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COMMUNITY BOARD NO. 2, MANHATTAN

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January 28, 2019

Hon. Corey Johnson
NYC Council Speaker
City Hall Office
New York, NY 10007

Hon. Ydanis Rodriguez
NYC Council Member
250 Broadway, Suite 1763
New York, NY 10007

Dear Council Speaker Johnson and Council Member Rodriguez:

At its Full Board Committee meeting on January 24, Community Board #2, Manhattan adopted the following resolution:

1. Resolution in response to the recent deliberations of City Council regarding the Small Business Jobs Survival Act.

WHEREAS:

1. The loss of small businesses and increase in vacant storefronts in CB2 has reached a crisis in terms of harm to small business owners, loss of neighborhood services and vibrancy for residents and visitors, diminution of neighborhood character and the threat to such character due to potential overdevelopment by major retailers or other national chains.
2. Small businesses face challenges that include massive and often unrealistic rent increases when negotiating lease renewals and changes in consumer shopping practices, the impact of online shopping and other pressures.
3. Small businesses are less attractive to landlords because they are not national or chain "credit" tenants.
4. Successful small business owners in CB2 face significant challenges in the lease process, such as demands for excessive security deposits, corporate rent guarantees, and other terms that chain stores can more easily meet or are not even asked to provide.
5. CB2 believes that changes should be made to the current SBJSA to make it more useful to owner-operated, entrepreneurial and other small businesses in CB2.
6. We believe that greater attention should be paid to defining the nature of "small business" under the SBJSA.

7. The SBJSA as currently written does not set guidelines for what would be considered “reasonable” real estate and utility increases to be passed on to tenants.

THEREFORE, BE IT RESOLVED that Community Board 2, Manhattan recommends:

1. Any small business jobs act designed to assist “small businesses” might include:
 - a. Fair and balanced lease renewal rates that properly reflect the market, placing a limit on baseline increases.
 - b. Tenants’ right to request arbitration, moderated by city appointed arbitrators, and subsidized when necessary, by the City.
 - c. Protection of small businesses from price gouging.
 - d. A small business’s right to market rate lease renewal, as long as tenants are in good standing.
 - e. Arbitration that benefits both the tenant and landlord equally.
 - f. A goal of offering neighborhood services and benefits that contribute to the character of our neighborhoods in CB2.
 - g. Tenant security deposits that accrue interest.
 - h. Creation of a template lease made available online by the City, balanced to protect both tenants and landlords, providing basic guidelines for a commercial lease (party responsible for electric, water, rent increases, force majeure, etc.).
2. The City should create a registry of legacy businesses, i.e., small businesses that have operated in and benefited neighborhoods,
3. The City should study the effectiveness of a vacancy tax for buildings that remain unoccupied after a tenant has expressed a willingness to renew but has been forced to vacate.
4. The wording of any such legislation should not discourage a small business with multiple locations.
5. The City should create and maintain a database of commercial lease amounts in order to provide small business owners with a way to determine true market rates.
6. The wording of any such legislation should strive to prevent and not allow major corporations from taking opportunistic advantage of any Small Business Jobs Survival Act.

VOTE: Passed, with 31 Board Members in favor.

6 Board Member in opposition. (S. Aaron, T. Bergman, T. Connor, C. Dawson, R. Sanz, C. Spence)

5 Board Member in abstention. (R. Chattree, D. Diether, J. Liff, S. Smith, R. Kessler)

Please advise us of any decision or action taken in response to this resolution.

Sincerely,



Carter Booth, Chair
Community Board #2, Manhattan



Dan Millier, Chair
Economic Development & Small Business Committee
Community Board #2, Manhattan

TB/EM

- c:
- Hon. Jerrold Nadler, Congressman
 - Hon. Carolyn Maloney, Congresswoman
 - Hon. Nydia Velasquez, Congresswoman
 - Hon. Brian Kavanagh, NYS Senator
 - Hon. Brad Hoylman, NYS Senator
 - Hon. Deborah J. Glick, NYS Assembly Member
 - Hon. Yuh-Line Niou, NYS Assembly Member
 - Hon. Gale Brewer, Manhattan Borough President
 - Hon. Margaret Chin, NYC Council Member
 - Hon. Carlina Rivera, NYC Council Member