



The Municipal Art Society of New York
Testimony on Small Retail in NYC,
Before the Committee on Small Business and the Committee on Technology in
Government, September 6, 2007, 1:00 p.m.

Good afternoon, my name is Vanessa Gruen and I am the Director of Special Projects at the Municipal Art Society. The Municipal Art Society is a nonprofit civic organization whose mission is to promote a more livable New York City. And what makes a city more livable than unique neighborhoods full of diverse food stores, specialty clothing stores, hardware stores –locally owned and operated? Neighborhoods where it is always a new and exciting experience to walk and take part in the changing retail life that thrives and creates a sense of energy is unique to New York.

All of the above is changing on every street corner in Manhattan and Brooklyn, where local stores disappear and are replaced by chain drug stores and mega banks. As the city transforms right under our very noses, it is a wake up call to all of us. Just as the destruction of Penn Station was needed for the city to establish the Landmarks Preservation Commission, the time has now come for us to ask the city to take steps that will stop the erosion of our city and the neighborhoods that we know and love.

We are pleased that you are holding a hearing on this topic and we assume that the purpose of today's hearing is to try to come up with solutions that will help us save the small retailer and preserve neighborhoods. I am not prepared to outline what should be done, but I do suggest that the Council call for an in-depth study of the problem with a view to providing some long-term solutions.

The City in the past has taken aggressive zoning steps to prevent neighborhoods from losing their soul. Under Mayor Lindsey the Special Little Italy District was established and The Fifth Avenue Special District was created to prevent Fifth Avenue from being turned into an avenue of banks and airline ticket offices. When the Upper East Side was declared a Historic District the designation report specified that the storefront openings be defined by the original or existing piers. This way the storefront opening could not be enlarged or reduced in size, neither could the floor area of the store be enlarged or combined, thus effectively ruling out larger chain stores or banks.

Other cities have also taken action. Cities have sought to regulate “formula businesses” which are defined as establishments that are required by contract to adopt standardized services, methods of operation, décor, architecture or other features identical to businesses located in other communities. These laws do not prevent a chain store from coming in, but they do require that the incoming chain not look or operate like any other branch in the country. This had proved to be a deterrent to chains, which generally refuse to veer from their standardized, cookie-cutter approach.

In San Francisco they have chosen to take a neighborhood-by-neighborhood approach. Under the law, whenever a chain store applies to open, residents in the surrounding neighborhood are notified. They have the option of requesting a public hearing and subjecting the applicant to additional scrutiny. The ordinance allows for varying degrees of regulation in each neighborhood. Some neighborhoods have banned chain stores entirely. These ordinances have been upheld by the courts.

Adam Gopnik, the well known writer for *The New Yorker* wrote in an article this spring: “What we want the city to look like in 2030 will depend on the rules we make now. Aggressive policies for housing, especially low-income housing; a reasonable process of review to help neighborhoods remain neighborhoods; a less passive welcome to every form of monster store; more support for tenants and small merchants — all of these things are worth arguing for, and legislating for, too.”