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## **The City of New York Manhattan Community Board 8**

**Small Business Committee  
Wednesday, May 30th 2018 – 6:30PM  
Hunter College – Room West 714 (7<sup>th</sup> Floor Lecture Hall)  
695 Park Ave (Lex at 68<sup>th</sup>)**

Sarah Chu and Michael Mellamphy Co-chair

CB8 Members in attendance: Barry Schneider, Greg Kirschenbaum, Billy Freeland

Meeting called to order 6:30pm

There were two items up for discussion at this meeting:

### **1. Proposed Vacancy Tax on Landlords.**

Recent citywide discussions about vacant storefronts have initiated proposals to tax landlords who allow commercial space remain vacant over a period of time. We were fortunate to have Betsy Polivy from Manhattan Sideways ([www.sideways.nyc](http://www.sideways.nyc)) and Robert Levithan (Creator of the interactive business map app LIVE XYZ [www.LIVE.XYZ](http://www.LIVE.XYZ)) attend our meeting. They have both worked tirelessly with businesses all over the city to “Put them on the map.” The data is out there that will show us just how many storefronts are struggling and vacant. Betsy estimates well over 1025 on the side streets alone from 1<sup>st</sup> Street to 155<sup>th</sup> Street between The East River and The Hudson. Robert has data from his app which suggests the number across Manhattan alone could be as high as 12000.

Currently, there are no specific proposals regarding a vacancy tax and no answers to particular questions needed to assess such a plan, such as how it would be implemented and how this revenue would be spent.

What was apparent from the discussion at the meeting was that community members felt that another tax burden on Landlords may not be an ideal solution to the issue of vacant storefronts. Participants expressed a belief that most landlords want to have storefronts rented, invest in their properties to make them attractive to prospective business owners, and have already borne the costs of making sure their spaces are compliant with city regulations. There is also the narrative that the reason behind so many vacancies is down to “The Greedy Landlord.” While this narrative may exist in

some cases, it is very simplistic, limited, and somewhat overstated story. Landlords have financial burdens that must be met including ever rising property taxes. A factor that the public may not account for is the fact that it is estimated that property tax in NYC rose by 30% from 2014 to 2017. Is another tax an answer to this issue? Discussants expressed that landlords are business people also and that it is not always easy for landlords to fill a space. Instead, suggestions were made to encourage solutions that would enable the success of entrepreneurs and shop owners rather than establishing a tax.

It should be noted that The New Commercial Rent Tax (CRT) bill goes into effect on July 1<sup>st</sup> 2018. The new threshold for the CRT is for businesses that pay at least \$500,000 per annum in rent (increased from \$250,000 per annum). Although this is very welcome and a step in the right direction it will still not affect the vast majority of Community/ Local business owners.

Robert Byrnes from East Midtown Partnership mentioned that as of now, the NYC BID Association has no position on a Vacancy Tax and neither does East Midtown Partnership. Although the NYC BID association has formed a working group on this issue, they have not had the chance to meet and discuss it yet.

## **2. Community-led vacant storefront survey.**

Each and every vacancy has its own unique story to tell. From regulations to restrictive zoning, increased rents to increased wages, many factors generate increased pressures on small business owners to stay open. It's difficult for landlords to rent a space if their property is surrounded by scaffolding. Perhaps this is a city planning issue? There are swathes of blocks on York avenue for instance which are solely dedicated to hospitals and very little else. The street life that businesses bring also provides a measure of safety for pedestrians. This is the type of planning that would integrate community needs. Additionally, as more city blocks present vacant storefronts, the less safe people will feel and the more difficult it becomes to rent these spaces.

All business owners will know what the rent is going to be before signing a lease, but more often than not it's costs associated with the running of the business that make it hard to survive. Many business owners may provide high quality goods and services, but need support in developing skills on the business end. This is especially important as trends emerge, community needs change, and technological requirements advance. One suggestion for vacant storefronts was to fill them with pop up stores which are seasonal and short term while landlords consider a long term plan. Discussants agreed that city departments can move to review their policies and practices as they concern Local business, identify how to streamline complex regulatory requirements, and establish more programs to encourage entrepreneurship.

Some of the specific challenges of the "changing times" discussed included the impact of the internet and social media. A lot of business takes place online as opposed to face to face. This doesn't mean that brick and mortar stores need to suffer and supporting

business owners to create an online presence can help local business owners reach potential customers. Often, the first place one can make an impression on immediate neighbors and customers is online! Building websites can be costly and maintaining a social media presence can be as time consuming as running the day to day business. Technology and social media training is another area where the city could help local business owners (education, resources etc.).

City resources can also assist business owners with guidance on reinventing their businesses as trends and marketplaces change. One example of success is Shakespeare and Co. bookstore on Lexington Avenue, which has become the official bookstore to Hunter College and even prints their own books if a hard copy is not available. It was also expressed that larger “Chain” retailers aren’t always a bad thing for a neighborhood. For example, a discussant shared that Duane Reade had been active in her community. Another major issue in our community is the lack of school seats, especially for Universal Pre-K. How might empty storefronts as locations for schools?

In terms of actual data on vacant storefronts we were very fortunate to have Robert Levithan attend the meeting. He is the founder and developer of LIVE XYZ. It is an interactive mapping app (only available on iPhone for now), but can be accessed by clicking on [www.LIVE.XYZ](http://www.LIVE.XYZ). LIVE XYZ is a live map of NYC of every storefront and what is happening by the time of the day. In order to create this resource, Robert and his staff walked EVERY block of the five boroughs multiple times and took a photo of every business (over 144,000 businesses in NYC). The data is visualized and FREE for all to see. They monitor business now by watching trends in a particular business social media or online activity. The app just went live in the last couple of months and the boots on the ground data collection and other metrics they have collected, LIVE XYZ can generate predictions of whether a business will succeed. They have already started working with BIDs around the city voluntarily. The map on LIVE XYZ for BIDs so they can curate and promote their districts thereby helping maintain the information on the map.

Betsy Polivy from Manhattan Sideways was also in attendance. She expressed that [www.sideways.nyc](http://www.sideways.nyc) is a labor of love. She has traversed the side streets of Manhattan from 1<sup>st</sup> Street to 155<sup>th</sup> Street documenting the stories, people and lives of local businesses, and she has also curated photographic exhibitions of the local business community to shine a much needed light on the issue of vacant storefronts.

Betsy and Robert have generously offered to make their full resources available to CB8. Instead of a community-led vacant storefront survey, CB8 Small Business committee will now be able to use their data to conduct our evaluation and possibly build a site for expressing the results of that evaluation. It was suggested that Betsy and Robert have the opportunity to speak to a full board meeting at some point to share their resources, experience, and expertise in relation to this issue.

**New Business**

One thing that has become apparent is we are not hearing from small business owners about their day to day issues running their businesses. Many questions were raised in relation to local business challenges such as “Key Money,” the transparency of commercial rents, and why exactly businesses close. We will be having a meeting on June 11<sup>th</sup> at 6.30pm at James Lennox House (49 E 73rd Street) where members of our local business community have been invited to share their issues and concerns so we on CB8 may have a better understanding of how to support our small business to ensure they can continue to provide for our neighborhood.

Meeting adjourned 8:30pm

**Respectfully submitted by,**

**Sarah Chu and Michael Mellamphy, Co-Chairs**