

Good morning or afternoon. My name is Catherine Murcek and I am a worker owner at Samamkaya Yoga Back Care & Scoliosis Collective, and an elected member of the Advocacy Council coordinated by the NYC Network of Worker Cooperatives (NYCNoWC). With my other 19 co-owners, my yoga studio specializes in therapeutic applications of yoga to help make yoga accessible and healing for folks of any age or ability level. NYCNoWC is the local trade association for worker cooperatives in NYC, and works tirelessly to support its members with training/education, language access, and resources to help its community of predominantly immigrant and women of color-led member co-ops thrive. Through workplace democracy and community control, our goal is to protect against wealth extraction, inform and empower workers, reduce income inequality, and create the environment for all workers to have the dignity of a living wage. 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 Fiscal Year 2021-2022 Executive Budget.

NYCNoWC is also 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, with a focus on owner-operated, POC-run businesses that serve low-income and BIPOC communities.

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

When the state of emergency began and my yoga studio was forced to close its physical space, we had to scramble to switch our classes to an online format in order to try to make ends meet. However, it puzzles me that while we were forced to close and cannot make nearly as much income as from in-person classes, we were still legally expected to pay full rent. We had spent tens of thousands building out the studio to accommodate our very specific needs and really cannot consider taking on more debt. We were incredibly fortunate to have received a forgivable PPP loan and were able to strike a deal with our landlord, but had it not been for those two things we absolutely would have already permanently closed like so many other wellness spaces across the state which are so important for the physical and emotional wellbeing of New Yorkers. I also realize we are in the minority because sadly most other small businesses are not in such a fortunate position and it is heartbreaking to watch well-established, viable businesses closing their doors simply because they cannot afford their rent. This is an urgent issue all across the state and it is devastating and embarrassing that New York State cannot do better to protect its crucial small business community, and keeps waiting for funding from the Federal government to do anything. These are drastic times and rents were already too high even before the pandemic began.

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<sup>1</sup>, 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.<sup>2</sup> Since August 2020, 2,800 small businesses in New York City alone have permanently closed, taking with them over 240,000 jobs.

While many businesses 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

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<sup>1</sup> <https://www.osc.state.ny.us/files/reports/special-topics/pdf/small-business-nys-2019.pdf>

<sup>2</sup> <https://www.osc.state.ny.us/files/reports/special-topics/pdf/economic-nonprofits-2019.pdf>

low-income communities and communities of color<sup>3</sup>. 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<sup>4</sup>.

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.<sup>5</sup>

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. Property owners whose tenants have applied for and received the abatement 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.**

We urge you to pass S.3349/A.3190 and put \$500 million toward the program which would create the kind of share the burden model as described above. In addition, in coalition with the New York State Equity agenda, NYCNoWC urges the legislature to support and build on Governor Cuomo's proposal to provide \$25 million for New York's Community Development Financial Institution (CDFI) Fund, and raise that to \$100 million so that community controlled credit unions and loan funds are better able to provide access to equitable financial services in low-income communities and communities of color. And finally we strongly urge you to pass the Invest in Our New York Act to raise \$50 billion by ending tax breaks for the wealthiest New Yorkers--whose wealth has grown by \$77 billion during the pandemic--to save small businesses, prevent cuts to public programs, and invest in high quality education, transit, jobs, housing, and healthcare for all New Yorkers.

Thank you very much for the opportunity to testify.

Catherine Murcek

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<sup>3</sup> <https://anhd.org/blog/new-yorks-small-businesses-left-out-paycheck-protection-program>

<sup>4</sup> <https://www.nytimes.com/2020/10/11/opinion/nyc-commercial-rent-reform.html>

<sup>5</sup> <https://www.bloomberg.com/news/features/2020-09-29/new-york-city-bankruptcies-2020-pivotal-point-for-business-as-covid-cases-rise>