



2021



USBnyc Platform

United for Small Business NYC (USBnyc) is a coalition of community organizations across New York City fighting to protect New York's small businesses and non-residential tenants from the threat of displacement, with a particular focus on owner-operated, low-income businesses and those run by people of color. These small businesses provide jobs and culturally relevant goods and services to low-income communities and communities of color, keeping our neighborhoods thriving and vibrant.



Small, independently-owned businesses define New York City's neighborhoods, draw tourists from around the world, offer employment opportunities to local residents, and provide goods and services to New Yorkers. They have helped many New Yorkers make it through the COVID-19 crisis, but they have also been extremely hard hit by the public health restrictions of the pandemic. An estimated 20% of the city's small and micro businesses have closed over the last year, more than 3,000 in total. And those that

have not closed face staggering rent debt, constantly changing regulations, few legal protections, and a policy landscape that favors business owners with greater resources.

In the past, the city's approach to small business support has been uneven. There have been innovative programs like the Commercial Lease Assistance Program, and legislative milestones like the passage of commercial tenant harassment laws and the legalization of street vending.

But there have also been bigger challenges that the administration has struggled to meet. Unchecked rises in commercial rents have pushed commercial tenants out of their spaces, along with neighborhood rezonings that often spurred gentrification and failed to account for commercial displacement. As the city's small businesses disappear at an alarming rate, it is vital to implement robust protections to ensure their survival, and in turn ensure the economic vitality of New York's neighborhoods.

As New York City attempts to recover and heal from the COVID-19 pandemic, it is critical for the next administration to understand the challenges facing small businesses, especially commercial tenants, and to take bold and comprehensive action to ensure that local economic development is supported.

These should be the next administration's top priorities for ensuring the health of our city's small businesses:

1. *Confront speculation and rising rent*
2. *Prioritize equity and accessibility*
3. *Ensure access to legal resources*
4. *Put forward a neighborhood-centric vision* ■





CONFRONT SPECULATION AND THE RISING COST OF COMMERCIAL RENT

Currently there is no system of rent regulation for commercial spaces. Commercial rents can be raised without limit when a lease expires, and at any time if the tenant doesn't have a lease. Commercial rents **increased 22% on average** throughout the de Blasio administration, with increases much higher in some neighborhoods. This has led to the displacement and closure of hundreds of businesses throughout the city. Even though the pandemic has shuttered many small businesses, it is not expected to lower commercial rents. If commercial rents increase exponentially while neighborhoods take years to recover, we will see a consolidation of ownership in corporate hands and find independent businesses replaced by chains.

Throughout the de Blasio administration, rezonings have accelerated the displacement of small businesses, in part because the city's land use process does not have a way to accurately assess and **disclose displacement risk in rezonings**.

This trend of commercial displacement, along with the impact of COVID-19, will have a huge impact on commercial vacancy rates. In the 2010s, commercial vacancy rates went up by 50%.

Commercial property owners cannot be allowed to warehouse vacant space while our small businesses struggle to recover from the pandemic, and we need to help those businesses who have been displaced find affordable new space.





CONFRONT SPECULATION AND THE RISING COST OF COMMERCIAL RENT

- Preserve and support existing small businesses:
 - Enact a fair and comprehensive commercial rent stabilization system to protect commercial tenants from displacement due to exorbitant rent hikes and unregulated fees
 - *Conduct a citywide business existing conditions analysis, using data from the storefront registry program, and use it to inform economic development policy*
- Create new affordable and accessible spaces
 - *Overhaul the City's approach to evaluating business displacement in rezonings, and support planning for commercial and industrial districts as part of neighborhood rezonings*
 - *Require small spaces in new commercial developments*
 - *Mandate affordable retail and commercial space in City-financed residential buildings*
 - *Help businesses to relocate within neighborhoods*
 - *Support community land trusts and other nonprofits that offer affordable commercial space*
- Penalize and disincentivize warehousing of commercial space
 - Create a program to connect vendors, businesses that closed during the pandemic, and others without a storefront to affordable available space.
 - Support proposals at the state level to tax warehousing of commercial space. ■





PRIORITIZE RACIAL EQUITY AND ACCESSIBILITY IN CITY FUNDING OPPORTUNITIES

Historically, small businesses in lower-income neighborhoods have had a harder time accessing financing opportunities, including loans, grants, and lines of credit. This has meant less access to localized economic development and jobs, which are sorely needed in communities with among the highest rates of unemployment in the city. The next administration must recognize that access to financing is critical to economic recovery, work with groups on-the-ground in impacted communities, and prioritize racial equity and accessibility to make up for historic and existing disparities.





PRIORITIZE RACIAL EQUITY AND ACCESSIBILITY IN CITY FUNDING OPPORTUNITIES

- Improve coordination across agencies and with community partners
 - Build programs with input from community-based organizations to understand the needs and limitations of relevant businesses.
 - Ensure all agencies have a clear understanding of the need and the mechanism to address it across relevant departments.
 - Give service providers and CBOs working directly with small businesses advance notice to prepare for the outreach and technical support they need to provide, and give businesses adequate time to learn about and prepare applications before funds run out.
- Prioritize language access
- Include a dedicated line for translation and language assistance in all city grants.
 - Prioritize service providers with multilingual staff, and ensure dedicated funding for interpreters and use of interpretation services when that isn't possible.
- All applications for public or private funding distributed by the city should be translated and made easily accessible.
- Hire more dedicated language and cultural liaisons within SBS to serve different communities.
- Acknowledge and address gaps in digital literacy
 - Provide an extra layer of support for new technology platforms, and give business owners the option to request assistance.
- Create dedicated funding opportunities for POC and immigrant businesses
 - Expand existing M/WBE loan options to include a working capital credit line for small M/WBEs so they can receive an interest-free advance on their contracted amount ■





ENSURE COMMERCIAL TENANTS HAVE ACCESS TO LEGAL RESOURCES AND PROTECTIONS

Commercial tenants in New York City have very few protections. Despite the historic commercial tenant harassment law passed in 2016, commercial tenants are subject to the whims of their landlord and many are unaware of the few rights they do have. Commercial tenants rarely have the resources to hire a lawyer. As commercial property ownership increasingly shifts to larger landlords with fewer community connections, this makes legal resources like the Commercial Lease Assistance (CLA) program especially important. CLA, which was established by SBS in 2018, is a unique program that provides pro bono legal representation to commercial tenants on lease related issues. Preserving and expanding this program is critical, and there is much more the city can do to ensure small business owners understand their rights.

The city's small business regulations are complex. Commercial tenants must have easy access to information about regulations, in appropriate languages and formats, created and distributed by SBS.

By disseminating clear information, the city can help prevent predatory actors from spreading incorrect information or taking advantage of commercial tenants.





ENSURE COMMERCIAL TENANTS HAVE ACCESS TO LEGAL RESOURCES AND PROTECTIONS

- Provide consistent funding for critical programs
 - Commit to baseline funding for the Commercial Lease Assistance program
 - Expand the program to allow capacity for other types of assistance, including litigation and assistance to not-for-profit businesses
 - Increase language accessibility for small business programs
- Educate small businesses about regulations in appropriate languages and formats
 - Stop 311 calls from automatically triggering inspections
 - Introduce a cure process for first offenses on non-hazardous violations
 - Strengthen campaign efforts to inform business owners of their rights
- Introduce feedback/complaint process on inspectors for harassment or unfair practices
- Conduct additional research and data collection to understand the most common and critical legal issues that affect small businesses, and target additional investment to those issues.
- Extend the existing personal guaranty protections so that struggling business owners are not consumed by personal debt ■





DEVELOP A NEIGHBORHOOD-CENTERED VISION FOR COMMERCIAL CORRIDORS

Since their introduction in the 1970s, Business Improvement Districts (BIDs) have become increasingly central to the city's small business strategy. BIDs largely depend on property tax assessment, encouraging gentrification and raising property values as a key strategy to increase organizational funding. This property-led approach often leads to increased commercial rental costs, putting longtime tenant businesses at risk of displacement while incentivizing over-enforcement and harassment of street vendors, which are currently excluded from BID membership.

We need to ensure that businesses and business groups that receive city resources are responsive to a broader constituency, including not just property owners, but also commercial tenants, street vendors and residents.





DEVELOP A NEIGHBORHOOD -CENTERED VISION FOR COMMERCIAL CORRIDORS

- Dedicate more funding to merchant organizing and invest in structures that have the potential to be more equitable
 - Funding for Owner to Owners, the Worker Cooperative Business Development Initiative and other models for shared ownership
- Reform BID structures so that merchants and residents hold a board majority to ensure that BID activities and programming serve community needs
- Create opportunities for street vendor membership in merchant associations, BIDs, Open Street policies, and other business initiatives receiving public funding ■

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