

# OUT OF BUSINESS:

The Crisis of Small Businesses in Rezoned Downtown Brooklyn

A report of Families United for Racial and Economic Equality (FUREE) and  
the Community Development Project of the Urban Justice Center  
July 2008



URBAN  
JUSTICE





# OUT OF BUSINESS:

## The Crisis of Small Businesses in Rezoned Downtown Brooklyn

A report of Families United for Racial and Economic Equality (FUREE) and the  
Community Development Project of the Urban Justice Center

July 2008



# ACKNOWLEDGMENTS

This report is based on research conducted in 2007 by Families United for Racial and Economic Equality in partnership with the Community Development Project of the Urban Justice Center and with assistance from graduate students at Hunter College's Department of Urban Affairs and Planning.

## About the Authors

**Families United for Racial and Economic Equality (FUREE)** is a Brooklyn-based multi-racial organization that mobilizes low- and middle-income families to promote equality, improve economic conditions, and build collective power to win systemic changes at the local, state and national level. Primarily led by women of color—with an emphasis on community and family—FUREE uses direct action, leadership development, community organizing, and political education to achieve our vision and goals.

**FUREE's Downtown Brooklyn Accountable Development Organizing Project** informs a policy agenda for development that will benefit the Downtown Brooklyn/Fort Greene community—particularly low-income and working-class people of color. FUREE and the downtown Brooklyn residents, business owners, and shoppers that make up their membership are currently organizing for development plans that retain the character, culture and history of downtown Brooklyn while creating more affordable housing, living-wage jobs, job training, space for youth activities, child-care centers, and green and open space for families and consumers alike.

**The Community Development Project (CDP) of the Urban Justice Center (UJC)** provides legal, technical, research and policy assistance to grassroots community-groups working for positive social change in low-income communities. CDP strives to support such groups in improvement efforts in the following areas: grassroots community organizing; affordable-housing and tenant organizing; sustainable economic development; technical assistance to not-for-profits; worker rights; environmental justice; and immigrant rights and organizing.

## Acknowledgments

This report is dedicated to the small businesses that have made Downtown Brooklyn such a vibrant community for so long. It is also dedicated to the FUREE members who provided the leadership to set out into their community and broadly document the needs of small businesses and develop proactive proposals to sustain their downtown local economy.

This report was produced in partnership between Families United for Racial and Economic Equality (FUREE) and the Community Development Project (CDP) of the Urban Justice Center. It was authored by Aliyah Vinikoor of the Community Development Project of the Urban Justice Center (UJC). Additional research, writing and editing support was provided by Laine Romero-Alston from the UJC, as well as Ilana Berger and Max Familian from FUREE.

Thanks to David Holden, Georgina Brown, Yadica Ruben, and Suzana Marmara from Hunter College; Kelly Simmons and Awilda Mendez from the UJC; and Samantha Imperatrice from FUREE, who designed and implemented the surveys that informed the analysis of this report. Additional thanks goes to Vicki Weiner at the Pratt Center for Community Development and Allison Lack of Good Jobs New York for all their expert advice and support. Finally, our appreciation and admiration goes out to the many small-business owners who shared their stories and informed our policy agenda, including: Jeff Gargiulo, Eric and Rawle Gift, Jee and Joyce Kiehm, and Maisha Morales.

Design and layout by Christopher Chaput: [cchaput@earthlink.net](mailto:cchaput@earthlink.net)

Photos by FUREE and Aliyah Vinikoor

For more information or copies of this report, contact:  
**Community Development Project of the Urban Justice Center**  
123 William Street, 16th Floor, New York, NY 10038  
[cdp@urbanjustice.org](mailto:cdp@urbanjustice.org), [www.urbanjustice.org/cdp](http://www.urbanjustice.org/cdp)

**Families United for Racial and Economic Equality (FUREE)**  
81 Willoughby Street, #701, Brooklyn, NY 11201  
[info@furee.org](mailto:info@furee.org), [www.furee.org](http://www.furee.org)

# TABLE OF CONTENTS

- Acknowledgments—II
  - About the Authors—II
  - Acknowledgments—II
- Executive Summary—1
- Introduction—2
- Overview of the report—3
  - Background —3
  - Methodology—3
- Findings —4
- Recommendations—18
- Appendix —20
- Endnotes—25

# EXECUTIVE SUMMARY

The third most profitable commercial area in the city,<sup>1</sup> Downtown Brooklyn represents the kind of unique and vibrant public space that New York prides itself on. An important center for many different groups of people, Downtown Brooklyn has been shaped by the community's strong history of local economic commitment. Small businesses remained entrenched in the area despite large-scale disinvestment through the 1980s and 1990s, and the many independent shops currently serving and owned by local residents helped buoy the neighborhood during economic downturn. This sustainable local-economy provides the community—largely immigrant and people of color—with the important financial and social support necessary for economic self-sufficiency. As current real-estate interest in Brooklyn peaks, however, the downtown community is increasingly finding itself threatened as large development firms attempt to re-envision the area for a more “lucrative” demographic. Despite its 100,000 daily shoppers and \$100 million in total annual sales,<sup>2</sup> the \$1.65 billion shopping district was deemed a “marginal commercial environment” in need of radical transformation.<sup>3</sup> The city's Brooklyn Downtown Redevelopment Plan of 2004 rezoned the area so coveted properties could be tapped for more office towers, hotels, upmarket stores, and high-rise residences. Not simply market forces at work, the changes seen by Downtown Brooklyn are the result of the city's concerted efforts to transform the area into a 24/7 hub of upscale housing and consumption at odds with the existing community's needs and desires.

Small businesses and those who live, work, and shop in Downtown Brooklyn have been systematically shut out of the decision-making process regarding redevelopment plans. However, if plans go forward long-time residents will be displaced, small-businesses will be forced to close, economic gaps will widen, and social disparity in the area will be greatly accentuated. In order to prevent this from happening, Families United for Racial and Economic Equality (FUREE) and the Community Development Project of the Urban Justice Center (UJC) conducted a survey with downtown small-businesses to examine current plans from the viewpoint of addressing community needs and history. Specifically, this report finds that:

- **Downtown Brooklyn represents the type of area New York City claims to promote and support: a truly local matrix of small businesses that provides an important center for new immigrants and entrepreneurs of all ages, with minority- and woman-owned establishments.**
- **Small businesses support the local economy and provide a crucial, stable base of local jobs for Brooklyn residents.**
- **Downtown Brooklyn represents a vibrant commercial, social, and cultural center of incredible importance for the local community: in a neighborhood survey conducted by FUREE, *every respondent* indicated that small businesses were important for the well-being of Downtown Brooklyn; 71% said that they were very important.**
- **Small businesses are suffering as a result of the rezoning: since conducting our survey, 57% of the businesses we spoke to (35 of 61) have been displaced or were forced out of business either because of rising rents or redevelopment.**

By incorporating the unique needs of small businesses into development plans, the city can help ensure that Downtown Brooklyn's social and economic fabric remains intact. Rather than whitewash the area in order to appeal to nearby affluent residents, New York City must account for the lower- and moderate-income base that has made Downtown Brooklyn a success through historic and ongoing community commitment.

# INTRODUCTION

The third most profitable commercial area in the city,<sup>4</sup> Downtown Brooklyn represents the kind of unique and vibrant public space that New York prides itself on. An important center for many different groups of people, the area contains a high concentration of major office-buildings, regional stores, residential buildings, government offices, and academic and cultural institutions. Largely inhabited by immigrants and people of color, Downtown Brooklyn was one of the city's first African-American enclaves and was shaped by the community's strong history of local economic commitment. Small businesses remained entrenched in the area despite large-scale disinvestment through the 1980s and 1990s and the many independent shops currently serving and owned by local residents helped buoy the neighborhood during economic downturn. This sustainable local-economy provides the community—predominantly low- and moderate-income families—with the important financial and social supports necessary for economic self-sufficiency.

As current real-estate interest in Brooklyn peaks, however, the downtown community is increasingly finding itself threatened as large development firms attempt to re-envision the area for a more “lucrative” demographic. The city's Brooklyn Downtown Redevelopment Plan of 2004 allowed for the comprehensive rezoning of the area so that coveted residential and mixed-use areas could be tapped for more office towers, hotels, upmarket stores, and high-rise condos and rental units. Indeed, city planners estimated that the rezoning will generate 4.5 million square feet of new office-space and 1.6 million square feet of retail-facilities.<sup>5</sup> The area is already exceeding expectations: from 2006 to 2007 alone, new retail space built in Brooklyn increased twenty-fold from 33,000 to 660,000 square feet.<sup>6</sup> Marketed as the “center of the new Downtown Brooklyn,”<sup>7</sup> City Point—an \$800 million 65-story, mixed-use development currently being constructed on the former site of the landmark Albee Square Mall—will bring an additional 500,000 square feet of new upscale retail-space to the area.<sup>8</sup> High-end national chains that don't speak to community needs are being planned as long-established small-businesses are being displaced either through rising rents or eminent domain.

The controversial Downtown Brooklyn Partnership—a quasi-public enterprise funded in large-part by the city—is at the helm of this massive redevelopment project. Central to their plan is the overhaul of the Fulton Street Mall—an example of the kind of locally-determined marketplace that is rapidly vanishing from urban landscapes. A thriving commercial center, the Fulton Street Mall not only provides unique goods and services to the local and broader community, it also serves as an important economic, entrepreneurial, and cultural center. Additionally, it represents a diversity of occupants, including property owners, local small-businesses and Brooklyn-based chains, regional and national franchises, and immigrant-subleased businesses and counters. Despite its 100,000 daily shoppers and \$100 million in total annual sales, the \$1.65 billion shopping district is nonetheless maligned by some as a place in need of radical transformation.<sup>9</sup>

Displacement due to gentrification has largely focused around retaining residents through affordable housing—with little voice given to the independent establishments in jeopardy of obsolescence because of redevelopment. This report aims to highlight the crucial role small businesses have played in shaping Downtown Brooklyn. Rather than whitewash the area in order to appeal to nearby affluent residents, New York City must account for the lower- and moderate-income base that has made Downtown Brooklyn a success through historic and ongoing community commitment. By incorporating the unique needs of small businesses into development plans, the city can help ensure that Downtown Brooklyn's social currency remains intact.

# OVERVIEW OF THE REPORT

## Background

This study was initiated as FUREE members became increasingly concerned that the Downtown Brooklyn stores they had long frequented were being shuttered. These small businesses had kept Brooklyn afloat for years and were regarded as being largely responsible for the area's success and unique character. While these business owners had remained in Downtown Brooklyn when no one else wanted to invest in the neighborhood—and were often begged by their landlords to stay—recent development plans have made no overture to include small-business owners or other stakeholders in the rezoning process and large-scale decisions being made. Local small-business owners deserve to benefit from the investment that is finally coming into the neighborhood. Instead, along with community residents, they stand to be adversely affected by current plans. The decision-makers who have rezoned Downtown Brooklyn continually refuse to take responsibility for this inequity and claim that market-forces are responsible for the current conditions that impoverish local businesses. In fact, these conditions are a direct outgrowth of the city's and developer's top-down actions to re-envision Downtown Brooklyn. Rather than development at all costs, Downtown Brooklyn deserves planning that respects and empowers local businesses, residents, and community stakeholders.

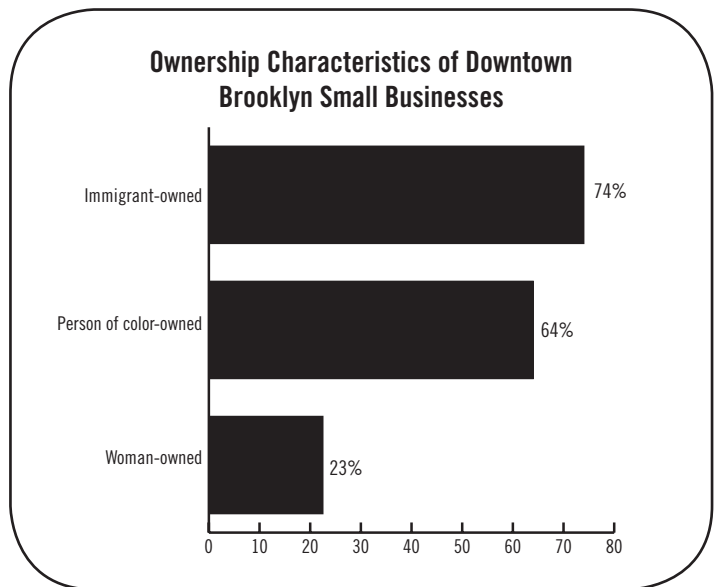
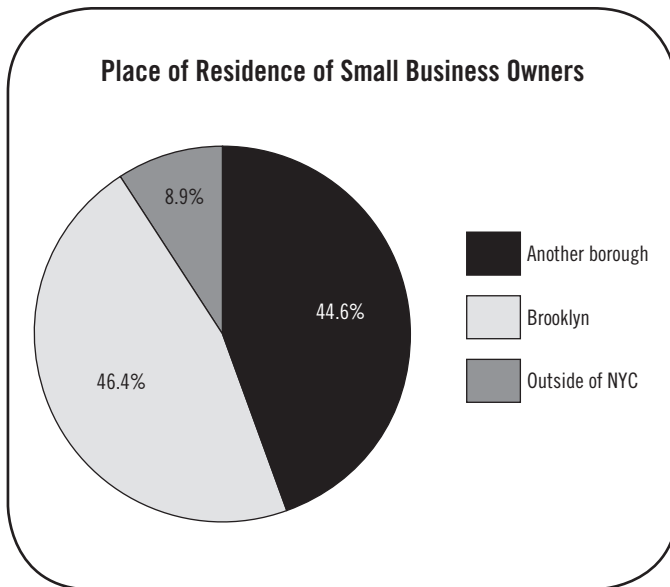
## Methodology

During the months of January through May 2007, students from the Department of Urban Affairs and Planning at Hunter College, volunteers and staff from the Community Development Project of the Urban Justice Center, and FUREE members and staff canvassed the small businesses in the Downtown Brooklyn commercial area, bound by Tillary Street to the north, Ashland Place to the east, Atlantic Center and Schermerhorn Street to the south, and Court Street to the west. Conducting in-depth interviews and questionnaires with 61 business owners, they tailored the questions for the target group of small, independent businesses. The method used was a face-to-face interview questionnaire with a combination of structured, semi-structured and open-ended interview questions (a copy of the survey is included in the Appendix). The interview length was approximately 30 minutes to one hour. Each interviewer described the project to the store manager or the business owners. The collected data was then entered into a database for analysis with the assistance of the Urban Justice Center.

## FINDINGS

**FINDING #1:** DOWNTOWN BROOKLYN REPRESENTS THE TYPE OF AREA NEW YORK CITY CLAIMS TO PROMOTE AND SUPPORT: A TRULY LOCAL MATRIX OF SMALL BUSINESSES THAT PROVIDES AN IMPORTANT CENTER FOR NEW IMMIGRANTS AND ENTREPRENEURS OF ALL AGES, WITH MINORITY- AND WOMAN-OWNED ESTABLISHMENTS.

Though early in his tenure Mayor Bloomberg touted the importance of sustaining small businesses as part of a comprehensive economic development strategy—with particular focus on promoting opportunities for locally-, minority- and women-owned businesses—in actual practice the rezoning has paved the way for large-scale development projects that undercut the viability of such locally-grown establishments. For decades, Downtown Brooklyn has provided a commercial center for such businesses to develop and thrive, offering critical services to a strong and stable consumer base. Our research showed that these Downtown Brooklyn businesses—which hold a significant stake in the neighborhood—continue to fill an important community need even as their immediate environment rapidly transforms.



- Nearly half (46%) of small businesses surveyed were locally owned.
- 64% of small business owners were people of color:
- 31% identified as Black; 25% as Asian; and 8% as Latino or Hispanic;
- Nearly a quarter (23%) of businesses were woman-owned.
- Nearly three quarters (74%) of respondents were immigrants heralding from over 25 different countries, including China, the Dominican Republic, Ecuador, Egypt, Greece, Guinea, Guyana, Hong Kong, India, Iran, Israel, Italy, Jamaica, Korea, Mexico, Mauritania, Nigeria, Pakistan, Russia, Senegal, Trinidad and Tobago.

Small-business owners in Downtown Brooklyn represent the incredible diversity of New York, a tribute to both the entrepreneurial spirit of the immigrant community and the opportunity small-businesses represent for this growing population to gain grounding in and contribute to the economic development of our city.



## Small-Business Profile: Gallery Religious Supplies

Maisha Morales first began working at Gallery Religious Supplies when she was in high school. Located in the famous Albee Square Mall, she continued to work there during her breaks from college until the owner offered to sell her the store in 2001. Though it had already been closed for three months and had lost much of its customer base, Morales was excited to meet the challenge of owning and managing a small business in Downtown Brooklyn. She felt that the area would provide the accessibility and loyal customer base necessary for her success. “Every train line goes to Downtown Brooklyn,” she says, “there is a ton of walking traffic.” Additionally, as a Latino woman, Morales looked forward to serving a similar clientele—she was comforted by the fact that “people of color tended to shop more in the area and the goods are affordable.” Downtown Brooklyn is unique in this way, says Morales: “In other places where there are people of color, let’s say Bed-Stuy, there really is nowhere to shop and that’s why people shop in Downtown Brooklyn and why small businesses find it attractive.”

Due to her dogged marketing and networking, Morales managed to transform Gallery Religious Supplies’ daily earnings from \$100 to \$1800 in a matter of 18 months. By 2006, she was making \$2500 a day and was looking to sign a long-term lease. She approached her landlord, Thor Equities, about signing a 20-year lease and negotiations began. After requiring Morales to spend \$15,000 on lawyers, architects, and contractors, Thor agreed in principal to the lease conditions. Right before the lease was to be signed, however, negotiations were stalled pending news of the mall’s sale and future redevelopment. Six months later Morales was notified that the mall had been sold and she was given a nine-day eviction notice by the new owners, MacFarlane Partners and Acadia Realty Trust.

Amidst the scramble of all the mall’s ex-tenants to find a new space, Morales was able to relocate her small business on Willoughby Street. However, at three-times the rent, and having incurred \$85,000 in moving costs and the loss of her customer base, Morales’s once flourishing business is now struggling to stay afloat. “I have no medical insurance, am backed up on rent, living off my credit cards, and may have to take my son out of his parochial school,” she says. “Before all of this I was ready to put a down payment on a house!” While business has improved since she first moved in, construction and development in the area has decreased walking traffic and there are already rumors circulating about development on Morales’s current lot.

Beyond her personal financial struggles, Morales is disconcerted by the changes she sees in the neighborhood. “I’m not against development at all, but small businesses should be included,” she says. “Give small-business owners opportunity. These new developments are only for a certain class of people—if you’re wealthy, great; if your not, then move out.” Morales hopes that Downtown Brooklyn retains its position as an important commercial center for New York City’s minority community so independent entrepreneurs like her can continue to grow and thrive.



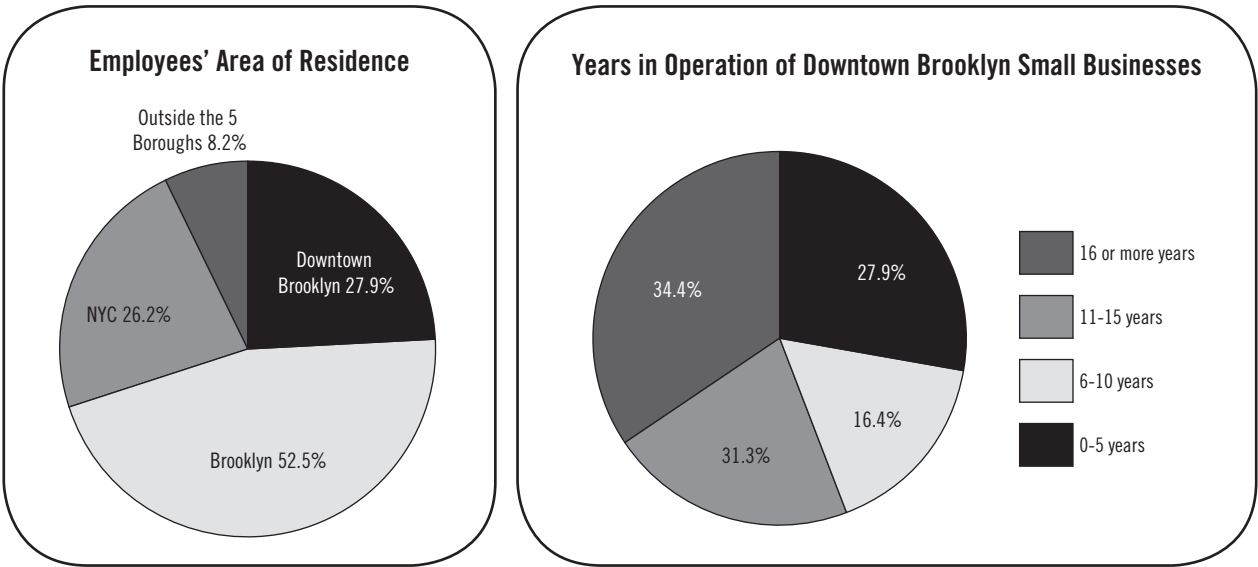
Maisha Morales (front left) and other displaced small-business owners protesting at City Hall.

**FINDING #2: SMALL BUSINESSES PROVIDE A CRUCIAL, STABLE BASE OF LOCAL JOBS FOR BROOKLYN RESIDENTS AND SUPPORT THE LOCAL ECONOMY.**

Small businesses are a crucial component of the local economy: they are an important source of jobs in the community and overwhelmingly employ local residents. Indeed, Downtown Brooklyn has historically comprised an area of unparalleled stable employment opportunities for more underrepresented and high-need populations. Many of these established ventures have been located in the community for over 25 years, with some of those surveyed having done business there for as long as 30, 59 and even 75 years. They represent important centers of locally-determined services and employment—a feature increasingly absent in New York City communities.

- Nearly three quarters (72%) of the businesses had been in business for over 6 years.
- The average number of years in business was 14, with 16% of businesses existing for 25 years or more.

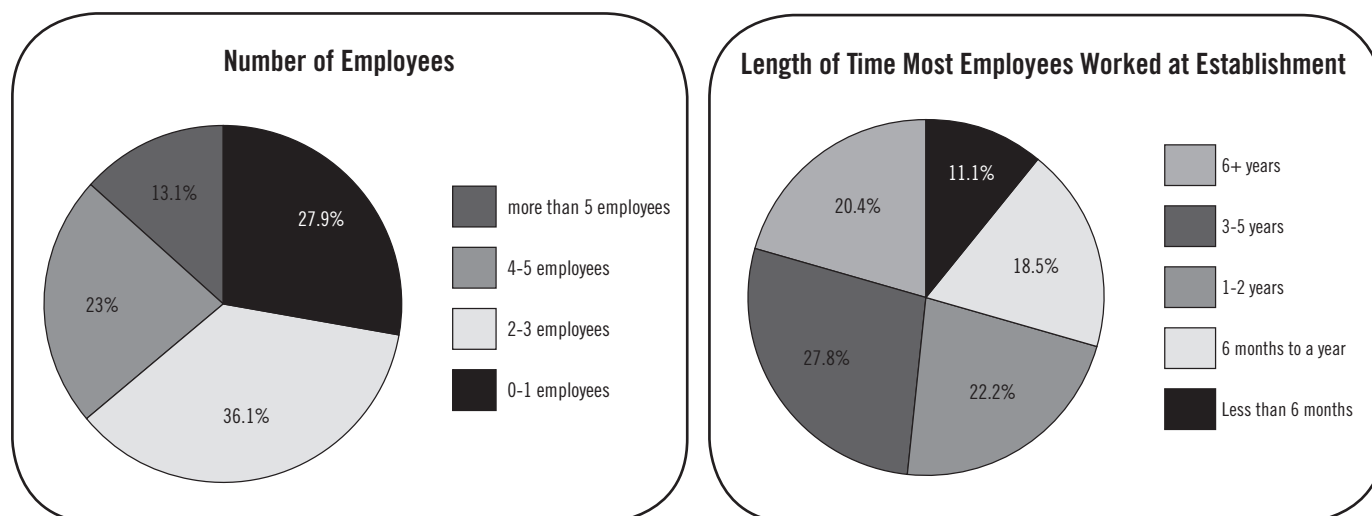
Downtown Brooklyn small businesses overwhelmingly employ local residents.



- 81% of employees in small businesses were Brooklyn residents.
- 28% live in the Downtown Brooklyn vicinity; and 53% live in other areas of Brooklyn.



Additionally, jobs in small businesses are stable and largely long term:



- Businesses reported employing on average 3.3 employees, with over a third of the businesses (36%) employing 4 or more employees.
- Nearly half (47%) of small business employees have worked at their establishment for three or more years.

These findings strengthen research by Civic Economics in Chicago that showed that locally-owned businesses generate a substantial enhanced economic impact. For every \$100 spent at a local business, their study showed that \$68 remains in the local economy (compared to only \$43 when spent at a chain store).<sup>10</sup>

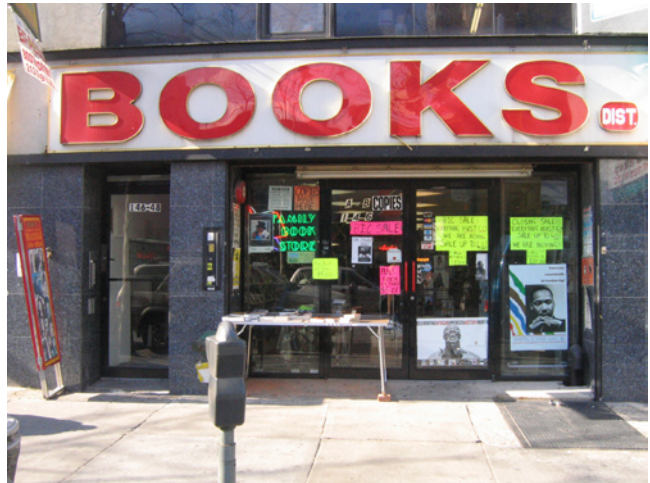
*“My own neighborhood is filled with the signs of a local economy being replaced by a global one: small businesses being replaced by large corporations, multinationals taking over. The deeper I look, the more I realize that in looking into these shop windows, I am also looking out at the rest of the world. I think this is a unique moment to document, and an important one to archive. I know the world will never look quite this way again, and I feel that I want to look closely, to hold it near.”—Zoe Leonard, photographer<sup>11</sup>*

### Small-Business Profile: A & B Books

In 1989, Eric Gift and his brother Rawle opened A & B Books on Duffield Street in Downtown Brooklyn. Specializing in books of African-American interest, the brothers chose to base their business downtown because “it was one of the best areas for African-American literature. Seventy-five percent of the traffic was Black.” Within a few years A & B Books became the largest distributor of African-American literature in the country and the brothers opened two more stores nearby on Lawrence Street and Atlantic Avenue. At its peak, A & B’s three stores employed 15 employees who were all from Brooklyn.

A longtime resident of the neighborhood, Eric says that “the people made Downtown Brooklyn a great place for small business. It’s the ordinary people that spend money down here.” However, the Gifts have suffered because of the changes recently affecting the area. Surrounded by vacant storefronts and ongoing construction, Eric and Rawle were forced to close their Atlantic shop five years ago because of decreased business; they shuttered their Lawrence Street shop three months ago. Eric estimates that the business has experienced an 80% decrease in annual sales since the early 1990s. “I’m concerned because of this gentrification,” he says. “The customers we used to see 20 years ago we don’t see anymore.” With only their original storefront still open, A & B is now down to just four employees. However, Eric wakes up everyday worried that “today could be the day they force me out.” In fact, the city has been considering exercising eminent domain and building a park on the property. Though he lives in fear of losing his long-term storefront, Eric is committed to the neighborhood and hopes he can continue where he has called home for almost 20 years.

### A & B Books: Before and after



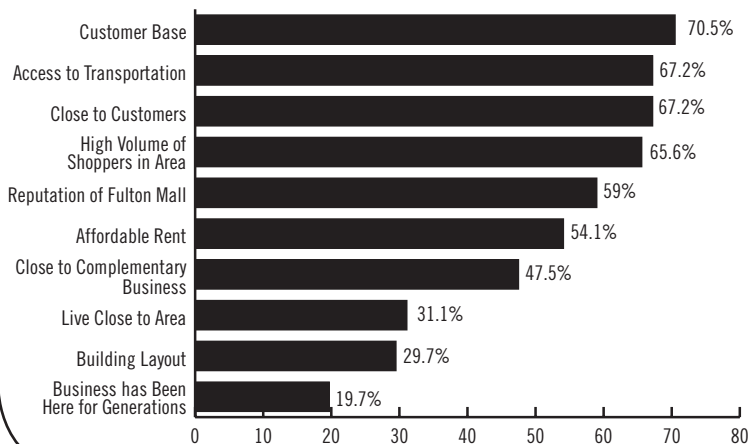
Going out of business sale

## FINDING #3: DOWNTOWN BROOKLYN REPRESENTS A VIBRANT COMMERCIAL, SOCIAL, AND CULTURAL CENTER OF INCREDIBLE IMPORTANCE FOR THE LOCAL COMMUNITY.

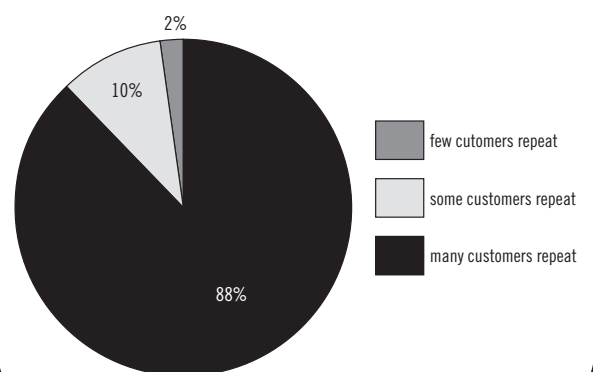
Downtown Brooklyn first attracted businesses because of its affordable, strategic location and active community. Connected to 14 subway lines and the Long Island Rail Road, the area is host to over half a million people who live, work, and attend universities there.<sup>12</sup> To the contrary of a “blighted” area, the business center remains a well-used public gathering space that fosters the downtown community’s identity as a stronghold for African-American, Caribbean, and Latino culture. This loyal customer-base is largely responsible for the area’s commercial success and sustains the many specialized businesses that have added to the neighborhood’s vitality.

While there are many factors impelling small businesses to locate their operations in Downtown Brooklyn, in our survey they cited customers as the main reason for their remaining long term, committed and invested stakeholders in the neighborhood.

### Reasons for Locating Business in Downtown Brooklyn



### Relationship of Small Businesses to Customer Base

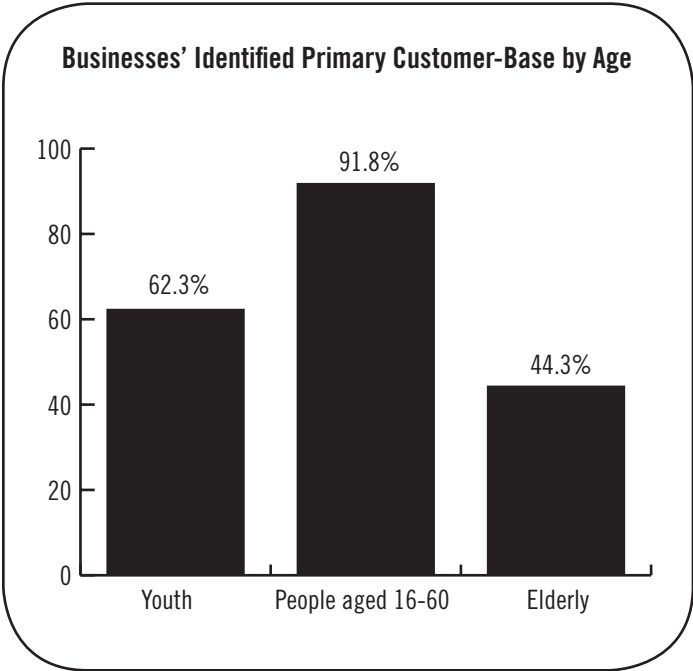
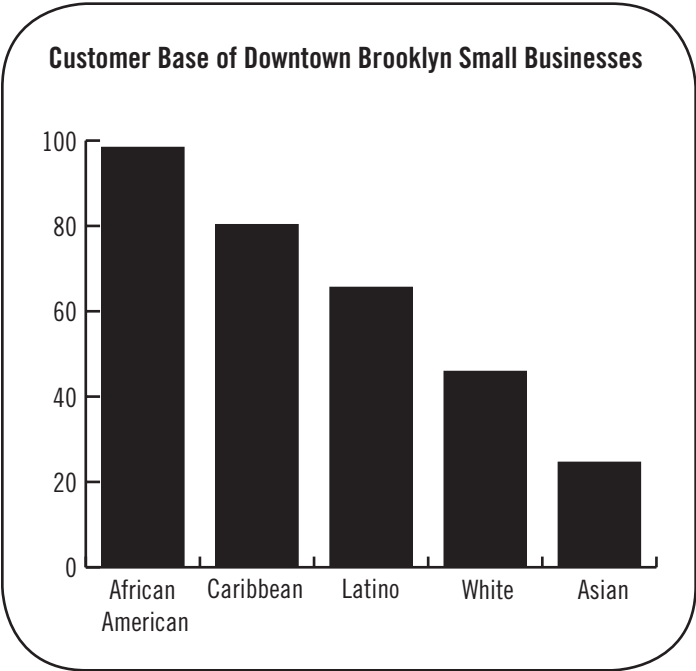


- 71% reported that their customer base is a driving factor in locating a small business in the neighborhood.
- 66% reported the high volume of shoppers as their key reason.
- 88% of small-business owners reported that many of their clients are repeat customers.

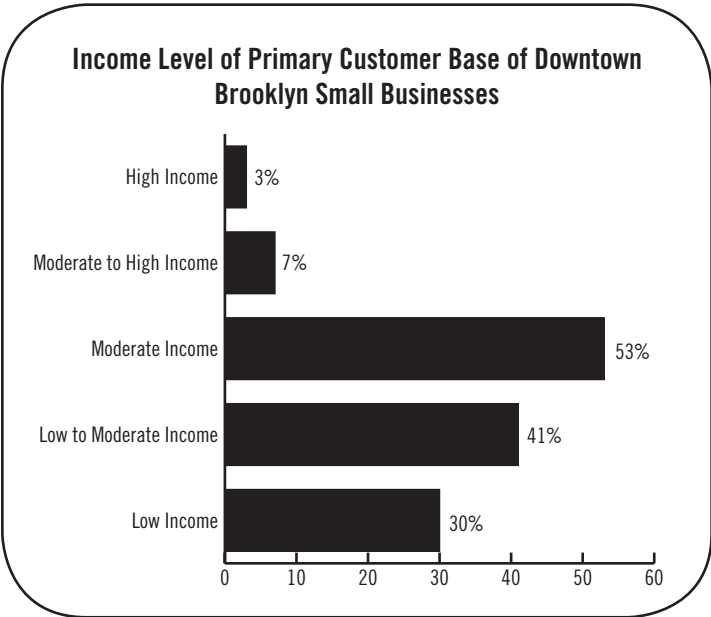
The loyalty of Downtown Brooklyn’s customer base underscores the quality, accessibility and consistency of the services small businesses provide to their clientele. Moreover, by catering to the community’s specific cultural, ethnic, and economic needs, area stores ensure continued economic health.

- In a community survey conducted by FUREE, *every respondent* indicated that small-businesses were important for the well-being of Downtown Brooklyn; 71% said that they were very important.

The much-needed amenities supplied by small businesses make the commercial district especially attractive to youth, people of color, and low- and moderate-income shoppers. Businesses that we spoke to reported that youth comprise a large portion of their clientele. For them, Downtown Brooklyn represents a welcoming place in which to interact and explore.



Shoppers in Downtown Brooklyn have cited the diversity of affordable stores as one of its major attractions. Small businesses in the shopping district have historically offered shoppers a more local and personal alternative for purchasing affordable goods and services. Indeed, our survey found that the clientele served by Downtown Brooklyn small businesses is largely of low- and moderate-income.



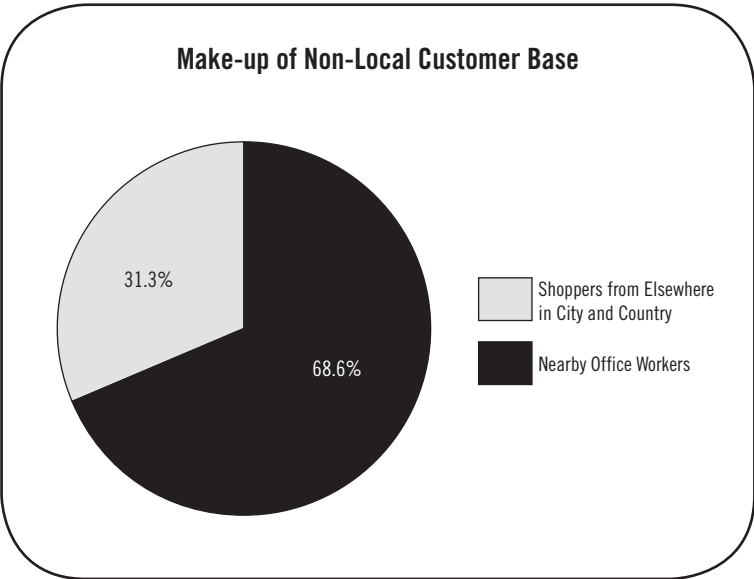
- 30% of small-business owners reported serving low-income customers.
- 41% reported that their customers were of low to moderate income; and
- 53% reported serving moderate-income customers.

Small businesses in Downtown Brooklyn offer an incredible diversity of affordable and unique services and amenities for local residents, surrounding office workers, and shoppers from all over the city and country. In a short walk around the Fulton Street Mall, one can satisfy their hunger at any number of ethnic and home-style cooking restaurants, take-out fronts, small diners, and bakeries; purchase home-improvement items, fix their watch, and resole their shoes; buy affordable sneakers and school uniforms for their children, or purchase one-of-a-kind accessories and clothing for work or play; and come across hard-to-find items, such as religious amenities or hand-made ethnic items sold only in a handful of neighborhoods throughout the city.

*“When they close down all these local shops that cater to our hair, the clothes we buy, the food we eat, where are we going to shop? Round up 10 people here, and I guarantee you they won’t say they want a Banana Republic. We don’t want another Manhattan. Let Brooklyn be Brooklyn.”—*Marvell Cruickshank, 25, third-generation shopper at Fulton Street Mall, as quoted in *The New York Times*.<sup>13</sup>



Because of its unique commercial diversity, Downtown Brooklyn has become a critical resource not just for area residents and workers, but for shoppers from elsewhere in the city and country as well.



*This year, I said ‘I’m going shopping Downtown’... It changed for the better here. Better quality, better selection.”—*Mary Blue of East New York, Christmas shopping on Fulton Street, as quoted in *The New York Times*.<sup>14</sup>

Small businesses in Downtown Brooklyn have historically served an important role in the mutually-beneficial local economy. The lines between resident, business owner, and customer blur so that needs and services seamlessly intertwine. However, as the effects of gentrification and rezoning rapidly transform the neighborhood, this hard-won symbiosis is now at risk.

## Small-Business Profile: Lawrence Street Wigs and Hats

From 1986 to 2008, Joyce and Jee Kiehm owned and managed Lawrence Street Wigs and Hats. The Kiehms had initially looked to open their store in Manhattan or at the Broadway Nassau Mall, but were priced out by high rents. In contrast, “the combination of busy walking traffic, closeness of the Fulton Mall, and cheap rent made Lawrence Street a great location for our business,” says Mrs. Kiehm. The profitable store consistently employed four workers.

The Kiehms first felt the effects of gentrification as early as 1991 with the creation of the Metrotech Area Business Improvement District (BID). With the advent of the BID came drastic increases in taxes, which made it too expensive for the Kiehms to be the sole tenant in their original property; they were forced to move from 137 to 141 Lawrence Street. The Kiehms soon recovered from their move, however, and business peaked between 2003 and 2005. The wigshop grew a devoted following and became a true destination-store in the neighborhood. Mrs. Kiehm explains Lawrence Street Wigs’ prominence as follows: “the store didn’t just sell things, but actually customized the wigs. Customers came to my store from all over.”

The store’s building was sold to Stahl Real Estate in 2007, which decided to turn the property into a 50-plus-story office building. In early 2008, the Kiehms became one of several businesses that were forced out of Lawrence Street. While they desperately search to find a new affordable location in the area, the Kiehms are finding that Downtown Brooklyn is much less hospitable to small, specialized businesses than when they first located there. Their whole customer base is in the Downtown Brooklyn area and after months of searching they are still unsuccessful in finding any affordable space. In the meantime, they are still in contact with loyal customers who eagerly await the reopening.

*“I would come from far away in Brooklyn to go to Mrs. Kiehm’s store. I could get out of the subway, get my hair done, and go shopping. The store was really important to me; Mrs. Kiehm did such a good job. Now I don’t know what to do—I haven’t been able to find anyone else. I really hope she gets her store back.”—Janette, former customer*

### FINDING #4: SMALL BUSINESSES ARE SUFFERING AS A RESULT OF THE REZONING.

The 2004 rezoning sharply raised land values by allowing skyscrapers to replace the area’s mostly low-rise buildings. Though aimed to encourage office construction to help New York City combat businesses from emigrating to New Jersey,<sup>15</sup> the rezoning has mostly resulted in landlords demolishing swaths of 19<sup>th</sup>- and early-20<sup>th</sup>-century buildings in order to assemble lots large enough for high-rise condominiums.<sup>16</sup> In addition to propelling the area’s gentrification, these new upscale residences won’t generate any permanent jobs for the community.

- 57% of small businesses surveyed have had to move or shut down as the result of recent development.

According to the Environmental Impact Survey (EIS) conducted for Downtown Brooklyn, the redevelopment of the commercial corridor would directly displace 100 businesses and 1,700 jobs—though the Pratt Center estimates that this is a gross understatement of impact.<sup>17</sup> Moreover, the EIS bluntly stated that the loss of these businesses in Downtown Brooklyn would not be significant because “they do not have substantial economic value to the City, they do not define neighborhood character, nor do they belong to a special category of business that is protected by special regulations or publicly adopted plans.”<sup>18</sup> Our research proved otherwise: the 35 displaced or shut-down businesses we had spoken to were all longstanding establishments with a proven track-record in the community. Nonetheless, the city concluded that mitigation measures for these small businesses were not necessary since their value for the area was “insignificant.”<sup>19</sup>



The former Albee Square Mall

Much of the public discourse on the refashioning of Downtown Brooklyn has centered on its lack of “attractive” businesses—disregarding the legitimate appeal of existing businesses and minimizing the importance of the downtown community’s patronage. As shown, however, small and specialized businesses don’t just hold significant cultural and economic importance, but they

demonstrate a history of local reinvestment. In contrast, the rezoning of Downtown Brooklyn is “deliberately paving the way for affluent newcomers unlikely to frequent downtown’s bustling crossroads of working-class social and commercial life.”<sup>20</sup>

The Downtown Brooklyn Partnership anticipates that by 2012, “Brooklyn’s skyline and streetscape will be transformed to include more than 60 projects that are planned, under construction, or already completed in Downtown Brooklyn.”<sup>21</sup> This master-plan comes at a steep cost: according to the Downtown Brooklyn Partnership, more than \$9 billion in private investment and \$300 million in public improvements have already been secured.<sup>22</sup> Furthermore, the four major projects presently underway—the “reclamation” of Fulton Street Mall;<sup>23</sup> the City Point tower at the former Albee Square Mall; United American Land’s \$208-million, 30-story “Willoughby West” tower on Willoughby and Bridge streets; and the Stahl development on Bridge Street—will not only dislodge the current community but were purposefully aimed to change the demographic of those who live, work, and shop in the area.

*“There are no good restaurants, there’s no midrange apparel or accessories. What we’re aiming for is a better neighborhood all around. That doesn’t mean Gucci, but maybe H&M, maybe Zara, maybe Equinox. We’re not asking anybody to leave the street. We just have to bring in new stores in a way that everybody can work together. We’re Botoxing Fulton Street Mall.”—Faith Hope Consolo, real-estate agent for BellTel Lofts, as quoted in *The New York Times*.<sup>24</sup>*

### **Renderings of developments underway**



Source: Downtown Brooklyn Partnership.

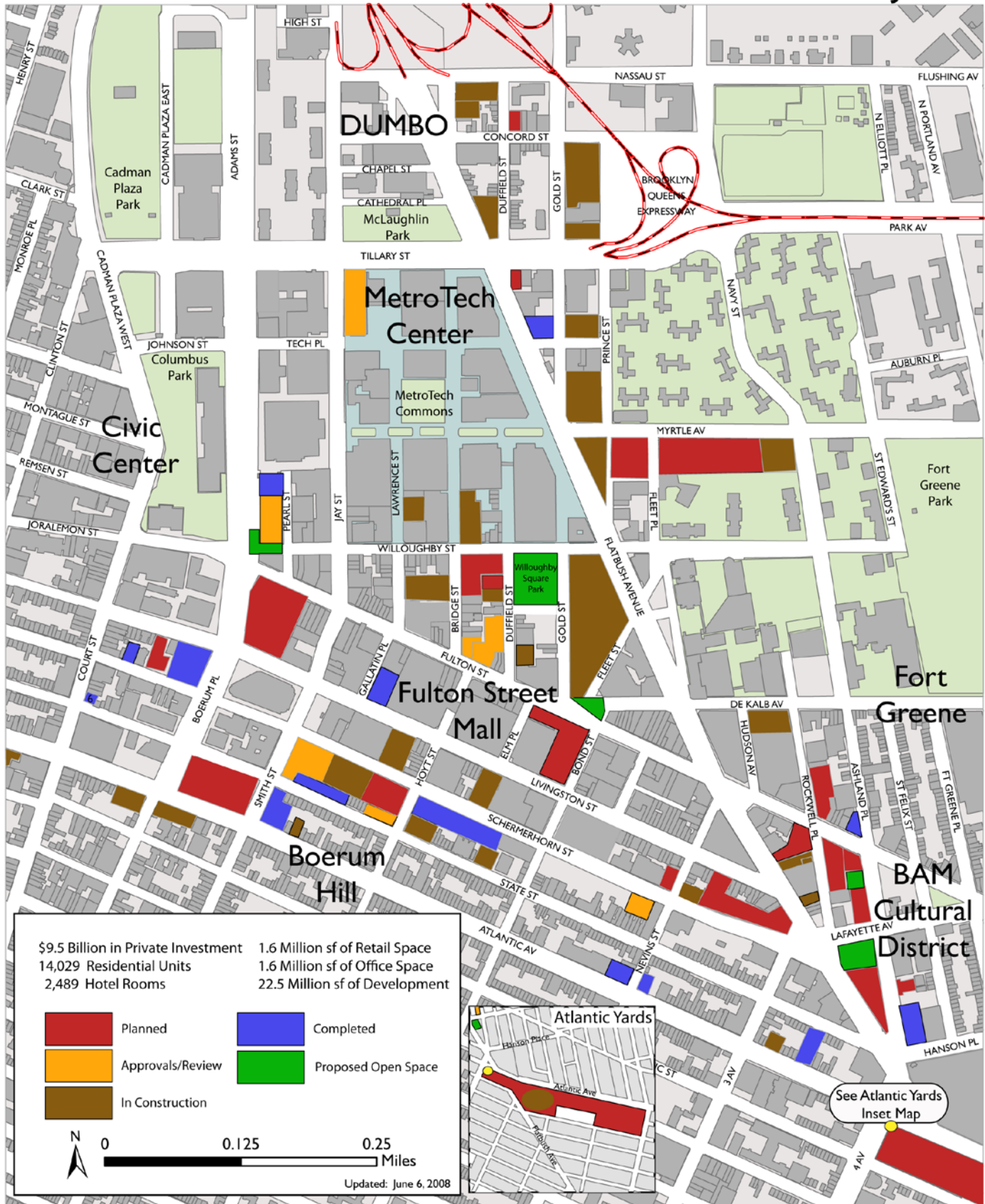


City Point

The Downtown Brooklyn Partnership (DBP) has been a driving force behind the transformation of the community into a high-end residential and commercial center. Funded by the city’s Department of Small Businesses Services, the partnership has not acted in the best interests of the constituents it’s supposed to represent. Joe Chan, the partnership’s president has said that he expects an increase in the number of high-end chains coming to Downtown Brooklyn in the next year: “I think you’re going to have a number of national-level retailers that have not had a presence in Brooklyn, some not in New York City, that establish themselves here because they realize the power of the Brooklyn market. ... Right now, I don’t think downtown Brooklyn is capitalizing on its full potential to draw in shoppers from the brownstone communities and Dumbo.”<sup>26</sup> While the DBP has carefully portrayed the current downtown business-base as comprising of “cell phone and sneaker shops,”<sup>27</sup> in reality the area’s diverse stores offer a variety of standard and specialty services to an important lower- and moderate-income clientele. Downtown Brooklyn’s commercial space remains particularly important for communities of color in the city even as the area is redeveloped, public and other affordable housing is lost, luxury housing is developed, and core businesses leave the area.

*“[Despite] being surrounded by some of the most exciting residential neighborhoods in the city, downtown Brooklyn does not have a Crate and Barrel, or a Pottery Barn, or a Pier 1, or a CB2. And I think that’s certainly one industry where you can expect to see some movement.” —Joe Chan, Downtown Brooklyn Partnership president, as quoted in *The New York Observer*.<sup>25</sup>*

# CURRENT DEVELOPMENT PROJECTS



Source: Downtown Brooklyn Partnership.

## The Downtown Brooklyn Partnership

The Downtown Brooklyn Partnership (DBP) was formed in 2006 as a way “to coordinate economic development activities in Downtown Brooklyn and ensure implementation of public and private development projects in the area.”<sup>28</sup> As the organization charged with overseeing Downtown Brooklyn’s redevelopment, DBP has deep ties to both the Bloomberg administration and notable large developers in the area.<sup>29</sup> With a \$2 million annual deal with the City Department of Small Business Services, the DBP controls contracts to capital projects amounting to \$200 million in taxpayer’s money.<sup>30</sup> The partnership incorporates the functions of four existing not-for-profit organizations providing economic development services within Downtown Brooklyn (Downtown Brooklyn Council, BAM Local Development Corporation, MetroTech Business Improvement District and Fulton Mall Improvement Association) and has an annual operating budget of approximately \$8 million.<sup>31</sup> Though DBP has not disclosed any kind of financial statement, its board of directors is comprised almost entirely of leaders from New York’s development sector, many of whom contribute hefty funds to the partnership’s coffers.<sup>32</sup> Two of these firms—Avalon Bay and P/A Associates—were awarded the rights to develop the city-owned property at the Albee Square Mall after contributing \$75,000 to the Downtown Brooklyn Partnership that brokered the deal.<sup>33</sup>

## Raising Rents, Demolition and Displacement

The rezoning of Downtown Brooklyn has had, and continues to have, a devastating impact on local small businesses. Not only do developments in progress directly displace businesses, but the fear of take-over as a result of the rezoning further endangers the security of small businesses and precipitates their departure. The increasing number of signs announcing “going out of business” or “commercial space for rent,” and the once-busy sidewalks now blockaded by scaffolding and construction, give witness to the assault small businesses have experienced as of late.

Due to the astronomical prices of real estate and the absence of any kind of commercial rent-regulation in New York City, small businesses are incredibly vulnerable to being priced out or otherwise forced out of neighborhoods that are undergoing redevelopment and gentrification. Few small-businesses own their commercial space and they overwhelmingly hold short-term or month-to-month leases.



One of the last small businesses on Duffield Street.

- 92% (56 out of 61) small businesses surveyed rented their retail-space; only 2 businesses owned their space and 3 owned their building.
- 46% said they have considered relocation because of mounting financial hardship.
- Nearly half (49%) said their rent had increased in the last year.
- 61% of small business owners cited rent and property taxes as the most pressing issue when running a successful business in Downtown Brooklyn.

With little protections against harassment and displacement, small businesses have no recourse when confronting the bleak market for affordable commercial-rentals in Downtown Brooklyn. This has become problematic as more and more buildings are redeveloped for corporate tenants in order to qualify for city and state job-retention subsidies, incentives, and tax credits. The Downtown Brooklyn Partnership’s aggressive courting of large chains and national retailers is also driving up rents by recruiting firms to the area which can easily outbid mom-and-pop retailers for coveted commercial-space.<sup>34</sup> According to the Brooklyn Chamber of Commerce, the overall market-rate for Downtown Brooklyn rentals in 2006 was \$28 per square foot, while Class A commercial office-space was \$34 per square foot.<sup>35</sup> However, renters in the Fulton Street Mall have said that ground-floor retail can go for as much as \$150-\$300 a square foot.

*“There are no places in Downtown Brooklyn to go because no one is giving leases. It’s all for sale. We can’t move. They are tearing everything down.”—Displaced restaurant-owner.*

As landlords seek out higher-paying tenants, small businesses find themselves facing sudden and unaffordable rent increases.

The owners of A & B Books, for example, closed their store this year when rent escalated to \$8,000 a month in addition to \$15,000-\$20,000 annual property taxes; they reported paying \$2,500 a month when they opened their store 15 years ago. Survey participants also noted that landlord harassment has increased since the Downtown Brooklyn plan was put into place. Additionally, 20% said that landlord pressure to vacate was making them consider relocating. As rents continue to increase in the neighborhood, displaced small businesses are largely unable to find other spaces in the area that they can afford and are forced to either relocate out of the neighborhood or shut down entirely. Because these businesses have such a long history doing businesses in this community and depend on their loyal customer base, this displacement can be devastating to the viability of their businesses in the long term.

*"It would be very difficult to relocate because we'd have to start a whole new business. I don't know any other place. This is where I've been the whole time. This is what I survive with. I invested \$100,000 in this store. That is my life's savings."*—Former Albee Square Mall independent store-owner.

### Small-Business Profile: Bagel Guys

In August 1997, Jeff Garguilo, along with three partners, opened Bagel Guys at 102 Willoughby Street. Garguilo was new to the neighborhood, but was attracted by the affordability of the location, as well as the number of people walking the streets. "We were surrounded by Verizon and Chase where there was a working class that had to have breakfast and lunch. They weren't bringing bagged lunches to work," says Garguilo. "It was perfect...like a captive audience."

It took a while to be introduced to the neighborhood, but as the new kids on the block Bagel Guys became popular fast. With seven local employees, business flourished. Several large area-employers opened business accounts with Bagel Guys, requiring the store to expand their hours and catering operations. When their lease expired in 2005, Bagel Guys was forced to continue renting on a month-to-month basis despite several requests for a long-term lease. Soon after Garguilo says he began to see a rapid change to his neighborhood: with the selling of the Verizon building, the relocation of many Chase workers to New Jersey, and the closing of a nearby parking lot, Bagel Guys lost many loyal customers.



Bagel Guys & other shuttered stores on Willoughby Street

Though business was declining, Garguilo anticipated a resurgence when the planned BellTel Lofts were completed. After consulting with Michael Burke, director of the Downtown Brooklyn Council (the predecessor to the DBP), Garguilo was assured that his building was safe from redevelopment for at least the next five years. He bought out his partners' share of the business and made plans to continue Bagel Guys in Downtown Brooklyn. However, that year Garguilo was served with papers to vacate the premises within 60 days. He was stuck with equipment that was too heavy and costly to move and was forced to auction the 10-year-old machinery for 10 cents on the dollar.

Garguilo remains unemployed and has been unable to find affordable space in the area to open a new shop. "Since we closed the store my wife has now found a low-paying job to help support the family because I have had trouble finding work that I'm capable of," he says. He knows that he's not the only one to feel the effects of recent gentrification, but sees small-business owners—those people who made the neighborhood a success—as directly hampered by development. "If you build a Target, the money goes back to Iowa or some state. If you have a family business the money stays in Brooklyn," says Garguilo. "[Development] isn't benefiting Brooklyn or its residents, only big developers and high-end chains."

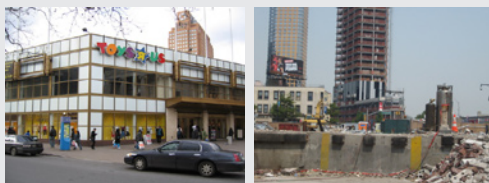
In addition to the challenges of increasingly unaffordable real-estate prices, the small businesses we surveyed said they have been adversely affected by adjacent construction and demolition that is ubiquitous in the neighborhood. If small businesses aren't displaced directly by this construction, such as in the case of the Albee Square Mall, their profits are demolished due to

reduced foot- and street-traffic, the shutting down of entire sections of streets, scaffolding, and construction that blocks entry and visibility of their business. Business owners reported that they've seen a severe loss of profit as a result.

Today's preference for out-of-context development in Downtown Brooklyn is nothing new. The experience of the 5.8 million square-foot MetroTech office complex offers a cautionary tale. Built in the 1990s in order to anchor financial-services jobs in New York, the city invoked eminent domain and approved the displacement of 250 residents and 750 jobs for the construction of the Forest City Ratner complex. Benefiting from \$300 million in subsidies, the mega-development failed to serve on its promise of economic renewal for Brooklyn: very few residents managed to attain jobs in the facility, the project did not reinvest into the community, and by 2008 nearly all the large companies have moved out.<sup>36</sup> Today the MetroTech monolith stands in stark contrast to the rest of the neighborhood and is primarily occupied by governmental back-offices.<sup>37</sup> When small businesses are displaced, what is built in their place is clearly not geared for the consumption of local residents and working-class clientele. Rather than enhancing the community, disconnected investment yields little return to the local economy and saddles stakeholders with overgrown construction and uncertain development.

### Case Study: Albee Square Mall

Before the city sold the site for \$120 million in 2007, the Albee Square Mall had stood on the corner of Fulton Street and DeKalb Avenue for 30 years.<sup>38</sup> The mall, which was immortalized in song by hip-hop stalwarts Biz Markie and Jay-Z, had thrived in the 1980s as it provided the Downtown Brooklyn community its first major shopping outlet—including a Barnes & Noble, Toys 'R Us, and popular food court—before succumbing to disinvestment by Thor Equities, the mall's former owner. Small businesses took over many of the building's emptied storefronts and endured despite the mall's lack of marketing or upkeep—often conducting business without heat or air-conditioning, and with the escalator and elevators down.



Albee Square Mall: Before and after

The 2004 rezoning plan doubled the amount of space that could be built on the former mall's site and tenants were kicked out as ground broke in early 2008 for the new City Point development that is planned in its place.<sup>39</sup> Slated for completion in 2010, City Point will feature approximately 520,000 square feet of retail space to accommodate local and national retailers; 360,000 square feet of Class A office space; a mix of affordable

and market-rate rental apartments; and parking.<sup>40</sup> The city's Industrial Development Agency approved \$3.2 million in tax breaks related to the sale for the new owners: a coalition including a nationally prominent firm, MacFarlane Partners of San Francisco, and local developers—two of which, Avalon Bay and P/A Associates, happen to sit on the Downtown Brooklyn Partnership's board of directors.

In a promotional brochure circulating among prospective tenants, the new owners say that City Point “will dramatically change the profile of the area, providing opportunities for larger scale national retailers as well as smaller local entrepreneurs.”<sup>41</sup> Hoping to anchor the “revitalization” of the Fulton Street Mall area, they claim the 65-story tower will “remake what is now an urban, discount-oriented mall into a sleek new tower with upscale retail and apartments.”<sup>42</sup> While the city promises that the development will provide hundreds of jobs and affordable housing, community members fear a focus on “big box” retail. Though City Point claims that a third of the retail space has already been leased with another third in negotiations,<sup>43</sup> they have not disclosed details about the potential occupants. Their website, however, prominently features renderings of upscale retail windows.

While the redevelopment of Albee Square is just one of the many projects currently underway in Downtown Brooklyn, in many ways it represents the worst that the 2004 rezoning has to offer the community. A city-owned property, the mall was offered up to large developers at a significant cut to the city and to the community. Rather than leverage the site to empower the community and sustain small businesses, tens of mall tenants were displaced with no regulatory assistance put into place. Developers of the new construction received significant city backing, while job-quality standards and accommodations for displaced businesses were absent from the city's lease conditions. Instead of being guided by stakeholder representatives, Albee Square fell prey to the same kind of top-down planning-initiatives that uproot and compromise the ability of communities to sustain themselves.

## Lack of Assistance and Support

Within this context of rising rents and the physical transformation of the community into a high-end housing and commercial market, the agencies and entities that should be working to provide assistance to support the retention of small businesses, namely the Department of Small Business Services and the Business Improvement Districts (BIDs) in the community, are either not reaching these at-risk stakeholders or are actively representing the interests that are causing their displacement.

Indeed, our survey found that small-business owners are overwhelmingly unaware of assistance available to them through city and state programs. Even when they are knowledgeable about assistance, very few small businesses are accessing these programs.



- Only 18% of survey participants (11 out of 61) knew of government assistance programs available to support small businesses.
- Only 26% of small businesses surveyed were members of their Business Improvement District.
- 64% said the work of area BIDs did not help their business.

Brooklyn has been built on small-business activity, and city government has a fiduciary responsibility to protect these businesses. Not only were small businesses and local residents shut out of the rezoning process and decision making, but community stakeholders are unaware of services and resources available to them in this changed economic environment. Without Downtown Brooklyn's thriving and valuable small-business atmosphere, the area risks its unique character and sustainable local economy.

## RECOMMENDATIONS

Downtown Brooklyn is the third most profitable retail-district in New York City and attracts as many as 100,000 shoppers a day. Small businesses in Downtown Brooklyn feed the local economy and provide stable employment to area residents. The majority of these businesses are owned by people of color—many of them immigrants—and cater to the tastes and economic needs of the local community that, despite modest means, has helped make Downtown Brooklyn the unprecedented success that it is today.

However, the existing community that lives, works and shops in Downtown Brooklyn has been systematically shut out of the decision-making process regarding development plans. After only four years, the downtown rezoning has already led to large-scale displacement of small businesses. Those that remain are struggling with diminished sales as a result of the many construction sites that block streets and drive away customers. Moreover, in several instances the rezoning has actually created blight: developers have displaced stores and homes only to postpone construction, leaving large segments of blocks empty and inhospitable. There is ample reason to believe that if development continues as is, the social and economic fabric of the community will be destroyed. Long-time businesses and shoppers will be displaced and local workers will lose their jobs. In order to prevent this from happening, development plans for Downtown Brooklyn should be reexamined from the critical viewpoint of addressing community needs and history.

As such, FUREE recommends that these four policy solutions be implemented to account for the unique needs of existing small-businesses:

- 1. Create a small-business assistance fund for Downtown Brooklyn businesses.**
- 2. Secure affordable commercial-space for small businesses.**
- 3. Ensure community and small-business participation in the decision-making process of public and private developments.**
- 4. Implement long-term protections for small businesses in Downtown Brooklyn and all of New York City.**

### **1. Create a small-business assistance fund for Downtown Brooklyn businesses.**

New York City should support immediate and long-term financial assistance to area small-businesses. In the short-term, city dollars and developer contributions should be channeled into a fund that would address the hardships faced by small businesses displaced by the rezoning. Displaced small-businesses need to be compensated for their relocation and moving costs, for increased costs incurred by being forced to move when rent is at an all-time high, for lost revenue due to displacement, and for the advertising and marketing needed to rebuild their customer base. Displaced workers need high-quality job training and placement services. New York already has active Business Relocation Assistance Corporations (BRAC). The Greenpoint-Williamsburg BRAC disburses grants of up to \$50,000 to displaced businesses so long as they relocate within the five boroughs and the recent rezoning in Harlem also included a fund for displaced small-businesses. Finally, in addition to a flat reimbursement, the city fund could subsidize low-interest small-business loans or offer a loan-forgiveness program for businesses displaced by development.

### **2. Secure affordable commercial-space for small businesses.**

Before the first brick is laid on new construction, the city, developers, and independent businesses must agree on a way to maintain space for the small businesses that enhances the neighborhood's character. Since redevelopment raises area rent and is marketed to a different customer-base, small businesses must be given a chance to adapt to the changed competitive market. New developments, particularly those such as City Point at Albee Square Mall that displaced small businesses, should be mandated to provide 15% of their space to local businesses at subsidized rents. This allotted commercial space should go first to previous tenants and then to local minority- and woman-owned small-businesses. There are models to point to for this type of community support: in San Jose, developers working on a \$140 million multi-use project set aside 10% of retail space for existing downtown small-businesses. The developer was responsible for reserving this space for six months and for aggressively marketing this opportunity to small businesses.<sup>44</sup> Finally, in all cases new developments should practice targeted local hiring for displaced workers and residents of the surrounding community.

Additionally, FUREE recommends increasing affordable land supply by developing upper-floor retail in Downtown Brooklyn for small businesses. With careful planning, the activation of vacant upper-stories for small-business use could help sustain the area's diverse retail mix. Specifically, the underutilized upper-floors of many buildings on the Fulton Street Mall present a remarkable economic opportunity for the area. By tapping this space for mixed-use occupancy, both local entrepreneurs and shoppers will be better served and Downtown Brooklyn's dynamism will endure.

### **3. Ensure community and small-business participation in the decision-making process of public and private developments.**

Before an urban area goes through revitalization it is important to have a system or policy in place that allows the community and small businesses to have input on projects that will ultimately affect them. Planning codes that attempt to limit formula retail-stores, such as those implemented in San Francisco, can include a clause that requires residents and businesses in the surrounding area to be notified of proposed developments. Once notified, the community has the option of requesting a public hearing and subjecting the applicant to additional assessment that should focus on the effect of the new plan on community stakeholders. By starting a project with a community impact review, new commercial developments won't be able to begin until all affected parties are served.

FUREE also recommends that the Downtown Brooklyn Partnership consult with area small-business owners as they spend millions on extensive streetscape improvements in the area. To date, small-business owners have not been included in any discussion of streetscape improvement, despite the fact that they have unique and valuable insights into what draws and detracts shoppers from coming to the area, and what would make the area safer and more attractive overall.

### **4. Implement long-term protections for small businesses in Downtown Brooklyn and all of New York City.**

Gentrification and the subsequent displacement of small business are not unique to Downtown Brooklyn. Several neighborhoods around New York City are experiencing different versions of the same story and are attempting to organize around this issue. City government must develop holistic, broad-based policies to account for the peril its rezoning has wrought on local communities. These solutions include commercial rent control, zoning and land-use policies limiting big-box stores that don't benefit the community, requiring community impact reviews before major developments are allowed to break ground, and tax breaks for small businesses and the property-owners who rent to them. Moreover, protections against landlord harassment and outlawing eminent domain for the sake of private development would also greatly safeguard small businesses in changing neighborhoods. Many of these strategies have been implemented in large and small cities around the country to great success.

# APPENDIX



Surveyor Name: \_\_\_\_\_ Date: \_\_\_\_\_ Survey #: \_\_\_\_\_

## Downtown Brooklyn Small Business Survey

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Indicate your relationship to the establishment (check one): ☐ Owner ☐ Manager

Which best describes this establishment (check one): ☐ Chain ☐ Franchise ☐ Independent

1. Type of Business: Check All that Apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Retail: Clothes                  | <input type="checkbox"/> Retail: Housewares/Department Store |
| <input type="checkbox"/> Retail: Shoes                    | <input type="checkbox"/> Food: Restaurant (_____) type       |
| <input type="checkbox"/> Retail: Music                    | <input type="checkbox"/> Food: Grocery or Deli               |
| <input type="checkbox"/> Retail: Books                    | <input type="checkbox"/> Services, specify _____             |
| <input type="checkbox"/> Retail: Cosmetic/Beauty Products | <input type="checkbox"/> Other Specify _____                 |

2. How many years has the business been in operation? \_\_\_\_\_ years

3. How many years has the business been in this location? \_\_\_\_\_ years

4. What was the most important factor in your decision to locate your business here?

5. What were the other factors that influenced your decision? (check all that apply)

- ☐ Strong customer base for the goods I sell
- ☐ Affordable rent
- ☐ Close to complementary businesses (*A complementary business is one that sells items that relate to your business or helps to draw customers to your business*)
- ☐ Close to customers
- ☐ Building layout
- ☐ Access to transportation
- ☐ Business has been here for generations
- ☐ Live close to the area
- ☐ High volume of shoppers passing through area
- ☐ Reputation of Fulton Mall as important shopping district
- ☐ Other: \_\_\_\_\_

6a. In the time you have been doing business in your present location have you significantly changed the goods or services you offer. Yes ☐ No ☐

6b. If yes, how and why? \_\_\_\_\_

7. Where do you live?

- ☐ Brooklyn. If yes, which neighborhood? \_\_\_\_\_
- ☐ In another borough of New York City. If yes, which Borough/neighborhood \_\_\_\_\_
- ☐ Outside of the five boroughs \_\_\_\_\_

Customer Racial Demographics

<b>8a. Who makes up a significant part of your customer base in this establishment?</b> (Check all that apply)	<b>9b. In the recent years (the past five years, unless you have not been in business that long), has this customer base.....?</b>
<input type="checkbox"/> African-Americans	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Caribbean people	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Latinos	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Asian people	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> White people	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same

#### Other Customer Demographics

<b>8b. Who makes up a significant part of your customer base in this establishment?</b> (Check all that apply)	<b>8b. In the recent years (the past five years, unless you have not been in business that long), has this customer base.....?</b>
<input type="checkbox"/> Youth (under 25)	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Elderly people (over 60)	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> People Aged 25-60	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Women	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Men	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Nearby Office Workers	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Tourists	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same
<input type="checkbox"/> Other-please specify _____ _____	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed the same

9. My business primarily serves customers who are:

- ☐ low-income
- ☐ low- to moderate-income
- ☐ moderate-income
- ☐ moderate- to high- income
- ☐ high-income

10a. Which best characterizes your relationship with your customers (check one):

- ☐ I see many of the same customers on a repeating basis
- ☐ I see only some of the same customers on a repeating basis
- ☐ Most of my customers are people I have never seen before

10b. If you see many of your customers on a repeating basis, what do you attribute this to? \_\_\_\_\_

11a. Have sales changed in recent years (the past five years, unless you have not been in business that long), Yes ☐ No ☐

11b. If yes, have they:

- ☐ increased
- ☐ decreased
- ☐ stayed the same

12. What do you attribute this change to? \_\_\_\_\_

13. What would you say are the major problems with running a successful business Downtown?

- ☐ parking
- ☐ property taxes/rent
- ☐ crime
- ☐ decreasing number of customers
- ☐ perception/reputation of area
- ☐ amenities (restrooms, benches/rest areas, telephones, etc.)
- ☐ other: \_\_\_\_\_

14. How many employees do you have? \_\_\_\_\_

15. On average, how long have most of them worked for you?

- ☐ Less than 6 months
- ☐ 6 months- 1 year
- ☐ 1-2 years
- ☐ 3-5 years
- ☐ 6+ years

16a. How do you recruit your employees?

- ☐ family/friend networks
- ☐ walk-ins/ window advertising
- ☐ Advertising (other than in the window)
- ☐ agency referrals

16b. If you use an agency, which one do you use? \_\_\_\_\_

17. Where do the many of your employees live (check all that apply)

- ☐ Neighborhoods immediately surrounding Downtown (roughly, within walking distance)
- ☐ In another area of Brooklyn
- ☐ In another borough of New York City
- ☐ Outside of the five boroughs

18a. Do you know of any government assistance programs for small businesses

- ☐ Yes ☐ No

18b. If yes, which ones?

☐ United States Small Business Administration programs, please specify \_\_\_\_\_

- ☐ NYC Minority and Women Owned Business Program  
☐ Workforce 1/NYC Business Solutions Hiring and Training Assistance Program  
☐ NYC Energy Costs Savings Program  
☐ Other, please specify \_\_\_\_\_

19a. Have you ever used any of the above mentioned programs?

☐ Yes ☐ No

19b. If yes, which ones? \_\_\_\_\_

20. Have you heard of the Downtown Brooklyn Redevelopment Plan of 2004? ☐ Yes ☐ No

*The Downtown Brooklyn Plan is a comprehensive rezoning of the Downtown commercial corridor and immediate surrounding areas. The rezoning allows for new mixed-use developments of much greater density and involves the use of eminent domain and de-mapping of public streets to assemble lots for private development. This Plan will allow for an additional 4.5 million square feet of Class A office space, a million square feet of retail and 1,000 units of housing in and around Downtown Brooklyn.*

21a. How do you think this plan will impact current small business owners?

- ☐ positively  
☐ negatively  
☐ no impact

21b. Why do you think this? \_\_\_\_\_

22a. Is your business a member of the MetroTech BID or the Fulton Mall Improvement Association (FMIA)? Yes ☐ No ☐

22b. Why, or why not? \_\_\_\_\_

23a. Do you feel that the work of these organizations are affecting your business?

Yes ☐ No ☐

23b. If yes, is the affect:

- ☐ positive  
☐ negative  
☐ no impact

Explain \_\_\_\_\_.

24. Do you own?

- ☐ the business ☐ the space the business is in ☐ the building

25. If you do not own, do you rent the space? ☐ Yes ☐ No

If yes, please state name of your landlord if known? \_\_\_\_\_

Total square footage of rented space \_\_\_\_\_

26. If your location is rented, has your rent increased in the past five years? ☐ Yes ☐ No

If yes, how much was your rent five years ago or when you started renting (if within five years)? \$ \_\_\_\_\_

How much is your rent now? \$ \_\_\_\_\_

What is the percent of the increase with each renewal? \_\_\_\_\_%

27a. Do you feel pressure from your landlord to relocate? Yes ☐ No ☐

27b. If yes, how?

- ☐ suggested to relocate to another space  
☐ indicated terms of lease may change significantly upon next renewal  
☐ offered to buy you out of lease  
☐ harassment (lack of services, threats, intimidation, etc.)  
☐ other \_\_\_\_\_

28a. Have the terms of your lease changed in recent years? Yes ☐ No ☐

28b.If yes, how? \_\_\_\_\_

29a. Do you pay property tax on the commercial space? Yes ☐ No ☐

29b. If yes, how much have your taxes increased in recent years? \_\_\_\_\_

30a. Have you recently considered relocating your business out of Downtown Brooklyn or shutting down? ☐ Yes ☐ No

30b. If yes, is this related to:

☐ unaffordable rents

☐ pressure from landlord to vacate space

☐ change in customer base

☐ personal reasons

☐ other- please explain: \_\_\_\_\_

31. Do you own another business(es) in NYC? ☐ Yes ☐ No

32. What are your most pressing needs as a business owner in Downtown Brooklyn? \_\_\_\_\_

\_\_\_Business Owner Demographics

Age: \_\_\_\_\_

Sex ☐ Female ☐ Male

Education

☐ Less than high school

☐ High school degree or GED

☐ Some college or technical degree

☐ College Degree and higher

Race: (Check only one)

☐ Black/African American

☐ Latino/Hispanic

☐ Asian

☐ White

☐ Mixed race (please specify)

☐ Other (please specify)

Were you born in the United States or abroad? ☐ United States ☐ Abroad

If yes were born abroad, where were you born \_\_\_\_\_?

What year did you come to reside in the United States? \_\_\_\_\_

Are you interested in participating in a meeting with other small business owners in Downtown Brooklyn to discuss how development can be guided to benefit the existing community.

Yes ☐ No ☐

If yes, what is your availability? \_\_\_\_\_

## ENDNOTES

- 1 New York City Department of City Planning. (2003, April 14). Bloomberg administration unveils development plan for Downtown Brooklyn.
- 2 Colter, A. (2008, June 29). Popular Fulton Mall plans expansion. Daily News. Retrieved July 8, 2008 from: [http://www.nydailynews.com/money/2008/06/29/2008-06-29\\_popular\\_fulton\\_mall\\_plans\\_expansion.html](http://www.nydailynews.com/money/2008/06/29/2008-06-29_popular_fulton_mall_plans_expansion.html).
- 3 Lirish Dean, A. (2007, July 20). Albee Square: When the mall's no longer home. Gotham Gazette. Retrieved July 9, 2008 from: <http://www.gothamgazette.com/article/landuse/20070720/12/2232>.
- 4 New York City Department of City Planning. (2003, April 14). Bloomberg administration unveils development plan for Downtown Brooklyn.
- 5 New York City (2004). Downtown Brooklyn Plan, August 2004. Retrieved July 17, 2008 from: <http://www.nyc.gov/html/dcp/html/dwnbklyn2/dwnbklynintro1.shtml>.
- 6 Wellborn, M. (2007, June 20). Brooklyn's 'transition' very positive for retail market. The New York Observer. Retrieved July 8, 2008 from: <http://www.observer.com/2007/brooklyn-transition-very-positive-retail-market>.
- 7 City Point. Overview. Retrieved July 23, 2008 from: <http://www.citypointnyc.com>.
- 8 Colter, A. (2008, June 29). Popular Fulton Mall plans expansion. Daily News. Retrieved July 8, 2008 from: [http://www.nydailynews.com/money/2008/06/29/2008-06-29\\_popular\\_fulton\\_mall\\_plans\\_expansion.html](http://www.nydailynews.com/money/2008/06/29/2008-06-29_popular_fulton_mall_plans_expansion.html).
- 9 Colter, A. (2008, June 29). Popular Fulton Mall plans expansion. Daily News. Retrieved July 8, 2008 from: [http://www.nydailynews.com/money/2008/06/29/2008-06-29\\_popular\\_fulton\\_mall\\_plans\\_expansion.html](http://www.nydailynews.com/money/2008/06/29/2008-06-29_popular_fulton_mall_plans_expansion.html).
- 10 Civic Economics. (2004). The Andersonville study of retail economics. Retrieved July 11, 2008 from: <http://www.civiceconomics.com/Andersonville/AndersonvilleStudy.pdf>.
- 11 New York Public Library (2008). Eminent Domain. Retrieved July 18, 2008 from: <http://exhibitions.nypl.org/eminant/leonard>.
- 12 Fulton Mall Improvement Association. Planning and development. Retrieved July 23, 2008 from: [http://www.fultonstreet.org/fulton\\_street\\_business\\_cd\\_1.cfm](http://www.fultonstreet.org/fulton_street_business_cd_1.cfm).
- 13 Bleyer, J. (2006, November 5). Discount sneakers in a duplex world. The New York Times. Retrieved July 14, 2008 from: <http://www.nytimes.com/2006/11/05/nyregion/thecity/05stre.html>.
- 14 Newman, A. (2007, December 23). Brooklyn mall is oasis and anomaly. The New York Times. Retrieved July 11, 2008 from: <http://www.nytimes.com/2007/12/23/nyregion/23fulton.html>.
- 15 New York City (2004). Downtown Brooklyn Plan, August 2004. Retrieved July 17, 2008 from: <http://www.nyc.gov/html/dcp/html/dwnbklyn2/dwnbklynintro1.shtml>.
- 16 Lirish Dean, A. (2007, July 20). Albee Square: When the mall's no longer home. Gotham Gazette. Retrieved July 9, 2008 from: <http://www.gothamgazette.com/article/landuse/20070720/12/2232>.
- 17 Pratt Center for Community Development (July 2008). Downtown Brooklyn's detour: The unanticipated impacts of rezoning and development on residents and businesses. Retrieved July 23, 2008 from: [http://www.prattcenter.net/pubs/PrattCenter-Downtown\\_Brooklyn\\_Detour.pdf](http://www.prattcenter.net/pubs/PrattCenter-Downtown_Brooklyn_Detour.pdf).
- 18 deMause, N. (2007, May 22). On the outs in Brooklyn. The Village Voice. Retrieved July 23, 2008 from: <http://www.villagevoice.com/2007-05-22/news/on-the-outs-in-brooklyn>.
- 19 Pratt Center for Community Development (July 2008). Downtown Brooklyn's detour: The unanticipated impacts of rezoning and development on residents and businesses. Retrieved July 23, 2008 from: [http://www.prattcenter.net/pubs/PrattCenter-Downtown\\_Brooklyn\\_Detour.pdf](http://www.prattcenter.net/pubs/PrattCenter-Downtown_Brooklyn_Detour.pdf).
- 20 Lirish Dean, A. (2007, July 20). Albee Square: When the mall's no longer home. Gotham Gazette. Retrieved July 9, 2008 from: <http://www.gothamgazette.com/article/landuse/20070720/12/2232>.
- 21 Downtown Brooklyn Partnership (2008). Looking Ahead: Downtown Brooklyn 2012. Retrieved July 17, 2008 from: <http://www.dbpartnership.org/lookingahead/dtbrk2012/>
- 22 Ibid.
- 23 United American Land, LLC. Selected Projects: Fulton Street. Retrieved July 17, 2008 from: <http://www.unitedaland.com/projects.php?activeLoc=11>.
- 24 Bleyer, J. (2006, November 5). Discount sneakers in a duplex world. The New York Times. Retrieved July 14, 2008 from: <http://www.nytimes.com/2006/11/05/nyregion/thecity/05stre.html>.
- 25 Rubinstein, D. (2008, April 29). Joe Chan, Downtown Brooklyn shopaholic. The New York Observer. Retrieved July 22, 2008 from: <http://www.observer.com/2008/joe-chan-downtown-brooklyn-shopaholic>.
- 26 Ibid.

- 27 Benepe, J., Curan, C. (2008, February 5). Chain stores add links in Brooklyn. *The Real Deal*. Retrieved July 11, 2008 from: <http://ny.therealdeal.com/articles/chain-stores-add-links-in-brooklyn>.
- 28 Downtown Brooklyn Partnership. Retrieved July 18, 2008 from: <http://www.dbpartnership.org/about>.
- 29 Witt, S. (2008, January 24). *The Park Slope Courier*.
- 30 Witt, S. (2008). Personal correspondence.
- 31 Downtown Brooklyn Partnership. Retrieved July 18, 2008 from: <http://www.dbpartnership.org/about>.
- 32 Witt, S. (2008, January 24). *The Park Slope Courier*.
- 33 Ibid.
- 34 Collins, L. (2008, April 18). Downtown B'klyn still hot, but "under-retailed." *Brooklyn Daily Eagle*. Retrieved July 22, 2008 from: <http://www.dbpartnership.org/about/press>.
- 35 Brooklyn Chamber of Commerce (Spring 2006). Brooklyn labor market review. Retrieved July 23, 2008 from: [http://download.brooklynchamber.com/ibrooklyn/BrooklynLaborMarketReview\\_2006.pdf](http://download.brooklynchamber.com/ibrooklyn/BrooklynLaborMarketReview_2006.pdf).
- 36 deMause, N. (2007, May 22). On the outs in Brooklyn. *The Village Voice*. Retrieved July 23, 2008 from: <http://www.villagevoice.com/2007-05-22/news/on-the-outs-in-brooklyn>.
- 37 Schuerman, M. (January/February 2005). The return of MetroTech. *City Limits Magazine*. Retrieved July 22, 2008 from: <http://www.citylimits.org/content/articles/articleView.cfm?articlenumber=1221>.
- 38 Lirish Dean, A. (2007, July 20). Albee Square: When the mall's no longer home. *Gotham Gazette*. Retrieved July 9, 2008 from: <http://www.gothamgazette.com/article/landuse/20070720/12/2232>.
- 39 Schuerman, M. (2007, June 19). Developers pare housing plan for Albee Square. *The New York Observer*. Retrieved July 21, 2008 from: <http://www.observer.com/2007/developers-pace-housing-plan-albee-square>.
- 40 City Point. Overview. Retrieved July 21, 2008 from: <http://www.citypointnyc.com>.
- 41 Schuerman, M. (2007, July 24). A brave new affluent Brooklyn. *The New York Observer*. Retrieved July 21, 2008 from: <http://www.observer.com/2007/brave-new-affluent-downtown-brooklyn>.
- 42 Schuerman, M. (2007, July 24). A brave new affluent Brooklyn. *The New York Observer*. Retrieved July 21, 2008 from: <http://www.observer.com/2007/brave-new-affluent-downtown-brooklyn>.
- 43 Colter, A. (2008, June 29). Popular Fulton Mall plans expansion. *Daily News*. Retrieved July 8, 2008 from: [http://www.nydailynews.com/money/2008/06/29/2008-06-29\\_popular\\_fulton\\_mall\\_plans\\_expansion.html](http://www.nydailynews.com/money/2008/06/29/2008-06-29_popular_fulton_mall_plans_expansion.html).
- 44 Gross, J. (2005). Community benefits agreements: Making development projects accountable. *Good Jobs New York*. Retrieved July 25, 2008 from: <http://www.goodjobsfirst.org/pdf/cba2005final.pdf>.