

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON SMALL BUSINESS

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HELD AT: Remote Hearing, Virtual Room 2
B E F O R E: Mark Gjonaj
Chairperson

COUNCIL MEMBERS: Mark Gjonaj
Selvena N. Brooks-Powers
Eric Dinowitz
Stephen T. Levin
Bill Perkins
Ydanis Rodriguez
Helen K. Rosenthal
Mark Treyger
Kalman Yeger
Keith Powers
Brad Lander

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

Jonnel Doris
Commissioner
Department of Small Business Services

Bridget Anderson
Deputy Commissioner
Department of Sanitation

Blaise Backer
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Gale A. Brewer
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Anna Chiang

Ann Korchak

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Ms. R. Sanz

Taylor James

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Jaime Chien

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SERGEANT AT ARMS: Clock is rolling.

SERGEANT AT ARMS: [inaudible]

SERGEANT AT ARMS: Good morning and welcome to today's remote New York City Council hearing of the Committee on Small Business. At this time would all panelists please turn on their video. To minimize disruption please silence your electronic devices. And if you wish to submit testimony you may do so via email at the following address:

testimony@council.nyc.gov. Once again, that's testimony@council.nyc.gov. Thank you very much for your cooperation. We are ready to begin, Mr. Chair.

CHAIRPERSON GJONAJ: Thank you, and thank you for joining our hearing today before the council's Committee on Small Business. First, I'd like to acknowledge some of the colleagues that have joined us and are with us presently. Council Member Levine, Levin, Council Member Perkins, Council Member Treyger, and Council Member Yeger. Good morning. I am Council Member Mark Gjonaj, chair of the Committee on Small Business. I'd like to welcome you to our hearing today on four pieces of legislation that aim to make New York City a more equitable, green, and friendly environment for New Yorkers to open and

1
2 operate a business in New York City. In response to
3 the economic devastation caused by the pandemic,
4 federal, state, and city programs were deployed,
5 developed, to disperse essential financial reliefs to
6 struggling small businesses. The city developed the
7 Employee Retention Grant Program and Small Business
8 Continuity Loan Fund to provide immediate financial
9 relief to small businesses during the COVID-19
10 crisis. As this committee has highlighted before,
11 these programs inequitably dispersed financial
12 relief. The three council districts that received
13 the most money from the Employee Retention Grant
14 Program are all in Manhattan, while the three council
15 districts that received the least amount of grant
16 money were in the Bronx. Seven council districts,
17 five of which are from the Bronx, received zero money
18 from the Small Business Continuity Loan Fund. I am
19 proud that we're hearing my bill today, Introduction
20 2000, which would ensure that before the SBS
21 disperses certain emergency loans programs they must
22 post on their website the number of businesses by
23 borough that would be eligible for such financial
24 relief. This would then require the city to disperse
25 emergency loans or grants by borough in proportion to

1
2 the estimate posted by SBS, or come within 5
3 percentage points of that number. This bill would
4 ensure that the outer boroughs are at the forefront,
5 not an afterthought of any new relief program. I
6 look forward to conversation with the administration
7 today on this bill and how we can best profit to
8 ensure plays an essential role in the coordination in
9 the coordination and disbursement of mutual relief.
10 For too long small businesses in our city have had to
11 confront a comprehensive list of challenges, from
12 government regulation to big box store competition,
13 consumer behavior changes, e-commerce, and high
14 rents. New York City can be a difficult place to
15 open and operate a small business. With that said,
16 I'm proud of the work that this committee is
17 confronting some of these challenges. The committee
18 took a comprehensive look at what [inaudible] passed
19 Introductions 2233 and 2244, which cut nearly 200
20 rules regulating small businesses. Recently we
21 enacted an amnesty program to cut the fines that were
22 paid or due by small businesses during COVID by 75%
23 and all outstanding fines by 25%. This committee has
24 held oversight hearings on cyber security and e-
25 commerce to ensure the Department of Small Business

1 Service is providing up-to-date training to small
2 business owners so they compete in the 21st century
3 marketplace. Accordingly, if we want to push our
4 small businesses to go green, we should do so through
5 incentives and not through fines and fees. We're
6 hearing Introduction 568 today by Council Member
7 Treyger, which would require the Department of
8 Sanitation and Consumer and Worker Protection to
9 establish a food donation program to restaurants that
10 have civil penalties or eligible violations waived
11 if they agree to donate excess food. Food waste in
12 our city is a problem because it could be used to
13 feed the people in need. Instead, massive amounts of
14 food are thrown away and just harming the
15 environment. Without creating more red tape, this
16 bill will help alleviate some of these concerns.
17 Lastly, we're hearing two bills today that relate to
18 commercial rent. According to a December 2020
19 Hospitality Alliance survey, over 90% of restaurants
20 were unable to afford their December rent. The
21 report found that only 14% of survey respondents were
22 able to negotiate leases with their landlords. And
23 24% are in good faith negotiations. Commercial rents
24 in the city are high and good faith negotiations
25

1 between small businesses and landlords are necessary
2 to ensure our small business corridors can survive
3 and thrive. Small businesses and landlords have been
4 devastated by this pandemic and both are in dire
5 financial condition. Nonetheless, as this committee
6 is working to create a more small business-friendly
7 city the issue of high commercial rents and
8 commercial rent regulation needs to be discussed. I
9 look forward to a conversation today between the
10 administration, bill sponsors, advocates about how we
11 can ensure a fair environment for small business
12 owners to renegotiate their rents without putting
13 undue burdens on smaller landlords. By definition, a
14 business is an organized effort in the production,
15 distribution, and sale of goods and services for a
16 profit. This definition is true whether you're a
17 restaurant, retail shop, or a property owner.
18 Everyone wants a fair system. But we also have to be
19 careful and not pit one small businesses against
20 another by picking winners and losers. In my
21 opinion, commercial rent control is not the same as
22 residential rent control. I think we can all agree
23 that everyone has a basic right to decent affordable
24 housing. The question here is does business have a
25

1 right to a guaranteed space to operate? Businesses,
2 by their very definition, depend on the free market
3 and capitalism to survive. Again, the same holds
4 true if you're a bodega, clothing store, or a small
5 property owner. Our last hearing on this topic
6 lasted nearly eight hours, and at certain moments it
7 became very heated. This conversations are
8 complicated and emotional and both sides have valid
9 concerns. I ask all participants to please address
10 this issue with the respect it deserves. We estimate
11 that this hearing will take, will be long and I want
12 everyone to be patient as we go through every public
13 panelist. Everyone that has logged in will be heard.
14 With that said, I'd like to thank my chief of staff
15 Reggie Johnson, legislative director Austin Sackler,
16 our legislative counsel, Stephanie Jones, our policy
17 analyst Noah Mixler, and finance analyst Alia Ali,
18 for all their hard work in preparing for this
19 hearing. I'd like to turn it over to Council Member
20 Levin, who is a prime sponsor on the Introduction
21 1796, so that he can deliver an opening statement.
22 Council Member Levin.

24 COUNCIL MEMBER LEVIN: Thank you, Chair.

25 Can hear you me OK?

CHAIRPERSON GJONAJ: It's fine.

COUNCIL MEMBER LEVIN: Very good, OK.

Ah, thank you very much, Chair Gjonaj. I want to thank you and the speaker for today's hearing on Intro 1796 and allowing me to say a few words at the outset. Um, I introduced this legislation in 2019 in response to the small businesses across the city who said that rent was the biggest challenge that they face in staying business. The numbers bear this out. Between 2007 and 2017 the commercial vacancy rate doubled across New York City. And over the last 18 months the situation has only become more dire. The push to address the small business rent price in New York City is not new, as Chair Gjonaj mentioned. In fact, New York City had commercial rent stabilization in the 1940s and 1950s in direct response to economic instability that the city was facing and the strain put on small businesses. Later in 1986 the City Council introduced legislation to regulate rent for retail spaces, citing similar hardship concerns for small businesses. Now, as our city contends with the long-lasting economic impacts of a global pandemic that hasn't been seen before in our lifetime, we are called to ask ourselves how we are committing to

1 change. What legacy will this administration and
2 council leave behind for our small businesses and how
3 will we start forward on a path for a just recovery
4 that puts the well-being of our neighborhoods first
5 and includes the spaces that make them so unique.
6

7 Local government has the ability to do big things and
8 today's hearing of Intro 1796 shows that. But first

9 I'd like to be clear what this bill does not do. It
10 does not cancel rent and it does not reduce rent. It
11 does not guarantee any business a right to a space.

12 It does not guarantee a right to renewal of a lease.

13 It does not interfere with existing leases or

14 contracts. This is what the bill does. First, Intro
15 1796 would create a level playing field for

16 businesses by establish a commercial rent guidelines
17 board, much like the residential rent guidelines

18 board, that will annually set the maximum percentage

19 that rents for smaller commercial spaces can be

20 increased. It will not be a decrease. There will be

21 a setting the maximum percentage that can be

22 increased from the existing rent paid. The bill

23 applies universally to all commercial spaces under a

24 certain square footage, removing the negative

25 incentive that landlords have to push out local

1 businesses and wait for the highest bidder, sometimes
2 causing years of vacant storefronts. The interest to
3 displace a local business is taken away because the
4 next tenant would follow the same rental amount. New
5 York City knows how rent stabilization works. It has
6 given millions of households the security and
7 stability that they needed to start a family and to
8 be able to stay in the city. Small businesses
9 deserve that same stability. Rent stabilization
10 gives small businesses a fairer shot. Chain
11 businesses and corporations have had a leg up in our
12 city for years because it is currently in the
13 landlord's fiscal interest to rent to well-
14 capitalized businesses, making it harder for new
15 businesses to get started. This goes against the
16 interest of vibrant sustainable communities. Second,
17 the rent guidelines board will be able to choose each
18 year whether it will set rent increases, rent
19 increase limits by setting one rate for the entire
20 city or by identifying smaller affected areas. The
21 board will be required to factor in things like
22 building operating costs, neighborhood displacement,
23 local economic impact, and vacancy rates, providing
24 flexibility in a tailored approach to different needs
25

1 across the city rather than a one-size-fits-all. The
2 bill also brings us a step closer to standardized
3 leases so that all commercial tenants know what to
4 expect in their rental agreements. I have seen in
5 working on this bill wildly fluctuating leases that
6 have snuck in unexpected costs, sometimes not until
7 years three or four, when a tenant was least
8 expecting it. Clearer leases are especially
9 important coming out of the pandemic when economic
10 instability can lead to desperation and exploitation
11 of those most vulnerable. And so this bill
12 eliminates the addition of pass-alongs in leases.
13 Your total rent will actually be your total rent.
14 New York City has the clear legal authority to enact
15 commercial rent regulation. There is no current
16 state law governing commercial rent and there has not
17 been one in generations. The city has home rule
18 authority to regulate any area of economic life where
19 the state does not have a regulatory scheme in place.
20 That is why this bill is legal. Intro 1796 brings
21 regulation stability for small businesses in a time
22 of so much instability. It creates a system of
23 protection and reasonable rent charge, rent, rent
24 changes, and an end to skyrocketing rent increases
25

1 and deceptive lease renewals. I want to be clear.
2 This bill does not take aim at small landlords who
3 are often already offering lease renewals and new
4 leases with reasonable neighborhood market changes of
5 5% to 10%. It does take aim at larger corporate
6 property holders that are gouging local businesses
7 and causing significant displacement in our
8 communities. Now is the time to pass this
9 legislation, and as we start to come out of this
10 pandemic we can offer the stability and the long-term
11 planning that businesses have been demanding of us.
12 Other localities are finding ways to tackle the small
13 business rent prices. Seattle passed a law last
14 summer to cap any commercial rent increases in
15 response to the pandemic. When we fight for our
16 small businesses we fight for all of us. We fight
17 for jobs for local residents, for investment in our
18 local economy, and the vibrancy and diversity of our
19 neighborhoods. Our communities depend on local
20 businesses and I'm proud to be able to put them first
21 in this legislation. There are some folks I want to
22 thank for this legislation. Ah, first, Kelly Taylor
23 and Rob Newman, um, who worked on this legislation,
24 ah, going back about three years at this point.
25

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2 Louis Holden Brown, Audrey Sun, Bill Drafter,
3 Stephanie Jones, committee counsel. Um, I want to
4 specifically acknowledge Elizabeth Adams, who put
5 countless hours, um, into working through the
6 complexity of this legislation. I just want to thank
7 her, um, very much. Um, and all of the businesses in
8 District 33 who helped inform this legislation, and
9 members of the United for Small Business Coalition,
10 who have also put in countless hours of work and
11 advocacy. With that, I'll turn it back to you,
12 Chair. Thank you very much for the courtesy.

13 CHAIRPERSON GJONAJ: Thank you, ah,
14 Council Member Levin, and I do want to thank you for
15 your relentless focus on this issue, ah, to make sure
16 that we had a hearing over the last year or so. So
17 thank you for your dedication and commitment, and it
18 just shows that if you put enough time into something
19 everything is possible. I want to acknowledge that
20 we've been joined by Council Member Dinowitz, Council
21 Member Rosenthal, Council Member Powers, Council
22 Member Lander, and I'm sure that we will have more
23 that will be joining us during this hearing. I now
24 want to turn it over to Council Member Treyger, the
25

1
2 prime sponsor of Intro 568, to deliver a opening
3 statement.

4 COUNCIL MEMBER TREYGER: Thank you, ah,
5 Chair Gjonaj. Thank you for your leadership on
6 behalf of small businesses across the city. Ah, good
7 morning. I'm Council Member Mark Treyger. I'm
8 pleased to join the hearing for the Committee on
9 Small Business this morning. Ah, thank you again,
10 Chair Gjonaj, for giving me the chance to speak on my
11 bill, Intro 568. Ah, this bill would amend the
12 administrative code in the City of New York in
13 relation to reducing civil penalties where food
14 service establishments donate leftover food.
15 Specifically, the bill would require the Department
16 of Sanitation and the Department of Consumer Affairs
17 to establish a food donation program where food
18 service establishments could have the civil penalties
19 for eligible violations waived if they agree to
20 donate their excess food. Truly, this bill is a
21 commonsense solution for a variety of issues
22 impacting not only our small businesses but also many
23 New Yorkers who are facing food insecurity,
24 especially during the pandemic. My bill would make
25 sure that food is not being wasted and that certain

1
2 eligible violations are being waived if food service
3 establishments agree to donate excess food. This
4 bill has an opportunity to be a win-win for the city
5 and there has never been a more important time to
6 address, ah, this, this issue and it really, you
7 know, food insecurity is real. Ah, the burden that
8 many of our small businesses are experiencing, ah, is
9 real, um, and food waste, in many cases, is, is a
10 real, ah, real issue. No one in the city should ever
11 go hungry and our small businesses that have
12 struggled so much during this, ah, pandemic, ah,
13 shouldn't have to worry also about their financial
14 security. Ah, by establishing a food donation
15 program where food service establishments can have
16 the civil penalties for eligible violations, or,
17 again, certain violations which would be established
18 by the administration if they agree to donate their
19 excess food, we're helping solve multiple issues in
20 our city at once. Thank you all, Chair Gjonaj, and
21 the entire committee for giving me this opportunity
22 to speak this morning. Thank you.

23 CHAIRPERSON GJONAJ: Thank you, ah,
24 Council Member Treyger. Um, next I want to turn it
25 over to Council Member Rosenthal, the prime sponsor

1 of Introduction 2299, to deliver an opening
2 statement. Council Member.

4 COUNCIL MEMBER ROSENTHAL: Thank you.

5 Ah, thank you very much. Appreciate you, Council
6 Member Gjonaj. Ah, good morning. Sorry to be behind
7 a screen. Um, I am at a, um, school event. Um, I
8 want to thank Council Member Gjonaj for holding this
9 hearing, um, and my, ah, and I also want to thank,
10 um, the City Council central staff for pulling this
11 all together. Um, my bill, Intro 2299, written in
12 partnership with Manhattan Borough President Gale
13 Brewer, establishes what we are calling a storefront
14 business bill of rights. The pandemic and ensuing
15 economic crisis have left storefronts vacant across
16 the city. As small businesses seek to recover, our
17 bill of rights will help level the playing field for
18 commercial tenants. Our legislation has three main
19 functions. First, we create a structure around the
20 lease renewal process that provides a framework for
21 communication during the lease negotiation period.
22 And under certain circumstances gives a good tenant
23 the right to extend the lease one time for up to a
24 year. Second, we increase transparency around the
25 history of a property. Landlords will be required to

1 the best of their ability to provide a history of
2 repairs, construction, and violations in a property,
3 so a small business owner has a true sense of what
4 they're getting into. Intro 2299 also requires a
5 written contract for a rental agreement lasting more
6 than a year as well as an updated contact
7 information, so both parties can maintain
8 communication. Finally, we are proud to have the
9 city provide model commercial leases in all
10 designated citywide languages. We believe this will
11 go a long way to helping small business owners who
12 don't speak English at all or as their primary
13 language to understand their rights and
14 responsibilities protecting them from the
15 vulnerability of quote unquote handshake agreements.
16 As this committee is well aware, small businesses
17 have suffered exceptional circumstances, with many
18 closing their doors permanently in the last year.
19 Intro 2299 will provide some important protections to
20 the business tenants renting in New York City
21 commercial spaces. There is always room to improve.
22 So while we look forward to administrative and public
23 testimony today, we also welcome you to continue
24 sending feedback on Intro 2299 after this hearing by
25

1 reaching out to my office. Thank you, again, Chair
2 Gjonaj, especially to the staff of the Committee on
3 Small Business, my staff, as well as Dan and Shula in
4 Manhattan Borough President Brewer's office, as well
5 as ANHD. Um, it's incumbent on us to figure
6 something out to save our small businesses. Thank
7 you.
8

9 CHAIRPERSON GJONAJ: Thank you, ah,
10 Council Member Rosenthal. Um, next we have Council
11 Member Yeger, who would like to make a statement.

12 COUNCIL MEMBER YEGER: thank you very
13 much, Mr. Chair, and to my colleagues. Good to see
14 you all. Although we were in the building just a few
15 weeks ago, we've been relegated back to, ah, the
16 technological version of a legislative body meeting,
17 which, I suspect, will lend itself to less, ah,
18 discourse, not more. But we shall see as the day
19 goes on. Um, these, these, the hearing that we're
20 having today, ah, has some bills which have some
21 merit, um, and I'll just briefly address those. Ah,
22 first to the chair's bill on equitable distribution
23 of, of rent, of assistance to businesses. Um, this
24 surely makes sense, and as the chair laid it out, ah,
25 the, you know, we have an enormity of the assistance

1 going to a tiny portion of the area of this city.
2 This is something that this council, ah, has been
3 doing for the last several years. Um, these one-
4 size-fits-all rules that tend to forget that the city
5 is a city of five boroughs, ah, not just the great
6 city of Manhattan. So, ah, it being, ah, considered
7 today, ah, for measures of how we can equitize that
8 and, ah, be more fair to the people of New York who
9 actually pay the bills around here, ah, is a wise
10 idea and I'm proud to join Councilman Gjonaj on that
11 bill. Um, Council Member Treyger's bill, ah,
12 incentivizing food donations, ah, is a very wise idea
13 for the point that it is, ah, designed to incentivize
14 food donations. My concern with this, and I'll
15 address that more as I go through the litany of what
16 we have done to destroy business in New York as a
17 government, is that this will also incentivize fines.
18 Ah, it will be a royal shake-down by the City of New
19 York. Impose a fine, then show up and say, well,
20 here's how you get out of it. Ah, if you don't think
21 that the City of New York will do that you have not
22 been following the travails of the alphabet soup of
23 city agencies that march across the city throwing
24 summonses at unsuspecting businesses. Ah, they do it
25

1
2 all the time. They do it with impunity, and good
3 luck to you when you get that 400 summons, 400 dollar
4 summons, ah, once a week for six weeks in a row
5 because the guy says that you didn't have something
6 showing there, or you did have something showing, or
7 this thing was sticking out of your front stoop a
8 little more too much than it should have been. Ah,
9 good luck to you trying to challenge that summons.
10 So, ah, these bills, this bill that, that deals
11 simply with food, ah, and restaurants and eateries
12 and the like, ah, has the ability to be, as I said, a
13 royal shake-down by the city and, ah, for that reason
14 I think that we should, ah, actually incentivize food
15 donations a different way, with tax incentives. It's
16 very simple. Ah, do the right thing by the people of
17 New York who need your help. The City of New York
18 will respond by reducing your tax burden. That makes
19 sense. Ah, incentivizing a good deed by saying we're
20 not gonna come and smack you on the head if you do a
21 good deed is not how governments function. Um, with
22 respect to, ah, the final two introductions that
23 we're hearing today, ah Introduction 1796,
24 Introduction 2299, I'll deal with, ah, 2299 first
25 because it's simple. The City Council does not have

1 the right under the United States Constitution, a
2 book that we should all revere, a book that we, ah,
3 ah, took an oath to, ah, to live by, ah, in order to
4 serve in this government, to interfere with
5 contractual obligations. We do not have that right.
6 We do it all the time, and then we, ah, wait for the
7 courts to call us out. So this is a perfect, ah,
8 example of how we're doing it. Now, we can mandate
9 disclosure of relevant information between parties
10 and we should, and, ah, those, those portions of the
11 bill make sense. But the idea that, um, for example,
12 ah, requiring that no lease, ah, ah, be, ah,
13 acknowledged if it's for more than one year, unless
14 it's in writing, that's already the law. It's called
15 the statute of frauds. Can't have an agreement that
16 lasts more than year unless it's in writing. So, you
17 know, we're doing this bill and we are pretending
18 that it is going to benefit people, but the vast
19 majority of the bill is unconstitutional. Now,
20 finally, with respect to the reason that it seems, as
21 I look around this room, we are all gathered here,
22 Introduction 1796, commercial rent regulation. The
23 City of New York has no legal authority whatsoever to
24 pass this bill. We'll do it anyway, but we don't
25

1
2 have the legal authority to do it. And, you know, I,
3 I want to just go through very briefly, um, some of
4 the ways that we've, we've, ah, put our foot on, on
5 the, on the small businesses of this city to destroy
6 them in the last year and a half particularly, but
7 also through the history of this city. Um, and here
8 we are today saying that, oh, we want to help you so
9 much. It's not true. The City Council pretends that
10 it wants to help small businesses and with this, with
11 this wise idea, but it's not true. How do I know
12 it's not true? Look at what we've done. Just a
13 couple of weeks ago we gathered in the council to
14 finally address the relentless fines that are being
15 imposed on small businesses. We, we finally passed a
16 regulatory, ah, ah, effect that would allow
17 businesses to abate these fines to the tune of
18 approximately 75%, as the chair, ah, acknowledged
19 earlier. Almost immediately we returned to the floor
20 of the council to pass a bill that would hike fines
21 on small businesses across the city, double, triple.
22 That's the way we do things here. We take, we give,
23 and then we take it back. And the idea that this
24 bill is designed somehow to help the small
25 businesses, how about helping the small businesses by

1 not sending out people to write them a summons every
2 time somebody drops a Kit Kat wrapper in front of
3 their store. When the businesses in the city were
4 shuttered for a year and a half that did not stop the
5 Department, people were being told to stay home,
6 don't leave, you're gonna die if you leave your
7 house. The, the Department of Sanitation was still
8 walking around issuing summonses to all these
9 businesses that were shuttered. Every single one of
10 them. When the City of New York and the State of New
11 York shuttered businesses across this city, guess
12 which business they didn't shutter? Small businesses
13 were all shuttered. The gates were closed. Target
14 was wide open. Staples was wide open. We did
15 nothing to help the small businesses. What we did
16 was we drove all the customers of the small
17 businesses into the big box stores, never to be seen
18 again by the businesses of our neighborhoods. And
19 then we look around our neighborhoods and we see the
20 aftermath. What we see is store for rent, store for
21 rent, store for rent, store for rent. And we believe
22 somehow that landlords have a desire to leave these
23 places empty, to leave these places empty instead of
24 renting them out for whatever they can get to rent
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1
2 them out. So we believe, as, you know, some members
3 here, that we can, we can rectify some injustice by
4 instituting a regulatory scheme, an illegal
5 regulatory scheme that will, if adopted by this
6 council, be immediately thrown out by the courts, and
7 we have done nothing to address the ever-increasing
8 property taxes on owners. Every single year I've
9 been in this council, the council gets up, we swear
10 we're not raising taxes, and every property owner in
11 this city gets a bill for more taxes immediately. We
12 pass the bill and June 28, June 29, June 30 the taxes
13 go up effective July 1 while we're all going we never
14 raised the taxes, folks. We've done nothing to lower
15 those taxes. We've done nothing, zero, to lower
16 those taxes. But these bills restrict the ability of
17 the landlords as has been tradition, including, by
18 the way, on the lease that my father has been signing
19 for the last 40 years, to pass along, by the way, as
20 a tenant, not a landlord, just to be clear, to
21 receive the pass-along cost of the city's imposition
22 of taxes. So every year my father has to pay a
23 little more on his property that he rents because the
24 city taxes the landlord a little more. We have done
25 nothing to lower those taxes, but what this bill does

1
2 is say that you can't pass along the cost of those
3 taxes to the tenant. Who then should pay for it?
4 What do we expect of this city? Do we think that
5 we're going to see more and more storefronts that are
6 open and ready for business, or do we believe we're
7 going to see less and less? We haven't addressed a
8 single issues affecting the ability of businesses to
9 do business in this city. But what we've done here
10 today is come together and say that the biggest
11 threat, the biggest threat to being able to do
12 business is a lease. It's just not true. And so I
13 look forward to hearing from folks today, ah, to how
14 I am wrong. I'm sure many of you will tell me that
15 I'm wrong and that's OK. That's why I was elected,
16 to hear why I'm wrong. Um, but I do appreciate my
17 colleagues for, for setting the stage here for what
18 ought to be at least a very educational, um, morning,
19 and I assume some kind of an afternoon, but I will
20 not be here until the evening as it is Friday. So
21 thank you very much, Mr. Chair, and I turn it back to
22 you with my thanks.

23 CHAIRPERSON GJONAJ: Thank you, Council
24 Member Yeger, and happy New Year to you and all of
25 your family. Thank you for that very passionate

1 statement. Ah, I'd like to now turn it over, ah, to
2 our moderator, Committee Counsel Stephanie Jones, to
3 go over some procedural items.
4

5 COMMITTEE COUNSEL: Thank you, Chair
6 Gjonaj. I am Stephanie Jones, counsel to the
7 Committee on Small Business and I will be moderating
8 this hearing. Before we begin I'd like to remind
9 everyone that you will be on mute until you are
10 called on to testify, at which point you will be
11 unmuted by the host. During the hearing I will be
12 calling on panelists to testify. Please listen for
13 your name to be called as I will periodically be
14 announcing who the next panelist will be. At this
15 hearing we will first be inviting testimony from the
16 Department of Small Business Services, followed by
17 testimony from the Department of Sanitation and then
18 by members of the public. During the hearing if
19 council members would like to a question of the
20 administration or a specific panelist please use the
21 Zoom hand raise function and I will call on you in
22 order. We will be limiting council member questions
23 to three minutes, which includes the time it takes to
24 answer your questions. For all panelists, when
25 called on to testify please state your name and the

1 organization you represent, if any. We will now call
2 representatives of the administration to testify. We
3 will be hearing testimony from Jonnel Doris,
4 Commissioner of the Department of Small Business
5 Services. We also be hearing testimony from Bridget
6 Anderson, deputy commissioner for recycling and
7 sustainability at the Department of Sanitation. We
8 also be joined for questions by Jacqueline Mallon,
9 first deputy commissioner at SBS, and Blaise Backer,
10 deputy commissioner in the Neighborhood Development
11 division of SBS. At this time I will administer the
12 affirmation. Administration panelists, please raise
13 your right hands and I will call on each of you
14 individually to respond. Do you affirm to tell the
15 truth, the whole truth, and nothing but the truth
16 before this committee and to respond honestly to
17 council member questions? Commissioner Doris?

19 COMMISSIONER DORIS: I do.

20 COMMITTEE COUNSEL: Thank you. Deputy
21 Commissioner Anderson?

22 DEPUTY COMMISSIONER ANDERSON: I do.

23 COMMITTEE COUNSEL: Thank you. First
24 Deputy Commissioner Mallon?

25 FIRST DEPUTY COMMISSIONER MALLON: I do.

2 COMMITTEE COUNSEL: Deputy Commissioner
3 Backer?

4 DEPUTY COMMISSIONER BACKER: I do.

5 COMMITTEE COUNSEL: Thank you. At this
6 time I'd like to invite Commissioner Doris to present
7 his testimony.

8 COMMISSIONER DORIS: Thank you. Ah, good
9 morning, Chair Gjonaj and members of the Committee on
10 Small Business. I'm Jonnel Doris, the commissioner
11 of New York City Department of Small Business
12 Services. I'm joined by Bridget Anderson, deputy
13 commissioner for the Department of Sanitation, and
14 for my senior leadership, First Deputy Commissioner
15 Jackie Mallon and Deputy Commissioner Blaise Backer.
16 At SBS we aim to unlock economic potential and create
17 economic security for all New Yorkers, connecting
18 them to quality jobs, building stronger businesses,
19 and fostering thriving neighborhoods across the five
20 boroughs. I'm please to testified today on Intros
21 2000, 1796, and 2299, and discuss, ah, the work SBS
22 has done to support small businesses in commercial
23 tenancy and during emergencies. I want to begin by
24 acknowledging the terrible losses that New Yorkers
25 and small businesses have faced following the flood

1
2 impact of Hurricane Ida. Lives were lost and
3 businesses have been ruined in its wake. SBS
4 immediately activated our emergency response
5 protocols to aid businesses in assessment and
6 recovery. We have opened nearly 600 individual
7 response cases and are working with businesses to
8 connect them to legal support for the commercial
9 leases, guidance on accessing funding, expeditors to
10 cut red tape, and continue connecting them, ah, with
11 other services. Let us know if you have businesses
12 in your districts and still, that still need our
13 support and help due to Ida. Our number is 888-SBS-
14 4NYC. At the onset of the pandemic we quickly
15 shifted our work to meet the challenges of the
16 pandemic. SBS created a small business recovery plan
17 designed to jump start the economy in the short term,
18 while laying the groundwork for sustainable small
19 business recovery in the long term. This small
20 business recovery plan, developed in collaboration
21 with business leaders, industry associations, and
22 government partners was based on four strategies to
23 ensure an equitable citywide economic recovery,
24 support business innovation to increase revenue.
25 Secondly, equip entrepreneurs to adapt to lower

1 operating costs. Third, foster close collaboration
2 with businesses to cut red tape, and, four, promote
3 equitable economic growth and support diverse
4 businesses of the future. As a result, we launched
5 37 additional recovery programs, initiatives, and
6 campaigns, fielded over 70,000 calls through our
7 hotline, and hosted over 780 webinars with over
8 53,000 attendees. We connected over 5000 businesses
9 to more than 156 million enrolled state, local, and
10 federal, ah, philanthropic funding. And from our
11 April 2020, from April 2020 SBS assisted over 4000
12 businesses to apply, approximately 305 million in PPP
13 loans. We also visited over 100 commercial
14 corridors, reaching thousands of small businesses.
15 During this work our focus has been on supporting the
16 needs of our small businesses in the hardest-hit
17 communities, including minority- and immigrant-owned
18 businesses. Facing the pandemic and now Hurricane
19 Ida, our city's small businesses have dealt, have
20 dealt with challenges that just a few years ago we
21 would have never thought imaginable. My team at SBS
22 has been working nonstop to support the economic
23 engines of our neighborhoods. When our businesses
24 were forced to shut down last year due to no fault of
25

1 their own, SBS created the first grant and loan
2 program in the nation to assist them. We built on
3 these initial programs and developed a robust
4 recovery aid strategy to better focus on high-need
5 businesses. Our existing strategy has three main
6 components. One, targeted, making sure our products
7 are aimed at the businesses and the greatest need.
8 Secondly, outreach, leveraging and funding our
9 community and business partners to carry our message
10 in a linguistically and culturally appropriate
11 manner. Third, technical assistance, providing
12 training, information sessions, ah, webinars and one-
13 on-one counseling services. Examples of this
14 approach are the LMI storefront, ah, loan and the
15 interest rate reduction grant, which were designed
16 for small businesses in low- to moderate-income
17 neighborhoods largely left out of the first round of
18 federal aid. Using census data, we micro targeted
19 neighborhoods and staggered the roll-out of the LMI
20 loan to reach the lowest-income neighborhoods first,
21 allowing them more time to apply, followed by more
22 moderate-income neighborhoods. Our outreach strategy
23 is partner-based, working with our [inaudible] 76,
24 ah, BIDs, and merchant associations to reach
25

1 businesses in their communities. In the
2 neighborhoods that do not benefit from these networks
3 we develop the strategic impact COVID-19 commercial
4 district support grant. This grant focused on hard-
5 to-reach communities and funded neighborhoods,
6 community, neighborhood community groups as trusted
7 partners and messengers of our programs, ah, to
8 businesses in their own languages. This work, ah,
9 complemented our own boots on the ground outreach
10 operations, which consisted of SBS outreach team, the
11 council, ah, supported chamber on the go program, our
12 emergency response unit, and our compliance advisors,
13 all building trust and educating businesses on the
14 available assistance. Lastly, our technical
15 assistance team, ah, accessible online or over the
16 phone, our created weekly and often daily webinars
17 along with one-on-one assistance to help businesses
18 get the funding they needs. To date, 75% of the LMI
19 storefront loan program and 90% of the interest rate
20 reduction grants have gone to minority-owned
21 businesses in those communities. Even with this
22 success, we continue to evaluate our work to
23 determine better strategies to reach business owners.
24 In this vein, we are supportive of Intro 2000, which
25

1 provides transparency and funding distributions
2 during emergency aid relief operations. By tracking
3 and sharing this valuable metric we can evaluate and
4 improve our strategies to continue to make them
5 better. Moving on to Intro 1796 and Intro 2299. New
6 York's small businesses have taken a one-two punch of
7 nearly biblical proportions and we need to provide
8 the necessary relief to ensure, ah, they recovery and
9 thrive. Prior to the pandemic the mayor stated, ah,
10 the time was right to look at whether we can make
11 commercial rent control work and to find ways to
12 continue supporting small businesses while protecting
13 them from excessive rent increases. But reduced foot
14 traffic due to the pandemic and the leap in e-
15 commerce have fundamentally changed commercial real
16 estate markets, with many neighborhoods seeing
17 increased vacancy and reduced rents. Regulations
18 could have unintended consequences that create new
19 barriers, [inaudible] other local entrepreneurs from
20 entering the market and, and starting new retail
21 businesses. Many of the businesses that we work with
22 do not have formal leases and regulations could
23 increase this trend, hurting these businesses in
24 future years. These are some of the reasons why we
25

1 need a comprehensive review of the economic impacts
2 this could have on a range of small businesses and
3 neighborhoods. SBS has always committed to providing
4 the tools businesses need to address their lease and
5 rent challenges, and we've doubled down on those
6 efforts since the onset of COVID-19. We know that
7 the challenges small businesses face with rent
8 uncertainty is often centered around difficulties
9 navigating the leasing process and ensuring the
10 right provisions are in place. To support them with
11 this, ah, with their lease we provided free legal
12 services through our commercial lease assistance
13 program. Through this initiative our pro bono
14 attorneys help businesses understand, amend, renew,
15 or terminate an existing lease. They also negotiate
16 on behalf of the commercial tenant with their
17 landlord and provide advice and referral services
18 when litigation cannot be avoided. Since its
19 inception, ah, this program has served 925 businesses
20 and this year we increased the budget to 10.4 million
21 dollars to provide more support during this difficult
22 time. We also produced a 40-page commercial leasing
23 guide. The guide covers the entire process of
24 renting a commercial space, including, ah, selecting
25

1
2 a space, ah, explaining lease terms, and the process
3 of signing, hiring contractors, and lease renewal,
4 and termination process. SBS, ah, complements, ah,
5 this with live commercial lease education workshops
6 for more in-depth education. In closing, I thank you
7 for your efforts and passion on behalf of our city's
8 small businesses. I know that together we can
9 provide support to one of the city's most vital
10 assets. Thank you for your time today and I'm happy
11 to take your questions.

12 CHAIRPERSON GJONAJ: Thank you.

13 COMMITTEE COUNSEL: Thank you,
14 Commissioner.

15 CHAIRPERSON GJONAJ: Go ahead.

16 COMMITTEE COUNSEL: Sure. Um, thank you,
17 Commissioner. Um, we'd like to invite Deputy
18 Commissioner Anderson next to present her testimony.

19 DEPUTY COMMISSIONER ANDERSON: Good
20 morning, Chair Gjonaj, and members of the City
21 Council Committee on Small Businesses. I am Bridget
22 Anderson, deputy commissioner for recycling and
23 sustainability at the New York City Department of
24 Sanitation. Thank you for the opportunity to provide
25 comments on behalf of the administration on Intro

1 568. For background, households and businesses in
2 New York City discard more than one million tons of
3 food waste each year. According to Food Forward NYC,
4 the city's 10-year food policy plan released earlier
5 this year, as many as 1.6 million New Yorkers are
6 food insecure, up from 1.2 million before the COVID
7 pandemic. To bridge this gap between those with
8 excess food and those who are food insecure, the city
9 has a robust network of food pantries and nonprofits
10 that receive donations of excess or surplus food.
11 DSNY has also created the Donate NYC online food
12 donation tool to connect businesses interested in
13 donating food to local organizations that feed
14 hundred people. Intro 568, sponsored by Council
15 Member Treyger, would require the Department of
16 Sanitation and Consumer and Worker Protection,
17 formerly Consumer Affairs, to create programs to
18 establish a food donation program where food service
19 establishments could have the civil penalties for
20 eligible violations waived if they agree to donate
21 their excess food. The proposed bill would apply to
22 food service establishments and would only be
23 applicable for types of violations identified in this
24 bill by the respective departments by rule. The
25

1 administration agrees with intended purpose of this
2 bill, which would offer regulatory relief to some
3 small businesses while incentivizing the donation of
4 excessive food to nonprofits for the purposes of
5 feeding hungry New Yorkers. In its report on Local
6 Law 74 of 2018, which released, ah, issued in
7 February 2020, just prior to the pandemic, called the
8 Report on the Feasibility of Establishing a Penalty
9 Mitigation Program for Food Service and Retail
10 Establishments, DSNY specifically identified
11 businesses covered by the commercial organics law as
12 potential candidates for a penalty mitigation program
13 related to food donation. Any food donation program
14 created as a penalty mitigation program should be
15 carefully tailored to create, to avoid creating a
16 glut of unwanted or ineligible food, and also must
17 define clear requirements related to data tracking
18 and compliance. In addition, many food businesses
19 already engage in best practices for food donation
20 and we should be careful not to disrupt these
21 existing relationships. The city looks forward to
22 future discussions with the council on these
23 important topics, and thank you for the opportunity
24 to testify today.
25

1 COMMITTEE ON SMALL BUSINESS 42
2 CHAIRPERSON GJONAJ: Thank you, Deputy
3 Commissioner.

4 COMMITTEE COUNSEL: Thank you. Ah, I
5 will now turn it over to questions, ah, from the
6 chair. Panelists, please stay unmuted, if possible,
7 during this question and answer period. Thank you.

8 CHAIRPERSON GJONAJ: Thank you, ah,
9 Stephanie Jones. Commissioner Doris, first of all I
10 want to thank you for the work that we've done
11 together, and we haven't solved all of our problems,
12 ah, but the energy and the effort that we've put into
13 not only dealing with the vacancy concerns, the COVID
14 concerns, the financing, I am grateful to you for
15 your partnership. Ah, I know that you're just as
16 passionate as I am when it comes to small businesses
17 and together we have much more that we agree on than
18 we disagree. So thank you for that and all the hard
19 work of your new [inaudible], but we have a long ways
20 to go, Commissioner. Ah, I'm trying to break this
21 down into separate portions. My questions first will
22 be in and around the equitable distribution of
23 resources. I think we've all learned from past
24 mistakes, or we should learn from the past mistakes.
25 What steps is SBS taking to ensure that their

1
2 resources, especially financial assistance, are being
3 distributed equitably, ah, in the form of emergency
4 loans and grants? Please be as specific as you can.
5 I just want to highlight now, and you heard in my
6 opening statement that some council districts
7 received on the high end and some received nothing at
8 all. In addition to that, I believe the three
9 highest professions that received funding were
10 dentists, doctors, and lawyers. I don't think the
11 intended emergency programs that we have in place
12 were specifically targeting those three professions.
13 Commissioner?

14 COMMISSIONER DORIS: Ah, thank you, ah,
15 Mr. Chair. Ah, first I want to say, um, it is also,
16 ah, a pleasure to work with you, being out in the
17 field, ah, going door to door at businesses, and
18 certainly, ah, your advocacy here, um, everything
19 from the fine and fee reduction, ah, to, ah, capping
20 fees for, ah, third parties, ah, for restaurants, ah,
21 delivery services, etcetera. I mean, so many things,
22 ah, we've worked together on, ah, including, ah, the
23 largest budget increase, ah, with the mayor and, and
24 this committee, ah, for our department, ah, in the
25 history of its existence. And so thank you, ah, for

1 your partnership. Ah, when it comes to the loan and
2 grants emergency program you mentioned, ah, as you
3 know, ah, we were the first in the nation to really
4 release a loan and grant program. Ah, the federal
5 government did not step in at the time. This was
6 really at the beginning of the shutdown crisis, um,
7 and we released that program, ah, those two, ah,
8 programs out in which you're, you are, um, you are,
9 ah, citing. And, and certainly we did not, and we've
10 said this in many of our testimony, did not see the,
11 ah, the diversity, borough diversity, as we intended
12 to. And I think subsequent to that, ah, as mentioned
13 in my testimony, ah, from our Interest Rate Reduction
14 Grant Program to an LMI storefront program to the
15 emergency, ah, grant program for looting that you
16 saw, ah, we saw a great difference there. And what,
17 the way that happened, ah, was not only conversations
18 with the council, ah, and articulating back and
19 forth, ah, the concerns, making sure we were doing,
20 ah, what we need to get to the businesses who needed
21 it the most, we also, ah, you know, changed our
22 operations. And so I mentioned in my testimony, ah,
23 the way we target, ah, so assessing, ah, the, um,
24 the, the, ah, businesses that can actually
25

1 participate in a particular product, um, assessing
2 that, so really micro targeting down. We went all
3 the way down to low- to moderate-income communities
4 to using census tracks to looking at, ah, whatever
5 data sources that we may find in order to target.
6 The second is really, um, helping, ah, to embolden
7 our outreach efforts, meaning when it comes to, ah,
8 language access, but also in the communities. I know
9 you know this and we've literally been knocking on
10 doors, ah, speaking with businesses, but also
11 bringing in community partners. Um, we created a
12 whole grant program just for the community partners
13 to help and assist, um, to get that down to the
14 granular level, and that's why I think we've seen
15 the, the better results there and, and the products
16 after the initial products that we launched. And
17 then lastly is around technical assistance. Very
18 specific, now, a business would call us. We would
19 give them a one-on-one support, a concierge service,
20 ah, for those businesses, ah, to walk them through
21 the process and be with them every step of the way,
22 ah, in applying for these, ah, programs. So I think
23 that sort of captures, ah, our approach, ah, that
24 we've been taking since that first release, again,

2 first in the nation, loan and grant program you
3 mentioned.

4 CHAIRPERSON GJONAJ: Thank you,
5 Commissioner. Um, in addition to the corrections
6 that we've made I think we could all agree the number
7 of the businesses are 220,000 small businesses in New
8 York City?

9 COMMISSIONER DORIS: [inaudible]

10 CHAIRPERSON GJONAJ: [inaudible]

11 COMMISSIONER DORIS: It's about 240,000
12 small businesses with employees, yes.

13 CHAIRPERSON GJONAJ: And I believe it is
14 98% of them have less than 100 employees?

15 COMMISSIONER DORIS: Correct, right.

16 CHAIRPERSON GJONAJ: And then less than
17 20 employees is 85%, I believe, are small businesses?

18 COMMISSIONER DORIS: I'll take your word,
19 sir.

20 CHAIRPERSON GJONAJ: Thereabouts,
21 [inaudible] correction. So when we talk about small
22 businesses, we talk about grants, and we talk about
23 reliefs, um, in the form of loans. We always talk
24 about small business. We always talk about micro
25 business, mom and pop shops, less than 10 employees.

1 Seldom are they the ones that benefit from our loans
2 and grants. Not only don't they benefit, but if
3 you're a small business, a micro mom and pop shop
4 with less than 10 employees in the outer boroughs,
5 you are less likely to be able or afforded the
6 opportunity due not to lack of, but the inability of
7 these small businesses, mom and pop shops, to
8 actually get the information and claim or put in a
9 claim for aid. These are minority-owned businesses.
10 Women-owned businesses. Immigrant-owned businesses.
11 Struggling small businesses, which I believe has
12 always been intended for the [inaudible] our
13 protection and when we think of aid. Moving forward,
14 in addition to the comments that you made, I'm asking
15 you be as specific as possible, taking in
16 consideration profession and industry, the number of
17 employees, gross sales, and if we're going to really
18 be there for those businesses that need it most, it's
19 the smallest of businesses that have very little in
20 the form of gross revenue and they perhaps might not
21 even speak the language, let alone know enough on how
22 to apply for assistance. What more can be done?

24 COMMISSIONER DORIS: Yeah, thank you,
25 thank you so much for, for that question, the Chair.

1
2 Um, look, we agree, ah, and that's why we've changed
3 increased and doubled down on our efforts. So, ah,
4 when you talk specifically, I mean, I went through a
5 very specific outline of what we've been doing. Um,
6 you know, another example of that is, ah, when we
7 found that, ah, when the PPP program, ah, that in New
8 York City, ah, LMI communities, low- to moderate-
9 income communities, um, you know, about 40,000 or so
10 businesses did not receive any PPP, ah, in the first
11 go-round. Ah, what we did was, ah, you know, created
12 the Fair Share campaign and we went about and helped,
13 ah, over 4000 businesses. 70% of them, ah, in the
14 outer boroughs and 73% of them, ah, were minority
15 businesses that you described, um, with helping them
16 to get those resources, over 300 million. And so we,
17 we've certainly have taken this into consideration,
18 ah, Mr. Chair, with your advice and this committee's
19 advice, and certainly at the behest of the mayor, ah,
20 to make sure that whatever we do we're micro
21 targeting all the way down. Ah, again, when we say
22 LMI, ah, that was not, ah, something that was there
23 before, low- to moderate-income. We also know that
24 overlays with minority communities, ah, as well, ah,
25 when we, ah, assist those businesses. So we are

1 micro targeting that way. We get into those
2 businesses. Our, um, our assistance with, ah,
3 commercial, ah, um, I'm sorry, with, ah, language
4 access for our commercial, ah, businesses, that is,
5 that is something that we provide and, um, you know,
6 it's been very helpful. Um, we've seen the increase
7 in participation there and the products, our current
8 products and the products that we're working on, ah,
9 are all aligned that way, in which we are getting to
10 the smallest of small businesses, 65% of them less
11 than five employees. That's our target, um, and even
12 with advocating on the federal level, ah, that was
13 not a capital forum. You had a small business that
14 had five employees competing against a small
15 businesses with 500 employees. Ah, the new
16 administration came in, we met with them, we talked,
17 ah, they came in and they made the adjustment and
18 gave opportunities, ah, with the Restaurant
19 Revitalization Program, and [inaudible] Program,
20 etcetera. You saw opportunities for smaller venues
21 to actually participate because of that advocacy. So
22 we certainly take this seriously and, ah, we'll
23 continue to do so here.

2 CHAIRPERSON GJONAJ: Thank you,
3 Commissioner. I left out "and the amount of money."
4 If we put together all of the grant and loan programs
5 that New York City offers, without state and federal
6 aid, the dollar amount, do you know that dollar
7 amount for 240,000 businesses? Do you remember the,
8 ah, continuity loan grant program I believe was 11
9 million, is the number I recall?

10 COMMISSIONER DORIS: Are you talking
11 about all of the loan programs that, all the programs
12 that we've, ah, administered so far?

13 CHAIRPERSON GJONAJ: During COVID.

14 COMMISSIONER DORIS: During COVID, so
15 during, yes, during COVID, I believe we have, I'm
16 just, sorry, I'm just checking here.

17 CHAIRPERSON GJONAJ: The point I'm making
18 is the dollar amount, aside from the headline, which
19 was great, the dollar amount wasn't enough million...

20 COMMISSIONER DORIS: No.

21 CHAIRPERSON GJONAJ: ...to even scratch
22 the surface. It was minuscule, to the point where I
23 believe if we broke it down there wasn't enough to
24 pay for the average monthly electric bill, let alone
25 helping through a pandemic, of a closure of a year

1 long. And that's part of the equation. So it's not
2 only the target but the amount of money that we put
3 into it. Um, because I'm sure we have to break this
4 down. I don't have any questions on equitable
5 distribution. If any of my colleagues have any
6 questions only on equitable distribution this would
7 be the time for our commissioner to ask those
8 questions. So please, um, refer to Stephanie Jones
9 if you want to be heard on that issue.

11 COMMITTEE COUNSEL: Yes, ah, please,
12 please raise your hands on Zoom, council members, if
13 you'd like to ask a question on that topic. I'll
14 pause for a minute.

15 CHAIRPERSON GJONAJ: Maybe, Commissioner,
16 in the meantime you can get that dollar amount so we
17 can, um, between the loans and the grants programs
18 that were being offered during COVID for further
19 discussion.

20 COMMITTEE COUNSEL: Chair, I think we can
21 move on, seeing that we have no hands raised right
22 now.

23 CHAIRPERSON GJONAJ: OK. Ah, my question
24 now to, ah, Deputy Commissioner Anderson. This
25 proposed bill of cooperating restaurants an

1
2 opportunity to donate food that they would discard to
3 offset penalties. Why weren't we creative in this
4 sense early on that would address the food
5 insecurities and help our struggling small
6 businesses. We have done a tremendous amount with
7 the help of, ah, Commissioner, ah, Doris on removing
8 regulations, ah, removing fines and giving cure
9 periods. But this is a commonsense approach. I
10 can't imagine this is not something that we're
11 willing to not only embrace but encourage through
12 incentives and initiatives. Which firms would
13 qualify for reduction if this bill passes
14 legislation?

15 DEPUTY COMMISSIONER ANDERSON: Thank you
16 for, um, that question and, um, the, the bill allows
17 the department to define by rule which fines and, ah,
18 when we created our report, ah, pursuant to Local Law
19 74 of 2018 we had identified fines specifically
20 related to the commercial organics law, and, ah,
21 those fines included, um, properly labeling organics
22 collection bins, posting signs, ah, in approved prep
23 areas, instructing employees on how to September food
24 waste material. And of course the goal of the
25 commercial organics law is to reduce food waste, so

1
2 food donation is a pre-waste activity that even
3 reduces the need for those waste, um, areas and so
4 those were the examples of the types of fines that we
5 thought would be appropriate for mitigation. We had
6 initiated the process to proceed with rule-making,
7 ah, we have been delayed by the pandemic. So this,
8 this bill is a, is a good opportunity for us to
9 revisit this, um, and we are supportive of it.

10 CHAIRPERSON GJONAJ: But, Deputy, just so
11 I understand, this would only apply to fines issued
12 to those businesses that are not complying with the
13 organics laws?

14 DEPUTY COMMISSIONER ANDERSON: The bill
15 allows us to define by rule, ah, which violations
16 would be covered and in our initial pass, in our
17 analysis previously, we had identified a, a good
18 pairing between food donations and, ah, mitigating
19 the fines related to commercial organics, but that
20 doesn't necessarily mean that's the only place we
21 need to visit, and we can certainly discuss more.

22 CHAIRPERSON GJONAJ: Deputy Commissioner,
23 I encourage that we open up our, um, the list to
24 include all the other violations that are not
25 immediate, that are related to immediate health and

1 life and safety, ah, issues. So if it's a sanitation
2 ticket, if it is a light bulb issue, if it is a
3 signage issue, should be part of this ability to
4 restaurants to donate and waive those fees. We want
5 to give them a fighting chance. We want to first
6 allow them and inform them of the laws, a compliance
7 period. Then if they don't perhaps fine them. But
8 if they don't fall in those categories we need a way
9 to mitigate this financial burden. I would hope that
10 we're gonna include other agencies and forms of
11 summonses. Do we have the ability to allow the food
12 pantries or connect hungry New Yorkers with these
13 not-for-profits in distributing excess food? We're
14 also concerned about the time so there is less
15 spoilage. Um, is there someone focusing on how to
16 get that food quicker out of the restaurant into the
17 hands of those that need it without spoilage?

19 DEPUTY COMMISSIONER ANDERSON: Yes, so
20 we, ah, fully agree with your sentiments there and
21 one of the beautiful things about New York City is
22 that we have this very robust network of food rescue
23 organizations and food pantries that are heavily
24 coordinated already. However, it doesn't capture
25 everything, all food that could potentially be

1 donated, and pursuant to Local Law 176, which was
2 passed in 2017, Department of Sanitation created a
3 food donation portal. It's the Donate NYC Food
4 Donation Portal, and through that portal, ah, donors
5 can register to post, ah, food that they have
6 available for donation. Ah, recipients of food,
7 people who would like to receive food donations for
8 distribution, food pantries, etcetera, can sign up to
9 become recipients and there is an action algorithm
10 that pairs geographically closely located donors and
11 recipients to help reduce the logistical challenges
12 of transporting food, you know, long distances, the
13 idea is if you have a, um, donor and a recipient that
14 maybe are within three blocks of each other, let's
15 let them learn about each other so that connection
16 and logistics are much simpler.

18 CHAIRPERSON GJONAJ: Thank you, Deputy.

19 And my last question is what else can we do to combat
20 food waste? What other incentives can we offer that
21 would encourage? Ah, can we do write-offs on taxes?
22 Can we do it with real estate taxes? Are other
23 incentives that will make sure that very little gets
24 discarded and that these businesses can somehow
25 recoup their lost revenue through this food waste

1 while making sure it goes to those that are truly in
2 need?

3
4 DEPUTY COMMISSIONER ANDERSON: Well, food
5 waste occurs along the entire supply chain. So one
6 of the things we should absolutely be thinking about
7 is supporting businesses on how to not over-purchase
8 food, how to, you know, there are many ways to train,
9 there are many trainings out there, softwares,
10 etcetera, that help, ah, with inventory management.
11 Um, however, we're, we're very, this is an extremely
12 important topic. It's very important that we reduce
13 food waste and, ah, do it quickly and do it in the
14 near term, and so we're very happy to continue those
15 conversations about ways that we can, ah, both, ah,
16 incentivize and, and support food waste reduction.

17 CHAIRPERSON GJONAJ: Thank you, Deputy
18 Commissioner. Um, Committee Counsel, do we have any
19 council members that have question on the food waste
20 portion of this hearing?

21 COMMITTEE COUNSEL: Um, at this time I, I
22 don't see any hand raised, but I'll give a minute
23 for, ah, those hands to be raised.

24 CHAIRPERSON GJONAJ: Perhaps, um, the
25 bill introducer has questions, I'm sure.

2 COMMITTEE COUNSEL: Chair, I don't see
3 hands raised, so I think we can move on.

4 CHAIRPERSON GJONAJ: Then we'll move into
5 the portion, um, in and around commercial rent. And
6 as you fully imagine, this hearing, ah, we're already
7 received notice of hundreds that have signed up, ah,
8 that want to testify, be heard. Each one of you is
9 important. One thing that I'm gonna ask is that we
10 keep, um, this at a minimal in the form of time.
11 We're affording, I believe, three minutes to
12 everyone. We're going to ask you to keep it under
13 three minutes and certainly we, um, hard stop at
14 three minutes. If you have longer testimony you can
15 submit it in writing. Is that correct, Stephanie?
16 Can you give that information one more time?

17 COMMITTEE COUNSEL: Yes.

18 CHAIRPERSON GJONAJ: So [inaudible] want
19 to wait to be heard, and if you have longer
20 testimonies can do so in writing.

21 COMMITTEE COUNSEL: Yes, you can email
22 your testimony to the following email address. It's
23 testimony@council.nyc.gov.

24 CHAIRPERSON GJONAJ: Thank you,
25 Stephanie. Commissioner, obviously this is a very

1 emotional and passionate discussion for both sides.

2 Um, as you heard in my opening statement that the

3 definition of a business actually qualifies both to

4 tenant and the property owner or landlord in the same

5 definition. It is an collective effort, organized

6 effort, for the sale of a product or services for a

7 profit. Government should never be picking a side.

8 We're looking for fairness and balance. And the

9 emotions, rightly so, impact a person's bottom line.

10 My concerns are aside from rent, and we've had this

11 discussion throughout the last three-and-a-half

12 years. There are so many other issues that small

13 businesses have complained about. Can you tell me

14 the three top outreach concerns that you're, ah, that

15 SBS is receiving during your tenure as commissioner?

16 COMMISSIONER DORIS: Ah, we're, we're

17 talking outside of rent, right?

18 CHAIRPERSON GJONAJ: Including rents, the

19 top three.

20 COMMISSIONER DORIS: Oh, so, look, rent,

21 access to capital, and navigating government, um, are

22 the three things we continue to, ah, hear about.

23

24

25

1 COMMITTEE ON SMALL BUSINESS 59
2 CHAIRPERSON GJONAJ: Well [inaudible] but
3 we can focus on a wide array of issues that are in
4 the, that fall in the portfolio of government.

5 COMMISSIONER DORIS: Correct.

6 CHAIRPERSON GJONAJ: Regulation and
7 taxes, that can help relieve the burden that we place
8 on our small businesses. With that being said, what
9 can we do in those areas to help these small
10 businesses survive and thrive?

11 COMMISSIONER DORIS: Well, yeah, so, sir,
12 thank you for that, ah, question, ah, Mr. Chair.
13 Well, as you know, ah, I mentioned in my testimony
14 concerning, ah, our assistance to small businesses,
15 um, when it comes to lease and understanding, ah,
16 their lease, understanding how to negotiate,
17 providing lawyers free of charge for them to do so,
18 ah, setting up a program that we just funded ten
19 times what it was funded the year before. Um, you
20 know, in our Commercial Lease Assistance Program, and
21 then also, um, when we think about, you know,
22 providing the resources, ah, to train and allow
23 businesses to, ah, be able to navigate, ah, their
24 lease and commercial challenges, um, as well. So, so
25 we certainly have, ah, programs and services there.

1
2 Access to capital we talked about, ah, tremendously,
3 um, you know, big issue here for small businesses,
4 ah, needing to get the capital that's affordable,
5 that's flexible, and particularly during the
6 pandemic. Ah, to give them that shot in the arm.
7 And then we spent lots of time, as you know, on
8 navigating government. How to deal with government,
9 reducing the red tape. Ah, the mayor launched,
10 recently launched, ah, our Quick Start Program, an 11
11 million dollar investment, across multiple agencies
12 to make it easier, ah, providing the concierge
13 service for small businesses. Um, also working with
14 you and the council to cut, ah, fines and fees. Ah,
15 that was tremendous during the pandemic and now going
16 forward, and, and the like. And so, look, we, we're
17 here as, and I'm biased as the small business
18 commissioner, ah, the, the less, ah, we have the
19 better it is for our small businesses certainly. Ah,
20 we want to make sure that we create the environment
21 here, and lastly the mayor said he would cut fines
22 and fees by 50%. Ah, by the end of this year we will
23 have already done that. We're already done by 40%,
24 ah, since this, the start of the administration now.
25 We're probably gonna be doing that with the help of

1
2 the council and the bills recently passed as well,
3 um, you know, down to 50%. So, ah, certainly, ah,
4 you know, committed to those things, that [inaudible]
5 are telling us that they need, um, and making sure
6 that we, ah, double down on those efforts.

7 CHAIRPERSON GJONAJ: Thank you,
8 Commissioner. Why haven't we done more, and to echo
9 some of the comments you just made, when I talk to
10 small businesses and I ask them how can government
11 help their response is don't help, because the more
12 you help the more you hurt. Ah, and they're fearful
13 of government involvement. They're either afraid to
14 speak up with retaliation, they're afraid that if
15 they testify that an inspector is going to show up at
16 their place of business and issue fines and
17 violations, that they become a target. They're also
18 fearful of actually being honest about the issues.
19 And when I speak to them [inaudible] they also refer
20 to the real estate taxes and water and sewer, and the
21 income tax structure that is not helping small
22 businesses in New York City. Why haven't we done
23 more to reduce real estate taxes, to make sure that
24 real estate taxes are paid more equitably? Why is
25 water and sewer now more expensive than fuel for

1
2 these establishments. Why haven't we focused on
3 government-controlled, ah, burdens that would benefit
4 all small businesses?

5 COMMISSIONER DORIS: Thank, thank you,
6 Mr. Chair. I, you know, look, I think we, ah, both
7 agree on, um, you know, cutting red tape and reducing
8 the burden. Ah, we have, ah, worked with small
9 businesses, um, as you know, um, with, ah, our
10 compliance advisors [inaudible] where we are able to
11 help save them, ah, I believe on an annual basis
12 getting them about 20 million dollars or so, ah, with
13 Small Businesses helping them to navigate those, ah,
14 rules and regulations, um, and make sure that they're
15 doing, ah, what they need to do in a compliant way,
16 and I feel, ah, during the pandemic we did that, um,
17 close to 400 of those, ah, with small businesses
18 virtually. And, um, you know, we do agree, ah,
19 certainly on the multiple issues that they face,
20 which includes the regulatory environment, um, you
21 mentioned taxes and the like and certainly, ah, I
22 want to continue working with you on, on those.

23 CHAIRPERSON GJONAJ: Is there anything in
24 your mind that we can do to help, ah, did I lose you,
25 ah, Commissioner?

1 COMMISSIONER DORIS: I'm, I'm here, sir.

2 CHAIRPERSON GJONAJ: Oh, OK, [inaudible]

3 that switch. Anything more that we can do to help
4 create an incentive for small property owners to work
5 with their small businesses where we focus on micro
6 businesses and making sure that they can survive and
7 that rent burden doesn't overwhelm them and it puts
8 them out of business. In addition, taking this
9 particular, well, before we get into that, why did we
10 remove the commercial rent tax, which tax only
11 businesses south of 96th Street, I believe, and it's
12 [inaudible] on the base rent with a reduction
13 formula? That was solely placed on our small
14 businesses of all sizes, but one cookie cutter, one
15 size fits all. Anyone operating below 96th Streets
16 pays a commercial rent excess tax. That would affect
17 thousands of small businesses instantly.

18 COMMISSIONER DORIS: Yeah, no, certainly,
19 ah, you know, that is certainly a challenge, as you
20 know, um, there and correctly said. I know, you
21 know, the administration had, ah, supported some sort
22 of a credit there against that, ah, that tax for
23 certain businesses, I believe, if my memory serves me
24 correctly. Ah, but look, I, I think these are all
25

1 things for us to discuss. I mean, we are, as the
2 small business commissioner I want to make sure that,
3 ah, we make it as easy as possible for small
4 businesses to, ah, succeed in the city and I think
5 all these, ah, factors certainly should be looked at
6 and have been looked at, and again, ah, supported a
7 tax credit, ah, ah, against that, ah, particular, ah,
8 ah, tax so for certain businesses. So, yeah, I just
9 hear, hear you on that and, and agree that that's a
10 concern that we should flag and, and continue to have
11 discussions on, and potential actions.

13 CHAIRPERSON GJONAJ: Thanks,
14 Commissioner. We flagged it so many times, but it
15 never, there should be no commercial rent tax because
16 of the location of your business. They already paid
17 real estate taxes which, um, in those areas pay the
18 highest effective real estate taxes commercial rates
19 in the city. Um, the rent is high. They don't need
20 that extra additional financial burden. And while we
21 talk about financial burdens, when we talk about the
22 outer boroughs, the Business Integrity Commission
23 charges an employer an application process with
24 [inaudible] fee per employee. Why would we put that
25 burden on the, on those businesses which control the

1 marketplace, fruit, fish, um, vegetable, and meat
2 markets because they're geographically located and
3 the industry. BIC was formed to fight corruption and
4 organized crime during the Guiliani administration.
5 These fees that these businesses pay per employee
6 can't be passed on to the employee. And it delays
7 the hiring process, many of which are minorities,
8 many of which that can't wait the weeks that are
9 needed to get approval for that job. These, this has
10 been highlighted before and the point I'm making,
11 Commissioner, is we can do a lot more to alleviate
12 the financial burdens on our small businesses. It
13 doesn't just generally have to be creating a boogie
14 man scenario and in this case the landlord's a
15 problem, city, sorry, we can't reduce real estate
16 taxes, water and sewer, regulations, rent [inaudible]
17 burdens, and we create this environment. It's a lot
18 easier for a small business to go after the landlord
19 because of the rent payment than government when it
20 comes to taxes and regulation. What more can you
21 offer, Commissioner, as options that ultimately would
22 lead to the same result, a business that's entitled
23 to make a profit, because that's what this is all
24 about, a business that does not make profit will not
25

1 stay in business. Rent is not a, rent or taxes are
2 not the concern if the business is not profitable.

3
4 COMMISSIONER DORIS: So, Council Member,
5 I would just say that, ah, you know, making
6 businesses profitable, ah, is, ah, you know, center
7 to what we do here and I think, ah, making sure, um,
8 the business, number one, is educated about their,
9 ah, particular, um, you know, ah, ah, industry, and I
10 think it's very important understanding the
11 competition, um, fundamentals of businesses. You'd
12 be surprised, ah, not you but many will be surprised
13 if you walk around and talk to businesses part of the
14 challenge is, you know, really having a plan, ah, to
15 execute. They have great ideas. They can do it, ah,
16 better than anybody, but certainly putting that plan
17 for growth and expansion, ah, is always a concern,
18 right, and that's why we're here. That's why our,
19 our, you know, our programs, our educational, ah,
20 programs, have been utilized by, during the pandemic
21 alone, 53,000 businesses, OK, and so, you know, for
22 us, for us part of that is that education. Also, ah,
23 you know, the more we are, you know, dealing with
24 the, ah, markets to get, ah, financing available to
25 these businesses to make them more profitable, ah,

1 not only educating them on what they need to do, but
2 getting them that resource, so we do agree with you,
3 and again I, you know, we, we didn't shy away from
4 [inaudible] it's reality that as a small business in
5 the city we've got to, we've got to take care of the
6 regulatory hurdles and I think we highlighted a bunch
7 of that. We did that, ah, already during the
8 pandemic. Ah, we've done that with you all and the
9 council, ah, to reduce that burden. I believe we can
10 go further. I believe there's more to be done. Ah,
11 but these laws are on the books and I, you know, some
12 of them need to be changed and we've done that, and I
13 think that commitment, ah, we have to just keep going
14 through and keep plugging through and making sure
15 that we're, we're adding additional, ah, additional
16 things to that list, for us to look at and review,
17 um, and, you know, similar to the process we just
18 went through with the last several bills as pertains
19 to fines and fees, etcetera. So, um, I'm certainly
20 aligned with you on that, sir.

22 CHAIRPERSON GJONAJ: Thank you. And my
23 point being is this bill is well intended, right?
24 It's to help ensure that small businesses have a
25 fighting chance. And there's more that can be done.

1
2 But I also have concerns about the kind of language
3 and, um, my understanding of this bill it doesn't
4 take into consideration a site and square footage,
5 ah, and some franchise. Ah, it doesn't take into
6 consideration the number of employees or the gross
7 revenue, or industry. For example, I believe the
8 bill, ah, refers to rent protections, um, when it
9 comes to any storefront property or second floor that
10 is visible. That would include banks, which I don't
11 think need the, ah, protections of, um, ah, rent
12 regulation. That would include law firms, white shoe
13 law firms that don't, don't need this type of
14 protection, that could negotiate on favorable terms.
15 That would include, ah, tobacco stores, that we want
16 to prevent from selling their products, knowing how,
17 the effects of their products. That would impact gun
18 and ammo stores, retailers that sell guns and
19 ammunition, the very thing that this legislative body
20 has opposed in, um, in the city and the state. Ah,
21 strip clubs would be protected by this rent
22 regulation or protection. I don't think that's where
23 we're headed, Commissioner, that these, and that's
24 just a few that come to mind. But [inaudible] I
25 don't think need the help, to fall under the

1 definition of small business that would benefit from
2 the proposed rent control, for rent regulations.

3 What are your thoughts on this, Commissioner?

4
5 COMMISSIONER DORIS: Um, so, you know,
6 look, we, ah, in our testimony just highlighted a
7 couple of the concerns. We want to work, ah, with
8 the council on, to address the concerns here, but,
9 you know, you've highlighted a few. I mean, they're
10 obviously, ah, some, some others, but we are, ah, you
11 know, committed to continuing, you know, the
12 conversation around this particular bill.

13 CHAIRPERSON GJONAJ: Anything else you
14 can add to this, Commissioner? Because what I'm
15 getting at is we know who want to help and that's
16 small businesses, micro businesses.

17 COMMISSIONER DORIS: Yeah.

18 CHAIRPERSON GJONAJ: That's the intent.
19 And if that's the target group there should be other
20 initiatives that can achieve the same result without
21 putting this on property owners. The government can
22 achieve the same through incentives, through
23 reduction in taxes, through a reduction in, ah, fees
24 and fines and burdens and give them the financial
25 assistance that they need to survive. I don't want

1
2 to peg one small business against another because of
3 a bottom line. And government can't successfully
4 manage real estate. We've seen the NYCHA debacle.
5 So government control of all rent, of all commercial
6 properties, out of the question and unless we want to
7 redefine our constitution, um, ah, and the free
8 markets that we believe in, we have to avoid going
9 down this slippery slope. What else can we do? If
10 we know who want to help, and that's the most
11 vulnerable, smallest businesses in New York City.
12 How else can we get there, Commissioner?

13 COMMISSIONER DORIS: Yeah, sure, look, I,
14 I, I believe, ah, you know, we discussed a few of
15 those and part of what we want to continue to do is,
16 ah, you know, when you talk about targeting and
17 making sure that that services are getting to those
18 who need it the most, I think we saw, sir, how that
19 played out during the pandemic and even now. Ah, you
20 talked about Ida, ah, relief and all that's happening
21 there and where the concentrations, ah, of damage
22 and, and businesses hurting where we're seeing, you
23 know, again, low- to moderate-income communities.
24 Um, you know, those hardest hit by COVID [inaudible],
25 ah, those who are the challenges of, of economic

1
2 insecurity, ah, you know, and the like, and so part
3 of our work, ah, here is to go into those
4 neighborhoods. We have a whole division called the
5 Neighborhood, ah, Development Division that actually
6 works with communities directly around these issues.
7 Ah, and so, you know, we believe we have to double
8 down on those efforts. Um, we certainly have
9 additional relief coming, ah, that was passed in the
10 budget, ah, to small businesses, um, as we, ah, go
11 through the process of getting those, ah, out. Ah,
12 look, we, we want to make sure that we are, ah, you
13 know, doubling down on those efforts, as I said, and
14 making sure that the, the regulatory hurdles, again,
15 the, the mayor, ah, released the Quick Start program.
16 Ah, you have a concierge, ah, walking them through
17 the process. We want to cut times down, ah, get
18 folks through that process to open, ah, you know, ah,
19 which is, which, you know, the longer it takes a
20 small business to open is the cost is costly, ah, so
21 we're, we're cutting that down. We have a
22 significant investment, ah, and multiagency, ah,
23 effort to do that and, um, so we, we know what needs
24 to be done and I think we just need to continue
25 doubling down on it.

2 CHAIRPERSON GJONAJ: Thank you.
3 Commissioner, the, as the, as the Council Member
4 Levin mentioned, ah, New York City did have a form of
5 commercial rent control that expired some time in the
6 Sixties. Why did we end that program? And I guess
7 the question is, um, if deep commercial rent
8 stabilization would help reduce storefront vacancies?
9 Our current vacancy is, I believe, above 9% in New
10 York City, and if you have up-to-date information
11 please share that with me.

12 COMMISSIONER DORIS: Yeah, I mean, we're
13 seeing, ah, over actually 10% and in some communities
14 up to, ah, even higher than that.

15 CHAIRPERSON GJONAJ: Citywide it's closer
16 to, over 10% vacancy?

17 COMMISSIONER DORIS: From some surveys,
18 correct, yes. We have, ah, that's what we're seeing.

19 CHAIRPERSON GJONAJ: [inaudible]
20 business, that's one in 10 storefronts.

21 COMMISSIONER DORIS: I'm sorry?

22 CHAIRPERSON GJONAJ: That's one in 10
23 storefronts citywide.

24 COMMISSIONER DORIS: Yeah, about 10%,
25 yeah, about 10% vacancies. Um, and again, in some

1 areas it's even higher. Look, I, I, you know, we,
2 and obviously this, this topic, ah, you know, is one
3 that we are looking and we're [inaudible]
4 particularly these, ah, the legislations before us,
5 ah, we are going over [inaudible] as I mentioned in
6 my, ah, testimony, and I will repeat it here as
7 questions, um, are, are asked and, and, and we are
8 very, very concerned about, ah, making sure that we
9 understand and gather the, the sort of unintended
10 economic impact just across the board, um, and, and,
11 you know, while we, ah, you know, look at this
12 particular, these particular, ah, ah, remedies that
13 are being proposed today, so I, I believe that, as
14 you said, they can see it is a concern, the reduction
15 in rent that's currently here is a concern, um, you
16 know, our flexibility for, ah, new businesses to get
17 into certain communities, ah, and, and partake is, is
18 another concern. Um, you know, and, and the like,
19 and we have a few others. But, again, it's just a
20 matter of sitting down, going over, ah, you know,
21 these, ah, unintended consequences, particularly what
22 it means to, ah, other types of businesses who, ah,
23 are on the other side of this, as you mentioned, ah,
24 small landlords and the like.
25

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2 CHAIRPERSON GJONAJ: Thank you,
3 Commissioner. I, I have more questions but I want to
4 afford the opportunity to my, ah, colleagues to ask
5 questions. Ah, Stephanie, do we have any council
6 members that have signed, who've shown an indication
7 of wanting to ask the commissioner questions?

8 COMMITTEE COUNSEL: Yes, Chair, ah, we
9 see Council Member Levin would like to ask a
10 question, so we'll begin with him, followed by
11 Council Member Dinowitz. Council Member Levin?

12 COUNCIL MEMBER LEVIN: Ah, thank you very
13 much, Chair. Thank you, Commissioner. Um, I
14 appreciate your testimony, um, and, um, and your
15 willingness to engage with us on this topic. Um, I,
16 I want to ask just at the outset here, um, ah, and,
17 and Chair Gjonaj had spoken about this, um, do you
18 hear when you're speak to small businesses out there
19 in the city, do you hear from them that rent burden
20 is one of the first or second top issues that they
21 face?

22 COMMISSIONER DORIS: Yes, we do hear from
23 small businesses that, ah, certainly rent burden is a
24 concern, um, and, ah, you know, why we have certain
25

1 programs we have, but certainly yes. We do hear that
2 rent is, is, is certainly a concern.

3
4 COUNCIL MEMBER LEVIN: Would you say it's
5 one of the first or two, one of the first or second,
6 ah, issues that you hear from them?

7 COMMISSIONER DORIS: Ah, probably the top
8 three, one of the top three, depending where the
9 business is and where you are.

10 COUNCIL MEMBER LEVIN: Um, has, when SBS
11 looks at, does SBS look at the, the impact of what we
12 call gentrification on small businesses, um, in,
13 across the five boroughs? Is that a, is that kind of
14 within the purview of SBS?

15 COMMISSIONER DORIS: Um...

16 COUNCIL MEMBER LEVIN: And how, how do
17 you see gentrification play out when it comes to
18 small businesses?

19 COMMISSIONER DORIS: Well, look, I think
20 our neighborhood division we do work, ah, within
21 communities to assess and see what's going on based
22 upon, ah, the trends that are in those particular
23 communities. So, um, you know, within our BIDs or
24 our chambers, merchants' associations, um, to get
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1
2 feedback from them on, on trends within their
3 particular areas.

4 COUNCIL MEMBER LEVIN: Do you see rent-
5 burdened commercial properties as a, as part of what
6 we generally think of as the forces of
7 gentrification?

8 COMMISSIONER DORIS: I'm not sure I
9 would, um, ah, I would align, ah, just entirely, ah,
10 that I think there are so many other issues that, ah,
11 included gentrification that, ah, we are hearing, you
12 know, small businesses are, are concerned about, um,
13 not, not just, ah, that sort of an isolated by
14 itself.

15 COUNCIL MEMBER LEVIN: Sure, I know it's
16 part of a, of a kind of ecosystem of issues, um, but,
17 you know, when I see a neighborhood gentrified, which
18 include parts of my district, include parts of
19 neighborhoods that I have worked in, in my career,
20 neighborhoods like Bushwick, ah, Bed-Stuy, um, parts
21 of my district like Williamsburg and Greenpoint, um,
22 when I see gentrification, um, what I'm seeing often
23 are upward pressure on residential rents, um,
24 especially those that are not regulated, so if a
25 building is new and unregulated or if it's, um,

1
2 greater than or less than six units, or if it's
3 reached a vacancy decontrol and, and is no longer,
4 um, in the rent regulation system, um, so upward
5 pressure on rents for, for residential, that, that
6 creates a rent burden for residential tenants and,
7 um, at the same time we tend to see in neighborhoods
8 like, like those that I just mentioned, um, that
9 commercial businesses are facing a similar, ah,
10 increase in rent, particularly when there are, um,
11 other businesses that are out there that have greater
12 access to capital. You mentioned access to capital
13 before as another big issue that, that, um, small
14 businesses face. So, um, access to capital, do, do
15 you see a direct relationship between access to
16 capital and rent? In other words, if you are a small
17 business that has access to capital can you pay more
18 rent?

19 COMMISSIONER DORIS: Yeah, I mean, I
20 would assume that your ability to pay rent is better
21 if you, ah, you know, capital. I think more so, ah,
22 access to opportunity and, ah, the business growth is
23 the, is the biggest, ah, plus here when it comes to
24 delimit your overhead expenses, including, um,
25 including the rent.

1
2 COUNCIL MEMBER LEVIN: Um, you know, and
3 I just, and, and, and data, I mean, you know, data in
4 this discussion is, is generally hard to come back,
5 and in fact going back and looking at, um, research
6 that was done back in the Eighties when we were
7 talking about commercial rent stabilization back
8 then, ah, there was always a challenge of, of, um, of
9 getting, um, objective data that we can all agree on
10 as relevant data, um, and so, you know, in the
11 absence of, of, of really comprehensive data, you
12 know, there are anecdotal, ah, examples that we can
13 look at. So I just looked at, ah, I, I used ACRIS to
14 look at, um, the ownership of properties that, um,
15 in, in a neighborhood, like I used to work on Wyckoff
16 Avenue and Bushwick. Wyckoff Avenue and Bushwick is
17 a very, is, is gentrification on steroids, OK, it's,
18 you know, you see, um, ah, you know, a lot of small
19 businesses closing down and replaced by newer
20 businesses that are, you know, clearly have more
21 access to capital. They're, um, and, and what I've
22 noticed in looking at, um, you know, looking up the
23 ownership of those properties is that, um, very often
24 they're not, you know, long-term owners, they're not
25 mom and pop shops, you know, mom and pop owners.

1
2 They're not, um, what they are, are LLCs, um, and
3 they're real estate investment opportunities for, for
4 people that are in that line of work, real estate
5 investments, and, um, and so when we talk about
6 gentrification as kind of an economic ecosystem, um,
7 what I think we see a lot in outer boroughs,
8 neighborhoods that are facing these pressures, that
9 face it on the residential side, that face it on the
10 commercial side, is that the investors are looking to
11 make a return on their investment. They have a
12 certain, ah, rate of return that they expect in order
13 to, to make good on their investment, and commercial
14 rent on small properties is a big part of making that
15 return on their investment, and if you are faced as
16 a, as an investor who's not a, you know, has a
17 mortgage, has a mortgage and expensive mortgage, has
18 a mortgage that might be securitized, right? We're
19 talking about securitized mortgages when you have to
20 make a return because you have, you have different
21 investors that are involved in securitization, what
22 is there to prevent, what, what do we have in place
23 to prevent the, that type of the, the, to prevent a
24 small business that is been there for a long time,
25 that has an existing lease, that's maybe been there

1
2 for 10 or 20 years, from, from losing out on that
3 space to another business that has greater access to
4 capital, um, that is, and frankly I mean, you know,
5 when we think about an immigrant-owned business is
6 not gonna have the same access to capital often than,
7 than a, than a, than a non-immigrant-owned business
8 and that's just the reality, and so what do we have
9 in place to level the playing field between a small
10 business that may not have access to the capital
11 markets and a small business that does that can, that
12 can frankly pay more in rent to satisfactory a real
13 estate investment and those investors who are, who
14 must make a return on their investment? What do we
15 have in place to level the playing field, 'cause
16 that's what I think of when I think of
17 gentrification.

18 COMMISSIONER DORIS: Yeah, certainly, and
19 look, I, I think the, ah, that's why these, ah,
20 issues, as you have rightfully stated, I mean, the
21 complicated nature of it all in dealing with markets,
22 ah, market, um, fluctuations and, um, gentrification
23 and access to capital issues and, and all the like, I
24 mean, for us at SBS what we, we do to sort of curtail
25 some of the challenges small business face in, in, in

1 areas like that obviously we give them all the legal
2 support they need. We also give them, ah, financial
3 support, um, as I mentioned before. Um, you know,
4 significant number, 75%, and I think 90% in one other
5 program that's a straight reduction, and grant
6 programs, most of these are to LMI, or low- to
7 moderate-income or minority communities, so we do
8 supplement that. But I do hear you on the broader
9 concepts, concept and construct about how do we sort
10 of have something in place there and, and I, I think
11 that's certainly, ah, where you're, you're trying to
12 plug in here and I, I get that and I understand it.
13 I think for us when you talk about the research and
14 the unintended consequences, as we go through this
15 process, right, ah, you know, what does it mean for,
16 for this small landlord, as you mentioned, or was
17 mentioned earlier, what does it mean for, ah,
18 businesses, new businesses right away, um, you know,
19 ah, we know for sure black women businesses growing
20 the fastest of any other business, um, so, you know,
21 they're gonna be, you know, what's the impact on
22 these businesses? Newer businesses who are coming to
23 some of these spaces. I mean, so, you know, it's,
24 it's um...

2 COUNCIL MEMBER LEVIN: I mean, I think...

3 COMMISSIONER DORIS: ...it's a
4 conversation we...

5 COUNCIL MEMBER LEVIN: ...[inaudible]
6 things we do, I, I can say that, you know, just in
7 terms of like, ah, my office is on Atlantic Avenue
8 and Boerum Hill. I could speak to the black-owned
9 women business that was three doors down from me,
10 kind of came [inaudible] hair stylist who, who had to
11 go and they do, you know, they do it by appointment
12 and they, they're now doing their work, um, you know,
13 out of their homes, um, 'cause they couldn't afford
14 the rent anymore, um, upon a lease renewal. So I
15 mean, it's...

16 COMMISSIONER DORIS: Yeah.

17 COUNCIL MEMBER LEVIN: ...it is, um, you
18 know, does, does SBS keep track of how many
19 businesses, um, are going, are, are not renewing, are
20 not able to renew their leases, small businesses?

21 COMMISSIONER DORIS: Ah, we do not keep
22 track of that number, and certainly those who are
23 participating in our, ah, CLA program, we have a
24 better sense of, of, ah, you know, their challenges

25

1 and the like. But certainly not on a citywide basis,
2 no, there's no...

3 COUNCIL MEMBER LEVIN: Um...

4 COMMISSIONER DORIS: ...repository for
5 that.

6 COUNCIL MEMBER LEVIN: So, so, we talked,
7 we talked about data, you talked about data, um, in
8 your testimony, um, and, you know, the legislation as
9 proposed, 1796, does require that a commercial rent
10 stabilization board assess data every year in
11 determining whether, what and whether, ah, there
12 would be a, a rent increase in that given year,
13 either on neighborhood by neighborhood basis or, or
14 citywide, and so, you know, there are, these are the,
15 these are the, in the bill, just want to be clear,
16 just so that the public understands what the bill is.
17 It says the board shall establish initial guidelines
18 for commercial rent adjustments by the first of July
19 for the next seating appointment of the last member
20 of the board, meaning once the board is appointed
21 then the next July 1 will start the initial
22 guidelines. Thereafter the board shall establish
23 annual guidelines to be filed in according with
24 Subdivision G of this section. In determining
25

1 whether to adjust rents for commercial spaces subject
2 to the commercial rent stabilization provisions of
3 this chapter in the bill the board shall consider,
4 among other things, and so this is what's laying out,
5 the economic conditions of the commercial real estate
6 industry in the affected area, including such factors
7 as commercial real estate taxes and sewer and water
8 rates, gross operating and maintenance costs,
9 including insurance rates, governmental fees, fuel,
10 and labor costs, costs and availability of financing,
11 including effective rates of interest, and over
12 supply, overall supply of commercial spaces and
13 overall vacancy rates. That's one, and then two,
14 relevant data from the current and projected market
15 values of commercial rentals in the affected area,
16 and three, any other relevant data available to the
17 board. So my question to SBS is are there any other
18 points of data or any other, um, any other, ah,
19 thing, information, that SBS believes should be taken
20 into account when analyzing what, what should be a, a,
21 a, a rental increase for the, the following year. In
22 other words, the bill, the bill addresses the need
23 for data by laying out what data should be sought out
24
25

1 and acquired and considered. What else, what other
2 point of data would you, ah, recommend?
3

4 COMMISSIONER DORIS: Yeah, I, look, I, I,
5 you know, I think there's, um, a host of things to be
6 considered, um, you know, between that landlord and
7 that tenant, but as a entity, if you're creating an
8 entity to meet, you know, limit, ah, that market, you
9 know, look, I think there's, you know, we mentioned,
10 you know, new business growth. We mentioned, ah,
11 businesses who are retiring, um, not just because of
12 rents but just folks. We have a, you know, we have a
13 generational shift coming, ah, as you know. A lot of
14 these businesses, ah, from sort of retiring or set to
15 retire, it's not because of rents, just because
16 they're just ready to do so. Um, and, and, you know,
17 are we making stock, ah, available, retail stock
18 available for new businesses and making it attractive
19 enough? Are we causing some sort of, um, ah,
20 disruption in the market where, ah, you know, um,
21 these, ah, these particular, um, ah, policies can
22 influence the market in a direction that you don't
23 want it to, you know, and so look, those are, there's
24 so much here to, to review. That's why we said in,
25 you know, in our testimony in other, ah, other times,

1
2 um, you know, we certainly want to continue to talk
3 with the council, and talk with council members and
4 about this and how, you know, work, work through it,
5 um, and, and figure out if this is the solution.
6 But, certainly, you know, we are right here
7 discussing, discussing it and, and, ah, also want to
8 hear from, from others who are coming up after us to
9 really hear about the issue. I think that's, that's
10 what we are, are here to assess.

11 COUNCIL MEMBER LEVIN: Ah, Chair, I just
12 have a couple more questions for the commissioner, if
13 I, if I may. Um, ah, Commissioner, is there anything
14 that SBS or the city does to, ah, address pass-
15 throughs to commercial tenants of, of real estate,
16 water and sewer taxes, um, because that is something
17 that we, I, I know for a fact. A business around the
18 corner from my office went out of business because
19 the pass-throughs were so high that they were no
20 longer able to afford them. Now those real estate
21 taxes increased fivefold over about 10 years, so it
22 went from about \$20,000 to \$100,000, and real estate
23 taxes on a small building, um, because, ah, because
24 the, because of the way that our real estate taxes
25 are determined when it comes to commercial

1
2 properties, and I was speaking to an economist
3 yesterday about this, and what we see is there's a,
4 he called it redounding effect that, that when
5 there's the, when they are submitting to the
6 Department of Finance their, ah, their profitability
7 as a landlord, um, the, that then increases their
8 commercial rent taxes, which then they pass along to
9 the, the tenants, which then are increasing the
10 rents, or the revenue, to the landlord, which then
11 drive up the property taxes, which then drive up the
12 pass-through, and it is a, the, the city reaps the
13 benefit of that. The city reaps the benefit of the
14 taxes paid, but what happens is that you have out of,
15 spiraling out of control, a redounding effect of
16 ever-increasing property taxes that then get passed
17 through and that is driven, I mean, I hear this from
18 my district a lot, right where I work on Atlantic
19 Avenue, I've heard this from multiple merchants that
20 the pass-throughs of real estate taxes just, I mean,
21 are, get to the point where it puts them out of
22 business. Um, I know that there's a, ah, a, a
23 property tax commission that the council has
24 empaneled. Is this something that SBS is talking
25 about with that commission or with the Department of

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2 Finance and are there any limitations that we have
3 considered putting on pass-throughs, because by
4 having a pass-through in place, which is something of
5 a release valve for the landlord, it had the
6 unintended consequence of driving up the rent as
7 their pass-throughs.

8 COMMISSIONER DORIS: Yeah, Council
9 Member, as you mentioned, ah, you know, I don't have
10 any additional thing to add to that. The, the only
11 thing I would say is that certainly that the property
12 tax commission and, you know, they're empaneled and
13 are looking at, I think across the board, some of
14 these challenges, um, and, ah...

15 COUNCIL MEMBER LEVIN: You know, I
16 testified about this way back in 2019 or 2018,
17 whenever they had the hearing in Brooklyn. I, I
18 showed up and testified about this very issue and I
19 didn't get the sense at the time that this was
20 something that they were really looking at. They
21 were looking at the class issues and, um, ah, you
22 know, and really focusing on that. But this is a, I,
23 I, I really think that SBS should be the, the agency
24 that presents this to that commission to, this is
25 the, this is, this is a killer of small business.

1
2 Um, and it's a situation where, I mean it's like
3 they're just figuring, basically what happens is
4 it's, you know, somebody ends up paying the price and
5 it ends up being the tenant because there's a pass-
6 through, but it's the city that ends up collecting on
7 the taxes. And this is, this is, I, I do think that
8 this is a real abuse of the property tax system by
9 the city, maybe unintended, but it is an abuse.

10 CHAIRPERSON GJONAJ: If I may, Council
11 Member, and Commissioner, just to add on that, this
12 is not, the real estate tax structure that we
13 currently have for these investment properties impact
14 not only commercial rents, but the same effect on
15 residential, and it can be as high as 45% of the
16 revenue that can be charged in real estate taxes, and
17 ultimately that will all get passed through to the
18 ten, one form or another. Um, and this is the point
19 I was trying to make with the commissioner earlier.
20 So thank you, ah, Council Member Levin, for it.

21 COUNCIL MEMBER LEVIN: And one, one last,
22 one last point, Chair, if I may. I just want to be
23 clear that this bill is not, is seeking to level the
24 playing field. We are not looking to determine who
25 the tenants are. Um, we are not, um, we are not

1 giving preference to one tenant over another tenant.
2 We are not decreasing rents. We are not canceling
3 rents. So I want to be very clear that that's, what
4 we are trying to do is bring some stability to
5 neighborhoods, in particular neighborhoods that I see
6 in the outer boroughs that face these forces of
7 gentrification and, um, in trying to, the, I mean,
8 you know, we live in a capitalist society. I don't
9 dispute that at all. But when the, when the market
10 runs rampant and totally free without any regulation
11 there are times when you see negative impacts from
12 that market and, um, and those, the government's role
13 is to step in to try to mitigate those negative
14 impacts. And I see after 12 years in council and 15
16 years working in public policy that gentrification
17 has lot of negative, a lot of negative impacts, and I
18 see the council's role and the government's role as
19 mitigating those negative impacts of gentrification.
20 That means that some people may make less money than
21 they might otherwise make. We're not taking money
22 away from anybody, but we are saying that sometimes
23 the free market gets it so out of whack that because
24 of the, the, the tools within the marketplace, um,
25 and that, and that the benefit [inaudible] can get

1 skewed and accrue to one party or another in, in, in
2 ways that are detrimental to the good of, what I
3 believe is the good of overall society. And so
4 that's what this bill is doing. I just want to make
5 that very clear for the record, um, that it is trying
6 to mitigate the negative impacts that we see and have
7 seen in our commercial real estate market. Um, we're
8 not taking anything away from anybody. With that
9 I'll turn it back over to you, Chair. Thank you.

11 CHAIRPERSON GJONAJ: Thank you, ah,
12 Council Member. Um, Commissioner, Council Member
13 Levin brings up a great point on gentrification.
14 What options can you think a government can play for
15 protecting and preserving those small businesses in
16 gentrifying neighborhoods? Ah, I also understand the
17 consequences of that, because if you take, ah, a
18 struggling neighborhood they're obviously selling
19 coffee at a dollar. If it's an up-and-coming,
20 trendy, gentrifying neighborhood you're selling
21 lattes at \$20. But when it comes to certain small
22 businesses that can't, ah, adapt their business to
23 the changing environment and aren't able to get more,
24 ah, for their products and services, what would you
25 think is an option that the government can play in

1
2 um, the tax, ah, tax, some sort of tax abatements or
3 some sort of tax, ah, proposals that can help, ah,
4 help with that, um, any types of incentives along
5 those lines. Um, you know, look, I, I, look, there's
6 a, there's a few things that can be done here, but,
7 um, want to make sure that, ah, you know, we continue
8 to have that discussion around what those things are,
9 right? I mean, there's, there's, depending what the
10 business is and types of business, where the business
11 is, um, I mean, if it's a particular zone or area,
12 ah, they can different types of incentives. Um, we
13 talked about manufacturing certain types of
14 incentives that's already existing. Another
15 challenge that a lot of businesses are not taking,
16 you know, not taking full advantage of some of these
17 existing, um, ah, ah, you know, resources that are
18 available and, and to them as well. And so part of
19 that is just the concern that we get them that
20 information so they can, ah, make those, make those,
21 ah, those choices.

22 CHAIRPERSON GJONAJ: I'm thinking of
23 incentives, you know, matching funds dollar to dollar
24 to a property owner, not to raise the rent, and we'll
25 let you can equal write-off, um, on the real estate

1 taxes and coming up with protections for gentrified
2 neighborhoods is what I'm thinking [inaudible].

3 We'll continue that conversation. These are just

4 small of a larger problem, because fundamentally I

5 believe the greatest threat to our small businesses

6 today in its current, in this environment, is e-

7 commerce. I'm just looking at report, um, that is

8 startling. Ah, and perhaps this should be part of

9 our focus today as well, ah, where e-commerce has in

10 2020 amounts to 431.6 billion dollars. The statistic

11 digital market outlook estimates that by 2025 it will

12 grow to 563 billion dollars. That same, that same

13 report also describes the in-store brick and mortar

14 retail sales in the United States fall by 29.3% in

15 the second quarter of 2020. These are disturbing

16 trends when it comes to our commercial corridors. So

17 unless you're selling a product that is not going to

18 be delivered to you, such as a hair cut or coffee,

19 ah, or, um, on-site dining these are the trends that

20 are going to impact our commercial corridors and

21 reshape them into the future. But I am afraid that

22 that 10% vacancy that we see now is going to be a

23 growing trend. What more can we do to help these

24 businesses reinvent their models to compete on the
25

1
2 global marketplace? And we're also, um, a part of
3 that problem, Commissioner, because our small
4 businesses take advantage of buying on the internet
5 as well. So we're not supporting local small
6 businesses, we're supporting businesses outside of
7 our city and out of our state, takes cash away from
8 the city and puts it into the hands of big businesses
9 that are in Delaware, Delaware, that are paying very
10 to little income taxes with a corporate structure.

11 COMMISSIONER DORIS: Thank, thank you so
12 much for that. Ah, look, you made it, ah, I think,
13 um, really, really specifically hit it there for, for
14 us and when it comes to, ah, shop local, ah,
15 campaign. I can't tell you, um, ah, how important
16 that has been through the pandemic and driving, ah,
17 you know, consumers to the local businesses. Um,
18 [inaudible] going back all the way, ah, during, ah,
19 the pandemic around Thanksgiving or so that first
20 year we launched this, ah, Shop Your City campaign
21 and, ah, you know, we've seen great, you know,
22 results from it, um, we've seen businesses
23 participating. But that is the, that is what we all
24 have to say. Ah, that's what we all have to do,
25 which is make sure that we support our local

1 businesses, our Shop Local, Shop Your City, ah, make
2 sure, ah, that you're going downstairs, outside,
3 wherever it may be, um, and shop there. And so the
4 second part of this is, you know, a part of our three
5 core principles that we used, ah, during the pandemic
6 and shift the way that we do work here at SBS is
7 around, one is around innovation, and not just
8 innovating the way we provide services, but giving
9 small businesses the tools to do so. Ah, you know,
10 when we teamed up with Deloitte, ah, to do, ah, work
11 there, ah, MasterCard, around black businesses, um,
12 and, and so much more, around how do we pivot, how do
13 we make these businesses, ah, be creative and
14 innovative during this time, because it's important.
15 And, ah, e-commerce for many of those businesses
16 really, ah, you know, was something that helped them.
17 Others, ah, you know, struggled with it. The
18 employees needed some assistance, so we launched our,
19 ah, you know, Train Your Employees, ah, as a program
20 that we trained them on, um, you know, on the
21 resources of e-commerce, but also, ah, you know,
22 technical skills, ah, etcetera. So, you know, it's,
23 it's gotta be a, a, you know, it's not a one-size-
24 fits-all, you know, different businesses have
25

1
2 different needs, but I definitely hear you on, ah,
3 brick and mortar. Ah, many of them also figured a
4 way to pivot, as you said, to sell their wares
5 online. And those who are, ah, you know, unable to
6 do, such as a personal care services and so on, you
7 know, what we need to do, ah, is continue to, ah, you
8 know, continue to drive down these, ah, COVID
9 numbers, continue to do whatever we can, ah, so that,
10 you know, folks are comfortable coming out, folks are
11 able to, ah, go and patronize those businesses who
12 are unable to provide a particular service, ah,
13 online. But I must say, I mean, my barber, ah, and
14 other folks that I'm using and they started using
15 apps now and, and now like scheduling, ah, us to come
16 in different times and so forth and so on, so even
17 them are getting a little technical, ah, and, and
18 savvy in that regard in order to, ah, meet the sort
19 of current climate that we're in. So while I, I do
20 believe that, ah, the e-commerce piece is a huge
21 challenge, I think our role is also to educate
22 business on it, train them on it, ah, and teach them
23 how to innovate and, and the second, ah, principle
24 about adaptability, how to adapt and be flexible. I
25 think those are the businesses, and we see reports

1
2 all over, ah, that are going to come out, you know,
3 really ahead here and, and that's what our sort of,
4 we geared up our services to provide, ah, those, ah,
5 resources to those particular businesses around e-
6 commerce.

7 CHAIRPERSON GJONAJ: Thank you,
8 Commissioner. Stephanie?

9 COMMITTEE COUNSEL: Yes, Chair. I see
10 that Council Member Dinowitz would like to ask some
11 questions. Council Member?

12 SERGEANT AT ARMS: Time starts now.

13 COUNCIL MEMBER DINOWITZ: Ah, thank you
14 very much. Thank you, Chair Gjonaj, ah, for holding
15 this hearing and Commissioner for coming and, um, you
16 know, especially Council Member Levin for really
17 trying to address something that's been hurting our
18 small business owners and the quality of life in our
19 communities, particularly for older adults and people
20 with disabilities. Um, I want to talk a little about
21 something that Council Member Gjonaj mentioned, which
22 is the disparity between the way the Bronx is
23 treated, ah, and thought of and the rest of the city.
24 Do you know how many small businesses there are in
25

2 New York City and how many of those businesses would
3 be affected by, ah, the rent control bill?

4 COMMISSIONER DORIS: Ah, yeah. We have,
5 um, small businesses, ah, with employees. We count
6 them as 240,000.

7 COUNCIL MEMBER DINOWITZ: I'm sorry, 200
8 what?

9 COMMISSIONER DORIS: 240,000.

10 COUNCIL MEMBER DINOWITZ: OK.

11 COMMISSIONER DORIS: Of which about
12 18,000 or so are in the Bronx. Um, affected by this,
13 um, I believe, I don't have the breakdown for the
14 storefront, ah, by borough but I believe, I want to
15 believe it's around 140 or so thousand storefront
16 businesses. I'm not, ah, Blaise, do you want to
17 check me on that? I want to make sure that I'm
18 correct on that number.

19 DEPUTY DIRECTOR BAKER: On the number
20 that would be impacted by the commercial rent?

21 COMMISSIONER DORIS: Yeah.

22 COUNCIL MEMBER DINOWITZ: Or in otherwise
23 how many are 10,000 square feet or less?

24 COMMISSIONER DORIS: Oh, OK, yes.

1
2 DEPUTY DIRECTOR BAKER: Right, so we need
3 to work with the Department of Finance on that. We
4 do not have, um, given sort of the limit, there
5 wasn't, I think, 100% response rate, um, for the
6 recent storefront registry and we'll need to work
7 with them to parse that data, so we don't have a
8 exact number of impacted.

9 COUNCIL MEMBER DINOWITZ: OK, yeah.
10 That, that, it's particularly important to know how
11 different communities and different districts, you
12 know, will be impacted. Ah, just out of curiosity,
13 how is this square footage determined? In other
14 words, is a basement included? Restaurants that have
15 expanded to outdoor seating? Are those included in
16 the 10,000 square feet?

17 COMMISSIONER DORIS: That I think would
18 be a good question for the sponsor, I mean, what the
19 intention, ah, is. I don't, I don't, I don't know
20 how, they sort of are reading it and in part why we
21 are asking for a continued conversation around that.
22 I, I don't know how we're assessing that.

23 COUNCIL MEMBER DINOWITZ: All right. And
24 do you, does the SBS have a definition of small
25 landlord versus big landlord?

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2 COMMISSIONER DORIS: Um, we don't have a,
3 ah, a definition per se as number of properties
4 owned, etcetera. Ah, certainly, ah, if you're, you
5 know, we have definitions for what we consider a
6 small business, um, and, ah, and sometimes it goes
7 with the number of employees that you have, revenue,
8 ah, and the like.

9 COUNCIL MEMBER DINOWITZ: OK. Um,
10 regarding, ah, helping small businesses, what, if
11 any, I'm just, you know, a question, ah, do you do
12 any canvassing of small businesses and how much? Do
13 you go door to door to our small businesses,
14 particularly those, ah, immigrant-owned who may not
15 have as much access to the English language?

16 COMMISSIONER DORIS: Yeah, ah, Council
17 Member. Ah, that is a central part of our work, um,
18 just in the, during the pandemic, ah, we've already
19 been to over 100-plus corridors, ah, going door to
20 door, myself probably more than 50 or 60 myself, ah,
21 knocking on doors, speaking to, ah, small businesses,
22 tens of thousands of them, ah, and, and that's how
23 we, ah, put our products and programs together, our
24 initiatives together. Ah, that's how they know about
25 us and, ah, we field 70,000 calls from small

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2 businesses on our hotline, um, in, in a year, and,
3 ah, and that's how we get, you know, our resources
4 out to them. So, ah, this is a very central
5 component of the work we do here.

6 COUNCIL MEMBER DINOWITZ: Good, that's,
7 you know, very important, ah, ah, work. Do you have
8 a breakdown of which neighborhoods and which boroughs
9 are availing themselves of the services that you
10 provide, and do you have a breakdown of the
11 commercial corridors you were able to visit again
12 with a theme of are, are you staying in Manhattan,
13 maybe going to Brooklyn, but staying out of the
14 Bronx?

15 COMMISSIONER DORIS: No, I think I've
16 been in the Bronx more than any other borough...

17 COUNCIL MEMBER DINOWITZ: Oh, good.

18 COMMISSIONER DORIS: ...um, aside from
19 Queens that I live in [inaudible].

20 COUNCIL MEMBER DINOWITZ: It, it's the
21 best part, so I'm glad you, I'm glad you made it
22 here.

23 COMMISSIONER DORIS: Yeah, I think that
24 was my first visit as commissioner. Um, I was just
25 in the Bronx yesterday. Um, you know, we are, look,

1 we are looking to make sure that there's borough
2 diversity here and we're going where the needs is.
3 Um, and, ah, the needs are, and making sure that, ah,
4 ah, those businesses get the support. But I do hear
5 you. I mean, there is a challenge around, ah, LMI
6 communities, ah, communities of color, communities,
7 ah, immigration communities, and that's why, again,
8 we are doing what we are doing, and those, out of
9 those hundreds, I don't have a direct breakdown,
10 happy to provide it, but certainly most of it is in
11 the outer boroughs, um, and, and particularly in
12 Manhattan. We do have communities that are also in,
13 ah, dire need, to immigration communities and
14 communities that, ah, we do help, ah, and work with,
15 um, you know, in Washington Heights, Chinatown, ah,
16 Harlem, those places, east, ah, Lower East Side. I
17 mean, all these communities, um, are in Manhattan but
18 they also, ah, are LMI communities or, ah,
19 communities that we know that need. But we are in
20 the Bronx, ah, and heavily presence in the Bronx and,
21 and as I said, we're, we're making sure that, ah, the
22 resources get there, um, particularly, ah, now,
23 understanding the challenges that COVID has presented
24 to those businesses.
25

1 COMMITTEE ON SMALL BUSINESS 104
2 COUNCIL MEMBER DINOWITZ: Yeah. I'd, I'd
3 love to work on, it's, it's really great hear you say
4 that. I'd love to work on that, that disconnect.
5 Because as you've heard from, from Chair Gjonaj's
6 opening statement there really is some disconnect
7 between the work that you are doing, [inaudible]
8 doing, and the services and the support that our
9 businesses, um, here in the Bronx, ah, are actually,
10 are actually, ah, receiving.

11 COMMISSIONER DORIS: I'm happy to work
12 with you, ah, Council Member and, ah, you know, we've
13 worked with so many of your colleagues, ah, to make
14 sure that, ah, ah, you know, we bring those services
15 directly to those businesses. So you, certainly if
16 you have businesses that need that support, ah, you
17 know, that's, that's why we're here and that's, we'll
18 continue to do that. Ah, but certainly want to make
19 sure that every business should know that we're here
20 for them, ah, and we will work with you directly to,
21 to, ah, target those businesses.

22 COUNCIL MEMBER DINOWITZ: And I, and I,
23 my assumption is you have multilingual staff, that's
24 my assumption, ah, you know, my community
25 [inaudible], you know, people speak, ah, you know,

1
2 it's Bengali, it's, it's Arabic, it's, it's Spanish,
3 and English. So I assume that, that language access
4 is part of, ah, what you do, right?

5 COMMISSIONER DORIS: Language access is
6 front and center what we do. Ah, while we do have
7 staff who have speak other language, we also have,
8 ah, resources, ah, with, with the company Language
9 Line, which, ah, over 200-plus, ah, you know,
10 languages is spoken. Ah, our materials are
11 translated, are translatable. Um, ah, when you call
12 our hotline, you know, on the landing, ah, the
13 landing of the hotline you're given options, and so,
14 yeah, we are very cognizant of this reality, ah, ah,
15 and we're, we'll make sure that, ah, ah, that service
16 is provided.

17 COUNCIL MEMBER DINOWITZ: Good, good, you
18 know, that's excellent hear. I, I just want to go
19 back to, to the rents, a big reason why we're here.
20 Um, you said a big part of your work is helping small
21 businesses with rent, you know, how much work do you
22 do helping them negotiate leases with landlords?

23 COMMISSIONER DORIS: Yeah, so we have our
24 commercial lease assistance program, um, which, ah,
25 work with businesses that, ah, would like to, ah,

1
2 renegotiate their lease. Ah, that's free lawyers,
3 um, that we work, ah, to provide that. We have other
4 services also that, ah, those businesses could take
5 advantage of [inaudible] free legal or pro bono, ah,
6 aid that we provide.

7 COUNCIL MEMBER DINOWITZ: And, and sorry
8 to interrupt, but I want to be cognizant of the...

9 COMMISSIONER DORIS: Sure.

10 COUNCIL MEMBER DINOWITZ: ...many people
11 who want to speak on this. Um, but, ah, you know,
12 again it's the question of, one, how many businesses,
13 and if you can get these numbers later if you don't
14 have them in front of you but, again, how many
15 businesses in the Bronx and throughout the city are
16 actually availing themselves of, of that service, but
17 more importantly how successful are you? Because
18 there is obviously a deep need to address the rent
19 crisis for our small businesses. That's why we're
20 here. That's why Council Member, ah, Levin proposed
21 this bill. That's what we're talking about. So how
22 successful would you say you are in keeping our small
23 businesses, ah, in, in place? And how do you answer
24 it?

1
2 COMMISSIONER DORIS: Yeah, look, the CLA
3 program, um, you know, it does great, great work,
4 those, ah, community-based organizations we work with
5 and, and others to make sure that those small
6 businesses, ah, are able to stay in, ah, their
7 property, renegotiate those lease. Um, you know, so,
8 yeah, we will get numbers for you and, ah, make sure
9 that we get that information to you, sir.

10 COUNCIL MEMBER DINOWITZ: Thank you,
11 thank you very much. I appreciate it. I just want
12 to stress that, you know, the, the, well, I'm gonna,
13 I'm gonna leave it there. But, again, I want to
14 thank you, Commissioner, ah, Chair Gjonaj, and
15 Council Member, ah, Levin for all your hard work.
16 Thank you.

17 CHAIRPERSON GJONAJ: Thank you, Council
18 Member. Commissioner, thank you for always visiting
19 the borough of the Bronx. I just encourage you to
20 spend more in the borough of the Bronx, ah, so we can
21 feel the love from you. Ah, Stephanie, do we have
22 any more council members that are looking to ask
23 questions of the commissioner?

24 COMMITTEE COUNSEL: No, Chair, no hands
25 are raised at this time.

1
2 CHAIRPERSON GJONAJ: Commissioner, I'm
3 sure that you're gonna be on standby. Your staff
4 will certainly be a part of this hearing as we hear
5 from public testimony, um, which is really why we
6 have these hearings. We learn from the public. And
7 hopefully that will give us the information on how
8 what role government should play, um, in any issue.
9 So thank you, Commissioner, and I'm gonna thank the
10 deputy commissioner, ah, for being on as well, and
11 we'll stay in touch.

12 COMMISSIONER DORIS: Thank you, Mr.
13 Chair.

14 COMMITTEE COUNSEL: Thank you. We will
15 now turn to public testimony. I'd like to remind
16 everyone that, unlike our typical council hearings,
17 we will be calling individuals one by one to testify.
18 There is no need to raise your hand in Zoom. We will
19 get to each and every one of you. Each panelist will
20 be given only three minutes to speak. Please begin
21 once the sergeant has started the timer. Council
22 members who have questions for a particular panelist
23 should use the raise hand function in Zoom and I will
24 call on you after the panelist has completed their
25 testimony. For panelists, once your name is called a

1 member of our staff will unmute you and the Sergeant
2 at Arms will give you the go ahead to begin upon
3 setting the timer. Please wait for the sergeant to
4 announce that you may begin before delivering your
5 testimony. As a reminder, your testimony must be
6 limited to only three minutes. There are a large
7 number of panelists waiting to testify at this
8 hearing. You may also choose to submit your
9 testimony for the record by emailing it to
10 testimony@council.nyc.gov. We are joined by the
11 Honorable Gale A. Brewer, who will testify first.
12 After Borough President Brewer I will be calling on
13 Husam Khaled and then Ryan Monell. Borough President
14 Brewer, please began.

15
16 SERGEANT AT ARMS: Time starts now.

17 BOROUGH PRESIDENT BREWER: Thank you very
18 much, ah, to Chair Gjonaj and all of the members of
19 the committee, and I want to just, a couple of things
20 listening to the good back and forth. Number one, as
21 you suggest, no matter how hard SBS tries, and I
22 think the wonderful Council Member, ah, Steve Levin
23 knows this, rent is still an issue, and I have had
24 the opportunity to walk around with the commissioner
25 and I appreciate, ah, his going door to door, but

1
2 even when you do that with SBS he wanted to keep
3 [inaudible] language and, um, you know, just
4 survival. They just don't have enough bandwidth to
5 take advantage of all of these, um, SBS
6 opportunities. So you really do need something. And
7 I just, Chair, you mentioned e-commerce. It is a
8 huge issue. I will say that in this city we still
9 don't have enough online support for these
10 businesses. Um, I know in my borough in the northern
11 part there are just tons of, even where there is a
12 wonderful, um, BID they do not capacity to deal with
13 the, ah, internet cost and to do the kind of, um,
14 great New York/online business. Those that do,
15 they're doing 40% [inaudible] retail, small business,
16 owner-occupied, ah, online, 40% of their revenue is
17 coming from online. So we've got to think
18 differently. And yet the rent, you could have the
19 best, as you heard from Council Member Levin you
20 could have the best, you have customers, you have
21 everything you need. When that rent goes up 300% you
22 cannot survive. We have to find something to deal
23 with this, and I think he's got some ideas and I have
24 some. So we did have over the last few, ah, months
25 before the pandemic and even during the pandemic a

1
2 small business task force, and this is what came out
3 of it. Ah, with Council Member Helen Rosenthal we've
4 got Intro 2299. We have right to information. This
5 came up. Clarity. I can't tell you how many, ah,
6 folks signed a lease. They don't know what they're
7 signing. There's not the back and forth as to what
8 they actually deserve to know. So we have in our
9 bill a whole list of things - certificate of
10 occupancy has to be provided, the repairs and
11 construction history, any violations history, and the
12 list goes on. People sign leases without that
13 information, and not everybody can afford an
14 attorney. Also, lots of people don't have leases.
15 It's a handshake. OK, but then there's a problem
16 when the lease goes up. So how do we address that?
17 Secondly, we need to have successful storefront
18 businesses stay in their space by establishing a
19 right to fair process and consideration. Structured
20 lease renewal. Communication - you can't, I, I have
21 a pizza store. I couldn't reach the owner. The
22 pizza guy, great business, tons of customers. Rent
23 goes up, couldn't reach the guy, and he had to leave.
24 So you have to have a talk in a timely manner. And
25 third, this is more controversial, but I believe in

1
2 it. You have to have a one time at least right to
3 renew for storefront tenants. If the tenant occupied
4 the space for a year or more and was not able to
5 negotiate a lease...

6 SERGEANT AT ARMS: Time expired.

7 BOROUGH PRESIDENT BREWER: ...then they
8 get to do so, ah, with a discussion that if there's
9 really somebody there then there's a different
10 timeframe. Um, I want to be clear that are in the
11 borough of Manhattan 25,852 storefronts, and that's a
12 lot. Many of them are small. We have to come up
13 with something. That's why I appreciate this hearing
14 so much that deals with the rent issues, um, and I
15 look forward to having those discussions with your
16 committee, Mr. Chair. Thank you very much.

17 CHAIRPERSON GJONAJ: Thank you, BP, and I
18 want to thank you for reaching out to me before this
19 hearing, ah, to talk about this very important, ah,
20 topic. So I'm grateful to you for your partnership,
21 and we've got work ahead of us. Thank you.

22 COMMITTEE COUNSEL: Thank you, Borough
23 President Brewer. Next I will be calling on, ah,
24 Husam Khaled to testify, followed by Reggie Thomas,
25 and then Ruth Lopez Martinez. Ruth, ah, will be

1 using a Spanish interpreter. If there are any other
2 individuals who need Spanish interpretation please
3 raise your hands on Zoom now. Please do not raise
4 your hands unless you need Spanish interpretation.
5 Thank you. Husam?

6
7 SERGEANT AT ARMS: Time starts now.

8 HUSAM KHALED: I think I'm unmuted now.
9 Hello, everyone. My name is Husam, that's H-U-S-A-M-
10 K-I-V, um, representing the Yemeni American Merchant
11 Association, a grassroots nonprofit social service
12 organization founded in 2017, serving over 6000
13 Yemeni American bodega owners and their families. We
14 would like to applaud the primary sponsors of the
15 council members of Intro number 1976. The proposal
16 would create a board to regulate annual rent
17 increase, decrease, or freezes, or freeze rates for
18 small office, retail, and manufacturing spaces and
19 create penalties for rent overchargers. As an
20 organization that represents thousands of Yemeni
21 merchants across New York City, we are proud to say
22 that we are dedicated to educating, advocating for,
23 and elevating our community. The rising cost of rent
24 has impacted our merchants, like all immigrant-owned
25 businesses in New York City, as rapid gentrifications

1 continues. Many of our merchants have had to lay off
2 workers to meet rising rents. Raising rents and
3 rising rents continue to push out local businesses
4 and make goods too expensive to be affordable to the
5 local communities that we serve. We believe in the
6 implementation of Intro number 1967 in that it will
7 save small businesses, the families who are dependent
8 on them, and the neighborhoods that they operate in.
9 Our bodega owners, like all small businesses, were
10 hard hit by the COVID-19 pandemic. As designated
11 essential businesses, businesses declined with the
12 drop of customers, leading to the need to lay off
13 workers and take out loans to stay afloat and now
14 they're struggling with both finding employment and
15 paying back those loans simultaneously, especially
16 those of them who were hit again by the recent
17 Hurricane Ida. These small businesses urgently need
18 commercial rent stabilization to help them recover.
19 Thank you.

21 COMMITTEE COUNSEL: Thank you for your
22 testimony. Next I will be calling on Reggie Thomas,
23 followed by Ruth Lopez Martinez, and then Vanna
24 Valdez. Reggie, please begin.

25 SERGEANT AT ARMS: Time starts now.

1
2 REGGIE THOMAS: Morning. Ah, my name is
3 Reggie Thomas and I serve as the senior vice
4 president at, ah, the Real Estate Board of New York.
5 Let me start by noting REBNY's interests, because
6 there is a bit of a misnomer that REBNY only
7 represents property owners. Ah, as a trade
8 organization we're proud to represent many parts of
9 the ecosystem that is the real estate industry, and
10 that includes, yes, property owners, but also brokers
11 who are commercial and residential, and managers that
12 often help run co-op housing with ground floor retail
13 to help keep their homes affordable. And the
14 collective voices of each of these segments of the
15 real estate industry are saying with one clear loud
16 voice that while these bills are well intentioned
17 they're fundamentally flawed. And given the time, I
18 do want to briefly comment on each of the two
19 commercial rent control bills being considered today.
20 Ah, first Intro 2299, sponsored by Council Member
21 Rosenthal, is a well-intentioned bill, but it doesn't
22 actually take into account the realities of
23 commercial leasing and how this especially impacts
24 new businesses. So when it looks like a property
25 owner and a tenant are not going to come to terms on

1
2 a new lease for a wide array of factors the property
3 owner starts immediately marketing the space, paying
4 for attorneys to handle potential leasing, hiring a
5 broker to actually help find a tenant, and when that
6 tenant, um, is able to be found it's exciting for
7 that new tenant and that new business. We have to
8 consider that small business is about to enter a
9 space. They came to an agreement with the property
10 owner. Um, they're doing their marketing plans.
11 They're figuring out their pricing. They're maybe
12 figuring out their hiring plan for a certain date of
13 expected to move in, but then they get the rug pulled
14 out underneath them when the existing tenant at the
15 last minute under this bill says you know what, I do
16 want a bit of more of an extension in terms of my
17 time. And now you have to consider what that new
18 business is gonna have to deal with. They either
19 have to wait up to roughly a couple months to
20 actually get that space, or they're gonna have to go
21 find a new space only to have to repeat the same
22 issue over again. This is something that's gonna
23 cause complete havoc, not just for the real estate
24 industry, but for the small business community as
25 well. Intro 1796, sponsored by Council Member Levin,

1 again well intentioned, will severely damage the
2 city, the real estate industry, and, yes, small
3 businesses themselves. First, we know how a rent
4 commercial, commercial rent guidelines [inaudible].
5 Council Member Levin, I think we appreciate how data
6 focused you were. You asked great questions about
7 the data. But a lot of things, like economic
8 conditions, water or sewer rates, um, these are
9 things that the Rent Guidelines Board is supposed to
10 be doing. But we never have a data-driven
11 conversation over there. Instead, elected officials
12 in community keep pushing for something as close to
13 zero percent as possible. Data is only as good as
14 the conversations you have with it, and unfortunately
15 we have zero expectations that will happen. It's
16 also important to note that even if the city had the
17 authority to enact this bill, which it doesn't,
18 there's going to be an acceleration of chains
19 overtaking spaces. What I mean by that is property
20 owners crave certainty and if they know that
21 government is going to be handling what the rent
22 increases are gonna be on a year-to-year basis
23 they're gonna go with a certain business that has a
24 proven track record for success. I know my time is
25

1
2 about to expire, but I do want to touch on one thing
3 that Council Member Levin and Commissioner Doris
4 talked about, which was capital.

5 SERGEANT AT ARMS: Time expired.

6 REGGIE THOMAS: One of things that
7 property owners do when a new business comes over, if
8 a small business doesn't have capital because the
9 banks are going to be charging excessive rates,
10 they'll lay out the money, 20, 30, 40 thousand
11 dollars, to help outfit the space and in turn they
12 will increase the rents to help accommodate that. If
13 this bill goes through property owners will no longer
14 offer that type of capital to businesses. Instead,
15 you're only going to be funding and offering leases
16 to those businesses that have the capital to begin
17 with. We think that there are real actions that the
18 City Council can take right now to help small
19 businesses and we'll be happy to discuss that as part
20 of my testimony. Thank you.

21 COMMITTEE COUNSEL: Thank you. Next I'll
22 be calling Ruth Lopez Martinez, who will be using a
23 Spanish interpreter, followed by Vanessa Valdez, and
24 then Ryan Monell. Ruth, please begin with your
25 testimony.

2 SERGEANT AT ARMS: Time starts now.

3 RUTH LOPEZ MARTINEZ: [speaking in
4 Spanish]

5 CHAIRPERSON GJONAJ: Thank you very much,
6 mucho gracias.

7 INTERPRETER: My name is Ruth Lopez
8 Martinez. I am the owner of Palante, ah, Cleanings.
9 Ah, we are a cleaning company. We work in, ah,
10 offices. We work for residences. We work for
11 apartments. We are eight owners and, ah, we received
12 a great deal of economic growth up until the pandemic
13 started. It was not easy to find a physical site for
14 our business, but after working really hard to get it
15 we got one in 2018, in the community of Jackson
16 Heights, Queens. It was expensive, but it was worth
17 it. It was useful for storage and for archiving. It
18 was hard to pay for it, but comfortable. We lost the
19 lease, ah, in Queens because of the pandemic. It was
20 devastating. The archives had to be split to
21 different residences and owners and associates.
22 There was a lot of insecurity, a lot of lost
23 documents. We lost visibility with the community and
24 there was no contact with them, something we had, we
25 relied on, and there was no space. There was no

1
2 place to find after that. It's too expensive in this
3 area. It's preventing our recovery. It's keeping us
4 in a sad and oppressed position. We need accessible
5 leases. We deserve this. We support our
6 communities. We need your support. Please support
7 the project of law that will enable accessible rent
8 for us.

9 COMMITTEE COUNSEL: Thank you. Ah,
10 again, if anyone else needs Spanish interpretation
11 please raise your hand now, ah, while this
12 interpreter is present to provide translation. Next,
13 I will be calling Vanna Valdez, followed by Ryan
14 Monell, and then Kenneth Fishal. Vanna?

15 SERGEANT AT ARMS: Time starts now.

16 VANNA VALDEZ: I am sorry, I don't know
17 why I'm upside down, but I'm gonna go ahead and read
18 my testimony. Thank you, good afternoon, and thank
19 you for this opportunity to testify today. My name
20 is Vanna Valdez and I'm a resident of and a small
21 business owner in the South Bronx. I'm here to
22 testify in support of Intro 1796. I'm a part of a
23 recently formed worker-owned cooperative called Bronx
24 Clay. Our goal is to open a ceramics studio in the
25 South Bronx to provide classes and programming for

1 our community members, local schools, and local
2 community agencies. We have been searching for
3 spaces where we can establish ourselves and serve our
4 community. In our search we grew discouraged, seeing
5 that rents went from anywhere from \$4000 to \$17,000
6 per month arbitrarily for spaces around the same
7 size, with the majority of spaces being on the higher
8 end of that price spectrum. It was hard to
9 understand how small businesses are even able to
10 survive with such extreme prices, and clear to me why
11 so many didn't survive during this pandemic. During
12 my search I also learned that there were very little
13 protections for small business owners when signing
14 leases. There's nothing to stop the landlords from
15 doubling the rents on you after you spent thousands
16 making improvements on the space. This is a specific
17 concern for me because as a ceramics studio we will
18 have to make substantial and expensive improvements
19 on the space we rent, improvements that the landlord
20 will continue to benefit from whether we are there or
21 not. What is there to protect me from being booted
22 out by price hikes and being taken advantage of,
23 especially as gentrification creeps further and
24 further into the Bronx. Passing this law will ensure
25

1
2 predictable rents for small businesses. It will mean
3 that I won't have to fear my rent suddenly doubling
4 or tripling at renewal after having spent thousands
5 to improve the space. I won't have to worry about
6 being forced out and priced out because shiny new
7 developments are being built next door. It will mean
8 that more small businesses will be able to form and
9 thrive, in turn allowing our neighborhoods to thrive
10 and our communities to come back from COVID-19 even
11 stronger than before. Small businesses strengthen
12 our communities and bring them to life. Let's protect
13 them by passing Intro 1796 now. Thanks again.

14 COMMITTEE COUNSEL: Thank you for your
15 testimony. Next we'll be calling Kenneth Fishal,
16 followed by Andrew Castelli and Bill Abramson.
17 Kenneth?

18 SERGEANT AT ARMS: Time starts now.

19 COMMITTEE COUNSEL: Stephanie, when you
20 go down the list can we give the next three in order
21 so they can prepare?

22 COMMITTEE COUNSEL: Yes. Ah, Kenneth, I
23 see you're unmuted. Maybe you're having some
24 technical difficulties? Um, so we can come, we can

25

1 come back to you. So next two we'll have is, um,
2 Andrew Castelli then Bill Abramson.
3

4 SERGEANT AT ARMS: Time starts now.

5 ANDREW CASTELLI: Hello. Can everyone
6 hear me?

7 COMMITTEE COUNSEL: Yes.

8 ANDREW CASTELLI: Um, hi. I'm a small
9 business owner in, ah, Harlem and Washington Heights.
10 I have, ah, two hospitality venues. I just wanted to
11 speak to the, ah, retail rent control issues. Um,
12 quite honestly, it blows my mind that at a time when
13 we have the strongest position we've had in decades
14 with renters, or with landlords, that we want to risk
15 ruining it. We have a lot of [inaudible]. There's
16 lots of empty spaces and we have a limited demand, so
17 we have landlords that are dealing with us and are
18 giving us rates and working with existing people to
19 keep us with, ah, myself included, um, both with, ah,
20 abatements and forgiveness straight off and lowered
21 rents. Ah, I heard in the very beginning that it was
22 14%, but that was 14% of respondents. I think that
23 number is way off from what we've seen. We've seen,
24 or we, meaning me and the hospitality community that
25 I know up here, which is quite a few, that everyone

1
2 has been getting lots and lots of cooperation from
3 their landlords. If we go through this, there's a
4 big chance that you take away all incentive for
5 landlords to even consider, ah, making a deal,
6 because once they've locked in at a price, or if they
7 go to a lower price it could be that way forever. I
8 mean, it, it, it honestly blows my mind. It's like
9 it's something straight out of a, a bad idea think
10 tank. Like, like why now? You know, I could see six
11 years ago in boom times when we were full, but right
12 now with supply and demand we have all the power, and
13 if you incentivize landlords to just keep things
14 empty until they get top dollar what are they gonna
15 wait for? The only people that can pay it are going
16 to be national brands, ah, you know, multinational
17 corps, banks, not, you're not gonna give anyone a
18 shot, you know. No hair salon, no restaurant or bar
19 that doesn't have power is going to get a shot at
20 this. I'm blown away that this is even up for
21 discussion. Ah, it feels like you want to keep
22 neighborhoods exactly as they are. You want to keep
23 places food deserts. We want to keep poor
24 neighborhoods poor. This, this isn't, it seems so
25 unlikely to work that it's obvious. You can't take

1
2 away the incentive for landlords to actually deal
3 with us and do everything they've been doing with us
4 over the last...

5 SERGEANT AT ARMS: Time expired.

6 ANDREW CASTELLI: ...[inaudible] 24
7 months. Thanks for your time.

8 COMMITTEE COUNSEL: Thank you Andrew.
9 Thank you for your testimony. Next we'll be inviting
10 Bill Abramson to testify, followed by Imran Hossain,
11 and then Nicola Heryet. Bill?

12 SERGEANT AT ARMS: Time starts now.

13 BILL ABRAMSON: Yes, thank you very much.
14 As, ah, the committee counsel said, my name is
15 William Abramson. I am director of sales and leasing
16 at Buckbinder and Warren. We're a woman-owned small
17 business, second generation. It's been around for 60
18 years. Ah, I want to start off by saying, ah, Mr.
19 Castelli, appreciating speaker, made some fantastic
20 points. Ah, we manage, ah, several retail properties
21 in Manhattan, mostly south of 96th Street. And
22 frankly most of them are small 800 to 1200 square
23 feet, which lend ourselves to small businesses and
24 mom and pops, which are predominantly who our tenants
25 are. Um, during COVID, ah, we diligently worked, as

1
2 Mr. Castelli said, with the tenants to keep them in
3 place. Early on, this was a part of Council Member
4 Levin's forward thinking in this bill is, um, early
5 on when taxes continued to increase we worked with
6 tenants to either decrease their rents or not even
7 pay or, or even accept no rent for many, many months
8 just to keep the tenant. I learned early on from my,
9 ah, one of my mentors, Mr. Warren, G. Warren, that a
10 landlord never makes up any lost rent. Um, and when
11 you don't have rent for months or if you keep a store
12 vacant there's no incentive, as Council Member Levin
13 presented in his opening remarks, to keep a store
14 vacant for a year, year and half, I think he even
15 said two years. That's money that's never made up.
16 Um, there's still expenses. While the landlords'
17 revenues plummeted during COVID, um, the expenses
18 continued to go up. Taxes went up. Water bills went
19 up. Insurance rates, ah, went up dramatically, as
20 well as many other expenses. Um, I think, ah, I
21 should have started off by thanking the committee and
22 Chairman Gjonaj, ah, for taking this on and dealing
23 with the small businesses, because we're all in the
24 same boat. We all want to help our small businesses
25 as we have, and we've put our money behind our mouth,

1 um, by reducing the rents or having no rents for, for
2 many months. Um, Chairman Gjonaj presented an
3 excellent point. Ah, retail was transitioning even
4 before COVID due to e-commerce and, ah, and online,
5 ah, online communicate, which was transforming
6 disrupting, um, which was transforming and disrupting
7 the retail sector. Anyway, according to Kushman and
8 Wakefield 25% of retail stores on the island of
9 Manhattan were available in 2019, pre-COVID. May not
10 be vacant, but that's a huge number and that's due to
11 primarily from, ah, e-commerce transforming and
12 disrupting the retail sector. Frankly, if the City
13 Council really wants to make a difference, and I
14 think, ah, ah, Chair Gjonaj referred to this, um, the
15 issues I hear from our small tenants, and not so much
16 the rent because landlords are willing to work with
17 the tenants, but it's really working on enforcement
18 of street vending, which cannibalizes their retail,
19 reduces...

21 SERGEANT AT ARMS: Time expired.

22 BILL ABRAMSON: ...the [inaudible] come
23 up, ah, quality of life issues...

24 COMMITTEE COUNSEL: Thank you, Bill.

25 BILL ABRAMSON: OK.

2 COMMITTEE COUNSEL: Thank you.

3 CHAIRPERSON GJONAJ: Bill, please submit
4 your testimony in writing. This goes for all of
5 those that are testifying. Three minutes is gonna be
6 the cap. If you submit it in writing, ah, we'll
7 always be able to go back and look at that. Thank
8 you.

9 COMMITTEE COUNSEL: Yes. Thank you,
10 Bill. Next we'll be calling Imran Hossain, then
11 Nicola Heryet, and then followed by Eric Obenzinger.
12 Imran?

13 SERGEANT AT ARMS: Time starts now.

14 IMRAN HOSSAIN: Can you guys hear me?

15 SERGEANT AT ARMS: Yes.

16 IMRAN HOSSAIN: Good afternoon. My name
17 is Imran Hossain and I'm a staff attorney with the
18 micro enterprise project, the Volunteers of Legal
19 Service, also known as VOLS, and we assist
20 marginalized small business owners in New York City
21 with transactional legal services. This city's small
22 businesses, about half of which are immigrant owned,
23 provide us the variety of experiences, and I think we
24 all can agree that our city's pride and joy.
25 However, they're facing an existential threat in the

1 form of unsustainable commercial rent increases. And
2 without any legislative intervention they'll be
3 forced to leave the city in droves. Over the past
4 year I've worked extensively with the New York City
5 small business community where I've seen the
6 insidious ways in which unrestricted commercial rent
7 prices have threatened the [inaudible] of our
8 neighborhoods. It starts when a small business
9 cannot afford to pay a disproportionate rent
10 increase, most of it unforeseen circumstances has
11 been made painfully obvious by the COVID-19 pandemic,
12 in which many of these businesses were not able to
13 operate for over a year. A landlord, a landlord will
14 then commence an eviction proceeding and what is left
15 at the end of this long and arduous process, it's a
16 tenant without a home for his business. Oftentimes a
17 community will lose an institution that once provided
18 it affordable goods and services. And lastly, the
19 vacant storefronts. There's been a 22% rent increase
20 in some neighborhoods and this reflects the 20%
21 vacancy rate in many of these communities. You know
22 this better than anyone, Council, because when you
23 pass through your district you see the boarded-up
24 storefronts. These harrowing numbers underscore the
25

1
2 need for commercial rent stabilization, a legislative
3 tool that has been used historically during times of
4 emergency that has helped residential tenants for
5 decades. Given this grim reality for small
6 businesses, I urge you to enact this sensible
7 legislation. Thank you.

8 CHAIRPERSON GJONAJ: Ah, Hossain, I'm
9 sorry, but we have an eviction moratorium. COVID,
10 during COVID and to date we have an eviction
11 moratorium. So small businesses should not be facing
12 evictions at this moment.

13 IMRAN HOSSAIN: Can I, can I clarify to
14 that?

15 CHAIRPERSON GJONAJ: Please.

16 IMRAN HOSSAIN: So they're facing an
17 eviction moratorium, but that just kicks the can down
18 the road, because their rental obligations don't
19 actually, um, expire. They still, as a business,
20 have to pay for those rents. And as someone who
21 works in these, with these small businesses, these
22 are oftentimes not well-negotiated leases. As a
23 result, many sign on their personal behalfs. So
24 correct, there is an eviction moratorium that expires
25 on January 15. But there, ah, for many of these

1 businesses they are still obliged to pay rent and
2 they will be evicted at some point down the line. So
3 unless they can afford better rents and can negotiate
4 better rents for themselves, this will continuously
5 be a problem.

7 CHAIRPERSON GJONAJ: Or, if the
8 government comes up with a grant or loan program that
9 will make a property owner whole, those businesses
10 will not be evicted. And I think that's what we
11 should be talking about, ah, on the table. I don't
12 want to peg one against the other. It's about both
13 being whole, keeping the small business in place and
14 making sure that those property owners, ah, don't pay
15 the price for them.

16 IMRAN HOSSAIN: I think, I think, you
17 know, earlier you pointed out that many of the people
18 who get these grants are not our small businesses who
19 need them most. So I don't, and I think, and I think
20 that's, a lot of that is a function of, again, as an
21 attorney who works in this community, is that it's
22 hard to file. A lot of these paperworks and a lot of
23 these documents are not easy to understand and hard
24 to navigate. So you're putting a lot of burden on a
25 small business that [inaudible] receive these things,

1 and I don't think, I think that this is, um, I think
2 this is another issue.
3

4 CHAIRPERSON GJONAJ: Thank you.

5 COMMITTEE COUNSEL: Thank you. Next
6 we'll be calling Nicola Heryet, followed by Eric
7 Obenzinger, and then Jessica Lapin. Nicola?

8 SERGEANT AT ARMS: Time starts now.

9 NICOLA HERYET: Good afternoon, City
10 Council members. Can you hear me?

11 SERGEANT AT ARMS: Yes, we can.

12 NICOLA HERYET: Good. My name is Nicola
13 Heryet, and I'm a principle with Avis and Young.
14 I've been in commercial real estate for over 36
15 years. I find the two proposed legislations
16 troubling. COVID has affected everybody, the tenants
17 and landlords, office, retail, industrial. I don't
18 believe the council realizes how many landlords have
19 gone out of their way to help struggling commercial
20 tenants. But yet the landlords have received no
21 relief from the city. Property taxes have nearly
22 doubled in less than eight years for those buildings
23 with retail. Vacant storefronts don't give any tax
24 benefit and landlords need to use the space.

25 Imposing restrictions on rents and renewals will have

1 negative repercussions. Landlords will be very
2 reluctant to decrease rents if those rents then
3 become permanent. And landlords will discouraged
4 from leasing space to pop-ups and other tenants who
5 prefer short-term rentals. In today's market most
6 tenants want short-term. They don't want long-term
7 leases. Rather than impose restrictions, I encourage
8 the council to consider alternate ways to help small
9 businesses, like eliminating the commercial rent tax
10 and developing a legacy business tax abatement
11 program that would benefit both tenants and
12 landlords. Landlords want to keep vital tenants.
13 They want to help tenants prosper, but landlords
14 can't be penalized for doing this. I encourage the
15 council to consider what has happened to the
16 residential leasing market following the changes that
17 were made by the New York State Senate. Under those
18 laws, landlords have been disincentivized to invest
19 in capital and improving their properties. And this
20 has resulted in thousands of apartments being left
21 vacant, exactly the opposite from what the senate had
22 hoped to achieve. In my opinion, rent controls don't
23 benefit anyone.
24

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2 COMMITTEE COUNSEL: Thank you for your
3 testimony. Next I'll be calling Eric Obenzinger,
4 followed by Jessica Lapin, and then Lee Solomon.
5 Eric?

6 SERGEANT AT ARMS: Time starts now.

7 ERIC OBENZINGER: Hi there. Um, thank
8 you for your time. My name is Eric Obenzinger. I've
9 spent most of my life, ah, in Upper West Side co-ops
10 where my family has lived, worked, and voted
11 continuously for over a century. I don't have enough
12 time to go into every issue that Intro 1796, such as
13 why don't we cover small existing commercial spaces
14 so it's designed to avoid upsetting larger players in
15 commercial real estates, or why residential rent
16 control is justified with a lack of available
17 housing, but commercial rent control is being
18 justified by too much availability. Like 1970s gas
19 price controls, history suggests that 1796 is a bad
20 idea with unintended consequences. I am gonna talk
21 briefly about my Upper West Side co-op, which is five
22 small storefronts. We love our tenants. We know
23 them by name. We shop with them. Their rent helps
24 us lower housing costs and pay for city mandates,
25 such as energy efficiency upgrades, which I think are

1 good, maintaining our façade, adding backflow
2 preventers and literally hundreds of thousands of
3 dollars each year for important and frankly boring
4 infrastructure that doesn't get headlines. That rent
5 from our tenants helps us pay for the 15 years of
6 above-inflation real estate taxes that have been
7 imposed by this city by proxy of this council.
8 During the pandemic we renegotiated our leases. We
9 asked for less because this pandemic and e-commerce
10 have been brutal for retail. We also spent tens of
11 thousands of dollars upgrading the spaces for our
12 tenants. For one store there was no rent offer low
13 enough and they've been, unfortunately they folded.
14 We were fortunate enough to find another tenant, a
15 wonderful man from an immigrant family who wants to
16 own a deli. But his opening is months delayed
17 because he's overwhelmed by the punkers' red tape,
18 landmark tools, codes, and costs required to open a
19 business in this city. You'd think he was getting a
20 medical license. Meanwhile, we had a vacant
21 storefront and despite the urban legend, no, there is
22 no magic tax break for vacant storefronts. It's bad
23 for everybody. If you want to help small business,
24 revamp the regulations that limit opportunities
25

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2 across the city, which there's been a productive
3 discussion about that today. You control those
4 regulations. Don't interfere in the good faith
5 negotiations between small retail owners and small
6 retail tenants. If you do, tax appraisals will go
7 down. Landlords will become less flexible. Capital
8 investments will go down. Our costs, housing costs
9 will go up. And you'll give us an incentive to just
10 take the storefronts off the market and convert to
11 things like resident-only [inaudible] space. As a
12 reminder, co-ops provide wholesale housing. We're
13 not making profits. Don't make a political enemy out
14 of everyone who owns a small commercial space in the
15 city, and don't get in the way between the good faith
16 negotiations between small landlords and small
17 tenants. Thank you so much.

18 COMMITTEE COUNSEL: Thank you for your
19 testimony. We'll next be inviting Lee Solomon to
20 testify, followed by Rachel Nicolazzo and then Steve
21 Kirkpatrick. Ah, Lee, you may begin.

22 SERGEANT AT ARMS: Time starts now.

23 COMMITTEE COUNSEL: It looks like Lee is
24 not available...

25 LEE SOLOMON: No, I'm here.

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COMMITTEE COUNSEL: OK.

LEE SOLOMON: Can you hear me?

COMMITTEE COUNSEL: Yes, please proceed.

LEE SOLOMON: OK. OK, sorry. Good morning. Thank you for the opportunity to speak about Intro 1796 and Intro 2299. I am a small mom and pop Brooklyn-based landlord. Council Member Levin's proposed bill attacks mom and pop landlords like me and derails the possibility of future entrepreneurs from ever starting businesses in New York City. This will further exacerbate the longstanding trend of New Yorkers using Amazon and other online shopping services, Seamless and Door Dash, and frequenting big box stores. Protecting businesses that cannot survive in a free market will only strengthen the hand of the businesses you are not regulating. Council Member Levin believes that it's the landlord's best interest now to push out existing businesses. Nothing could be further from the truth. Every month without rent is an extreme hardship. Why isn't he going after the larger landlords? We are easy prey. This is not equitable. He also says we are looking only for big businesses as tenants. That isn't what is happening. We almost

1
2 all take on risky new entrepreneurs as tenants. We
3 know the odds are that a new small business will fail
4 and yet we take this risk again and again. We invest
5 in them by giving them free rent or build-out and
6 many customized solutions to their new businesses'
7 needs. We are the unrecognized and completely
8 unsupported engine of new business settlement in New
9 York City. Council Member Levin's idea that we are
10 offering skyrocketing rent increases is pure fantasy.
11 He knows that small businesses, um, and office spaces
12 are not attracted, attracted to large, I'm sorry,
13 that small spaces are not attractive to large chains
14 and the box stores. Also, leases are usually a
15 decade long. For 10 years rents stay the same while
16 taxes, water, and sewage feeds, utility feeds,
17 maintenance, and capital improvement costs expand
18 exponentially. And no, not all landlords pass any of
19 these costs to their tenants. It's rare in the small
20 [inaudible] he should know in his district.
21 Landlords are aware of current rents. If we are not
22 adhering to customary norms in rent we only harm
23 ourselves. Currently we are seeing a lot of small
24 businesses in these outer borough neighborhoods
25 moving to other locations because they get more

1 favorable rents at this point in the economic cycle.

2 Should tenants also be forced to extend expired

3 leases at the same rent if free market rents go down?

4 Of course not. These laws will entice landlords who

5 are generally holding properties secured by

6 tremendous personal debt, like we are, debt secured

7 by our personal homes, to sell to large conglomerate

8 and financial holding companies and hedge funds.

9 This will further harm the makeup of New York City.

10 Personally, I've worked out past rents due in the

11 pandemic where we all need to share in the hardship

12 together. I'm a hundred percent in agreement with

13 all New York City on that. Um, I worked it out by

14 using the use of free mediation for landlords and

15 tenants. I strongly encourage the council to ...

16 SERGEANT AT ARMS: Time expired.

17 LEE SOLOMON: ...[inaudible] behind the

18 proposal that support...

19 COMMITTEE COUNSEL: Thank you, Lee.

20 LEE SOLOMON: ...the promotion of

21 mediation.

22 COMMITTEE COUNSEL: Thank you, Lee, for

23 your time. Next we will be calling Rachel Nicolazzo

1 to testify, followed by Kenneth Fishal, and then
2 Steve Kirkpatrick. Rachel?

3 SERGEANT AT ARMS: Time starts now.

4 RACHEL NICOLAZZO: Hi. I am an artist
5 landlord and I appreciate Chair Gjonaj and, um, Mr.
6 Levin's bill. We agree with the concept of rent
7 commercial, commercial rent stabilization. We agree
8 that many commercial landlords ruined SoHo's art
9 community entirely. I am an expert on storefronts.
10 I moved to New York City in 1998, lived in a basement
11 and first floor on, in the East Village. I then
12 moved to a storefront in SoHo in 1992. I bought a
13 building, two buildings in Williamsburg in 2004, 2004
14 and 2008. The reason I bought buildings was for self
15 defense against the music business and rent increase.
16 I, I benefitted from a rent-stabilized apartment. I
17 believe in rent stabilization. But we now find our
18 neighborhoods in danger of completely losing their
19 identity. Coffee shops, galleries, music venues
20 gone. In 2019 and 2021 as a small landlord I gave
21 three tenants, the commercial, ah, in particular, ah
22 half rent for 18 months. Now they have a -10% lease.
23 I lost \$56,000. I am a musician. I am unemployed.
24 Ah, we are totally on the edge, just like my tenants.
25

1
2 Rent forgiveness, totally. I'm not recouping their
3 rent. Um, they have a lease renewal at market rate
4 and currently they have 5% increases. Making a
5 commonsense deal with these stores will keep them in
6 business and we must, the, the basic thing here is I
7 don't think one- to four-family, ah, buildings should
8 be included in rent stabilization, but perhaps we
9 could be included in a grant program. Speaking of
10 grants, none of my tenants have received one single
11 dollar from the grant program. Our, my commercial
12 tenant needs emergency rent grant loans. They can't
13 access them. There are none. I want to deal with
14 solutions right now, real actions to help small
15 businesses. I suggest that we deal with financing,
16 owner-occupied storefront buildings in Manhattan,
17 allow the small businesses to own the building so
18 they control the space. Ah, [inaudible] work artist
19 rental spaces have been highly affected in these hard
20 times. You could get people in. They pay a little
21 less. They live and work there. It's a very, very
22 strong solution for keeping neighborhoods looking
23 good and staying strong. We need structured lease
24 renewals. I believe in that. We need a one-time
25 built-in lease renewal. Um, we need help for the

1
2 owners of the buildings, landlords, we're just like
3 dying, ah, trying to help people, and we're not, some
4 of us mom and pop landlords, I'm a musician. Very,
5 ah, very much in danger like everyone else. Thanks
6 for letting me share here.

7 COMMITTEE COUNSEL: Thank you for your
8 testimony. Next we'll be calling on Kenneth Fishal,
9 followed by Steve Kirkpatrick and Rachel Nelson.
10 Kenneth?

11 SERGEANT AT ARMS: Time starts now.

12 COMMITTEE COUNSEL: OK, it seems Kenneth
13 may be having audio issues or is unavailable, so we
14 will move on to the next witness. We have Steve
15 Kirkpatrick, followed by Rachel Nelson, and then
16 Ronald Zeccardi. Steve?

17 SERGEANT AT ARMS: Time starts now.

18 STEVE KIRKPATRICK: Good afternoon, and
19 thank you. Um, I'm Steve Kirkpatrick. I'm a partner
20 of the law firm of [inaudible], where I practiced,
21 ah, real estate law for over 25 years, representing
22 both property owners and commercial tenants in lease
23 dispute matters and also negotiating and drafting
24 commercial leases. In 2018 I testified before this
25 committee on behalf of the New York City Bar

1 Association because I had the Real Property Law
2 Committee prepare a legal analysis regarding the
3 small business [inaudible]. Although I am not on the
4 committee currently and I'm testifying on my own
5 behalf and personal capacity. The analysis is
6 exactly the same. Although these bills have a
7 different structure and focus, they are what
8 commercial rent control as was the 2018 bill. And
9 thus the analysis that was done in preparing the Bar
10 Association's memorandum and its conclusion that the
11 City Council was not authorized to enact the
12 legislation once again applies here and it simply
13 cannot be done without, at the very least, state-
14 enabling legislation. Further, it's very troubling
15 that there are so many unintended consequences, as
16 had been testified about. These, you know, these
17 proposals apply to residential cooperatives and would
18 diminish revenue that the residential unit owners
19 would have and thus you would cause their, um,
20 maintenance expenses to increase. They apply to
21 churches renting out a, an extra room for a, um, an
22 event space. They apply to not-for-profits. They
23 apply to mom and pop owners, including mom and pop
24 owners who are renting [inaudible] tenants. There
25

1
2 are just so many unintended consequences. They apply
3 regardless of the tenant's [inaudible] size,
4 financial worth, sophistication. Um, so, and they,
5 and they apply to, ah, tenants as well, tenants who
6 are subleasing space. Um, the renewal rights, and I
7 could go on for, you know, an hour. But the renewal
8 rights would make it impossible in the, in the one
9 bill to have certainty and be able to lease space, to
10 be able to enter into leases. You know, who's gonna
11 hire a lawyer, you know, pay broker commissions to
12 enter into a commercial lease when they could, you
13 know, lose that, um, that deal. Nobody's gonna do
14 that. You're not gonna have tenants [inaudible].
15 You're not gonna have pop-ups. I mean, there's, it
16 just, you know, it does not stop. But my time is up.
17 Thank you.

18 COMMITTEE COUNSEL: Thank you, Steven. I
19 see, ah, Council Member Levin has his hand raised.
20 Council Member?

21 COUNCIL MEMBER LEVIN: Thank you. Ah,
22 thank you, Steve, for your testimony. Um, I, I want
23 to just ask, not on the, um, the, ah, substantive
24 objections to the policy of the bill, but, um, but to
25 the, to the legal question. Um, you said that, um,

1 you saw the legal issues as exactly the same for this
2 bill and for SBJSA, is that right?

3 STEVE KIRKPATRICK: That is correct, sir,
4 yes.

5 COUNCIL MEMBER LEVIN: Um, no, SBJSA in,
6 ah, my understanding has always been that, ah, legal
7 objections to SBJSA centered around right to renewal
8 and, um, ah, and, um, ah, the interference into an
9 existing contract. Um, we, ah, specifically avoided
10 those, ah, two issues because of legal objections
11 that have been raised on the SBJSA. Um, do you make
12 any distinction between the two pieces of proposed
13 legislation on those grounds?

14 STEVE KIRKPATRICK: The, the, you know,
15 from a legal standpoint the problems are that the
16 city, um, has limited authority to legislate it
17 [inaudible] and here in this realm of rent control,
18 um, there is no state-enabling legislation. Um,
19 there...

20 COUNCIL MEMBER LEVIN: So, [inaudible]
21 really quickly there. So, so, so it's our position
22 that in the absence of a state framework on
23 commercial rent stabilization we are legally, um,
24 able to implement our own as a local jurisdiction.
25

1 So, now, that might not, that's, that's our position.
2 That's been the position of, ah, the legislative
3 drafters of this bill. Um, you know, ah, and I've
4 had numerous conversations. I'm not aware myself
5 but, ah, that's been the position of the legislative
6 drafters who are lawyers of this bill for, um, for
7 the last several years. That's why the bill was able
8 to be introduced. My, my question actually is, is
9 not about jurisdictional authority, because I accept
10 that you are raising that objection and that's, and
11 we can, um, we can talk about that further, because
12 we actually have a, a, a difference of opinion on
13 that. My question is about, ah, other aspects of the
14 bill. So, ah, setting aside jurisdiction, um, do you
15 see other, do you see other legal issues with the
16 legislation?
17

18 STEVE KIRKPATRICK: Yes, and I was
19 actually just about to address that...

20 COUNCIL MEMBER LEVIN: OK.

21 STEVE KIRKPATRICK: ...and a significant
22 issue is that there are many conflicts with different
23 state laws. There are provisions of the real
24 property law that govern, for instance, the holdover
25 tenants, um, holdover commercial tenants where two

1 times the rent, ah, would be imposed. This
2 contradicts that. There are provisions in the civil
3 practice law and rules and the Constitution's, in the
4 state constitution's ruling that a court system and
5 how disputes are resolved, and this, you know, the
6 scope of these bills deal with issues in terms of,
7 you know, disputes and a structure for resolving
8 disputes. There are, you know, going through them,
9 and I just...

11 COUNCIL MEMBER LEVIN: Yeah, I'm sorry,
12 where, where in this legislation does it speak about
13 resolving disputes, because we don't speak to
14 resolving disputes in this legislation.

15 STEVE KIRKPATRICK: But there is, there
16 is, there are, um, I'm speaking with respect to both
17 bills. There are two bills.

18 COUNCIL MEMBER LEVIN: Right, OK.

19 STEVE KIRKPATRICK: Um...

20 COUNCIL MEMBER LEVIN: If we could just,
21 just to focus, because I'm the sponsor of 1796, so I
22 am interested to know what the Bar Association's
23 position is on, on, again, not the jurisdictional
24 issues, and I, and I, I, ah, if I understand
25 correctly you're saying that, that there are

1
2 penalties that can be imposed in an existing
3 contract that this might interfere with on a
4 holdover?

5 STEVE KIRKPATRICK: Well, just, and for
6 clarity I'm not speaking on behalf of the Bar
7 Association.

8 COUNCIL MEMBER LEVIN: OK.

9 STEVE KIRKPATRICK: In 2018 I was on the
10 committee that drafted the memo that was filed, but
11 today I'm speaking in my personal capacity.

12 COUNCIL MEMBER LEVIN: Got it, OK.

13 STEVE KIRKPATRICK: But there are, you
14 know, there, there, you know, there, there are, you
15 know, there, there are conflicts. There are, um, you
16 know, there, this, this rent control bill does, you
17 know, impact the right of owners to, you know,
18 terminate tenancies. It, it, there are impacts.
19 There's, um, there are provisions, for instance,
20 where, you know, if just [inaudible] into effect
21 there's a lookback period, um, that goes back six
22 years and basically would revert potentially the
23 rents to those rents in effect six years before.
24 There are record-keeping issues, um, you know, and
25 there are laws governing record-keeping where now to

1
2 have a rent history that, again, can go back under,
3 under your bill, sir, that can go back forever.
4 There's no limit on analyzing the timeframe of rental
5 history. So now we have the situation where
6 landlords in good faith, commercial landlords, throw
7 away their records and now don't have these
8 resources, and this has happened, where I deal with
9 this day in, day out on the residential side, where
10 landlords relied on the four-year rule, now the six-
11 year rule, and then there are all these extensions
12 and they don't have records and they are punished
13 severely because they acted in good faith, they acted
14 on prior law, they threw away their records, they
15 don't have the records, and now they can't prove what
16 their rents are. And they're screwed. And now you
17 have some, you know, some agency that comes in and
18 sets the rents. And we know how that happens. We
19 know when the residential side, the HCRU...

20 COUNCIL MEMBER LEVIN: I went back
21 [inaudible] it's to six years...

22 STEVE KIRKPATRICK: [inaudible]

23 COUNCIL MEMBER LEVIN: ...and, and, and
24 frankly if, if a landlord isn't keeping the records
25 for, for six years, that's pretty shoddy, ah,

1 business practices. But, um, ah, OK. I, I'm, just
2 in the interest of moving, um, moving, moving the
3 hearing along, I, I, I do, you know, I want to offer,
4 you know, that I'm open to, to discussing further,
5 um, any, any legal conflicts with state law that,
6 that you may see with our, with our council attorneys
7 to see, um, if we see those as pitfalls of the bill.
8 But I just want to be clear because I, I don't want,
9 I want us to be able to suss out that there are
10 objections to SBJSA. Those objections have been
11 there for a long time. Those objections are not
12 applying to this legislation, because of having,
13 having to do with, ah, interference and the existing
14 contract and [inaudible] renewal. Those are, those
15 are different legal issues than, than the framework
16 that is proposed in this legislation. This
17 legislation does not interfere with existing
18 contracts. It doesn't, ah, it doesn't create a right
19 to renew. And, um, and so I just want to make sure
20 because you did say in your testimony that they are
21 the same and I just want to make sure that we're,
22 we're really clear what the issues that you're citing
23 are and what are issues that you're not citing.
24 That's fair.

2 STEVE KIRKPATRICK: [inaudible] good and
3 thank you for the opportunity to...

4 COUNCIL MEMBER LEVIN: Right.

5 STEVE KIRKPATRICK: ...engage in further
6 discussion.

7 COUNCIL MEMBER LEVIN: Thank you, Mr.
8 Kirkpatrick. Thank you.

9 COMMITTEE COUNSEL: Thank you. We'll
10 continue with public testimony. Next I'll be calling
11 Rachel Nelson, followed by Ronald Zeccardi, and then
12 Shabad Simon-Alexander. Rachel?

13 SERGEANT AT ARMS: Time starts now.

14 RACHEL NELSON: Hi. Ah, my name is
15 Rachel Nelson. I'm speaking on behalf of myself as a
16 small business owner, an artist, and a parent in New
17 York City. Um, I've been in Williamsburg since 1999.
18 In that time I've moved by business four times and my
19 rent has increased 600%. That's 600%. So I
20 appreciate all the landlords here and the people who
21 are talking about, um, good faith negotiation. But
22 something has to be done. As an artist I've not been
23 able to stay here, and as a parent I'm basically at
24 the whims of 10-year lease renewals. So, you know,
25 having if, for those of you who are parents trying to

1
2 plan the future of your children, you get to do 10
3 years at a time. So hopefully in 10 years my
4 landlord will be kind enough to renew my lease at a
5 price I can afford. If not, I have to try to find a
6 new location in which I can build a new foundation
7 for my family and my business. So I think the issue
8 here is rent stabilization is a thing that helps
9 stabilize communities. It's worked for rent. It
10 keeps people in place when there's gentrification
11 that's happening that's completely, the south side is
12 still gentrified in Williamsburg, or is less
13 gentrified because of rent stabilization for
14 apartments. The idea here is to create some
15 stabilization for our small business owners. That
16 shouldn't be at the expense of the owners of the
17 property, but there has to be some space in which
18 when you put in your savings and your investment into
19 a neighborhood just to be kicked out after 10 years
20 because it's more popular, like you are the person
21 who helped that process, and instead of rewarding
22 people for that the laws in the city are actually
23 penalizing us and we have to leave, and then when we
24 go and find another neighborhood and we try to make
25 that neighborhood better and we put our savings into

1 that neighborhood. I own three businesses, two bars
2 and one gallery. One of the businesses was closed
3 because of COVID, because the landlord didn't want to
4 negotiate the rent. One of them I have a lovely
5 landlord and helped me. But you're just at the whims
6 of luck. You're at the, you're at the idea of maybe
7 you get a good landlord and maybe you don't get a
8 good landlord, and that's not a really way to govern
9 or for people to plan futures. So I think that this
10 legislation, though imperfect, will help to create
11 some stability for people who are investing a lot.
12 They're investing their time, their money, and their
13 life and their time of their families to try to make
14 this city a special place. And I think that, ah,
15 there needs to be some recognition of the things
16 small business owners are doing that also accounts
17 for of course landlords that are acting in good
18 faith, and I think that there's a way in which this
19 legislation could be built, ah, to help both of those
20 people. Thank you.

22 COMMITTEE COUNSEL: Thank you, Rachel.
23 Next we'll be calling Ronald Zeccardi, followed by
24 Shabad Simon-Alexander, and then Hani Salama.
25 Ronald?

1 SERGEANT AT ARMS: Time starts now.

2 RONALD ZECCARDI: Thank you. I want to
3 thank the council for allowing me to speak today.
4 Um, my name is Ron Zeccardi. I am testifying for
5 Laura Pomonov, ah, and her family. Ah, Laura's
6 family owns a 100,000 square foot building in midtown
7 Manhattan. The building was built by her great-
8 grandmother, her great-aunt in 1921. Laura is now
9 the fourth generation managing this building for the
10 family. This is the only property they own and they
11 take great pride in the, in their small family
12 business, the fact that four generations, ah, that
13 they have a woman at the helm. We're here to speak
14 to you today on the legislation 1796 and 2299. As
15 long-time [inaudible] it is not our interest to
16 inflate rates and cause vacancies. The first thing
17 Laura learned from her father when entering this
18 business was always being able to walk on the same
19 side of the sidewalk as your tenants. They have done
20 that time and time again by renewing their tenants
21 and partnering with them. Often they negotiate these
22 leases with tenants and licensed real estate brokers,
23 an industry that would disappear should the city set
24 the rates and terms. For small landlords like Laura
25

1 their only source of income comes from rent. They
2 use that income to pay for union employees' salaries,
3 benefits, and wages for small businesses, and small
4 contractors that service their building. They also
5 use it for technological and infrastructure upgrades
6 so that their 100-year-old building can help reduce
7 the impact we're having on our planet. In 1961, the
8 last vestiges of World War II commercial rent control
9 was phased out from their building. They could
10 hardly keep abreast of deferred maintenance under
11 rent control. For that, for an example they had a
12 repair of compromised steel in their façade at a cost
13 of over \$800,000. That was the cost in 1960.
14 Imagine what the cost is today. In today's market we
15 have local laws that mandate compliance, some
16 annually, and on top of that we are now estimating
17 the cost of complying with Local Law 97, which
18 requires upgrading heating systems and cooling
19 systems, which we just did seven years ago. If this
20 law is passed it would limit our ability to comply
21 and pay for upgrades at the same, the city government
22 puts out. Over the last 18 months small businesses,
23 retailers, and tenants have suffered. Through our
24 relationships, through our relationships with have
25

1 managed to give relief in terms of deferrals and/or
2 abatements to 80% of our tenancy. We along with
3 every other landlord in the city did this while
4 paying 100% expenses. Carve-outs for PPP loans
5 limited our industry's ability to receive help, but
6 we're still partners with our tenants. We have
7 current and future vacancies and new tenants expect
8 landlords pay to construct new building
9 installations. Rent control would severely restrict
10 our ability to improve our buildings and to meet the
11 demands of governmental regulations and tenant demand
12 for new office installations. This law would also
13 prevent us from using increases to harbor against
14 inflation, save for capital upgrades, and unforeseen
15 repairs. It would also devalue our building,
16 which...

17
18 SERGEANT AT ARMS: Time has expired.

19 RONALD ZECCARDI: ...would reduce our
20 ability to pay taxes to the city. I thank you for
21 your time.

22 COMMITTEE COUNSEL: Thank you. Next
23 we'll be call Shabad Simon-Alexander, followed by
24 Hani Salama, and then Olympia Kazi. Shabad?

25 SERGEANT AT ARMS: Time starts now.

1
2 SHABAD SIMON-ALEXANDER: Thank you for
3 letting me share today. My name is Shabad Simon-
4 Alexander and I'm here as a concerned community
5 member and a fourth generation New Yorker. My first
6 job after college, I worked as a seamstress for a
7 wedding dress designer who had had her shop on the
8 Lower East Side for decades, and she had such wisdom
9 and stories to share. I felt really lucky to be able
10 to learn from her and also to have a deep connection
11 to the New York City that I loved as a child and
12 still wanted to live in as an adult. After decades
13 in the same space, working nonstop and living hand-
14 to-mouth, but loving it, in 2008 her landlord raised
15 her rent from \$2500 a month to \$25,000 a month.
16 \$25,000 a month? I'm sorry. It's not unique.
17 [inaudible] was hiked to over \$500,000 a month in
18 2015. This left her with no choice but to close her
19 business and as a working class business owner
20 without a 401(k) she had no choice but to retire.
21 Um, more importantly, at 65 she still felt young and
22 inspired to work and didn't want to retire. But no
23 one can make a living paying \$25,000 a month, or
24 \$500,000 a month, and she had to close her business,
25 leaving her with few avenues to sustain her life in

1 New York City after that. To clarify, in case anyone
2 hasn't run a business, you can't just move your
3 business to a new location when your business plan
4 was created based on costs and inflation and income
5 don't rise at the same time, at the same pace as
6 rents. And you can't move your business to a new
7 neighborhood because your customers are local and tax
8 breaks, I am sorry, do not cover a 900% increase.
9 And, sadly, the story isn't unique. I've known too
10 many neighborhoods and friends, including Rachel, who
11 built a huge community, supported my work as an
12 artist when I was just out of college, like created
13 space for all of us. My mother, who is like battling
14 a landlord right now, I'm grateful to all of the good
15 landlords here, but not all landlords are good, and
16 that's why we need regulations. Um, I lost my
17 business because as the ceramist in the Bronx shared,
18 I couldn't reinvest in a space where I needed to do
19 really major overhauls if I didn't know I could stay
20 for amount of time that would make it worth doing
21 those overhauls. Um, one last story why it's
22 important to have spaces in our neighborhoods that
23 are rooted in community and where we can form bonds
24 over time. When my mom was 4 my Grandma Minnie

1
2 wanted to give her first haircut, but my mom didn't
3 want to get her hair cut. So she ran away and she
4 hid in the local corner store down the block from
5 their house in Whitestone, Queens. The shopkeeper
6 knew her and he knew my grandma and he called Minnie
7 to let her know that her 4-year-old daughter was
8 safe. This can't happen when our neighborhood spaces
9 are constantly being replaced by new businesses and
10 it can't happen with empty storefronts. Chairman
11 Gjonaj, you suggested many good solutions to many
12 problems today, and I really hope you draft bills to
13 pass them, too. For today we have a clear solution
14 to one huge problem...

15 SERGEANT AT ARMS: Time has expired.

16 SHABAD SIMON-ALEXANDER: ...[inaudible]
17 major step to save our community businesses and our
18 communities.

19 COMMITTEE COUNSEL: Thank you for your
20 testimony. Next we'll be calling Hani Salama,
21 followed by Olympia Kazi, and then Badr Fuad. Hani?

22 SERGEANT AT ARMS: Time starts now.

23 HANI SALAMA: Good afternoon, ah, Chair
24 Gjonaj and the distinguished members of the Committee
25 on Small Business. My name is Hani Salama and I am

1 the chair and chief executive officer of the Building
2 Owners and Managements Association of Greater New
3 York, short BOMA New York. Ah, I appreciate the
4 opportunity to testify regarding the two commercial
5 rent control bills being heard today. As a
6 background, BOMA New York represents more than 750
7 property owners, managers, and building professionals
8 who own and manage 1200 million square feet of
9 commercial space in New York City. BOMA New York
10 strongly opposes both Intro 1796 and Intro 2291. We
11 encourage the council and strongly [inaudible] not to
12 pass these bills, which are not legally viable, would
13 not create good policies for protecting small
14 business, and are not necessary. We are pretty much
15 aligned with Mr. Kirkpatrick as far as the legal
16 argument. We've submitted that in our testimony and
17 we'll just skip over that for now. Ah, I'm not an
18 attorney, but that's, we have the same opinion on
19 that issue. Next, neither of [inaudible] policy
20 approaches that would substantially help small
21 businesses, especially at this time, but also in
22 general and therefore they are unnecessary. The
23 council should look at other approaches of helping
24 small business that are both within its legal
25

1 jurisdiction and directly solve the problems those
2 businesses face. For starters, even if we start to
3 come out of the COVID pandemic, the market is still
4 in a very good place for tenants, even in places like
5 midtown. There's significant amount of available
6 space for small business, even in neighborhoods such
7 as Times Square. Most building owners want to retain
8 tenants and only ask for relatively minor increases
9 on the renewed leases. At the same time, tenants, of
10 course, can shop the market, looking for better
11 deals. Landlords [inaudible] to keep tenants in
12 place. I know myself during the pandemic, we have
13 abated rents, provided concessions, rent reliefs, and
14 we also discounted the rents whenever we can, and we
15 work with our tenants to keep them. No landlord has
16 said he wants to lose tenants, especially in tough
17 times. Landlords continue, however, to pay their
18 debt service, their taxes, their labor costs,
19 operating expenses, utilities, and continue to stay
20 afloat as much as we can. What small businesses do
21 face, however, is a major loss, rules and
22 regulations, and their associated fees and fines, and
23 they often face a significant tax liability. These
24 hurdles not only stop businesses in their tracks, but
25

1 they often prevent them from getting off to the, off
2 ground, off the ground to begin with. Removing many
3 of these regulatory financial obstacles would go a
4 long way in protecting and promoting small businesses
5 in New York City, as would setting up systems to
6 protecting and promoting, ah, [inaudible] easily
7 navigate the remaining ones. These are strategies
8 that are well within...

10 SERGEANT AT ARMS: Time has expired.

11 HANI SALAMA: ...the council's, for
12 example the commercial rent [inaudible].

13 COMMITTEE COUNSEL: Thank you for your
14 testimony.

15 HANI SALAMA: Thank you.

16 COMMITTEE COUNSEL: Thank you. Next
17 we'll be calling Olympia Kazi, followed by Badr Fuad,
18 and then Rui Li. Olympia?

19 SERGEANT AT ARMS: Time starts now.

20 OLYMPIA KAZI: Ah, thank you for the
21 opportunity to testify here today. My name is
22 Olympia Kazi and I'm a member of the New York City
23 Actors Coalition and United for Small Business NYC,
24 and I also serve as the vice chair of the New York
25 City Night Life Advisory Board. I am also the mother

1 of the two. So I want to make sure that we're all on
2 the same page, especially with you, Chair Gjonaj,
3 that I'm so happy we're finally hearing this bill
4 after two years from the introduction. What we're
5 talking about today isn't dollars and cents. It's
6 something bigger. It's something more complex than a
7 bottom line. It's a matter of life and death. It's
8 the life and death of our communities. It's the life
9 and death of our neighborhoods, and it's the life and
10 death of our culture. Ultimately, it may end up
11 being the life and death of this great American city
12 that we all love. Commercial rent is a huge concern
13 for so many small businesses and the affordability
14 crisis already before the pandemic had shuttered so
15 many beloved, long-standing community spaces,
16 nonprofits, small businesses. The inequities of our
17 city were laid bare during the pandemic, and so
18 if we don't change these systemic inequities now when
19 are we gonna change them? Now, to Commissioner Doris
20 issue, will there be unintended consequences and to
21 the various lawyers here, oh, yeah, there may very
22 well be unintended consequences. When you fix
23 something, you know, you need to change the rest of
24 the system. Ask your plumber if you don't trust me.
25

1
2 So we need to change and demand and repeal those laws
3 that don't function, and we will deal with real
4 unintended consequences. Let's be clear. Good faith
5 landlords like Rachel Z, the amazing magician, member
6 of our, of our organization, and, and landlord, are
7 not gonna be active. What this law does is only
8 ending predator landlords that have devastated our
9 city and our neighborhoods. We cannot allow for this
10 to continue. Let's put an end to them. We need
11 immediate action. Mayor de Blasio was, you know, ah,
12 talked about the tale of two cities when he was
13 elected. Let's be, let's make sure we're not gonna
14 end this tail with stands. We need action. We're
15 not gonna end this tale of two cities by just cutting
16 red tape. I'm with you. Let's cut all the red tape.
17 But we also need to address the elephant in the room
18 and that is we need to cap the rents. We need
19 services. We cannot fight displacement and
20 gentrification without preserving services, essential
21 services, community spaces, small businesses. I'm
22 happy to answer any questions. Let's please do
23 something about rent. Decades we've been working on
24 this. Please, let's do this. We can and we have to.
25 Thank you.

1 COMMITTEE ON SMALL BUSINESS 165
2 COMMITTEE COUNSEL: Thank you. I see
3 that, ah, Council Member Levin has his hand raised.
4 Council Member?

5 COUNCIL MEMBER LEVIN: Thanks so much. I
6 just to quickly, ah, thank Olympia, who's, um, you
7 know, been, ah, one of the most incredible people to
8 work with, um, ah, throughout this process and
9 Olympia, I just want to thank you. That's all.

10 COMMITTEE COUNSEL: Thanks so much. Next
11 we'll be inviting Badr Fuad to testify, followed by
12 Rui Li, and then Charlotta Janssen. Badr?

13 SERGEANT AT ARMS: Time starts now.

14 BADR FUAD: Hi, everyone. My name is Badr
15 Fuad. I am from the Yemeni American Merchant
16 Association. However, my co-worker, Husam, earlier
17 testified on behalf of the organization, and I'll be
18 testifying on my own personal behalf and also my
19 family. Um, just a little, ah, backstory about my
20 family. Ah, we have been running a bodega, um, in
21 the Bronx for the past 30 years. Um, my family knows
22 the community, um, and everybody in the community
23 also know my family and understands, um, the service
24 that we provide for the community, how, and how
25 important it is. Our bodega have been serving as a

1
2 shelter in a way for the community, provides some
3 sense of convenience, provides some sense of support,
4 whether it's financial, whether it's mental, because
5 everybody is welcome in our, in our bodega and
6 everybody, um, trusts, ah, the fact that they can
7 always rely on the bodega and its owner. However,
8 um, currently our business have been going through a
9 lot as, ah, we have just gone through the pandemic
10 and we're, ah, you know, facing financial hardships
11 paying back the loans and making sure our revenues
12 are back up. In the meantime, our lease was also up
13 and the new lease that we got, um, we were surprised
14 that our rent was increased, um, in an amount that
15 was totally, ah, unbelievable. Due to that fact, my
16 parents have decided to consider moving upstate
17 because they cannot afford to be paying that much of
18 an increase on our rent. Um, this will not only
19 impact my family, but also impact the community that
20 we live in, as we have been providing for the
21 community for the past 30 years. Um, if we don't,
22 please, some sort of rent stabilization, ah,
23 regulations, this will not only affect us, but will
24 affect the entire city as we will be, we will keep
25 pushing immigrants out. Gentrification has been

1
2 changing our city tremendously and this will only,
3 ah, play into the process of easy gentrification
4 through the city. So please consider, um, doing
5 something about this. Please consider saving our
6 community and the diversity of, ah, New York City
7 because rent stabilization is important and it will
8 ensure that, ah, the diversity of our communities and
9 also insure that, ah, communities of color remain,
10 ah, financially supported. Thank you for the
11 opportunity to speak today.

12 COMMITTEE COUNSEL: Thank you. I see
13 Council Member Levin has his hand raised. Council
14 Member?

15 COUNCIL MEMBER LEVIN: Um, thank you,
16 Badr, and I want to thank you and your family, as
17 well as YAMA, ah, for your testimony today and for,
18 um, for, for presenting such a clear moral picture of
19 why we need to support, um, small businesses, um,
20 like the Yemeni American, um, businesses and bodegas
21 and, um, ah, ah, independent businesses around the
22 city, um, and it's, um, just, I just greatly
23 appreciate your, your testimony and, and your being
24 here and, and the contribution of the Yemeni American
25 community. Thank you.

1 COMMITTEE ON SMALL BUSINESS 168
2 BADR FUAD: Thank you, and we appreciate
3 it as well.

4 COMMITTEE COUNSEL: Thank you. Next
5 we'll be calling Rui Li to testify, followed by
6 Charlotta Janssen, and then Janet Jagoda. Rui?

7 SERGEANT AT ARMS: Time starts now.

8 RUI LI: Good afternoon, Chair Gjonaj and
9 fellow council members. Thank you so much for the
10 opportunity to testify today. My name is Rui Li and
11 I'm an organizer of street vendor projects, part of
12 the [inaudible] Center. We are a member of the
13 United for Small Business Coalition, or USBNYC, which
14 is a coalition of community organizations across New
15 York City fighting to protect the city's small
16 businesses and nonresidential tenants from the threat
17 of displacement, with a particular focus on owner-
18 operated, low income, and people of color run
19 businesses that serve low-income communities and
20 communities of color. Today I am testifying on
21 behalf of the coalition. So under the threat of
22 landlord harassment, displacement, and lack of city
23 resources, USBNYC aims to create strong, lasting
24 protections for commercial tenants. We believe these
25 protections are vital to protecting to protecting our

1 city's fiber and integral to small businesses and
2 preventing wide price speculation. New York City
3 needs commercial rent stabilization. Right now
4 there's no rent protection for commercial tenants
5 outside their lease. No law prevents a landlord
6 from raising rent by 400%. Ah, *New York Times*
7 reported on this in Coney Island in January 2020, and
8 by 900% like Ms. Morales mentioned earlier. This
9 rising cost of rents leads to displacement that
10 impacts both long-time small businesses and aspiring
11 entrepreneurs. The communities that tend to be
12 hardest hit are, you know, communities of color,
13 immigration communities facing rapid gentrification.
14 The high cost of rent also makes it difficult for
15 street vendors, many of whom who are in the same
16 community, and for them to move to brick and mortar
17 spaces if they wanted to do. We need commercial rent
18 stabilization in order to end vacancies. Between
19 2007 and 2017 the commercial vacancy rate doubled
20 across the city, with many neighborhoods experiencing
21 almost 20% vacancy rates. At the same time, retail
22 rents rose an average of 22% citywide, with some
23 neighborhoods seeing more than 50% rent increases on
24 average. Commercial rent stabilization will not
25

1 impact the landlords who raise rents by small
2 percentages when the lease turns over. It's aimed at
3 restricting speculative predatory landlords who are
4 out there, doubling or tripling rents to force out
5 their tenants. 40% of New York City's small
6 businesses are run by immigrants and roughly 26% of
7 New York City, ah, New Yorkers work at small
8 businesses. When these small businesses vanish,
9 [inaudible] jobs, community spaces, and affordable
10 goods and services. In 2019 77% of immigrant small
11 business owners say that they were overburdened by
12 their current commercial rent. And 28% say they had
13 to lay off workers to meet the rising rents. As a
14 real professional [inaudible] July many deals that
15 landlords were offering as a result of the pandemic
16 were designed to only last one or two years.

17 Landlords have been anticipating they could raise
18 rents back to where they were when the pandemic is
19 completely over. And some commercial landlords are
20 already asking for prices that are close to pre-
21 pandemic levels. We need to regulate rent to keep
22 our cultural community spaces from disappearing,
23 combined with, and combined with commercial rent
24 stabilization and [inaudible] to cover all the
25

1 commercial spaces covered by Intro 1796, largest
2 retail stores, the combination of Intro 1796 and the
3 provisions of Intro 2299 requiring rent and leases
4 provide a crucial information to tenants and allowing
5 tenant reasonable time to cure lease violations would
6 reform a robust framework for stabilizing New York
7 City small businesses and we will support combing
8 them in such a way. With this legislation we have an
9 opportunity to give small businesses...

11 COMMITTEE COUNSEL: Thank you.

12 RUI LI: ...a change in the post-COVID
13 world. We encourage the council...

14 COMMITTEE COUNSEL: Thank you for your
15 testimony. Great. Thank you so much. Um, next
16 we'll be calling Charlotta Janssen, followed by Janet
17 Jagoda, and then Carina Kaufman-Gutierrez.

18 Charlotta?

19 SERGEANT AT ARMS: Time starts now.

20 CHARLOTTA JANSSEN: Hi, I'm Charlotta
21 Janssen, [inaudible] Restaurant Coalition. We're,
22 um, we're about 30 restaurants and all of us have
23 landlord issues and, ah, I don't understand anyone
24 who doesn't realize that landlords are the number one
25 problem for us small business owners. And this is a

1 huge bill. This is huge for us. Every realtor
2 boasts about us neighborhood restaurants when they
3 sell real estate. Look up any site and you will find
4 mine. Those same realtors are fighting this
5 desperately needed bill. 1998 I opened Chez Oscar in
6 Fort Greene. Crime was high and we were glad if we
7 even had 10 customers. We had put everything into
8 this business. With our neighbors became Fort
9 Greene's Restaurant Row and felt a great sense of
10 community, helping each other with napkins,
11 tablecloths, soda, and more. Slowly all these
12 pioneers that made Fort Greene vibrant and
13 multicultural have disappeared. None of the original
14 businesses are still there. Each, including me, have
15 a painful eviction story. My team is my family.
16 Oscar's chest, [inaudible] is with me since 1999. My
17 GM, Angelique [inaudible] since 2002. In 2021 I
18 realized my landlord was ripping me off on taxes and
19 water bills. What's new? When confronted, he said
20 that's it, I'll never give you another lease. And
21 when my lease was up he evicted. In Fort Greene I
22 had nothing to show for 18 years of really good
23 business. No equity at all. My landlord sold my
24 kitchen for scrap, collected key money from someone
25

1
2 else, and had a tenant paying more than double what I
3 did. Most landlords do this. They destroy community
4 for money, making running small businesses, family
5 restaurants, and dining out unaffordable. We
6 restaurants invest hundreds of thousands of dollars
7 to open. When our leases are up we can't take it
8 with us, nor do we have any way to continue in the
9 communities we helped build. Every realtor loves to
10 boast of the diverse restaurants that make
11 communities vibrant and those are the first two evict
12 us. In Bed-Stuy I am the only surviving business on
13 my block because I now own. Many dreams around me
14 are shattered. Now giant debts while landlords have
15 mortgages on pause and wait for the next sufferer to
16 charge key money to and double their rent. Oh, and
17 what about roadside? That's what we fought for and
18 they are gonna cash in on, not them, but they didn't
19 fight for it. Businesses that invest into a place as
20 much as restaurants do from sweat equity to
21 [inaudible] infrastructure need rent stabilization
22 like in France. There a commercial lease is a lease
23 for life, much like one's taxi medallion was. Let's
24 clarify gentrification. There are communifiers and
25 commodifiers. Communifiers invest themselves and do

1
2 their best to give services that improve life in
3 their communities. Commodifiers calculate how little
4 they have to give and how much they can pull out of
5 their community. [inaudible] anti storefronts,
6 overcharge, bring in chain stores. The less they
7 give the more they will be rewarded in this system.
8 We need laws that differentiate between the two.
9 Small businesses...

10 SERGEANT AT ARMS: Time has expired.

11 CHARLOTTA JANSSEN: ...[inaudible] invest
12 themselves into...

13 COMMITTEE COUNSEL: Thank you.

14 CHARLOTTA JANSSEN: Commercial rent
15 stabilization works. That's why Paris isn't a ghost
16 town...

17 COMMITTEE COUNSEL: Thank you.

18 CHARLOTTA JANSSEN: ...and New York City
19 is.

20 COMMITTEE COUNSEL: Thank you very much
21 for your testimony. Next we'll be calling Janet
22 Jagoda, followed by Carina Kaufman-Gutierrez, and
23 then Beth Krieger. Janet?

24 SERGEANT AT ARMS: Time starts now.
25

1 COMMITTEE ON SMALL BUSINESS 175
2 COMMITTEE COUNSEL: It appears Janet may
3 be having some audio issues. We could, ah, check
4 back with you in a little bit and see if you're able
5 to testify. Ah, next we'll be calling on Carina
6 Kaufman-Gutierrez, followed by Beth Krieger, and then
7 Abigail Elman. Carina?

8 SERGEANT AT ARMS: Time starts now.

9 CARINA KAUFMAN-GUTIERREZ:

10 Good afternoon, and thank you, Chair
11 Gjonaj, Council Member Levin, and all present here
12 today for your time as well as for your sincere
13 commitment to hearing all of our voices. We do
14 appreciate it. My name is Carina Kaufman-Gutierrez.
15 I am the deputy director at the Street Vendor
16 Project, American Justice Center, um, and we're here
17 today in coalition with the United for Small Business
18 organization to say that New York City needs
19 commercial rent stabilization. The rising cost of
20 rent impacts commercial tenants across New York City.
21 The communities that tends to be the hardest hit are
22 communities of color and communities facing
23 gentrification. And this high cost of rent not only
24 makes it difficult for helpful entrepreneurs, many of
25 whom are from the same communities to open a brick

1
2 and motor space, but it too often is forcing brick
3 and mortar store owners to close their shops. I'm
4 gonna share a story today of one vendor who is a
5 member of the Street Vendor Project, Ismael Suarez.
6 He's a former storefront owner who ran a shop in the
7 Bronx for years. When COVID-19 hit he had to close
8 his store because he could not afford to pay the
9 rent, and then when he tried to renew his lease his
10 landlord tried to raise his rent far beyond what he
11 could pay, knowing that this would kick him out. But
12 he was left with no job, no way to make money, and a
13 store full of inventory, and he had to become a
14 street vendor to provide for his family during, and
15 learn a new profession during the course of a global
16 pandemic. Now he is trying to sell off the remaining
17 inventory of luggage that he had had in his store,
18 falling further into debt as he acquires fines
19 because he's unable to get a license to vendor. This
20 devastating cycle of hurting rather than supporting
21 our smallest businesses and entrepreneurs needs to
22 end. New York City has the chance to do right by
23 Ismael, who is exactly the type of person, exactly
24 the type of New Yorker, that our city tends to say
25 they want to support, right? Immigrant New Yorkers

1
2 who have started their own businesses, migrated to
3 the United States, choosing, choosing our beloved
4 city to set roots down in, and achieve the American
5 dream, but are being forced to close by out-of-
6 control rents. We need commercial rent stabilization
7 in order to end vacancies to protect immigrant New
8 Yorkers and to preserve the culture and economy of
9 our neighborhoods. I want to stress that rent
10 regulation isn't just good for businesses. It's good
11 for the whole neighborhood. Because limited rent
12 increases means that stores are less likely to go out
13 of business. Many smaller landlords are already
14 asking for reasonable rent increases so they won't be
15 hurt by this, right? The only ones who will be
16 impacted by this law are predatory landlords who
17 increase the rent to push out their tenants exactly
18 as what happened to Ismael in the Bronx. Passing
19 commercial rent control now is urgent. Our recovery
20 from COVID depends on...

21 SERGEANT AT ARMS: Time expired.

22 CARINA KAUFMAN-GUTIERREZ: ...stabilizing
23 rent for the small businesses that survive
24 [inaudible] giving us the opportunity to build it
25 better and creating an economy...

1 COMMITTEE ON SMALL BUSINESS 178
2 COMMITTEE COUNSEL: Thank you, Carina.
3 Apologies for, for being, [inaudible] the timer today
4 because we have a lot of people waiting. Apologies.
5 Um, so we'll move onto the next person to testify.
6 We have Beth Krieger, followed by Abigail Elman, and
7 then Alexander Lycoyannis. Beth?

8 SERGEANT AT ARMS: Time starts now.

9 BETH KRIEGER: Thank you for letting us
10 speak. My name is Beth Krieger, speaking for Local
11 Law 2299, the small business bill of rights, on
12 behalf of Upper West Side Save Our Stores, a
13 nonprofit community advocacy group of residents that
14 came together in January 2019 because of the growing
15 epidemic of vacant store fronts in our neighborhood.
16 Yes, even in an old, established neighborhood like
17 the Upper West Side has suffered. In a 2018 study
18 the Upper West Side was in fact listed among the top
19 10 New York City neighborhoods and retail vacancies,
20 between 2007 and 2017. As a result of the pandemic
21 the situation has only gotten worse. Today the Upper
22 West Side's Broadway corridor, encompassing ZIP codes
23 10023 and 24, was listed in the top three commercial
24 areas suffering from vacant storefronts. We can only
25 imagine what other neighborhoods are experiencing due

1 to the thousands of small businesses that couldn't
2 survive in the pandemic. In some locations
3 [inaudible] blocks for home to shuttered stores, many
4 further hampered by unsightly scaffolding. Store
5 vacancies contribute to darker streets, poor
6 sanitation, and safety issues that only exacerbate
7 the loss of commercial business and the vibrancy of
8 street life in our neighborhoods. Thankfully, the
9 historically high commercial rents on the Upper West
10 Side started to drop a bit in the last few months,
11 particularly on Columbus and Amsterdam Avenues, where
12 there are smaller spaces. Our fear is that property
13 owners [inaudible] renewals to the newcomers who come
14 to these spaces, many of them with short-term leases,
15 or would hit them with astronomical rent increases,
16 dooming them to failure, and our neighborhood to more
17 shutting businesses. This has already happened in
18 the residential retail market, where a Bloomberg
19 Wealth article noted that landlords were jacking up
20 rents by 50%, 60%, or 70%. We can't let that happen
21 to our newer, ah, store owners. If we're gonna come
22 back as a recovered, prosperous, and healthy home to
23 business and residents alike, New York must be more
24 business-friendly by encouraging and supporting these
25

1
2 small businesses owners, the young start-up
3 entrepreneurs, the immigrants, the artists. The
4 legislation before us is attempting to untangle and
5 make more transparent the most basic process involved
6 in starting or building a business and negotiation
7 and renegotiation of a commercial lease. New York
8 City government websites are unwieldy and mired in
9 legalese. Legislation aimed at codifying practices
10 and giving lessees the information they need rather
11 than making them search for it should have already
12 been in place. This is a low bar, but it's better
13 late than never to ensure full disclosure of all the
14 costs involved for the lessee, a statement of the
15 potential for added costs relating to construction,
16 violations, repairs, and scaffolding. Clear
17 information regarding time to cure violations,
18 provision of the property owner's contact
19 information, fair process for renegotiating leases
20 with extension options, and templates for...

21 SERGEANT AT ARMS: Time has expired.

22 BETH KRIEGER: ...[inaudible] multiple
23 languages.
24
25

1 COMMITTEE ON SMALL BUSINESS 181
2 COMMITTEE COUNSEL: Thank you, Beth.
3 Next we'll be calling Abigail Elman, followed by
4 Alexander Lycoyannis, and then Anna Chiang. Abigail?

5 CHAIRPERSON GJONAJ: Stephanie, can we
6 remind all of those testifying to keep it at three
7 minutes? There's a clock up, but they can submit
8 their testimony in writing. It will become part of
9 the record.

10 COMMITTEE COUNSEL: Yes, Chair. Um, yes.
11 Just a reminder, please keep your testimony to three
12 minutes. Ah, we will be very observant of the three-
13 minute timer and we will, as you can see, we will
14 move on to the next witness. Um, you can submit
15 testimony, ah, in writing at the email address
16 testimony@council.nyc.gov. And, ah, yes, so next
17 we'll be calling Abigail Elman please to testify,
18 then Alexander Lycoyannis, and then Anna Chiang.
19 Abigail, you may proceed.

20 SERGEANT AT ARMS: Time starts now.

21 ABIGAIL ELMAN: Our restaurant was like
22 the community's living room. An immigrant
23 entrepreneur on the Lower East Side told me this
24 recently. And from the emotion welling up in her
25 face you would think that the loss occurred last

1 week. But her restaurant that she poured her sweat
2 and heart into, it was a cultural hub, closed over
3 three years ago. The business at the time was
4 profitable, successful, but at lease expiration the
5 property owner demanded double the rent. She closed,
6 and the most painful part is that today the space is
7 still vacant. I'm Abigail Elman. I'm the director
8 of planning and development at the Cooper Square
9 Committee, a community development organization in
10 the Lower East Side. We've been a leader on anti-
11 displacement, organizing for over 60 years, and with
12 our coalition partners in United for Small Business
13 NYC we urge you to support Intro 1796. The story of
14 this restaurant, echoed in the stories of the
15 countless stories we're hearing today, it illustrates
16 a widespread problem, and I, I don't think I need to
17 reiterate that the exorbitant cost of rent is the
18 number one pain point we hear, from both long-term
19 and newer small businesses, as well as aspiring
20 entrepreneurs in our neighborhood. So instead of
21 dwelling in the sad news and the heartbreaking
22 stories, I want to offer a hopeful vision. Um, an
23 independent book store owner, who describes her
24 landlords as "my angels", she was displaced from the
25

1 West Village after 15 years and luckily was able to
2 relocate to the East Side, where the property owners,
3 who live in the building, care about the
4 neighborhood, offered her a lease with fair annual
5 escalations. This story of mutually beneficial
6 leases between commercial tenants and landlords,
7 stable, predictable rent increases, should sound
8 familiar. If you read the bill, it's the framework
9 of commercial rent stabilization, and it could be the
10 story for New York City's recovery. There are many
11 good landlords who are already looking at their
12 relationship with commercial tenants in this way and
13 they wouldn't feel much impact from its passing.
14 However, the legislation would regulate the behavior
15 of speculative predatory landlords in the first case
16 I mentioned and in the countless other cases I've
17 witnessed who are doubling and tripling rents,
18 forcing otherwise profitable businesses to close, and
19 leaving our neighborhoods churning with instability
20 or pocked with vacant eyesores. I really love this
21 concept of communifiers, not commodifiers. We need
22 to align the interest of commercial tenants and
23 landlords and we need to pass a strong version of
24 Intro 1796 urgently. Thank you.
25

1 COMMITTEE ON SMALL BUSINESS 184
2 COMMITTEE COUNSEL: Thank you for your
3 testimony. We will next be calling on Alexander
4 Lycoyannis, followed by Anna Chiang, and then Ann
5 Korchak. Alexander?

6 SERGEANT AT ARMS: Time starts now.

7 ALEXANDER LYCOYANNIS: Good afternoon and
8 thank you for the opportunity to speak this
9 afternoon. My name is Alexander Lycoyannis and I'm a
10 member of Rosenberg and Astis, the largest real
11 estate boutique law firm in New York City, where I
12 have represented commercial owners and tenants for
13 almost 20 years. Among other areas of practice, I've
14 expensively litigated in the rent stabilization area,
15 and in connection with that practice I've studied the
16 history of rent regulation in New York City and the
17 legal authority under which rent regulation statutes
18 have been enacted. Based on my research of the
19 relevant issues, I've concluded that New York City
20 cannot unilaterally enact a commercial rent control
21 statute, such as Intro 1796, without authority from
22 state legislation. While New York State is a
23 sovereign government entity, New York City is not.
24 It only has such authority to enact laws, Intro 1796,
25 as is was granted by New York State. Here, the state

1 has granted no such authority to the city and
2 therefore Intro 1796 is beyond the power of New York
3 City to enact independently. The best way to
4 understand the issue is to study the history behind
5 residential rent regulation in New York, which many
6 here have mentioned. In 1962 the legislature passed,
7 ah, the state legislature passed a piece of
8 legislation called the Local Emergency Housing Rent
9 Control Act, or LEHRCA, which empowered New York City
10 to adopt and amend local laws or ordinances in
11 respect of the regulation and control of residential
12 rents. Thus enabled by LEHRCA, the City Council
13 enacted the Rent Stabilization Law of 1969 and
14 similarly in 1974 the legislature passed the
15 Emergency Tenant Protection Act, which enabled New
16 York City to declare a housing emergency and expand
17 rent regulation, consistent with the statute. Here,
18 by contrast, the state legislature has not passed an
19 enabling statute [inaudible] which would authorize
20 the city to act on its own. And, in fact, as it's
21 been mentioned several times here today, there was
22 commercial regulation from the 1940s through 1963.
23 That was the Emergency Commercial Space Rent Control
24 Law, but the important thing about that law that I
25

1 think some people here may miss is that that piece of
2 legislation was enacted by the State of New York, not
3 by the City of New York. Even though that law was
4 aimed at regulating commercial rents in New York
5 City, only the state legislature was empowered to do
6 that. And, and I believe, and if you look, a couple
7 years ago at Assembly Bill A-9622, which was
8 introduced in the state legislature, that confirms
9 that the state agrees with my analysis. So while I
10 don't doubt the good intentions and the council
11 members and everyone else's sincere desire to help,
12 my conclusion is the City Council has no authority to
13 enact this legislation. Thank you.

14
15 COMMITTEE COUNSEL: Thank you, Alexander.
16 Next we'll be calling Anna Chiang, followed by Ann
17 Korchak, and then Paula Segal. Anna Chiang?

18 SERGEANT AT ARMS: Time starts now.

19 ANNA CHIANG: Hi. Um, my name is Anna
20 Chiang. I own a store in the West Village called The
21 Ink Pad, and you may have seen me today walking
22 around, um, and dealing with my shop as I was trying
23 to listen. So thank you for your patience. I'm sure
24 you had some weird camera angles today. Um, I, my
25 story that I am a third-generation business owner

1 here in New York. Um, the name of the store is The
2 Ink Pad. We sell rubber stamps, stencils, stickers,
3 pencils, custom stamps, just small, like very
4 neighborhoody things. Um, we have customers from all
5 over the world, um, from being in business this long,
6 and this is my third location. The previous
7 location, we were at 7th and 13th, and in 2009 we
8 started at about \$5000 a month rent, and by the time
9 we closed there and moved it was close to \$10,000 a
10 month. Um, plus taxes on top of that, which, ah, had
11 gone from \$1000 when we started, ah, to almost
12 \$15,000 per year. Um, so any time I hear, and this,
13 this has been a very interesting, um, um, ah, what do
14 you call it, a way to listen to this, because I have
15 been both on the, ah, landlord side, as my family
16 owned a building a long time ago, and now I'm on the
17 tenant side. Um, so in, in, ah, 20, what was it, 19,
18 my landlord decided to sell the building that we were
19 in, which was on 7th and 13th. The new landlords
20 wanted to increase the rent and the property taxes,
21 and I knew it was time to go. Um, there are four
22 storefronts in that building and today more than two
23 years after we left almost, three of them are still,
24 three of them are still vacant and that's despite the
25

1 fact that it's a really good location on 7th Avenue.
2 Um, I didn't want to relocate, but I had to, to, um,
3 try and keep above water here. Um, I changed the
4 business entity, which prevented me from getting some
5 grants, um, because I didn't want the new landlord to
6 come after me for anything, even though we vacated
7 clear and, ah, clean and clear, ah, at the time. Um,
8 so we were open exactly two weeks here in this new
9 location on 19th before we had the New York PAUSE
10 order that kept us closed for three months. The day
11 and minute I could come back to work I did and tried,
12 and have been trying to do business here ever since.
13 Um, it's still pretty difficult because we don't have
14 a lot of tourists. We don't have a lot of
15 neighborhood people. There are people who, as you
16 know, left the city for 15 months and went to their
17 summer homes or what-not, or rented elsewhere. So,
18 um, the fact that we were closed for the three months
19 we should have had the ability to do business and
20 defray the cost of moving and construction costs,
21 which was, is pretty high, um...

23 SERGEANT AT ARMS: Time expired.

24 ANNA CHIANG: ...and unfortunately we
25 couldn't be open during that time, so, um...

2 COMMITTEE COUNSEL: Thank you for your
3 testimony.

4 ANNA CHIANG: Thank you, appreciate it.

5 COMMITTEE COUNSEL: Thank you so much for
6 testifying. Next we'll be calling Ann Korchak to
7 testify, followed by Paula Segal, and then Ms. R.
8 Sanz. Ann?

9 SERGEANT AT ARMS: TIME STARTS NOW.

10 ANN KORCHAK: Hi, good afternoon. Ah, my
11 name is Ann Korchak and I'm a member of SPONY, the
12 Small Property Owners of New York. I'm speaking
13 today in opposition of Intro 1796. Our family has
14 been a small landlord in New York City since the
15 1940s. So we have a deep understanding of rent
16 control, and adding these burdens to the retail and
17 commercial sector would be a terrible policy.
18 Currently the rent stabilization system is broken.
19 In many rent stabilized buildings the commercial
20 rents are subsidizing the rent-regulated tenants
21 because the owner is unable to raise rents naturally
22 to cover increasing expenses. Property taxes is that
23 biggest expense that all building owners face. The
24 creation of a commercial rent guidelines board will
25 lead to the same dysfunction we now see in the

1 existing RGB. Each year tenants and landlords come
2 to the hearing and share heartbreaking stories of
3 their suffering and the RGB must decide who is
4 suffering more. It's a broken system, where board
5 members ignore their own data and typically make
6 unsound decisions. The current RGB is dealing with
7 one very specific type of housing, so how will the
8 same size body be able to accurately and fully
9 analyze how much larger and broader sector real
10 estate. The commercial and real estate spaces are
11 located in a wide variety of buildings and are not
12 easily comparable. Evaluating a multifamily building
13 on the Upper West Side with [inaudible] to a street,
14 with, to a building, ah, in downtown Manhattan where
15 [inaudible] tower in midtown is just, it doesn't seem
16 feasible. Um, allowing the free market to dictate
17 rents following the law of supply and demand is the
18 best way for rents to be determined. We already see
19 that happening. Supply has increased as COVID
20 greatly impacted our local economy and rents
21 decreased. Supporters of residential rent control
22 say it's necessary to regulate rents because vacancy
23 is so low. Yet here we are suggesting commercial
24 rent control and vacancy is very high. I asked City
25

1
2 Council to reject the policy of commercial rent
3 control and instead work on other policies that will
4 help make New York a city where businesses want to
5 open and operate, and where residents want to work
6 and live. Thank you.

7 COMMITTEE COUNSEL: Thank you for your
8 testimony. Next we'll be calling Paula Segal,
9 followed by Ms. R. Sanz, and then Taylor James.
10 Paula?

11 SERGEANT AT ARMS: Time starts now.

12 PAULA SEGAL: Thank you so much. Ah, I
13 am senior staff attorney in TakeRoot Justice's
14 Equitable Neighborhoods practice. Thank you so much
15 for the opportunity to testify today. Ah, we are one
16 of the pro bono attorney providers that Commissioner
17 Doris spoke about earlier as part of Small Business
18 Services' Commercial Lease Assistance Program. Our
19 Equitable Neighborhoods and capacity-building
20 practices provide direct representation to small
21 minority-owned businesses on commercial lease
22 matters, including new leases, renewals, amendments,
23 and disputes over past-due rents. I'm here to tell
24 you today that having lawyers to interpret a law that
25 fails to provide protections to our clients and then

1 advise them that there is no law to protect them from
2 unregulated rent increases is simply not enough.

3 Unregulated commercial rents regularly result in rent
4 increases of over 100% for my clients. I'm going to
5 tell you a few stories. A current client of mine was
6 in the middle of negotiating a renewal lease right
7 now. A small family-owned restaurant that has

8 weathered the pandemic is being offered a lease that
9 locks in a reasonable rent of \$3000 for the first
10 year, but then more than doubles it to \$6500 in year

11 two, and then adds subsequent escalations in years
12 three through 10. My client knows that his business

13 will never be able to sustain a rent jump like that,
14 though he wants to stay and continue to be a part of

15 the community that the restaurant has helped him
16 nurture for decades. There's no law that requires

17 his landlord to limit the amount of money she can
18 demand in exchange for letting the business stay, and

19 there is nothing I, an attorney provided by Small
20 Business Services, can do to force the landlord to

21 make a different demand within the current legal
22 framework. Another client, an African hair braider

23 renting space for her salon in Harlem, agreed to a
24 rent increase from \$1100 to \$2800, just four months

25

1 after the pandemic emergency was declared, so that
2 she would be able to stay in the neighborhood where
3 she developed her business. She agreed to this while
4 she was forced to be closed. She had developed a
5 stable clientele during the term of her initial five-
6 year lease, which expired during the pandemic. And
7 she had negotiated that initial lease with the family
8 that owned the building, and she decided to set up
9 her business there. She was hopeful during
10 renegotiations that her customers would come back as
11 New York City reopened in the coming months and
12 positive that if she moved she would have to start
13 building her business anew. By the time we were
14 renegotiating the renewal last July her old landlord
15 had sold the building to a hedge fund-backed
16 portfolio. When she agreed to the new rent she knew
17 she would be cutting wages, raising prices, and
18 cutting into her own proceeds from the business, on
19 which her family relies for its survival. Again,
20 there's no limit to how much the new landlord was
21 able to demand that my client pay...

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23 SERGEANT AT ARMS: Time has expired.

24 PAULA SEGAL: ...there was nothing I could
25 do as her lawyer.

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COMMITTEE COUNSEL: Thank you, Paula.

Thank you, Paula, appreciate your testimony. I see that Council Member Levin, um, has his hand raised.

COUNCIL MEMBER LEVIN: Thank you so much.

Um, Paula, I just, ah, want to thank you. I know, I've been working with you for a long time on this, ah, legislation. What I, what I wanted to ask you, um, because I think you can explain it better than I can, um, is, um, why is it, um, this is in response to, to, ah, Mr. Lycoyannis's, um, remarks about, um, ah, legal jurisdiction, legal jurisdiction of the City Council to do this, this legislation. Why do we have, in your opinion, the legal jurisdiction?

PAULA SEGAL: Thank you so much, Council Member. Um, that is a great question. So New York State law gives municipalities in the state home rule Powers. Cities in the state are allowed to legislate for their general welfare in any area where the state hasn't legislated and where the state hasn't forbidden it. Ah, Mr. Lycoyannis was quoting from the field of residential rent regulation extensively during his testimony. The field of residential rent regulation has been fully occupied by the State of New York. Not only has the State of New York

1 regulated residential rents in the city, but it has
2 explicitly passed a law that says the city is not
3 permitted to regulate housing accommodation costs
4 within its own borders.
5

6 COUNCIL MEMBER LEVIN: That's what we
7 call the Urstadt Law, is that right?

8 PAULA SEGAL: Yeah, that's what we call
9 the Urstadt Law. I just realized my video has been
10 off. I'm so sorry about that [laughs].

11 COUNCIL MEMBER LEVIN: Hi, Paula.

12 PAULA SEGAL: Hi [laughs]. That is what
13 we call the Urstadt Law and that, the Urstadt Law is
14 explicit. The words in the Urstadt Law are housing
15 accommodations. The Urstadt Law does not apply to
16 commercial spaces. No one's living in commercial
17 spaces. They are not housing. Further, there is
18 nothing, the state has done nothing about commercial
19 rents. Um, it doesn't mean, advocates have asked the
20 state actually. We asked the state to occupy the
21 field. We said please, State of New York, you're
22 getting all this money. Please do some regulation.
23 Please do something. The state did nothing. The
24 state had every opportunity to take up this space and
25 potentially take this power away from the city. But

1
2 it did nothing, and when the field is blank in New
3 York State, under the New York State Constitution,
4 which was amended in 1963, um, so we have actually a
5 new constitution than the one we did have when the
6 last time we had commercial rent regulation for the
7 City of New York. Under that constitution if the
8 state has not forbidden it and if the state has not
9 taken that power onto itself, then any city is
10 allowed to regulate in that area, and what we are
11 asking the City of New York to do is to please
12 regulate out-of-control rent increases that are
13 putting small businesses that have built our
14 neighborhoods out of business.

15 COUNCIL MEMBER LEVIN: So we have home
16 rule in this instance. We are not pre-empted by the
17 state.

18 PAULA SEGAL: Exactly. Beautiful.

19 COUNCIL MEMBER LEVIN: OK, OK. So that's
20 on the record. We have home rule. That's why we
21 believe that we can do this and that we're not
22 preempted by the state. That's the response, the
23 argument put forward by Mr. Lycoyannis. Correct?

24 PAULA SEGAL: That's, that's exactly
25 correct.

2 COUNCIL MEMBER LEVIN: OK. Thank you
3 very much, Counselor.

4 PAULA SEGAL: Thank you so much.

5 COUNCIL MEMBER LEVIN: Go ahead, if you
6 wanted to...

7 PAULA SEGAL: I just wanted to provide a
8 quick clarification about testimony you heard earlier
9 this afternoon from Mr. Steve Kirkpatrick. Ah, Mr.
10 Kirkpatrick, I used to serve on the New York City Bar
11 Association's real estate, real property law
12 committee, excuse me, with Mr. Kirkpatrick until he
13 left the committee. I am currently a member and he
14 is no longer a member, and I just want to make it
15 crystal clear that neither, neither Mr. Kirkpatrick
16 nor I are speaking on behalf of the City Bar or the
17 committee. The committee has not, the committee and
18 the City Bar have not put forward any kind of opinion
19 about the legislation being considered today.

20 COUNCIL MEMBER LEVIN: OK. Thank you so
21 much. Thank you, Paula.

22 COMMITTEE COUNSEL: Ah, Council Member, I
23 see Mr. Lycoyannis has his hand up, um, and since
24 we're addressing his testimony I thought we could
25 give him an opportunity to speak.

1 COMMITTEE ON SMALL BUSINESS 198
2 CHAIRPERSON GJONAJ: Yes, please,
3 Stephanie.

4 ALEXANDER LYCOYANNIS: Hi, ah, thank you
5 very much. I appreciate the opportunity to respond,
6 and hello, Paula, good to see you again. Um, I, just
7 to make, so the record is clear, I, I am also on the,
8 the, ah, New York City Bar's Real Property Law
9 Committee currently, but as, as Paula stated, my
10 opinions are, are not those of, of the committee and,
11 um, I'm speaking in my individual capacity. Um, I, I
12 actually submitted some, ah, written testimony, ah, a
13 couple of days ago which I think more fully
14 addresses, ah, um, Ms. Segal's arguments. Um, with
15 regard to, um, the authority of the state and, and
16 occupying the field, as I indicated in my testimony
17 earlier under the, ah, under the, the commercial rent
18 control statute that was in effect from 1945 to 1963,
19 that was passed by New York State, and New York City,
20 as with other localities, does have home rule powers,
21 absolutely. It has the power to regulate it property
22 affairs in government and it has the authority to,
23 ah, legislate in the area of the health and welfare
24 of its citizens. But what the courts have
25 continually held over the years is that the area of

1 rent regulation, ah, does not fall within those, ah,
2 two areas. And moreover, those local home rule
3 powers can only be exercised in areas that are not
4 matters of state concern. And here the, um, the
5 state, from the Forties through the Sixties, um,
6 enacted commercial rent control in New York City, and
7 it, and it continually, I believe it was on a yearly
8 basis, continued to renew those laws, that law, for,
9 um, a number of years, I, I believe 18 years
10 altogether. But as of December 31, 1963, the state
11 legislature allowed that law to expire, and that
12 purposeful expiration, that purposeful decision not
13 to expand rent, or not to extend rent regulation was
14 just as much of a policy choice as enacting it in the
15 first instance. And since December 31, 1963, the New
16 York State Legislature has elected not to have
17 commercial rent regulation in New York State. And as
18 I alluded to further, um, a couple of years ago in
19 the 2019-2020 legislative session of the State
20 Legislature, there was a bill introduced in the
21 Assembly, ah, Bill A-9622, and the purpose, reading
22 from the built, ah, from the text of the, on, on the
23 website is that it relates to allowing municipalities
24
25

1 the right to enact commercial rent control measures.

2 So the State Legislature looked at the issue...

3
4 CHAIRPERSON GJONAJ: Alexander,
5 Alexander, I'm sorry to interrupt. This is really
6 informative, but I want everyone to know that we have
7 more than 50 more...

8 ALEXANDER LYCOYANNIS: OK.

9 CHAIRPERSON GJONAJ: ...that have signed
10 up. I want to hear this conversation. I think we
11 should do it off record and we certainly need to know
12 more and hear more. So I want to thank you,
13 Alexander, I didn't want to kick you, and Paula,
14 thank you, ah, for this active dialogue. We have a
15 lot to say on this.

16 ALEXANDER LYCOYANNIS: Thank you for the
17 opportunity, Chair.

18 CHAIRPERSON GJONAJ: I encourage both of
19 you to add to your written testimony. We cannot take
20 up all this time. We've got another three-plus hours
21 of testimony to hear and it's not fair. We're
22 adhering to the three-minute rule. Thank you all.
23 Thank you, Stephanie, if you can continue.

24

25

1 COMMITTEE ON SMALL BUSINESS 201
2 COMMITTEE COUNSEL: Sure. Thank you. I
3 see, um, Chair, that Council Member Yeger has had his
4 hand raised. Council Member Yeger?

5 COUNCIL MEMBER YEGER: Thank you. Ah,
6 I'm just gonna be very brief in, ah, in light of the
7 Chair's, ah, comments right now, and I'll yield back
8 to the Chair, but what I will say is that, ah, you
9 know, I gave my, my opinion, ah, earlier, ah, in its
10 hearing about what the law is, and, ah, Council
11 Member Levin, ah, my colleague, wanted to, ah, ah,
12 ah, bring out for the record the opinion of some
13 attorneys on this matter, but what I will note for
14 the record, since this is about making the record, is
15 that, ah, there will always be competing opinions of
16 attorneys, and I assume that none of the attorneys
17 that are here are, ah, have ever given, have never
18 given an opinion which has been disagreed with by a
19 court. Um, my opinion continues to be that this
20 would be an unlawful action by the City Council.
21 Thank you, Mr. Chair.

22 CHAIRPERSON GJONAJ: Thank you, Council
23 Member. Ah, Stephanie. Hold on. Council Member
24 Levin, only if it's important. We've got 50 more
25 people that have been waiting patiently for four

1 hours now. So the interruptions here have to be
2 streamlined a bit.

3
4 COUNCIL MEMBER LEVIN: OK, I'll be, I'll
5 be very quick. The, the, what, what, um, what, what,
6 ah, the gentleman, ah, Mr. Lycoyannis said before,
7 um, that, you know, since 1963, that was almost 60
8 years ago, the state has not acted on commercial
9 rents, um, in New York City. Um, there is a new
10 constitution in 1963 that expanded home rule powers.
11 Um, we are talking about the governance of the
12 constitution from the last 63 years, not the last the
13 60, almost 60 years, 58 years, ah, not the prior
14 constitution. Um, we can't, I, I don't think that it
15 is a reasonable, um, and, ah, ah, position of this
16 council that we are forever banned, um, from an, from
17 asserting home rule because at some point in the
18 prior mid century of the last century, um, the state
19 acted, um, up to a certain point, um, that expired,
20 um, almost 60 years ago. That's, I think that that
21 is, ah, I don't think that that is an argument that
22 passes muster. I just want to put that back on the
23 record and, and, ah, I will put myself back on mute.
24 Thank you.

2 CHAIRPERSON GJONAJ: Thank you, Council
3 Member Levin. Stephanie?

4 COMMITTEE COUNSEL: Yes, thank you. Um,
5 next we'll Ms. R. Sanz, followed by Taylor James and
6 then Ryan Monell. Please provide your testimony.

7 SERGEANT AT ARMS: Time starts now.

8 MS. R. SANZ: My name is Rocio Sanz. I
9 am a minority, small property, and a small business
10 owner, member of SPONY, CHIP, and RSA. I am opposed
11 to commercial rent control in any form. Property
12 owners face many challenges in keeping our
13 properties, our taxes, insurance, water and sewer
14 charges, labor costs, general and maintenance costs
15 are high. Property owners and small business owners
16 have many obstacles, because the city has failed us
17 and has done a poor job in supporting us.
18 Regulations for commercial spaces in the city is not
19 what the city needs now. The city needs to have
20 sensible policies which support property owners and
21 small businesses by one, stop over-taxing us. Lower
22 fines for minor infractions, and an option to avoid
23 the fines by taking education courses for business
24 owners regarding the laws, rules, and regulations
25 which apply to their businesses. Number two, cutting

1 down the red tape to apply for permits, which takes
2 many months to receive. A liquor license can take 10
3 months to obtain. Number three, not over-regulating
4 restaurants and bars with liquor license stipulations
5 from the community boards, which limit the hours of
6 operation, forcing licensees to close four or five
7 hours prior to the allowed New York State Liquor
8 Authority hours of operation. Number four,
9 environment of illegal operation of street vendors,
10 who compete with brick and mortar storefronts.
11
12 Number five, eliminating the 3.9% commercial rent tax
13 on gross rent paid by commercial tenants, which
14 essentially gets added to a rent anyway. Number six,
15 bringing the crime rate down in the city so people
16 don't feel threatened to walk in the streets, ride
17 the subways and buses, and bring foot traffic back to
18 all parts of the city. Number seven, bringing more
19 tourism to our city. Tourists will not visit unless
20 the city is safe. There are always unintended
21 consequences in the laws you pass. Many property
22 owners may not consider renting to small businesses
23 due to the risks taken if commercial rent control is
24 passed. From my perspective as a small property
25 owner, knowing that I would be locked into some sort

1
2 of regulated pricing index moving forward, I would
3 have to pass as high a rent as possible for an
4 initial lease. My commercial spaces are generally
5 ground-floor storefronts with residential units
6 above, and my buildings are rent stabilized. So I
7 speak from an experience knowing that a city
8 guidelines board will barely provide enough of a rent
9 increase to cover my increases in property taxes. We
10 small property owners need to take our own decisions
11 regarding our properties and let the market determine
12 the rents [inaudible].

13 SERGEANT AT ARMS: Time expired.

14 MS. R. SANZ: Thank you very much.

15 COMMITTEE COUNSEL: Thank you for your
16 testimony. Next we'll be calling Taylor James,
17 followed Ryan Monell, and then Melissa Gomez.
18 Taylor?

19 SERGEANT AT ARMS: Time starts now.

20 TAYLOR JAMES: Thank you for the
21 opportunity to comment on the issue of commercial
22 rent stabilization. My name is Taylor James and I'm
23 a staff attorney with the Legal Aid Society Community
24 Development Project, a unit that addresses some of
25 the most urgent issues facing New York City small

1 businesses. Black- and brown-owned businesses in
2 gentrifying areas are at risk of displacement due to
3 high increases in rent. When they cannot afford to
4 renew, these neighborhoods transform physically and
5 cultural. POC-owned businesses that have kept
6 neighborhoods afloat deserve protection and
7 predictability when it comes to rental costs.
8 Currently there is no rent protection for commercial
9 tenants when their lease ends. That is where the
10 trouble usually starts for our small business client,
11 that the landlord needs to issue a new lease for.
12 Our client, a Washington Heights restaurant owner of
13 40 years was given an eviction notice along with
14 seven other Latinx-owned businesses. The businesses
15 owners were each given the option of paying higher
16 rent. For the restaurant that essentially doubled
17 the initial \$5000 per mo rent. Our client could not
18 afford that option. Since there is no law preventing
19 a landlord from doubling the rent, a long-term tenant
20 has no protections to ensure stability. In the
21 process, much is lost. An eviction meant our client
22 was not only losing the restaurant, but their life
23 savings that was invested into their businesses.
24 There's also a loss for the community because POC-

1 and immigrant-owned small businesses are for everyday
2 goods, services, and amenities that have been denied
3 to black and Latinx neighborhoods during decades of
4 commercial redlining. In this case an entire block
5 of Latinx, including long-term business owners, were
6 displaced. Unfortunately, our clients' rental burden
7 was not unique. In 2019 a report identified rent
8 burden as the top concern for immigrant small
9 business owners throughout New York City, even before
10 coronavirus forced them to shut down. Intro 1796
11 will protect commercial tenants from displacement due
12 to enormous and arbitrary rent hikes by creating a
13 board to set rent, to set annual rent increases. The
14 rent protection set by the board ensures the landlord
15 have no incentive to seek out big chain businesses
16 over small businesses, since rent adjustments would
17 be the same for either tenant. The legislation will
18 provide predictable rents for small businesses,
19 allowing them to maintain their livelihood. The
20 Legal Aid Society encourages the council to pass
21 commercial rent stabilization to ensure the survival
22 of small businesses and in turn ensure the vitality
23 and vibrancy of New York City's small neighborhood
24 businesses and...

2 SERGEANT AT ARMS: Time expired.

3 TAYLOR JAMES: Thank you.

4 COMMITTEE COUNSEL: Thank you for your
5 testimony. If anyone requires Spanish translation,
6 please raise your hand on Zoom now. We have the
7 interpreter until 3 o'clock and we wanted to give
8 people who need, ah, the interpreter an opportunity
9 to use him at this time. Please raise your hand if
10 you need interpretation. Um, why don't we unmute the
11 interpreter so he can, ah, repeat that in Spanish in
12 case anyone requires that.

13 INTERPRETER: [speaking in Spanish]

14 COMMITTEE COUNSEL: OK. Ah, seeing no
15 hands raised, ah, we will continue with our
16 registered witnesses. Next we have Ryan Monell who
17 will be testifying, and then Melissa Gomez, followed
18 by Jaime Chien. Ryan?

19 SERGEANT AT ARMS: Time starts now.

20 RYAN MONELL: Well, thank you, and thanks
21 to Chair Gjonaj. Ah, my name is Ryan Monell. I'm VP
22 of government affairs for the Real Estate Board of
23 New York. Look, my colleague, ah, Reggie Thomas,
24 very eloquently, ah, went through, ah, why we are
25 opposed to both Intro 1796 and Intro 2299. But I do

1 want to say, ah, in addition to his comments, look,
2 we understand wholeheartedly and empathize with the
3 small business, business owners and business tenants,
4 as well as the artists and others, ah, who deserve
5 and, and need our support as a city, ah, and as a
6 real estate industry. Ah, but we also take offense
7 to the fact that it isn't just predatory landlords
8 who, who, who will lose if this bill is passed. Ah,
9 it is also, ah, the dozens, if not thousands, of
10 cooperative buildings, as well as other small
11 business landlords, who would be, ah, detrimented if
12 this, if this legislation were to go into effect. So
13 what can we do, ah, instead of passing this
14 legislation? Well, we've been thinking a lot about
15 that at REBNY. Ah, there's obviously many things
16 that the City Council could do tomorrow, including,
17 you know, cutting red tape, ah, incentivizing
18 opportunities for folks to work, ah, more with SBS to
19 their benefit. Ah, but we also believe there's an
20 opportunity to, to look into something that was
21 discussed during the pandemic as small businesses,
22 ah, works, ah, ah, to help, ah, hopefully recover a
23 little bit quicker, and that is putting into place an
24 abatement program that isn't, that incentives, ah,
25

1
2 small landlords who do depend on their rent rolls to
3 offset their building costs and property taxes, to
4 work with legacy businesses. In our minds you can
5 define a legacy business, ah, many different ways.
6 It could be a business that has been in the community
7 for, you know, 30 or 40 years. It could be an
8 entrepreneur. It could be an artist. But despite,
9 or irregardless of how we, we define an individual,
10 putting forth a proactive opportunity for small
11 business property owners to work with a small
12 business tenant in a way that provides an abatement
13 to offset the tax burden for that property owner who
14 does depend on the rent rolls to pay their property
15 tax, or pay their building expenses, ah, is
16 incredibly, ah, worthwhile and we hope that we can
17 talk to the council further, ah, about exploring that
18 opportunity as opposed to doing something that would
19 artificially cap and provide parameters, ah, for
20 commercial rent. Ah, that's all I wanted to add.
21 Ah, we're happy to discuss, ah, with anyone on the
22 call today, including the members of the council,
23 further, ah, with these more proactive, ah,
24 opportunities and ideas. Thank you.

1
2 COMMITTEE COUNSEL: Thank you, Mr.
3 Monell. Ah, my name is Alex Polinoff. I'll be
4 filling in for Council Member, ah, sorry, for Counsel
5 Stephanie Jones temporarily during the, ah, remainder
6 of the hearing. Next up we will hear from Melissa
7 Gomez, followed by Jaime Chien, and then David
8 Estrada. Ms. Gomez, you may begin when the sergeant
9 calls times.

10 SERGEANT AT ARMS: TIME STARTS NOW.

11 MELISSA GOMEZ: Hi, good afternoon. My
12 name is Melissa Gomez. I am a small business owner
13 and my family owns a few commercial properties. I'm
14 here to testify against Intro 1796. I felt that it
15 was important for the council members to hear how
16 this negatively affects small business owners, like
17 my parents, who are immigrants from the Dominican
18 Republic. They are not the Dursts, the Spires, or
19 the Roths. They're the Gomez. They are people who
20 came to this country, not looking for a handout, but
21 looking for an opportunity and they found it in real
22 estate. They can't rely on Social Security to pay
23 for their needs. They are part of a gig economy,
24 before the gig economy was even deemed viable by so
25 many. And they don't have a pension. They have real

1 estate, and their source of income is their tenants.
2 This still negatively affects them and so many others
3 I know who are just like them. I don't know how many
4 on the City Council actually own commercial
5 properties, but I want to talk about the cold, hard
6 facts of currently owning property in New York City.
7 I'm going to use one of my parents' properties as an
8 example. Located in Queens Village, it is under an
9 LLC. By the advice of attorney and accountant
10 they've held the property for over 30 years. For
11 those that don't know, Queens Village is southeast
12 Queens. It has a storefront on the first floor and
13 two residential apartments above. Due to New York
14 City building codes it's deemed fully commercial,
15 even though my mom has tried to fight it, and it is
16 taxed similarly to how you can tax the Empire State
17 Building. In 2012 the annual property taxes were
18 \$14,616.05. In 2020 they were \$47,058.94. The
19 annual reported income for that building is \$79,000,
20 and they actually have the deposits and the leases to
21 prove that that is the accurate income. Depending on
22 the negotiated lease, a tenant in a 10-year lease
23 might be responsible for all of the majority of those
24 taxes realistically as to how leases are negotiated.
25

1
2 Those funds do not go to the landlord. Now, let's
3 add other costs. Insurance has gone up. Property
4 maintenance has gone up. They are mandated to do
5 annual [inaudible] inspections, annual sprinkler
6 inspections, fire department inspections, and now gas
7 inspections. The cost to maintain a typical Queens
8 taxpayer building has become astronomical. How can a
9 commercial landlord break even, let alone turn a
10 profit in today's world? Council Member Levin
11 expressed that this wasn't to hurt those types of
12 landlords. Yet there is no carve-out in this that
13 helps, that, that's actually there for these types of
14 landlords, which, by the way, a lot of southeast
15 Queens, that is your typical landlord. Many are
16 citing the law, the landlords on today's call are
17 great and that, but not all landlords are great. The
18 same could be said for tenants. There are many
19 amazing tenants. Not all tenants are great. I do
20 run a small business. I don't think the city has
21 done enough. I can tell you, um, that grant, the
22 retention, the Employee Retention Grant that was
23 cited, I didn't qualify 'cause I only, 'cause I have
24 five employees, not four or less. So how are you
25 helping New York City? Additionally, we talk about

2 e-commerce. Well, why doesn't the city tax e-
3 commerce higher compared to small [inaudible]...

4 SERGEANT AT ARMS: Time expired.

5 MELISSA GOMEZ: Thank you.

6 CHAIRPERSON GJONAJ: Please continue,
7 Melissa, if you, can you wrap it up, because I just
8 want to hear a couple more. Did you submit your
9 testimony in writing?

10 MELISSA GOMEZ: I will be submitting my
11 testimony, and I just want to say thank you and
12 there's a lot here, and I'm here to speak for the
13 people in my area that are not the big guys,
14 realistically speaking. And, yes, we are being
15 punished by this law. Thank you.

16 COMMITTEE COUNSEL: Thank you, Ms. Gomez.
17 Next we will hear from Jaime Chien, followed by David
18 Estrada, and Natasha Amott. Mr. Chien, you may begin
19 when the sergeant calls time.

20 SERGEANT AT ARMS: Time starts now.

21 JAIME CHIEN: Hi. My name is Jaime Chien
22 and I'm a native New Yorker, born and bred in
23 Brooklyn. I'm a small business owner, a commercial
24 lease renter in the Bronx, and I'm also a property
25 manager for a family-owned business here in New York.

1
2 And I'm gonna provide my testimony based on my
3 experience as a property manager, mixed us building.
4 And I've seen challenges faced on both sides and I'm
5 not supportive of Intro 1797. I work closely with
6 businesses that rent from the buildings that I
7 manage, and some of our tenants have been with the
8 buildings for 20, 25, and over 35 years. During the
9 shutdown we offered concessions to all of our
10 commercial businesses. We slashed the operating rent
11 down for months that they were closed, and we kept
12 the reduction throughout the year in order to help
13 them get back on their feet. Many business building
14 owners around me, they performed the same thing. But
15 at the same time property taxes, the water bills, as
16 well as staff salaries, they remained the same for
17 owners, and yet many of us, we tightened our belts
18 and we found ways to make it work together, even as
19 the city continued to burden the restaurants and the
20 retail stores and building owners with fines and they
21 still continue to collect their taxes. Their biggest
22 challenge has not been meeting the operating rent,
23 but in being heavily fined by different agencies,
24 whether it's the Department of Health, Sanitation, or
25 Buildings, just to name a few. And now with COVID

1 protocols and the HERO act that was rushed out,
2 they're burdened with additional challenges to
3 overcome, while also trying to maintain the safety
4 and health of their employees, who all face
5 challenges, even traveling to work when the streets
6 are not safe for them. In 2015 the mayor's office
7 reported that New York City has over 6000 rules and
8 regulations that impact businesses, and there's over
9 250 different types of business licenses and permits.
10 And it takes months, sometimes a year, to just open a
11 business. And this is intimidating to any single
12 entrepreneur to even attempt to start a business in
13 New York City. So it's clear that commercial rent
14 control proposals don't address the root causes of
15 some of the greatest challenges that face small
16 businesses in New York City, including issues with
17 rising taxes, bureaucratic red tape, and the need for
18 greater support and resources from city agencies.
19 Many building owners would welcome any attention by
20 an applicant consider renting your commercial space.
21 And we've heard from many potential renters that they
22 don't feel the investment in the space is smart if
23 there are landmark restrictions, liquor license
24 restrictions, or any challenges that they can face
25

1 with the community boards, which are some of the
2 biggest challenges a startup has to overcome. Retail
3 corridors are not empty just because of rent. It's a
4 false rhetoric. It's also difficulties with New York
5 City and New York State agencies as well as
6 contentious communities that has not shown any
7 welcoming attitudes for some businesses to open.
8 Just attend a community board meeting hearing for a
9 liquor license. Listen to the neighborhood provide
10 as much negative testimony not in favor for these
11 businesses to open. And I just want to thank you for
12 your time.

14 COMMITTEE COUNSEL: Thank you, Ms. Chien.

15 Next we will hear from David Estrada, followed by
16 Natasha Amott, and then Josh Nachowitz. Mr. Estrada,
17 you may begin when the sergeant calls time.

18 SERGEANT AT ARMS: Time starts now.

19 DAVID ESTRADA: Hello. My name is David
20 Estrada. Thank you, Chair Gjonaj and council
21 members. We are at pre-K dismissal. I apologize for
22 background noise. Ah, I'm speaking today on behalf
23 of the New York City BID Association, of which I'm
24 co-chair, and the Sunset Park BID, where I am a
25 director in [inaudible], Brooklyn. Ah, we represent

1
2 the BID Association's 76 districts throughout the
3 city. We're stewards of diverse commercial corridors
4 and neighborhood public spaces, and we support almost
5 100,000 local businesses. Ah, my spoken testimony
6 here is abridged and our written submission for the
7 record will have specific positive suggestions and
8 recommendations. We share a desire to stem the tide
9 of storefront vacancies and the decline of mom and
10 pop shops, but we must strongly caution against blunt
11 policy instruments that may do more harm than good.
12 The BID Association strongly opposes Intro 1796, and
13 we have issues but we see great potential in 2299.
14 First and foremost, we strongly encourage the council
15 to conduct a robust vacancy survey and to establish a
16 vacancy database as required by previous legislation.
17 While we've heard and have many anecdotes, and surely
18 I've heard many more today, our association would
19 like unique policy solutions to be based on
20 thoughtful process and hard data. Um, we have
21 several overriding concerns with 1796. First, every
22 commercial space is unique, the market conditions,
23 the value, the use, countless other factors. Ah, for
24 a board of individuals to somehow set a rent cap we'd
25 never encompass these unique factors and is therefore

1 impossible to sent communicate rent limits in a fair
2 and equitable way. Ah, furthermore, we believe this
3 new board will be inclined to follow political whims
4 and not hard data when setting rates, which again
5 makes it impossible to responsibly govern. Last and
6 most important, the city's government overreaching
7 private party transactions that it does set a
8 worrying precedent for our city's economy.
9 Ultimately, this is the most blunt policy solution
10 possible to an incredibly nuanced and complex
11 challenge. There is, unfortunately, no silver bullet
12 as this legislation intends to be, and it's sure to
13 have a chilling effect on the city's economy as we
14 struggle to recover from this pandemic. If the City
15 Council would like to help small businesses there are
16 far more effective ways to do so. We hope the city
17 will look into the solutions published by BID
18 Association's working group on storefront vacancies.
19 Intro 2299 is a proposal with good potential. We
20 look forward to working with, um, Borough President
21 Brewer and Council Member Rosenthal to improve it.
22 We support requirements of written commercial leases
23 that certain critical information be provided to
24 tenants and standard lease templates with language
25

1
2 accommodation is a very good step. We're wary,
3 however, of any mandatory lease renewal that sets
4 rates since this is yet another step towards
5 government-enforced price controls. The BID
6 Association is committed to working with the council
7 and the administration to mitigate these challenges
8 faced by commercial lease holders. We would love to
9 implement myriad budget and policy options that would
10 offer true relief and support without broad
11 commercial rent [inaudible]...

12 SERGEANT AT ARMS: Time expired.

13 DAVID ESTRADA: Thank you so much.

14 COMMITTEE COUNSEL: Thank you, Mr.

15 Estrada. Next we will hear from Natasha Amott,
16 followed Josh Nachowitz, and then Lauren Gardner.
17 Ms. Amott, you may begin when the sergeant calls
18 time.

19 SERGEANT AT ARMS: Time starts now.

20 NATASHA AMOTT: Good afternoon. Um, my
21 name is Natasha Amott. I am a small business owner.
22 And I'm testifying in support of Intro 1796 because I
23 believe there has been a long-developing commercial
24 affordability problem in New York City, and we cannot
25 rely on a pandemic to cure it. I founded Whisk, my

1 small business, in 2008 and for 10-1/2 I ran this
2 highly successfully kitchenware brick and mortar and
3 online retail business in the heart of Williamsburg.
4 I had a great relationship with my small landlord,
5 who lived above the store. But between 2010 and
6 through until now Williamsburg has become more a home
7 for multinational and private equity-backed retail
8 stores than independents like Whisk. What used to be
9 a phenomenon isolated to fancy Fifth Avenue or SoHo
10 has been slowly moving to other Manhattan
11 neighborhoods and the outer boroughs, and the problem
12 is that these kinds of businesses, the Levis, the
13 Space and Kay apothecaries, the G Star Ross, they
14 have the finances to pay far more than they will earn
15 through that one location. They accept high rents as
16 an advertisement cost. The vendor of businesses like
17 Whisk, where I was paying \$18,500 a month in the last
18 year of my lease, and I could do that. I offered to
19 pay \$20,000 a month in the renewal. But my landlord
20 insisted on a 44% increase for just a five-year
21 renewal with annual escalations. That may have been
22 market rate, but it was damn near unaffordable and
23 would have required pushing my staff's wages down to
24 minimum wage. That's your sisters', your kids', your

1 neighbors' salaries, and then also increased prices
2 for customers, which is all of us. So let's fast
3 forward to this very moment. At 203 Bedford Avenue,
4 just two blocks from where Whisk used to be, is a
5 vacant 1700 square foot space for rent, perfect size
6 for Whisk. The landlord is asking \$300 a square
7 foot, or \$43,500 a month. He said he would start a
8 conversation with me closer to \$200 a square foot,
9 but that's still over \$29,000 a month, and there is
10 no scenario in which that location's expected
11 revenues will make that space affordable. So when
12 data show rents are coming down because of this
13 pandemic, I just urge everyone listening here to ask
14 are down rents the same as affordable rents? Or are
15 they mostly affordable to those with deep pockets who
16 may live in New York City, because somehow we have
17 got to take as well as the competitive edge that
18 latter-type companies have. And Intro 1796 is
19 proposing to do just that. And I'll end on this very
20 quick note, and it's for you, Chair Gjonaj, City
21 Council, New Yorkers, we don't want to hear about
22 constitutionality, we don't care about authority to
23 enact legislation at the end of the day. What we
24 care about is a strong economy in our neighborhoods
25

1 where we can access affordable and needed goods.

2 Thank you.

3 COMMITTEE COUNSEL: Thank you, Ms. Amott.

4 Next we will hear from Josh Nachowitz, followed by

5 Lauren Gardner, and then Joanne Podell. Mr.

6 Nachowitz, you may begin when the sergeants call

7 time.

8 SERGEANT AT ARMS: Time starts now.

9 JOSH NACHOWITZ: Good afternoon, Chair

10 Gjonaj and members of the committee. My name is Josh

11 Nachowitz, and I am the senior vice president for

12 economic development at the Alliance for Downtown New

13 York. The COVID-19 crisis has wreaked havoc on small

14 businesses all over the city, and especially in

15 central business districts like lower Manhattan.

16 Every day we hear from small business owners who are

17 telling us how desperately they are missing the

18 nearly 300,000 public and private sector workers, who

19 came daily to lower Manhattan pre-pandemic. I know

20 many retailers around 250 Broadway who waiting

21 expectantly for the City Council staff to reoccupy

22 their offices and will be thrilled when those

23 customers return to the neighborhood. And of course

24 are small businesses are still grappling with all of

1 the challenges that made it so difficult to operate a
2 business in New York City, even before the pandemic.
3 Unfortunately, Intro 1796 fails to address any of
4 these problems and they even have unintended
5 consequences and will make the climate worse for
6 small businesses. Intro 1796 would create a strong
7 incentive for developers to lease space for exactly
8 this sort of large format chain retailers that many
9 New Yorkers don't want to see in their communities.
10 Unlike residential units, commercial spaces are
11 routinely divided into smaller spaces who accommodate
12 different tenants and uses. Property owners would be
13 far less likely to partition a large space to attract
14 small independent businesses. It would mean
15 subjecting the newly created retail or office space
16 to rent regulation. Intro 1796 would also
17 disincentive property owners from investing in new
18 retail spaces. Lower Manhattan alone has added over
19 2.9 million square feet of new retail space since
20 2014 and small retailers and small businesses have
21 flocked to those newly created spaces. The
22 legislation would also impact the availability and
23 cost of real estate for small office uses. Since
24 2016 at least 71% of new office leases signed in our
25

1 district in lower Manhattan have been for spaces
2 smaller than 10,000 square feet. These small office
3 tenants are often the start, new startup businesses
4 that were the driver of our city's innovation
5 economy. And finally there are serious questions
6 around the council's authority to implement the sort
7 of rent regulation regimen opposed by Intro 1796.
8 The legislation is almost certain to be challenged in
9 court, creating confusion and uncertainty in a retail
10 market that has been devastated by the pandemic.
11 Lower Manhattan and other communities around the city
12 already face a long and difficult road to recovery.
13 Intro 1796 would only make the recovery more
14 challenge and uncertain. There are alternative ways
15 to promote healthy retail corridors in our city,
16 including showing, including slowing runaway
17 assessment increases, developing incentives that
18 would encourage property owners to lease vacant space
19 to local small businesses, and finally addressing
20 over-regulation and unnecessary red tape. We all
21 care deeply about our neighborhood businesses. They
22 are the heart and soul of our city. I hope the City
23 Council will table these bills and continue to work
24 with small business owners, landlords, and community
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2 leaders to develop a better set of solutions that
3 would better address the 21st century problems facing
4 our small entrepreneurs. Thank you very much for the
5 time today.

6 COMMITTEE COUNSEL: Thank you, Mr.

7 Nachowitz. Next we will hear from Lauren Gardner,
8 followed by Joanne Podell, and Barbara Blair. Ms.
9 Gardner, you will begin when the sergeants call time.

10 SERGEANT AT ARMS: Time starts now.

11 LAUREN GARDNER: Thank you so much. My
12 name is Lauren Gardner. I am the director of Baby
13 Castles. Baby Castles is a volunteer-run nonprofit
14 focused on increasing the diversity of voices that
15 contribute to video game and new media culture. We
16 operate a cultural space located on 14th Street
17 between 6th and 7th Avenue in Chelsea. Baby Castles
18 started as a group of people who just wanted to
19 celebrate art and so we made a space in the basement
20 of Silent Barn back in 2009. Over the past 12 years
21 we've done a ridiculous amount of work to champion
22 video games and support our mission. Ah, we became a
23 nonprofit. We've hosted thousands of events and
24 shows. We've built community. We've worked with
25 institutions like MOMA, Museum of Art and Design,

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2 Museum of Natural History, Larique and Paris, and
3 Victoria and Albert Museum in London and in Scotland
4 to curate events and installations, all featuring
5 local New York City artists. We found success, but
6 it's not sustainable. In the past 12 years we've
7 moved eight times, and each time it's exhausting.
8 It's always the same. We move, sorry, we built out a
9 space, we build relationships with the community, and
10 then we get hit with a rent increase that we can't
11 afford, or we're just told that we have to move
12 because, sorry, commercial tenants have no right to
13 renew or negotiate a new lease. So we scramble. We
14 look for another place to set up that we can't
15 afford. We raise money to move. We move. We build
16 out that space, we launch our programs, and we
17 repeat, eight times in 12 years. It's important to
18 have space, and since we shifted online in 2020 I can
19 personally attest that none of our success would have
20 happened or have been possible if we didn't have a
21 physical space for people to gather. Even in our
22 virtual form, even existing still, having the space
23 that we have creates a possibility. Artists continue
24 to use our space to produce, to access our equipment,
25 and we host a community organization since the summer

1
2 of 2020 that's used our space to warehouse PPE, food,
3 clothing, and other necessities so that they can
4 distribute and people to people in need. Um, now
5 especially during the flood. Having access to a
6 space creates opportunities. What's going on now in
7 New York City is not sustainable. It's exhausting.
8 It burns through cash, burns through people. Right?
9 We're a DIY space and we're volunteer run, and that's
10 the only reason that we're still around, because
11 there's always a new group of people with the energy
12 and optimism to make it happen. But it gets harder
13 and harder every year.

14 SERGEANT AT ARMS: Time expired.

15 LAUREN GARDNER: The rents...

16 CHAIRPERSON GJONAJ: Please continue,
17 Lauren.

18 LAUREN GARDNER: Thank you.

19 CHAIRPERSON GJONAJ: Finish that off.

20 LAUREN GARDNER: Ah, very quick. It gets
21 harder and harder because the rents increase. I have
22 seen rents increase from \$2000 to \$8000. It's
23 unjustifiable. So we're just running out of places
24 to exist and we need your help.

2 CHAIRPERSON GJONAJ: Thank you, Lauren.
3 That was very, ah, heartfelt. Can you explain why
4 eight times in 12 years, that's every year and a half
5 roughly you're moving.

6 LAUREN GARDNER: Yeah.

7 CHAIRPERSON GJONAJ: Your leases are not
8 for a duration of five years, you're not negotiating
9 that from the beginning?

10 LAUREN GARDNER: Well, because we are,
11 honestly, just a group of volunteers, we entered into
12 a lot of spaces without any kind of backing or
13 understanding, so a lot of them were subleases, um,
14 and we just took whatever kind of spaces that we got.
15 It really took us a few years to kind of understand
16 how to negotiate contracts.

17 CHAIRPERSON GJONAJ: Lauren, please stay
18 in touch. We have resources for you and hopefully
19 you'll find a permanent home that you can, ah, call
20 home for a long, long time.

21 LAUREN GARDNER: Thank you.

22 CHAIRPERSON GJONAJ: Thank you for your
23 testimony.

24 COMMITTEE COUNSEL: Thank you, Ms.
25 Gardner. Next we will hear from Joanne Podell,

1 followed by Barbara Blair, and then Monique Long.
2
3 Ms. Podell, you may begin when the sergeants call
4 time.

5 SERGEANT AT ARMS: Time starts now.

6 JOANNE PODELL: Good afternoon, and thank
7 you very much for giving me the opportunity to speak
8 with all of you. I have a different perspective.
9 I'm a former retailer and today and for the last 25
10 years I have been a retail broker and in New York
11 City. And so I hear the perspective of landlords and
12 tenants every time I put together a deal. And let me
13 give you a little bit of perspective from the
14 landlord's point of view as well as what the tenant
15 is dealing with. It's hard to be a retailer. That's
16 the first thing. It is not just about being able to
17 pay the rent. You've got to be a good merchant.
18 You've got to compete with other retailers. They
19 have to understand the market around them. They have
20 to maintain a store. They have to stock it. They
21 have to understand an inventory. It's really hard.
22 I know. I did it. It's not just about rent that
23 makes for success [inaudible]. There's so many other
24 costs associated with being a retailer. Real estate
25 taxes, we've all heard so much about them today.

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2 It's definitely an issue. Employees and the costs of
3 benefits. Insuring, maintaining the premises. The
4 cost of power, electric, water. All these things
5 contributing to helping, allowing a tenant to be able
6 to stay in a space. They got to pay all those bills.
7 Well, what happens? The landlord looks at this and
8 says what kind of a tenant do I have here? With my
9 help can they continue to operate? Can they stay
10 here? It's much more expensive today and always has
11 been for a landlord to go find a new tenant. If I'm
12 hired by someone to go ahead and lease their store,
13 the first thing I tell them is it's going to take a
14 year. That's a very long time, and in fact that's
15 how long it takes. That means that the landlord has
16 no income for one year. Aren't they better off to
17 turn to the tenant they had in their space? Who
18 first has been timely in paying the rent, who has
19 maintained their premises, and honored the
20 obligations. Are they better off to keep them? One
21 would think yes, and the fact is they do, and by the
22 way, they also have to pay me and pay the tenant,
23 tenant improvement money, and there are like other
24 costs associated with it. Landlords don't want empty
25 stores. It's a misnomer. They really don't. I know

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2 because I talk to them every day. The solution is
3 for the landlord and tenant to talk to each other,
4 and what we've learned from COVID is that's exactly
5 what's happening. I spent the last year
6 renegotiating deals. Why? Tenants could not make
7 the numbers work, it was impossible. We all know
8 why. Landlords understood it, and I would tell you
9 that every landlord without, without limitation,
10 every landlord that I've worked has said how can we
11 work together? We have abatements, we have
12 deferments, deference, we have all kinds of
13 opportunities on ways that we can work together in
14 order to facilitate this. It's not as simple as
15 everybody thinks.

16 SERGEANT AT ARMS: Time has expired.

17 JOANNE PODELL: There is a solution, and
18 it does come from working together.

19 COMMITTEE COUNSEL: Thank you, Ms.
20 Podell. Next we'll hear from Barbara Blair, followed
21 by Monique Long, and then Mary Ann Rothman. Ms.
22 Blair, you may begin when the sergeant calls times.

23 SERGEANT AT ARMS: Time starts now.
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2 BARBARA BLAIR: Ah, Chairman, Chairman
3 Gjonaj, I apologize. I was not planning to testify
4 today.

5 CHAIRPERSON GJONAJ: Thank you, Barbara.
6 Did you submit your testimony in writing?

7 BARBARA BLAIR: No, I was not planning on
8 testifying. Thank you, Chairman.

9 COMMITTEE COUNSEL: OK. Ah, next we will
10 hear then from, ah, Monique Long, followed by Mary
11 Ann Rothman. Ms. Long, you may begin when the
12 sergeant calls time.

13 SERGEANT AT ARMS: Time starts now.

14 COMMITTEE COUNSEL: Unmuted, please
15 unmute Monique Long. It appears she is having some
16 technical difficulties, so I'll move on [inaudible].
17 Let's move to Mary Ann Rothman, and then we'll come
18 back to Ms. Long when she is ready. Ms. Rothman, you
19 may begin.

20 MARY ANN ROTHMAN: Thank you. Good
21 afternoon, Chair Gjonaj and members of the City
22 Council, and thank you for this opportunity to
23 testify. I'm Mary Ann Rothman, executive director of
24 the Council of New York Cooperatives and
25 Condominiums, which is the largest of several

1 membership organizations for housing co-ops and
2 condominiums in our city. At least 1000 New York co-
3 ops and condos, located throughout the five boroughs,
4 have commercial space which would be covered by Intro
5 1796. These buildings are not owned by large real
6 estate companies. Resident owners in New York co-ops
7 and condos are average citizens, families, and
8 voters, who would be greatly impacted and harmed by
9 any commercial rent control regimen and even more so
10 by one as blunt and all-encompassing as Intro 1796.
11 These homeowners simply want the best possible
12 commercial tenants in their buildings, tenants who
13 will enhance the neighborhood and will comply with
14 all city laws. Many of our members have reduced or
15 foregone rent to help their commercial tenants during
16 the pandemic, just as you have heard from, ah,
17 several others of the people who testified today.
18 But these co-ops and condo owners also need the
19 income from their commercial space to offset
20 continually rising operational costs of their
21 buildings. This bill would strip them of their
22 negotiating freedom. As such, our organization and
23 membership strongly oppose Intro 1796, and we have
24 concerns with Intro 2299. Intro 2299 has positive
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2 aspects, including the requirement of written
3 commercial leases and the furnishing of certain
4 important information to tenants. We do not oppose
5 these measures. However, the provisions enabling
6 commercial tenants to hold over at set rent rates
7 will further complicate life and operations for our
8 members. We look forward to working with the bill's
9 sponsors to improve this legislation, but we really
10 support many of the alternative solutions proposed
11 today and encourage the committee to look into these
12 rather than continuing to promote commercial rent
13 control. I've submitted more detailed testimony and
14 I thank you for this opportunity to share our
15 thoughts.

16 COMMITTEE COUNSEL: Thank you, Ms.

17 Rothman. Next we will hear from Catherine Murcek,
18 followed by Sophia Harrison, and Andrea Bowen. Ms.
19 Murcek, you may begin when the sergeants call time.

20 SERGEANT AT ARMS: Time starts now.

21 CATHERINE MURCEK: Um, good morning and
22 thank you very much for changing this hearing to a
23 virtual one. My name is Catherine Murcek and I'm a
24 worker-owner at [inaudible] Back Care and Scoliosis
25 Collective, and I'm a member of the New York City

1 Network of Worker Cooperatives, also known as NYCNWC.
2 The worker co-op community is really appreciative of
3 your continued support for co-ops and we're now
4 urging you to support Intro 1796 for commercial rent
5 stabilization. Our community of democratic worker-
6 run businesses is small but mighty, predominantly led
7 by women and people of color, representing
8 communities across all five boroughs and a wide array
9 of industries, from cleaning to catering,
10 manufacturing, media, childcare, and more. Access to
11 affordable commercial space continues to be a major
12 priority for our community. The majority of co-ops
13 in New York City have never even been able to access
14 a brick and mortar space because the costs of rents
15 are just too prohibitive. A fair and just system of
16 commercial rent stabilization would help to level the
17 playing field, making much-needed spaces more
18 attainable, for a more diverse array of small
19 businesses. My co-op, [inaudible], is a beautiful
20 little highly specialized studio based in Chelsea,
21 focusing on therapeutic applications of yoga and with
22 the mission of making yoga accessible to all bodies.
23 My 18 other worker-owners and I have been
24 democratically running the studio together in the
25

1 same space for the last six years, which we spent
2 tens of thousands of dollars building out for very
3 specific needs with yoga rope walls and every kind of
4 prop you can imagine. The new lease we just
5 negotiated fortunately starts at a reduced rate, but
6 gradually increases to market rate over the course of
7 the next 10 years. Unfortunately, that still makes
8 our future uncertain because our business has limited
9 options for growing attendance, because our space is
10 so small. Intro 1796 would really help us out by
11 limiting the amount that our rent can go up to ensure
12 we can stay in our very unique space long term.

14 Another well-loved yoga studio that I used teach at
15 in Flatiron called Yoga Union closed mid pandemic
16 after a decade of operation because they already knew
17 that at the end of their lease the landlord planned
18 to double their rent, which was already around
19 \$14,000 a month. These are types of situations that
20 Intro 1796 will help prevent. Anyone who says that
21 regulating commercial rents is bad for the economy, I
22 have to ask, is it good for the economy to close or
23 displace long-standing, well-loved, profitable
24 businesses causing workers to lose their jobs, adding
25 to the blight of vacant storefronts, and making it

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2 harder for communities to build their own wealth, all
3 in the name of maximizing profits for a few? Does it
4 make sense that businesses are being forced to close
5 while vacant spaces are being hoarded across the
6 city, waiting for the highest bidder? This is what
7 destroys neighborhood character, culture, and
8 vitality. The pandemic is not over. Unregulated
9 rent increases are by far the greatest obstacle our
10 small business community faces. Commercial tenants
11 should not be expected to bear a burden greater than
12 their landlords. Please pass Intro 1796 for
13 commercial rent stabilization for a just recovery.
14 It will help our city thrive long into the future.
15 Thank you.

16 COMMITTEE COUNSEL: Thank you, Ms.
17 Murchek. I see Council Member Levin's hand is
18 raised. We will turn to Council Member Levin for
19 questions.

20 COUNCIL MEMBER LEVIN: Catherine, I just
21 wanted to thank you very much. Um, you've been, um,
22 an integral part of, um, ah, the advocates and
23 advisors and helping to advance this legislation. I
24 just want to acknowledge that on the record and thank
25 you.

1 COMMITTEE ON SMALL BUSINESS 239
2 CATHERINE MURCEK: Thank you so much,
3 it's been an honor.

4 COMMITTEE COUNSEL: Thank you, Council
5 Member. Ah, next we will hear from Sophia Harrison,
6 followed by Jesse Gee Galvez, and then Guy Yedwab.
7 Ms. Harrison, you may begin when the sergeants call
8 time.

9 SERGEANT AT ARMS: Time starts now.

10 SOPHIA HARRISON: Sophia Harrison. Good
11 afternoon. I am Sophia Harrison, the executive
12 director and founder of [inaudible] Schools of Music,
13 Dance, and Fine Arts, a not-for-profit organization,
14 the only year-round cultural institution for children
15 age 3 to 17 in a neighborhood of 50,000 people. I am
16 also the founder and president of [inaudible] Inc.
17 Both companies are located in Coney Island, Brooklyn,
18 one of the lowest economic in the, in the city. I
19 have been a tenant in my location since 2009, with a
20 total square footage of 1,100. In 2009 the rent was
21 \$2500, \$27 per square foot. My lease stated a 5%
22 increase for seven years, and a 10% for the following
23 five, increasing to \$62 per square foot. When my
24 lease was up this year I agreed to a one-year lease
25 of \$6000 a month, at \$65 per square foot. I had to

1 accept this agreement, as I could not agree to the
2 new lease terms that my landlord was offering, while
3 I was requesting a 2% increase yearly. As a not-for-
4 profit organization our mission is to provide culture
5 and the humanities for the children of the Coney
6 Island community while providing them with the
7 opportunity to build self-esteem and self-confidence.
8 Unlike the large businesses and franchises that have
9 come and left our low-income community because there
10 is a lack of profit, small businesses and not-for-
11 profits stay to create a better quality of life for
12 these residents. However, it is getting expensive
13 and we cannot continue to financially and emotionally
14 suffer as we serve our community. On another note, I
15 would like to purchase an owner-occupied building for
16 my organization to be able to secure the future of
17 not only my organization, but the community.
18 Unfortunately, I cannot get funding from a financial
19 institution because every year my revenue goes up so
20 does my rent. I'm not sure that this bill is an end-
21 all, be-all, or perfect solution for landlords and
22 tenants. However, I do believe that is a step in the
23 right direction to keep our community, our community
24 served by the people that know and care for them.
25

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2 Also, I hear a lot of people talking about COVID.
3 Most of our issues existed as tenants long before
4 COVID and they are not a result of it. Um, thank
5 you.

6 CHAIRPERSON GJONAJ: Sophia, are you a
7 not-for-profit?

8 SOPHIA HARRISON: Yes, I am.

9 CHAIRPERSON GJONAJ: Are you looking,
10 have you sought grants from the council?

11 SOPHIA HARRISON: Oh, we got, we got
12 grants, and if we didn't get grants we wouldn't be
13 able to serve our community, and the only reason why
14 I'm able to extend my lease this year is because of
15 the, um, ESPA grant that, through the federal
16 government. Otherwise, um, I wouldn't be able to
17 stay. I wouldn't be able to serve. So the funding
18 that I get from the city pays my rent [laughs] and
19 so, um, that's just kind of how it goes. But, yes,
20 we got funding from PPA and, um, DYCD. Thank you.

21 CHAIRPERSON GJONAJ: Thank you for the
22 work that you're doing Sophia. It, it goes a long
23 way, and I encourage you to stay in touch with your
24 local council member and delegation to be more
25 helpful to you.

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SOPHIA HARRISON: Thank you.

COMMITTEE COUNSEL: Thank you, Ms.

Harrison. Next we will hear from Jesse Gee Galvez, followed by Guy Yedwab, and then Guy Brennan. Um, Jesse Gee Galvez you may begin when the sergeants call time.

SERGEANT AT ARMS: Time starts now.

JESSE GEE GALVEZ: Hi, I hope everybody can hear me. I'm Jesse Gee Galvez. I'm the owner of Galleria J. Antonio on the Lower East Side, 10009. The galleria concept started in, at 1816 Madison Avenue at 68th Street in 1975. I was, it was a hit for about five years and then I was forced to move down to 39 Christopher Street in 1980, where my designs and the work I did was yet another hit and it was great. In 1989 I got hit with a 75% rent increase. Between the AIDS epidemic down there and the high rent increase I was disgusted and moved to Seattle, Washington. In 2000 I moved back home and I found this place at 47 Avenue A and I had a 15-year run there. And now rent increases and other operating expenses, like insurance, that people aren't talking about, it's very expensive, ah, forced me to downsize to this new spot, which is you're

1 looking at 43 Avenue A. That's four leases, four
2 moves, 46 years of retail, and a partridge in a pear
3 tree. By the way, 1796 is my date of birth, so love
4 this. I love this, ah, legislation. Rent hikes,
5 chain store displacements, not-so-friendly leases,
6 it's made me move. Not my business plan, not my
7 talents to design, not my retail strategies, my rent.
8 And I, I've been on this call since 10 o'clock this
9 morning and I hear thousands of retailers all saying
10 the same thing, and the disconnect between city
11 government and the real life. It is the rent. It's
12 the basis of our operating costs. When the lease is
13 good then we're gonna stay here. It's very simple.
14 I mean, I was delighted to find out that Intro 1796
15 was gonna have a rent guideline board, because that
16 means that landlords, small businesses, financial
17 consultants, and the government. Wait a minute,
18 those are the players. They're gonna be able to sit
19 down and for the first time in my lifetime we'll be
20 able to come to the table on an even ground and say,
21 hey, OK, I can't afford this, so maybe figure
22 something out and the recent checks, because right
23 now it's, it's a great way to rebuild New York and we
24 have a chance to do it. The current formula only...

2 SERGEANT AT ARMS: Time has expired.

3 JESSE GEE GALVEZ: ...[inaudible] small
4 mom and pops three options - pay, move, or close your
5 store. Those are the three options. The evidence of
6 that truth is the epidemic of empty, overpriced,
7 overvalued storefronts throughout all the boroughs.
8 We're talking Bronx, Brooklyn, Staten, I was in
9 Staten Island. I couldn't believe it. There were
10 empty stores everywhere.

11 CHAIRPERSON GJONAJ: Jesse, can you wrap
12 up?

13 UNIDENTIFIED: [inaudible]

14 CHAIRPERSON GJONAJ: Jesse, is that OK?
15 Jesse, can you please wrap it up?

16 JESSE GEE GALVEZ: Vote for this bill,
17 please.

18 CHAIRPERSON GJONAJ: I just want to say
19 for the record you look great for your age.

20 JESSE GEE GALVEZ: [laughs] Thank you.
21 My Social Security is 003.

22 CHAIRPERSON GJONAJ: Thank you. Thank
23 you, Jesse.

24 COMMITTEE COUNSEL: Thank you, Mr.
25 Galvez. Ah, next we will hear from Guy Yedwab,

1 followed by Guy Brennan, and then Jenny Dubnau. Mr.
2 Yedwab, you may begin when the sergeants call time.

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4 SERGEANT AT ARMS: Time starts now.

5 GUY YEDWAB: Thank you. The League of
6 Independent Theater is a member of the United for
7 Small Business New York City, and our members, small
8 business theaters across all five boroughs, implore
9 you pass Intro 1796 today. Ah, to respond to a
10 comment from the chair several hours ago, not all
11 commercial tenants are for profit. Our city's
12 storefront churches, food pantries, and cultural
13 spaces are just as burdened by commercial rents as
14 our beloved bodegas and restaurants. By setting a
15 maximum on how much can be charged, ah, increase in
16 rent, this bill does not pick winners and losers. It
17 creates a level playing field. Now a food pantry
18 knows its lease won't be pulled out from under it for
19 a bank branch willing to pay double. They can plan
20 for the future, knowing the most they'll have to pay
21 and know that they won't be ambushed by property
22 taxes or other pass-alongs. That's why this
23 legislation only works if it covers every commercial
24 tenant. If it doesn't, landlords wouldn't rent to
25 small businesses. They'd rent to someone who is

1 allowed to pay them double or triple. One example -
2 the Metro Theater opened in 1933 and closed due to
3 rents in 2006. It's still vacant today, despite
4 multiple attempts to turn it into a cultural venture.
5 According to Council Member Mark Levine the owner is
6 holding out for a tenant who will pay one million per
7 year in rent. New York City planned a vacancy
8 study in 2019 found the same. Small businesses can't
9 find places to rent because they're competing with
10 ghosts. With stabilized rents, landlords will no
11 longer have a reason to ignore small businesses while
12 dreaming of exorbitant rents from big chains. The
13 impact on the cultural community is deep. The
14 Mayor's Office of Media and Entertainment found that
15 small theaters generate 1.3 billion in economic
16 output for the city. But over 100 theater
17 organizations have closed since 2011 due to rising
18 operation costs, including the cost of space. Since
19 COVID, a staggering 49% of cultural businesses lost
20 their space. In low-income communities 25% of
21 cultural institutions lost their only space, 75% of
22 which were led by people of color. As always, the
23 burden falls hardest on poor communities of color. I
24 also want to honor the people you won't hear from
25

1
2 today. I spoke with a lot of theater owners who are
3 afraid to speak on the record. Without the
4 protections of Intro 1796 the only thing that is
5 standing between them and ruinous rent increases is
6 the good graces of their landlords. We've heard from
7 some good landlords today, but there are also
8 landlords who are happy to double or triple the rent,
9 ah, and haven't been very flexible with their
10 tenants. For them, for our cultural community, and
11 for all the small businesses of New York, we ask you
12 to pass Intro 1796 today. Thank you.

13 COMMITTEE COUNSEL: Thank you, Mr.
14 Yedwab. I see that Council Member Levin has his hand
15 raised, so we can turn to him for questions.

16 COUNCIL MEMBER LEVIN: Guy, I just want
17 to thank you very much. Ah, you've been, ah,
18 stalwart in, um, working on this legislation and I
19 just want to acknowledge that for the record. Thank
20 you.

21 GUY YEDWAB: And we thank you for your
22 support and your leadership.

23 COMMITTEE COUNSEL: Thank you both. Ah,
24 we'll now move to Guy Brennan, followed by Jenny
25

1
2 Dubnau and then Joseph Condon. Mr. Brennan, you may
3 begin when the sergeants call time.

4 SERGEANT AT ARMS: Time starts now.

5 COMMITTEE COUNSEL: It appears that Mr.
6 Brennan is no longer here, so we will move to Jenny
7 Dubnau, followed by Joseph Condon, and then Bill
8 Montana. Ms. Dubnau, you may begin when the
9 sergeants call time.

10 SERGEANT AT ARMS: Time starts now.

11 JENNY DUBNAU: Um, good afternoon. Um,
12 my name is Jenny Dubnau. I am testifying, ah, as a
13 founding member of the Artist Studio for Ability
14 Project. I'm also a long-time commercial tenant.
15 I'm a working artist. I've been displaced numerous
16 times due to rent increases. Um, and I'm testifying
17 strongly in support of 1796. The COVID economy is
18 wreaking havoc on our city, but the commercial
19 affordability crisis in New York was already at
20 unsustainable levels prior to the pandemic. Each
21 month small businesses are issued eviction warrants,
22 priced out or their leases are simply not renewed.
23 Commercial leases are completely unregulated and
24 rezonings with their unaffordable luxury towers, are
25 decimating communities by causing upward pressure on

1 commercial and residential rents. Even pre-pandemic
2 empty storefronts lined our streets and hotels and
3 high-end tenants are replacing jobs-producing
4 manufacturers and working artists in our industrial
5 zones. Make no mistake. Many of these commercial
6 tenants are not failed businesses. They just can't
7 sustain the insane rents that landlords are
8 demanding. Many of our neighborhoods are left
9 without supermarkets, beloved restaurants, or
10 hardware stores. Local businesses are going under at
11 a rapid pace as gentrification spreads through all
12 five boroughs. These local businesses are the
13 lifeblood of our communities. They are stepladder to
14 middle class for countless families, many of them
15 immigrants and people of color, and provide vital
16 jobs and services to neighborhood residents. The
17 landscape of commercial renters is also a crucial
18 arena for cultural expression. Without a doubt, the
19 community of working artists in New York is at a
20 tipping point, with virtually no affordable
21 industrial neighborhoods left in the city. Many
22 working artists, dance troupes, and musicians, and
23 theaters, are losing their spaces and some are
24 leaving New York. But local businesses, like
25

1 restaurants, bodegas, dance schools, and barbershops
2 are cultural, too, just as cultural as artists.

3 Small businesses help shape and express the cultural
4 life of immigrant and black communities. The

5 streetscape is where New Yorkers really leave, and we
6 cannot allow our community cultures to be destroyed
7 by landlord greed. The system is completely out of

8 balance and cries out for regulation. New York

9 City's neighborhoods are being hollowed out by hyper-
10 gentrification and the commercial rent crisis is a

11 major factor. A crucial solution to this crisis is

12 legislation that addresses the unsustainable rise in

13 commercial rents and this bill is what New York City

14 needs right now. I would love to see this terrific

15 bill passed immediately and strengthened in four

16 ways. One, by adding right to protections so

17 businesses can remain in place. Two, by the removal

18 of any square footage limitations. There are plenty

19 of large spaces that need protection, like dance

20 halls, supermarkets, and larger manufacturers. If

21 the intent is to limit big box stores, that could be

22 addressed in separate legislation. Three, commercial

23 tenants need long leases in order to sustain

24 themselves. I would like to see 10-year leases
25

1 mandated in a bill if requested by the tenant. Four,
2 improve the balance on the commercial rent guidelines
3 board so at least half of the members are either
4 commercial tenants or community activists. New York
5 City had true commercial rent control from 1945 to
6 '63 and it survived numerous court challenges. We
7 can do this. Pass commercial rent regulation now.
8 Thank you so much.

9
10 COMMITTEE COUNSEL: Thank you, Ms.

11 Dubnau. Next, we will hear from Joseph Condon,
12 followed by Bill Montana, and then Eric Gural. Mr.
13 Condon, you may begin when the sergeants call time.

14 SERGEANT AT ARMS: Time starts now.

15 JOSEPH CONDON: Thank you to the
16 committee, ah, to Chair Gjonaj, and to the other
17 council members who are here. Ah, I appreciate the
18 opportunity to provide testimony. My name is Joseph
19 Condon. I'm providing the testimony on behalf of the
20 Community Housing Improvement Program, also known as
21 CHIP. Our members are small- and medium-sized
22 residential property owners, who provide rent-
23 stabilized rental housing throughout the five
24 boroughs, and although they are residential, about
25 one-third of our members have ground-floor commercial

1 space, um, and so they rely on those, ah, rents to,
2 ah, help offset some of the below-market rents of the
3 residential tenants in their buildings. Um, we are
4 providing this testimony in opposition to 1796 and
5 Intro 2299. Um, again, as I mentioned, our, ah,
6 members have ground-floor commercial space and they
7 need that revenue to help offset some of the below-
8 market rates of residential rents. They have no
9 incentive to keep this spaces empty. Um,
10 nevertheless, ah, they are struggling to find tenants
11 for these commercial spaces. Nearly 50% of our
12 members, um, have had, ah, vacancies throughout the
13 pandemic and have received no commercial rent from
14 their storefronts. Um, as the pandemic lets up and
15 they start to re-rent these commercial spaces, or
16 perhaps have, ah, commercial tenants return, um, if
17 commercial rent control is implemented it would
18 hamper their ability to, ah, to do so. Ah, rent
19 control is typically used in times of a supply
20 shortage in order to prevent speculation and
21 profiteering, um, from high demand for a limited
22 product. But as you've heard today, there really is
23 no shortage of commercial space. Vacancy rates are
24 high. There is an ample supply of, of commercial
25

1 space for rent. Ah, the problem is currently, ah,
2 there doesn't appear to be very much demand, probably
3 because of the current economy, and it would seem
4 that the use of rent control and the current economic
5 climate would really be a misplaced policy, ah, from
6 a policy perspective. Ah, as we've heard, this is a
7 renter's market right now, ah, and the imposition of
8 rent control would probably change that. Ah, again,
9 although the council looks to address the high
10 vacancy rate with rent control and avoid property
11 owners from waiting for the highest bidder, that is
12 really exactly what a rent control system would
13 encourage. The initial rents is based on, ah, the
14 initial rent is what all future increases would be
15 based on, and therefore owners would be incentivized
16 to wait for the highest bidder in order to set the
17 initial rent. The program would actually
18 disincentivize renting to a newly starting small
19 business because it removes the flexibility of being
20 able to give a lower rent to a start-up, ah, and then
21 raising it to somewhere close to, ah, reasonable
22 market rates, ah, somewhere down the line. Ah, while
23 the council looks to statistics from a pre-pandemic
24 market, ah, it really is noteworthy to realize that
25

1
2 the world has changed since then. The issue is no
3 longer empty storefronts while there is a robust
4 economy chugging along, but empty storefronts because
5 there is no economy. This committee should be
6 looking at ways to incentivize property owners to
7 rent to small businesses...

8 SERGEANT AT ARMS: Time has expired.

9 JOSEPH CONDON: ...to incentivize small
10 business, small businesses to have a storefront...

11 CHAIRPERSON GJONAJ: Joseph, please wrap
12 it up.

13 JOSEPH CONDON: Sure. Ah, that's it, I'm
14 done. Just look forward to working with you, ah,
15 council members and the administration, on trying to
16 find, ah, better resolutions to the problems at hand.

17 CHAIRPERSON GJONAJ: Thank you, Joseph.

18 COMMITTEE COUNSEL: Thank you, Mr.
19 Condon. Ah, I'm going to turn to Council Member
20 Levin for moment because it looks like he has his
21 hand raised, Chair. Sure.

22 CHAIRPERSON GJONAJ: Thank you very much,
23 ah, Mr. Condon. A quick question. Among your
24 members, um, what other rental increases that they

1 are, um, ah, imposing upon a new lease, on average?

2 Do you have a sense?

3
4 JOSEPH CONDON: Um, a rental increase?

5 I, I, honestly I have no sense. It's certainly

6 something we can, ah, survey and get back to you.

7 Ah, but for the new leases, um, most of these, right

8 now most, a lot of them have had vacancies, ah, for,

9 for a while. Ah, so these are all initial leases.

10 They wouldn't be like renewal leases.

11 COUNCIL MEMBER LEVIN: Right, but my, my

12 issue is like if your members are not increasing

13 rents exorbitantly upon a lease renewal or upon a new

14 lease then why, why would it hurt them? Why would it

15 hurt a landlord who is not gouging a tenant? Because

16 the whole idea here is that that's what we're trying

17 to address is, is gouging. If, if, if, if landlords

18 are increasing it, you know, at a reasonable amount,

19 um, annually, um, say 5% or something like, or

20 whatever the, you know, why is that, if they're doing

21 that then how would this bill hurt them?

22 JOSEPH CONDON: Um, if they're doing that

23 I, I suppose it, it wouldn't hurt them. Ah, I think

24 the concern is more the loss of the flexibility. You

25 have a, a situation where, ah, new tenants, ah, are

1 coming in, in an uncertain economic climate, ah, and
2 if they're not, if they're looking to negotiate
3 because of that uncertain economic climate and the
4 owner would be willing to work with them, ah, in,
5 that might be reality here, but if rent control is
6 imposed it changes the dynamics. It changes the
7 calculus because now they're locked in. They don't
8 what a reasonable rent is. Who knows what the rent
9 guideline board is gonna do? Ah, there's, there's a
10 lot more, ah, it changes the calculus in terms of
11 the, the lease negotiation.

13 COUNCIL MEMBER LEVIN: I, I appreciate
14 the responses, and I just want to thank CHIP also
15 for, you know, you guys have worked with me on a
16 couple of pieces of legislation and I appreciate your
17 willingness to work with me on, on bills. Thank you.

18 CHAIRPERSON GJONAJ: Thank you, Council
19 Member. Thank you, Joseph.

20 JOSEPH CONDON: It's our pleasure.

21 CHAIRPERSON GJONAJ: Ah, Alex, if you
22 will remind those that we called out that may not
23 have been able to get on due to technical
24 difficulties that they'll have a chance again. We'll
25 go down the roster and we'll have those to speak that

1 haven't been called on or missed their turn. So I
2 don't want anyone to be discouraged. We want to hear
3 from all of you. Um, there's just gotta be patience,
4 please. Thank you.

6 COMMITTEE COUNSEL: Of course, Chair.

7 Um, we'll save them, ah, for the end. The team has
8 been compiling the numbers at the moment, which will
9 have the other people's names, ah, for the next part.
10 Next, though, we will hear from Bill Montana,
11 Montana, excuse me, and then Eric Gural and Laura
12 Sewell. Ah, Mr. Montana, you may begin when the
13 sergeants call time.

14 SERGEANT AT ARMS: Time starts now.

15 BILL MONTANA: I was gonna say good
16 morning in my prepared remarks.

17 BILL MONTANA: Ah, my name is Bill
18 Montana. I'm a real estate broker who only
19 represents tenants. Um, look, I think everybody
20 agrees it's good to help small business, but the idea
21 of establishing a commercial rent guidelines board is
22 a very, very bad idea. Um, as has been said, the
23 market for commercial real estate is very much in
24 favor of tenants. Rents have dropped significantly
25 and tenants are benefitting greatly. Tenants do not

1 want a panel of so-called experts to establish rent.
2 That makes zero, zero sense, OK? You're gonna have
3 people who don't do this all day, every day. You're
4 gonna have political appointees. It'll be
5 politicized and, as someone said earlier, they'll
6 make decisions politically. The free market should
7 work. That's what tenants want, they want the
8 benefits of an open market. They want and need the
9 guidance of real estate professionals to allow them
10 to make well-informed decisions and allow their
11 brokers to leverage the market on their behalf, in
12 their favor. This bill would hurt tenants, not help
13 them, because what push landlords to avoid leasing
14 space to small mom and pop businesses and instead go
15 with the certainty and strength of national chains.
16 Nobody wants that. That's the opposite of what we
17 want. Um, startup businesses wouldn't even be
18 considered. It would squash mom and pops.
19 Businesses don't want government intervention,
20 especially office tenants. Every time one of these
21 commercial rent bills comes up they include office
22 tenants. Stop doing it. It makes no sense. The,
23 the law firms and hedge funds and banks don't need
24 your help and they don't want your help. So the next
25

1
2 time you come up with one of these don't put the
3 office tenants as part of it. This is an answer to a
4 question that no one has asked. It's a bad idea.
5 This is bad policy and it should be dropped. As a
6 lot of people have said today, ah, if you want to
7 help out small businesses drop the commercial rent
8 tax, drop the crushing amount of burdensome
9 regulations and red tape. I think, ah, earlier
10 someone was saying that they wanted to add more, you
11 know, reporting accountability to landlords to have
12 to report on stuff to tenants. The landlords are
13 already crushed, and I'm, I'm a tenant guy, OK? I, I
14 negotiate against the landlords for a living. It's
15 what I do. But there's a lot of good landlords out
16 there, including the big fat cat ones that are so
17 hated, um, by a lot of folks. The majority of
18 landlords are really good people. They're very
19 charitable, they're very involved in their
20 communities. I can tell you this from a lifetime of
21 dealing with them. If you want to support small
22 stores, retailers, establish an abatement program to
23 help landlords to give preference to mom and pop
24 businesses. The real estate industry and I would
25 love to work with you guys to do something like that,

1
2 that made sense. But if this legislation were
3 enacted it would force landlords to gravitate towards
4 national chains. Nobody wants commercial rent
5 control in any form. The idea of a rent guidelines
6 board is not a good idea. I know it's well
7 intentioned, but it's just not a good idea. Ah, you
8 know, and I'll just say one thing for the landlords.
9 The landlords, you know, invest their capital. They
10 take big risks with their money and then they get
11 killed by rules that cost them lots of money, and
12 then how are they gonna recoup it? If this happens
13 you're gonna see the building stock turned to what
14 the New York City-owned housing stock is like -
15 unmaintained and terrible. Don't do this. Thank
16 you.

17 COMMITTEE COUNSEL: I see Council Member
18 Levin's hand is raised. So we'll turn to him.
19 Council Member?

20 BILL MONTANA: Sure.

21 CHAIRPERSON GJONAJ: Ah, Council Member,
22 I appreciate you, but we've still...

23 COUNCIL MEMBER LEVIN: Yes.

24 CHAIRPERSON GJONAJ: ...got a slew of...

25 COUNCIL MEMBER LEVIN: Yeah.

2 CHAIRPERSON GJONAJ: ...others that want
3 to testify that...

4 COUNCIL MEMBER LEVIN: Yes.

5 CHAIRPERSON GJONAJ: ...have been...

6 COUNCIL MEMBER LEVIN: I just want to
7 make one, one quick rejoinder, Chair, which is that
8 Mr. Montana said that nobody wants this, and
9 obviously, you know, we have heard from dozens and...

10 BILL MONTANA: OK, [inaudible] just watch
11 anytime...

12 COUNCIL MEMBER LEVIN: [talking over,
13 inaudible]

14 BILL MONTANA: ...anyone says something
15 different from you, you squash it and take the
16 opportunity to use your position to squash people.

17 COUNCIL MEMBER LEVIN: [talking over,
18 inaudible]

19 BILL MONTANA: It's not fair, it's not
20 fair.

21 COUNCIL MEMBER LEVIN: [inaudible] sir...

22 BILL MONTANA: It's not fair.

23 COUNCIL MEMBER LEVIN: Sir, that's not
24 true.

25 BILL MONTANA: Every time.

2 COUNCIL MEMBER LEVIN: I miss...

3 BILL MONTANA: Every single time.

4 COUNCIL MEMBER LEVIN: OK. I'm just
5 saying you said nobody wants this and I'm just say
6 obviously not that's true because some people want
7 it.

8 BILL MONTANA: Your position is clear,
9 but you're just taking up all the air in the room,
10 like you've been doing the whole afternoon.

11 COUNCIL MEMBER LEVIN: OK.

12 BILL MONTANA: It's not, let other people
13 speak, please.

14 CHAIRPERSON GJONAJ: All right. I know,
15 I know that this is passionate, ah, and emotional and
16 I'm gonna ask that everyone be as respectful...

17 BILL MONTANA: Thank you very much. I
18 appreciate being invited today, and I look forward to
19 being part of the solutio. If you want to work with
20 the real estate industry, we want to work with you,
21 OK? We do. We are well-intentioned, good people who
22 want to work to help the little guys, the artists and
23 all the other people.

24 CHAIRPERSON GJONAJ: Bill, Bill, thank
25 you, Bill. Thank you so much.

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BILL MONTANA: Thank you.

CHAIRPERSON GJONAJ: Alex?

COMMITTEE COUNSEL: Thank, yep, thank you, Mr. Montana, and thank you, Chair. We're gonna move to the next panelist. Ah, next up is Eric Gural, followed by Laura Sewell, and then James Block. Ah, Mr. Gural, you may begin when the sergeants call time.

SERGEANT AT ARMS: Time starts now.

ERIC GURAL: Hi, I'm Eric Gural. I'm the co-CEO of GFP Real Estate. We're the seventh largest commercial landowner in New York City. Ah, we have about 12 million square feet of space. Um, we have about, a little over 2800 tenants. So we have a ton of small tenants as that's part of our model. We like small tenants. Um, we've had a retention rate, renewal rate on our leases over 90% for the last 30 years. Um, so this is possible to do that without regulation. Um, once again, I want to point out there was, there was a comment made by the, by, by Council Member Levin about taxes, that it seemed like he was saying that the full amount of real estate taxes is passed on through to the tenants. That's not how things are done in Manhattan, for the most

1
2 part. So just curious like if maybe we could talk
3 about that a little bit, maybe offline, and figure
4 that one out. Um, and then I want to talk about the
5 idea behind all these people with vacant spaces that,
6 that it's really a good thing. It's not. They're
7 bleeding and they're just lying about it, trust me.
8 All that stuff hurts and over time all that stuff
9 will get corrected, hopefully. Um, something about
10 people like us, we have over 3 million feet of, of
11 nonprofits. We're the largest nonprofit landlord in
12 New York City. And the way I can do that is 'cause I
13 don't have regulation like this, 'cause I can charge
14 the people who can pay what they should pay, and I
15 can go and give people who need a break a break. And
16 that's really helpful in that we don't have those
17 things. I'm pretty sure that people who get a break
18 like getting a break. Another thing about the size.
19 A 10,000 foot retail tenant in SoHo is not a small
20 business. That's almost every retail tenant in SoHo.
21 And if you walk down Broadway I don't see a lot of
22 small businesses there. I think, I think that part
23 of it really doesn't make any sense. Also about the
24 size, a 10,000 foot office tenant in the most
25 expensive building is not the same as a 10,000 foot

1 office building in a smaller B building. Why are
2 they being treated the same? That makes no sense.
3 There should be some combination of the amount of
4 rent that they pay, plus the amount of revenue they
5 have, if they're going to be protected. With COVID
6 you have people working from home. You can see some
7 big companies have let people work from home and take
8 smaller footprints. If they all shrink to be below
9 10,000 feet they're gonna be protected also, and it
10 doesn't make any sense. And then on the bill, I
11 think the other bill has some good ideas. Um, one
12 thing should happen, though. If a tenant is in the
13 option period after that lease has expired, they
14 shouldn't be protected by an eviction moratorium like
15 we have today. And then the other thing is, is
16 there's, there's the wrong sort of incentive at the
17 end. At the end you're basically incentivizing the,
18 the current occupant of a store to make it look less
19 desirable to the new tenant because that will allow
20 them to extend their lease for a year, as opposed to
21 three months. I think you've got to get your heads
22 around that and think about that one a little bit.
23 Otherwise, I want to thank the committee and thank
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25

1
2 everyone who is working on this. Everyone have a
3 nice weekend.

4 CHAIRPERSON GJONAJ: Eric, thank you for
5 your testimony. Um, you sound like, besides being
6 one of the largest property owners in New York City
7 in the commercial space, you sound fair and
8 reasonable. What, and, and I'm just putting it out
9 there.

10 ERIC GURAL: Thanks.

11 CHAIRPERSON GJONAJ: What type of
12 scenario do you think we can also help these small
13 businesses that find themselves in gentrifying
14 neighborhoods. Ah, what other considerations can
15 government play beside putting a cap on landlords to
16 help incentivize you to continue to negotiate fair
17 lease increases? If it's too long to explain, please
18 submit it in writing. You obviously have the
19 expertise here, ah, and institutional knowledge that
20 would be worthy of putting on the record. Anything
21 that you can come up with that will help shape this
22 would be appreciated.

23 ERIC GURAL: One thing on the retail
24 versus office is that the landlords build out the
25 office space for the tenants, but not on the retail

1 side. So, so the struggles we hear about access to
2 capital on the retail side is because the retailer
3 has to put all of their own money in, and the reason
4 they do that is because those businesses are a little
5 more risky. If there was an incentive somehow on the
6 landlord to put the money into the retailers, then
7 the retailers access to capital problem sort of goes
8 away. So I think there's something there, right,
9 'cause that's the problem they have for those small
10 people, right? It's they have to put too much money,
11 and then, by the way, then if they get cost overruns,
12 it costs a little more, whatever it is, right, that
13 just totally comes of their pocket. There's a better
14 way to do, that you can sort of marry the, the office
15 model into the retail model and some benefit along
16 those lines. I think we'd make some hay in terms of
17 the vacant retail spaces.

19 CHAIRPERSON GJONAJ: Thank you, Eric.
20 Anything that you have please submit in writing. Ah,
21 it would be quite useful.

22 ERIC GURAL: Sure. Thanks, thanks for
23 your help.

24 COMMITTEE COUNSEL: Thank you for your
25 testimony, Eric. I will be resuming as committee

1
2 counsel for the duration of the hearing. Next we'd
3 like to call Laura Sewell to testify, followed by
4 Lionel Guy Bremond, and then James Wacht. Laura?

5 SERGEANT AT ARMS: Time starts now.

6 LAURA SEWELL: Hi, good afternoon. I'm
7 Laura Sewell, the director of the East Village
8 Community Coalition and a long-time East Village
9 resident. EVCC has long worked to support local
10 independent businesses, an effort we redoubled
11 throughout the COVID-19 crisis, as have many in this
12 room. Small business advocacy is incredibly labor-
13 intensive work, not to be underestimated. I also
14 served on the Manhattan Borough President's Retail
15 Task Force. The panel met regularly for a year and a
16 half. Experts from all walks of life sharing their
17 takes on the retail crisis. Any solutions brought to
18 the group were examined from every angle. Commercial
19 tenants shoulder the burdens of ownership with none
20 of the payoff. They repair the sidewalk, license the
21 awning, pay pass-along costs, and shovel the snow,
22 but they have shockingly few rights. Longstanding
23 businesses can be simply evicted by speculators with
24 no connection or commitment to the neighborhoods
25 where they hold property, unlike some of the

1 landlords we've heard from today. I'll share the
2 example of Clayworks Pottery, a shop which was a
3 bright yellow presence on East 9th Street for 44
4 years. When the building changed hands a few years
5 ago, the new landlord refused to communicate with the
6 shop owner, Helene. He was intent on emptying the
7 building and evicted her business after a long fight.
8 A couple of years later the bank repossessed the
9 property and it sat vacant. Helene lost her
10 livelihood, her equipment, her purpose, for nothing.
11 This story is exceptional, but it is not unusual.
12 Most people are surprised when they learn that anyone
13 would do business without a lease or beyond able to
14 reach their landlords to discuss the future of their
15 business relationship. But without these basic
16 protections, independent businesses are at a
17 tremendous disadvantage. We have an opportunity to
18 change that. Reasonable commercial lease policies
19 are immediately necessary, but are not all we need to
20 give micro businesses a fair chance. This is not a
21 one-and-done situation. Independent businesses are
22 also at a great disadvantage when it's time to renew
23 the leases. After making good-faith investments in
24 their spaces and neighborhoods, business owners can
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2 be forced out when rent is double or tripled or
3 worse. Some landlords charge whatever they believe
4 the market will bear, whether or not that belief has
5 any basis in reality, and our neighborhoods suffer.
6 It's true, also we've heard about, you know, the
7 current climate. It's true there were some deals out
8 there. But in our neighborhood at least those
9 relatively affordable opportunities are filling up
10 and rents are going back up. If New York City does
11 not make an effort to address this disadvantage now
12 when will we? Thank you.

13 COMMITTEE COUNSEL: Thank you for your
14 testimony. Next we will be hearing from Lionel Guy
15 Bremond, followed by James Wacht, and then Robin
16 Abrams. Lionel?

17 SERGEANT AT ARMS: Time starts now.

18 LIONEL GUY BREMOND: Hi, everyone. Ah,
19 my name is Lionel Guy Bremond. I'm, um, I own two
20 restaurants in Brooklyn, ah, Cafe Polite and Petite
21 Polite in Fort Greene for the past, ah, eight years,
22 and I'm here because I wanted to share with you the
23 difference between how we, ah, [inaudible] work in
24 France versus, ah, New York. Um, I'm not here to
25 lecture anybody, of course, but I just want to share

1 with you because I own restaurants in France and I
2 own restaurants in New York City. And in France the
3 way it works is we have a lease that we buy from the
4 tenants, ah, according to the value of his business.
5 So let's say he makes a million Euros a year, it's
6 worth half a million. But then once we own the
7 lease, the lease is good forever, which means I can
8 run my restaurant and my store for, you know, 50
9 years, and give it to my son if I want to. Ah, so I
10 don't have to worry about the raise of the rents, ah,
11 when my lease expires, like in New York City. Like I
12 have two years left on my rent, on my lease right
13 now, and I have no idea what's gonna happen. I know
14 Fort Greene is becoming a, kind of a hot spot, so
15 maybe my landlord will go, you know, from \$10,000,
16 now it's \$20,000, which happened to some friends of
17 mine. So I would like you to maybe think about those
18 things where the, the landlords in this country have
19 so much power and there's so many neighborhoods that
20 are empty because they'd rather have an empty space
21 and raise the rents and get a tax write-off when
22 people are really putting their life, ah, dedicated,
23 you know, I work seven days a week for the past, you
24 know, eight years and, ah, I don't even know what's
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2 gonna happen to me in three years from now and it's
3 really, really stressful and, um, and I don't think
4 it's fair because in the end we have no safety nets,
5 and that's very scary. So that's what I have to say.
6 Thank you for hearing me.

7 CHAIRPERSON GJONAJ: Lionel, thank you
8 for that testimony, um, and sharing with us your
9 experience of [inaudible] dear Lionel, and I just
10 want to correct a statement. A tax write-off
11 scenario does not benefit a property owner. An empty
12 store does not benefit anyone. Just like yourself in
13 the restaurant business, if you have an empty seat it
14 does not benefit you. You want every seat filled.
15 You want to capitalize on your profit. You don't
16 want, ah, and it's all about the bottom line. So
17 this concept of there's a benefit to an empty store
18 is false. Properties that have empty stores pay real
19 estate taxes as if they were occupied. So less
20 revenue, but yet your expenses are the same. And I
21 just want to point that out to you. Thank you,
22 though, Lionel.

23 LIONEL GUY BREMOND: Thank you.

24 COMMITTEE COUNSEL: Thank you, Lionel.

25 Next we'll be calling James Wacht to testify,

1 followed by Robin Abrams, and then Monique Wong.
2
3 James?

4 SERGEANT AT ARMS: Time starts now.

5 JAMES WACHT: Yes, hi, good afternoon,
6 and I appreciate the opportunity to testify today. I
7 will be testifying in opposition to the two proposed
8 bills. Um, I appear today wearing several hats,
9 figuratively. Ah, I am a retailer. Ah, I own two
10 stores in Park Slope, Brooklyn and in Cobble Hill,
11 operating a kids' gym, ah, gymnasium. Ah, I also am
12 a part owner of a barbershop in SoHo and I was
13 previously owner of five bagel stores in New York.
14 So I have a significant amount of retail experience
15 as a small business person. I'm also the owner of a
16 company, [inaudible] Associates, which is a
17 commercial brokerage and property management company
18 in New York, where we represent both landlords,
19 property owners, and tenants, and where we manage
20 over 250 properties, many of which are small
21 properties. Ah, I've been doing this now for over 35
22 years. Ah, I've seen the good times, I've seen the
23 bad times, I've seen the tough times, ah, and I've
24 seen the wonderful times, and I have a lot of
25 experience dealing with retailers and being a

1
2 retailer. Um, one thing I do want to point out is
3 there are many stories that we can talk about with
4 landlords who have not been particularly sympathetic
5 or empathetic to their tenants. I've experienced
6 that. But for the most part, having represented many
7 landlords and having managed many buildings and
8 dealing with many small tenants, I can say almost
9 unequivocally that most landlords appreciate their
10 tenants and try to work with their tenants when
11 they're going through tough times, particularly
12 during the pandemic, ah, and downturns in the economy
13 to keep their tenants in business. The last year and
14 a half we have probably renegotiated over 40 leases
15 with our commercial tenants and tried to keep them in
16 business and survive the pandemic, and our landlords
17 did that at great cost to themselves. Um, I do have
18 two major objections in the bill that I want to talk
19 about, in addition to what some of my other
20 colleagues have talked about. Ah, the first thing
21 is, and this is sort of ironic that most of the small
22 businesses that we are talking to today, at some
23 point took over space that had been occupied by a
24 previous small business. And what we see in New York
25 is this constant evolution of space where new tenants

1
2 come in and take over space that had been occupied by
3 a prior tenant. They upgrade the space, they change
4 the nature of the retail depending upon what's
5 happening in that neighborhood. The law as it's
6 proposed today would actually disrupt that natural
7 course of events, that many tenants would wind up
8 staying in their space notwithstanding the fact that
9 maybe it's not the appropriate use for that space
10 given what's happening the market. Ah, and there'd
11 be a lot less turnover. I am now actively looking
12 for space to grow my retail businesses and, quite
13 frankly, it hasn't been that easy, notwithstanding
14 the number of vacancies we see. Um, the number of
15 the tenants that we represent looking for space have
16 the same issue. We rely on the natural turnover of
17 space in the market in order to bring in new
18 businesses to New York that are going to invest mo,
19 invest capital...

20 SERGEANT AT ARMS: Time has expired.

21 JAMES WACHT: ...[inaudible]. The other
22 point I want to make...

23 COMMITTEE COUNSEL: Thank you, James.

24 JAMES WACHT: I'll make it real quick
25 [inaudible]...

2 CHAIRPERSON GJONAJ: Can you please wrap
3 it up, James.

4 JAMES WACHT: ...of our tax base.

5 CHAIRPERSON GJONAJ: Say that again,
6 please, James. I didn't hear it. That last part.

7 JAMES WACHT: Part of [inaudible]
8 limiting the amount of rent that can be charged will
9 have a significant impact on the amount of the real
10 estate taxes you will be collecting from your
11 property. There has to be an evaluation of the
12 fiscal impact that this law would have on the city.

13 CHAIRPERSON GJONAJ: Thank you, James.

14 COMMITTEE COUNSEL: Thank you. Next we
15 will invite Robin Abrams to testify, followed by
16 Monique Wong, and then Yara Flinn. Robin?

17 SERGEANT AT ARMS: Time starts now.

18 ROBIN ABRAMS: Hi. Hi, my name is Robin
19 Abrams. I'm vice chairman of Compass, where I do
20 commercial leasing. And I do a fair amount of
21 consulting on fair market value arbitrations,
22 litigations, and many lease amendments, particular
23 during the pandemic. I represent, as many of the
24 other brokers have mentioned, tenants and landlords.
25 And I feel strongly that any commercial rent control

1 will not be productive or incentivize tenants to rent
2 space. In fact, it will create obstacles that will
3 have the opposite effect. I am a firm believer,
4 after doing this for four decades, that real estate
5 is cyclical and naturally self-corrects, and we've
6 seen it time and again. Deals are now being made all
7 over the city and many landlords are proactively
8 being creative and flexible to get deals that are
9 smart and accommodate tenants and themselves done.
10 Positive recent changes occurring naturally to
11 accommodate current market conditions include
12 landlords are accommodating a broader range of uses,
13 grocers, food uses, wellness, medical tenants, home
14 furnishings, retailers, galleries, and other tenants
15 whose businesses have thrived during the pandemic.
16 Landlords are doing short-term deals, allowing
17 tenants to test the market at lower rents. Many
18 tenants are doing six- or 12-month license agreements
19 or one- to three-year deals if they do not want to do
20 a five- or a 10- or a 15-year term. Landlords are
21 starting leases at lower rents, with step-ups or
22 bump-ups over a period of years. This increases the
23 rent at a slower pace and lets landlords build their
24 businesses. Tenants often vacate because regardless
25

1
2 of rent they cannot afford to pay costs to operate a
3 business and support a staff, and we've heard that
4 today. It is not all about the rent. The council
5 members and the commissioners have confirmed that
6 today as well. Regarding the proposed requirements
7 to extend a tenant, they're not realistic. They'll
8 lead to more vacancies. Landlords will not be able
9 to find a tenant if other tenants looking for new
10 space believe at the last minute they may not be able
11 to secure a particular space. We have decreasing
12 rents because rents self-regulate. The market speaks
13 based on what tenants will pay and what landlords
14 will accept. Landlords are embracing short-term
15 deals, lower rents, creative deal terms, and we see
16 new shops opening. I read last night that there were
17 20 new restaurants on the Upper East Side. I have
18 leases out with a cleaner, a dance studio, an antique
19 store, a gallery, an urgent care tenant, a
20 supermarket, fitness, and other uses. We see
21 expanding uses. Unsophisticated small business
22 owners themselves will be unable to provide info as
23 requested in Intro 2299. It is not realistic. It
24 puts a burden on them. Perhaps instead of policing
25 and having these policies with the burden on

2 landlords, many small business owners or co-ops,
3 there should be a group...

4 SERGEANT AT ARMS: Time has expired.

5 ROBIN ABRAMS: ...ah, put together that is
6 a panel that helps advise tenants.

7 COMMITTEE COUNSEL: Thank you, Robin.

8 ROBIN ABRAMS: It offers these things.
9 Helps them look up the C of O, understand code
10 issues, deal with landmarks, deal with scaffolding,
11 that by the way...

12 COMMITTEE COUNSEL: Thank you.

13 ROBIN ABRAMS: ...creates a huge obstacle.
14 There are...

15 CHAIRPERSON GJONAJ: Robin, Robin, thank
16 you. Thank you, Robin. Please submit your testimony
17 in writing.

18 COMMITTEE COUNSEL: Thank you. Thank you
19 for your testimony, Robin. Um, I see that Council
20 Member Yeger has his hand raised. Ah, Council Member
21 Yeger?

22 COUNCIL MEMBER YEGER: Thank you very
23 much. I'll just be really brief, ah, with respect to
24 the last witness. Ah, I just want to respond to
25 that. As a rule, the City of New York does not help,

1 ah, small businesses. It does not help landlords.
2 It says it does, but it doesn't, and we've seen that,
3 ah, ah, in the council for the last four years that
4 I've been here. Um, there's a theory that if we do
5 these things it'll help everybody, but it's really
6 not true. And so that's the answer to the last point
7 you were trying to make. Thank you, Mr. Chairman.

9 COMMITTEE COUNSEL: Thank you, Council
10 Member. Next we'd like to invite Monique Wong to
11 testify, followed by Yara Flinn, and then Tre
12 McManus. Monique?

13 MONIQUE WONG: Yes.

14 SERGEANT AT ARMS: Time starts now.

15 MONIQUE WONG: Hi. Um, I'm located in
16 the garment district. Um, my name is Monique. Um,
17 thank you for the chance. And today with talking
18 about, you know, the rent control, actually that's
19 true. Why the housing, you know, um, has the rent
20 control and stabilized, it cannot apply to the
21 commercial. And right now there's so many vacants.
22 Is it the government can contribute to have a chance
23 over a group of people to buy a building together and
24 then we have our own space. So I think, you know,
25 they would say, oh, then you're making money off your

1 space. No, the space will only good for those
2 working in manufacturing, in the restaurants, and all
3 that. And then we will using the space for our own
4 use. And after we retire we will have to sell it to
5 the same people, manufacturing, restaurant, and all
6 that. It carry on. So everybody will have their
7 space to making a life, to make a living, and then
8 contribute to the economy, because we are all the
9 base. We buy a coffee locally, we spend locally.
10 That is how we support our local economy. Thank you.

12 COMMITTEE COUNSEL: Thank you for your
13 testimony, Monique. Next we'd like to invite Yara
14 Flinn to testify, followed by Marc Ribot, and then
15 Tre McManus. Yara?

16 SERGEANT AT ARMS: Time starts now.

17 YARA FLINN: Hello, everyone. Um, I am
18 testifying in, um, support in favor of this bill.
19 Um, it's perfect timing to go after Ms. Wong as, um,
20 am I New York City-based fashion designer and have
21 been for 14 years, um, here in New York City. I also
22 grew up in New York City, so I've witnessed
23 personally, um, all the various changes to the
24 environment, the retail environment, and the, um,
25 small businesses and designers. Um, I, I'm actually

1 personally lucky with my, my landlord and my studio
2 space, who's been quite accommodating. I've also
3 been a long-term tenant of theirs for 10 years, so
4 it's not only charitable for them, but it's a smart
5 investment for them to keep, keep tenants who are
6 long-lasting while paying a sustainable model. So
7 I've been very affected by commercial real estate
8 rent in various ways. Um, as, um, Monique Wong
9 probably, I'm not sure if she's based in the garment
10 district for manufacturing, but, um, the, the
11 factories I work with in New York City have undergone
12 huge rental increases as a result of the rezoning
13 from the, um, manufacturing, ah, to office, ah, I
14 think it's called B level office space, um, as I
15 think that was a Bloomberg, um, initiative to bring
16 in more businesses to that area. But as a result we
17 just have a lot of, you know, for example, tech
18 companies coming in, doing, huge capital coming in
19 for two years, going out of business, um, defer a
20 year, who knows what. Meanwhile, the actual backbone
21 of the garment industry is forced to raise their
22 prices. In turn, I have to raise my prices, which
23 neither of us can do, obviously, at this time. So
24 we're shouldering the burden of that margin, which is
25

1 decreasing so much that designers like myself have to
2 unfortunately look overseas to produce. So the
3 implications are not only about like me as a designer
4 but how does, how are we talking about New York City
5 manufacturing and, and the vibrant garment district,
6 which used to have designers like John and Karen
7 [inaudible] producing inside the New York, inside New
8 York City, and spending huge amounts there to now
9 only developing overseas. Um, so I think the
10 implications we have to think about are not only OK
11 local businesses, like it's a charity exercise.
12 We're thinking like what makes New York City a
13 tourist destination? For example, another way that
14 I've been affected by, um, commercial rent increases
15 is that my, my largest retailer was Barney's, who
16 obviously had to close their doors, um, in 2019, so I
17 believe that space is still vacant, um, and it's not
18 only a loss for the city retail taxes, but it's a
19 loss for tourism dollars because we have less and
20 less upscale boutiques, fashion destinations in New
21 York City now, and, um, that is a direct, direct
22 correlation to these unrealistic rent increases. So
23 thank you so much for your time. I really appreciate
24 it.
25

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2 COMMITTEE COUNSEL: Thank you so much for
3 your testimony. Next we'll be calling Marc Ribot to
4 testify, followed by Tre McManus, and then David
5 Eisenbach. Marc?

6 SERGEANT AT ARMS: Time starts now.

7 MARC RIBOT: Hi, um, thank you, thank you
8 for, um, listening. I am a musician. Um, I am a
9 member of Music Workers Alliance. I'm a union member
10 and I have a long experience playing in this city and
11 touring internationally. Um, and I have listened
12 with interest to what everyone is saying about how,
13 how, ah, easy it is to secure, um, for clubs, which
14 are an essential part of our economy and our cultural
15 life to secure negotiations, um, but what I've seen
16 is during the original big rises in, um, in rents
17 that began in the '90s through the early 2000s, I saw
18 Continental Divide, Bottom Lines, CBGBs, Knitting
19 Factory, Cooler, Tonic, Brownies, Shenay, Carmen
20 Street Cafe, those are just off the top of my head.
21 I could go take up the whole three minutes. I saw
22 them driven out by high rents. Then they told us,
23 well, don't worry, the scene will recreate itself in
24 Brooklyn. And it did. The problem is, at this, we
25 worked for a percentage of the door. So in Brooklyn

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2 the scene created us, recreated itself with us
3 getting paid at half our previous rates, until the
4 real estate boom hit in Williamsburg and then Zebulon
5 Rose live music, ah, 285 Kent, North Six, Death By
6 Audio, Glasslands, Black Betty, again, I could go
7 spend the whole three minutes talking about naming
8 the clubs that got shut down. Now they're
9 reconstituting in Bushwick and Ridgewood, but at a
10 half the rates of pay that existed at half the market
11 value that existed before. So I think when I see all
12 the people talk about defending their, their, when I
13 see all the people on the landlord side defending
14 their right to earn value, a lot of the value of the
15 most valuable rentals, retail spaces in this city,
16 the Lower East Side, Williamsburg, were created by
17 the cultural work of the people, of, of artists,
18 musicians, fashion people, and other people. They
19 didn't, people don't move to the Lower East Side
20 because they're moving to East Orange. OK? So I'm
21 saying that the, that that is being driven out, and
22 there are real consequences to that. I could make
23 the economic arguments and have elsewhere about the
24 damage to the, the loss of value to the city. But
25 what I'm really, I'm not gonna make the economic

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2 argument today. I'm gonna ask you a simple question,
3 everyone here. If I said how about an expense, all-
4 expense-paid week in Paris everybody here would
5 smile. Well, what I'm saying to the City Council
6 people here today is don't go to Paris. Build Paris
7 here. Build Paris right in our own city. Build a
8 city that values its culture...

9 SERGEANT AT ARMS: Time has expired.

10 MARC RIBOT: ... and values something
11 other than the market.

12 COMMITTEE COUNSEL: Thank you, Marc.
13 Thank you for your testimony. Next we'd like to
14 invite Tre McManus to testify, followed by David
15 Eisenbach, and then Gregory Youdan. Tre?

16 SERGEANT AT ARMS: Time starts now.

17 TRE MCMANUS: Hi, everybody. Tre. Ah,
18 glad I got to follow up another, ah, entertainer. I
19 am also an entertainer. I am a circus artist. I am
20 an entertainer and an educator. I teach fire
21 performers how to perform safely with fire. I'm FDNY
22 certified. And I have a nonprofit. I'm on my second
23 venue right now and this whole eastward progression
24 of art is a tale as old as time. I'm a third-
25 generation Brooklynite. My parents have retired out

1 on Long Island, and I went from having spaces in
2 Williamsburg, East Williamsburg, Bushwick, East
3 Bushwick. Now I'm in Ridgewood, living in East New
4 York because I keep getting priced out of my
5 neighborhoods. To everyone saying that landlords do
6 not benefit from holding spaces empty, I have to
7 disagree because we're asking for five- to 10-year
8 leases, and right now, coming out of quarantine, um,
9 my current landlord is doing short-term leases, but
10 expecting it to double every time, and I see him
11 advertising on Craigslist and other real estate
12 sites, ah, trying to get more money than what I'm
13 paying, and now he's advertising that his warehouses
14 are capable of doing circus arts. It had never
15 occurred to him before. But his ceilings are high
16 enough for aerialists, and the floors and walls are
17 good for fire. Shoe is actively taking our business
18 plan and putting it out on the internet. He doesn't
19 realize how tightly knit the circus community is, so
20 there are other aerialists that have gone to my
21 landlord and asked to pay about what I pay, and, ah,
22 then he comes back to me and lies and says that
23 they're offering double. And when I told him I
24 couldn't afford twice as much rent, he said I'll
25

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2 raise it five times as much. So there are landlords
3 in Brooklyn who think that this is a game and there
4 is no standardization. There's nothing to protect me
5 and, um, I know that he just bought two hotels and,
6 ah, is not living hand-to-mouth as I am, and this is
7 all a joke to him. So, um, you know, I really need
8 some protection for my community as a trans person,
9 as a circus artist, as someone who promotes safety
10 within my community and, um, and tries to create new
11 and revolutionary art that keeps New York vibrant,
12 um, you know, where is my protection? And that's my
13 time.

14 COMMITTEE COUNSEL: Thank you for your
15 testimony, Tre. Next we'd like to David Eisenbach,
16 followed by Gregory Youdan, and then Laura Weber.
17 David?

18 SERGEANT AT ARMS: Time starts now.

19 DAVID EISENBACH: Hi, my name is David
20 Eisenbach. I'm, um, founder of the Friends of SBJSA,
21 the Small Business Job Survival Act. Ah, I'd first
22 like to say good seeing you, ah, Chairman Mark
23 Gjonaj, and Steve Levin. Ah, it's been a weird three
24 years since, ah, we were together for the SBJSA
25 marathon public hearing of eight hours. Um, and of

1 course the problem has gotten worse. Ah, I worked
2 closely, as you know, with Speaker Johnson, both in
3 preparation for that hearing and the months
4 afterwards on the Small Business Job Survival Act and
5 he dropped it. Why he dropped it, I never got an
6 answer. My hope is because he has now gotten behind
7 this bill. Ah, New York City desperately needs it.
8 Ah, not to become Paris, but just to become New York.
9 Ah, we are losing our neighborhoods, and I want to
10 just clarify a number of [inaudible] that have been
11 used to attack this bill. This is not a bill that
12 pits small landlords versus small business. This is
13 a bill that will affect real estate speculators, the
14 LLCs, the real estate investment trusts, the multi-
15 billion dollar real estate corporations that are
16 driving what is known as high rent [inaudible]. We
17 would not be having these kind of disappearance of
18 small business in our business corridors, even very
19 wealthy neighborhoods, Madison Avenue devastated,
20 Broadway and the Upper West Side devastated, right?
21 Without this phenomenon where real estate speculation
22 is making it so that the incentives are [inaudible]
23 of all these storefronts empty for sometimes years on
24 end. That has got to end if we are going to rescue
25

1 the American dream, that has provided the avenue for
2 immigrants, from people from all over the world to
3 make their way in New York City. Secondly, this
4 question of home rule, right, and why and this bill
5 is somehow illegal. Well, this was repeatedly
6 reassured to me by Speaker Johnson that we have the
7 power to pass this bill. And I'll remind you,
8 throughout history every time there's been an
9 opposition to a piece of legislation there's an
10 outcry that's it's illegally. Only a judge is going
11 to decide, and yes, the Real Estate Board in New York
12 is going to sue, it's going to be challenged in the
13 courts. That is for certain. But I am confident,
14 the Speaker is confident, many lawyers are confident
15 that this bill is entirely legal. And lastly, this
16 is a battle between big real estate and small
17 business and neighborhoods. The choice of the City
18 Council is which side are you on? Are you going to
19 line up behind the New York, the American dream, our
20 immigrant communities, the very thing that has
21 attracted us and kept us here, ah, as New Yorkers, or
22 are you going to side with big real estate? We know
23 which side Bill de Blasio is on, that's clear, right?
24

25 SERGEANT AT ARMS: Time has expired.

1 DAVID EISENBACH: Or are we gonna to, ah,
2 ah, side with him and big real estate or are we gonna
3 side with New York?
4

5 CHAIRPERSON GJONAJ: Thank you, David.
6 I've enjoyed working with you over the years on a
7 wide variety of issues that impact the small
8 businesses. But, David, can you please help me
9 understand what a large landlord is compared to a
10 small landlord?

11 DAVID EISENBACH: A large landlord versus
12 a smaller...

13 CHAIRPERSON GJONAJ: Versus a small
14 landlord.

15 DAVID EISENBACH: Well, here's, here's
16 the key distinction mark. The landlords who are
17 really in it for the rent, who are in it so that
18 they, they, they are [inaudible]...

19 CHAIRPERSON GJONAJ: No, I know, David.
20 We often hear big LLC landlords.

21 DAVID EISENBACH: I'm sorry. They're the
22 ones that will not going to be affected by this bill.
23 The rent is still gonna go up. They're still gonna
24 get their rent. It's the ones who intentionally keep
25 spaces off the market, who have artificially declared

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what rent they're going to ask in order to, ah, appease a bank so that they can get mega loans so that they can get themselves into these leveraged deals, so that they're stuck, so that even if they wanted to lower the rent they can't because the loan will be called back. That is how real estate speculation is ultimately a bizarre situation where certain landlords can make more money not renting the space than renting it. That's what this bill is going to attack. It's not the small landlords that you care about, that I care about, that helped build this city along with the small businesses. This will not affect them.

CHAIRPERSON GJONAJ: That's what I wanted to clarify, that there's a distinction and I [inaudible] where that line is between a large landlord and a small landlord.

DAVID EISENBACH: It's more like a good landlord versus one that is purely invested in real estate speculation. The good landlord is gonna be protected by this bill. The real estate speculators, the ones who, who are based in Abu Dhabi, right, they're the ones that are gonna take the hit, and the

1
2 Real Estate Board in New York, right, they're on the
3 wrong side here.

4 CHAIRPERSON GJONAJ: David, thank you
5 for, ah, all of the hard work.

6 DAVID EISENBACH: And by the way,
7 [inaudible] Mark, because when COVID hit in 2019, you
8 were the first one I called and you picked up right
9 away. So you are a, you are a champion for small
10 business, even if we disagree on this bill.

11 COMMITTEE COUNSEL: Thank you, David.
12 Next we'd like to call Jared Cooperman to testify,
13 and then we'll be calling Gregory Youdan and then
14 Laura Weber. Jared?

15 SERGEANT AT ARMS: Time starts now.

16 JARED COOPERMAN: Hi. Ah, Chairman
17 Gjonaj and members of the committee, thank you for
18 having this important hearing today on Intro 2299 and
19 Intro 1796. I want to thank Council Member Yeger for
20 his opposition to these bills. My name is Jared
21 Cooperman and I will be giving testimony on behalf of
22 Edward Klein, who was unable to attend today due to a
23 funeral in the family. This is his testimony. My
24 name is Edward Klein. I am a real estate owner,
25 managing member of a law firm, and promoter of higher

1 education in my employee, um, for several hundred
2 adult members of the Jewish faith. I have close to a
3 hundred people in my employee and my various
4 endeavors. Suffice to say that if these storefront
5 bill of rights and commercial rent control bills are
6 passed New York City will no longer be a place to
7 conduct a real estate business. When the official
8 legislative arm of the great City of New York
9 abrogates contracts entered into consensually between
10 members of the business world, the time has come to
11 pull out of New York. The council's wholesale
12 reformation of tens of thousands of contracts in the
13 form of leases amounts to a massive rewriting of most
14 of the commercial real estate relationships in this
15 city. It is simply wrong. Its implications are
16 socialist, at best. Property owners have financial
17 obligations to maintain their buildings for the
18 tenant's benefit and to comply with various federal,
19 state, and local laws. Landlords have to pay
20 insurance and real estate taxes. The City Council is
21 interfering with constitutionally protected contract
22 rights, of forcing landlords to keep the commercial
23 tenant at what amounts to a fixed permanent rent as
24 determined by some political appointee. These
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2 rewritten leases will negatively impact many
3 landlords' ability to pay their own expenses for
4 their properties. The council members need to know
5 that your consistent pummeling of the real estate
6 industry through various new statutes, the guarantee
7 law and mandates, is causing the following the
8 developments to occur. Much of the real estate
9 industry is fleeing New York City. In the multi-
10 family sector you have already seen sales activity,
11 leasing activity, and other types of real estate
12 activity decline in 2020 versus 2019 due to the City
13 Council and New York State Legislature's
14 extraordinary actions taken during 2019. This
15 proposed bill is the City Council's attempt to
16 continue to strip all real estate owners of their
17 rights and a portion of their income stream and to
18 convey those rights to the tenants that we serve. It
19 is a grossly unfair attempt at rewriting the
20 relationships between landlord and commercial tenants
21 that have evolved over the last hundred or more
22 years. Ladies and gentlemen of the council, it is
23 time to wake up and smell the roses. Your statutes,
24 such as the Storefront Bill of Rights and commercial
25 rent control bills will do extraordinary damage to

1
2 the entire fabric of business in this great city of
3 ours. Please reject these proposals. Thank you for
4 listening, and thank you for your understanding.

5 COMMITTEE COUNSEL: Thank you for your
6 testimony. I see that Council Member Levin would
7 like to ask a question.

8 JARED COOPERMAN: Sure.

9 COUNCIL MEMBER LEVIN: Sir, I, I just
10 want to, ah, Mr. Cooperman I want to thank you for
11 your testimony. I just want to just point out that
12 the 1796, um, I can't speak to the other bill, but
13 1796 does not abrogate existings contracts. It does
14 not nullify any existing contracts or leases in any
15 way, shape, or form. It does not, it does not speak
16 to existing contracts. It does not, um, it, it does
17 not in any way touch any existing contracts. I just
18 want to make sure we put that clarity on the record.
19 Thank you.

20 JARED COOPERMAN: OK, thank you so much,
21 Councilman.

22 COMMITTEE COUNSEL: Thank you for your
23 testimony. Next we will be calling Gregory Youdan,
24 followed by Laura Weber, and then Khari White.
25 Gregory?

1 SERGEANT AT ARMS: Time starts now.

2 GREGORY YODAN: Hello. Ah, my name is
3 Gregory Youdan. I'm the research and advocacy
4 coordinator for Dance NYC. Um, Dance NYC is a
5 service organization that serves over 5000 individual
6 dance artists, 12,000 dance-making entities, and over
7 500 nonprofit, um, dance companies, and the many for-
8 profit businesses, um, in the, in the sector. Um,
9 Dance NYC is in support of the commercial rent
10 stabilization. Um, since the start of the pandemic
11 we've been conducting our own, um, research and we've
12 become aware of at least 24, um, organizations that
13 have closed, but this has been happening before the
14 pandemic, um, due to the affordability crisis and the
15 high commercial rent and the lack of, um, regulation
16 that remains a force behind cultural displacement,
17 um, of many small businesses, um, and many arts
18 businesses that are really essential to hyper-local
19 tourism that can help to drive the city's economy,
20 and these businesses have been staples in these
21 neighborhoods, many for over 20, 20 years, um, as
22 well as that, um, that commercial tenants are not
23 afforded the same protections that are, that
24 residential, ah, tenants are reported right now and
25

1 that we really believe, um, that this would create a
2 large impact, um, on the community and help us to
3 combat some of the oppressive systems, um, to give
4 more equitable access, um, to small business owners,
5 especially coming from black, indigenous, people of
6 color, um, and immigrant, ah, owners. Um, so that
7 implementing commercial rent, ah, relief and
8 stabilization, um, would directly support the
9 financial viable and longevity of these tenant
10 organizations that would otherwise lose their risk
11 and cause, um, cultural displacement, and as well as
12 regulating the administrative and economic power, um,
13 that landlords, at least of small businesses and arts
14 organizations can take. Um, many of our, um, arts
15 businesses have closed due to these high, high rents,
16 and this has been happening, um, not just, um,
17 because of the pandemic, and then they're kind of
18 seen without, um, a way to kind of continue their,
19 their business. Um, thank you very much, ah, for
20 allowing to, to testify today.

22 CHAIRPERSON GJONAJ: Thank you, Gregory.
23 Ah, Stephanie, if I may, ah, for all those that were
24 called on that may have missed, ah, their turn at the
25 very end we're going to be calling on all those that

1
2 are waiting as we near that, our closing hours. Is
3 that correct?

4 COMMITTEE COUNSEL: Well, we have two
5 more on our list. Um, ah, we have Laura Weber and
6 Khari White. If, ah, there is anyone else other than
7 those two individuals who has not been called yet,
8 you can, you can, ah, starting raising your hand on
9 Zoom now and we'll get to you in the order your hand
10 is raised. Um, Laura Weber, ah, please proceed with
11 your testimony.

12 SERGEANT AT ARMS: Time starts now.

13 LAURA WEBER: Thank you for the
14 opportunity to speak. I want to thank Councilman
15 Levin, Texa, Katherine, and Paula for all their hard
16 work and dedication. My name is Laura Weber. My
17 company is LW Pearl. I'm the owner of a garment
18 manufacturing facility in the garment center. I
19 provide a service of product development and
20 production to designers from couture to [inaudible]
21 wear. I would like to give you a small insight into
22 my experience. My business is located in the Garment
23 Center on 38th Street. I've had quite the experience
24 while trying to find somewhere to operate my business
25 and find a forever home. As a manufacturer, my

1 business is not the most attractive business model to
2 landlords. This is my third space in 18 months. If
3 anyone knows what moving is like New York, you know
4 that it is an extremely stressful process.
5

6 Navigating the renting as an immigrant I'm already at
7 a disadvantage because I lack credit history. This
8 month, September 2021, I received a duplicated
9 invoice from my landlord. After questioning I found
10 out that this is an additional cost for real estate
11 taxes and operating expenses, which I had not taken
12 into account. The jump in variation and costs for
13 space from a 1200 square foot space to an 8000 square
14 feet space is exorbitant in midtown. It turns, an in
15 turn it inhibits me from growing. This is as much as
16 a disparity as I am literally turning away work.

17 Manufacturing locally is already a fragile industry.

18 Regulating spaces will level the playing field
19 between small businesses like mine and larger chains
20 that are coming into our neighborhood. It will also
21 reduce vacancies. If landlords cannot raise rents
22 because a franchise wants to move in, they will not
23 have an incentive to hold out for that chain store
24 tenant. Passing commercial rent regulate,

25 regulations now is urgent. The fashion manufacturing

1 industry in its own, is its own supply chain. An
2 industry advocate compared our industry to the Great
3 Barrier Reef. We cannot operate without one another.
4 In just one garment it can go through 12 factories,
5 the grading factory, the fusible factory, the cutting
6 room, the sewing room, the button hole factory, the
7 zipper bender, and the embroidery factory. We need
8 to stay together and we need each other within this
9 community. We need to stabilize our neighborhood
10 businesses. Please pass Intro 1796 now.

12 COMMITTEE COUNSEL: Thank you, Laura.

13 LAURA WEBER: Thank you.

14 COMMITTEE COUNSEL: Ah, I see we have a
15 question from Council Member Yeger. Council Member?

16 COUNCIL MEMBER YEGER: Thank you very
17 much. Ah, just real brief. Ah, as you described to
18 Ms. Weber, what I'm hearing is that your rent has
19 increased, not because of anything necessarily that
20 the landlord did, but something that the City of New
21 York did. It raises taxes, and he's passing along to
22 you.

23 LAURA WEBER: Um, I have not questioned
24 that, but within trying to find a forever I've had to
25 move three times.

1
2 COUNCIL MEMBER YEGER: No, I'm, I'm
3 hearing, I'm hearing your story and I'm not
4 disagreeing that this has been incredibly difficult
5 on you trying to build a business in New York and
6 what I've been talking about, and I think what a
7 number, some members of this, ah, council have been
8 talking about, though certainly not all, are, is that
9 in our desire to, to help businesses build in this
10 city, this council has ignored the hardest
11 restriction on businesses building in the city, which
12 is the real property tax, and what you're describing
13 is as you try to search for a home for your business
14 so that you can contribute to the economy in the city
15 and to, and to support yourself and your family, the
16 City of New York has imposed upon your landlord, not
17 withstanding the pandemic of the last year and a
18 half, not withstanding the fact that real property
19 values have not necessarily increased in the year and
20 a half. The City of New York has imposed a cost on
21 your landlord, and your landlord has turned around
22 and passed it along.

23 LAURA WEBER: I've had three landlords,
24 so I'm sure that maybe one of them has experienced
25 that, but I can't [inaudible].

2 COUNCIL MEMBER YEGER: Ma'am I'm. I'm
3 repeating what you, I'm, I'm not arguing with you.
4 I'm repeating what you said.

5 LAURA WEBER: Yeah [inaudible].

6 COUNCIL MEMBER YEGER: You said this at
7 the begging of your testimony, that, that your
8 landlord gave you a bill listing new charges based on
9 new taxes that he has now received, which makes sense
10 based on time. It's now September. It's three
11 months after the first bill of this new fiscal year
12 that the landlords receive beg the city council
13 raised his taxes even though the City Council lies to
14 New Yorkers and says we don't, we don't raise taxes.
15 So I just want to frame it in the right way, which is
16 that you're suffering not because your landlord did
17 something to you, but because the City of New York
18 did something to him. And with that, Mr. Chairman,
19 thank you very much. I'll turn it back to you.

20 COMMITTEE COUNSEL: Thank you, Council
21 Member. Next we'll be calling Khari White, followed
22 by Laura Wolf Powers and then Eric Dillenberger.
23 Khari?

24 SERGEANT AT ARMS: Time starts now.
25

1 KHARI WHITE: Good afternoon, Chairman
2
3 Gjonaj and the rest of my esteemed guests on this
4 call today. My names is Khari White and I am the
5 chair of NAACP to make a branch economic and
6 development committee. In this committee we identify
7 economic injustices, which often stagnates the
8 economic advancement in our local black and brown
9 communities. In the past months of March, April, and
10 May of 2021 we worked with, we worked to find
11 additional resources that would help service our
12 local small businesses in southeast Queens, who are
13 in dire need of funding since the beginning of the
14 pandemic. On Friday, February 19, 2021, we, the
15 Jamaica Branch of the Economic Committee held a
16 meeting and discussed some of the challenges small
17 business owners face. As a result of this meeting,
18 we decided to promote and inform local businesses,
19 merchants om, local business merchants on the
20 Paycheck Protection Program. As the Paycheck
21 Protection Program neared completion on May 11 of
22 2001, I mean, excuse me, of 2021 the Jamaica Branch
23 NAACP conducted a final community walkthrough,
24 promoting the Paycheck Program Protection Loans to
25 local small business owners. As we canvas these

1
2 small businesses in southeast Queens the area, the
3 area that particularly comes, business that comes to
4 mind is a small business owner who managed two
5 organic, ah, Caribbean food health restaurants on
6 Merrick Boulevards. He told me he was unable to
7 maintain both and was forced to close on of the
8 locations because the rent was too high. This is the
9 same sentiment that we shared throughout the day from
10 the mouths of many business owners I encountered.
11 This one example of how unregulated rent adversely
12 affects or small business owners. We can allow
13 predatory landlords to increase rents, forcing mom
14 and pop shops out of business. Is it fair that
15 currently many businesses, business owners, whom are
16 slowly recovering from a lack year luster of sales to
17 no sales at all due to the pandemic must now be
18 burdened with the possible increase of rent? With
19 unregulated rent laws small businesses will not be
20 able to survive. In closing, during the housing
21 crisis of 2008 southeast Kings and Queens was the
22 epic center of foreclosures, of housing foreclosures,
23 which many affected minorities. We cannot allow this
24 to happen again to our small businesses. Small
25 businesses are the heartbeat of our community. They

1
2 are the wills that drive our local economy and we
3 must at all cost do what we can to protect them. We
4 need to stabilize our neighborhood business, ah,
5 businesses. Please pass Intro 1796 now. Thank you.

6 COMMITTEE COUNSEL: Thank you, Khari.
7 Thank you for your patience and for your testimony.
8 Um, we will be calling on Laura Wolf Powers next and
9 then Eric Dillenberger. Laura?

10 SERGEANT AT ARMS: Time starts now.

11 LAURA WOLF POWERS: Hi, everyone. Thank
12 you so much, ah, Chair Gjonaj for having this hearing
13 and thank you for all the activists who organized it.
14 Um, I'm Laura and I'm an associate professor of urban
15 policy and planning at Hunter College, which is part
16 of the City University. Um, I've been teaching and
17 studying economic and community development at the
18 graduate level for several decades, and I acted as an
19 information consultant on Comptroller Scott
20 Stringer's 2019 study of retail vacancy in the city.
21 The views I'm expressing here are my own and not
22 those of my employer. The first point I'd like to
23 make is that Intro 1796 is not a commercial rent
24 control bill. It's been called that many times
25 today. It's a commercial rent stabilization bill and

1 that is an important difference. The second thing I
2 want to say is that small landlords, who are willing
3 to work with their tenants on a good-faith basis
4 would not be hurt by this bill. They would be fine
5 with this bill. They would be fine with this bill,
6 assuming that the council get the details right, and
7 I understand that there are still some way to go in
8 making sure that this, ah, stabilization board would
9 be structured in, um, ah, a fair and, ah, efficient
10 way. Um, arguments about good landlords being hurt
11 by this bill are really distracting council members
12 from the issue at hand, and issue at hand is a system
13 that puts the interest of real property owners over
14 the livelihoods of small business proprietors who are
15 predominantly immigrants and people of color. Ah,
16 it's a system that elevates the interest of property
17 owners over the stability of the unique small
18 businesses, restaurants, and artist premises and
19 districts that give communities their character. It
20 puts property owners' interest over the interest of
21 low- and middle-income consumers, who depend on being
22 able to afford goods and services in their
23 neighborhoods. As you've heard today, hundreds of
24 locally owned businesses are displaced by high rent
25

1 every year, and many more in danger of being
2 displaced. The small businesses that have survived
3 the COVID crisis for the last 18 months desperately
4 need relief from untenable rent costs, costs that far
5 exceed what is necessary to maintain their
6 properties, pay their city taxes, and deliver a
7 reasonable return on investment to the property
8 owner. And I say that as somebody who, who teaches
9 real estate finance. The bill considered here
10 presents an opportunity to create a new system of
11 rules that can stabilize small businesses and small
12 business districts at this crucial moment in a
13 similar way to how residential rent regulation has
14 stabilized households and neighborhoods. Are there
15 details to be worked out? Yes, and I appreciate the
16 complexities that Ms. Korchak alluded to early,
17 earlier. Ah, will there be unintended consequences,
18 ah, as Mr. Kirkpatrick warned? Yes, and I have faith
19 that the City Council and the new board will deal
20 with those unique changes accordingly. As the
21 previous testifier said, in alignment of interest
22 between small business tenants and good faith
23 property owners is the goal of this legislation. As
24 much as opponents of the bill want you to believe
25

1
2 otherwise, this legislation is not unfair to property
3 owners. It creates a level playing field. A fair
4 and just recovery from COVID in New York City...

5 SERGEANT AT ARMS: Time has expired.

6 LAURA WOLF POWERS: Thank you.

7 CHAIRPERSON GJONAJ: Ah, Laura, can you
8 wrap it up?

9 LAURA WOLF POWERS: Yeah, I, I just, I
10 just did. Yeah, I'm just saying we, we need civility
11 and we need to pass, ah, Intro 1796 now. Thank you
12 so much.

13 CHAIRPERSON GJONAJ: Laura, I have a
14 question for you, because of your expertise.

15 LAURA WOLF POWERS: Um-hmm.

16 CHAIRPERSON GJONAJ: And knowledge, first
17 hand and what you have experienced. Do you think
18 rent regulation for commercial properties will entice
19 development and building of new space?

20 LAURA WOLF POWERS: Can you clarify your
21 question?

22 CHAIRPERSON GJONAJ: New, new
23 construction. Will it have an impact on new
24 construction, new commercial space construction, I
25 believe manufacturing or storefronts?

1 LAURA WOLF POWERS: Um, I don't really
2 have the expertise to speak to that. I think that,
3 ah, what people are concerned about here
4 overwhelmingly is the existing businesses that are in
5 small spaces that would be covered by this law. I
6 think that the majority of new construction, ah,
7 actually wouldn't be covered by this legislation
8 because it's, um, the, the retail spaces in that new
9 construction would, most of them would be over 25,000
10 square feet.

11 CHAIRPERSON GJONAJ: No, because it's
12 based on individual tenants of the unit size is
13 what's gonna determine whether or not there would be
14 a rent protection. And the answer would be, so,
15 obviously economics 101 dictates supply versus
16 demand, dictates the price. The more supply, the
17 more the supply that's out there relative to demand
18 the lower rent. And we want to continue to entice
19 development as well. We've also seen that...

20 LAURA WOLF POWERS: Well, Chair Gjonaj,
21 it's very well known among economists that the laws
22 of supply and demand don't apply, ah, in the real
23 estate market, either commercial or residential.
24 It's just, it's been shown over and over again that
25

1 that, even though people think of that as economics
2 101 that's not actually how it works in practice, and
3 that's been empirically proven.
4

5 CHAIRPERSON GJONAJ: Well, Laura, I, I
6 thank you for that. But I do come from real estate.
7 I was a previous real estate broker, and a small
8 business owner. And I understand both sides of the
9 argument. I was a tenant and a property owner and
10 manager. And I can tell you that supply dictates
11 price across the spectrum. Housing in New York City,
12 where we don't have enough supply is the, the problem
13 that we have, and also the rent protections are a
14 lottery system. So new developments don't fall under
15 the rent protections and therefore if you were one of
16 fortunate tenants that have a rent-stabilized or
17 rent-control apartment you don't give it up, and it's
18 not determined on your family status or income, it's
19 your tough luck. You hit Lotto. You have a rent-
20 protected apartment. Doesn't make a difference if
21 someone else out there needs it more than you do,
22 you're the fortunate one. You need to create an
23 incentive her to continue the walloping more
24 commercial space that would be suitable to making New
25

1
2 York City the great city it is making it even better
3 for small businesses, so.

4 LAURA WOLF POWERS: Can I respond to
5 that?

6 CHAIRPERSON GJONAJ: Sure, and if you're
7 gonna, if you're gonna respond we'll stick on the
8 supply because the same small businesses that cell
9 products are subjected to that economic definition of
10 supply versus demand, competition will obviously put,
11 and more supply and services will put a downward
12 pressure on pricing. So please do.

13 LAURA WOLF POWERS: I, I recognize that
14 that's how the economic models, ah, say that, that it
15 works. Um, I think in real estate, um, a major, ah,
16 factor is actually, that's not taken into account,
17 ah, by those diagrams and models is the influence of
18 finance, and somebody else mentioned earlier in their
19 testimony how the majority, many, many properties are
20 owned by, ah, LLCs. They're owned by companies that
21 have, that are not based in New York and their
22 incentive is to, they're very highly leveraged, they
23 borrowed a lot of money, and their, their incentive
24 is to extract the highest amount of rent possible,
25 and so there, there is not a clear relationship

1
2 between the supply and the price. I, there, there is
3 a literature in real estate finance that is exploring
4 this topic more and more and I'd be happy to talk
5 with it, you further about it online.

6 CHAIRPERSON GJONAJ: I would love to,
7 Laura. But also remember a vacant store doesn't help
8 the finance problem. Ah, there's a loss of revenue
9 they can't recoup. This is not wine, it doesn't get
10 better with time. A vacant store is revenue that you
11 can typically never recapture. I, I was hoping that
12 we'd continue this dialogue, but will do it off
13 record and continue [inaudible].

14 LAURA WOLF POWERS: Thanks, sounds great.
15 I'd love to get together sometime. Thanks.

16 COMMITTEE COUNSEL: Thank you, Laura.
17 Ah, let's see. Last we have Eric Dillenberger,
18 followed Andrea Bowen. If there is anyone else who
19 has not yet testified please raise your hand and we
20 will get to you. Ah, Eric, please proceed.

21 SERGEANT AT ARMS: Time starts now.

22 ERIC DILLENBERGER: Hi, ah, my name is
23 Eric Dillenberger. I'm a small property owner in New
24 York and, ah, this law is a solution in search of a
25 problem, which creates new unintended consequences.

1
2 New York loves an underdog and it's fashionable to
3 bash on the property owner, and this quest to protect
4 the little guy, who is a little guy and what the heck
5 is fair rent? In August 2019 the Department of City
6 Planning Studies found that there were many reasons
7 why commercial businesses fail and spaces are vacant,
8 and rent was not the primary reason. The Chinatown
9 BID did a similar survey and found the number one
10 reason was street traffic. The proposed law affects
11 commercial and occupational spaces under 10,000
12 square feet and manufacturing spaces under 25,000
13 square feet. Putting aside this odd and arbitrary
14 [inaudible] what is the square footage of a
15 McDonald's, a Starbucks, or an NYU MRI facility?
16 Between 600 and 5000 square feet. These tenant
17 corporations have reviews of hundreds of billions of
18 dollars. Do they need protecting from the big bad
19 landlord or vice versa? The law alludes to a
20 potential distinction between these multi-billion-
21 dollar tenants and a corner diner, but never
22 enumerates an exception. It's not easy, clear-cut, o
23 legal to proscribe exceptions. Two examples. My
24 client built a beautiful salon in SoHo and negotiated
25 such a low, favorable rent that 10 years later they

1
2 were able to sell their business to a national chain
3 based upon the appreciation of their lease for many
4 hundreds of thousands of dollars. In 2010 I rented
5 space to a small electronics company, very nice
6 folks. Within three years they were bought out for
7 600 million dollars. So who needs protecting in
8 these circumstances, and ask yourself who replaces
9 the small owners, who are also small businesses after
10 the lien sales? Our void is gonna be filled by
11 venture capital funds, publicly traded owners, or
12 nonprofits who are funded by our own tax dollars.
13 Think of the flight of the, plight of the small
14 farmer. They have largely been absorbed by Monsanto,
15 ADM, and Cargill, who do as they please. Small
16 property owners are no different than small farmers.
17 Do you want Blackstone and Kushner, or do you want
18 us? And be careful when you invite in a monster
19 because he leaves on his own terms. And when you
20 decide to arbitrarily pass out benefits without an
21 equal standard, you will find yourself in the Supreme
22 Court dealing with pesky amendments, like the Equal
23 Protections and [inaudible] clauses. And I've heard
24 the, the sentiment expressed in this meeting that
25 nobody cares if there's a legal authority for this.

1
2 They just want a solution. But I have to say law
3 underpins all of society and you should care. Thank
4 you.

5 COMMITTEE COUNSEL: Thank you, Eric. I
6 see that Council Member Levin has his hand raised.
7 Council Member.

8 CHAIRPERSON GJONAJ: Council Member, if
9 you don't mind, we've only got one more person. At
10 the very end I'll let you close it off, but please,
11 because we can't continue to do this. Go ahead. All
12 right, Council Member.

13 COUNCIL MEMBER LEVIN: Mr. Dillenberger,
14 I just want to say first off that I obviously, ah,
15 I've, I've been focusing on the legal aspect, the
16 legal authority of this legislation throughout the
17 entire hearing. So I've brought it up number times
18 and have sought to, ah, discuss it, ah, ah, pretty
19 intensively in the hearing. Number two, I just want
20 to ask you what, what, what rent increases do you
21 provide on a rent renewal for your tenants? , I mean,
22 on a lease renewal for your tenants.

23 ERIC DILLENBERGER: That's interesting.
24 You, it's a two-part question. The very part is I
25 have had tenants out of state with me for more than

1
2 30 years. Some of them had died in our place and
3 we've had to move out their stuff and dealt with
4 their states.

5 COUNCIL MEMBER LEVIN: OK.

6 ERIC DILLENBERGER: In some cases we've
7 provide zero increases.

8 COUNCIL MEMBER LEVIN: OK.

9 ERIC DILLENBERGER: And just like
10 previous, the previous real estate, ah, ah, person
11 who spoke, sometimes the little guy is subsidized by
12 the bigger guy. It's, it's what allows that playing
13 field to be a little evened out. Now you talked a
14 little bit about the law and your research on it, and
15 obviously the law's a very flexible thing, and the
16 Supreme Courts make up [inaudible] been realigned for
17 lack of a better word.

18 COUNCIL MEMBER LEVIN: I don't know
19 whether, whether, what, I don't know what, what, this
20 is, formerly it would to the New York State Court of
21 Appeals. It's a, this is, it's not a federal
22 jurisdiction question. It's a, it's a state, state
23 law jurisdiction question. So I don't, I don't
24 think, the makeup of the Supreme Court isn't exactly
25 relevant. But my, my point...

1 ERIC DILLENBERGER: I disagree with you
2
3 very much on that, by the way. I do feel that...

4 COUNCIL MEMBER LEVIN: I mean, it's a...

5 ERIC DILLENBERGER: ...there's a question
6 that the federal government always has jurisdiction
7 over the state in certain matters, especially when
8 the state has acted illegally. So this question of
9 [inaudible].

10 COUNCIL MEMBER LEVIN: You know, but this
11 isn't the state acting. This is, this would be, This
12 is a matter that would go to the New York State Court
13 of Appeals, if it, if it were litigated.

14 ERIC: For sure, conditionally, for sure.

15 COUNCIL MEMBER LEVIN: But, but, but,
16 but, but what I wanted to ask, what I wanted to ask
17 you about the, your rent increases is that in the
18 instances where you have, you said that there's,
19 there's instances where it's been zero. In those
20 cases, obviously this bill does not impact, it's,
21 it's only affecting the, the, the, the double, triple
22 digits, 25%, 45% increases that the, a, a, a
23 stabilized rent increase does not, does not, does
24 not, does not, ah, ah, ah, deprive a landlord of a
25

2 rental increase. It just provides a proscribed
3 rental increase. That's all.

4 CHAIRPERSON GJONAJ: Hold on. Eric,
5 before you answer that question, Council Member, with
6 all due respect.

7 COUNCIL MEMBER LEVIN: Yes.

8 CHAIRPERSON GJONAJ: Please take this
9 offline...

10 COUNCIL MEMBER LEVIN: Yes, yes.

11 CHAIRPERSON GJONAJ: ...and I think...

12 COUNCIL MEMBER LEVIN: Yes, yes Chair.

13 CHAIRPERSON GJONAJ: ...and I think
14 [inaudible] understand the complications in
15 negotiating. Some tenants need the landlord to build
16 out the location, which plays a major role in the
17 rent.

18 COUNCIL MEMBER LEVIN: OK.

19 CHAIRPERSON GJONAJ: Some tenants work
20 out lower rents in the interim, and then on back end
21 ah, negotiate higher rent increases. And it's not
22 something we can figure out on this Zoom conference
23 in this hearing.

24 COUNCIL MEMBER LEVIN: Right, right. I,
25 I appreciate it. Thank you. Chair.

2 CHAIRPERSON GJONAJ: Eric, I hope you've
3 submitted your testimony in writing.

4 ERIC DILLENBERGER: I'll be happy to.
5 Thank you, sir.

6 CHAIRPERSON GJONAJ: Thank you, sir.
7 Thank you.

8 COMMITTEE COUNSEL: Thank you, Eric. Um,
9 and finally we have Andrea Bowen. Andrea, thank you
10 for your patience, and please proceed with your
11 testimony.

12 SERGEANT AT ARMS: Time starts now.

13 ANDREA BOWEN: Thank you. Good
14 afternoon, Chair Gjonaj, Council Members Levin and
15 Yeger, and other council members and staff assembled.
16 I'm Andrea Bowen and I'm testifying as government
17 affairs consultant with the New York City Network of
18 Worker Cooperatives, or NYC NOWC. Um, NYC NOWC is
19 the trade association for worker cooperative
20 businesses in the NYC metropolitan region, and I'm
21 here to testify in favor of Intro 1796. Several
22 cooperatives have already testified today as to the
23 importance of commercial rent regulations, speaking
24 from their personal experience and hardships. I want
25 to highlight the importance of worker cooperatives to

1 the New York City economy. Um, our cooperatives are
2 businesses owned and managed democratically by people
3 working there and, um, that offers workers greater
4 control of their job conditions and fruits of their
5 labor. The worker owners of worker cooperatives are
6 predominantly from BIPOC communities, predominantly
7 from low-income communities, and predominantly from
8 immigrant communities. Um, while BIPOC people,
9 women, and immigrants are frequently exploited
10 throughout our economy, the worker cooperative
11 structure allows workers, as they are also owners, to
12 determine wages, benefits, and job stability, and
13 this has allowed the worker cooperative sector to be,
14 ah, significantly more stable during the COVID-19
15 crisis than a lot of other businesses. Um, the
16 council has recognized the importance of worker co-
17 ops by increasing the funding of the City Council
18 initiative that supports co-ops and, ah, the Schedule
19 C. Um, and so we're really grateful for the. Um,
20 individual co-ops and NYC NOWC are all members of the
21 United for Small Business for NYC and support Intro
22 96 'cause it's incumbent upon our collective power to
23 ensure that rents don't drive out BIPOC and immigrant
24 -led worker owners, um, don't drive them out of
25

1 business. Um, increases in commercial rent threaten
2 the well-being of businesses, but also the social
3 fabric of affordable communities and community
4 institutions like co-ops, social services, and more
5 that have long served affordable communities. Small
6 businesses are a lifeline of the city and USM, USBNYC
7 is a coalition fighting gentrification and
8 displacement of small businesses, um, inclusive of
9 the folks who work for them. Um, it's also worth
10 noting that NYC NOWC and other cooperatives, um,
11 supported Intro 1796 and its municipal policy
12 platform, and that platform is supported by council
13 members Gibson, Levin, and Powers, among other
14 primary election winners, where they'll highly like
15 to be part of the next government in New York City,
16 ah, in various roles. We thank Council Member Gibson
17 for cosponsoring 1796 and look to Council Members
18 Levin and Powers to follow suit. Um, we have an
19 internationally notable system of worker cooperatives
20 here in New York City, but the survival of that
21 system is dependent on neighborhood affordability.
22 And neighborhood affordability is strongly determined
23 by commercial rents. So please keep our worker co-
24 ops and small businesses thriving. The market has
25

1 always required taming and should not be prioritized
2 over the thriving of worker co-ops among the many
3 institutions that determine our community fabrics.
4 Um, and finally, um, I'm a transgender and queer
5 person. Um, I [inaudible] with co-ops because they
6 provide an in for community members who are
7 frequently denied access to economic needs to start
8 and run their own businesses. Um, and I was speaking
9 with Sarah Schulman, who is one of the city's most
10 storied LGBTQ activist of all time about neighborhood
11 affordability and she was talking about how
12 commercial rent regulation is necessary to maintain
13 the affordability of our storied queer [inaudible]
14 enclaves, um, and as go queer enclaves, so go other
15 communities that rely on neighborhood affordability.
16 So, um, thank you for your testimony and, ah, I
17 appreciate your work today.

19 COMMITTEE COUNSEL: Thank you, Andrea.

20 That concludes our public testimony. If we have
21 inadvertently missed anyone who is registered to
22 testify today and has yet to be called, please use
23 the Zoom raise hand function and you will be called
24 on in the order that your hand was raised. In the
25

1
2 meantime, I see Council Member Levin has his hand
3 raised.

4 CHAIRPERSON GJONAJ: Yeah, we're gonna
5 let Council Member close it out, and we'll see if
6 there is anyone that wants to testify that was not
7 heard from.

8 COMMITTEE COUNSEL: Chair, it appears
9 there are no, ah, there's no further testimonies to,
10 ah, be called at this time.

11 CHAIRPERSON GJONAJ: OK, Stephanie.
12 Council Member Levin?

13 COUNCIL MEMBER LEVIN: Chair, I just want
14 to, ah, I want to thank you. Ah, I want to thank all
15 of the, ah, everybody that has, has waited so
16 patiently to testify, um, throughout this close to
17 seven-hearing, so we're not quite an eight-hour
18 hearing, but we're, we're closing on an hour seven.
19 But I want to, ah, I want to thank everybody for your
20 heartfelt and thorough and illuminating testimony,
21 um, on this very complicated issue. I thought this
22 was actually a very substantive discussion, um, and
23 that is a testament to, um, to the chairmanship of,
24 of, of, ah, of Chair Gjonaj, um, and to, um, his
25 committee counsels, ah, who have, ah, ah, so

1 effectively, ah, administered this, this hearing.

2 And so, chair, I want to thank you. I want to thank,
3 ah, Council Member Yeger, ah, for staying the entire
4 time. Um, but again, just much, very much appreciate
5 your, um, your attentiveness to this issue. Thank
6 you.
7

8 CHAIRPERSON GJONAJ: Council Member

9 Levin, thank you, and, ah, again, I thank you for
10 your passionate commitment to this important issues,
11 and I want to thank all of those that have testified.
12 I'm not sure if Council Member Yeger wants to also
13 close this out. He's been there for the duration.
14 Um, these hearings are important because we get to
15 hear from all stakeholders, and the more we hear and
16 learn the better the solutions to the problems. So
17 I'm grateful to all of you who waited up to seven
18 hours to be heard. Um, I'm grateful to those of you
19 who are still on and listening, um, to learn as well,
20 of some of the issues, and the expertise, ah, that
21 was on here was incredible. So to each and everyone
22 one of you, thank you, and to the committee counsel
23 who so patiently has been working behind the scenes
24 and during this hearing. I am grateful to you for
25 the hard work, and that's Noah and Stephanie, and my

own staff. So with that, this will close out our
public hearing. Thank you so much for being a part
of this. [gavel]

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C E R T I F I C A T E

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



Date October 15, 2021