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**TESTIMONY ON:**

ECONOMIC DEVELOPMENT AND BUDGET FOR FISCAL YEAR 2021-2022

**TESTIMONY OF:**

COOPER SQUARE COMMITTEE

**PRESENTED BEFORE:**

THE NEW YORK STATE ASSEMBLY  
STANDING COMMITTEE ON SMALL BUSINESS  
STANDING COMMITTEE ON WAYS AND MEANS  
THE NEW YORK STATE SENATE  
COMMITTEE ON FINANCE

**PRESENTED BY:**

ABIGAIL ELLMAN  
DIRECTOR OF PLANNING AND DEVELOPMENT  
COOPER SQUARE COMMITTEE

FEBRUARY 23, 2021

Good afternoon. I am Abigail Ellman, Director of Planning and Development at the Cooper Square Committee, a community development organization on the Lower East Side.

Cooper Square Committee has been at the forefront of anti-displacement organizing on the Lower East Side for over 60 years. We are proud members of Public Bank NYC and United for Small Business NYC, two coalitions fighting for economic justice.

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

**We engage hundreds of small businesses in the Lower East Side through referrals to legal and business services, on-the-ground research, and organizing and advocacy campaigns.** A year before the pandemic began, we completed a report on the needs of immigrant-owned businesses in our neighborhood.<sup>1</sup> Two of the biggest concerns that businesses cited included **extremely high rents** and **difficulty accessing capital.**

**This crisis has exacerbated and deepened these existing issues.** Since the beginning of the PAUSE order, we have seen skyrocketing demand for our services. Far and away the biggest issue that NYS must address is **commercial rent**, which many businesses have been unable to pay due to forced closure. The second important issue is **access to capital.** Truly small and independent businesses without existing lending relationships with large banks were placed at a disadvantage in accessing PPP funding, facing the longstanding structural barriers that block poor people, immigrants, and people of color from accessing mainstream banking.

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, 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.

While some businesses in our community received 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.

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. 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.

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<sup>1</sup> <https://anhd.org/report/forgotten-tenants-new-york-citys-immigrant-small-business-owners>

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.

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.

**After including commercial rent relief in the budget, NYS also needs to fight forward with a vision for racial and economic justice in the recovery.**

- 1. Pass the “New York Public Banking Act” (S.5565A/A.9665A).** New York needs strong institutions - like public banks - to ensure a just recovery and future for all New Yorkers. As a first step, we urge the NYS legislature to pass the “New York Public Banking Act.” The bill creates a safe and appropriate regulatory framework for cities, counties, and regions seeking to establish public banks. The bill authorizes the NYS Department of Financial Services to issue special-purpose public bank charters – paving the way for public banking in New York. In 2019, California enacted legislation to facilitate public banking at the local level. It’s time for New York to take action and usher in democratic financial institutions that meet the needs of New York’s communities, during the COVID-19 crisis – and beyond
- 2. Pass commercial rent stabilization.** The impacts of the pandemic will be felt for a long time, the State must provide long-term protections in addition to immediate relief. Commercial rent stabilization would limit rent increases on commercial space, protect commercial tenants from displacement due to exorbitant rent hikes and unregulated fees, and provide stability for small businesses and their customers. Sky-high commercial rent is leading to gentrification and empty storefronts, especially in communities of color. Regulating how much landlords can increase rent from year to year will put small business owners on a more even playing field.
- 3. Support local merchant organizing,** community organizations, and non-profit legal services providers that have been stepping up amid significant increases in demand for their services and assistance.