

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES  
  
of the  
  
COMMITTEE ON SMALL BUSINESS

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September 17, 2021  
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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  
Deputy Commissioner

Gale A. Brewer  
Manhattan Borough President

Husam Khaled

Reggie Thomas

Ruth Lopez Martinez

Vanna Valdez

Ryan Monell

Andrew Castelli

Bill Abramson

Imran Hossain

Nicola Heryet

Eric Obenzinger

Lee Solomon

Rachel Nicolazzo

Steve Kirkpatrick

Rachel Nelson

Ronald Zeccardi

Shabad Simon-Alexander

Hani Salama

Olympia Kazi

Badr Fuad

Rui Li

Charlotta Janssen

Beth Krieger

Abigail Elman

Alexander Lycoyannis

Anna Chiang

Ann Korchak

Paula Segal

Ms. R. Sanz

Taylor James

Ryan Monell

Melissa Gomez

Jaime Chien

David Estrada

Natasha Amott

Josh Nachowitz

Lauren Gardner

Joanne Podell

Mary Ann Rothman

Catherine Murcek

Sophia Harrison

Jesse Gee Galvez

Guy Yedwab

Jenny Dubnau

Joseph Condon

Bill Montana

Eric Gural

@

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SERGEANT AT ARMS: Clock is rolling.

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SERGEANT AT ARMS: [inaudible]

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SERGEANT AT ARMS: Good morning and

5

welcome to today's remote New York City Council

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hearing of the Committee on Small Business. At this

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time would all panelists please turn on their video.

8

To minimize disruption please silence your electronic

9

devices. And if you wish to submit testimony you may

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do so via email at the following address:

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testimony@council.nyc.gov. Once again, that's

12

testimony@council.nyc.gov. Thank you very much for

13

your cooperation. We are ready to begin, Mr. Chair.

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CHAIRPERSON GJONAJ: Thank you, and thank

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you for joining our hearing today before the

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council's Committee on Small Business. First, I'd

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like to acknowledge some of the colleagues that have

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joined us and are with us presently. Council Member

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Levine, Levin, Council Member Perkins, Council Member

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Treyger, and Council Member Yeger. Good morning. I

21

am Council Member Mark Gjonaj, chair of the Committee

22

on Small Business. I'd like to welcome you to our

23

hearing today on four pieces of legislation that aim

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to make New York City a more equitable, green, and

25

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

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?

2 CHAIRPERSON GJONAJ: It's fine.

3 COUNCIL MEMBER LEVIN: Very good, OK.

4 Ah, thank you very much, Chair Gjonaj. I want to  
5 thank you and the speaker for today's hearing on  
6 Intro 1796 and allowing me to say a few words at the  
7 outset. Um, I introduced this legislation in 2019 in  
8 response to the small businesses across the city who  
9 said that rent was the biggest challenge that they  
10 face in staying business. The numbers bear this out.  
11 Between 2007 and 2017 the commercial vacancy rate  
12 doubled across New York City. And over the last 18  
13 months the situation has only become more dire. The  
14 push to address the small business rent price in New  
15 York City is not new, as Chair Gjonaj mentioned. In  
16 fact, New York City had commercial rent stabilization  
17 in the 1940s and 1950s in direct response to economic  
18 instability that the city was facing and the strain  
19 put on small businesses. Later in 1986 the City  
20 Council introduced legislation to regulate rent for  
21 retail spaces, citing similar hardship concerns for  
22 small businesses. Now, as our city contends with the  
23 long-lasting economic impacts of a global pandemic  
24 that hasn't been seen before in our lifetime, we are  
25 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 Local government has the ability to do big things and  
7 today's hearing of Intro 1796 shows that. But first

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

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

12 It does not interfere with existing leases or

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

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

17 board, that will annually set the maximum percentage

18 that rents for smaller commercial spaces can be

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

20 a setting the maximum percentage that can be

21 increased from the existing rent paid. The bill

22 applies universally to all commercial spaces under a

23 certain square footage, removing the negative

24 incentive that landlords have to push out local  
25

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

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

3 COUNCIL MEMBER ROSENTHAL: Thank you.

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

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

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

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  
25

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

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

4                   COMMISSIONER DORIS: Correct.

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

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?

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

CHAIRPERSON GJONAJ: Oh, OK, [inaudible]

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

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

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

1 COMMITTEE ON SMALL BUSINESS 74  
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  
2 programs we have, but certainly yes. We do hear that  
3 rent is, is, is certainly a concern.

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  
25

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 COMMITTEE ON SMALL BUSINESS 78  
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

1  
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 protecting those small, unique businesses in those  
2 commercial corridors?

3  
4 COMMISSIONER DORIS: Yeah, thanks for the  
5 question. You know, look, I, I, I think the, the  
6 number one thing we, we hear from businesses  
7 [inaudible] concerns like, you know, some clarity  
8 around what they're getting themselves into, right,  
9 you know, help understanding, ah, the parameters of  
10 their lease or parameters of their agreements and so  
11 forth. If you know the city is not privy to them,  
12 you know, we're here with our CLA program and other  
13 types of programs just to make it very clear to them  
14 what they're doing so they can intelligently make a  
15 decision, and I think that is part of, um, the work  
16 that we do at SBS and, ah, you know, I think it's  
17 critical work here as we sort of discuss these  
18 challenges.

19 CHAIRPERSON GJONAJ: Sorry, Commissioner,  
20 I'm more focused on what incentives you can provide  
21 property owners to offset any rent increases to these  
22 small businesses?

23 COMMISSIONER DORIS: Yeah, I mean, I, I,  
24 I, um, I, I think we, ah, I think I mentioned a  
25 little while back that, um, you know, the increase,

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?

1  
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

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

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

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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                               SERGEANT AT ARMS: Time starts now.

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

6                               COMMITTEE COUNSEL: Yes.

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

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

1 COMMITTEE ON SMALL BUSINESS 134  
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

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

4 SERGEANT AT ARMS: Time starts now.

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

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  
3                   bill and for SBJSA, is that right?

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

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

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

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

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

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

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

6  
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...

22  
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 COMMITTEE COUNSEL: Thank you, Mr.  
2 Monell. Ah, my name is Alex Polinoff. I'll be  
3 filling in for Council Member, ah, sorry, for Counsel  
4 Stephanie Jones temporarily during the, ah, remainder  
5 of the hearing. Next up we will hear from Melissa  
6 Gomez, followed by Jaime Chien, and then David  
7 Estrada. Ms. Gomez, you may begin when the sergeant  
8 calls times.  
9

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

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  
25

1  
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,

1  
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.

1  
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

1  
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.  
24  
25

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  
25

1  
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

1  
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

1  
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.

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

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 JOSEPH CONDON: Um, a rental increase?

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

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

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

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

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

9 They wouldn't be like renewal leases.

10 COUNCIL MEMBER LEVIN: Right, but my, my

11 issue is like if your members are not increasing

12 rents exorbitantly upon a lease renewal or upon a new

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

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

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

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

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

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

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

20 that then how would this bill hurt them?

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

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

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

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

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

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  
24

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

4                           SERGEANT AT ARMS: Time starts now.

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

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  
25

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

1  
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

1 COMMITTEE ON SMALL BUSINESS 284  
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

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

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

1  
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

1  
2 what rent they're going to ask in order to, ah,  
3 appease a bank so that they can get mega loans so  
4 that they can get themselves into these leveraged  
5 deals, so that they're stuck, so that even if they  
6 wanted to lower the rent they can't because the loan  
7 will be called back. That is how real estate  
8 speculation is ultimately a bizarre situation where  
9 certain landlords can make more money not renting the  
10 space than renting it. That's what this bill is  
11 going to attack. It's not the small landlords that  
12 you care about, that I care about, that helped build  
13 this city along with the small businesses. This will  
14 not affect them.

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

19 DAVID EISENBACH: It's more like a good  
20 landlord versus one that is purely invested in real  
21 estate speculation. The good landlord is gonna be  
22 protected by this bill. The real estate speculators,  
23 the ones who, who are based in Abu Dhabi, right,  
24 they're the ones that are gonna take the hit, and the  
25

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  
25

1  
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?

SERGEANT AT ARMS: Time starts now.

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

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  
2                   KHARI WHITE: Good afternoon, Chairman  
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

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

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

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

5  
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

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