



Friday, September 17, 2021

Chair Gjonaj and Members of the Committee on Small Business:

Thank you for the opportunity to submit testimony for today's hearing on behalf of the Association for Neighborhood and Housing Development.

ANHD is one of the City's leading policy, advocacy, and capacity-building organizations. Our membership consists of over 80 neighborhood-based and city-wide nonprofits that have affordable housing or equitable economic development as a key part of their mission. We bridge the power and impact of our member groups to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers.

ANHD is also a member of United for Small Business NYC, which is a coalition of community organizations across New York City fighting to protect small businesses and commercial tenants from the threat of displacement, with a focus on owner-operated businesses that are run by and serve low-income people and people of color.

Small businesses make up our neighborhoods: they are the restaurants, bodegas, laundromats, bookstores, and local shops that make each neighborhood distinct and unique. Many of New York's most vibrant businesses, especially in low-income communities and communities of color, rent their space, and are thus vulnerable to displacement when rents are raised.

Commercial tenants do not currently have any rent protections beyond what is included in their lease. This means that small businesses are often hit with rent increases they can't afford, which effectively function as evictions to make way for higher-paying tenants or lead to commercial vacancies.

Between 2007 and 2017, the commercial vacancy rate doubled across New York City. At the same time, retail rents rose an average of 22% citywide, with some neighborhoods seeing more than 50% rent increases on average.¹ **Vacancy trends also reflect our city's long-standing racial inequalities. The recently released Department of Finance storefront data from 2019 shows Central Brooklyn neighborhoods with storefront vacancy rates of 15%, Southeast Queens at 10%, and the South Bronx at 9%, all above the citywide average.**²

¹ <https://ny.curbed.com/2020/2/28/21145643/nyc-east-village-retail-blight-storefront-icon-realty>

² <https://anhd.org/blog/storefront-registry-will-help-small-businesses-combat-speculation>



When ANHD surveyed small businesses in the Lower East Side, the Northwest Bronx, and Jackson Heights in 2019, 82% of respondents ranked the cost of rent in their top three concerns.³ This was all before the COVID-19 pandemic devastated small businesses across the city. During the pandemic, rent became an existential issue for small businesses, but multiple levels of government failed to address it effectively.

During the pandemic, some commercial landlords have given their tenants a break on rent or temporarily lowered asking rents. However, nothing prevents them from raising rents back to or above what they were before the pandemic. This instability and uncertainty leaves small business owners unable to plan for the future even as our city struggles to recover from COVID. We cannot allow this crisis to go unaddressed, and we ask the city to pursue policies that address the commercial rent crisis.

Any such policy must do the following:

- Prioritize protections for small, independent businesses while being inclusive of the diversity of types of commercial tenants across the city.
- Require transparency for landlords and tenants and include a robust appeal process, as well as strong penalties for violations of the policy.
- Ensure that the decision-making and enforcement entities are representative of tenant interests and responsive to democratic input.
- Allow for the wide variation in economic conditions throughout New York City's commercial corridors rather than applying a single metric citywide.
- Account for the serious financial constraints faced by nonprofit city-funded owners of commercial space, either by exempting them altogether or by setting a floor for allowable rent increases.

We would also support a requirement for commercial landlords to provide standardized written leases and other critical information such as current contact information, certificate of occupancy, and violation history, as well as allowing tenants a reasonable time to cure lease violations. In combination with a policy to address the rent crisis, this would offer a robust framework for stabilizing New York City's smallest businesses, and provide an example to other cities across the country.

ANHD looks forward to continued work with the members of this committee and other stakeholders to ensure that small businesses in our city's most vulnerable communities are not driven out by speculative rent increases.

³ <https://anhd.org/report/forgotten-tenants-new-york-city-immigrant-small-business-owners>