

# NO GO for Local Business: The Decline of the Lower East Side's Small Business Identity

A report by Good Old Lower East Side (GOLES) &  
The Community Development Project of the Urban Justice Center





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## ABOUT THE AUTHORS

This report is based on research conducted in 2007 by the Good Old Lower East Side in partnership with the Community Development Project of the Urban Justice Center.

**Good Old Lower East Side (GOLES)** was founded in 1977 by community people dedicated to defending housing rights and passionate about preserving the mixed, vibrant, historic character of the neighborhood. It began by helping tenants to know their rights, organize themselves, save their homes and preserve their community by fighting for safe, affordable housing. Its vision was to organize “building to street, street to block, block to neighborhood.” At the same time, GOLES organized and advocated for preserving traditional institutions of the community; its central role in saving the Ottendorfer Library on Second Avenue and advocating for community gardens informed the organization’s view of housing security as intimately linked with the stability and livability of the overall community. From its beginnings, GOLES has been dedicated to empowering tenants and preventing displacement and homelessness. Although it resisted joining the wave of nonprofit housing developers in the 1980s and ‘90s, it did rehabilitate one tenement building, which continues to provide housing to formerly homeless residents.

Over the years, GOLES’s traditional tenants’ rights mission extended to organizing around public- and Section 8 housing. Our preservation mission has expanded to include economic justice campaigns: helping to secure safe work, job training, and fair wages. We see ourselves as a leading force on the Lower East Side in preserving not only affordable housing but a place where people can fully live; not only buildings but a community, its institutions, culture and diversity. Through organizing and education, direct service and advocacy, community coalitions and relationship-building, we aim not just to win improvements but to build community power.

**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 whose long-time presence in the Lower East Side has contributed to its ongoing vibrancy. It is also dedicated to the GOLES 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 local economy.

This report was produced in partnership between the Good Old Lower East Side (GOLES) and the Community Development Project (CDP) of the Urban Justice Center. It was authored by Chris Fernandez, Deanna Georges and Aliyah Vinikoor of the Community Development Project of the Urban Justice Center (UJC). Additional research, writing and editing support was provided by Damaris Reyes, JoAnn Wypijewski and Ginevra Browne of GOLES as well as Laine Romero-Alston, Harvey Epstein, Tammy Kim, and Alexa Kasdan from the UJC.

Thanks to Ginevra Browne, formerly from GOLES, who designed and implemented the surveys that informed the analysis of this report. Finally, our appreciation and admiration goes out to the many small-business owners who shared their stories and informed our policy agenda.

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## EXECUTIVE SUMMARY

One of the original starting points of the American Dream, the Lower East Side, has become increasingly rebranded by wealthy investors and big national chains. In this “new” Lower East Side, the possibility of achieving the American Dream is becoming increasingly difficult. The latest wave of gentrification is wiping away not only the neighborhood’s physical character but its very essence as a low-income immigrant community. The change in the Lower East Side has become so drastic that in 2008 the National Trust of Historic Preservation named the Lower East Side as one of America’s most endangered places.<sup>1</sup> In order to effectively protect the Lower East Side, policies must be put in place to preserve not only the buildings but the tenants and businesses in them. Doing so will preserve the culture of the community and ensure the viability of the Lower East Side as a hub for working-class and minority residents.

The best way this can be done is by protecting and supporting local and minority-owned small businesses. Such traditional “mom and pop” stores don’t just serve the needs of the community, but also hold a significant social and economic role by reinvesting in the neighborhood and keeping the neighborhood livable. The Lower East Side historically represents a valuable arena for the promotion of truly local and minority-owned businesses that serve the needs of its diverse community. In many cases, these long-time and locally-owned businesses—bookstores, bakeries, and tailors—provided local low- and moderate-income residents with necessary goods and services not found elsewhere in the city. However, as the area is cannibalized by the changing market, small businesses are being forced to close down or relocate because of rising rents and an influx of high-end bars, restaurants, and boutiques to the neighborhood.

Efforts to rezone large parts of the neighborhood are on the table for 2008 and small businesses are getting evicted in record numbers. In 2006, there were more than 14,000 commercial evictions in the city—up from just 6,000 twenty years ago; the Small Business Congress of New York City estimates that the vast majority of the casualties are small businesses.<sup>2</sup> Moreover, in 2007, permits were approved for the full demolition of 11 buildings on the Lower East Side, compared with just one in 2006.<sup>3</sup>

This report aims to highlight the importance of small businesses to the unique and historic identity of the Lower East Side. During 2006 and 2007, the Good Old Lower East Side (GOLES) conducted a small-business survey to document the hardships independent stores face amidst the area’s redevelopment. Specifically, they found that:

- **Small businesses traditionally are representative of the longstanding and diverse population of the Lower East Side.**
- **Small businesses in the Lower East Side are constantly facing rent increases and eviction.**
- **The increasing vulnerability of small businesses speeds up gentrification and drastically changes the neighborhood’s culture.**
- **As integral parts of the community, small businesses deserve technical assistance to be able to grow and thrive.**

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## INTRODUCTION AND BACKGROUND

At the forefront of the current wave of gentrification in New York City, the Lower East Side is a major battleground between local businesses and high-end bars, boutiques, condos and hotels. In this time of extreme economic upheaval the weakest and most vulnerable businesses are sorely lacking the support that they need to survive. The distinctive presence of local business in the Lower East Side is giving way to new hotels, condominiums towers, high-end retail, and expensive restaurants and bars which stand in sharp contrast with the neighborhood's traditional and beloved scale and character.

In 2005, GOLES staff noticed a dramatic shift in the neighborhood in which local businesses were leaving in large numbers. Later that year, a community meeting was held to discuss the impact new business was having in the Lower East Side, particularly how gentrification has brought in businesses, such as bars, that negatively affect the everyday lives of long-time residents and small business owners. GOLES determined that it should dedicate resources into investigating the problems with small business in the community and look for possible solutions. In order to sustain the health and diversity of the Lower East Side, GOLES hoped to encapsulate the common experiences of small businesses, GOLES members, and community leaders in order to develop effective policy solutions for the commercial-rent trends transforming the area.



To research the loss of small businesses on the Lower East Side, GOLES conducted a survey with small business owners to document the hardships independent stores face amidst the area's redevelopment. Specifically, they found that these businesses are under-resourced, at-risk, and in need of technical assistance. In order to maintain the Lower East Side as a preminent cultural locus, the city must help preserve the rich fabric of the current business community by instituting policy solutions and regulations for commercial renters.

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## METHODOLOGY

This report is based on a sample of 59 surveys of small-business owners. In early 2006 GOLES staff and volunteers began canvassing the avenues and side streets between 14<sup>th</sup> Street and the southern side of Houston from Avenue A to Avenue D to identify small businesses that may be at risk of displacement. To distinguish these vulnerable businesses from newer high-end boutiques, bars, and restaurants that we believed are a part of the problem, we developed guidelines that focus on local benefits. Businesses needed to represent at least one of the following criteria:

- **A long-standing neighborhood business (Five or more years.)**
- **Able to provide a variety of goods and services at affordable prices and meet the needs of low- and moderate- income residents in the community**
- **Experienced a decline in business in recent years.**
- **On-site owners.**

We sought to answer the following research questions :

1. **Who is at risk of being displaced and why?**
2. **What does the average small business owner look like?**
3. **How has the displacement of small business impacted the Lower East Side?**

Between the summers of 2006 and 2007, GOLES staff, interns and volunteers conducted in-person surveys with the owners of the identified at-risk small businesses. Survey data was compiled and analyzed with the support of the Community Development Project of the Urban Justice Center.





## Demographic Snapshot of the Lower East Side

The Lower East Side has historically been a place where small businesses have flourished. According to the Lower East Side Business Improvement District, the area is currently home to more than 1,000 businesses—primarily small, family-owned-and-operated retail establishments.<sup>4</sup> Longstanding small businesses include many different types of restaurants, clothing and interior home shops, convenience stores, beauty salons, hardware stores, bridal shops, flower shops, and other culturally-specific businesses.

Though the area has undergone profound gentrification in recent years, Lower East Side residents are still largely low-income and working class.

### Lower East Side's Changing Boundaries

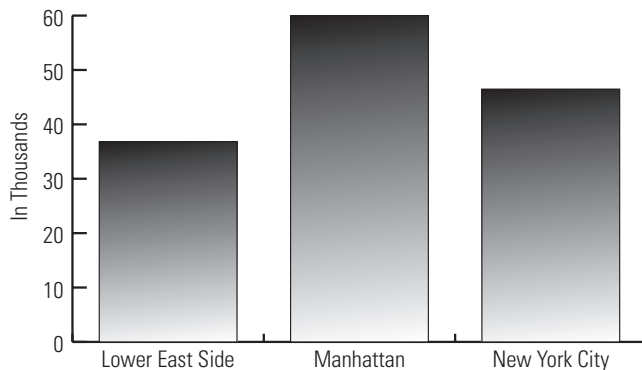
At one time the Lower East Side included the area of Manhattan stretching south from 14th Street to the Manhattan Bridge and from Third Avenue/the Bowery to the East River. It is bordered by Chinatown and Little Italy. The East Village is a neighborhood that was historically part of the Lower neighborhood, but due to gentrification it is separate from what is today commonly regarded as the Lower East Side.



<http://www.nyc.gov/html/mancb3/html/home/home.shtml>



### Median Household Income 2006



- The median household income in 2006 for the area was just \$36,899, up from \$32,838 in 2002
- The poverty rate for the same period remained stable at 25%.<sup>5</sup>
- The Lower East Side ranked number one in income stratification for New York City—in 2005 the area's income diversity ratio (which determines the range of incomes for a given community) was 9.3 out of 10.<sup>6</sup>
- In 2005, 83% of area residences comprised either public-housing or rent-regulated/subsidized units, the fourth-highest in the city.<sup>7</sup>

The small businesses we surveyed hold special value for the Lower East Side and a particular stake in the community's overall health and stability. They offer unique goods and services catered to area residents' specific needs and desires. Long-time small-business owners tend to be as diverse as the community and maintain a firm commitment to the people they serve. Apart from contributing to the character of the Lower East Side, these establishments support area schools, institutions, and organizations. Moreover, the Lower East Side is dependent on local small businesses as proven community investors: as studies have shown, small businesses reinvest more quickly and more often in the community than other businesses.<sup>8</sup>

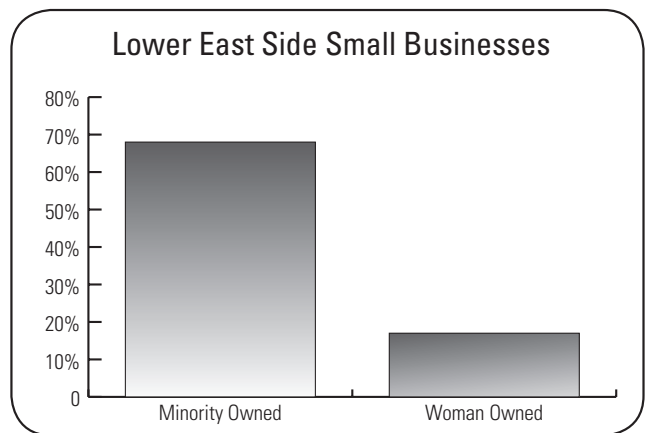
# PRIMARY FINDINGS

**FINDING #1:** Small businesses are representative of the longstanding diverse population of the Lower East Side.

The Lower East Side represents an area of rich ethnic, cultural, and social diversity. In 2005, 24% of the area identified as Hispanic while 23% identified as Asian; 24% of families were considered immigrant households.<sup>9</sup> Small business continues to offer critical entrepreneurial opportunities for women, minorities and families in the area, and like the community they serve, Lower East Side small-business owners are incredibly diverse.

Minority and Women-Owned businesses are a strongly represented in the Lower East Side.

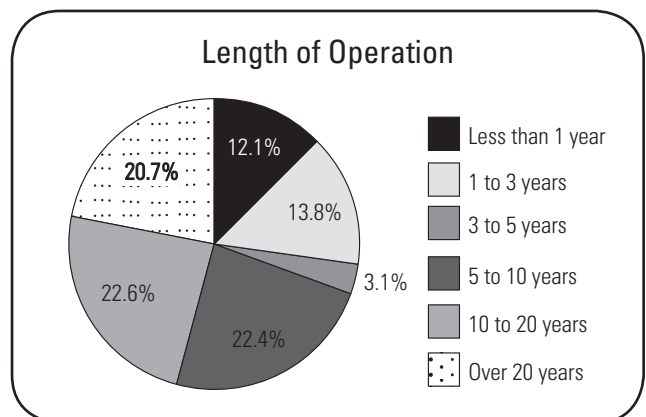
- **Over two thirds (68%) of small-business owners identified as minority-owned businesses:**
  - 24% Asian/Pacific Islander;
  - 18% Hispanic/Latino;
  - 18% Other;
  - 7% Arab; and
  - 2% Mixed Race
- **17% of businesses were woman-owned**



Local small businesses have an established stake in the Lower East Side, and offer important affordable and diverse goods and services to the community.

As many as 40% of the small-business owners surveyed live in the neighborhood and nearly three-quarters of their businesses (74%) have operated in the Lower East Side for more than 3 years—with 21% having been on the Lower East Side for 20 years or longer.

- **A quarter of the businesses have been in operation for 3 to 10 years;**
- **Almost half (49%) of the respondents have been on the Lower East Side for over 10 years; and**
- **21% of small businesses surveyed have been there for more than 20 years.**



An abundance of family-owned-and-operated businesses keeps the Lower East Side sustainable.

The majority of businesses surveyed were truly “mom and pop” stores, owned and operated by a small staff and often kept in the family for years.

- **Over half (55%) of small businesses surveyed were family-owned;**
- **85% of businesses operated with a staff of five or less.**

Small and family owned businesses become integral parts of neighborhoods. Over time these business develop strong connections with their customers and are more likely to hire locally.

**FINDING #2:** Small Businesses in the Lower East Side are constantly facing rent increases and unstable leases.

*“We’re watching buildings go down and buildings go up in a rapid-fire order”*

— Ruth J. Abram, founder of the Lower East Side Tenement Museum, as quoted in *The New York Times*



Across New York City, real estate has skyrocketed and developers have unscrupulously speculated in low- and working-class neighborhoods. Seeing the potential for large profit margins, they effectively push out long-term residents and small businesses to make way for those who can pay higher rents. These trends impact the community in several stages, beginning with a rise in rents and proliferation of “trendy” business, which leads to the loss of local and stable sources of jobs and affordable goods and services.

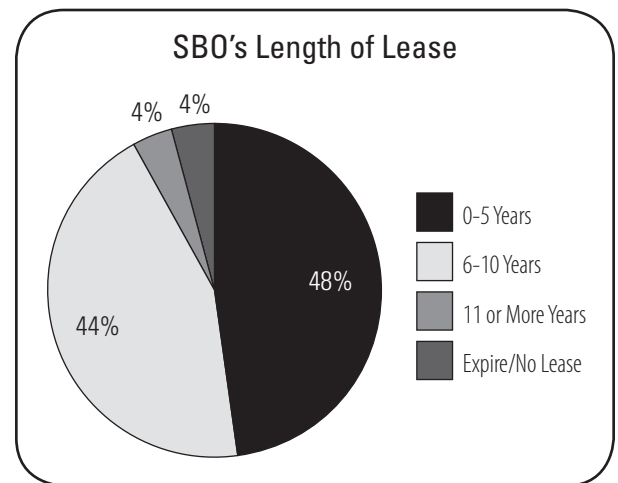
As gentrification unfolds in the Lower East Side, leases shorten and rents for commercial tenants increase.

On the Lower East Side, small businesses are struggling as affordable commercial space in the area dwindles—new buildings are being developed, older ones are being renovated to drive up the average cost per square foot, and long-term tenants are being passed over for boutique businesses catering to a wealthier clientele. Indeed, survey respondents cited escalating costs—particularly rent—as the most pressing concern when running a small business on the Lower East Side.

- **Almost half (46%) of small-business owners reported that overhead costs such as rent, utilities, and insurance are rising.**
- **32% identified mounting commercial-property rents as their “greatest challenge.”**
- **76% of survey respondents stated that as their businesses’ costs go up, profits are not growing at a sustainable rate.<sup>10</sup>**

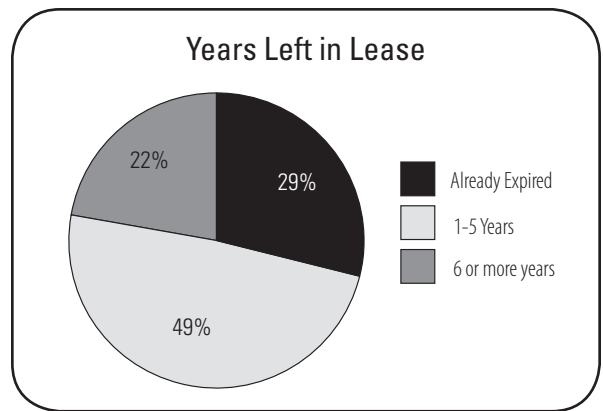
Short lease terms place added pressure on businesses by increasing the likelihood of displacement.

The current real-estate market leaves small-business owners especially vulnerable to rent increases and landlord harassment. Small businesses on the Lower East Side overwhelmingly rent their space; the majority of survey respondents indicated that they either hold short-term leases or have leases that are up for renewal in the next few years. As such, this constituency finds themselves facing an unsteady future on the Lower East Side.



- 95% of surveyed business owners reported that they rent their establishments.
- Nearly half of the small-business owners surveyed hold leases of five years or less.

Small businesses are effectively being pushed out of the Lower East Side, frequently before they have a chance to establish themselves in the neighborhood. Short-term leases allow landlords to raise rents on a regular basis. However, as rent in the area soars, those small businesses with longer leases are also under threat.



- 44% of businesses surveyed have leases terms 6 years or more.

*“The local culture has been under prey from the forces of real estate development.”*  
 — Christopher Mele, author of *Selling the Lower East Side*, as quoted in *The New York Times*<sup>11</sup>



**FINDING #3:** The increasing vulnerability of small businesses speeds up gentrification and drastically changes the neighborhood’s culture

Vulnerable small business owners have a harder time staying in business.

As rents in the Lower East Side become untenable, long-term businesses are frequently unable to renew their leases. Many of these small businesses are forced to relocate to another neighborhood or to close down altogether, since their viability is tied closely to the local customer base. Unfortunately, businesses on the Lower East Side are equipped with no recourse when facing the threat of displacement or closure.

When asked how a significant (50%) rent increase would affect their ability to do business in the neighborhood:

**Lower East Side Timeline:**

**1935:** NYCHA establishes first NYC public Housing Project in the Lower East Side “First Houses”

**1949:** Housing Act of 1949 passed, enabling federally funded urban renewal, radically changing the Lower East Side and displacing thousands of people.

**Late 1960s:** Loisaيدا neighborhood and East Village emerge as distinct entities within Lower East Side.

**1977:** City passes Local Law 45. This law leads to increased real estate divestment in Loisaيدا, leading to a severe decrease in the quality of life in the neighborhood.

**1977:** GOLES founded.

**Early 1980s:** Resurgence in city economy and art revival in East Village lays foundation for gentrification in Lower East Side.

**1988:** Tompkins Square Park Police Riot brings issue of gentrification and redevelopment to forefront.

**1990s:** East Village and Loisaيدا become increasingly gentrified, pushing poor and minorities to south of Houston St.

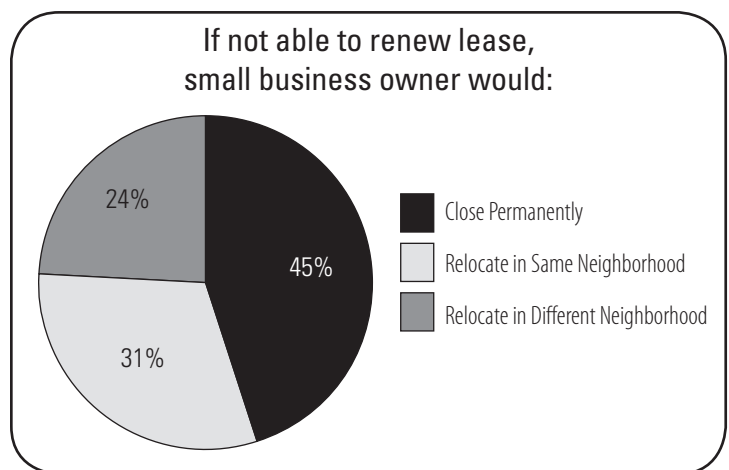
**2000s:** Lower East Side between Houston St. and Delancey St. begins to see rapid gentrification.

**2006:** GOLES commissions study to identify effects of gentrification on small business.

- **64% reported that they would not be able to renew their lease.**
- **19% said that they would be able to renew but it would represent a financial strain on their business;**
- **22% reported that they would have to offset the increase in rent by raising the prices of the services and products they offer or by downsizing their workers;**
- **Only 5% reported that they would be able to absorb this level of rent increase without adverse impact on their business.**

Those businesses that do absorb high rent-increases are forced to pass along costs to customers and workers in the form of lost jobs and fewer affordable services available in the community.

If unable to renew their lease, our survey found that:



- **Almost half (45%) of small-business owners would close permanently.**
- **31% of small-business owners would have to relocate their business to another neighborhood.**
- **Only 24% would be financially able to relocate within the neighborhood.**

## **The decline of small businesses has led to a lower overall quality of life in the Lower East Side.**

As one small-business owner commented, new businesses are “changing the culture of neighborhood by making the Lower East Side a destination for nightlife and high-end shopping.” These new businesses don’t speak to the loyal customer base of long-time areas businesses: as upscale businesses overtake the neighborhood, long-term residents are increasingly being displaced, moving out, or seeking goods and services elsewhere. Moreover, those small businesses that remain feel more and more like vestiges of the past. As one small-business owner said, “I don’t feel like my business is part of the neighborhood.” The influx of recreational visitors to the neighborhood has created what one small-business owner called “a frat party environment,” causing disturbances for residents and damages for small businesses.

A neighborhood centered on bars and scattered luxury housing is not sustainable. This type of development only enhances the disparity between rich and poor in the neighborhood and creates a rift in the community.

- **In just the past year Community Board 3 (which encompasses Lower East Side) reviewed nearly 400 liquor licenses.<sup>12</sup>**

This exorbitant increase of bars and restaurants has put a strain on small businesses. They compete for space and encounter construction-related obstructions when restaurants and bars are built. Indeed, when asked about their pressing concerns for operating a business on the Lower East Side,

- **44% of the small-business owners surveyed cited the negative changes affecting the community as a result of redevelopment and gentrification.**
- **Of these, more than 46% specifically mentioned the changing economic demographics of the neighborhood as directly affecting their business.**

One small-business owner specifically reported having “to change procedures to accommodate people with higher incomes.” Others mentioned that it’s hard to stay in business with new businesses changing the customer base of the area.

*“There are too many bars, fights, outside smokers... These kids have no respect. Being a resident, I feel that kids from other parts of the city destroy the neighborhood.”*

— Ruben; owner “Friendly Flower”

## Small Business Profile: Johanny's Unisex, 23 Clinton Street



Johanny has run her family-owned and -operated hair salon business in the Lower East Side for over ten years. Since emigrating from the Dominican Republic 16 years ago, Johanny has worked hard to achieve her lifelong dream of running a hair salon and beauty school. Over the last ten years she has also seen the effects of gentrification and works hard to keep the business afloat. About two months ago she relocated her business from Ave. C to Clinton St. This move has had its ups and downs. “I moved here because my rent was being raised and business was slow... here I have more

customers but the rent is still very high, I need to work 12 and 13 hour days to pay rent.” The recent gentrification of the neighborhood has had other personal effects.

When she first moved to NYC, Johanny was able to live in the neighborhood; a few years ago she had to relocate to Brooklyn. “It’s crazy here [Manhattan], the rents go up and up, no one can afford to live here. My whole family had to move to Brooklyn because it is too expensive to live here.” While she has had some success recently, Johanny is still apprehensive of the future: “The landlord says that the rent will go up every year, with all the new business it is hard to keep up and the city hasn’t done anything to help.” Although the city did provide some assistance when she first established her business, since then she has received absolutely no assistance from the city. “They only help you when you are first starting, after that they forget about you... I didn’t get any help when I moved my business and I have been waiting two years to get my beauty school license.” Johanny hopes that once she receives her beauty school license she will have help to afford rent and also help girls in the neighborhood by offering free and discounted classes. “I like to give back to the community... I hear girls who come in talking about how they want to become hairdressers and I want to help them achieve the same thing I did.”

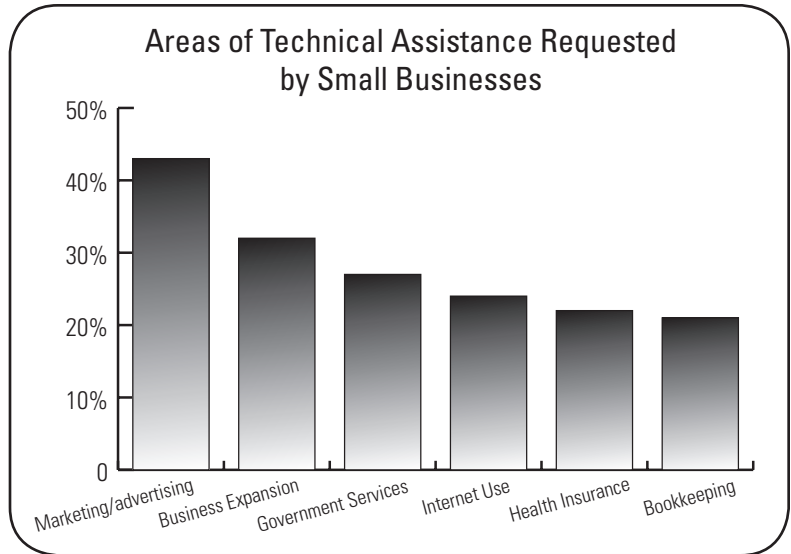


**FINDING #4:** Small Businesses on the Lower East Side should be supported with technical assistance that will help them to grow, thrive and compete.

Gentrification is not inevitable. The deterioration of the small business district is a result of choices and policy decisions that cities and communities make. One choice that cities and communities can make is to provide small businesses with technical assistance. Technical assistance is essential to the success of any kind of business, especially small businesses. Small businesses operate without the large built-in advantages of increased capital and resources that large chains enjoy. Technical assistance can include anything from training assistance and marketing development to technology upgrades. Helping small businesses operate more effectively and efficiently enables them to compete with chains.

Of the small businesses that were interviewed, the most common areas of need were:

- **Marketing/advertising** – 43%
- **Business Expansion** – 32%
- **Government Services** – 27%
- **Internet Use** – 24%
- **Health Insurance** – 22%
- **Bookkeeping** – 21%



#### Technical Assistance Model: Workshop in Business Opportunity (WIBO)

One model of technical assistance that could be supported is the program which is organized by WIBO. WIBO offers a flagship 16-week workshop “How to build a profitable growing business”. This workshop provides comprehensive training in areas specifically related to issues facing small business owners. Their curriculum focuses on the following areas: foundation building, market analysis, customer development, sales promotion, technology training, money management, staff management training, and pricing strategies.

Promoting these types of technical services will give business in the Lower East Side a significantly higher chance to survive and grow.



## ***Small Business Profile: Jane's Exchange, 191 E. 3rd Street***



Run by Gayle Raskin and Eva Dorsey, Jane's Exchange has been a staple in the Lower East Side for over 10 years. As the only children's consignment store in Manhattan, Jane's Exchange has a wide and diverse clientele, ranging from as far as New Jersey and Westchester to Brooklyn and the Lower East Side itself. While both Gayle and Eva enjoy having customers from all across the area, it is their own neighborhood that gives them the most joy. As the only store in the Lower East Side that caters specifically to infants and children, they have been able to forge a close relationship with many families in the neighborhood. Additionally, both Gayle and Eva have resided in the neighborhood for over 20 years and have mixed feelings

about the rapidly changing environment. One of the struggles they have had recently was the decision to relocate to their current location.

After being located at 7th St. and Ave B for 10 years, their lease expired and their landlord informed them that the rent would be raised substantially. Unable to afford this rent increase, Gail and Eva began to look for new rental spaces. After months of looking and on the verge of closing their business for good, they were able to find a city-owned property on 6th St. and Ave C. This new location would fall through and they were unable to secure a lease. "They [the city] were very difficult to deal with. They never gave us a firm price and would delay the paperwork. It was very frustrating," said Eva.

This unfortunately has been a common obstacle for small business in the neighborhood. Gail mentioned, "It is very hard for small business to lease city-owned spaces because they are either unaffordable or unwilling to lease to small business and would rather lease to fancy shops or big businesses." Despite being spurned by the city and facing rapid gentrification, Gail still feels committed to the neighborhood. "This is my home and I want to help the needs of everyone in the neighborhood including the younger folks we just don't want to see it turned into a playground."



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## CONCLUSION



Unlike in other neighborhoods, the gentrification of the Lower East Side has been spurred by both large redevelopment projects and a proliferation of upscale restaurants, bars, and boutiques. These new high-end amenities have emerged to cater to upper-income consumers, alienating the vast majority of Lower East Side residents. Although there has been a clearly visible boom of luxury housing in the area, the vast majority of the LES's residential stock still consists of rent-stabilized apartments, subsidized units and public housing.

As small-businesses catering to low-income communities of color become increasingly displaced or shut down, the local needs of LES residents have become increasingly ignored. What was once a self-sustaining neighborhood, is becoming greatly unbalanced. The local small business that once met essential needs of community residents is being replaced by non-essential business that provides little to no community value. Instead of strong local small business serving the community, these new trendy shops target affluent non-residents. Without a local base for business these high-end shops face a higher turnover rate and weaken the overall economic health of the neighborhood.

Bearing in mind the recent economic downturn that is facing the country and world at large, it is more important than ever that we work to support locally driven small businesses. Though small businesses are easily the most vulnerable in a struggling economy, they have the most potential for effectively revitalizing a local economy. By strengthening small businesses, communities are able to develop sustainable economic models that are not only more efficient but also keep the neighborhood livable and accessible to all.

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## RECOMMENDATIONS

For the Lower East Side to survive the growing challenge of gentrification there must be greater support of small local businesses. After assessing the results of the small business survey, GOLES recommends that New York City and State governments should enact following policies and programs:

1. Rent guidelines that are in line with preserving the neighborhood's unique local economy:
  - Implement the Small Business Preservation Act (Jackson Bill) which creates a fair environment in which small business owners can negotiate terms of their lease with property owners with the goal of ensuring that locally owned small businesses are equally represented in gentrifying communities.
  - Creation of guidelines that require the City and NYCHA to rent city-owned and NYCHA-owned property to small business at below-market rates in order to keep locally owned businesses in areas that are lacking community-oriented business.
2. Zoning ordinances that allow communities to be more sustainable:
  - Stronger enforcement of the 500-Foot Rule by demanding the State Liquor Authority honor objections of community members before approving variances.
  - Create commercial inclusionary zoning for commercial space that would emphasize renting to local community based (501c3) as well as small locally-owned businesses.
  - City zoning laws that encourage commercial diversity – i.e., cap on how many of certain kinds of businesses that can be located a given block or neighborhood.
3. Develop Community Benefits Agreements (CBA) with developers to ensure equitable local small business growth:
  - Work with the Community Boards and City Council District to require developers and landlords to accept CBAs when leasing buildings.
  - Develop a community-sponsored CBA that emphasizes the need and desire for small local oriented businesses in the Lower East Side.
4. Establish a new, truly grassroots Lower East Side Chamber of Commerce:
  - This association would focus on the entire Lower East Side.
  - The association would also be inclusive and to reach out to more businesses, especially small, local and minority-owned.
5. The new Chamber of Commerce, along with the Lower East Side Business Improvement District and NYC Small Business Services, should work to:
  - a. **Create a new “Buy local, buy small” ad campaign which focuses on minority-owned and local businesses:**
    - Develop small business newsletter/directory that is devoted to local, minority, and low income residents.
    - Supplement with storefront stickers to highlight that the business is local.
    - Offer customers a “buy local” coupon book.
    - Organize small business fair to showcase utility and variety of local business.
  - b. **Commission an “economic impact study” on the effect of the loss of small business and the increase of bars and restaurants on specific neighborhoods, including the Lower East Side.**
    - This should be done to better understand the impact of the loss of small business on New York City and how to create viable policy solutions to ensure sustainable local economies.

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# APPENDIX

Name and location of Business \_\_\_\_\_  
Name and number of Business Owner \_\_\_\_\_  
Date \_\_\_\_\_



## GOLES Lower East Side Small Business Outreach Survey

### BASIC BUSINESS INFORMATION

1. What is the legal form of your business?

- Sole Proprietorship
- Partnership
- Corporation
- Limited liability Company (LLC)

2. Which of the following apply to your business:

- Minority-owned
- Family-owned
- Female-owned
- Home-based
- Franchise unit

3. How long has your business been operating?

- Less than 1 year
- 1 to 3 years
- 3 to 5 years
- 5 to 10 years
- 10 to 20 years
- Over 20 years

4. Do you rent or own your commercial space?

- Rent       Own

5. If you rent your business space, how long is your lease? \_\_\_\_\_ years. Expires in year \_\_\_\_\_

6. Who is your landlord or managing company? \_\_\_\_\_

7. How many people do you employ? \_\_\_\_\_

8. Do you offer health insurance? \_\_\_\_\_

### UNDERSTANDING THE NEEDS OF YOUR BUSINESS

9. What would be the impact on your business if your rent is increased by more than 50% per month? (check all that apply)

- I could renew my lease and my business would continue to thrive
- I could renew my lease but it would be a financial strain on my business
- I would have to raise my prices
- I would have to downsize my workers
- I would not be able to renew my lease

10. Which best describes what you would do if you could not renew your lease?

- Relocate business to elsewhere in the neighborhood
- Relocate business to a different neighborhood
- Close business permanently

11. Is your profit growing at a rate of 10% or more per year?  Yes  No
12. On a scale of 1 to 10, is it easier or harder for your business to keep up with changes in the neighborhood?  
(1 is easiest, 10 is hardest) \_\_\_\_\_
13. What would you identify as the greatest challenge facing your business now? In the long-term?
14. Would your business benefit from the following areas of technical assistance? If so, which ones?

- |  |  |
|--|--|
| <input type="checkbox"/> Writing a business plan             | <input type="checkbox"/> Business expansion                      |
| <input type="checkbox"/> Bookkeeping/financial statements    | <input type="checkbox"/> Quality control                         |
| <input type="checkbox"/> Marketing and advertising           | <input type="checkbox"/> Leasing versus buying                   |
| <input type="checkbox"/> Sales techniques                    | <input type="checkbox"/> Managing employees                      |
| <input type="checkbox"/> Computerizing your business         | <input type="checkbox"/> Customer service                        |
| <input type="checkbox"/> Using the internet in your business | <input type="checkbox"/> Technical training for employees        |
| <input type="checkbox"/> Home-based businesses               | <input type="checkbox"/> Government services to small businesses |
| <input type="checkbox"/> Franchising                         | <input type="checkbox"/> Offering health insurance to employees  |

Other (What kinds?) \_\_\_\_\_

15. Are there other pressing concerns you have as a small business owner on the Lower East Side that you think people should know about?
16. Do you have recommendations for contractors, electricians, accountants, plumbers, or any other LES-based small business services whose names you would like to share with other LES business owners?
17. This survey is only one part of our effort to support your business and our community. If you would like us to keep you informed about workshops and other upcoming opportunities, what is the best way to contact you?

**ABOUT THE SMALL BUSINESS OWNER**

One of the great things about the Lower East Side is the diversity of its residents, business owners, and those who work here every day. This section helps us get a sense of who is living and working in the neighborhood, and who is being affected by changes in the community and local small businesses.

18. How do you identify in terms of race/ethnicity?

- African American or Black
- Arab
- Asian/Pacific Islander
- Caucasian
- Hispanic or Latino
- Multi-racial
- Multiple owners with multiple races

Other \_\_\_\_\_

19. What is your sex?

- Female
- Male

20. What is your age?

- 16 to 25
- 26 to 40
- 41 to 55

Over 55

21. In what zip code do you live? \_\_\_\_\_

**Thank You!**

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## ENDNOTES

<sup>1</sup> Retrieved July 29, 2008 from: <http://www.preservationnation.org/travel-and-sites/sites/northeast-region/lower-east-side.html>

<sup>2</sup> Jahr, N. (2008, July 21). Maybe beloved shops don't have to disappear. *City Limits Weekly*. Retrieved July 31, 2008 from: [http://www.citylimits.org/content/articles/viewarticle.cfm?article\\_id=3593](http://www.citylimits.org/content/articles/viewarticle.cfm?article_id=3593).

<sup>3</sup> Retrieved July 29, 2008 from: <http://www.preservationnation.org/travel-and-sites/sites/northeast-region/lower-east-side.html>

<sup>4</sup> Chinatown/Lower East Side Empire Zone Development Plan, Retrieved September 8, 2008 from: <http://www.lowereastside.com/plan.doc>

<sup>5</sup> Economic and housing data based on that collected by the NYU Furman Center for Real Estate and Urban Policy. The boroughs of NYC are broken down into community districts, or sub-boroughs. The Lower East Side neighborhood data is grouped into CD 303 which includes Chinatown.

<sup>6</sup> Income diversity, according to New York University's Furman Center for Real Estate and Urban Policy, is calculated by "dividing the 80th percentile of income by the 20th percentile. A higher number indicates a broader range of income in a given area."

<sup>7</sup> The proportion of public housing units is calculated by dividing the number of public housing units by the total number of units in a given geographic area.

<sup>8</sup> 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). Civic Economics. (2004). *The Andersonville study of retail economics*. Retrieved July 11, 2008 from: <http://www.civiceconomics.com/Andersonville/AndersonvilleStudy.pdf>.

<sup>9</sup> Economic and housing data based on that collected by the NYU Furman Center for Real Estate and Urban Policy. The boroughs of NYC are broken down into community districts, or sub-boroughs. The Lower East Side neighborhood data is grouped into CD 303 which includes Chinatown.

<sup>10</sup> According to the Small Business Association website a yearly profit increase of at least 10% is indicates that a business is succeeding. (cite)

<sup>11</sup> Chan, S. (2008, May 21). Lower East Side is given "endangered" status. *The New York Times*. Retrieved July 30, 2008 from: <http://www.nytimes.com/2008/05/21/nyregion/21preserve.html>

<sup>12</sup> Community Board 3 Manhattan District Needs Statement for Fiscal Year 2010



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