



**TESTIMONY OF THE VOLUNTEERS OF LEGAL SERVICE**  
**MICROENTERPRISE PROJECT**  
**INT. NO. 1912**

May 1, 2020

Dear Chair Cohen & Members of the Committee on Consumer Affairs & Business Licensing:

We, the Microenterprise Project Team at Volunteers of Legal Service, write to provide testimony in support of one bill currently pending before the Committee on Consumer Affairs & Business Licensing: Int. No. 1912. This testimony is in addition to the testimony submitted to the Committee on behalf of the members of the United for Small Business NYC (“USBnyc”) coalition, which we join in full and incorporate by reference herein.

Volunteers of Legal Service (“VOLS”) was established in 1984 to fill a void in legal services left by severe federal budgetary cuts. We serve and assist the most vulnerable members of the community with some of the most pressing legal issues in multiple facets of their lives. In particular, the VOLS Microenterprise Project provides a wide range of legal services—entity formation, commercial lease negotiation, and intellectual property protection, to name a few—to New York City’s small businesses. Since its inception, the Microenterprise Project has worked tirelessly to ensure that the needs of New York City’s small businesses are met through advocacy, community outreach, and direct representation. The majority of our clients are low-income women, immigrants, or people of color. Now, more than ever, small businesses require immediate relief to help them respond to and survive the devastating impact of the COVID-19 pandemic.

As you are aware, the COVID-19 pandemic has created myriad challenges for New York City’s small businesses, which threaten their very existence. That brick-and-mortar convenience store on the corner of your block, that immigrant-owned bakery you frequent on your way to work, and many of the small businesses that contribute to the uniqueness and diversity that define the City of New York, may not be there once the pandemic has subsided. Indeed, closure of all non-essential businesses has provoked substantial decreases in revenue, leaving small businesses unable to meet financial obligations and pushing them to the brink of permanent closure. Moreover, the devastating financial impact of the COVID-19 pandemic threatens to place small business owners, many of whom have personally guaranteed the debts and obligations of their businesses, on the verge of bankruptcy. To ensure our clients, the most vulnerable small businesses in the City, do not succumb to the financial distress caused by this pandemic, they **need substantial government action in the form of rent relief.**

**To illustrate the very real and detrimental impact of the COVID-19 pandemic on all of New York City’s small businesses, we share with you the challenges that our clients—**

**small businesses operating in diverse industries across all five boroughs of New York—  
have confirmed that they are currently struggling to address<sup>1</sup>:**

- **88% of our clients reported decreases in revenue as a result of the COVID-19 pandemic;**
- **57% of our clients reported that their businesses were completely closed as a result of government orders;**
- **67% of our clients reported that they were having difficulty paying or had missed payments of employees' salaries;**
- **86% of our clients reported having difficulties meeting financial obligations;**
- **40% of our clients with commercial leases indicated that they had already missed commercial rent payments, and 89% indicated that they anticipated missing commercial rent payments in the future;**
- **90% of those who had initiated conversations with their commercial landlords about the possibility of receiving a rent abatement, deferment, or cancellation for the period of the pandemic were either still negotiating, received no response, or received a negative response;**
- **33% of our clients with outstanding loans indicated that they had already missed commercial loan payments, and 90% indicated that they anticipated missing commercial loan payments in the future.**

These staggering numbers, which reflect the challenges faced by all of New York City's small businesses, showcase just how dire the need is for small business relief. It is beyond dispute that small businesses are the backbone of the American economy, and yet, existing relief does not go far enough to save New York City small businesses from the detrimental effects of the COVID-19 pandemic. This is unquestionably insufficient, particularly in light of the fact that small businesses generate billions of dollars in sales and payroll taxes for the City of New York. As such, we support Int. No. 1912, and encourage the Council to adopt this measure as part of its efforts to provide New York City small businesses with the relief they need and deserve.

We applaud the Council's efforts to expand the current eviction moratorium to protect commercial tenants from the threat of eviction by overzealous landlords who fail to be moved by the devastating impact that the COVID-19 pandemic has had on small businesses. Int. No. 1912 properly recognizes that commercial tenants are struggling to meet commercial rent payments as a result of the substantial decrease in revenue prompted by the widespread closure of non-essential businesses. Moreover, Int. No. 1912 provides some much-needed protection for small businesses that might otherwise be displaced by their landlords in the midst of a public health crisis. Nevertheless, Int. No. 1912 does not go far enough in protecting New York City's small businesses, nor does it sufficiently reflect the challenges that small businesses and their owners will face in the aftermath of the pandemic.

In addition to the concerns raised by the United for Small Business NYC coalition, we wish to emphasize the need for additional legislation to protect tenants once the eviction

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<sup>1</sup> This data was obtained from a VOLS survey of 51 small businesses located throughout New York City in April of 2020.

moratorium ends. It is unreasonable to assume that once the moratorium is lifted commercial tenants will be able to afford the outstanding rent amassed during the moratorium period. Moreover, the Council cannot assume that landlords will be flexible in negotiating abatements, deferments, or forgiveness of rent. With all of the other issues that small businesses will be facing in the aftermath of the pandemic—decreased revenue as a result of an economic recession, the commencement of loan payment obligations, and costs associated with reopening and rehiring, to name a few—small businesses should not have to worry about satisfying outstanding rent payments for periods during which they were unable to access their commercial property by order of the government. Nor should this Council hesitate to provide rent relief to commercial tenants who have been barred from the benefit of their lease bargains by executive order. Rent relief is necessary to ensure that the extension of the eviction moratorium is not in vain and to further ensure that small businesses survive beyond the pandemic and its aftermath.

In addition to small business owners served by our Microenterprise Project, VOLS has many other clients who are at risk of eviction in the wake of this pandemic. Our Children's Project, Elderly Project, Immigration Project, Unemployed Workers Project, and our Veterans Initiative all serve vulnerable low-income clients who need the protections contained in this measure to ensure that they do not find themselves homeless as a result of this crisis.

We applaud the Council's efforts to protect New York City's small businesses, and we ask that the Council go one step further in so doing by providing our small businesses with much-needed rent relief. If Int. No. 1912 is not enacted and rent relief is not provided, we have no doubt that many of New York City's small businesses will face permanent closure, and many small business owners will be pushed into bankruptcy and with potentially lifelong personal financial ramifications. This is an outcome that neither we—the People of the City of New York—nor the New York City Council should allow.

We call upon the City Council to do all that is necessary to **save our small businesses**, including by enacting Int. No. 1912, as well as rent relief legislation for the period of the COVID-19 pandemic. We look forward to the Council's swift action in adopting measures to protect New York City's small businesses from the devastating effects of the COVID-19 pandemic.

Respectfully,

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