



Testimony Before the New York City Council Committee on Small Business Regarding Priorities for the New York City Fiscal Year 2025-2026 Budget

March 21, 2025

Thank you to Committee Chair Oswald Feliz and members of the Committee on Small Business for the opportunity to testify on the economic development-related proposals in the Mayor's Fiscal Year 2025-2026 Budget. My name is Chris Walters and I am the Senior Land Use Policy Associate at the Association for Neighborhood and Housing Development (ANHD).

About the Association for Neighborhood and Housing Development (ANHD)

ANHD is one of the City's lead policy, advocacy, technical assistance, and capacity-building organizations. We maintain a membership of 80+ neighborhood-based and city-wide nonprofit organizations that have affordable housing and/or equitable economic development as a central component of their mission. We are an essential citywide voice, bridging 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. We value justice, equity and opportunity, and we believe in the importance of movement building that centers marginalized communities in our work. We believe housing justice is economic justice is racial justice.

ANHD's work directly supports the needs of our members who develop, manage, and organize to preserve affordable housing, and who fight to bring equity into low-wealth communities in New York City—especially communities of color. Our groups rely on us for technical assistance and capacity-building resources that allow them to maximize their resources, skills and impact. The support services, research, analysis, public education and coalition building we do helps to identify patterns of local neighborhood experiences and uplift citywide priorities and needs. Our work translates into the capacity to win new programs, policies and systems that ensure the creation and preservation of deeply and permanently affordable housing, and economic justice.

Support Commercial Tenants and Merchant Organizing Efforts

New York City's small businesses are providers of culturally relevant goods and locally necessary services. Often, they are also commercial tenants facing rising rents and needing protection from harassment and predatory leasing practices. They are also members of merchant associations that come together around shared challenges and present a unified voice to decision makers. Lastly, small businesses are both users and stewards of our city's public spaces in and around commercial corridors. In order to best support small businesses, the City must allocate resources that target needs in all of these areas.

ANHD's latest map of changes in storefront rents from 2019 to 2022 shows that storefront rents are returning to pre-pandemic levels in Manhattan and rising year over year in much of the Bronx, Brooklyn, and Queens. Some Council Districts reported storefront rents increases of up to 33.3% over the three-year period. These storefront rent increases disproportionately affect communities of color in New York City. In the 24 districts where rents increased from 2019 to 2022, 67.8% of the population identified as people of color, compared to 47.5% in the seven districts where rents decreased during the same period.

Rising storefront rents indicate that small businesses are at risk of experiencing harassment and predatory leasing practices that aim to extract as much rent as possible from them and/or evict them in favor of higher-paying tenants. Although the commercial tenant anti-harassment law provides small businesses with some protection against predatory landlords, they rarely pursue legal action under this law due to the costs and fear of retaliation from their landlords. BIPOC and immigrant small business owners are most vulnerable to retaliation in the form of eviction, rent hikes, and further harassment and are least likely to be aware of city programs and legal tools due to language and digital barriers.

Despite the programs and resources that do exist, there currently are not enough resources to protect small businesses, especially those in communities of color. In order to protect these and all small businesses, we urge you to:

- **Expand the Commercial Lease Assistance Program:** ANHD emphasizes the importance of the CLA program, the only available resource for free legal assistance for small business owners and other commercial tenants. The CLA program has supported over 300 hundred businesses each year since 2022. Commercial tenants are vulnerable members of our community who intersect with residential tenants, immigrants and the working class, and should receive the same support. Our on-the-ground partners have observed that the need for legal support in leasing matters has only increased in the past several years since the pandemic. The CLA program must continue to be funded at a baseline minimum of \$5 million and be made a permanent SBS program.
- **Fund community-based organizations (CBOs) engaging in merchant organizing and outreach efforts:** We also recognize the importance of CBOs engaging in merchant organizing and outreach in helping small businesses access funding opportunities and contributing to thriving commercial corridors. These CBOs not only provide technical assistance and referrals to available resources, but also convene merchants associations and facilitate merchant unity and collaboration. Funding to these CBOs must continue and be expanded.
- **Increase funding to SBS's Neighborhood Development Division to support public realm work:** Lastly, we believe that the public realm is a part of the broader small business ecosystem and that thriving public spaces benefit hyperlocal economic development in New York City neighborhoods. Through our work with the Local Center in partnership with Urban Design Forum, we have seen CBOs create robust programming and design built infrastructure in public spaces in and around commercial corridors that have contributed to increased foot traffic and feelings of safety, and provided opportunities for merchant engagement and leadership.

City programs and resources are crucial to keeping our small businesses open and commercial corridors thriving. With adequate funding, legal service providers and CBOs engaging in both merchant organizing and public realm work can not only tackle individual small business challenges, but also begin to address the systemic issues that put small businesses at risk of closure and displacement in New York City.

Support NYC's Industrial Sector and Industrial Business Service Providers

The industrial sector plays a crucial role in creating a more equitable, thriving, and functioning New York City. Industrial jobs offer high wages, low barriers to entry, and opportunity pathways for a workforce that is 80% workers of color and over 50% foreign born. Preserving and growing these jobs lies at the heart of a true equitable economic development strategy.

- The industrial sector provides over 450,000 jobs in New York City, making up nearly 15% of our city's workforce, while contributing over \$1.7 billion annually in tax revenue.
- Industrial businesses are the second largest private sector employer in NYC, and pay an average wage of \$87,748 - significantly higher than retail and hospitality jobs
- 33% of all NYC jobs that pay over \$50,000 and do not require a college degree are industrial jobs.

In addition, the industrial sector is essential to the functioning of New York City's services and infrastructure and is critical to addressing our climate resiliency and climate adaptation needs now and into the future.

As a convener of the Industrial Jobs Coalition (IJC), a city-wide coalition of IBSPs, non-profit developers of industrial space, and industrial policy advocates, ANHD and our member organizations have long advocated for increased support for the industrial sector and IBSPs. IBSPs play a crucial role in supporting the industrial sector. Since the start of the Adams' administration alone, IBSPs have provided services to close to 2,000 businesses in Industrial Business Zones in all five boroughs. These services include increasing public safety, accessing incentive programs, accessing finance, leasing affordable industrial space, and providing public education, as well as serving as a connector between industrial businesses and City agencies, policies, and initiatives to help amplify and ensure their success. In addition, IBSPs are able to leverage other funding sources to amplify the impact of City funding and provide more impact for the taxpayer's dollars.

Yet City funding for IBSPs, managed by the Department of Small Business Services, has remained static for years and has not kept pace with inflation or the increasing responsibilities IBSPs have been asked to take on. In addition, IBSPs continually face long delays in receiving payment for their contracted work. This is true even as the support IBSPs provide remains more crucial than ever as they help industrial businesses navigate a difficult landscape that is often exacerbated by City policy, planning, and land use decisions that run counter to the preservation and growth of the industrial sector.



To ensure that industrial business can remain and thrive in NYC and that IBSPs can continue to play their vital role in serving them, we ask this Committee and City Council to help ensure that next year's City budget includes:

- In the general budget
 - **A 2% increase for all funds for all NYC industrial programs**
- Through the Department of Small Business Services budget
 - **A 50% increase in IBSP funding**
 - **Indexing the funding to inflation**
 - **Shifting the funding from a 1-year to a 3-year contract**
- Through the Speaker's discretionary funding
 - **A new \$650K program to build additional capacity for IBSP's by supporting projects such as research on industry and district trends, internal capacity building and other non IBSP program development**

With these increases, our members will have the resources they need to both service industrial businesses and recruit more of these businesses, which will benefit each and every New Yorker given the well-documented multiplier effect industry provides. Additionally, more resources for IBSPs will help the City achieve many of its equity and just transition goals – from the siting of green energy in our industrial zones, to providing assistance to the industrial sector to retrofit. A strong and vibrant industrial economy supports a strong and vibrant New York City.

We look forward to working in partnership with the Council to enact these changes. Thank you for your time and consideration. Please contact Chris Walters, Senior Land Use Policy Associate at ANHD at christopher.w@anhd.org for any questions or follow-up.