



January 24, 2023

Honorable Adrienne Adams
Speaker
NYC City Council
City Hall Office
New York, NY 10007

Honorable Julie Menin
Chair, Committee on Small Business
NYC City Council
250 Broadway, Suite 1821
New York, NY 10007

Dear Speaker Adrienne Adams and Committee Chair Julie Menin:

We write today to urge you to schedule a hearing for a strengthened version of FairRentNYC, Intro 93, which was introduced by Deputy Speaker Diana Ayala exactly ten months ago on March 24, 2022.

We plead with you to prioritize passage of FairRentNYC, which will create Commercial Rent Stabilization for NYC in this session and finally grant small businesses a basic—but fundamental—protection. We thank you for your tireless work in tackling New York’s affordability crisis and supporting small businesses. All this, however, will be for naught if we do not address the issue of unchecked commercial rent increases.

Predatory landlords’ doubling and tripling of rents has been displacing small businesses and exacerbating gentrification for decades. The commercial rent challenge has become more and more critical across the five boroughs. Small businesses and nonprofits that were there to support New Yorkers during the worse months of the pandemic are now struggling even more to plan for their future with inflation, minimum wage increases, and the added handicap of back-rent and other accrued debt.¹

Today, businesses have no idea how much their current space will cost them once their lease ends. Every day longstanding treasured businesses that are otherwise thriving are shuttered due to rent hikes, and we all suffer for it. We lose affordable, essential services. We lose jobs, livelihoods, and community hubs. For example, Joael's Cleaners in Bed Stuy was forced to close after 50 years of service when the landlord said the rent would increase from \$5,300 to \$12,000; clients of the longtime community anchor were incredulous and dismayed.²

Another 50 year-old business, Pearl River Mart in lower Manhattan—where in January 2022 Mayor Adams signed an executive order focused on cutting red tape and fines to help small

¹ The New York Times, *Small Business Owners Are Still Struggling in New York* (2022), <https://www.nytimes.com/2022/07/29/nyregion/small-business-owners-are-still-struggling-in-new-york.html>

² News12, *Bed Stuy Dry Cleaner Forced to Close After 50 Years of Service*, (2022), <https://bronx.news12.com/bed-stuy-dry-cleaner-forced-to-close-after-50-years-of-service>.

businesses³—was displaced five times in five decades due to rent hikes, as business owner Joanne Kwong shared during that executive order signing.⁴

The precariousness that rent unpredictability creates is felt even more from newer businesses and/or entrepreneurs considering opening a new business. In the words of Rachel Nelson, a small business owner, an artist, and a parent who testified on September 19th, 2021 at a City Council hearing on Commercial Rent Stabilization: “I’ve been in Williamsburg since 1999. In that time I’ve moved my business four times and my rent has increased 600% (...) As an artist I’ve not been able to stay here, and as a parent I’m basically at the whims of 10-year lease renewals. So, you know (...) for those of you who are parents trying to plan the future of your children, you get to do 10 years at a time (...) So I think the issue here is rent stabilization is a thing that helps stabilize communities.”⁵

Another small business owner who was completing a five-year lease when the pandemic hit—an African hair braider renting a salon in Harlem—agreed to a rent increase from \$1,100 to \$2,800 just four months after the pandemic emergency was declared so that she could stay in the neighborhood where she had developed her business with a stable clientele. She had negotiated her original lease with a family that owned the building, but by the time she had to renegotiate the lease the building was sold to a hedge-fund-backed portfolio. When she agreed to this new rent, she knew that she would be cutting wages, raising prices, and cutting into her own proceeds from the business, on which her family relies for its survival.⁶

There are countless heart wrenching predatory rent hike stories like those above, and there is a clear solution. In fact, in 2022, the NYC Speaks Survey found commercial rent regulation to be one of the most popular measures to support small businesses.⁷

Commercial rent stabilization would provide stability for small businesses and the people who depend on them. The system suggested by Intro 93 builds on generations of know-how. (2.5 million New Yorkers already have rent stabilization in their apartments.) Setting guidelines on the rent increases ensures that small businesses can responsibly plan for the future.

Although the city has only recently started gathering information on commercial rent and has not published data that shows rents today,⁸ a nationwide survey of small businesses in 2022 found

³Office of the Mayor, *Mayor Adams Signs ‘Small Business Forward’ Executive Order to Reform Small Business Violations*, (2022), <https://www.nyc.gov/office-of-the-mayor/news/002-22/mayor-adams-signs-small-business-forward-executive-order-reform-small-business-violations#/0>.

⁴Curbed, *Facing Five-Fold Rent Hike, Pearl River Mart to Exit Broadway*, (2015), <https://ny.curbed.com/2015/4/7/9973008/facing-five-fold-rent-hike-pearl-river-mart-to-exit-broadway>.

⁵ See Small Business Committee Hearing Transcript (Sept. 17, 2021), p. 151-3: <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=4230081&GUID=B2FF2D24-F642-42A1-BEBB-D8D59E079D99&Options=&Search=>

⁶TakeRoot Justice, *Intro 1796-2019, Regulation of Commercial Rent*, (2021), https://takerootjustice.org/wp-content/uploads/2022/01/2021.9.17-Commercial-Rent-Stabilization_TakeRoot.pdf.

⁷NYC Speaks, NYC Speaks Dashboard, (2022), <https://hraadvisors.maps.arcgis.com/apps/webappviewer/index.html?id=eec57f0174fe4fb8b7c1f791531f0e27> (select policy question #10: What should the City government do to help small businesses?) (“.

⁸To date, only 2019 and 2020 median and monthly rents have been posted as a result of the Storefront Registration requirements: <https://data.cityofnewyork.us/City-Government/Storefront-Registration-Class-2-and-4-Statistics/dxru-eun8>; linked from: <https://www.nyc.gov/site/finance/taxes/storefront-registry.page> (Statistics and Data).

that they were facing rents 50% higher than before the pandemic.⁹ The same study found that New York led the nation in small businesses unable to pay their monthly rent.¹⁰ This data reinforced recent local surveys that have found commercial rent to be the top concern of small businesses in New York City,¹¹ as well as news reporting that retail rents in many shopping corridors have remained high throughout the pandemic.¹²

Although banning unregulated commercial rent hikes is a common-sense measure, New York's leaders have failed again and again to meaningfully tackle the commercial rent issue. The pandemic has not reset the market for commercial spaces,¹³ but with commercial rent stabilization we have an opportunity to completely re-align the power structure and finally give small businesses a chance.

We invite you to join our organizations on a rally at the City Hall steps on February 2nd, to hear more about this issue from small businesses.

Thank you,

A.R.T. New York
Chhaya CDC
Cooper Square Committee
League of Independent Theater of New York
The Legal Aid Society
NYC Artist Coalition
NYC Network of Worker Cooperatives
Street Vendor Project,
TakeRoot Justice
Volunteers of Legal Service

Co-signing:
Art Against Displacement
Artist Studio Affordability Project
Custom Collaborative

⁹ Alignable, *August Rent Report* (2023), <https://www.alignable.com/forum/august-rent-delinquency-breaks-2022-record-up-6>.

¹⁰ Alignable, *August Rent Report* (2023), <https://www.alignable.com/forum/august-rent-delinquency-breaks-2022-record-up-6>.

¹¹ Greenwich Village Society for Historic Preservation, East Village Community Coalition, and Cooper Square Committee, *Crisis and Adaptation: Storefront Trends in the East Village, 2019-2021* (2022), <https://media.villagepreservation.org/wp-content/uploads/2022/07/28153641/Crisis-and-Adaptation-East-Village-Storefront-Survey.pdf>; Association for Neighborhood & Housing Development, *The Forgotten Tenants: New York City's Immigrant Small Business Owners* (2019), https://anhd.org/sites/default/files/anhd_icc_report_final_march_2019.pdf.

¹² Curbed, *Most Storefront Rents in New York Are As High As Ever*, <https://www.curbed.com/2021/10/most-storefront-rents-in-new-york-are-as-high-as-ever.html>.

¹³ See Oscar Abello, Can NYC's Storefront Registry Help Level the Playing Field for Embattled Commercial Tenants? (July 20, 2021), <https://nextcity.org/daily/entry/can-nycstorefront-registry-level-the-playing-field-for-commercial-tenants>; M. Egkolfopoulou & C. Ballentine, New York Renters Face 70% Increases as Pandemic Discounts Expire, Bloomberg News (Sept. 15, 2021), <https://www.bloomberg.com/news/articles/2021-09-15/new-york-cityrents-landlords-jack-up-prices-70-in-lease-renewals-post-covid>.

Dance/NYC
East New York Restoration LDC
East Village Community Coalition
LES Small Business Alliance
Music Workers Alliance
New Yorkers for Culture & Arts
SaveNYC
Save Our Storefronts
Western Queens Community Land Trust
Yemeni American Merchants Association

CC:
Honorable Diana Ayala
Deputy Speaker
NYC City Council
250 Broadway, 1880
New York, NY 10007