



The City of New York

Manhattan Community Board 1

Catherine McVay Hughes CHAIRPERSON | Noah Pfefferblit DISTRICT MANAGER

New York City Council Committees on Small Business and Economic Development Oversight – Recovery: Restoring and Growing the City’s Small Businesses

**Testimony by
Catherine McVay Hughes, Chair
and Edward Sheffe, Chair, Small Business Recover Task Force
Manhattan Community Board 1**

**Monday, February 25, 2013, 1 p.m.
Council Chambers - City Hall**

I am Catherine McVay Hughes, Chair of Community Board 1, and I am accompanied by Edward Sheffe, Chair of our Small Business Recovery Task Force. Thank you, Chair Reyna and Chair Koslowitz, for this opportunity to comment. Restoring and growing our city's small business economy is vitally important, and it is critically important to assist small businesses impacted by Sandy.

Four months ago, Superstorm Sandy created record-breaking – and heartbreaking – havoc throughout the tri-state area. The storm's impact on small, retail merchants was deeply felt here in Community District 1, especially in the Seaport area. For example, just a few blocks away, scores of retail businesses were heavily damaged, virtually overnight. The storm surge created unprecedented infrastructure damage and ruined inventory.

Even businesses that were not physically damaged suffered from the loss of electricity and mass transportation service in the following weeks. Local small businesses were severely impacted by the transportation shutdown because their customers, suppliers and staffs could not get to them. These hardships were compounded by the power and telecommunications outages. In addition, the losses suffered by businesses were generally not covered by business interruption insurance.

Today much of the district has reopened. A recent report from Con Edison's representative at an interagency meeting hosted by CB1 indicated that only three major buildings in the district remain without electricity. However, many of our small businesses, especially in the Seaport area, suffered damage that cannot easily be undone. The redevelopment of Pier 17, the mall operated by Howard Hughes Corporation, is about to begin and will entail the closing of many businesses that have remained there through the difficult recent months. These managed to hang on despite a depleted customer base and many may fail if forced to close during their busiest sale season in summer.

Insurance coverage for most small businesses has been inadequate. Sales over the critically important holiday shopping season were devastated, due to an attenuated customer base. Loans – even low-interest disaster relief loans – are inadequate or unobtainable for merchants who cannot afford to take on additional debt. Many small businesses are still struggling to pay off debts incurred while trying to recover from the events of 9/11, having stayed to help rebuild this community after a devastating terrorist attack. These small business owners have depleted their life's savings struggling to cope with this most recent catastrophe.

We want to thank the Downtown Alliance for their early initiative in launching the "Back to Business" Program on November 19th, only several weeks after the storm, which delivered \$1.6 million in grant money to businesses that desperately needed it when only loan money was available. Despite its

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incredible success, the program had limited funding and could not reach all of the businesses that needed help.

We need more such grant programs and other immediate and substantive financial help. Our district faces the possible loss of many small mom and pop businesses that meet the needs of residents, workers and visitors of CB1 and ensure the quality of life that we have come to rely on. Without support from all levels of government, some of our businesses will not succeed. We as a community must not allow this to happen.

Retail goods and services are essential to sustaining a residential population that has more than tripled in the past decade. It is important to retain them in order to keep residents and major corporations in Lower Manhattan and ensure a vibrant future for a community that has recently become not only the fastest growing residential district in the city, but also an enviable example of a vibrant, 24/7, mixed-use community.

Creative, short-term solutions are urgently needed to ensure the success of retail businesses that are critical to the success of this growing community. Since October 29th of last year, Community Board 1 has devoted much of its limited resources to assessing the devastating impact of this storm, and attempting to recommend appropriate responses. Our recommendations have been issued in resolutions passed by CB1. We also have included these recommendations in our document "Emergency Preparedness: Lessons Learned From Superstorm Sandy." I won't read them all in their entirety, but provide a brief summary of our most critical requests.

In short, Community Board 1 urgently requests the following:

- Immediate availability of non-restrictive grants in amounts adequate to help retailers remain in business long enough to recover from this disaster.
- Intervention by the NY State Department of Financial Services to hold insurance companies accountable for their response time, and their compliance with policy terms.
- Exemption from federal and state taxation of all disaster relief funds received by distressed local merchants, whether from public or private sources.
- Temporary reduction of property tax rates and assessments, to reflect property values depreciated by Superstorm Sandy.
- Temporary exemption of sales taxes, retroactive to October 2012 and extending through October 2013.
- Postponement of local and state tax filing deadlines, and waivers of penalties for late payment, retroactive as above.
- Payment extension programs for payment of utility bills, with penalty-free grace period, retroactive as above.
- Free or subsidized moving and storage options as needed to salvage fixtures and inventory during recovery.

For the future well-being of our businesses as well as residents, it is important that we plan and develop an infrastructure, including electricity and data services, that is sufficiently resilient and redundant to withstand future outages and emergencies.