

Good morning. My name is Jose Miranda, and I am the Director of Economic Justice at Chhaya CDC. For twenty years Chhaya has served the South Asian and Indo Caribbean communities in Queens by providing support in stabilizing housing for homeowners and tenants, providing key financial empowerment services, and building power in the community through civic engagement and advocacy efforts. I would like to thank Committee Chairs Krueger, Weinstein, Kaplan, and Bronson for holding today's hearing on the economic-development-related proposals in the Governor's FY 2021-2022 Executive Budget.

At Chhaya, we've worked with the NYC Department of Small Business Services to support and empower the immigrant-owned businesses of the Jackson Heights commercial corridor and preserve the identity of the corridor from the threat of displacement and gentrification. In support of those efforts, Chhaya is a member of United for Small Business NYC (USBnyc), a coalition of 15 community groups in NYC fighting to protect small businesses and non-residential tenants from the threat of displacement. The group focuses on owner-operated, minority-run businesses that serve low-income and minority communities.

We ask that the legislature allocate \$500 million in this budget to create an equitable and widely accessible commercial rent relief program.

Small businesses and nonprofits are a critical component of New York State's economic climate. They provide over 957,000 jobs, with total payroll close to \$43 billion^a, and generate \$950 billion in annual revenues. New York nonprofits employ over 1.4 million New Yorkers and comprise almost 18% of private employment in the state^b.

For a moment, consider Gyan Thapa, a single mother of four and the owner of Gorkhali Restaurant in Jackson Heights. Ms. Thapa is an immigrant from Nepal who wanted to become a business owner so that she could be independent and not work for anyone else. She started humbly, in the back of an existing restaurant but eventually moved into a her own commercial space in 2019. After dealing with some issues with National Grid, she finally opened Gorkhali Restaurant in February 2020. What would have been a successful launch of her restaurant was ruined by the pandemic. As a result, she can't afford to pay her rent. Since she does not have operational history for 2019, she has not qualified for any of the loan or grant programs like PPP. Without relief for the burden of her rent, Ms. Thapa's dream and the financial stability of her family are at risk.

Even for businesses who did receive PPP loans from the federal government, most of the loan amount could not be dedicated to operating costs such as rent. Additionally, recent analysis shows that PPP loans were not equitably distributed and were less likely to reach businesses in low-income communities and communities of color^c.

There has been no comprehensive rent relief program available to commercial tenants. Many have entered into individual negotiations with their landlords, but commercial mortgages are structured to make rent forgiveness difficult without some form of external reimbursement^d.

We want to thank the legislature for your leadership in sponsoring the recent package of bills including the COVID-19 Emergency Protect Our Small Business Act passed earlier this month. This was a positive step forward that addresses some important issues for small businesses, like unemployment insurance premiums, third-party delivery fees, and commercial evictions.

However, rent debt must be dealt with in order to prevent mass closures. Property tax relief may benefit some commercial property owners, but is not guaranteed to benefit their tenants; and tax credits may not provide relief in time for struggling businesses.

Existing measures aimed at protecting commercial tenants do not address the reality of many small business owners: if they do not have sufficient revenue to maintain operations, they will not wait for an eviction notice. They will close or file for bankruptcy^e.

The legislature should create a path to recovery that allows commercial tenants and property owners to share the burden of the pandemic with support from the state.

Small businesses and nonprofits that have lost significant revenue due to COVID-19 and are unable to pay rent should qualify for a small rent abatement, and should only be required to pay a portion of that abated rent proportionate to their revenue. Property owners whose tenants cannot pay the full abated rent should be eligible for reimbursement, to be administered by the State Department of Economic Development and funded by federal relief or any other available source of funding.

In order for the program to reach the most vulnerable businesses and nonprofits, it is important that all eligible commercial tenants receive the abatement and that their landlords be eligible for relief.

We believe that commercial rent relief must be a critical component of a statewide economic recovery program, and we ask you to include it in the FY22 budget.

Thank you so much for your time and consideration on this vitally important matter.

^a <https://www.osc.state.ny.us/files/reports/special-topics/pdf/small-business-nys-2019.pdf>

^b <https://www.osc.state.ny.us/files/reports/special-topics/pdf/economic-nonprofits-2019.pdf>

^c <https://anhd.org/blog/new-yorks-small-businesses-left-out-paycheck-protection-program>

^d <https://www.nytimes.com/2020/10/11/opinion/nyc-commercial-rent-reform.html>

^e <https://www.bloomberg.com/news/features/2020-09-29/new-york-city-bankruptcies-2020-pivotal-point-for-business-as-covid-cases-rise>