

# TAKEROOT JUSTICE

## Testimony to the NYC City Council

### Committee on Small Business

### SBS's Response to COVID-19

March 7, 2022

Good afternoon. My name is Paula Segal. I am speaking today as Senior Staff Attorney in the Equitable Neighborhoods practice of TakeRoot Justice. TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.”

TakeRoot is also a member of United for Small Business NYC (USBnyc), a coalition of 15 organizations and community groups in NYC fighting to protect small businesses and non-residential tenants from the threat of displacement.

Today, I will focus my remarks on the need for continued direct relief funding for small businesses that were forced to close their doors when the pandemic began and have to date been unable to access any funds from Federal, State or City sources to help pay rent that was due in the months when no revenue came in.

TakeRoot provides direct legal representation to low-income small business owners via a contract with the Department of Small Business Services (TakeRoot is a subcontractor to Brooklyn Legal Services Corporation A). Thus, we have counseled over hundred small businesses negotiating with their landlords about rent and tenancy.

Today, the most frequent case I see is a small business with 3-6 months of rent still due from Spring 2020, with average arrears of \$40,000, seeking financial assistance to resolve that debt to avoid eviction and bankruptcy. Even if business has come back and they were able to pay after reopening, there is no way for a business like a barber shop or sewing machine repair to make enough money to pay for months when it made none.

SBS *has* made funding available through direct grants in the last year, but the application portal closed within weeks of opening at each round. None of my clients who would have been eligible were able to apply. It is imperative that the City create another round of grants and ensure that our smallest businesses have access to the application process before money again runs out.



Further, no agency or organ of government has yet addressed the impact of out-of-control rents on the ability of small businesses to survive in New York City. Small businesses provide affordable goods and services, and act as the connective tissue of our neighborhoods. With no legal framework prohibiting landlords from doubling or tripling rents when leases expire, a just recovery that includes small businesses will not be possible. I urge this Council to act swiftly to enact commercial rent stabilization; last session, a hearing on the bill held in September lasted nearly eight hours and clearly demonstrated the need for rent regulation and the connection between regulation and recovery.

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