



**TESTIMONY BEFORE THE NEW YORK CITY COUNCIL COMMITTEE ON ECONOMIC DEVELOPMENT**

**OVERSIGHT HEARING ON THE ECONOMIC IMPACT OF INCREASED SECURITY FOR THE PRESIDENT-ELECT UPON LOCAL BUSINESSES AND THE CITY AS A WHOLE**

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The Manhattan Chamber of Commerce is an organization that drives broad economic prosperity by helping businesses -- including sole proprietors, startups, long-time neighborhood businesses and large companies -- to succeed in New York. We do this by facilitating strategic partnerships and offering networking opportunities; promoting members through marketing, advertising, business recognition and participation in high-profile events; providing resources, information and peer support to assist members in making strategic business decisions; and acting as the collective voice for business on public policy and economic development decisions at all levels of government.

We harbor significant concerns for the businesses that have been disrupted by security measures around Trump Tower. While traffic on 56<sup>th</sup> Street was partially re-opened in recent weeks, barricades and a strong police presence continue to diminish foot traffic in the area. Some of these businesses may lose revenue, which can be catastrophic if this goes on for a prolonged period of time.

I want to use the recent opening of the 2<sup>nd</sup> Avenue Subway as a prime example. First, let me preface my comments by saying that I am ecstatic about the extension of the Q train. This is a tremendous win for New York City -- one that will alleviate congestion on the 4, 5 and 6 train lines and ultimately attract new residents and shoppers onto Second Avenue.

But this change did not come without some pain. Multi-year construction to lay the new tracks was immensely disruptive for businesses in the area. Rats, explosions, dust, noise and scaffolding kept customers away. At the same time, rapidly escalating rents further threatened these businesses. The average asking rent for retail space in Manhattan rose nearly 42% between 2012 and 2015 (from \$110 per square foot to \$156 per square foot).

Throughout it all the Manhattan Chamber of Commerce was there to support businesses and lure customers back to the area. All affected shops and restaurants were offered free membership in the Chamber. We launched a 2<sup>nd</sup> Avenue website and app, with support from

the City Council, to show that 2<sup>nd</sup> Avenue was still open for business. We sponsored a 2<sup>nd</sup> Avenue Restaurant and Retail Week in 2013 that highlighted special discounts. And we continued to host our two annual street fairs in the vicinity to bring in customers and tourists. All of this helped many businesses hang on during construction so that they may now reap the benefits. However, the challenges proved insurmountable for some.

Since 2010, the Chamber has tracked the 452 businesses along the area of 2<sup>nd</sup> Avenue impacted by the subway construction zone (between 69<sup>th</sup> and 97<sup>th</sup> Streets). Our staff walked the Avenue every few months to monitor changes. Our last walk in August 2016 found that only 48% (208) of all of businesses in the zone remained in continuous operation since 2010. Some businesses may have relocated, but others likely closed. And even those that did remain were often forced to reduce staff or business operations to make ends meet.

We fear that businesses near Trump Tower could be similarly threatened if this goes on for years. The Chamber stands ready to help these businesses continue to attract customers and we are beginning to canvass the area to help. But we also offer two other proposals for your consideration:

First is creation of a fund to mitigate real-time business losses. This was a successful strategy employed to help businesses survive and thrive in two cities -- Seattle, Washington, and St. Paul, Minnesota -- as they recently built extensive new light rail lines through neighborhoods rich with small, local, businesses. There are several ways to structure this type of mitigation fund, but the goal is to provide grant payments or forgivable loans that will mitigate revenue losses until business returns to normal.

Second, is suspending the Commercial Rent Tax for affected businesses in the area. As you may know, the Chamber is in favor of phasing out this burdensome tax altogether. But in this instance it may be a fast and efficient way for the City to provide targeted relief and offset revenue losses.

We look forward to working with you to safeguard the businesses in the local community and the important role they play in boosting tourism for the entire city.

Thank you.