to request an adjustment of the initial regulated rent for their commercial space from the commissioner within 60 days of the effective date of the bill or the start of the first tenancy thereafter, whichever is later. The commissioner could adjust the rent if extraordinary circumstances materially affecting the initial legal regulated rent were found, which resulted in a rent which is substantially different from the rents generally prevailing in the same area for substantially similar commercial spaces.

This bill would take effect six months after becoming law, except that the commissioner of the administering agency could take any measures necessary to implement the bill, including promulgating rules, before such date.

**Int. 2000**

This bill would require that SBS, before disbursing certain emergency loans or grants of $250,000 or more, post on their website an estimate of the number of businesses by borough that would be eligible for the loans or grants, broken down by borough. The estimate could not be limited by the funding available. The posting on SBS’s website would be required to include a description of the methodology used to make the estimate.

The bill would then require City agencies disbursing the emergency loans or grants to do so by borough in proportion to the estimate posted by SBS, or come within five percentage points of that number. Agencies could also satisfy the requirements of this bill, even if emergency loan and grant disbursement is not made in a proportion within five percentage points of SBS’s estimate, if the agency posts on its website and submits to the Speaker of the Council within 30 days of all the funding being disbursed, that a good faith effort was made to comply. The bill would require SBS to post data on the percentage of emergency funding awards disbursed by borough on the same webpage as the estimate.

This bill would take effect 30 days after becoming law.

**Int. 2299**

This bill would establish protections for tenants of storefront premises through a “Storefront Business Bill of Rights.” The bill would require owners to provide tenants with relevant information about the storefront premises to be leased, consisting of a copy of the storefront’s certificate of occupancy; an itemized, written list of the average cost of utilities, insurance, real property tax, commercial rent tax, business improvement district assessments, and other fees for the preceding two years; a description of the kind of business that utilized the premises in the preceding two years, if known; a history of any known legal or regulatory violations pertaining to the storefront premises issued during the preceding 10 years; and any known construction at the storefront premises during the preceding 10 years.

The bill would further require owners and tenants to provide current contact information for the duration of the lease term. The owner would be required to allow the tenant reasonable time to cure lease violations. For any tenancy of more than one year, the bill would require a written lease for storefront premises. In addition, the bill provides for lease renewal procedures and the option to extend the lease in certain cases for up to one year with not more than a ten percent rent increase. For tenancies of one year and more, the bill would allow tenants to extend the terms of their original lease by not more than one year if certain criteria are met, including the tenant having made their rental payments on time without materially breaching the lease. For tenancies of between six months and a year, the requisite extension would be not more than six months; for between three and six months, not more than 60 days, and between one and three months, not more than 30 days.

The bill would permit a court to impose civil penalties and award damages, equitable relief, attorneys’ fees and court costs for failure to comply with these requirements, in a court action which may brought by the tenant. The Commissioner of Small Business Services would oversee administration of the bill’s lease requirements and would also be required to make available online model commercial leases for storefront premises, as well as translations of such leases in other languages.

This bill would take effect 120 days after becoming law, except that the Commissioner of SBS could take such measures as are necessary for the implementation of this local law before such date.

Int. No. 568

By Council Member Treyger

..Title

A Local Law to amend the administrative code of the city of New York, in relation to reducing civil penalties where food service establishments donate left over food

..Body

Be it enacted by the Council as follows:

 Section 1. Chapter 1 of title 16 of the administrative code of the city of New York is amended by adding a new section 16-143 to read as follows:

 § 16-143 Food donations. a. As used in this section, the following terms have the following meanings:

 Eligible violation. The term “eligible violation” means (i) a violation which is set forth in rule by the department as eligible for the food donation program and (ii) a violation issued for a failure to comply with any provision of the code or the rules of the city of New York, which is enforced by the department and requires source separation, the recycling of designated materials or the posting of signage.

 Food service establishment. The term “food service establishment” means a premises or part of a premises where food is provided directly to the consumer whether such food is provided free of charge or sold, and whether consumption occurs on or off of the premises or is provided from a pushcart, stand or vehicle and shall include, but not be limited to, full-service restaurants, fast food restaurants, cafes, delicatessens, coffee shops, grocery stores, vending trucks or carts and cafeterias.

 Not-for-profit corporation. The term “not-for-profit corporation” means a not-for-profit corporation as defined in subparagraph 5 or subparagraph 7 of subdivision a of section 102 of the New York state not-for-profit corporation law.

 Qualifying excess food. The term “qualifying excess food” means food that (i) such food service establishment does not intend to make, or intends to stop making available to its customers and (ii) meets all quality and labeling standards imposed by federal, state and local laws and rules.

 b. Notwithstanding any other provision of law, the commissioner shall establish a food donation program. Such program shall allow an owner of a food service establishment who is issued an eligible violation to have the civil penalties for such violation waived where such owner (i) had not received the same or a substantially similar violation within the six month period prior to the issuance of such eligible violation, (ii) enters into an agreement, approved by the department, with a not-for-profit corporation to donate such establishment’s qualifying excess food for a period to be determined by the department and (iii) provides to the department, at the end of such period, a statement from such not-for-profit corporation certifying that such establishment has donated its qualifying excess food over such period.

 c. An owner who enters into such a regulatory agreement pursuant to subdivision b of this section and is found not to be in compliance with such agreement shall have the original civil penalty reinstated and doubled.

 § 2. Title 20 of the administrative code of the city of New York is amended by adding a new chapter 11 to read as follows:

CHAPTER 11

INCENTIVIZING FOOD DONATIONS

 § 20-937 Incentivizing food donations.

 § 20-937 Incentivizing food donations. a. As used in this chapter, the following terms have the following meanings:

 Eligible violation. The term “eligible violation” means (i) a violation which is set forth in rule by the department as eligible for the food donation program and (ii) a violation which is issued for a failure to comply with any provision of the code or the rules of the city of New York which is enforced by the department and requires the display of prices, the accuracy of scanners or the posting of signage.

 Food service establishment. The term “food service establishment” means a premises or part of a premises where food is provided directly to the consumer whether such food is provided free of charge or sold, and whether consumption occurs on or off of the premises or is provided from a pushcart, stand or vehicle and shall include, but not be limited to, full-service restaurants, fast food restaurants, cafes, delicatessens, coffee shops, grocery stores, vending trucks or carts and cafeterias.

 Not-for-profit corporation. The term “not-for-profit corporation” means a not-for-profit corporation as defined in subparagraph 5 or subparagraph 7 of subdivision a of section 102 of the New York state not-for-profit corporation law.

 Qualifying excess food. The term “qualifying excess food” means food that (i) such food service establishment does not intend to make, or intends to stop making available to its customers and (ii) meets all quality and labeling standards imposed by federal, state and local laws and rules.

 b. Notwithstanding any other provision of law, the commissioner shall establish a food donation program. Such program shall allow an owner of a food service establishment who is issued an eligible violation to have the civil penalties for such violation waived where such owner (i) has not received the same or a substantially similar violation within the six month period prior to the issuance of such eligible violation, (ii) enters into an agreement, approved by the department, with a not-for-profit corporation to donate such establishment’s qualifying excess food for a period to be determined by the department and (iii) provides to the department, at the end of such period, a statement from such not-for-profit corporation certifying that such establishment has donated its qualifying excess food over such period.

 c. An owner who enters into such a regulatory agreement pursuant to subdivision b of this section and is found not to be in compliance with such agreement shall have the original civil penalty reinstated and doubled.

 § 3. This local law takes effect 180 days after it becomes law.

LS 9621/ Int. No. 1526

LS 961

JW/SSY

1/4/18

Int. No. 1796

By Council Members Levin, Gibson, Reynoso, Ayala, Lander, Chin, Van Bramer, Dromm, Kallos, Menchaca, Rivera, Rosenthal, D. Diaz, Rose, Koslowitz, Ampry-Samuel, Brooks-Powers, Cornegy, Barron, Riley, Adams and the Public Advocate (Mr. Williams)

..Title

A Local Law to amend the administrative code of the city of New York, in relation to the regulation of commercial rent

..Body

Be it enacted by the Council as follows:

Section 1. Title 22 of the administrative code of the city of New York is amended by adding a new chapter 12 to read as follows:

CHAPTER 12

COMMERCIAL RENT STABILIZATION

§ 22-1201 Application. This chapter applies to all commercial spaces with a lease or other rental agreement that expires on or after July 1, 2020, whether or not such lease or rental agreement was in effect on such date.

§ 22-1202 Definitions. As used in this chapter, the following terms have the following meanings:

Administering agency. The term “administering agency” means a city agency that the mayor shall designate or establish to implement the provisions of this chapter.

Board. The term “board” means the commercial rent guidelines board established by subdivision a of section 22-1203.

Chain business. The term “chain business” means an establishment that is part of a group of establishments that share a common owner or principal who owns at least 30 percent of each establishment where such establishments (i) engage in the same business or (ii) operate pursuant to franchise agreements with the same franchisor as defined in section 681 of the general business law.

Commercial space. The term “commercial space” means a space used or occupied for non-residential purposes pursuant to a valid commercial lease or other rental agreement. Such term includes only retail stores of 10,000 square feet or less, manufacturing establishments of 25,000 square feet or less, and professional, services or other offices of 10,000 square feet or less.

Commissioner. The term “commissioner” means the head of the administering agency.

Owner. The term “owner” means any owner, lessor, sublessor or other person entitled to receive rent for the use or occupancy of any commercial space, or an agent thereof.

Pass-along. The term “pass-long” means any taxes, sewer, water or utility fee, or operating charges apportioned to a tenant in connection with the use or occupancy of any commercial space.

Rent. The term “rent” means any consideration, including but not limited to pass-alongs, received by the owner in connection with the use or occupancy of any commercial space.

§ 22-1203 Commercial rent guidelines board. a. Composition. There shall be a commercial rent guidelines board consisting of nine members appointed by the mayor as follows:

1. One public member to serve as the chairperson of the board, who has had at least eight years of experience in finance or economics;

2. Two members representing commercial tenants which are not chain businesses;

3. Two members representing commercial landlords; and

4. Four public members, each of whom has had at least five years of experience in finance, economics, real property management or community development.

b. Terms. The members of the board, except the chairperson, shall serve staggered terms of two years. Four members of the board originally appointed, comprising one member representing tenants, one member representing owners and two public members, shall serve until January 1, 2023. The other members of the board originally appointed, excluding the chairperson, shall serve until January 1, 2024. Thereafter, all members shall serve two-year terms on the board until their successors have been appointed and qualified, except the chairperson, who shall serve at the pleasure of the mayor.

c. Removal. The mayor shall fill any vacancy that may occur in the same manner as the original appointment. A member of the board, other than the chairperson, may only be removed by the mayor for cause after an opportunity to be heard in person or by counsel, in the member’s defense, upon at least 10 days’ written notice.

d. Duties of the chairperson. The chairperson shall be the chief administrative officer of the board, and among the chairperson’s powers and duties, the chairperson shall have the authority to employ, assign and supervise the employees of the board and enter into contracts for consultant services. The commissioner shall cooperate with the board and may assign personnel and perform such services in connection with the duties of the board as may reasonably be required by the chairperson.

e. Compensation. The members of the board shall be compensated on a per diem basis for no more than 25 days per year at a rate to be determined by the commissioner, and the chairperson shall be compensated on a per diem basis for no more than 50 days per year at a rate to be determined by the commissioner.

f. Guidelines. The board shall establish initial guidelines for commercial rent adjustments by July 1 next succeeding appointment of the last member of the board. Thereafter, the board shall establish annual guidelines to be filed in accordance with subdivision g of this section. In determining whether to adjust rents for commercial spaces subject to the commercial rent stabilization provisions of this chapter, the board shall consider, among other things:

1. The economic condition of the commercial real estate industry in the affected area, including such factors as:

(a) Commercial real estate taxes and sewer and water rates;

(b) Gross operating and maintenance costs (including insurance rates, governmental fees, fuel and labor costs);

(c) Costs and availability of financing (including effective rates of interest); and

(d) Overall supply of commercial spaces and overall vacancy rates;

2. Relevant data from the current and projected market values of commercial rentals in the affected area; and

3. Any other relevant data available to the board.

g. Annual filing. Not later than July 1 of each year, the board shall file with the city clerk its guidelines for the preceding calendar year, and shall accompany such findings with a statement of the maximum rate or rates of rent adjustment, if any, for all commercial spaces subject to the provisions of this chapter authorized for leases or other rental agreements commencing on the next succeeding October 1 or within 12 months thereafter. Such guidelines and statement shall be published in the City Record.

h. Public hearing. Prior to the annual adjustment of the level of rents provided for under subdivision d of this section, the board shall hold at least two public hearings for the purpose of collecting information relating to all factors set forth in subdivision f of this section, and any other relevant information as may be necessary for establishing the annual adjustment guidelines. The board shall provide notice of the date, time and location and a summary of the subject matter of the public hearings, to be published in the City Record daily for the period beginning eight days prior to the hearing date, and at least once in one or more newspapers of general circulation at least eight days immediately preceding the hearing date.

i. Limitation on rate adjustment. Maximum rates of rent adjustment shall not be established more than once annually for any commercial space subject to the provisions of this chapter. Once established, no such rate shall, within the one-year period, be adjusted by any surcharge, supplementary adjustment or other modification except as provided in section 22-1208.

§ 22-1204 Stabilization provisions. a. Upon renewal of a lease for commercial space, the rent charged for the first year of the new lease shall not exceed the initial legal regulated rent or legal regulated rent adjusted pursuant to section 22-1208 until the end of any lease or other rental agreement in effect on the effective date of the local law that added this chapter until such time as a different legal regulated rent shall be authorized pursuant to guidelines adopted by the board. No owner subject to the provisions of this chapter shall charge or collect any rent that exceeds the initial legal regulated rent or legal regulated rent adjusted pursuant to section 22-1208 until the end of any lease or other rental agreement in effect on the effective date of the local law that added this chapter until such time as a different legal regulated rent has been authorized pursuant to guidelines adopted by the board. For any lease exceeding beyond one year, the rent charged for any subsequent year shall not exceed the legal regulated rent as authorized pursuant to the most recent guidelines adopted by the board. If the rent charged for the first year of the new lease is less than the initial legal regulated rent or the legal regulated rent adjusted pursuant to section 22-1208, the rent charged for any subsequent year shall not exceed the first year rent adjusted by the rate authorized pursuant to the most recent guidelines adopted by the board.

b. The initial regulated rent for a commercial space subject to the provisions of this chapter is the rent charged in the lease or other rental agreement for such commercial space in effect on the effective date of the local law that added this chapter.

c. The initial regulated rent for a commercial space subject to the provisions of this chapter that is not subject to a lease or other rental agreement on the effective date of the local law that added this chapter shall be the rent charged in the first lease or other rental agreement for such commercial space that becomes effective after the effective date of the local law that added this chapter, provided that such rent shall not include any pass-alongs. However, if a claim alleging commercial tenant harassment pursuant to chapter 9 of this title is brought against the owner by the previous tenant as the means by which the vacancy was effected and such previous tenant’s claim is upheld by a court of competent jurisdiction, such owner shall be liable for damages of 10 times the proposed new lease’s monthly rent or $50,000, whichever is greater, to be payable to the previous tenant, in addition to consequential damages and any other remedy available at law or equity.

d. Upon a finding of commercial tenant harassment pursuant to chapter 9 of this title, the rent for the new tenant shall be no higher than the rent that could have been charged to the previous tenant pursuant to subdivision a of this section, retroactive to the beginning of the new tenancy. All other terms and conditions of the lease shall conform to the provisions of subdivision a of this section.

§ 22-1205 Enforcement and procedures. a. Subject to the conditions and limitations of this section, any owner who, upon the complaint of a tenant, is found by the commissioner, after a reasonable opportunity to be heard, to have collected an overcharge above the rent authorized for a commercial space subject to the provisions of this chapter, is liable to such tenant for a penalty equal to three times the amount of such overcharge. If the owner establishes, by a preponderance of the evidence, that the overcharge was not intentional, the penalty shall be the amount of the overcharge plus interest assessed from the initial date of the overcharge. After a complaint of rent overcharge has been filed and served on an owner, the voluntary adjustment of the rent and/or the voluntary tender of a refund of rent overcharges shall not be considered by the commissioner as evidence that the overcharge was not willful.

b. The legal regulated rent for purposes of determining an overcharge is the rent indicated in the annual registration statement filed and served upon the tenant six years prior to the most recent registration statement, or, if more recently filed, the initial registration statement, plus in each case any subsequent lawful increases and adjustments. The commissioner, in investigating complaints of overcharge and in determining legal regulated rent, shall consider all available rent history which is reasonably necessary to make such determinations. As to complaints filed within 90 days of the initial registration of a commercial space, the legal regulated rent is deemed to be the rent charged on the date six years prior to the date of the initial registration of the commercial space or, if the commercial space was subject to this chapter for less than six years, the initial legal regulated rent, plus in each case, any lawful increases and adjustments. Where the rent charged on the date six years prior to the date of the initial registration of the commercial space cannot be established, such rent shall be established by the commissioner based on, among other things, the factors set forth in paragraph one of subdivision f of section 22-1203.

c. Complaints under this section may be filed with the commissioner at any time, however any recovery of overcharge penalties shall be limited to the six years preceding the complaint.

d. An owner found to have overcharged a tenant may be assessed the reasonable costs and attorney’s fees of the proceeding and interest from the initial date of the overcharge at the rate of interest payable on a judgment pursuant to section 5004 of the civil practice laws and rules.

e. A tenant may, upon the expiration of the period in which the owner may institute a proceeding pursuant to article 78 of the civil practice law and rules, file and enforce an order of the commissioner awarding penalties in the same manner as a judgment.

f. The commissioner shall enforce the provisions of this section and is authorized to issue rules and regulations pursuant to this section.

§ 22-1206 Rent registration. a. Each owner of a commercial space subject to the provisions of this chapter shall register such space with the administering agency within 120 days of the effective date of the local law that added this chapter using forms prescribed by the commissioner. The information to be provided on such forms shall include the following:

1. The name and address of the building or group of buildings or development in which such commercial space is located and the tenant thereof;

2. The number of commercial spaces belonging to such owner in the building or group of buildings or development in which such commercial space is located;

3. The number of commercial spaces in such building or group of buildings or development subject to the provisions of this chapter;

4. The rent for the commercial space charged on the registration date; and

5. The square footage of each commercial space named pursuant to paragraph 1 of this subdivision.

§ 22-1207 Fees. a. The department of finance shall collect from the owner of each commercial space registered pursuant to section 22-1206 an annual fee in the amount of $100 per year for each commercial space subject to this law, in order to defray costs incurred in administering this law.

b. Failure to pay the fee imposed by subdivision a of this section constitutes a charge due to the city. All such fees due to the city constitute a debt recoverable from the owner and the city may commence an action or proceeding, file a lien upon the building or take any other lawful action for the recovery of such fees.

§ 22-1208 Application for adjustment of initial rent. Notwithstanding any other provision of this chapter, a tenant or owner may, within 60 days of the effective date of the local law that added this chapter or the commencement of the first tenancy thereafter, whichever is later, file with the commissioner an application for adjustment of the initial legal regulated rent for such commercial space. The commissioner may adjust such initial legal regulated rent upon a finding that the presence of extraordinary circumstances materially affecting the initial legal regulated rent has resulted in a rent which is substantially different from the rents generally prevailing in the same area for substantially similar commercial spaces.

 § 2. This local law takes effect six months after it becomes law, except that the administering agency, as defined in section 22-1203 of the administrative code of the city of New York as added by section one of this local law, shall take such measures as are necessary for the implementation of this local law, including the promulgation of rules, before such date.

AS/LCB

LS # 7440

10/24/19

Int. No. 2000

By Council Members Gjonaj, Cumbo, Cornegy, Moya, Louis, Koo, Holden, Brannan, Vallone and Yeger

..Title

A Local Law to amend the administrative code of the city of New York, in relation to the equitable distribution of emergency funding by borough

..Body

Be it enacted by the Council as follows:

Section 1. Chapter 10 of title 22 of the administrative code of the city of New York is amended by adding a new section 22-1006 to read as follows:

§ 22-1006 Equitable disbursement of emergency funding a. Definitions. For the purposes of this section, the term “emergency funding” means a loan or grant program funded at 250,000 dollars or more in total that is created or administered by an agency in response to an emergency declared by the mayor or governor, over which an agency has control of eligibility standards, which partially or fully funds the operating expenses of businesses.

b. Before disbursement of emergency funding, the department shall post on its website an estimate of the number of businesses in the city, broken down by borough, that would be eligible for such emergency funding. Such estimate shall not be limited by the total amount of emergency funding being made available. Such posted information shall be accompanied by a description of the methodology used to make such estimate.

c. The administering agency shall disburse emergency funding to businesses in each borough in proportion to the number of businesses eligible in such borough, as estimated in accordance with subdivision b of this section. The agency shall be deemed to be in compliance with the requirements of this subdivision if, when all such emergency funding is disbursed: 1. the percentage of emergency funding awards disbursed to businesses per borough is within five percentage points of the number of businesses eligible per borough posted in accordance with subdivision b of this section; or 2. the agency can demonstrate, in a report posted on its website and submitted to the speaker of the council within 30 days of all the emergency funding being disbursed, that a good faith effort was made to meet such standard. The department shall post data on the percentage of emergency funding awards disbursed to businesses per borough on the same webpage as the information posted in accordance with subdivision b of this section.

§ 2. This local law takes effect 30 days after becoming law.

SJ

LS #14963

7/2/20 4:50 PM

Int. No. 2299

By Council Members Rosenthal, Levin, Gibson, Louis, Cumbo, Menchaca, Dromm, Chin, Ayala, Adams, Brooks-Powers, Rose, Koslowitz, Brannan, Riley, Kallos, Dinowitz and the Public Advocate (Mr. Williams) (by request of the Manhattan Borough President)

..Title

A Local Law to amend the administrative code of the city of New York, in relation to lease agreements concerning storefront premises

..Body

Be it enacted by the Council as follows:

Section 1. This local law shall be known and may be cited as the “Storefront Business Bill of Rights”.

§ 2. Chapter 10 of title 22 of the administrative code of the city of New York is amended by adding a new section 22-1007 to read as follows:

§ 22-1007 Lease requirements for storefront premises.

a. Definitions. As used in this section, the following terms have the following meanings:

Best efforts. The term “best efforts” means reasonable efforts.

Ground floor. The term “ground floor” means the ground floor of a building, directly accessible to the public from the street or from the interior of a building.

Ground floor commercial premises. The term “ground floor commercial premises” means any ground floor premises that is occupied or used, or could be occupied or used, for the purpose of offering or selling goods at retail.

Owner. The term “owner” means an owner, lessor, sublessor, assignee or other person receiving or entitled to receive rent for the use or occupancy of storefront premises or an agent of an owner, lessor, sublessor, assignee or other person receiving or entitled to receive rent for the use or occupancy of storefront premises.

Rent. The term “rent” means any and all consideration received by an owner in connection with the use or occupancy of storefront premises.

Second floor. The term “second floor” means the second floor of a building, visible from the street, and accessible to the public directly from the street or from the interior of a building.

Second floor commercial premises. The term “second floor commercial premises” means any second floor premises that is occupied or used, or could be occupied or used, for the purpose of offering of selling goods at retail.

Storefront premises. The term “storefront premises” means any ground floor commercial premises or second floor commercial premises in the city of New York.

b. Information required to be provided. An owner may not accept an initial rent payment for storefront premises from a tenant unless the owner provides the tenant with the following information:

1. A copy of the certificate of occupancy that covers the storefront premises;

2. An itemized list in writing of the average cost of utilities, insurance, real property taxes, commercial rent taxes, business improvement district assessments, and any other fees or assessments associated with the storefront premises for the preceding 2 years, and a description of the kind of business for which the storefront premises was used during such two-year period, to the extent such information is available to the owner;

3. An itemized list in writing of the reasonably expected average cost of utilities, insurance, real property taxes, commercial rent taxes, business improvement district assessments, and any other fees or assessments associated with the storefront premises for the two-year period following the date on which the tenant is expected to begin occupancy of the storefront premises; and

4. A detailed written history of any known legal or regulatory violations pertaining to the storefront premises issued during the preceding 10 years and any known construction pertaining to the storefront premises during the preceding 10 years, including, but not limited to, any information available on the city open data web portal regarding such violations or construction.

c. Requirement to update contact information. In any case in which an owner leases a storefront premises to a tenant, during the duration of the term of the lease the owner and tenant shall provide one another with current contact information, including address, telephone number and e-mail address, and provide one another with timely notice of updates to such information, if applicable.

d. Time to cure violations. In any case in which an owner leases a storefront premises to a tenant, during the duration of the term of the lease the owner shall provide the tenant with reasonable time to cure lease violations within all applicable requirements under city and state law.

e. Written lease required. No owner may lease storefront premises to a tenant for a term of more than 1 year unless the lease is in writing and includes, but is not limited to, provisions setting forth the following requirements:

1. If the owner and tenant have not come to an agreement regarding a lease renewal by 120 days before the expiration date of the lease, the owner shall provide the tenant with either a lease renewal offer or notification of an intent not to offer a lease renewal. The tenant is not required to notify the owner of an intention with respect to a lease renewal before receiving such offer or notification, nor in any case is the tenant required to notify the owner of an intention with respect to a lease renewal earlier than 120 days before the expiration date of the lease;

2. Within 30 days of receipt by the tenant of a lease renewal offer from the owner no earlier than 150 days before the expiration of the original lease, the tenant shall respond to the owner with an acceptance, counteroffer or rejection;

3. All notifications and responses in the lease renewal negotiation process shall be made in writing by mail, e-mail or text message;

4. Within 30 days of the tenant receiving, no earlier than 150 days before the expiration of the original lease, notification from the owner of an intent not to offer a lease renewal, the tenant shall either:

(a) make an offer for lease renewal to the owner; or

(b) notify the owner that the tenant will not make such an offer and will either (i) vacate the premises in accordance with the existing lease provisions or (ii) exercise an option to extend the lease by a period of time as described in paragraph 6 of this subdivision, if such option is available to the tenant pursuant to the provisions of such paragraph 6;

5. If the tenant makes an offer for lease renewal as described in subparagraph (a) of paragraph 4 of this subdivision or counteroffer as described in paragraph 2 of this subdivision, the owner shall either accept the offer or counteroffer or make best efforts to agree on lease renewal terms, and the tenant shall also make best efforts to agree on lease renewal terms;

6. If, by 30 days before the original date of the expiration of the lease, the owner and tenant have not come to agreement on lease renewal terms, the tenant has a one-time option to extend the original lease then in effect by not more than 1 year, so long as (i) the tenant has made timely rental payments to the owner, (ii) the tenant has not materially breached the lease, (iii) the tenant has not previously notified the owner that the tenant will vacate the storefront premises at the expiration of the original lease, (iv) the tenant notifies the landlord of the intent to extend the original lease by not later than 20 days before the expiration of the original lease, and (v) the owner has not previously notified the tenant that the owner has obtained another tenant to lease the storefront premises after such expiration of the original lease, in which case the existing tenant may extend the lease for a period of up to 90 days, subject to all other requirements described in this paragraph; and

7. The monthly rent increase for the period of a lease extension option pursuant to paragraph 6 of this subdivision shall be:

(a) 10 percent of the average monthly rent payment owed by the tenant for the last year of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal earlier than 120 days before the expiration date of the lease;

(b) 9 percent of the average monthly rent payment owed by the tenant for the last year of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 120 days and 91 days, inclusive, before the expiration date of the lease;

(c) 8 percent of the average monthly rent payment owed by the tenant for the last year of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 90 days and 61 days, inclusive, before the expiration date of the lease; and

(d) 7 percent of the average monthly rent payment owed by the tenant for the last year of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 60 days and 31 days, inclusive, before the expiration date of the lease or if no offer of lease renewal or notification of intent not to offer a lease renewal has been provided by the owner.

f. Lease renewal for leases between 6 months and 1 year. In any case in which an owner leases a storefront premises to a tenant for a term between 6 months and 1 year, inclusive, the following procedures regarding lease renewal shall apply:

1. If the owner and tenant have not come to an agreement regarding a lease renewal by 120 days before the expiration date of the lease, the owner shall provide the tenant with either a lease renewal offer or notification of an intent not to offer a lease renewal. The tenant is not required to notify the owner of an intention with respect to a lease renewal before receiving such offer or notification, nor in any case is the tenant required to notify the owner of an intention with respect to a lease renewal earlier than 120 days before the expiration date of the lease;

2. Within 30 days of receipt by the tenant of a lease renewal offer from the owner no earlier than 150 days before the expiration of the original lease, the tenant shall respond to the owner with an acceptance, counteroffer or rejection;

3. All notifications and responses in the lease renewal negotiation process shall be made in writing by mail, e-mail or text message;

4. Within 30 days of the tenant receiving, no earlier than 150 days before the expiration of the original lease, notification from the owner of an intent not to offer a lease renewal, the tenant shall either:

(a) make an offer for lease renewal to the owner; or

(b) notify the owner that the tenant will not make such an offer and (i) will vacate the premises in accordance with the existing lease provisions, or (ii) will exercise an option to extend the lease if a lease provides such an option and the tenant meets the requirements under the lease to exercise such option; and

5. If the tenant makes an offer for lease renewal as described in subparagraph (a) of paragraph 4 of this subdivision or counteroffer as described in paragraph 2 of this subdivision, the owner shall either accept the offer or counteroffer or make best efforts to agree on lease renewal terms, and the tenant shall also make best efforts to agree on lease renewal terms.

g. Extension option for written leases between 6 months and 1 year. 1. In any case in which an owner provides a written lease for a storefront premises to a tenant for a term between 6 months and 1 year, inclusive, such lease shall provide that if, by 30 days before the original date of the expiration of the lease, the owner and tenant have not come to agreement on lease renewal terms, the tenant has a one-time option to extend the original lease then in effect by not more than 6 months, so long as (i) the tenant has made timely rental payments to the owner, (ii) the tenant has not materially breached the lease, (iii) the tenant has not previously notified the owner that the tenant will vacate the storefront premises at the expiration of the original lease, (iv) the tenant notifies the landlord of the intent to extend the original lease by not later than 20 days before the expiration of the original lease, and (v) the owner has not previously notified the tenant that the owner has obtained another tenant to lease the storefront premises after such expiration of the original lease, in which case the existing tenant may extend the lease for a period of up to 90 days, subject to all other requirements described in this paragraph.

2. The monthly rent increase for the period of a lease extension option pursuant to paragraph 1 of this subdivision shall be:

(a) 10 percent of the average monthly rent payment owed by the tenant for the last six months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal earlier than 120 days before the expiration date of the lease;

(b) 9 percent of the average monthly rent payment owed by the tenant for the last six months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 120 days and 91 days, inclusive, before the expiration date of the lease;

(c) 8 percent of the average monthly rent payment owed by the tenant for the last six months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 90 days and 61 days, inclusive, before the expiration date of the lease; and

(d) 7 percent of the average monthly rent payment owed by the tenant for the last six months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 60 days and 31 days, inclusive, before the expiration date of the lease or if no offer of lease renewal or notification of intent not to offer a lease renewal has been provided by the owner.

h. Lease renewal for leases between 3 and 6 months. In any case in which an owner leases a storefront premises to a tenant for a term of at least 3 months but less than 6 months, the following procedures regarding lease renewal shall apply:

1. If the owner and tenant have not come to an agreement regarding a lease renewal by 60 days before the expiration date of the lease, the owner shall provide the tenant with either a lease renewal offer or notification of an intent not to offer a lease renewal. The tenant is not required to notify the owner of an intention with respect to a lease renewal before receiving such offer or notification, nor in any case is the tenant required to notify the owner of an intention with respect to a lease renewal earlier than 60 days before the expiration date of the lease;

2. Within 15 days of receipt by the tenant of a lease renewal offer from the owner no earlier than 75 days before the expiration of the original lease, the tenant shall respond to the owner with an acceptance, counteroffer or rejection;

3. All notifications and responses in the lease renewal negotiation process shall be made in writing by mail, e-mail or text message;

4. Within 15 days of the tenant receiving, no earlier than 75 days before the expiration of the original lease, notification from the owner of an intent not to offer a lease renewal, the tenant shall either:

(a) make an offer for lease renewal to the owner; or

(b) notify the owner that the tenant will not make such an offer and (i) will vacate the premises in accordance with the existing lease provisions, or (ii) will exercise an option to extend the lease if the lease provides such an option and the tenant meets the requirements under the lease to exercise such option; and

5. If the tenant makes an offer for lease renewal as described in subparagraph (a) of paragraph 4 of this subdivision or counteroffer as described in paragraph 2 of this subdivision, the owner shall either accept the offer or counteroffer or make best efforts to agree on lease renewal terms, and the tenant shall also make best efforts to agree on lease renewal terms.

i. Extension option for written leases between 3 and 6 months. 1. In any case in which an owner provides a written lease for a storefront premises to a tenant for a term of at least 3 months but less than 6 months, such lease shall provide that if, by 30 days before the original date of the expiration of the lease, the owner and tenant have not come to agreement on lease renewal terms, the tenant has a one-time option to extend the original lease then in effect by not more than 60 days, so long as (i) the tenant has made timely rental payments to the owner, (ii) the tenant has not materially breached the lease, (iii) the tenant has not previously notified the owner that the tenant will vacate the storefront premises at the expiration of the original lease, and (iv) the tenant notifies the landlord of the intent to extend the original lease by not later than 20 days before the expiration of the original lease; and

2. The monthly rent increase for the period of a lease extension option pursuant to paragraph 1 of this subdivision shall be:

(a) 10 percent of the average monthly rent payment owed by the tenant for the last 3 months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal earlier than 60 days before the expiration date of the lease;

(b) 9 percent of the average monthly rent payment owed by the tenant for the last 3 months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 60 days and 51 days, inclusive, before the expiration date of the lease;

(c) 8 percent of the average monthly rent payment owed by the tenant for the last 3 months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 50 days and 41 days, inclusive, before the expiration date of the lease; and

(d) 7 percent of the average monthly rent payment owed by the tenant for the last 3 months of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 40 days and 31 days, inclusive, before the expiration date of the lease or if no offer of lease renewal or notification of intent not to offer a lease renewal has been provided by the owner.

j. Lease renewal for leases between 1 and 3 months. In any case in which an owner leases a storefront premises to a tenant for a term of more than 1 month but less than 3 months, the following procedures regarding lease renewal shall apply:

1. If the owner and tenant have not come to an agreement regarding a lease renewal by 20 days before the expiration date of the lease, the owner shall provide the tenant with either a lease renewal offer or notification of an intent not to offer a lease renewal. The tenant is not required to notify the owner of an intention with respect to a lease renewal before receiving such offer or notification, nor in any case is the tenant required to notify the owner of an intention with respect to a lease renewal earlier than 20 days before the expiration date of the lease;

2. Within 5 days of receipt by the tenant of a lease renewal offer from the owner no earlier than 25 days before the expiration of the original lease, the tenant shall respond to the owner with an acceptance, counteroffer or rejection;

3. All notifications and responses in the lease renewal negotiation process shall be made in writing by mail, e-mail or text message;

4. Within 5 days of the tenant receiving, no earlier than 25 days before the expiration of the original lease, notification from the owner of an intent not to offer a lease renewal, the tenant shall either:

(a) make an offer for lease renewal to the owner; or

(b) notify the owner that the tenant will not make such an offer and (i) will vacate the premises in accordance with the existing lease provisions, or (ii) will exercise an option to extend the lease if the lease provides such an option and the tenant meets the requirements under the lease to exercise such option; and

5. If the tenant makes an offer for lease renewal as described in subparagraph (a) of paragraph 4 of this subdivision or counteroffer as described in paragraph 2 of this subdivision, the owner shall either accept the offer or counteroffer or make best efforts to agree on lease renewal terms, and the tenant shall also make best efforts to agree on lease renewal terms.

k. Extension option for written leases between 1 and 3 months. 1. In any case in which an owner provides a written lease for a storefront premises to a tenant for a term of more than 1 month but less than 3 months, such lease shall provide that if, by 10 days before the original date of the expiration of the lease, the owner and tenant have not come to agreement on lease renewal terms, the tenant has a one-time option to extend the original lease then in effect by not more than 30 days, so long as (i) the tenant has made timely rental payments to the owner, (ii) the tenant has not materially breached the lease, (iii) the tenant has not previously notified the owner that the tenant will vacate the storefront premises at the expiration of the original lease, (iv) the tenant notifies the landlord of the intent to extend the original lease by not later than 10 days before the expiration of the original lease; and

2. The monthly rent increase for the period of a lease extension option pursuant to paragraph 1 of this subdivision shall be:

(a) 10 percent of the monthly rent payment owed by the tenant for the last month of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal earlier than 20 days before the expiration date of the lease;

(b) 9 percent of the monthly rent payment owed by the tenant for the last month of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 20 days and 17 days, inclusive, before the expiration date of the lease;

(c) 8 percent of the monthly rent payment owed by the tenant for the last month of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 16 days and 14 days, inclusive, before the expiration date of the lease; and

(d) 7 percent of the monthly rent payment owed by the tenant for the last month of the lease, if the owner has provided the tenant with a lease renewal offer or notification of intent not to offer a lease renewal between 13 days and 11 days, inclusive, before the expiration date of the lease or if no offer of lease renewal or notification of intent not to offer a lease renewal has been provided by the owner.

l. Right of action.1. A tenant may bring an action in any court of competent jurisdiction for a claim of noncompliance with the provisions of this section. If a court of competent jurisdiction finds that an owner has failed to comply with this section in relation to a tenant, the court:

(a) May impose a civil penalty in an amount not to exceed 3 percent of the assessed value of the property in which the storefront premises is located, as such assessed value is determined for the current fiscal year in accordance with section 1506 of the charter;

(b) May issue an order directing the owner to ensure that no further violation occurs; and

(c) May award such other relief as the court deems appropriate, including but not limited to, injunctive relief, equitable relief, compensatory or punitive damages and reasonable attorneys’ fees and court costs.

2. This subdivision does not limit or abrogate any claim or cause of action a person has under common law or by statute. The provisions of this subdivision are in addition to any such common law and statutory remedies.

3. No provision in this section shall be construed as creating any private right of action on the part of any person or entity against the city or any agency, official or employee thereof.

m. Applicability. This section shall apply with respect to any lease entered into after the effective date of the local law that added this section.

n. Administration. The commissioner shall administer the provisions of this section and shall consult with other agencies as appropriate in administering such provisions.

§ 3. Subdivision a of section 22-1002 of the administrative code of the city of New York, as amended by local law number 155 for the year 2019, is amended to read as follows:

  a. The commissioner shall post on the city’s website online business tools and resources, including but not limited to:

      1. Tools provided by the department, which may include accounting, recordkeeping and bookkeeping resources;

      2. A searchable and interactive guide to aid current or prospective business owners in understanding city laws and rules applicable to such business, including the applicable licenses, permits, and certifications the owner must obtain. Such guide shall encompass provisions in the administrative code and the rules of the city of New York, including licensing, permitting, and operational requirements, that are applicable to the particular type of business. The guide shall include zoning information and a brief description of applicable regulations and requirements, written in plain language that is likely to be understood by business owners; [and]

3. A model commercial lease, with optional clauses, for different term lengths, including 6-month, one-year, two-year, three-year, five-year, and ten-year leases, and a translation of such leases into the designated citywide languages described in section 23-1101. Such model commercial leases shall be specifically designed for storefront premises, as defined in section 22-1007, and shall include, but not be limited to, the applicable requirements described in subdivisions b through k of such section; and

      4. Such other tools and resources as the commissioner may deem appropriate.

§ 4. No provision enacted in this local law shall be construed as creating a private right of action on the part of any person or entity against the city or any agency, official or employee thereof.

§ 5. This local law takes effect 120 days after it becomes law, except that the commissioner of small business services shall take such measures as are necessary for the implementation of this local law before such date.

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