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The City of New York

Community Board 8 Manhattan Small Business Committee Meeting Monday, January 4, 2020 - 6:30PM *This meeting was conducted remotely via Zoom*

Minutes

This meeting was called to order at 6:35.

Valerie Mason, co-chair, began the meeting by referring to the Stimulus Bill passed at the end of 2020. She introduced Shelby Garner, New York Chief of Staff for Congresswoman Carolyn Maloney.

He addressed the PPP and Emergency Impact Disaster Loan Program portions of the Stimulus Bill, The PPP Program is extended until March 31. There are set asides for the smallest businesses with fewer than 10 employees and minority and women owned businesses. Non-payroll expenses have been expanded to include, for restaurants, cloud Apps or software or accounting costs, 60-40 split with 60% going to payroll for forgiveness. But 40% may be used for mortgages, rents, utilities, and the other items he mentioned, including PPEs, and any expenses that were related to meeting federal or relevant local health guidelines. EIDL Loans extended and additional grants will come through that. Rental assistance for individuals, but less for small business, is part of the act.

For theatres, live arts performances, museums, comedy clubs, and the like, there will be a new grant program of up to \$10 million, with a possibility of a second grant for up to 50% of the amount of the first grant. For up to 14 days, the grant will be open to venues with 90% reduction in revenue, then over the next 14 days, grants may go to venues with 70% reduction. Many measures for small businesses were meant to simplify the strongest and most beneficial aspect of the CARES Act. He stated that small businesses should keep all documents in case the SBA audits. For loans convertible to grants, the application will be one-page. The SBA is expected to clarify.

Garner offered to bring questions to SBA or House's Small Business Committee. Congresswoman Maloney's office is always open for questions, including those from small businesses navigating the process.

In response to questions about how to obtain loans, Garner suggested going to the bank with whom the business has a long-term relationship. Because larger commercial banks shut out smaller businesses, the new Act has set asides for credit unions, smaller local banks, community

development financial institutions. There are two set asides of \$15 billion each for alternatives to large, national banks. Smaller businesses should look at these mission-oriented lenders who are more amenable to processing smaller business' loan applications. The Financial Services and Small Business Committees in the House will maintain continued oversight over the rollout.

The House is waiting for definitive rules from SBA on the threshold for automatic forgiveness of original PPP loans. SBA should have new rules by January 5th, 10 days after enactment, as a legislative directive.

Congresswoman Maloney is compiling details of the new Act to share with businesses.

Garner believes that recipients of EIDL grants, disbursed by the SBA, need to be in low or moderate income areas. The grant, which is the difference between the first-round grant and \$10,000, is intended for businesses in underserved communities, to ensure they got the full \$10,000. May be possibility for minority or women owned businesses.

Any rent relief is for residential tenants, although there is an extension of the eviction moratorium.

Garner stated that there is a possibility of legislation for rent relief for small businesses, but there is much resistance. Senate make-up may be determinative. There's big push for significant federal financial assistance to state and cities for flexibility to develop programs to help small businesses in areas with different needs. NYC 's situation in which rent is an enormous component of business expenses compared to payroll is unusual. There must be federal funding to states and municipalities that allows for flexibility.

There are state bills around the country trying to address the issue of requiring insurers to cover COVID-19 business interruption retroactively. Retroactive federal legislation would most likely not pass judicial review. But Congresswoman Maloney is looking at legislation for forward-looking pandemic insurance, based on terrorist insurance she put forward after 9/11. She developed terrorism-risk insurance where the federal government would backstop insurance to a point. This would be similar for pandemics and business interruption caused by pandemics.

Garner explained, answering whether EIDL loans become part of PPP in the new bill, that section 110E6 has been repealed. PPP borrowers don't have to deduct EIDL advance from PPP for forgiveness. He will look into whether the change is retroactive.

Garner stated that if a business owner hasn't closed on the first PPP, they can increase value of new loan application. However, if that loan has been forgiven, the owner can't ask for more.

Business owners must show they have spent, or will spend, the first PPP disbursement before applying for a second round. If expanded, SBA guidance will be needed. If the loan has been forgiven, the SBA probably believes the owner has fulfilled all requirements.

Any additional questions should be emailed to Garner.

Although neighborhoods where residents have left the community during COVID-19 have severely impacted the finances of small businesses, those neighborhoods are not considered to be in economically challenged areas. Garner will work with small businesses in the CB8 District who are having issues with the loans or grants. There may be exceptions to the requirement of

operating in a lower-income community for minority and women-owned businesses. There are set asides for EIDL and PPPs.

Garner will also look into whether PPPs are available to co-ops and condos.

Congresswoman Maloney's office is seeking clarification on whether the Act will cover outdoor dining and construction. The ACT refers to inclusion of PPEs and relevant local and federal health guidelines.

Funding to large businesses is more complicated than the media portrays because many franchises are immigrant and minority-owned small businesses. However, certain national franchises took advantage of the last Act's funding. This ACT prohibits sports organizations and political entities from applying for PPP loans. There are set asides for small businesses with fewer than 10 employees.

Any resident or small or any business in Congressional District 12, can contact Congresswoman Maloney who will reach out to them.

The discussion turned to enforcement and other issues pertaining to outdoor dining, particularly where the sidewalk space for pedestrians has been narrowed and where fully enclosed outdoor dining has been built. The discussion included whether individuals should be responsible for monitoring compliance by reporting non- or questionable compliance. There is a concern about fair enforcement.

Other discussion was over what the streets will look like after the virus, and whether there will be the grandfathering of spaces.

Matt Bauer of the Madison Avenue BID talked about what rules are being enforced and what store owners are doing. If stores want to do something contrary to regulations, if someone gets hurt, insurance won't cover the store's responsibility, and won't even defend lawsuits. Risk-taking in this situation is born of desperation. When enforcement is uneven, businesses will weigh non-compliance against being caught and take risks.

Madison Avenue restaurants are looking long-term to outdoor space based on the Mayor's statement that outdoor space would be permanent. They advocated for open retail space outdoors.

A member of the public mentioned a program that may provide a financial incentive to anyone who sends to the appropriate city agency pictures of an idling truck or bus. She mentioned that no one wants to hurt businesses but want the businesses to prevent anyone in the public from hurting themselves.

There is also concern for seniors' safety.

A suggestion was raised to bring in various CB8 committees to analyze what the communities and businesses need to be able to optimize use of outdoor space for everyone, particularly when the city fully reopens. Invitations will be extended to elected official and city agency representatives to discuss future use of outdoor space by restaurants, and for the Board and the public to express interests and concerns about what the streets will look like, especially as traffic increases. There are needs for accessibility, access by parents or caregivers with strollers, and pedestrian safety. There are still questions about whether restaurants who paid for sidewalk cafes

will get refunds of fees paid. There is a need for creative thinking to allow restaurants and other small businesses to survive.

There is a suggestion to include the issue in questions to those running for city office.

There being no other old business and no new business, the meeting was adjourned at 8:20.

Alida Camp and Valerie Mason, Co-Chairs