Testimony Regarding Priorities for the New York City Executive Budget for Small Business, Fiscal Year 2026-2027

March 23, 2026

The Association for Neighborhood and Housing Development (ANHD) thanks Committee Chair Shanel Thomas-Henry, and members of the Committee, for the opportunity to submit testimony on small business-related proposals for the Fiscal Year 2027 Preliminary Budget.

About the Association for Neighborhood and Housing Development

ANHD is one of New York City's lead policy, advocacy, and technical assistance and capacity-building organizations. We maintain a membership of 80+ neighborhood-based and citywide nonprofit organizations that have affordable housing and/or equitable economic development as a central component of their mission. We are an essential voice, bridging the power and impact of our member groups to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers. We value justice, equity and opportunity, and we believe in the importance of movement building that centers marginalized communities in our work. Across 5 decades and 5 boroughs we have consistently focused on addressing New York's housing affordability crisis, displacement, and economic inequity to build community power.

ANHD's work directly supports the needs of our members who develop, manage, and organize to preserve affordable housing, and who fight to bring equity into low-wealth communities in New York City—especially communities of color. Our groups rely on us for technical assistance and capacity-building resources that allow them to maximize their resources, skills and impact. The support services, research, analysis, public education, and coalition building we do helps to identify patterns of local neighborhood experiences and uplift citywide priorities and needs. Our work translates into the capacity to win new programs, policies and systems that ensure the creation and preservation of deeply and permanently affordable housing, and economic justice.

Merchant Organizing for Commercial Tenants

Every New Yorker knows the value that small businesses bring to their neighborhoods–whether it's their corner bodega or fruit vendor, favorite restaurant or barbershop, locally owned yoga studio or accessible financial services. Every New Yorker also knows the reality of a less and less affordable city, where low-income tenants are being pushed out of their homes and hard-working people are struggling to pay for basic necessities like groceries and utility bills. Our favorite small businesses also endure this reality.

In order to keep their doors open, small business owners are struggling against landlords, corporations, and banks that threaten to push them out. Despite the myriad challenges, small business owners remain committed to their communities and continue to play a vital and unique role. They not only provide goods and services that we rely on, but also act as cultural beacons, social glue, and safe spaces for all New Yorkers.

Since 2021, ANHD has been analyzing and collecting data about the state of storefronts in New York City. Our analysis of changes in storefront rents from 2019 to 2022 showed that in much of the Bronx, Brooklyn, and Queens, rents had been rising year over year since 2019, while in Manhattan storefront rents that dipped in 2020, likely due to the economic impacts of the pandemic, were again on the rise. Our 2023 analysis showed that threats to small businesses are consistently higher both in communities of color and for small business owners who are people of color and immigrants themselves.

In order to combat those vulnerabilities, small businesses need protections. While New York City has some policy frameworks and technical assistance programs in place, these alone are not enough. For example, the commercial tenant anti-harassment law and the business owner bill of rights establish foundational protections, but without adequate enforcement of such policies, small business owners are left to fend for themselves. City programs like the Commercial Lease Assistance Program and the Business Express Service Team provide access to legal support and technical assistance, but these programs have very limited reach. In order to protect small businesses, we urge you to:

- Expand the Commercial Lease Assistance Program: The CLA Program is a vital resource for small businesses and other commercial tenants who may not otherwise be able to consult with a lawyer before signing a potentially predatory lease agreement. Such lease agreements put commercial tenants at risk of losing income and even their entire businesses due to factors like landlord harassment, structural issues, unforeseen rent increases, and more. In order to counterbalance the currently unchecked and unregulated power of commercial landlords, tenants need free and accessible legal assistance.

- Fund community-based organizations (CBOs) engaging in merchant organizing and outreach efforts: Local CBOs can work alongside the existing community of small businesses in a corridor or neighborhood to provide support that would otherwise not reach them. Such organizations continuously do outreach in order to make sure every single small business receives the information and services it needs. Especially in a regulatory environment that can be confusing and punitive, having a trusted source of information in the neighborhood can be a lifeline.

These partnerships and resources will ensure that our small business can remain the foundation of thriving New York City communities.

<u>Industrial Business Service Providers</u>

The industrial sector plays a crucial role in creating a more equitable, thriving, and functioning New York City. **Industrial businesses pay higher wages and offer more career opportunities to a workforce that is 67% people of color and 70% of whom do not have a college degree. Preserving and growing these jobs lies at the heart of a true equitable economic development strategy.**

- The industrial sector provides over 500,000 jobs in New York City, making up nearly 15% of our city's workforce, while contributing over $1.7 billion annually in tax revenue.
- 33% of all NYC jobs that pay over $50,000 and do not require a college degree are industrial jobs.

In addition, the industrial sector is essential to the functioning of New York City's services and infrastructure and is critical to addressing our climate resiliency and climate adaptation needs now and into the future.

As a convener of the Industrial Jobs Coalition (IJC), a city-wide coalition of IBSPs, non-profit developers of industrial space, and industrial policy advocates, ANHD and our member organizations have long advocated for increased support for the industrial sector and IBSPs. IBSPs play a crucial role in supporting the industrial sector. Every year, IBSP organizations collectively serve hundreds and hundreds of industrial businesses across the city, providing the specialized expertise and hands-on assistance that manufacturers and industrial firms require. For decades, these IBSPs have been the connective tissue between city government and the industrial businesses that make New York run — the manufacturers, distributors, and freight operators who move people, goods, and food through every borough. These are not transactional service providers. They are long-standing community institutions with deep roots in industrial neighborhoods, cultivated over years, often generations. They know their businesses by name. They show up when a lease is threatened, when a permit is stuck, when a loan falls through.

Yet despite the crucial role IBSPs play for the industrial sector, we are concerned by indications that the NYC Department of Small Business Services (SBS) is looking to dismantle the only business support program for small manufacturers, through their newly released RFP (Business Solution & Industrial Business Zone Centers; EPIN:80125P0049). Based on the language in the RFP, we're concerned this may indicate an intention to eliminate funding for the IBSP program. Eliminating funding for the IBSP program would end a more than 40-year commitment by the City to retain and grow industrial jobs—and it would do so at the very moment when those businesses face some of the greatest pressures in decades.

As we understand this RFP, it assumes the Business Solutions Center model that serves all NYC small businesses will serve small and medium-sized industrial businesses as well. This is not only a deeply flawed assumption but is at variance with the city's own recommendations from the New York Industrial Plan report, which finds that **industrial firms require specialized expertise, long-term relationships, and consistent on-the-ground presence**. The report clearly identifies the need for specialized support for industrial businesses that addresses the evolving needs of industrial businesses with high quality services at scale. It also emphasizes the importance of sustained engagement with businesses located in Industrial Business Zones. Yet the RFP threatens to effectively dismantle the city's existing Industrial Business Service Provider network and replace it with a generalized small-business service model in which a single rotating staff member is expected to serve multiple industrial neighborhoods across an entire borough**.** By eliminating the very infrastructure that currently provides that support, the RFP does not advance the recommendations of the Industrial Plan—it makes a mockery of them.

The RFP currently issued for Business Solutions Centers would eliminate the current and successful model of providing on the ground support to our small businesses. This new RFP proposes that **a single full-time employee in each borough rotate between multiple industrial neighborhoods to serve industrial firms.**

A **single staff member cannot meaningfully serve the hundreds of industrial businesses that currently rely on IBSP organizations each year**, particularly when those businesses are spread across multiple Industrial Business Zones and require specialized assistance related to real estate, permitting, financing, workforce development, and regulatory compliance. Industrial firms require **deep sector knowledge, long-term relationships, and consistent on-the-ground presence in industrial neighborhoods**. A rotating staff member covering multiple areas simply cannot replicate the specialized services currently provided by IBSP organizations.

At a moment when industrial businesses are already facing rising rents, shrinking industrial space, workforce shortages, and increasing regulatory complexity, this is **the worst possible time to dismantle the infrastructure that helps these businesses survive and grow.** This infrastructure is made of organizations that exist not just to help new businesses open. They exist to keep existing businesses alive, to ensure this city remains a place where durable things are made, where neighborhoods stay employed, where the industrial legacy of New York is not merely preserved as history but grown as a diverse and resilient economy.

Modest Investment for Outsized Economic Impact

Although the IBSP program represents only $1.2 million in citywide funding, it supports businesses with over 500,000 jobs, making up nearly 15% of our city's workforce, and contributing over $1.7 billion annually in tax revenue. That represents only $2.40 per job of investment. This funding is critical keystone support for the nonprofit community economic development organizations that support these businesses. For many of these organizations, IBSP funding represents a significant portion of their operating budgets. Eliminating it would severely weaken the capacity of community-based economic development organizations that serve underinvested industrial neighborhoods across New York City and undermine the Mamdani administration's goals of creating a more equitable and affordable city for all.

What We Recommend to Grow Industrial Businesses

ANHD urges the Administration and City Council to increase critical funding for IBSPs, which hasn't increased since 2016 despite record inflation, and to make it a multi-year commitment to help ensure the stability of the non-profit organizations that use this funding to serve industrial businesses across the city.

We also strongly believe that this program needs to remain distinct from other SBS programs that are more targeted to other types of small businesses.

We are asking the City to:

1. Remove industrial business support from the Business Solutions Center RFP.

Industrial firms require specialized support that general small business programs are not designed to provide.

2. Provide a two-year extension for existing Industrial Business Service Provider contracts.

This will ensure continuity of services while the City works with stakeholders to design a stronger program.

3. Collaborate with industrial organizations to develop a modernized IBSP program that better meets the needs of industrial businesses.

A future Industrial Business support program should:

- Address rising industrial real estate pressures
- Support manufacturing growth and retention
- Connect firms to green economy and infrastructure opportunities
- Strengthen workforce pipelines for industrial jobs
- Provide resources for nonprofit-managed affordable industrial space to prevent displacement of small businesses.
- Reinvest in the Industrial Developer Fund (IDF) to give nonprofits throughout NYC the means to develop affordable industrial real estate for manufacturers in their communities

We ask the City Council to work with us to ensure SBS makes these necessary changes to their RFP, extends IBSPs existing contract, and works to develop a modernized IBSP support program.

Thank you again for the opportunity to testify. If you have any questions or for more information, please contact Christopher Casey at christopher.c@anhd.org.