



Asian American Federation

**Written Testimony for New York City Council Public Hearing on
NYC Small Business COVID Recovery Grant Program**

Submitted to the New York City Council Committee on Small Business

September 1, 2021

Thank you for this opportunity to provide comments on the proposed rules on the NYC Small Business COVID Recovery Grant Program.

My name is Ahyoung Kim, and I am the Associate Director of Small Business Programs at the Asian American Federation (AAF). AAF's mission is to raise the influence and well-being of the pan-Asian American community through research, policy advocacy, public awareness, and organizational development. We represent a network of nearly 70 member and partner agencies that support our community through their work in health & human services, education, economic development, civic participation, and social justice. Through our Small Business Program, we provide technical assistance and convene policy and advocacy conversations with over 20 immigrant business organizations across the City.

We are heartened to see this effort to collect public comments on the upcoming SBS COVID Recovery Grant Program. Many recovery efforts stemming out of the COVID-19 pandemic were challenged by the discrepancies between rules based on administrative concerns in disbursement of funds and the reality of how small businesses operate on the ground. We are encouraged by SBS's flexibility of the types of documentation admissible for the grant application process in the proposed rules. By accepting a variety of documents to show the impact of the COVID pandemic on the business and requesting for the most recent tax return, we anticipate this program will reach businesses who have been shut out of other similar programs due to burdensome document requirements.

However, certain elements of the proposed rules raise concerns on fairness and efficacy of this program.

Eligibility and Definition of Small Businesses

One of the biggest criticisms of previous efforts to provide financial relief for small businesses has been that the smallest and the hardest-hit businesses were often the hardest-to-reach and ended up largely left out of relief efforts. In our previous testimonies and research, AAF has demonstrated how Asian American small businesses were hit the hardest and the earliest by the COVID pandemic. Many immigrant small businesses are microenterprises with limited English proficiency as well as lack of expertise in bookkeeping or the follow-up process of government programs. This highlights the need for technical assistance and language access for immigrant small businesses so that they have a fair chance at grant opportunities.

The current definition of “small businesses” as organizations with no more than 500 employees and \$3 Million in revenue would be too broad to ensure a fair opportunity to secure funds for the smallest, mom-and-pop businesses. While the priority system based on revenue is helpful, the inherent difference in administrative capacity remains within each priority group. Smaller businesses often take longer to prepare their application for grant opportunities, and the first few weeks following the launch of a new grant program exposed technical glitches or raised administrative questions that need to be straightened out.

In order to ensure a fair chance to secure recovery relief for the hard-to-reach and the hardest-hit small business communities, **in-language marketing material and avenues of further assistance should be released and disseminated before the application period opens.** Only then, can community-based-organizations that serve immigrant small businesses sufficiently prepare their staff and clients to prepare for the new program and fully benefit from the funding priority.

Eligible Sectors

Since as early as January 2020, Asian American small businesses have endured a direct and significant impact. In the early days of the pandemic, Asian American neighborhoods saw a significant drop in foot traffic due to health concerns among residents who heard of COVID-19 from families in their countries of origin. Within just a few weeks, unwarranted connections of the virus to Asian Americans further hampered economic activity in Asian American neighborhoods across the City.

According to a Mastercard Center for Inclusive Growth report¹ based on anonymized data of credit card spendings last year, “New York City saw consumer spending fall 65 percent beginning in late February and continuing to decline into March. However, consumer spending by early March in Chinatown—particularly in restaurants—had fallen by almost 82 percent. Spending had declined in Flushing by 71 percent and 73 percent in Jackson Heights.” The same report found that **the spending slowdown in Asian communities started about six weeks earlier than citywide (NYC) spending in all four cities**. The decline in restaurant spending was sharpest in NYC Asian American neighborhoods, especially Chinatown and Flushing, where restaurant spending declined respectively by a striking 96 percent and 94 percent, versus 85 percent citywide.

New York City recently celebrated its essential workers in a ticker tape parade and we see tourism making a slow comeback across different corners of the city, painting a hopeful prospect for economic recovery. However, **Asian American neighborhoods have not experienced a comparable economic comeback to this date**. Incidents of hate crimes against the Asian American community continue to cast a shadow of fear for personal safety for residents. Especially for businesses that serve local seniors who are more reluctant to go out and about, the impact of Anti-Asian hate and the pandemic has persisted, if not worsened.

The proposed rule² too restrictively defines the business sectors that drive tourism in New York City’s ethnic neighborhoods. According to SBS’s 2016 Downtown Flushing CDNA³, “Especially in the case of Asian small businesses in areas with high ethnic concentration, businesses like personal care or professional services draw customers and foot traffic to the region as Asian American residents from areas around in New York City make destination trips to these neighborhoods.” Limiting the business sectors to just food, accommodation, arts, entertainment and recreation ignores how important of a draw that retail, personal care and professional services are for tourists and visitors to our neighborhoods.

Definition of LMI and eligible areas

While we are pleased to see that the proposed rules do not rely on ZIP Codes to determine eligibility, we remain concerned about exclusively using LMI data to define eligible areas for grant relief programs. We have seen LMI definitions resulting in parts of what the community sees as a cohesive commercial corridor being excluded from

¹ June 08, 2021. “Asian American communities hit earlier and harder by COVID-19,” <https://www.mastercardcenter.org/insights/asian-american-communities-hit-earlier-and-harder-by-covid-19>

² “at least 50% revenue is generated by activities defined by the NAICS as part of the Food Service and Accommodation and Food Services sector or the Arts, Entertainment, and Recreation sector”

³ Downtown Flushing Queens Commercial District Needs Assessment, 2016. [n360-cdna-flushing.pdf \(nyc.gov\)](#)

eligibility. For example, only one side of a street in the same commercial corridor may be eligible if the commercial corridor runs between a LMI block and non-LMI block (see Appendix 1). In addition, LMI data is inherently resident-based rather than business-based and therefore may not reflect actual business needs for assistance.

From 2002 to 2012⁴, Asian-owned businesses accounted for 31 percent of net new businesses. Asian-owned businesses accounted for about half of net new economic activity (defined as sales, receipts, or value of shipments) in New York City and half of net new paid employment in this time of economic recession. Asian-owned businesses were concentrated in service sectors, including taxi and limousine services, retail, personal care services including beauty and nail salons, food services, and construction.

Despite this contribution, Asian American small businesses have had to endure extra burden trying to stay afloat amid the COVID-19 Pandemic. Our businesses noticed loss in revenue even before the first confirmed case of COVID infection in New York City. Politically charged racist comments and biases further drove customers away and the fear of anti-Asian hate crimes continue to hamper economic activities in Asian enclaves.

For the immigrant community, local small businesses are more than a venue of monetary transaction. On top of providing jobs and training to new immigrants, our small businesses are also places of gathering and information sharing. Especially in times of hardship, small businesses step up to share resources and provide support to their communities, functioning as the last safety net for those unable to access public resources.

⁴ Contribution of Asian American small businesses: Asian American Federation (2016). NYC's Economic Engine: Contributions and Challenges of Asian American Small Businesses. New York, NY.
https://www.aafederation.org/wp-content/uploads/2019/08/AAF_small_biz.pdf

Recommendations

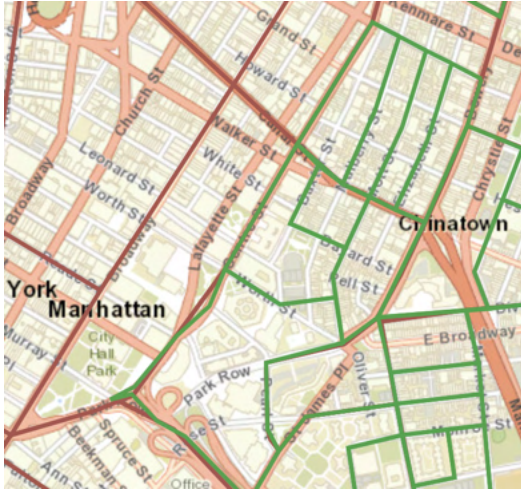
In light of these concerns, AAF recommends the following:

- **Ensure language access for immigrant small business owners with limited English proficiency**
 - Create marketing material and guidelines in top 10 languages used in New York City
 - Make in-language material available prior to opening application when English material is distributed.
- Ensure traditional Asian American commercial corridors such as Manhattan Chinatown are included in eligible areas in whole.
- **Reduce the number of employees standard** to alleviate the disadvantage of small businesses needing to compete with bigger companies in the application process.
- **Collaborate with community-based-organizations in outreach efforts and technical assistance** to the hard-to-reach small business communities.
 - Share information about the grant program and marketing materials well in advance to allow CBOs time to create in-language content for the hardest-to-reach small business community.

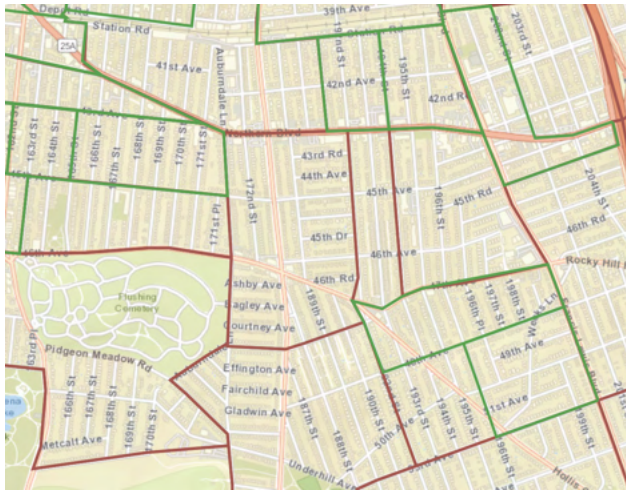
Thank you.

Appendix 1: LMI standard concerns

- (1) Parts of Manhattan Chinatown (West of Centre Street) are not categorized as LMI (LMI tracts have green borders), but many small businesses located here also suffered from the detrimental impact of COVID-19, doubled with racist biases that led to hampering business activity in the area.



- (2) In east Flushing, part of the commercial corridor along Northern Boulevard between Auburndale Lane and 192nd Street is not LMI, but the business environment in this area differs very little from the rest of Northern Boulevard.



- (3) One LMI tract is based in the Times Square area (highlighted below). Businesses in this high-rent area are often equipped with much more funding and business expertise compared to the small businesses this program aims to assist.

