



Long Island Downtowns: New Strategies for a Post-COVID World

APRIL 2021

TABLE OF CONTENTS

3	Introduction
10	Downtowns Pre-COVID
31	COVID Impacts on LI Downtowns
45	New Normal
61	Interventions
108	Economic and Fiscal Impacts
115	Appendices

Introduction

Introduction | The Rauch Foundation engaged HR&A Advisors to assess COVID-19's impacts on Long Island's downtowns and identify interventions to stabilize businesses and support downtown recovery and growth.

Key Research Questions:

- How were Long Island downtowns and retail evolving prior to COVID?
- How has the pandemic impacted downtowns, including small businesses and those in lower-income communities and communities of color?
- What will the future be for downtowns after COVID?
- What interventions are needed to ensure that Long Island downtowns survive the pandemic and thrive in the future as the hearts of their communities?
- What are the economic and fiscal impacts of downtown revitalization interventions?



Introduction | HR&A's research approach encompassed data analyses, surveys, interviews, and precedent analysis to identify interventions and quantify their economic/fiscal impacts.



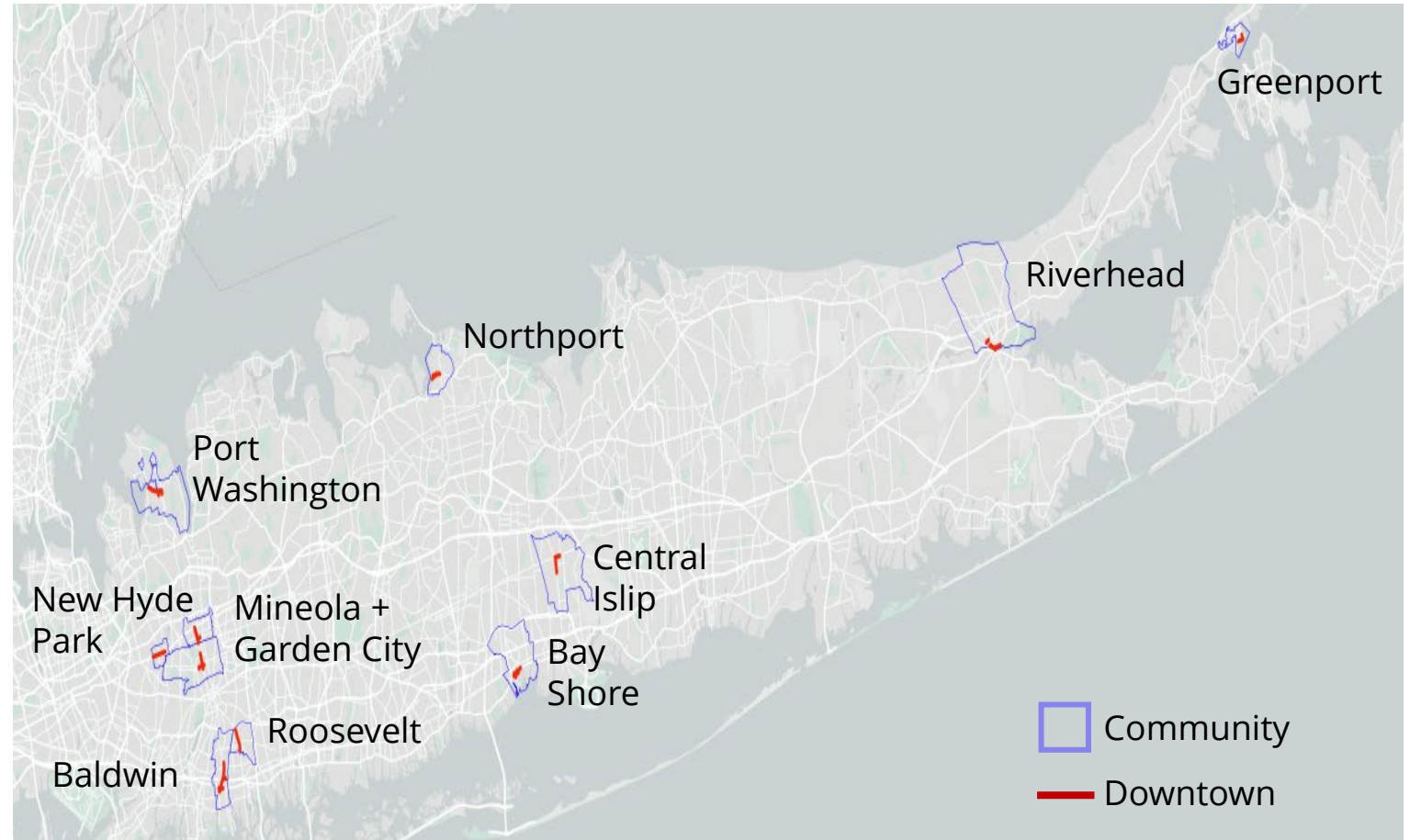
Introduction | We visited 30 Nassau and Suffolk County downtowns that span a wide range of conditions in order to understand real estate conditions during COVID.

Between October and December 2020, we conducted an on-the-ground survey to assess storefront vacancy rates in each downtown, enabling us to compare current business health to data collected by Rauch 10 years ago.



Introduction | We conducted a deeper dive on a subset of 10 “focus downtowns” – and surrounding communities – to capture a range of conditions across Long Island.

- The **10 focus downtowns** vary in terms of income levels, race/ethnicity, population density, worker density, North Shore/South Shore, LIRR access, destination vs. local reach, and walkable vs. auto-oriented character.
- The performance of these downtowns before and during COVID helps to **identify lessons and future interventions** applicable across different types of Long Island downtowns.



Note: We analyzed Mineola and Garden City together given their adjacency and the potential for interventions to apply to both.

Introduction | We engaged more than 50 experts from Long Island's communities and downtowns through three roundtables and numerous one-on-one interviews.



GOVERNMENT REPRESENTATIVES

Nassau County,
Suffolk County,
Town of Huntington,
Suffolk County Village
Officials Association,
NYC Department of City
Planning



CURRENT/FORMER ELECTED OFFICIALS

Mayor of Babylon,
Mayor of Farmingdale,
Former Mayor of Greenport,
Former Mayor of Mineola,
Mayor of New Hyde Park,
Mayor of Port Jefferson,
Mayor of Westbury,
Mayor of Westhampton Beach



BIDS*/CHAMBERS/ CIVIC ASSOCIATIONS

Baldwin Civic Association,
Choice for All, Greater Port Washington BID,
Health and Welfare Council of LI,
Hempstead Chamber of Commerce,
Hempstead Hispanic Civic Association,
Housing Help Inc., Huntington's Hispanic
Task Force, La Fuerza, LI Federation of
Labor,
LI Hispanic Chamber of Commerce,
LI Regional Planning Council,
Nassau Council of Chambers of Commerce,
Riverhead BID, Uniondale Chamber of
Commerce, Urban League Long Island,
YMCA of Great South Bay



PRIVATE ORGANIZATIONS

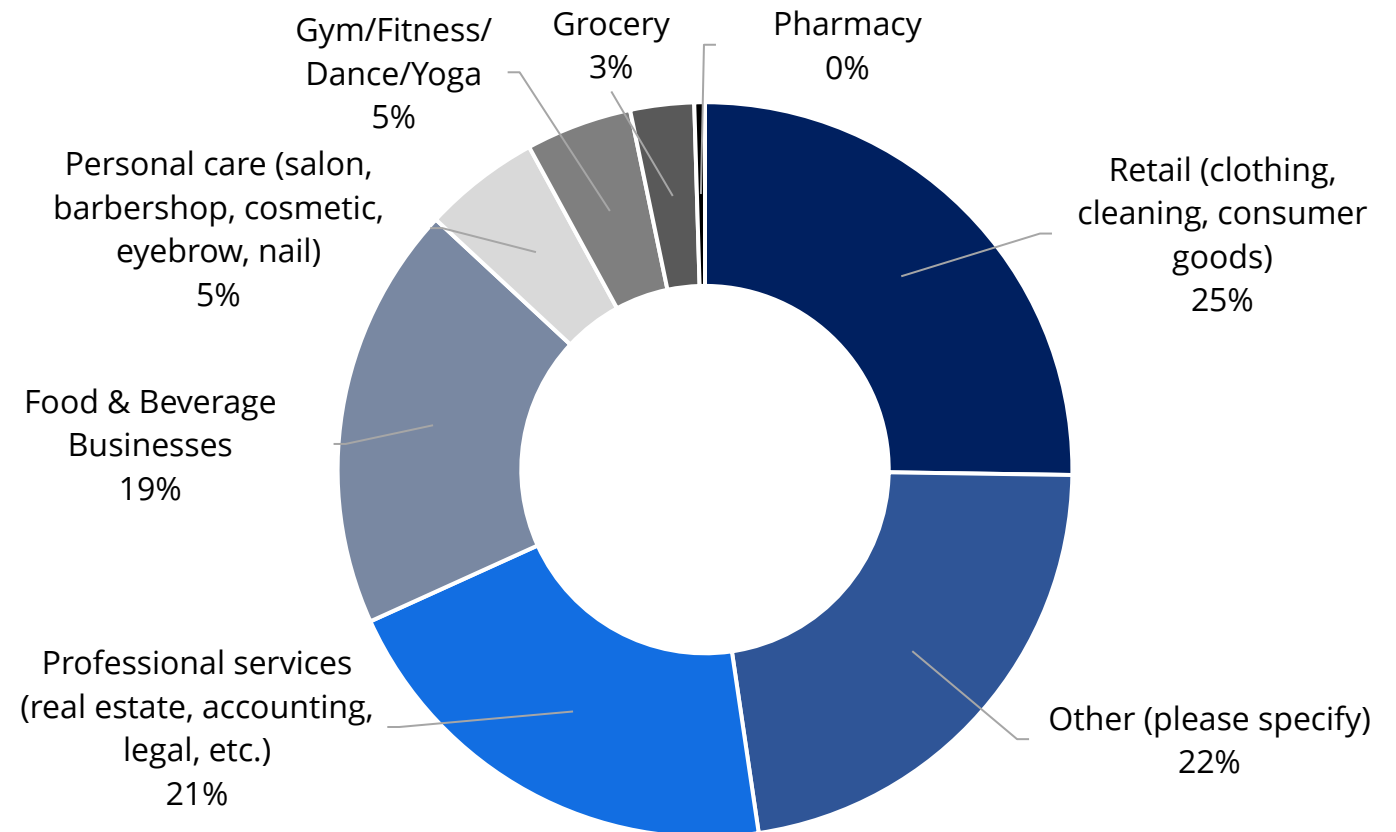
Cushman & Wakefield,
Daniel Gale,
Greenport Harbor Brewing
Company,
Newsday, nextLI, Suffolk Theater,
Vision Street Research

Note: "BID" stands for Business Improvement District, an organization funded by a special tax assessment on property owners within a commercial area in order to fund maintenance, improvement, and promotion of the area and its businesses.

Introduction | We also conducted an online business survey to identify key pre- and post-COVID challenges for downtown businesses.

- We distributed the digital survey through **chambers of commerce, local news outlets, and BIDs** from November to December 2020.
- **Retail businesses** were the largest category of respondents, followed by **professional services**, then **food & beverage businesses**. “Other” includes a varied mix of businesses, including construction, hotels, etc.

Respondents by business type (downtown businesses only)



420 businesses responded to the survey, of which 214 (44%) were from businesses located in downtowns. The chart shows results for downtown businesses only. Source: Rauch-HR&A Business survey.

Downtowns Pre-COVID

How were Long Island downtowns and retail evolving prior to COVID?

Pre-COVID | Long Island's downtowns were the principal shopping areas up until the 1950's.

Long Island was largely a farming community at the beginning of the 19th century. However, the expansion of the Long Island Railroad in the late 1800's opened up Long Island to new residents commuting into New York City. Visitors to Long Island were lured by the chance to escape crowded New York City and enjoy the "country life," ocean, lakes, hunting, boating, fishing and relaxation.

With the advent of the automobile, development of new roadways and housing hastened the eastward migration of city residents and downtowns prospered, becoming the center of civic and cultural life for Long Island's residents.

Downtowns also became job centers, attracting manufacturers, mills, banks and an assortment of small businesses – creating new local employment bases in live/work communities.



Downtown Hempstead (1953)

Pre-COVID | With construction of highways and parkways after WWII, Long Island's growth became largely defined by auto-oriented development, including single family homes and shopping malls.

By the early 1960's, Long Island's unprecedented growth, paired with the growing affordability and popularity of private automobiles, fostered a new development landscape centered around vehicular access.

Looking to capitalize on growing auto-oriented development and changing consumer tastes for convenient and novel retail formats, local authorities promoted the development of mass shopping centers. Small specialty retailers, incentivized by the draw of walk-by business from department-store customers left downtowns for new shopping malls.



Roosevelt Field Mall (1954)

Pre-COVID | Despite these changes, many communities have been successful in reimagining their downtowns, which remain vital points of connection for local residents.

Long Island's downtowns have found many ways to adapt to shifting market trends.

As auto usage increased, many commercial areas redeveloped to accommodate increasing auto traffic. In response to malls, many downtowns also pivoted to increased food & beverage, local services, and convenience uses.

Some downtowns have evolved into centers of business, anchored by offices and institutional uses. Others have long been defined by tourism and recreational attractions and serve as summer destinations.

More recently, downtowns have faced disruptions by e-commerce, and now COVID. Downtowns have shown themselves to be resilient and adaptable before. Thoughtful planning will be critical to ensuring their long-term vitality.

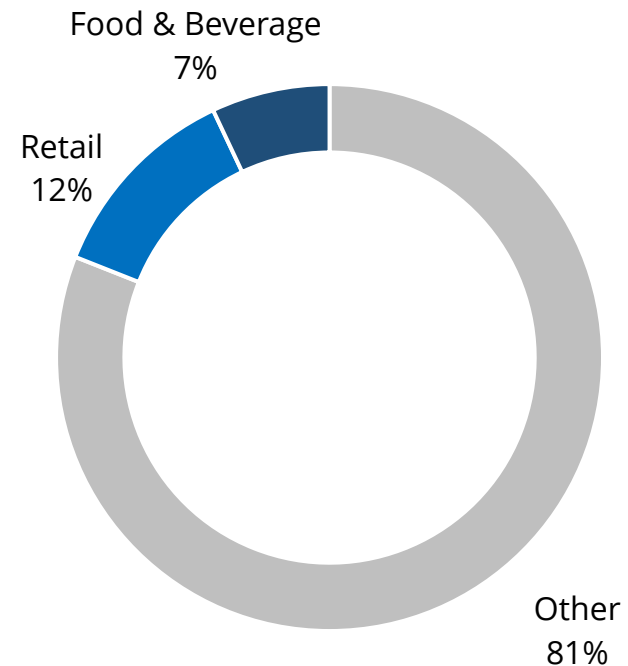


Downtown Greenport

Pre-COVID | Retail and food & beverage sector jobs, which are often concentrated in Long Island's downtowns, accounted for one in five jobs on Long Island prior to COVID.

- **The retail and food & beverage sectors** drive downtown employment and occupy storefronts on main corridors.
- These sectors provide **accessible job opportunities** for workers without college degrees, including lower-income workers.

Long Island employment by sector (Feb 2020)

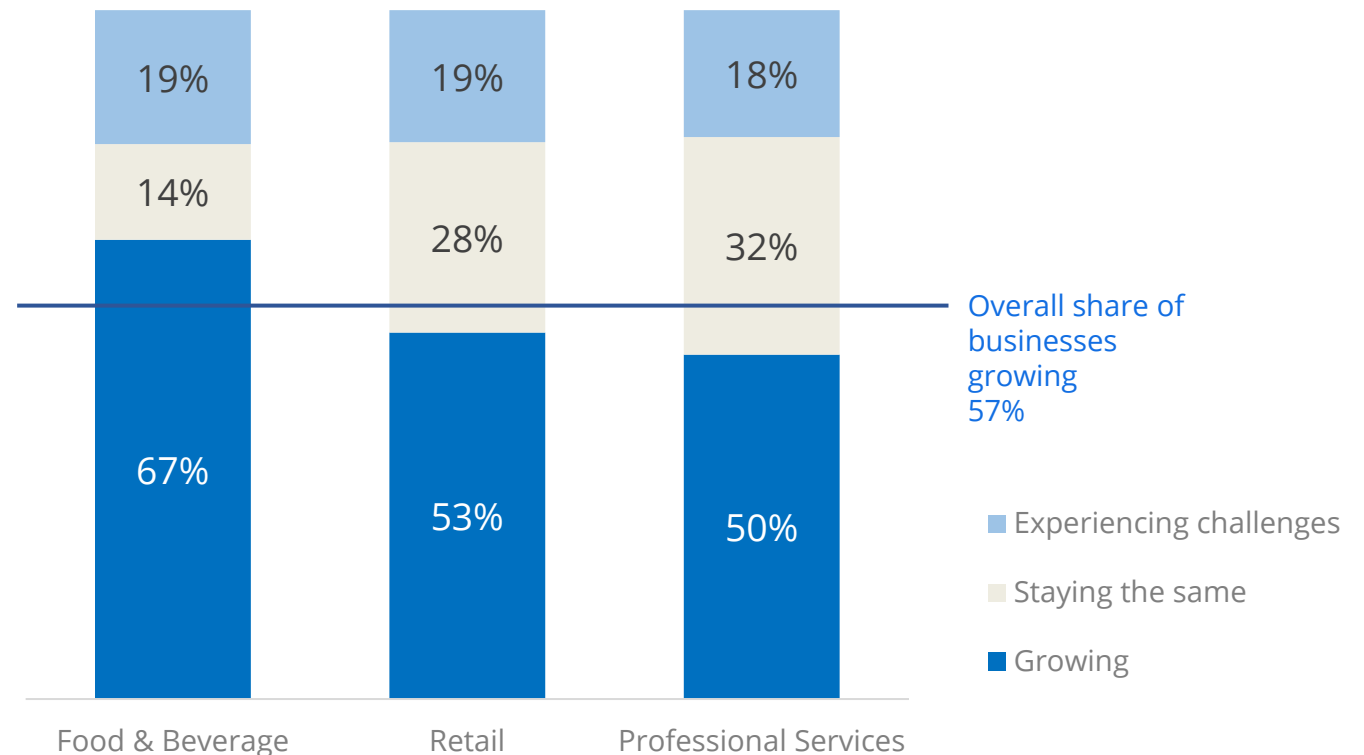


Source: BLS

Pre-COVID | While most downtown businesses were growing prior to COVID, food & beverage businesses were performing particularly well.

- Prior to COVID, **57% of all downtown businesses** surveyed were growing.
- **Downtown food & beverage businesses** were most likely to report growth pre-COVID; 67% of them said they had been growing over the past 2-5 years.

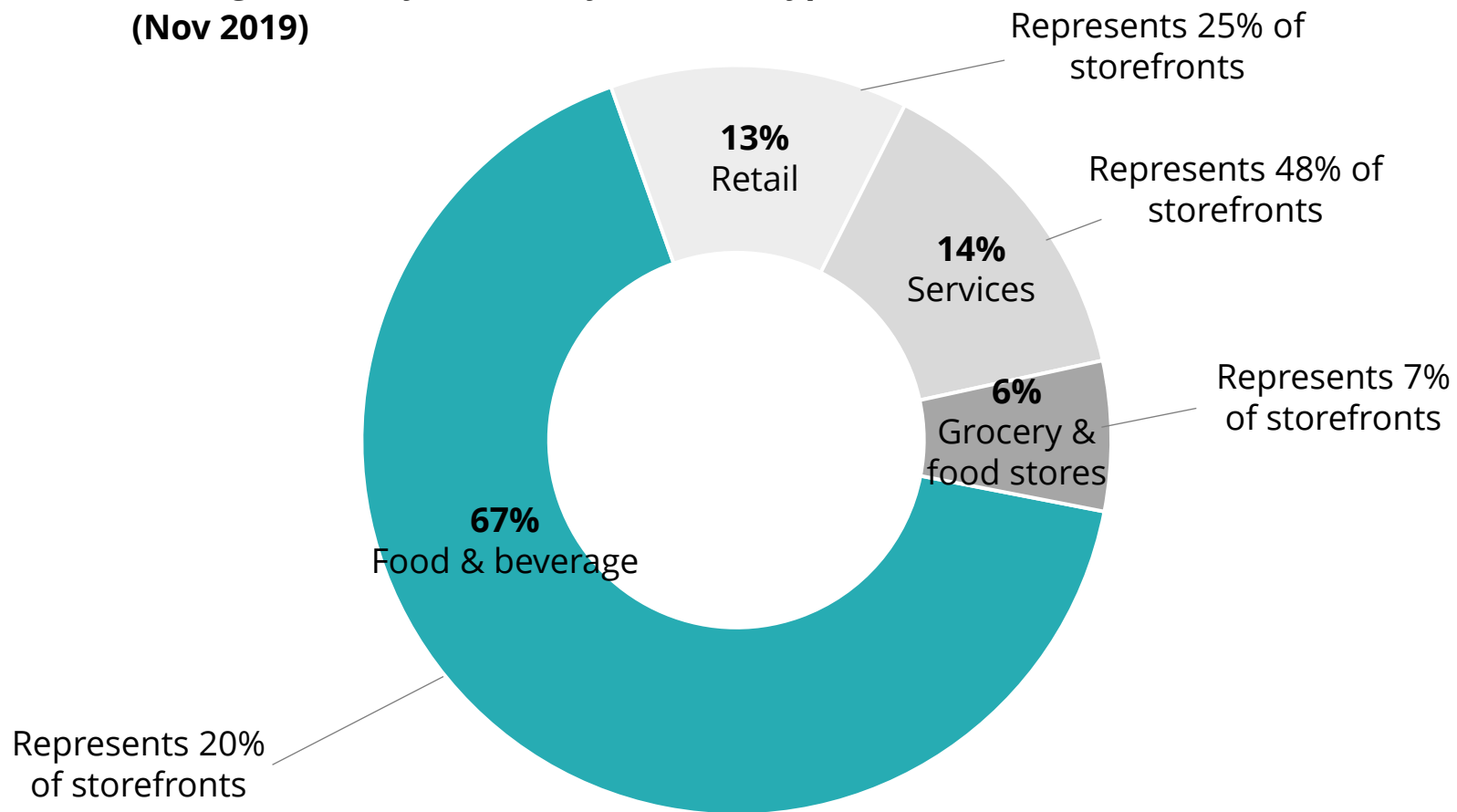
Business health prior to COVID



Downtown survey responses include: 36 food & beverage stores, 47 retail stores and 38 professional services.
Source: Rauch-HR&A Business survey.

Pre-COVID | Food & beverage businesses have become a key driver for downtowns; on average, they constitute 20% of storefronts but drive two-thirds of visitation.

**Average monthly visitors by business type
(Nov 2019)**

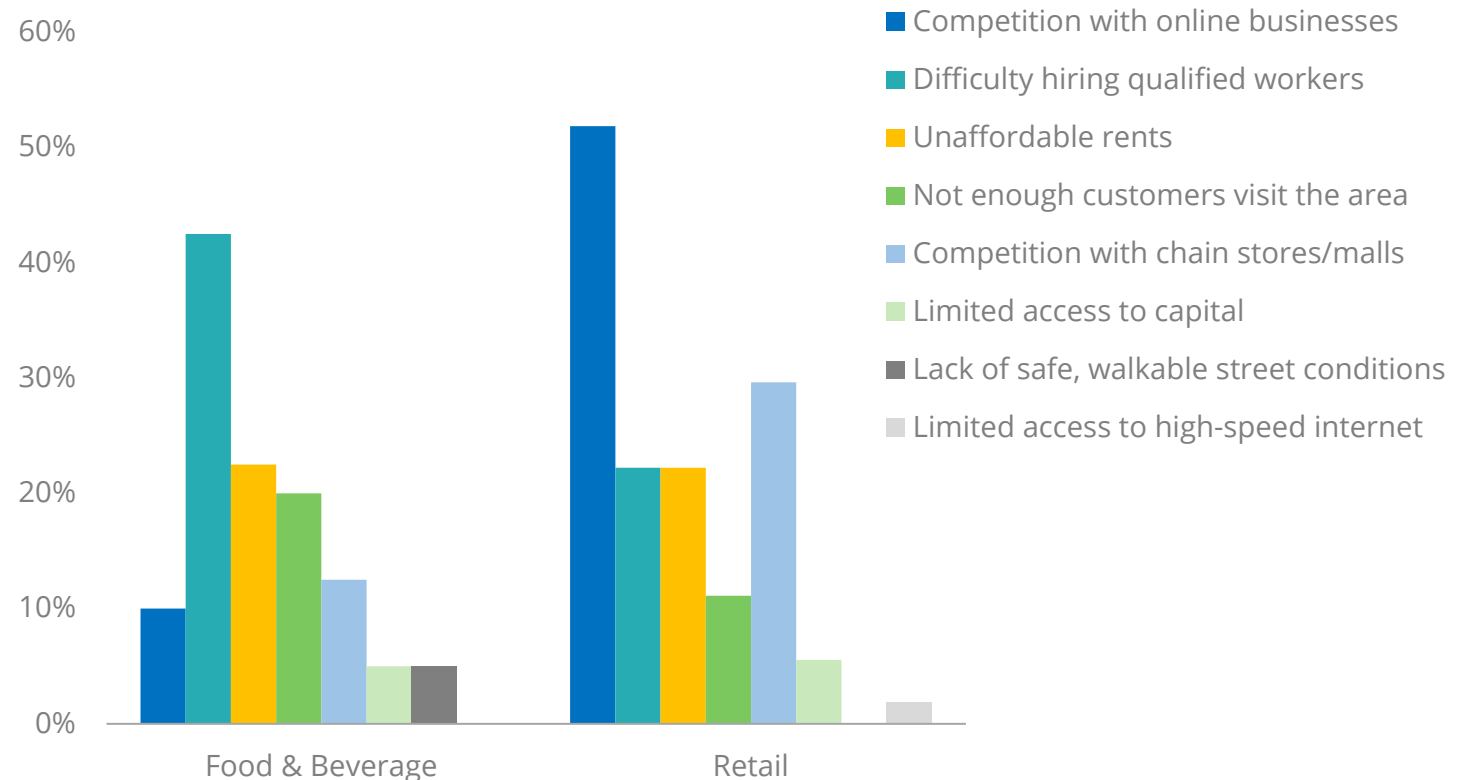


Data based on the 10 focus downtowns: Baldwin, Bay Shore, Central Islip, Garden City, Greenport, Mineola, New Hyde Park, Northport, Port Washington, Riverhead, and Roosevelt. Source: SafeGraph

Pre-COVID | Despite this growth, businesses were facing myriad challenges, ranging from online/chain retail competition to finding qualified workers to unaffordable rents.

- About one in five downtown businesses stated they had been **experiencing challenges** in the prior 2-5 years.
- For food & beverage businesses, **hiring qualified workers** was a top challenge pre-COVID.
- A majority of retail businesses cited **competition with online businesses**, and one in three cited **competition with chains**.
- **Unaffordable rents** were cited by about 20% of businesses, while **low visitation** was cited by 20% of food & beverage businesses and 11% of retail businesses.

Pre-COVID challenges

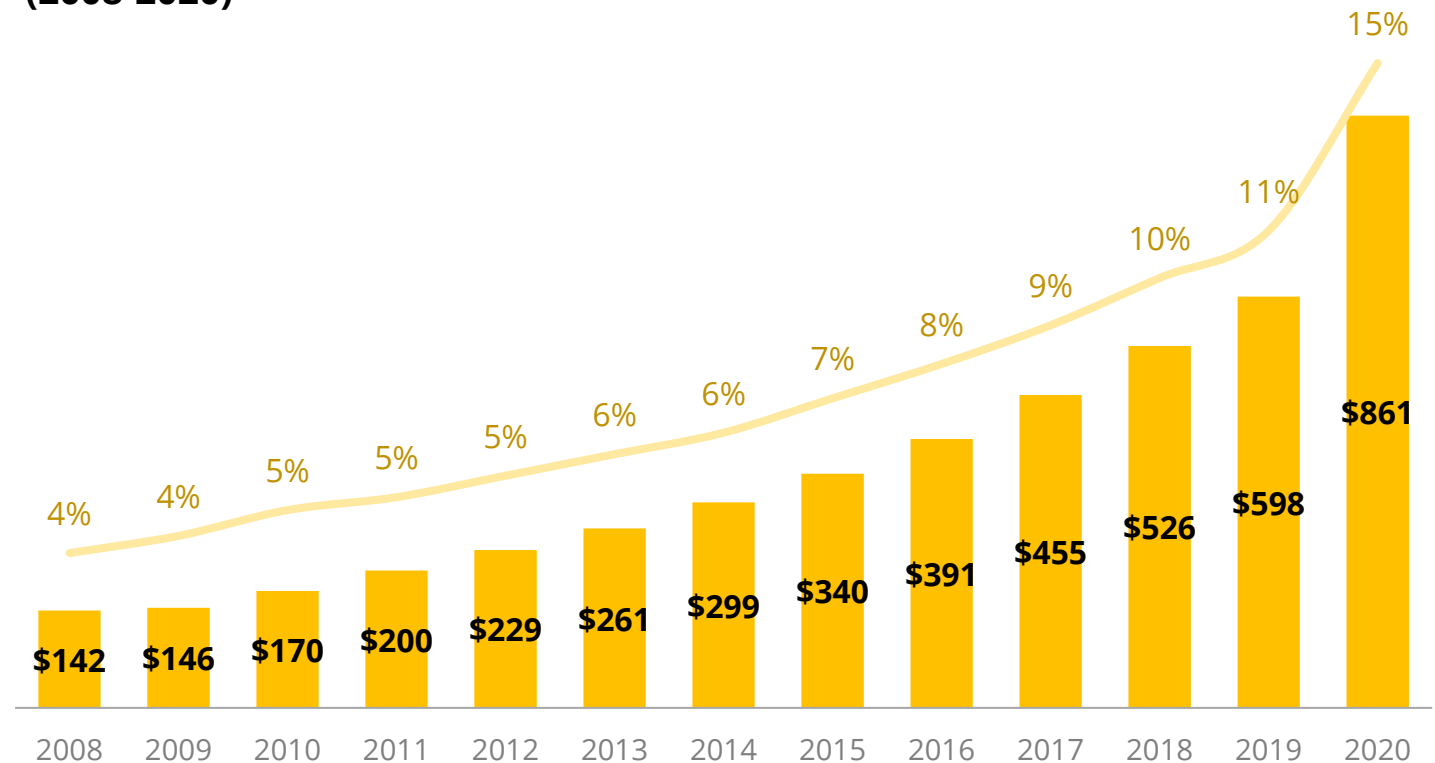


Downtown survey responses include: 40 food & beverage businesses and 54 retail stores.
Source: Rauch-HR&A Business survey.

Pre-COVID | E-commerce has been growing rapidly across the country, disrupting retail and competing with businesses selling consumer goods.

- Nationally, the total dollars spent in **online sales have steadily increased** and as of 2019 – before COVID – had increased by **over 4x since 2008**.
- This trend has only been reinforced during COVID; **online shopping increased dramatically** nationwide between 2019 and 2020.
- While major e-commerce companies' business grew rapidly during this time, many **small downtown businesses have had difficulty pivoting to online sales**.

U.S. online retail sales in billions (2008-2020)



■ Total online retail sales
— Online retail sales as a share of total sales

Source: CBRE

Pre-COVID | As a result of these trends, brick-and-mortar retail jobs have declined across Long Island in recent years, while jobs in experience-focused uses, such as food & beverage, have grown.

Trends in retail and food & beverage jobs (2015-2019)

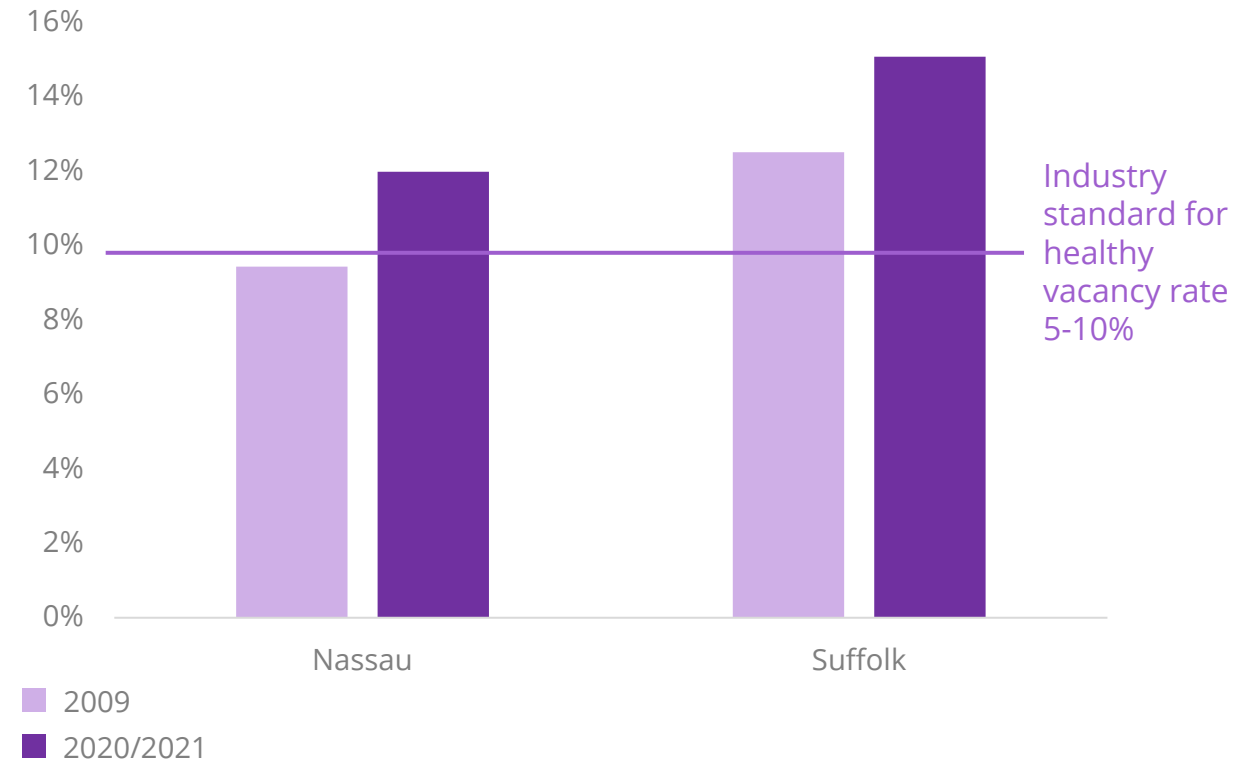


Source: EMSI

Pre-COVID | Similar to trends in many areas of the country, storefront vacancy has risen across many Long Island downtowns, in part reflecting disruption by e-commerce.



Average storefront vacancy rate, selected downtowns (2009 vs Winter 2020/2021)

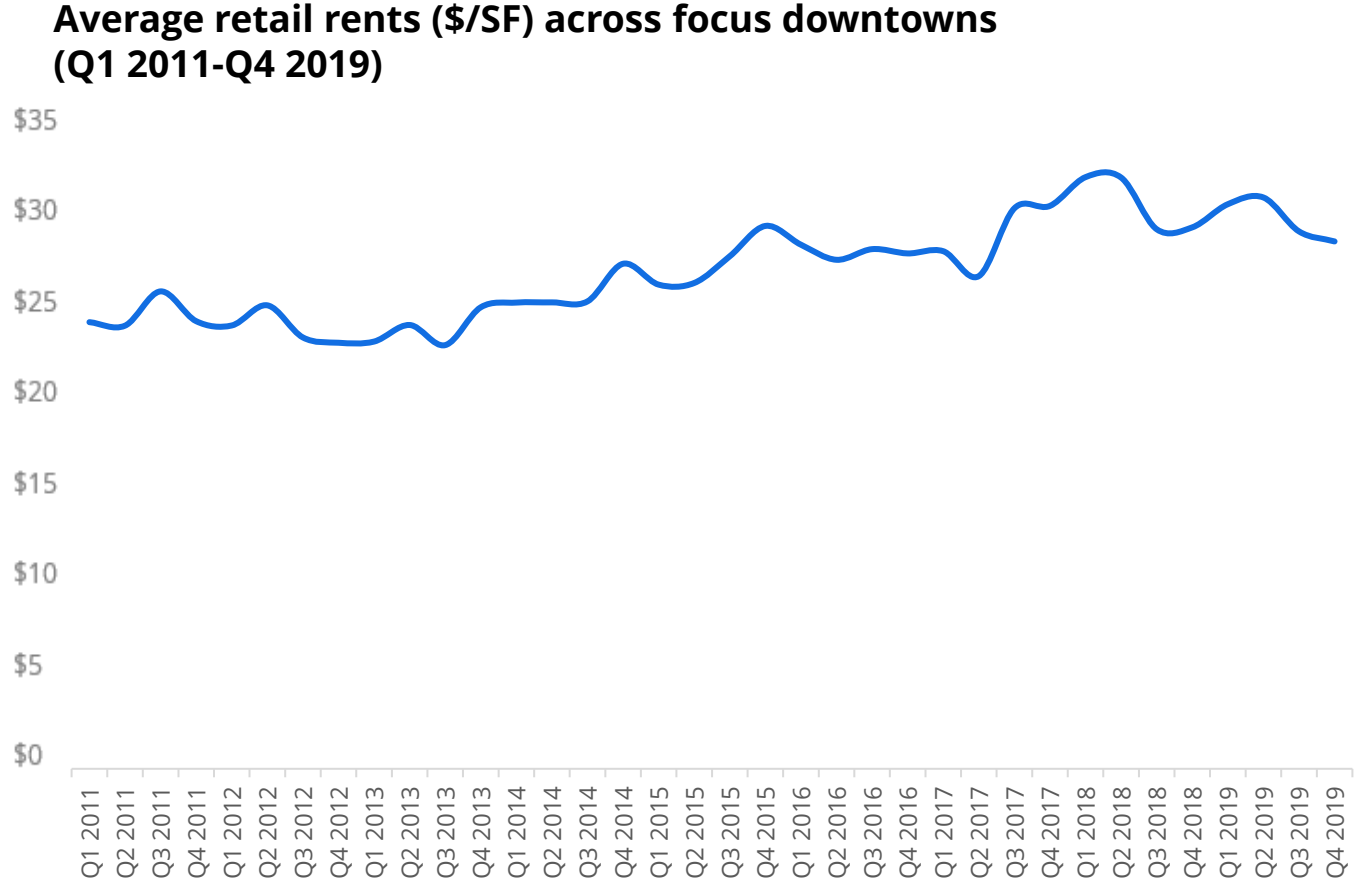


Vacancy rate includes storefronts that are unoccupied or contain permanently closed businesses in the 30 downtowns that were surveyed.

Source: Rauch-HR&A Vacancy Survey

Pre-COVID | Rising and unaffordable rents have been cited by some downtown businesses, many of whom run on thin margins, as a challenge to operations.

- Retail rents increased by **32% across the focus downtowns from Q1 2011-Q2 2018**, although they have dipped in the past few years, potentially reflecting disruption of the retail industry.
- Nevertheless, brokers have said retail rents in some downtowns are increasingly **unaffordable** to small businesses, including in Garden City and Port Washington, contributing to vacancy.
- This issue varies by downtown; **22% of retail and food & beverage businesses** cited rent affordability as a top concern.



Data based on the 10 focus downtowns: Baldwin, Bay Shore, Central Islip, Garden City, Greenport, Mineola, New Hyde Park, Northport, Port Washington, Riverhead, and Roosevelt. Source: Costar

Pre-COVID | Small businesses in lower-income communities, and in particular, businesses owned by people of color, face greater hurdles.

- Outreach indicated that many businesses in these communities on Long Island had **greater difficulties adopting technology and social media, obtaining permits, and negotiating leases.**
- These businesses also **faced greater obstacles to accessing capital**, in line with national trends. Nationally, new Black- and Hispanic-owned businesses start with about half as much capital as nonminority-owned firms.
- One civic leader noted that the Hispanic businesses in his community had **fewer connections to the local chamber of commerce**, missing out on valuable support for businesses in need of assistance.



Rio Dulce Bakery in Central Islip

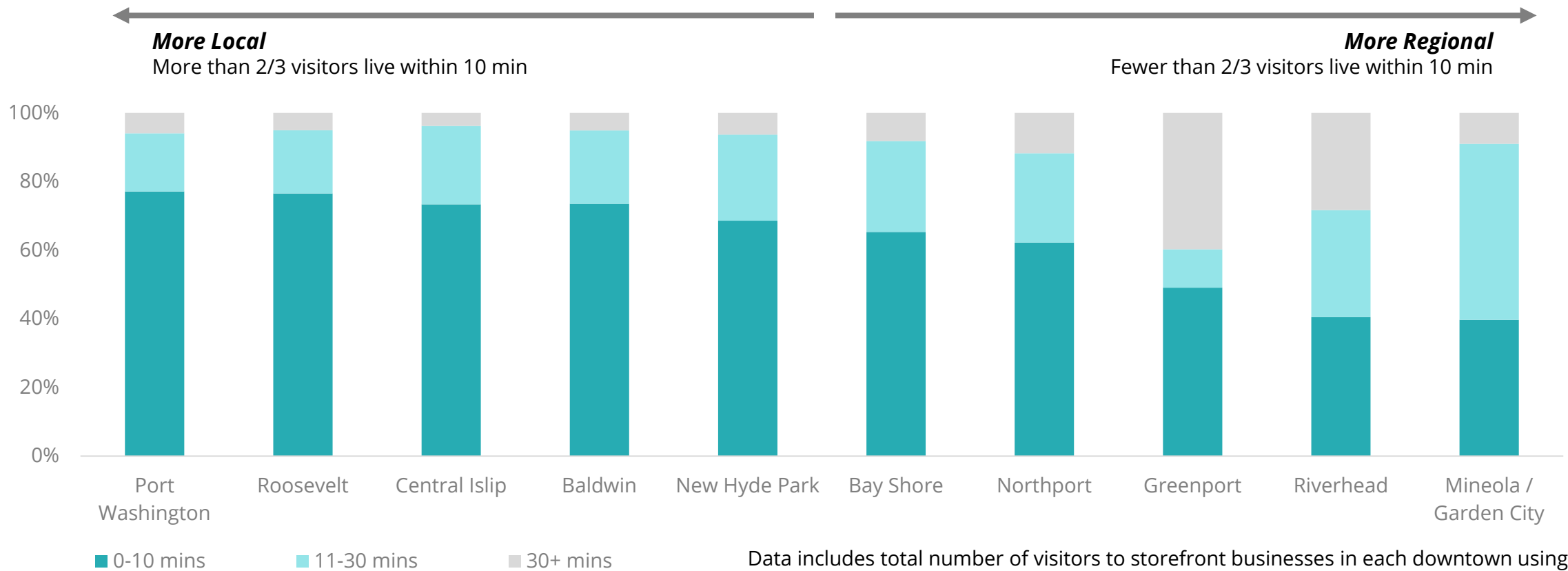
Source: Small Business Administration

Pre-COVID | Beyond these macro trends, Long Island downtowns vary widely in terms of their character and attributes.



Pre-COVID | Long Island downtowns lie on a spectrum from hyper local to regional, reflecting very different dynamics and consumer bases.

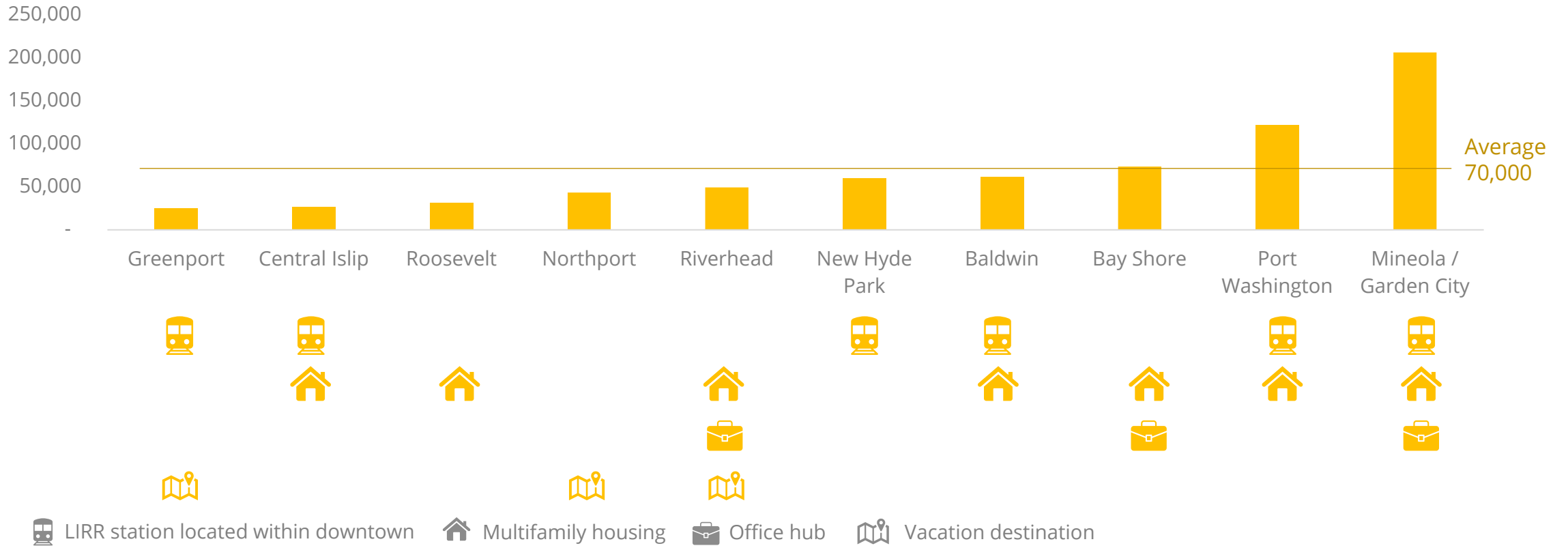
Pre-COVID share of visitation to downtown storefronts by drive time from home (Nov 2019)



Data includes total number of visitors to storefront businesses in each downtown using SafeGraph, a data source derived from anonymized mobile devices. Source: SafeGraph

Pre-COVID | Downtown visitation had varied drivers, from housing and office to LIRR stations and regional attractions.

Total monthly visitation (Nov 2019)

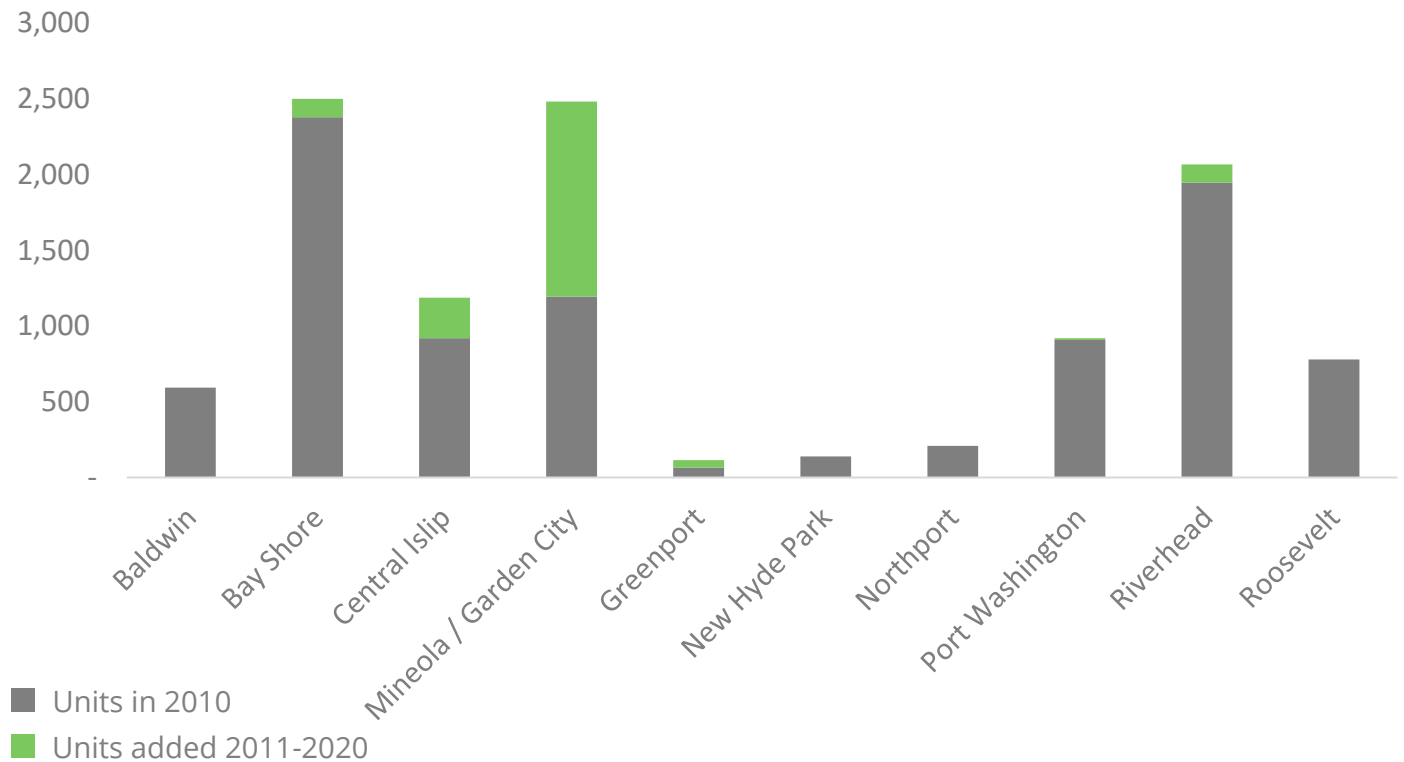


Low monthly visitors in November likely due to Greenport's status as a summertime destination rather than poor business health. The visitation data source, SafeGraph, is a data vendor providing insights for points of interest derived from anonymized mobile devices. Source: SafeGraph

Pre-COVID | While housing in downtowns can generate significant foot traffic, multifamily housing has been built sparingly in Long Island.

- **Demand for multifamily housing far exceeds limited production** across Long Island. Projections indicate that there will be a 72k housing unit gap on Long Island by 2030 if current production trends continue.
- The 10 focus downtowns **only built 1,860 units** in last 10 years, a 20% increase in inventory, the majority of which are in **Mineola**.
- **Affordable housing is badly needed.** 60% of Long Island renters are rent burdened, paying more than 30% of their incomes on rent.

Multifamily housing units per community (2010 and 2020)



Sources: CoStar; Long Island Index 2016 Multifamily Housing Report, Center for Democracy: The Affordable Housing Crisis on Long Island Report; American Community Survey (ACS) 2019

Pre-COVID | Many downtowns have obsolete storefronts that contribute to vacancy and have negative ripple effects on their surroundings.

- Obsolete storefronts, found in both lower- and higher-income communities, include storefronts that are **too small** (or too large) for most businesses, storefronts with **challenging configurations** (such as large columns or lack of space for a kitchen and venting), and storefronts in need of **significant repairs**.
- In **Baldwin**, **small stores in poor condition** are difficult to lease, leading to high vacancy as well as limitations on the types of businesses located there.
- In the historic downtown of **Port Washington**, there is also a **concentration of small storefronts** that are aging and do not meet the needs of today's businesses.



Pre-COVID | There is much underutilized land in many Long Island downtowns, a missed opportunity for more dynamic downtowns that could better serve local communities.

- Vacant and underutilized land in or adjacent to downtowns **reduces vibrancy** and represents a lost opportunity to bring in **more businesses** to serve communities, increase the **tax base**, and **build new housing** to support diversity and growth. However, new development in Long Island's downtowns often meets with political resistance.
- The Places to Grow study published by the Long Island Index and Regional Plan Association in 2010 analyzed all downtowns across Nassau and Suffolk Counties and found that they contained over **8,300 acres of vacant land and parking**. This represents 11% of land in these downtowns. Given lack of significant development, the amount of vacant land may not be very different today.

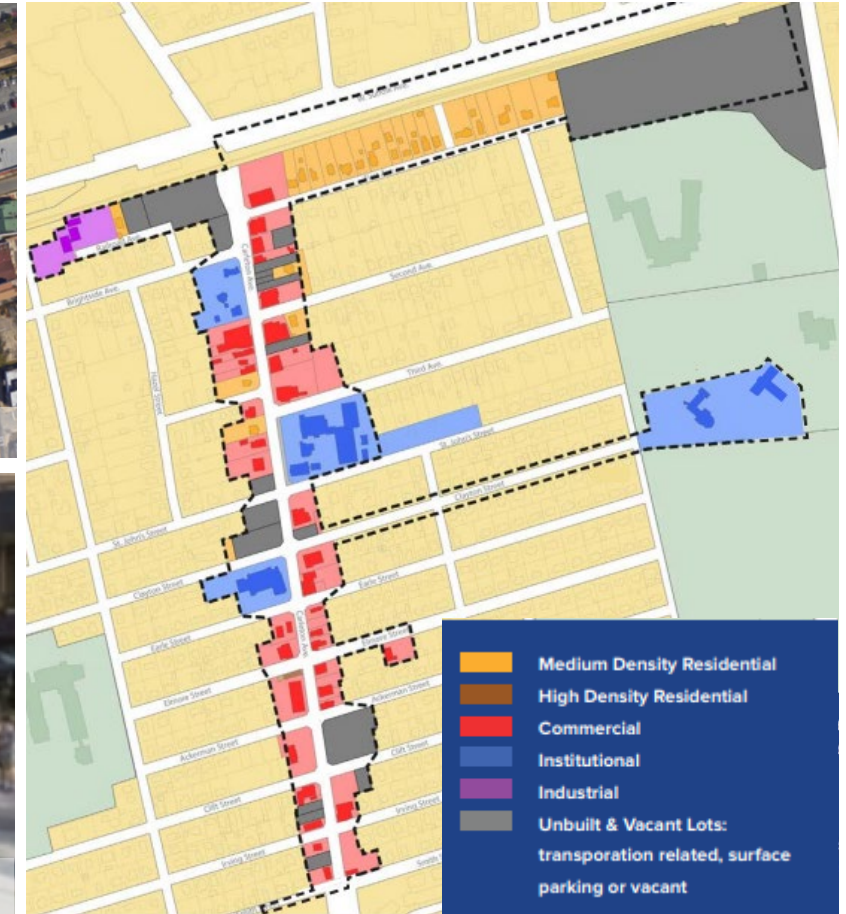


Underutilized land in downtown Hempstead

Source: Long Island Index Places to Grow Study

Pre-COVID | Central Islip's downtown is one of many across Long Island that has a surplus of vacant land.

- In 2010 there were **73 acres** of vacant land in downtown Central Islip according to the Long Island Index, most of which remains vacant today.
- The **Downtown Revitalization Initiative (DRI) Plan** for Central Islip identified redevelopment of vacant land, including the parking lot and former LIRR station, as a priority for the community.
- Nearby **vacant lots** along Carleton Avenue, shown in the adjacent map, are also opportunities for redevelopment.



Source: Central Islip Downtown Revitalization Initiative Strategic Investment Plan, Long Island Index

Pre-COVID | Summary of findings



Food & beverage and retail sectors, the pre-dominant uses in Long Island's downtowns, accounted for **1 out of every 5 jobs** prior to COVID.



Downtown businesses were **generally growing** but faced **online competition and rising rents**.



Businesses in lower-income communities and communities of color faced particular challenges, including access to capital and lending discrimination.



Food & beverage and experience-focused retail are becoming increasingly important to downtowns, **accounting for approximately two-thirds of visits** to downtown storefronts.



The **consumer bases that support downtowns vary widely**; they include locals who live or work nearby, LIRR commuters, and/or regional visitors to food & beverage businesses or attractions.



The growth of e-commerce, rising rents, and in some cases, poor building conditions are contributing to **rising storefront vacancies** in some downtowns.



Some downtowns had a **large number of vacant lots**, a potential opportunity for these downtowns to serve their communities.

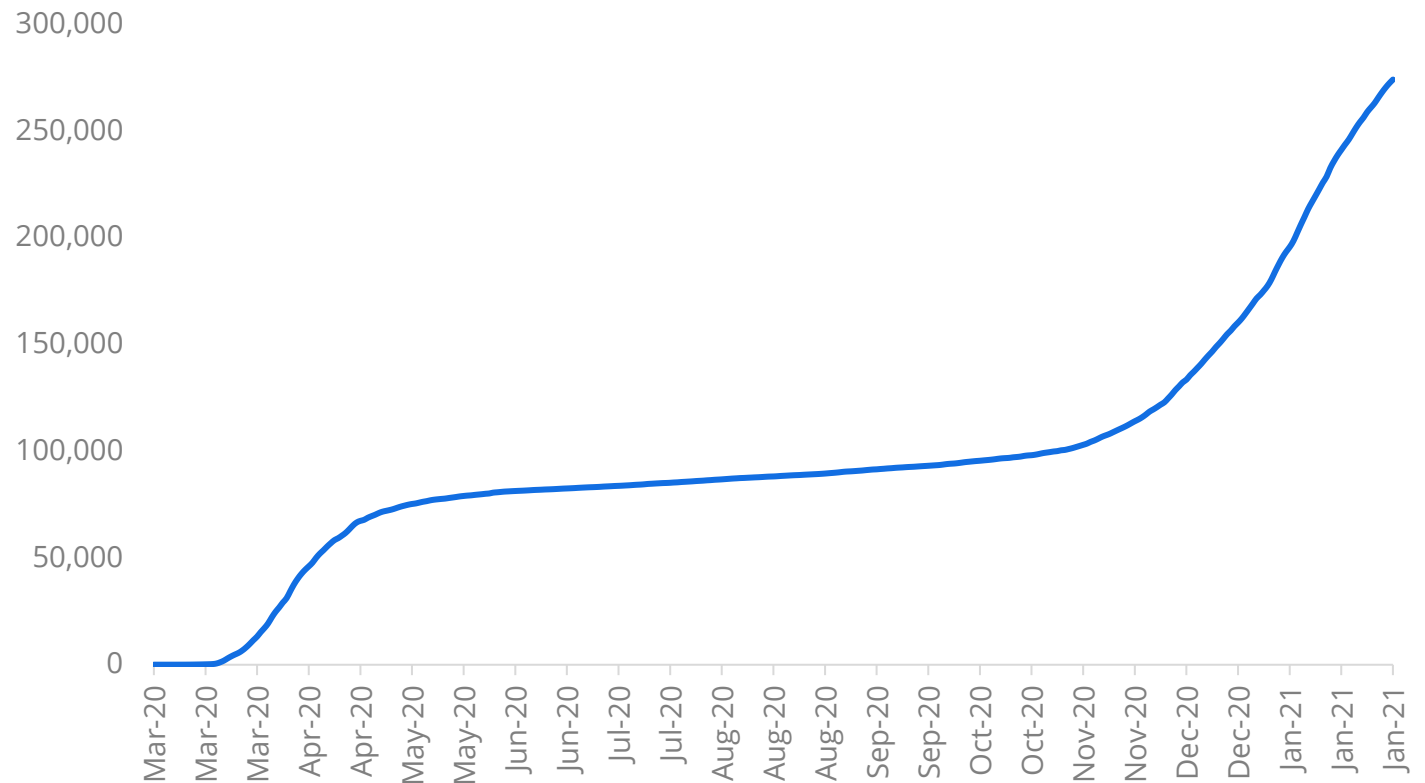
COVID Impacts on LI Downtowns

How has the pandemic impacted downtowns, including small businesses and those in lower-income communities and communities of color?

COVID Impacts | COVID has hit Long Island hard, with some of the highest positivity rates in the country.

- As seen elsewhere in the country, case incidence rates on Long Island soared following the 2020 holidays, with a **high of 10% of tests coming back positive** in early January 2021.
- **Lower-income communities** such as Brentwood, Hempstead, and Central Islip have observed some of the **highest numbers of cases**, with around 14% of the population of each community having contracted the virus as of January 2021, compared to 9% island-wide.

Cumulative Long Island COVID cases (Mar 2020-Jan 2021)

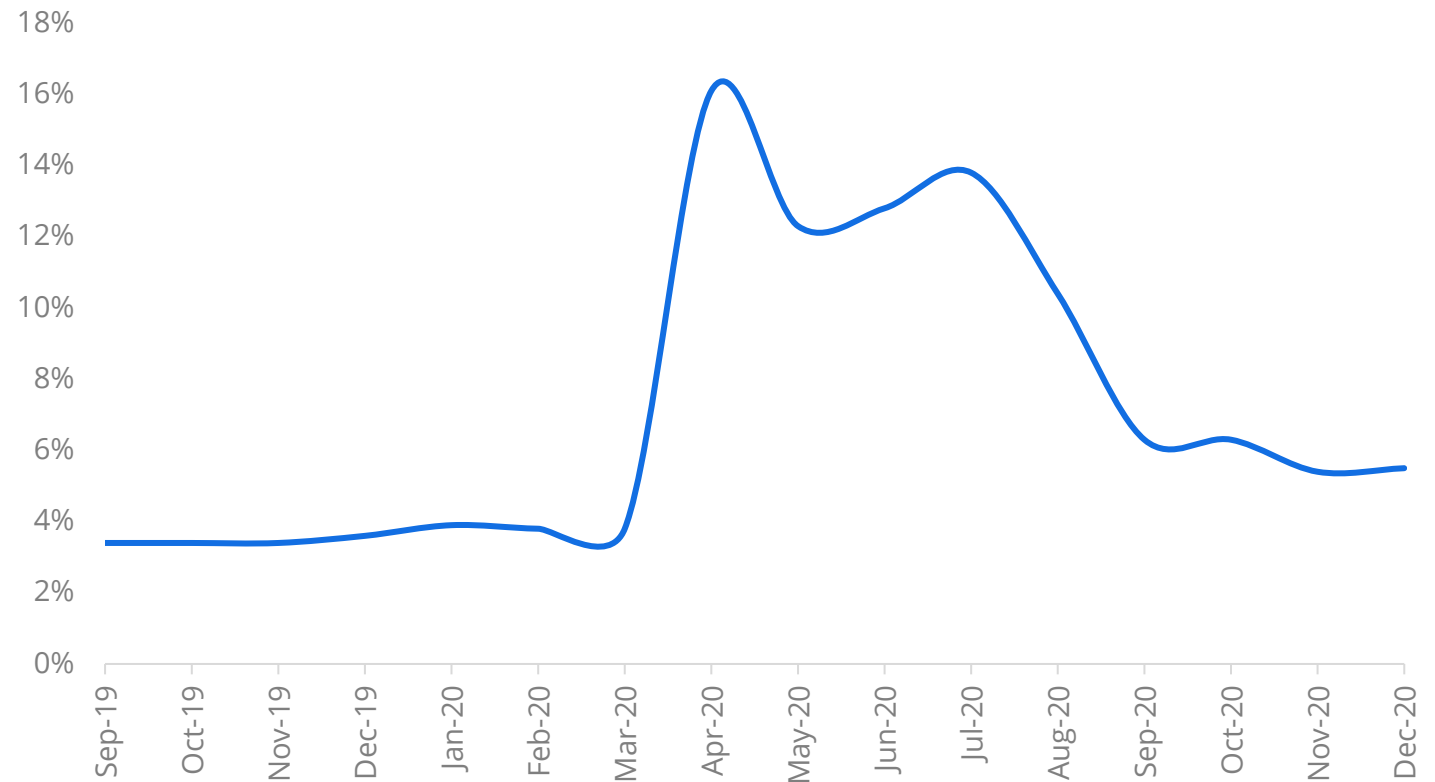


Source: NYS Department of Health

COVID Impacts | COVID caused steep job losses in the spring of 2020; unemployment has declined, but it is still well above pre-COVID levels.

- Long Island's **unemployment rate was 3.8%** pre-COVID.
- Early in the pandemic, Long Island observed some of the **highest unemployment increases** in New York State, reaching 16.0% unemployment.
- Despite one of the quickest recoveries, Long Island's unemployment rate is still **nearly double** what it was in pre-COVID conditions.

Long Island unemployment rate (Sept 2019-Dec 2020)

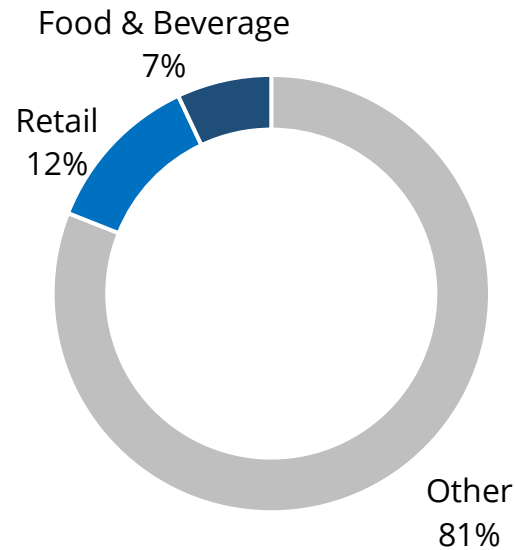


Source: BLS Current Employment Statistics

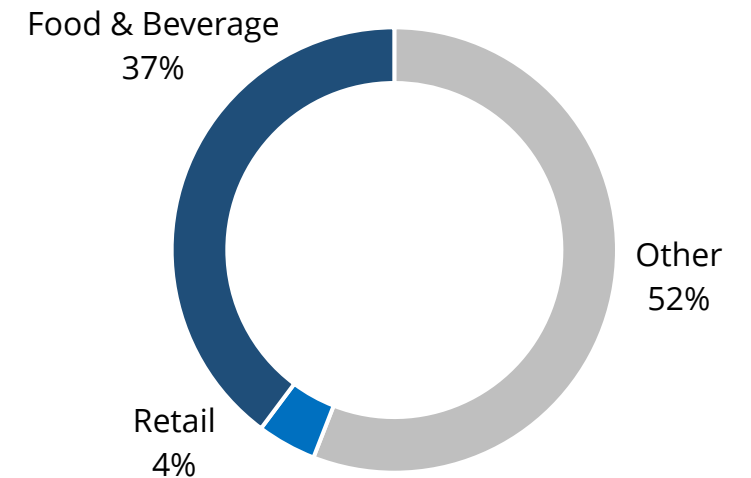
COVID Impacts | COVID-related job losses were disproportionately concentrated in businesses that are located in downtowns and employ lower-income workers.

- As of December 2020, Long Island's **retail and food & beverage sectors had lost 33.7K jobs** over the course of COVID.
- While these sectors accounted for **19% of pre-COVID employment** (Feb 2020), they represent **41% of total jobs lost** over the past year.
- Job losses have been **heavily concentrated among low-earning occupations** and among **workers of color**.

Pre-COVID share of jobs (Feb 2020)



Share of job losses post-COVID (Dec 2020)

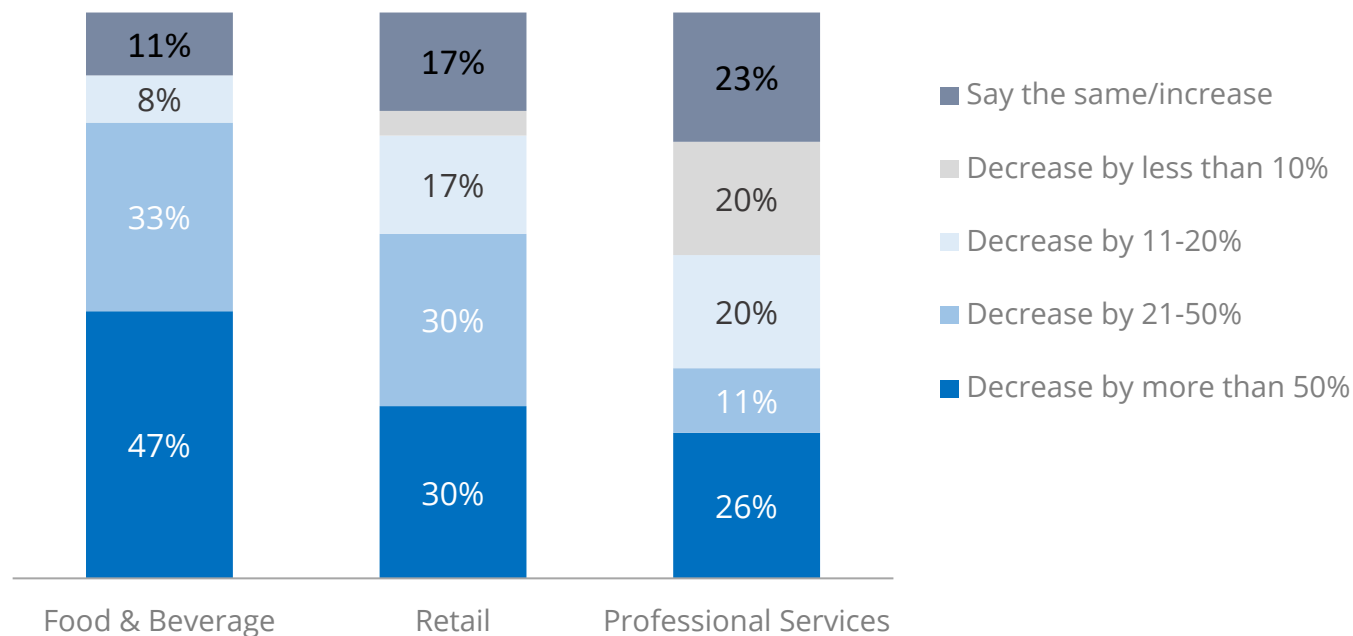


Source: BLS

COVID Impacts | COVID caused dramatic revenue loss for all downtown businesses; food & beverage businesses were hit hardest.

- **30% of retail businesses** saw a revenue decrease of over 50%.
- Almost **half of downtown food & beverage businesses** projected revenue loss by over 50%.
- **Professional services** were faring best, with only 26% projecting revenue loss of over 50%.

Projected 2020 revenue compared to 2019



Downtown survey responses include: 36 food & beverage stores, 47 retail stores and 38 professional services. Source: Rauch-HR&A Business survey.

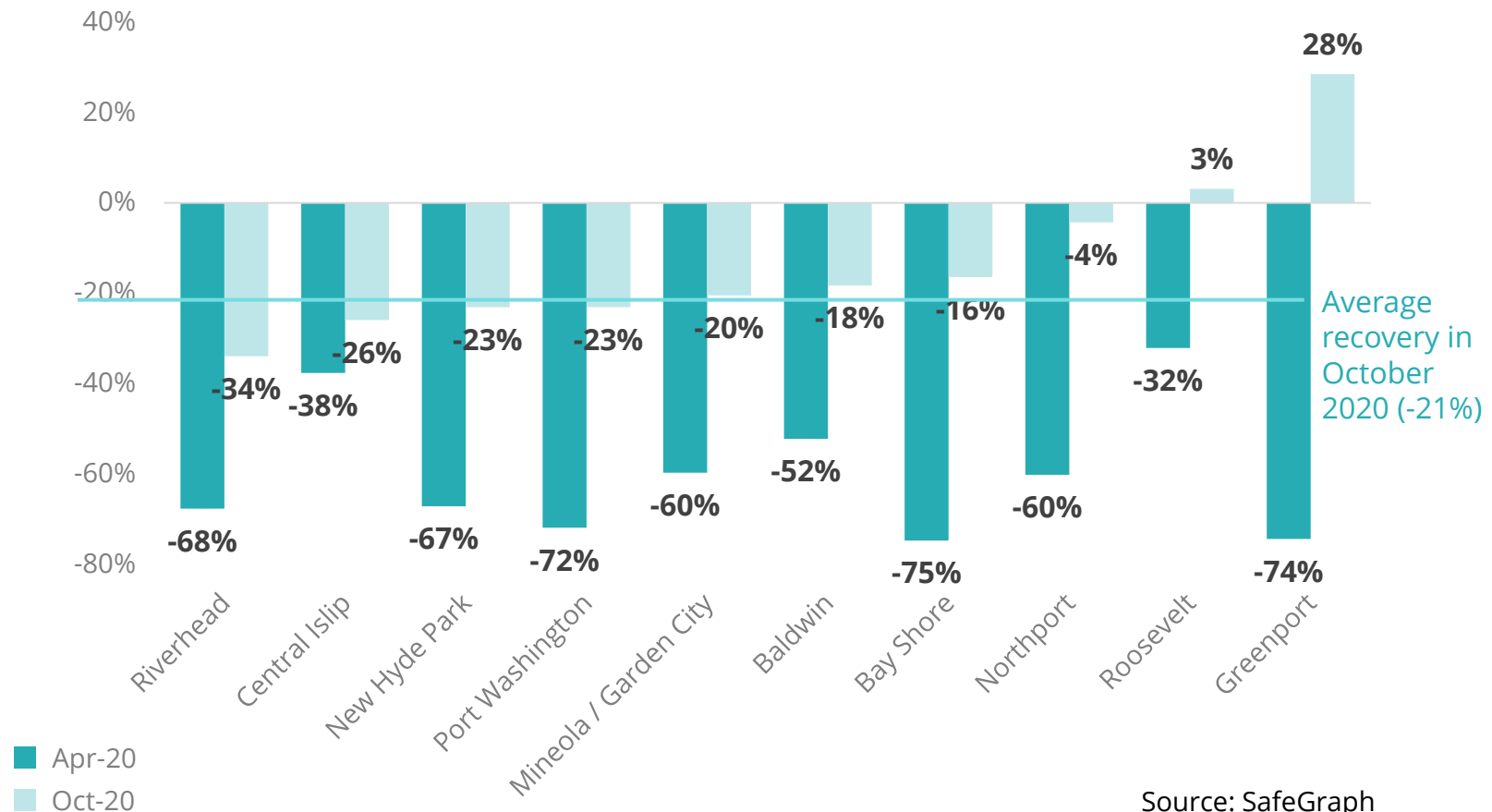
COVID Impacts | While COVID had broad impacts across Long Island, its impacts on individual downtowns have differed, driven by local conditions.



COVID Impacts | The rebound in downtown visitation has varied significantly across Long Island's downtowns.

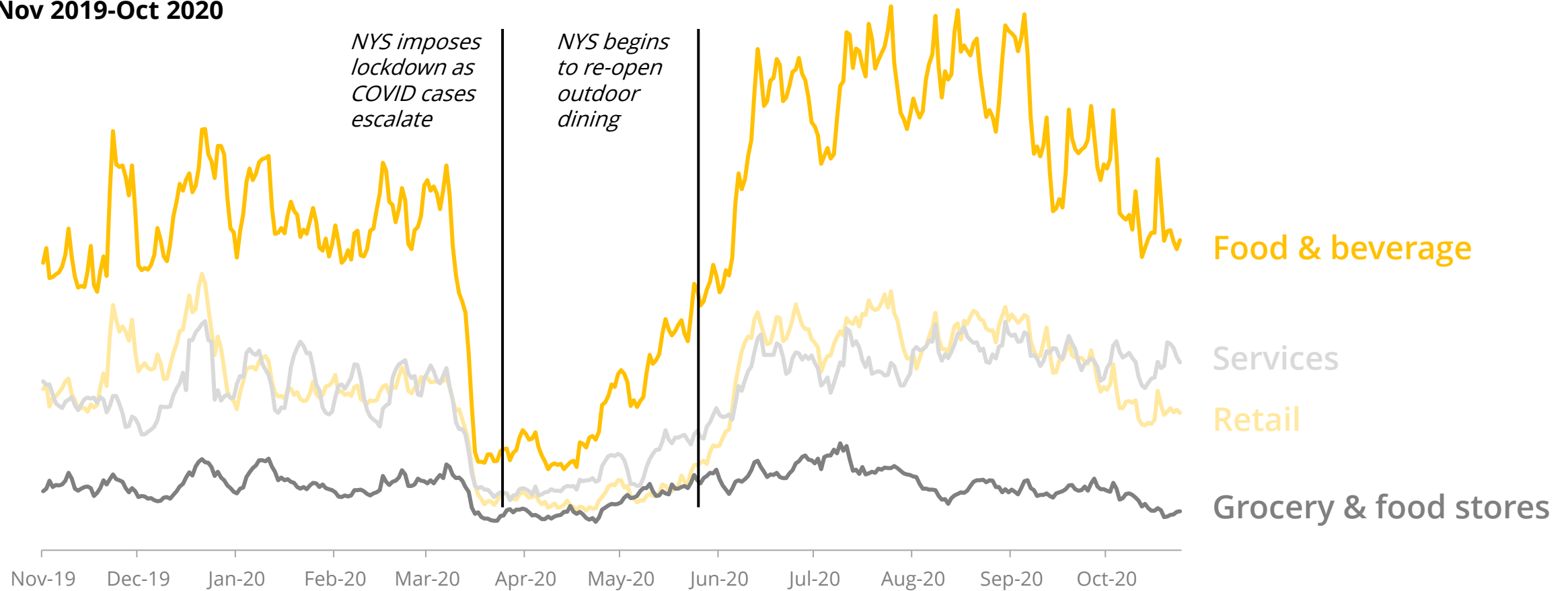
- While visitation was down across the board in April during broad shutdowns, as businesses reopened in the fall, **the return in foot traffic has varied widely.**
- **Riverhead**, whose many main attractions were closed or operating at reduced capacity – including the County Courts, Tanger Outlets, the aquarium, and other attractions – struggled the most.
- **Greenport**, a unique destination, was able to leverage popular food & beverage businesses and parklets to reattract customers.

**Change in storefront visitation
Apr 2020 and Oct 2020 compared to Nov 2019**



COVID Impacts | Food & beverage businesses had the greatest impact on attracting visitors back to many downtowns.

Downtown Northport total daily visitation by storefront business type Nov 2019-Oct 2020

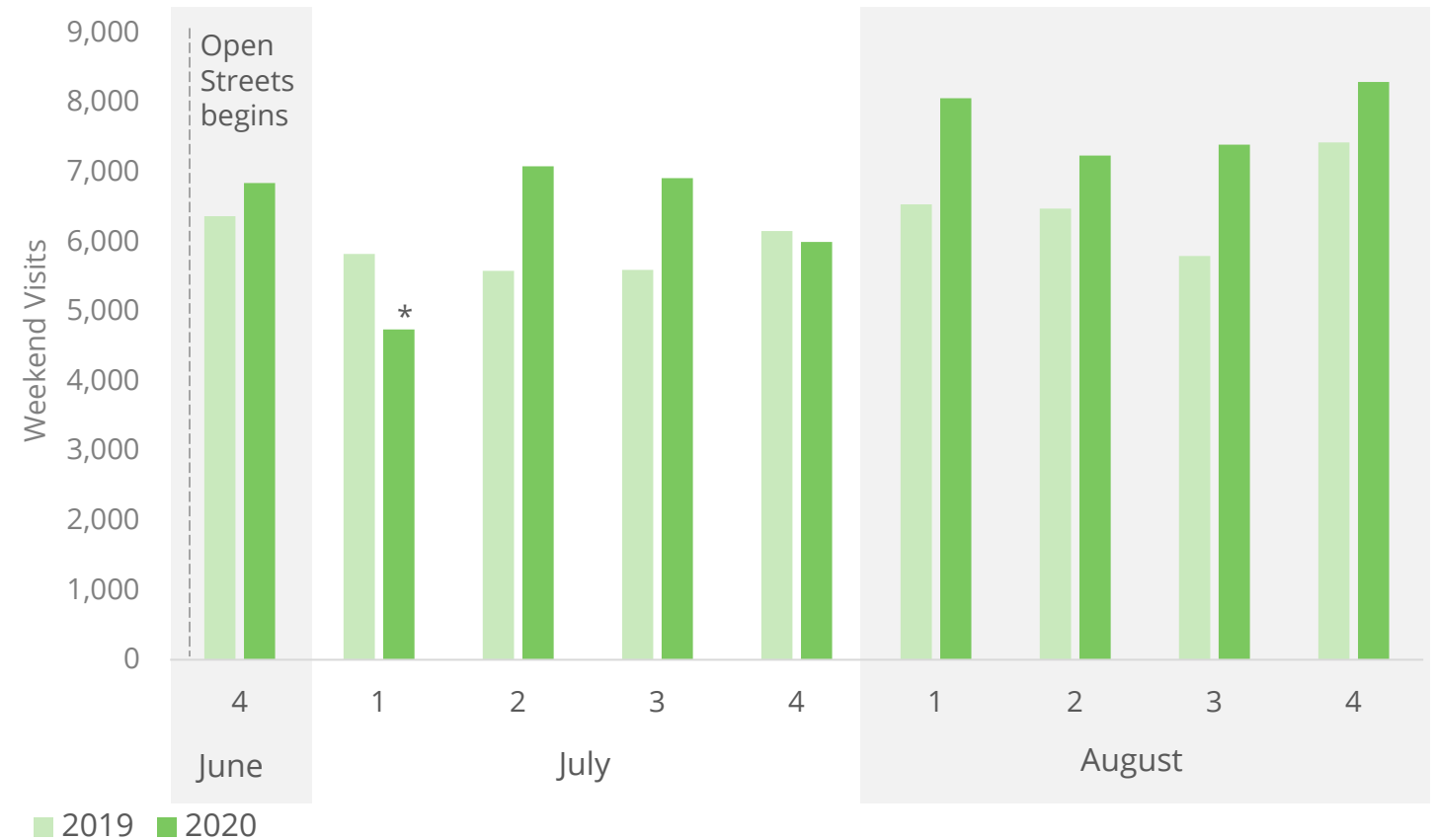


Note: Downtown Northport does not contain a major grocery store, explaining low visitation to grocery & food stores. Source: SafeGraph

COVID Impacts | Walkable downtowns, especially those that opened streets to pedestrians and businesses, were able to more successfully attract visitors.

- Three of the four downtowns that recovered visitation most quickly – Greenport, North Shore, and Bay Shore – are **pedestrian-oriented downtowns**.
- In Garden City, open streets in summer 2020 had a remarkable impact on visitation. On average, **businesses along 7th Avenue saw a 20% increase in foot traffic during open streets weekends in 2020 compared to corresponding weekends in 2019.**

Visitation to 7th Street Garden City storefronts by weekend



Beginning in late June 2020, Garden City opened 7th Street to pedestrian traffic between Franklin and Hilton Avenues. Weather on summer weekends was consistent across years. 20% increase in visitation traffic excludes the first week of July, as Independence day was a Thursday in 2019 and a long weekend in 2020.

Source: SafeGraph

COVID Impacts | Downtowns that lost consumer bases, such as the abrupt decline in LIRR commuters or the closure of attractions, suffered from below-average rebound in visitation.

- **Port Washington**, an LIRR commuter hub, has suffered due to the **broad shift to remote work**.
- **Destinations that brought visitors to Riverhead** – Suffolk County courts, Tanger Outlets, the Long Island Aquarium, and other attractions – were closed, at limited capacity, and/or entailed indoor activities that make social distancing difficult. Visitation was still down in Riverhead by **34%** in October, faring worse than all nine other downtowns whose visitation was analyzed.



Source: SafeGraph, Rauch-HR&A Vacancy Survey

COVID Impacts | The pandemic has been particularly damaging to businesses in lower-income communities and businesses of color.

Businesses lacked access to resources:

- Many businesses had **less access to capital** to help them stay afloat.
- Businesses without the technical skills and/or equipment to **pivot online** had more difficulty making ends meet.

These communities had a consumer base disproportionately impacted by COVID:

- Lower-income communities and communities of color had **higher COVID case rates**, and outreach indicated that health concerns encouraged more residents to say home.
- **Disproportionate job losses** led to reduced disposable income to support local businesses.



COVID Impacts | Disadvantaged businesses and businesses of color also had greater difficulty accessing government aid.

Multiple barriers made it difficult for businesses to access aid:

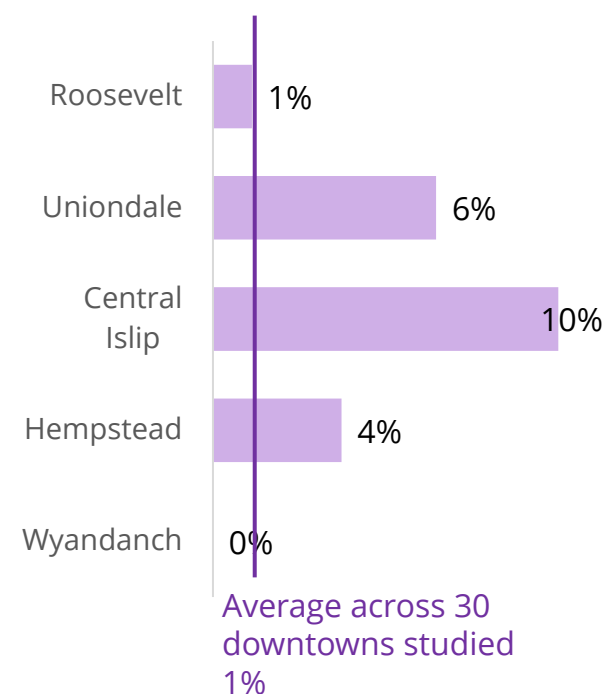
- Application requirements do not account for constraints of **cash-based businesses, businesses without relationships to banks, or Muslim-owned businesses** that cannot take loans with interest.
- **Outreach** failed to account for different language needs or lack of internet access and could have leveraged platforms (e.g., WeChat) with high adoption in some communities.
- Some business owners expressed a **lack of trust in government.**



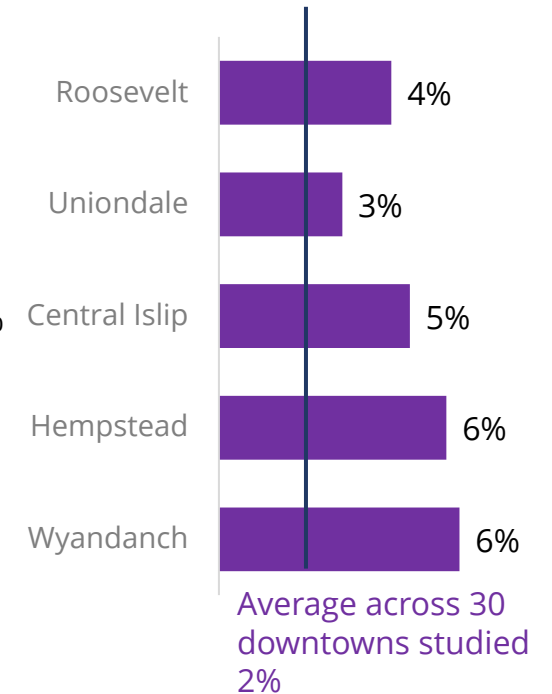
COVID Impacts | As a result, while many businesses have closed throughout Long Island, lower-income communities in particular had higher rates of business closures.

- Permanent closures in lower-income communities were significantly higher than the average of 1% across 30 downtowns surveyed. **10% of storefronts were permanently closed in Central Islip**, far surpassing all other downtowns.
- Wyandanch, Hempstead, and Central Islip had the **highest share of temporarily closed stores**. These temporary closures could easily become permanent, threatening to exacerbate already-high vacancies.

Storefronts permanently closed in the 5 lowest-income downtowns studied




Storefronts temporarily closed in the 5 lowest-income downtowns studied




Five lowest-income downtowns among the 30 visited for the vacancy survey. Income levels were determined by median household income from ACS 2019 data on Census Designated Places (CDPs). In cases where the CDP geography did not include certain areas directly adjacent to downtowns, this geography was adjusted to better reflect catchment areas. Source: Rauch-HR&A Vacancy Survey (Winter 2020/2021), U.S. Census ACS

COVID Impacts | Summary of findings

 COVID caused disproportionate, **steep job losses in retail and food & beverage** sectors across Long Island and in downtowns.

 **Food & beverage** businesses have been under severe stress, with the greatest loss of revenues.

 As downtown businesses reopened in the fall, the **return in foot traffic has varied widely**. The **reopening of food & beverage businesses** and the **flexible use of open streets** for dining and gathering had a measurable impact on a downtown's ability to recover visitors and foot traffic.

 Downtowns with below-average return in visitation were adversely impacted by **lost consumer bases such as LIRR commuters or visitors to attractions**.

 **Businesses in lower-income communities and businesses of color** have been under particular stress with more difficulty accessing aid and pivoting operations, and higher COVID case rates in surrounding communities.

New Normal

What will the future be for downtowns after
COVID?

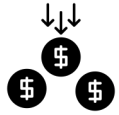
New Normal | While there is significant uncertainty, COVID will change how Long Islanders live and work in some ways; in other instances, the old trends will return.

- The way we work was changing even prior to COVID; **remote work will be a permanent feature** post-COVID that will alter the character and function of downtowns.
- Our **reliance on technology** will only deepen, and we will continue to use it to shop, access health and educational services, and socialize, as we have during COVID.
- **Multifamily housing**, especially in walkable communities and near transit, **will continue to attract** demand from a wide range of households.
- While concerns about large gatherings may endure in the short term, **public transit, movie theaters, and social spaces will regain their appeal in the longer term.**
- Without help to fully recover from COVID and ongoing support, **social and economic inequities** will grow.



Downtown Westbury

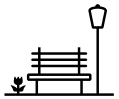
New Normal | Our downtowns will need to address these systemic challenges and opportunities to thrive in the post-pandemic world.



Small businesses in lower-income communities and communities of color have been hit hardest by COVID – how can we ensure they recover and avoid a broad loss of businesses?



The **disruption of retail** has accelerated during COVID leading to **rising storefront vacancy** – how can municipalities, BIDs, chambers of commerce, and property owners work together to re-use storefronts with creative uses?



COVID has created a new appreciation for **innovative uses of public spaces** – how can new uses of public space be leveraged to reactivate downtowns and create the open-air gathering spaces communities want?



Prior to COVID, **food & beverage businesses** were growing rapidly, but they have been devastated by COVID – how can we ensure food & beverage businesses flourish and drive downtown recovery?



Remote work has fundamentally changed the function of offices in urban central business districts – how can Long Island's downtowns build and convert flexible office space to take advantage of this trend?

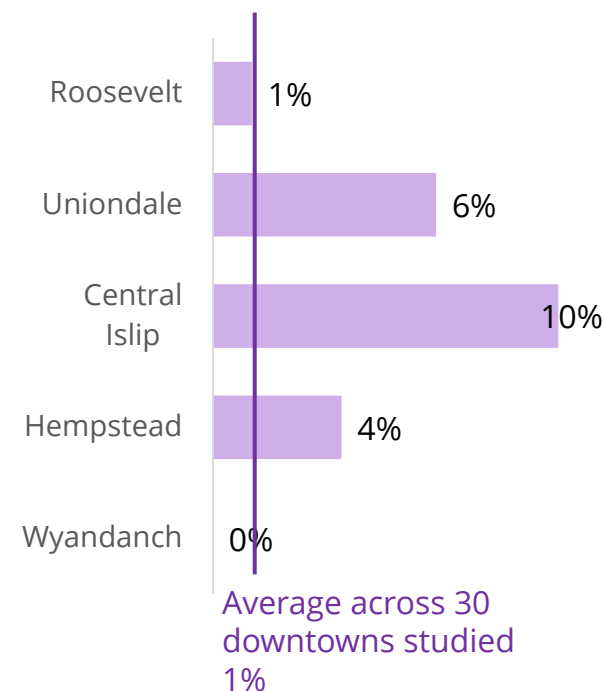


New multifamily housing is even more urgently needed than before to support downtown revitalization and accommodate Long Island's long-term growth – how can towns/villages foster new, inclusive residential development?

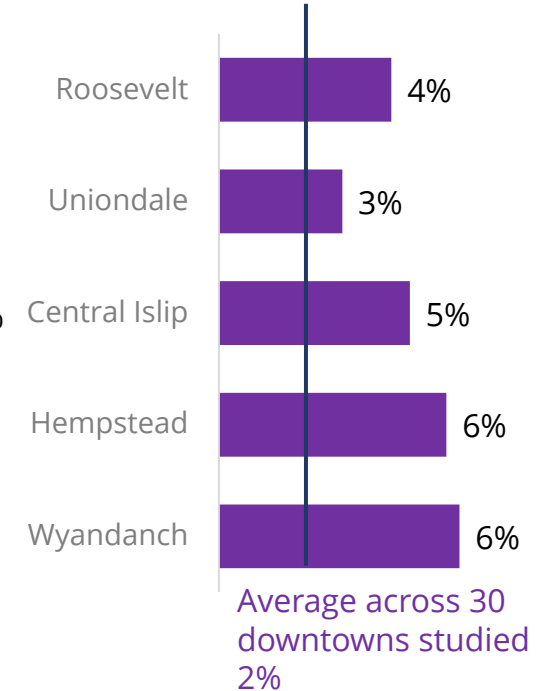
New Normal | COVID has disproportionately impacted small businesses in lower-income communities and communities of color.

- Prior to COVID, downtown businesses in lower-income communities and communities of color **were more likely to face challenges** such as lower adoption of technology, lack of access to capital, and lending discrimination.
- **COVID has devastated many small businesses** in these communities, which generally have fewer financial resources to draw upon and have had difficulty accessing aid and pivoting operations.
- Among the 30 downtowns surveyed, many of the lowest-income communities had **dramatically higher rates of temporarily and permanently closed stores.**

Storefronts permanently closed in the 5 lowest-income downtowns studied



Storefronts temporarily closed in the 5 lowest-income downtowns studied



Five lowest-income downtowns among the 30 visited for the vacancy survey. Income levels were determined by median household income from ACS 2019 data on Census Designated Places (CDPs). In cases where the CDP geography did not include certain areas directly adjacent to downtowns, this geography was adjusted to better reflect catchment areas. Source: Rauch-HR&A Vacancy Survey (Winter 2020/2021), U.S. Census ACS

New Normal | Without support, there is a risk of broad loss of downtown businesses in lower-income communities and communities of color with devastating long-term impacts.

- **Further loss of small businesses** would result in loss of jobs, increased storefront vacancy, and a reduced tax base. Local communities will **lose places to shop and gather** and residents will **lose opportunities to find jobs or start their own businesses**.
- **It could take many years** for downtowns to recover, regain their business base, and fill vacant storefronts, especially given higher barriers to entrepreneurship and capital.
- **Small businesses will need robust, immediate support** accessing aid, adopting technology, identifying new sources of revenue, and cutting costs in order to weather the crisis.

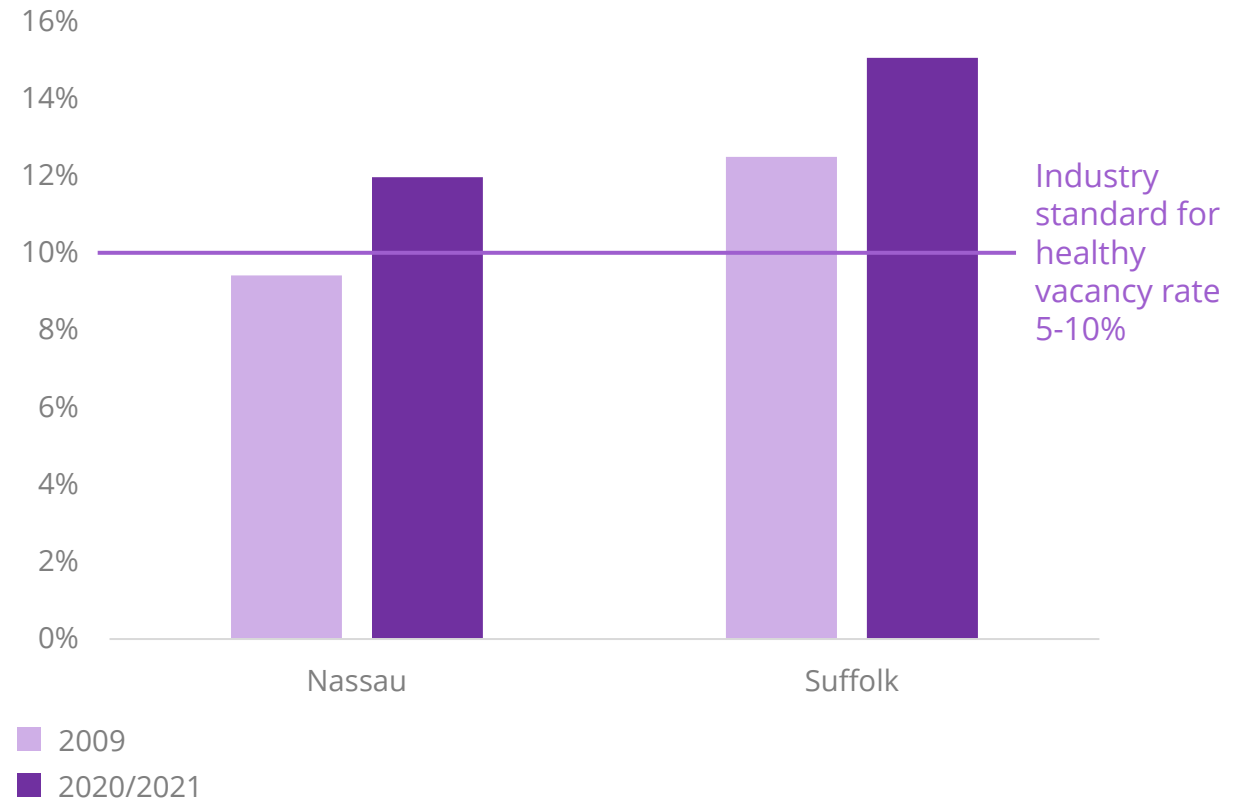


Central Islip

New Normal | COVID accelerated the disruption of brick-and mortar retail by online shopping, resulting in rising storefront vacancies.

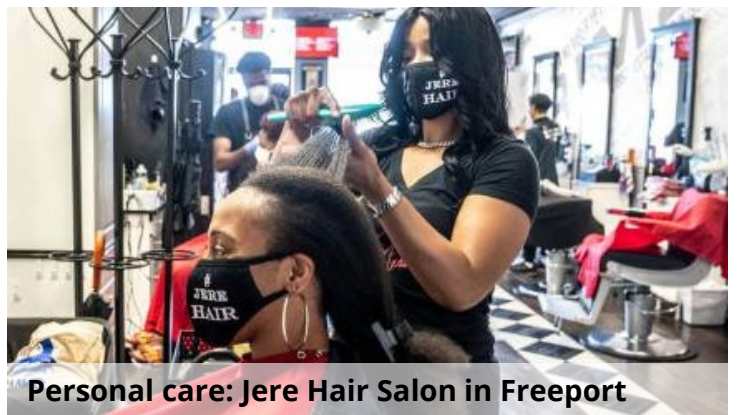
- Traditional **brick-and-mortar retail**, which was already suffering from competition with malls, has been decimated by the growth of online retail, which accelerated during COVID and has increased 4x since 2008.
- As a result, **vacancy has increased across many downtowns** over the past 10 years: from 9% to 12% on average in Nassau County downtowns and from 13% to 15% on average in Suffolk County. Retail vacancy over 10% is a sign of an unhealthy retail market.

Average storefront vacancy rate, selected downtowns (2009 vs Winter 2020/2021)



Average vacancy rates based on the 30 visited for the vacancy survey.
Source: Rauch-HR&A Vacancy Survey (Winter 2020/2021)

New Normal | Post-COVID, downtown storefronts will need to embrace “experiential retail” that offers experiences and services that cannot be found online.



New Normal | During COVID, innovative new ways of using public spaces helped to drive recovery and created a new appreciation for open air social spaces.

- During the pandemic, given the need for social distancing, Long Island towns and villages **reimagined the use of streets, parking spaces, and sidewalks**. Quickly pivoting to allow outdoor dining, they created a lifeline for small businesses. Many also created **open streets**, closing streets to automobile traffic to attract downtown visitors.
- This shift has created a new appreciation for **open air social spaces** and the appeal of having them in downtowns.
- In the business survey, more food & beverage businesses identified **permanent use of public space for dining/vending** as one of the top three long-term interventions that could help them recover than any other action, including help accessing loans or streamlining permitting and regulations.



Outdoor dining in Greenport

Source: Rauch-HR&A Business Survey

New Normal | Post-COVID, permanently allowing innovative uses of public spaces and streets can reactivate downtowns while providing communities with new gathering spots.

- The **popularity of outdoor dining and open streets** should be leveraged to continue to bring visitors back to downtowns, while providing gathering spaces communities want.
- The public sector can build on the emergency changes made during the pandemic to make **flexible and innovative uses of sidewalks, parking lots, streets, and other public open spaces** permanent.



New Normal | Pre-pandemic, food & beverage businesses were generally the fastest-growing downtown businesses, but they have also been hit hardest by COVID.

- **Over two-thirds of downtown food & beverage businesses** surveyed on Long Island said they had been growing over the past 2-5 years, compared to 57% of Long Island downtown businesses overall.
- Food & beverage has become a key driver for Long Island's downtowns. On average, food & beverage businesses constitute 20% of storefronts, but drive **two-thirds of visitation**.
- However, food & beverage businesses have also been **hardest hit by capacity limitations**. Almost half of downtown food & beverage businesses projected revenue loss of over 50% in 2020. In comparison, only 30% of retail businesses projected this level of revenue loss.



Source: Rauch-HR&A Business Survey, Safegraph

New Normal | Post-COVID, food & beverage will be a critical factor in attracting customers back to downtowns and supporting their ongoing economic vibrancy.

- In many downtowns, the reopening of outdoor dining in the summer of 2020 drove the **rebound in foot traffic**. For example, in Northport, daily visits increased by 72% after outdoor dining reopened.
- Going forward, supporting food & beverage businesses can offer **valuable entrepreneurship opportunities, create jobs, and activate downtowns**, especially if the public sector can remove red tape that makes it difficult and costly for these businesses to open, as well as grow.



Outdoor Dining in Glen Cove

New Normal | During COVID, remote work has fundamentally changed the function of offices in urban central business districts.

- Prior to COVID, there was already a trend towards **flexible shared office spaces**, and evolving technology made **remote work** increasingly convenient, though few questioned the value of centralized, urban office locations.
- **Stay-at-home orders during COVID** created a vast and sudden transition to remote work.
- Even after COVID, part-time remote work may be here to stay, raising **questions about the future function of centralized offices**. According to a January 2021 survey, over half of U.S. employees would prefer to be remote at least three days per week in the long-term, while only 21% of executives think that employees need to be in the office five days per week to maintain company culture.



Source: PricewaterhouseCoopers Remote Work Survey January 2021

New Normal | Post-COVID, a shift away from centralized offices could create new office opportunities in Long Island downtowns.

- For suburban downtowns, there may be growing demand for **flexible shared office space** for employees who are no longer commuting to New York City full-time.
- Tech companies are beginning to experiment with a “hub and spoke” office model, with satellite offices closer to suburban workers. There could be future demand for **satellite office spaces** at larger transit hubs in Long Island downtowns.
- However, **downtowns reliant on commuters for foot traffic** may suffer in the coming years due to this rupture in work patterns. The MTA is projecting that LIRR ridership will take several years to return to pre-COVID levels.

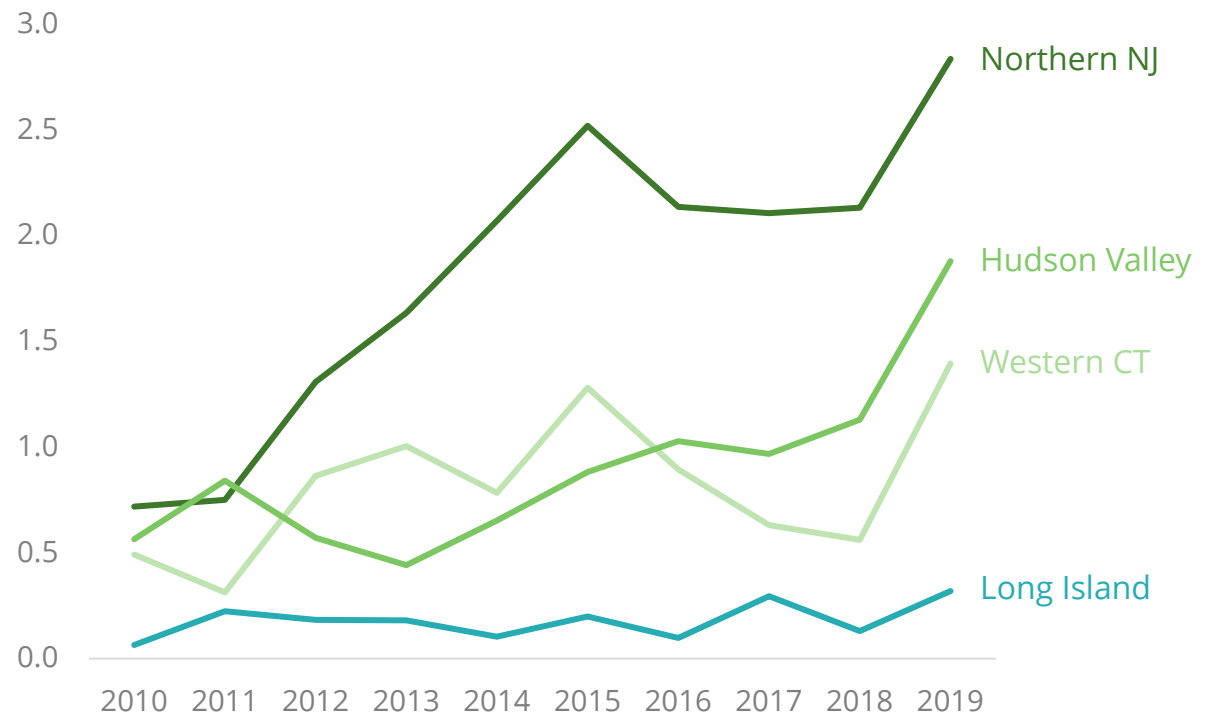


Source: MTA Proposed Budget 2021

New Normal | COVID has made development of multifamily housing even more urgent to support downtown revitalization and accommodate Long Island's long-term growth.

- Prior to COVID, **demand for multifamily housing on Long Island was growing, but little was being built** compared to other NYC subregions, leading to an affordability crisis. In 2019, the majority of renting households in both Counties were **rent burdened**, spending more than 30% of their incomes on rents. Lack of rental housing results in loss of young workers and constrains economic growth – key concerns for a COVID recovery.
- During COVID, demand for housing grew: according to the United States Postal Service, **there were 1.3 and 2 times as many permanent relocations to Nassau and Suffolk County in 2020**, respectively, compared to 2019.
- As we recover from COVID, **more foot traffic and new consumer bases** generated by housing can help downtown businesses thrive.

Multifamily Housing Units Permitted (per 1,000 Residents)



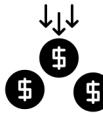
Source: United States Postal Service, American Community Survey (ACS); Housing Vacancy Survey (HVS)


New Normal | Post-COVID, there may be an opportunity to generate more support for development of multifamily housing in Long Island's downtowns.

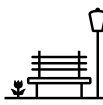
- Multifamily housing has historically faced **strong opposition** in many Long Island communities.
- Given the current crisis, there may be an opportunity to renew the conversation about how **developing multifamily housing will benefit all of Long Island** by supporting downtown businesses, retaining workers, growing the tax base, creating more equitable communities, and laying the groundwork for Long Island's long-term prosperity.
- Further, the vitality created by new residents will create more vibrant downtowns, **benefitting surrounding communities**.
- New development must account for the region's need to accommodate growth in a way that is **equitable, sustainable, and supports local communities**.





New Normal | Long Island's downtowns will need to address these systemic challenges and opportunities to thrive in the post-pandemic world.


 **Small businesses in lower-income communities and communities of color** urgently need targeted financial support and technical assistance to apply for aid and to adopt modern technologies.

 The **disruption of retail** has accelerated during COVID, exacerbating **rising storefront vacancy**. Downtowns must creatively reimagine these spaces with an array of new uses to fill vacant spaces and bring back foot traffic.

 COVID has created a new appreciation for innovative uses of **sidewalks, parking lots, streets, and other public open spaces** that local leaders should make permanent.

 Prior to COVID, **food & beverage businesses** were growing rapidly, but they have been devastated by the pandemic. Red tape should be cut to facilitate creation and growth of these businesses, critical to downtown recovery.

 **Remote work** has fundamentally changed the function of offices. It has potentially decreased demand for centralized urban offices and increased future demand for flexible office space in suburban downtowns.

 **New multifamily housing** is even more urgently needed than before to support downtown revitalization and accommodate Long Island's long-term growth. Developments must be planned inclusively, accounting for local demand and affordability limits to support a diversity of residents.

Interventions


What interventions are needed to ensure that Long Island downtowns survive the pandemic and thrive in the future as the hearts of their communities?

Interventions | Given COVID's devastating impacts and the many unknowns of the future, we have established three principles for downtown recovery and growth.



Act quickly to stabilize downtown businesses.

“Stop the bleeding” and support businesses in crisis, particularly in lower-income communities and communities of color.



Create flexibility for the “new normal.”

Given many uncertainties, create flexibility around regulations and use of space to allow downtowns to evolve over time.



Make long-term investments to support downtown growth.

Make downtowns inclusive, vibrant places that can accommodate long-term growth.

11 interventions across three categories address short-, medium-, and long-term goals.



**Immediate
Actions to
Stabilize
Downtown
Businesses**

0-6 months



**Medium-Term
Interventions to
Create Flexibility
for the New
Normal**

6-12 months



**Long-Term
Investments
to Support
Downtown
Growth**

1 year +

Interventions | Of the 11 interventions, HR&A identified four high-impact ideas that can be implemented in the next six months.

Immediate Actions to Stabilize Downtown Businesses (0-6 months)

1. Double down on financial support for small business, especially in lower-income neighborhoods and communities of color.
2. Create small and downtown business support divisions at County economic development departments.
3. Help small businesses adopt new technologies.
4. Provide resources for small businesses to increase revenues and reduce costs.

Medium-Term Interventions to Create Flexibility for the New Normal (6-12 months)

5. Reposition vacant storefronts for flexible, creative new uses.
6. Make outdoor dining permanent and cut red tape for food & beverage businesses.
7. Create year-round open streets.

Long-Term Investments to Support Downtown Growth (1 year +)

8. Engage in comprehensive, inclusive development in lower-income downtowns.
9. Build transit-oriented multifamily housing in downtowns.
10. Invest in complete streets and green infrastructure.
11. Invest in sewers and high-tech septic systems.



**Immediate
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Stabilize
Downtown
Businesses**

0-6 months



**Medium-Term
Interventions to
Create Flexibility
for the New
Normal**

6-12 months



**Long-Term
Investments
to Support
Downtown
Growth**

1 year +



1. Double down on financial support for small business, especially in lower-income neighborhoods and communities of color.

Small businesses have been devastated by COVID, particularly in lower-income communities and communities of color. While all businesses need support, already under-resourced downtowns are starting from an even more disadvantaged place and will need robust assistance in order to even the playing field and “catch up” to other communities.

Counties should work together with other stakeholders, including towns/villages and BIDs to provide businesses with financial support and access to capital in order for them to stabilize and survive.

1.1 Design new grant and low-cost loan programs.

Small businesses in lower-income communities have historically faced challenges accessing capital and are now in even greater need of assistance.

During the pandemic, both Counties created grant programs to provide food & beverage and other storefront businesses up to \$10,000.

Counties can now tap into additional funding from the American Rescue Plan, including \$195B in direct assistance to states and \$65.1B allocated to design new, larger grant and forgivable loan programs. By leveraging Federal funding, these programs should be able to provide significantly more capital to businesses, quickly.

Funding from local and state sources such as IDAs and Long Island Regional Economic Development Council (LIREDC) can also be used to leverage Federal funds.

New grant programs must be designed to be inclusive, and application requirements should consider challenges that some small business' face, such as limited financial documentation or lack of access to the internet.



1.1 Design new grant and low-cost loan programs.

Precedents

Recognizing that small business owners of color were disproportionately impacted by COVID, local non-profits on Long Island created a relief fund to keep businesses afloat. **La Fuerza + BOC Entrepreneurs of Color** came together to create an [Entrepreneurs of Color COVID-19 Relief Fund](#) for businesses of color. The \$500K - \$1M fund was designed to give out low-interest micro loans of up to \$40K to businesses who apply across all towns in Long Island. The loans were not forgivable but offered quick cash relief at low interest to businesses.

During the pandemic, **New York City** created resources for [businesses in low and moderate income \(LMI\) communities](#), including **LMI Storefront Loans**, zero-interest loans of up to \$100K for small storefront businesses, and **Interest Reduction Grants** to reduce interest owed by businesses to 11 Community Development Financial Institutions (CDFIs) who work primarily with Asian, Black, Latinx, and immigrant business owners.



1.2 Provide technical assistance to remove barriers to access aid.

To support equitable access to Federal COVID relief funds, it is critical to ensure that businesses in lower-income communities are able to qualify for and access these resources.

Barriers to accessing aid include a need for assistance in filing applications, a lack of information or awareness of sources of aid, and, among some business owners, mistrust of authorities.

Community Based Organizations (CBO's) can be a bridge to small businesses owners to make them aware of funding and connect them to technical assistance in multiple languages.

Technical assistance can be offered at a centralized location or through administrators and facilitators who visit each community to help businesses apply for funding. CDFIs and Small Business Administration (SBA) lenders, who frequently work with small businesses, can play a key role in helping businesses establish documentation and apply for funding.



1.2 Provide technical assistance to remove barriers to access aid.

Precedents

During COVID, **Chattanooga**, TN offered free [technical assistance webinars for businesses of color](#) applying for SBA funds. The City partnered with councilmembers as well as local nonprofits who provided similar assistance to Spanish-speaking business owners. In order to reach more business owners, the city also shared information out over the radio, recognizing that not all businesses owners rely on social media.

Vallejo, CA also worked to help local small businesses gain access to SBA loans. The City put economic development projects on hold to let its economic development team pivot from project management to directly working with small businesses. In the spring of 2020, they focused on [helping small businesses access SBA loans](#) through free technical assistance.

T





2. Create small and downtown business support divisions at the County economic development departments.

Downtown employment sectors account for 20% of all Long Island jobs but have suffered nearly 40% of job losses. Downtown businesses – retail and food & beverage businesses – contribute to communities’ employment base, fiscal health, and access to gathering places. Despite their importance, there is no dedicated County-level entity dedicated to supporting downtown businesses.

While many BIDs provided downtown businesses with crucial resources and information during the pandemic, many lower-income downtowns lack a BID or chamber of commerce and have limited resources to create them. Many downtowns also operate in silos with limited sharing of information and resources.

The downtown business support division would be distinct from the redevelopment and revitalization initiatives that exist on the County level. The Counties can take on centralized downtown business support roles to ensure that coordinated resources are available to all businesses in all downtowns.

2.1 Create small, agile new divisions within the economic development departments of each County.

New County-led downtown business support divisions can serve as “one stop shops” for regulatory approvals and permitting, offer centralized technical assistance resources for BIDs, channel Federal funds to local organizations, and convene BIDs to share best practices.

The divisions should allocate additional resources and outreach to businesses owned by persons of color, women, immigrants, and/or veterans.

Divisions

ECONOMIC DEVELOPMENT
Agriculture and Fishing
Downtown Revitalization
Energy and Climate Action
Film and Cultural Affairs
Suffolk County Foreign-Trade Zone #52
Business Recovery Unit
*NEW Small Business Support Division



2.1 Create small, agile new divisions within the economic development departments of each County.

Precedent

The [NYC Department of Small Business Services \(SBS\)](#) is an agency that performs a broad array of functions. It facilitates the creation of BIDs across the city and serves as their ongoing coordinator; it also works to connect small businesses with technical resources, critical information, and promotional support. It is funded primarily by the City but also receives State and Federal funds, including Community Development Block Grants (CDBG). Prior to COVID, some of the services SBS provided to small businesses included:

- Connecting entrepreneurs to free resources, ranging from business courses to legal services to no-cost compliance consultations for new or operating business owners.
- Providing resources to help small businesses attract and retain talent and grow operations through the “Small Business Solution Center.”
- Helping minority and women-owned businesses (MWBs) get City-certified and compete for contracts.
- Offering resources such as an owner’s bill of rights and a small business directory.

During COVID, SBS has:

- Created the [NYC Small Business Resource Network](#), a “one stop shop” that connects businesses with recovery resources related to technology, real estate, legal/accounting services, procurement opportunities, marketing, and loans and grants. The program aims to serve hardest-hit communities, with a focus on minority-, women-, and immigrant-owned businesses.
- Structured and administered City-provided grants, loans, and assistance and helped connect businesses to Federal aid.
- Provided guidance on how to re-open businesses after COVID closures and reconfigure operations to comply with new regulations.





3. Help small businesses adopt new technologies.

Prior to the pandemic, technology was becoming increasingly important to maintaining a small businesses, and many small retail businesses cited competition with online retailers as one of their greatest challenges.

During the pandemic, businesses who were able to pivot to online sales generally fared better, while those who had difficulty adopting new technology suffered. In addition to online sales, technology has become a critical resource for marketing and operations.

The public sector should ensure affordable access to broadband and cellular service and offer technical assistance to help businesses adopt new technologies. Each County's new small and downtown business support division can also create consolidated online sales platforms to make it easier for Long Island residents to shop local.

3.1 Ensure business have affordable access to broadband and cellular services and provide free Wi-Fi in downtowns.

Internet access and cellular service have become essential utilities for businesses. Leaders should subsidize internet access and/or cellular services for small businesses in need of assistance through loans or grants.

Towns should also work with broadband providers such as Verizon, Charter, Altice and others to establish ways to drive the cost of internet access down. Towns/villages must also encourage high speed commercial broadband companies to provide fiber-optic cabling in downtowns for high-speed access through financial incentives or government contracts. Investments could be funded by LIREDC and Federal COVID recovery funding allocated to state and local governments for broadband infrastructure.

Towns/villages can also offer free downtown Wi-Fi accessible to both storefront businesses and downtown visitors.



Precedent

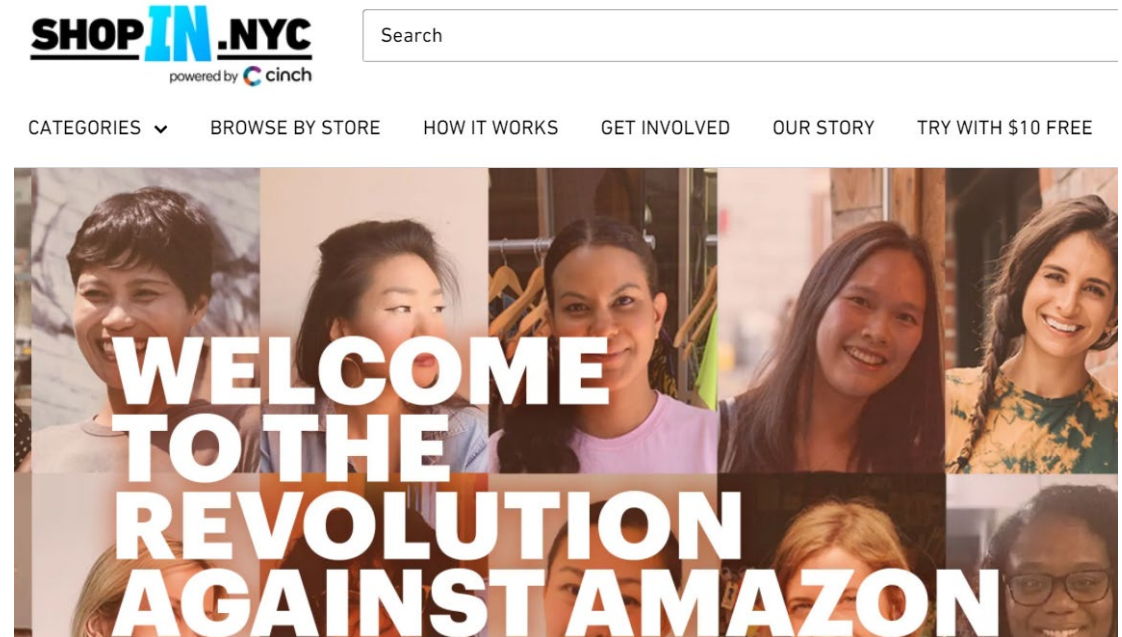
Offering free Wi-Fi in downtowns can help to attract visitors and encourage them to visit businesses that the Wi-Fi reaches. In Colorado, the [Downtown Boulder Foundation](#), in partnership with Google, delivered free Wi-Fi to the downtown corridor in 2018. This Wi-Fi network is accessible outdoors and inside businesses. The Downtown Boulder Foundation publishes a map to show the Wi-Fi boundaries and a list of small businesses with access to the network.

3.2 Create an online shopping portal to help small retail businesses compete against major online retailers and direct-to-vendor online food ordering systems.

Even if they sell online, small businesses have difficulty competing with major online retailers, many of whom offer free shipping and lower prices than small businesses can offer. Some major online retailers offer a wide range of products on a single website, a convenience that consumers are increasingly accustomed to.

Newly-formed small and downtown business support divisions in each County can work with individual or proximate downtowns to create an online portal that makes it easy for residents to support local businesses. This platform could offer low-cost or no-cost shipping while serving as a joint marketing tool for a rotating array of businesses, including those in lower-income communities or those owned by people of color.

Food & beverage businesses are increasingly forced to rely on third-party delivery apps that charge high fees. An independent website or app, potentially created by the new small business divisions in each County, can ensure that revenues go to local businesses rather than third-party technology companies.



ShopinNYC homepage

3.2 Create an online shopping portal to help small retail businesses compete against major online retailers and direct-to-vendor online food ordering systems.

Precedent

Small businesses face steep competition from large retail giants who can offer cheap services. [ShopInNYC](#) is a website that was set up to solve this problem. This site allows local New York City stores to sell goods, offering same-day shipping that is free for orders over \$59 – “faster than Amazon.” The retailers are able to do this for their local customer base as they are leveraging their proximity to consumers.



(1)
**Browse the
Everything Store**

Make selections from as many stores as you want. They'll all arrive in one package.



(2)
**Community Makes
Your Order Happen**

Once your order is placed, the neighborhood stores prepare it and a team of community members visits each store on the list to make the pickup.



(3)
**Same Day
Delivery!**

Your order is dropped off for you in one package.
(If you ordered by 10am, it will arrive same day between 4:30-9pm. Otherwise, the next day between 4:30-9pm.)

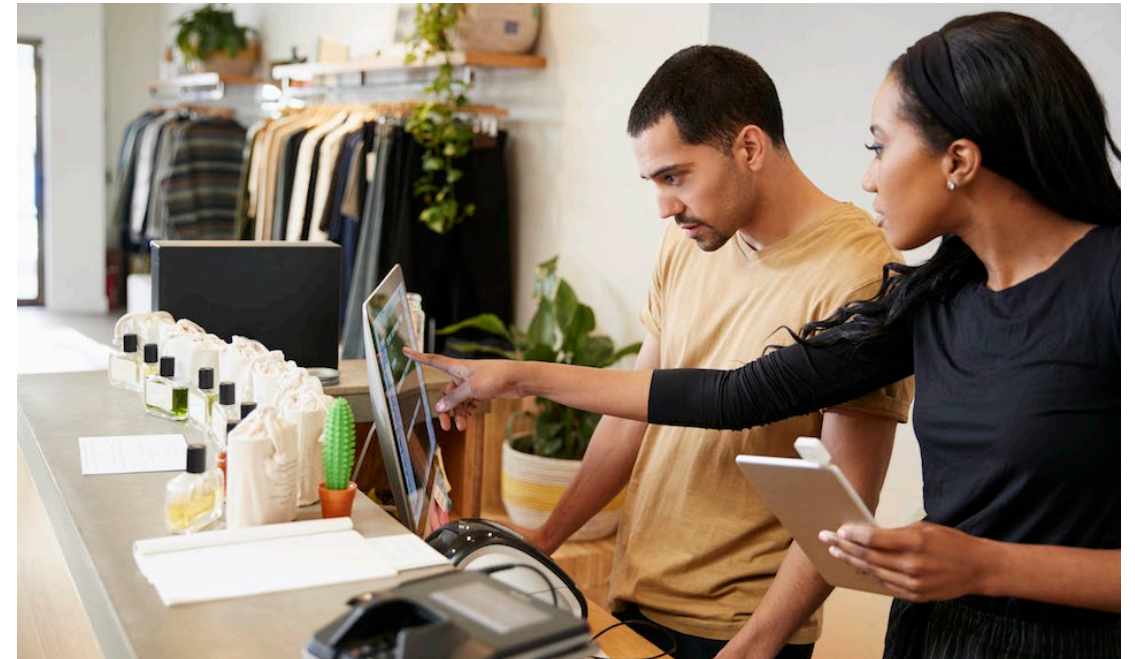
A customer also has the luxury to shop from multiple small local businesses at once rather than clicking through multiple websites. After a customer places an order, the neighborhood stores prepare the orders which are then picked up by ShopInNYC team members and delivered in a single box. Stores can join the site for free and are asked to share up to 9% of the cost of a sale to cover delivery and other costs. Almost 70% of stores on the site are women-owned. The site also helps to market local businesses, and recently highlighted BIPOC (black, Indigenous and people of color) businesses.

3.3 Provide technical assistance to help businesses adopt technology to remain competitive.

BIDs, Counties, and towns/villages should create programs to increase digital literacy and adoption among small businesses. Funding could come from Federal stimulus monies being granted to towns and Counties.

These programs should identify options for products and services that can help businesses grow, including online sales and delivery platforms, point-of-sales software, and social media marketing. Programs should offer best practices guidance in multiple languages to ensure that businesses owners know how to optimize different tools.

Some businesses may also need grants or low-cost loans to help purchase hardware and/or software.



Precedent

Boston has created a [Delivery & Takeout Guidebook](#) to help small brick-and-mortar food businesses and retailers offer takeout and delivery. The guidebook describes different online delivery platforms and how they work, the technology required to use them, the fees they charge, and other considerations such as using their employees vs. the delivery platforms' employees to make deliveries. The guidebook also includes information regarding technical assistance programs, and loan opportunities.



4. Provide resources for small businesses to increase revenues and reduce costs.

Many small downtown businesses saw steep drops in revenue during COVID due to forced shutdowns, capacity limitations, and a decline in consumer spending. Even as revenues declined, many operating costs did not.

The Counties and towns/villages should help small businesses tap into new sources of revenue through direct purchasing agreements, which also can help businesses build long-term resiliency. They should also identify ways to help businesses reduce operating costs – such as rent, fees, and utilities – either temporarily or permanently.

4.1. Create direct purchasing agreements between small businesses and local institutions and government.

Local governments and institutions can serve as resources to expand revenue streams of small businesses through direct purchasing agreements. Agreements can cover provision of a variety of goods or services, such as catering, cleaning services, or sale of supplies.

Direct purchasing agreements can provide businesses with a lifeline in the short-term and with reliable revenue streams to allow them to grow longer-term.



Precedents

Newark NJ, organizes local anchor institutions to buy local, including [NJIT](#), which has made pledges and commitments to hire local, buy local, and live local. In order to meet these goals, the institution has purchasing agreements with many small businesses. In addition, this initiative helps advertise small businesses to the school's students and faculty, listing local businesses on its website and promote businesses through e-blasts. NJIT also posts job openings in an effort to connect residents with local opportunities both inside and outside of their institution. [Audible](#), based in Newark, encourages local purchasing by providing vouchers that encourage employees to eat at local restaurants.

The **University of Pennsylvania** has a similar buy local program. The [University of Pennsylvania's Supplier Diversity & Inclusion Program](#) serves to ensure that contractors are local and reflect the racial diversity of the City of Philadelphia. The school evaluates this programs success through public facing metrics to promote accountability.

4.2 Encourage landlords to offer deferred or discounted rents.

With steep declines in revenues, many small businesses are unable to afford their rents. Many small landlords, however, rely on rent revenues to cover ongoing costs such as taxes and mortgages. Government leaders can step in to provide tax incentives or other financial incentives to encourage landlords to renegotiate leases and offer affordable rents – a solution that benefits both parties. This could possibly be funded with Federal COVID relief funds.

This approach can be combined with pro bono legal services and information to facilitate lease negotiations between tenants and landlords.



Willy Nilly in Bayshore

Precedents

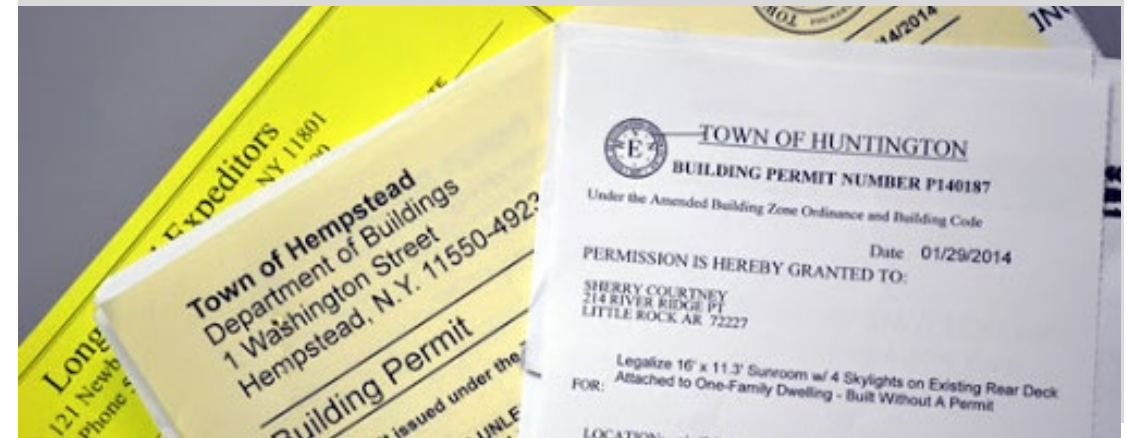
New York City and **New York State** proposed a [recovery lease program](#) that would provide relief to both small business owners and building owners impacted by the COVID pandemic. The program would grant long-term property tax breaks to commercial landlords to incentivize lease restructuring. These “recovery leases” would be required to last at least ten years, with limitations on annual rent increases. These guarantees protect small businesses while providing stability for landlords.

Commercial tenants restructuring their current leases or entering into new leases for spaces left vacant for reasons other than eviction would be also eligible to enter into a recovery lease.

4.3 Cut costs for business owners by temporarily defraying taxes, eliminating fees and fines, and freezing utility bills during recovery.

The public sector can temporarily reduce costs by lowering permitting fees and waiving fines currently set by local governments or the Counties.

Local leaders should encourage the private sector to do the same. Through short-term agreements, Counties can work with utility companies to defer payment of utility bills during the pandemic and months of recovery to ensure that utilities are not shut off, preventing businesses from operating.



Precedents

Seven states prohibited utility shutoffs, allowing businesses to continue to operate while temporarily reducing operating costs. [NY State](#) required utility bills to be paid but instructed companies not to impose late fees or shutoffs.

In [San Francisco](#) the mayor passed legislation to waive fees for downtown businesses including food & beverage establishments and entertainment venues. The city passed a fee waiver totaling \$5 million to support businesses and prevent further closures. The fee waiver will equal \$1,754 in savings per food & beverage business and \$6,098 in savings per entertainment business. The waiver is for costs associated with a combination of permit fees, business registration fees and taxes.



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Businesses**

0-6 months



**Medium-Term
Interventions to
Create Flexibility
for the New
Normal**

6-12 months



**Long-Term
Investments
to Support
Downtown
Growth**

1 year +



5. Reposition vacant storefronts for flexible, creative new uses.

Storefront vacancies were on the rise before COVID; the pandemic has likely exacerbated this trend and created new pressures on brick-and-mortar businesses. Storefront vacancy creates blight, creating ripple effects for other businesses and landlords, while detracting from the local tax base.

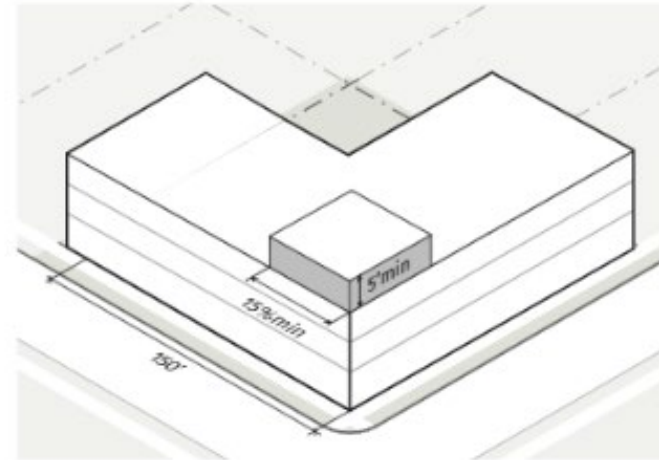
Downtowns can reposition vacant storefronts for an array of creative new uses, particularly experience-focused uses, ranging from food & beverage to pop-ups to fitness to art galleries, and non-retail uses such as coworking spaces, non-profits, and social services, to breathe life back into downtowns.

Filling storefronts will also require supporting creation of new businesses. Downtowns should embrace programs to help businesses grow through interventions such as lowering start-up costs.

5.1 Implement creative zoning to increase flexibility and address the storefront vacancies.

Given the uncertain retail environment, downtowns must maximize flexibility to accommodate new storefront uses and eliminate outdated regulations that are overly prescriptive.

New, innovative zoning tools such as form-based code – which primarily regulates building form rather than building use – can allow for an array of new commercial, community facility, or light manufacturing uses (e.g., breweries). In some commercial buildings, micro-housing may be feasible. Given a preexisting oversupply of retail space, zoning should also concentrate active uses on major corridors and identify alternative uses for side streets.



(Ord No. 13520, 12-17-2019)

Chattanooga's Form-Based Code

D. Building Mass

1. Street-Facing Building Length

Street-facing building length is the maximum length of a building or structure.

2. Articulation in Building Height

For buildings 150 feet or more in length, at least 15% of the street-facing roof line must have a variation in height of at least 5 feet. On a corner lot, the variation in height must be located at the corner of the building that addresses both street fronts.

Precedents

Suffolk County created a **zoning overlay template** that would allow for conversion of big box stores and commercial strip malls into residential units, requiring some public open space and units for the neurodiverse. The template also promotes affordable housing, walkability, and energy efficiency.

Other municipalities have created regulations to encourage commercial conversions specifically for affordable housing. Legislation was passed in **Bethesda**, MD to allow vacant commercial property to be converted into affordable and supportive housing through tax abatements and new zoning.

Downtown **Chattanooga**, TN zoning is in part based on **form-based codes**. This "Downtown Code" was created to promote growth that is urban, mixed-use, walkable, and contributes to a high-quality public realm by prescribing the physical form of buildings. Chattanooga's previously existing zoning districts provided limited options for urban development.

5.2 Facilitate interim uses in vacant storefronts.

In vacant storefronts, pop-ups can provide landlords with short-term revenue while activating the street. Pop-ups allow retailers to test a market before fully investing in a storefront and/or market their brands and services. However, many landlords may not have experiences with pop-ups. Draft lease templates can help landlords and prospective pop-up tenants partner more easily and quickly.

Towns/villages and BIDs can also partner with property owners to put into place other temporary uses. For example, landlords can be encouraged or required to display local artwork in vacant spaces, providing an opportunity for artists to self-promote.



Precedents

During the pandemic, to facilitate filling spaces quickly and maintain active storefront uses, the **Madison Ave BID** in New York City developed a [pop-up lease template](#) to help landlords work with short-term tenants.

Southampton requires storefront owners with spaces that have been vacant for at least a month to [partner with local artists](#) to display their work at no cost to the artists. The town helps facilitate the relationship between local artists and landlords. This helps to keep retail corridors vibrant while promoting local artists.

5.3 Acquire distressed spaces and offer low rents to incubate new businesses.

New business formation will be critical to filling vacant spaces. However, start-up costs, including investment in fitting out a new storefront, create hurdles for many would-be entrepreneurs. Public sector groups, BIDs and non-profit organizations can play a role in helping to ease this burden.

An increase in supply of vacant space could be an opportunity for towns/villages to acquire distressed properties and offer low-cost space. Acquisition could be done through long-term leases or purchasing the real estate. The spaces can then be leased for free or at a low cost to small businesses.

These initiatives could focus on supporting new businesses who would benefit from an “incubation” period before signing a longer-term lease elsewhere downtown.

Space could be leased to individual small businesses or multiple co-located small businesses for a set amount of time.



Grand opening of Dulcemanía II in Hempstead

5.3 Acquire distressed spaces and offer low rents to incubate new businesses.

Precedent

The City of Memphis has created an award-winning program called [Open on Main](#), a multi-venue pop-up incubation strategy that aims to help foster new small businesses by lowering start-up costs and providing opportunities to build visibility, while also activating previously vacant storefronts and improving the pedestrian experience.

The Downtown Memphis Commission (DMC) acquired previously vacant spaces and pairs retail business owners with these storefronts. The DMC is funded by a special assessment on commercial properties in the Central Business Improvement District (CBID). The space is offered at little to no rent for at least one month. The intent of the program is to advertise the brands products and allow them to test different market strategies. The ultimate goal is to increase permanent tenants on Main Street.

To date, the program has helped 30+ store operators test the retail market in Downtown Memphis, with 80+% MWBE participation.



5.4 Provide landlords with matching grants to renovate storefronts.

Many Long Island downtowns contain aging buildings that are in poor condition or outdated. Some landlords do not have access to capital for repairs, and some are “absentee” landlords unmotivated to invest in their properties.

Potentially led by new Countywide small and downtown business support divisions, leaders can create new matching grant programs or connect businesses with existing programs, such as the New York State Main Street Program, to support reinvestment in storefronts. Matching grants will ensure that the landlord also has “skin in the game.”

Towns/villages and/or BIDs should take on targeted outreach to promote available funds to property owners.



Precedent

The [New York Main Street](#) program provides financial resources and technical assistance to New York State downtowns. The program is primarily focused on providing grants and assistance for façade improvements that would otherwise be cost-prohibitive for property owners. The program also provides funding for streetscape improvements along commercial corridors, including new signage or sidewalks. The program offers technical assistance to support communities planning for a future New York Main Street building renovation program. For example, the program provided the town of [Babylon](#) with a \$20K grant to fund the development of architectural design guidelines for Downtown Copiague.



6. Make outdoor dining permanent and cut red tape for food & beverage businesses.

Even before COVID, food & beverage was becoming increasingly important to downtowns, buoying main streets as e-commerce displaced spending on traditional retail. However, these businesses operate on thin margins and must navigate complex regulations in order to open and grow, ranging from health and safety regulations to building permitting. During the pandemic, these businesses were among the hardest-hit as forced closures and capacity limitations cut deep into their revenues.

In the business survey, one out of three downtown food & beverage businesses identified streamlining permitting and regulations as one of the top three long-term interventions that could help them recover, compared to one in five retailers.

To support food & beverage businesses, leaders must make outdoor dining permanent in time for the coming summer season. Further, they must simplify regulatory hurdles to remove barriers to business creation and growth.

Source: Rauch-HR&A Business Survey

6.1 Make outdoor dining permanent.

Outdoor dining helped revitalize downtowns during the pandemic while serving as a lifeline to food & beverage businesses. Municipalities across the country, including on Long Island, allowed businesses to take over parking spots, sidewalks, and plazas. Longer-term, these are changes that consumers are likely to continue to expect, and that can continue to attract visitors to downtowns as they recover.

During the pandemic, villages/towns made temporary changes to regulations to allow for a rapid pivot to outdoor dining. These changes should be made permanent.

In addition to changing the rules, leaders may need to provide businesses with assistance as they adapt their operations. For example, some businesses with limited capital may need grants for outdoor equipment such as tables, chairs, and umbrellas.



Precedent

New York City has announced that [outdoor dining will become permanent](#). In September 2020, City Council passed a bill that would extend the outdoor dining program created during the pandemic through September 2021. The program will then be replaced, by a new, permanent outdoor dining program that will continue to allow the use of roadway seating for outdoor dining.

6.2 Cut red tape and create rapid online permitting processes.

Food & beverage businesses often face significant regulatory hurdles, making it difficult, costly, and time-consuming to open a business or grow.

However, during COVID, towns/villages were able to rapidly cut through many non-health and safety regulations as an emergency measure to keep businesses afloat. These non-health and safety regulatory changes should be made permanent.

Further, many towns/villages sped up onerous permitting processes by allowing for self-certification for minor reconfigurations. Towns/villages should embrace this precedent and offer rapid online self-certification processes for minor building improvements.



Precedents

Local governments embraced simpler, tech-driven permitting processes during COVID. Both [Smithtown](#) and [New York City](#) created **new online self-certification processes** to allow food & beverage businesses to quickly create outdoor seating during COVID. While these processes were created specifically to allow for creation of outdoor seating during COVID, they could be expanded to apply more broadly to other minor changes to storefronts and storefront configurations.



7. Create year-round open streets.

During COVID, innovative new ways of using public spaces helped to drive recovery and created a new appreciation for open air social spaces.

Many municipalities across Long Island and the country launched open streets programs, shutting down car traffic on certain days of the week to create open space and allow outdoor dining, bringing community members downtown to gather in pedestrianized roadways.

Communities and businesses are both likely to want to see these creative uses, initially embraced by necessity, permanent, activating downtown corridors without the need to invest capital into new open space projects.

However, any street closures should be coordinated with new parking strategies to ensure that adequate parking is still available to serve visitors and businesses.

7.1 Leveraging their success during the pandemic, make open streets permanent to activate downtowns.

Leaders should make open streets permanent. Further, they should provide communities with the opportunity to suggest new open streets.

In downtowns, BIDS can program open streets with events and amenities to bring more consumers to the area. This programming can be done in partnership with food & beverage businesses.

In more auto-oriented areas, towns/villages must study parking impacts and alternative parking options to balance the needs for access and activation.

Federal stimulus funds could be used to fund management and programming of open streets in lower-income communities.



Precedent

New York City has announced that [open streets](#) will remain a permanent fixture. Many of the open streets created during the pandemic will remain, and the Department of Transportation will accept applications for new open streets throughout the city, encouraging applicants to include local partners who can manage and program the streets. The City has stated that equity and inclusion will be at the heart of the open streets program. The City is considering using Federal funds to fund maintenance and programming by community groups in low-income communities who may have more difficulty raising funds.



**Immediate
Actions to
Stabilize
Downtown
Businesses**

0-6 months



**Medium-Term
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6-12 months



**Long-Term
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to Support
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1 year +



8. Engage in comprehensive, inclusive development in lower-income downtowns.

Some lower-income Long Island communities, such as Central Islip, have a surplus of vacant parcels and surface parking in downtowns, which detract from a strong sense of place. These lots offer untapped potential for investment to create new places to live, work, and shop.

Bringing more residents to downtowns creates more customers, supporting existing businesses and expanding the potential for new ones to thrive.

Through comprehensive planning, lower-income communities can support new transit-oriented developments that offer affordable housing. Comprehensive community outreach and engagement is critical to ensure the development is responsive to the needs of the community and does not result in displacement of current residents.

8.1 Leverage publicly owned sites for new development that is responsive to the needs of the local community.

Lower-income communities with vacant sites in their downtowns have the opportunity to revitalize these areas by creating more housing, including affordable housing, and commercial space for businesses and jobs. Leaders should track and inventory publicly owned sites and create assemblages, working with land banks where applicable, to redevelop delinquent, foreclosed, and/or abandoned property.

All redevelopment should be grounded in the needs and desires of the local community and provide affordable housing to prevent displacement and gentrification. Developers must be required to conduct robust public outreach prior to seeking approvals. Development could be supported by funding sources such as DRI and the LIREDC.



Rendering of TOD development in Huntington Station

Precedents

[King County](#), WA maintains an inventory of all publicly owned soft sites. Properties that are designated as “surplus” are then considered for affordable housing. In [Central Islip](#), a historic former state hospital will be redeveloped to include 354 residential units, including 10% affordable units and 20% reserved for seniors. Redevelopment of municipal land north of LIRR tracks at [Huntington Station](#) includes mixed-use multifamily buildings, a hotel, and a medical office building; 40% of all units will be affordable, including 14 units for Veterans.



9. Build transit-oriented multifamily housing in downtowns.

Long Island's recovery and growth may be contingent on its ability to better meet its housing needs. Long Island's housing stock has changed little since the 1950's and is comprised predominantly of single-family homes. The lack of affordable rental options makes it difficult to retain young people while creating a housing affordability crisis. For a more resilient recovery, Long Island must build transit-accessible multifamily housing in its downtowns to retain young talent, address the affordable housing crisis, grow downtown consumer bases that support small businesses, and generate new tax revenues.

In order to do so, towns/villages should allow for development of multifamily housing in their downtowns. Development should cater to an array of different income levels, with greatest density clustered near LIRR stations to encourage transit-oriented development.

Source: Regional Plan Association

9.1 Facilitate new housing development near LIRR stations to retain young workers, support affordability, and increase foot traffic.

Towns/villages must change zoning to increase density and allow for development of multifamily housing, including affordable housing and mixed-use buildings with ground floor commercial and community uses.

In order to promote transit use, towns/villages should prioritize density within $\frac{1}{2}$ to $\frac{1}{4}$ mile of LIRR stations, particularly in areas benefiting from the Third Track on the Main Line of the LIRR. Towns/villages should also reduce minimum parking requirements where needed.



Rendering of proposed development in East Farmingdale

Precedent

[East Farmingdale](#) has been developing a major transit-oriented development plan for 120 acres of land anchored by the planned re-opening of the Republic Airport LIRR Station, as well as the planned Route 110 bus rapid transit system. The project is expected to include approximately 1,750,000 SF of residential space, 300,000 SF of retail, 500,000 SF of commercial, and reimagining of the existing Airport Plaza shopping center.



10. Invest in complete streets and green infrastructure.

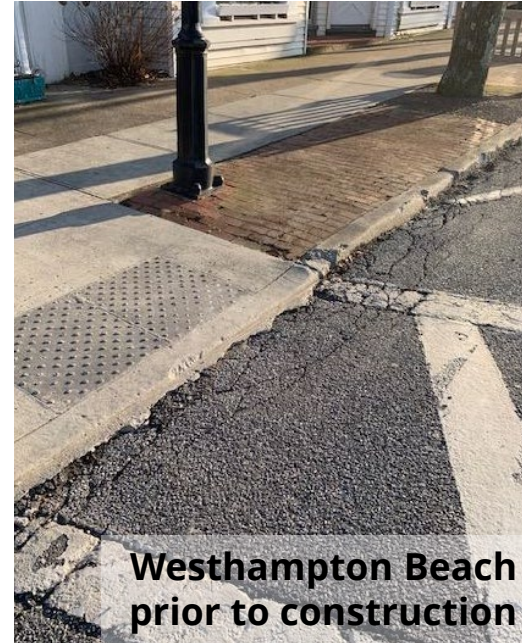
Many Long Island downtowns have aging Main Streets that are designed to give more space to cars than people. Many downtowns also have outdated infrastructure. These conditions make downtowns less inviting, detracting from foot traffic that would better support local businesses, and discouraging use of more environmentally-friendly transportation modes such as bikes. Further, many downtowns lack green infrastructure that can contribute to better water quality and low carbon footprint.

Villages/towns and leadership must reimagine downtown streetscape by creating complete streets, investing in upgraded infrastructure, including green infrastructure, and creating more welcoming environments for visitors and businesses.

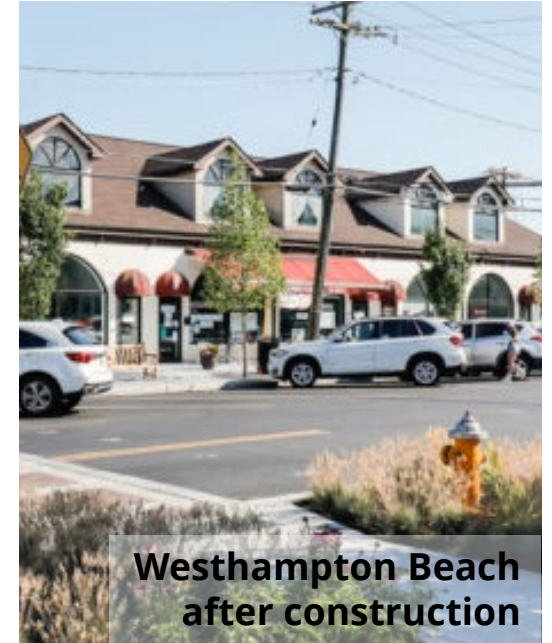
10.1 Invest in complete streets, public realm improvements, and green infrastructure.

To make downtowns more inviting, towns/villages should invest in “complete streets” with bike lanes and wide sidewalks to encourage biking while increasing walkability. These improvements benefit small businesses by increasing foot traffic, while also creating more sustainable communities.

In parallel with these investments, towns/villages can invest in green infrastructure such as LED lighting and bioswales – channels designed to concentrate and convey stormwater runoff while removing debris and pollution. Construction can happen concurrently to minimize impacts on local businesses.



**Westhampton Beach
prior to construction**



**Westhampton Beach
after construction**

Precedent

The [Village of Westhampton Beach's](#) full renovation of Main Street was completed in May 2020. Streetscape improvements included expanded sidewalks (which facilitated outdoor dining during COVID), landscaping, pedestrian safety, and burying utilities below the roadway. The Village also invested in a broad array of green infrastructure, including permeable pavers, LED lighting, and hydrodynamic separators to filter runoff water. This investment will provide long term resiliency for the downtown – both in terms of businesses and environment. The Village was able to assemble multiple sources of Federal and State funding sources for transportation and green infrastructure projects, as well as local funds.



11. Invest in sewers and high-tech septic systems.

Many downtowns, particularly in Suffolk County, lack sewers. Across Long Island, the reliance on cesspools and septic systems has resulted in significant nitrogen pollution in groundwater and local bays. The lack of sewer infrastructure also places constraints on economic activity, development, and growth in downtowns.

Leveraging Federal capital where possible, towns/villages should invest in new sewers while expanding opportunities to use new technologies to cost-effectively increase sewage treatment capacity.

11.1 Invest in sewer systems and leverage Innovative On-Site Wastewater Treatment Systems (I/A systems) to expand wastewater treatment capacity in downtowns.

Where possible, Counties and towns/villages should invest in expansions of and connections to sewer systems, potentially drawing from Federal relief funds, including the American Rescue Plan's State and Local Fiscal Recovery Funds.

Further, I/A systems – which utilize new technologies to remove nitrogen from wastewater – can provide cost-effective on-site alternatives to sewer connections. Suffolk County has led the way in I/A system adoption, amending its sanitary code to allow for their usage by single family homes. The County should extend their applicability to commercial buildings where feasible, and Nassau County should follow suite.



Sewer construction on the North Shore

Precedent

Suffolk County has [modified pressure regulations](#) to allow I/A sewer systems, and Nassau County should consider following suit. These systems are smaller than complete sewer systems and have lower pressure capabilities. Prior to this amendment, there was a strict cap on permitted pressure level that limited the types of developments these systems could serve. By increasing permitted pressure, the County is expanding the amount and new development that can be built in unsewered communities. While currently only applicable to single family homes, the applicability could be expanded in the future.

Interventions | These interventions will require collaboration among the Counties, local towns/villages, BIDs, and CBOs. The following pages indicate the likely lead for each intervention, as well as supporting entities.



Nassau and Suffolk Counties

Leverage larger funding pools and support initiatives across downtowns, including through new Countywide small business and downtown support divisions.



Towns and Villages

Directly support and plan for downtowns and modify local regulations as needed.



BIDs

Work directly with local downtown businesses and connect them to resources.



CBOs

Advocate for and support downtown businesses and surrounding residential communities.

Key for following pages:
● Implementation Lead
○ Implementation Support

Immediate Actions to Stabilize Downtown Businesses | Implementing Entities

Strategy	County	Town/ Village	BID	CBO
1. Double down on financial support for small business, especially in lower-income neighborhoods and communities of color.				
1.1 Design new grant and low-cost loan programs.	●			
1.2 Provide technical assistance to remove barriers to access to aid.	●	○	○	○
2. Create small and downtown business support divisions at the County economic development departments.				
2.1 Create small, agile new divisions within the economic development departments of each County.	●			
3. Help small businesses adopt new technologies.				
3.1 Ensure business have affordable access to broadband and cellular services and provide free Wi-Fi in downtowns.	●	○		
3.2 Create an online shopping portal to help small retail businesses compete against major online retailers and direct-to-vendor online food ordering systems.	●	○	○	
3.3 Provide technical assistance to help businesses adopt technology to remain competitive.	○	●	○	○
4. Provide resources for small businesses to increase revenues and reduce costs.				
4.1. Create direct purchasing agreements between small businesses and local institutions and government.		●	○	
4.2 Encourage landlords to offer deferred or discounted rents.		●		
4.3 Cut costs for business owners by temporarily defraying taxes, eliminating fees and fines, and freezing utility bills during recovery.	●	○		

Medium-Term Interventions to create flexibility for the new normal | Implementing Entities

Strategy	County	Town/ Village	BID	CBO
5. Reposition vacant storefronts for flexible, creative new uses.				
5.1 Implement creative zoning to increase flexibility and address the storefront vacancies.		●		
5.2 Facilitate interim uses in vacant storefronts.		●	○	
5.3 Acquire distressed spaces and offer low rents to incubate new businesses.		●	○	
5.4 Provide landlords with matching grants to renovate storefronts.		●	○	
6. Make outdoor dining permanent and cut red tape for food & beverage businesses.				
6.1 Make outdoor dining permanent.		●		
6.2 Cut red tape and create rapid online permitting processes.	○	●		
7. Create year-round open streets.				
7.1 Leveraging their success during the pandemic, make open streets permanent to activate downtowns.		●	○	

Long-Term Investments to Support Downtown Growth | Implementing Entities

Strategy	County	Town/ Village	BID	CBO
8. Engage in comprehensive, inclusive development in lower-income downtowns.				
8.1 Leverage publicly owned sites for new development that is responsive to the needs of the local community.		●		○
9. Build transit-oriented multifamily housing in downtowns.				
9.1 Facilitate new housing development near LIRR stations to retain young workers, support affordability, and increase foot traffic.		●		○
10. Invest in complete streets and green infrastructure.				
10.1 Invest in complete streets, public realm improvements, and green infrastructure.	●	○		
11. Invest in sewers and high-tech septic systems.				
11.1 Invest in sewer systems and leverage Innovative On-Site Wastewater Treatment Systems (I/A systems) to expand wastewater treatment capacity in downtowns.	●	○		

Economic Impacts of Downtown Revitalization

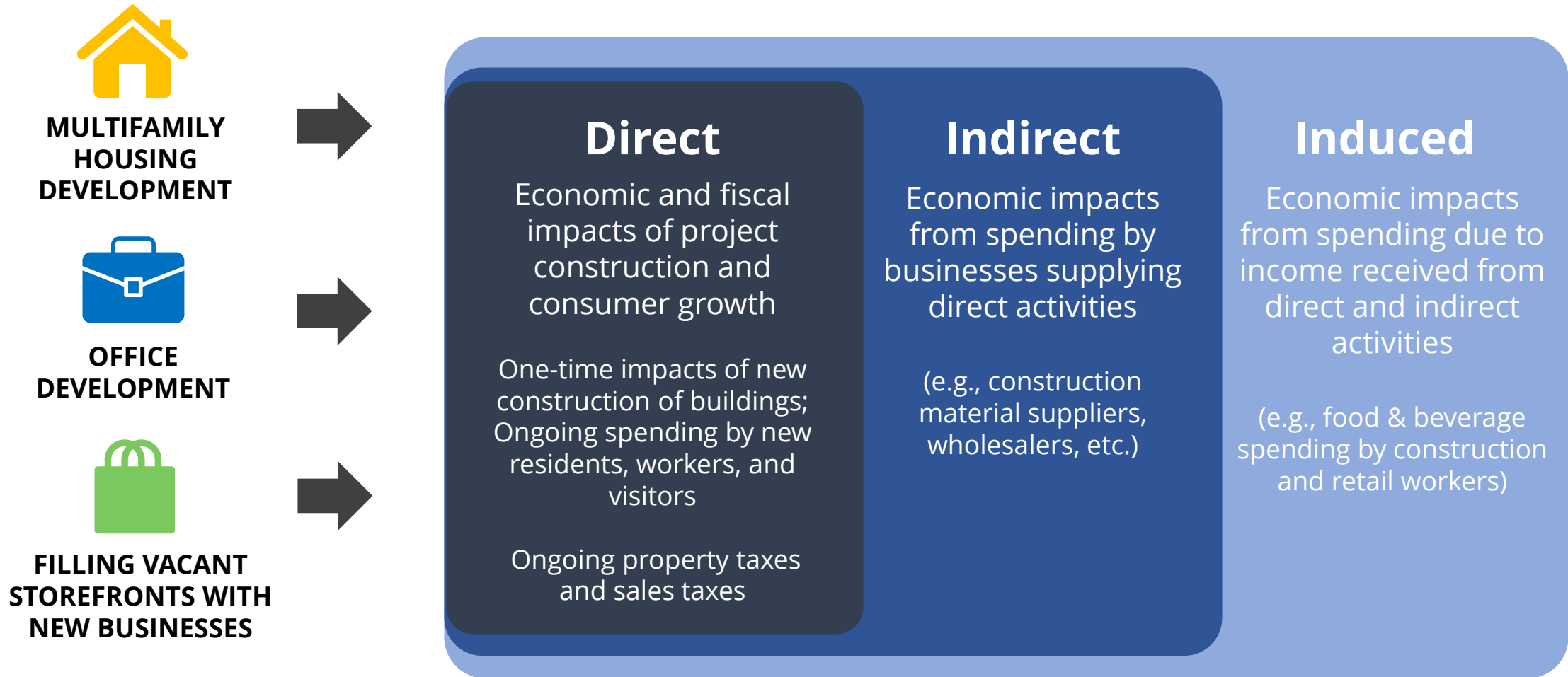
What are the economic and fiscal impacts of downtown revitalization interventions?

Economic Impacts | These 11 interventions will support new and existing businesses and generate new real estate development, diversifying the customer bases for downtowns and make them resilient to future shocks.



Downtown Westbury

Economic Impacts | Housing development, office development, and filling vacant storefronts with new businesses will have quantifiable economic and fiscal benefits.



Economic Impacts | HR&A estimated the economic and fiscal impacts of a hypothetical scenario in which a prototypical Long Island downtown adds new multifamily units, new flexible office space, and new storefront businesses, lowering vacancy.



Economic Impacts | HR&A estimated the economic impact of this scenario on a prototypical Long Island downtown in terms of jobs supported, economic activity, and tax revenues.

Fiscal Impact

\$830K

Annual Property Tax Revenue

\$250K

Annual Sales Tax Revenue

\$1.1M

Total Fiscal Impact

Economic Impact

**One-time Construction
Impacts**

460

Employment

\$65M

Spending

Ongoing Annual Impacts

220

Employment

\$20M

Spending

Impacts include direct, indirect, and induced impacts on Nassau and Suffolk County economies. Construction jobs are full time equivalent. Property tax revenue excludes education costs associated with new school-aged children.

Economic Impacts | If implemented across downtowns that are able to accommodate this growth, these interventions would have a profound regional impact. HR&A estimated the economic and fiscal impact of these interventions across a range of 30 downtowns.

Fiscal Impact

\$25M

Annual Property Tax Revenue

\$7.5M

Annual Sales Tax Revenue

\$32.5M

Total Fiscal Impact

Economic Impact

**One-time Construction
Impacts**

13.8K

Employment

\$1.9B

Spending

Ongoing Annual Impacts

6.6K

Employment

\$600M

Spending

Impacts include direct, indirect, and induced impacts on Nassau and Suffolk County economies. Construction jobs are full time equivalent. Property tax revenue excludes education costs associated with new school-aged children.

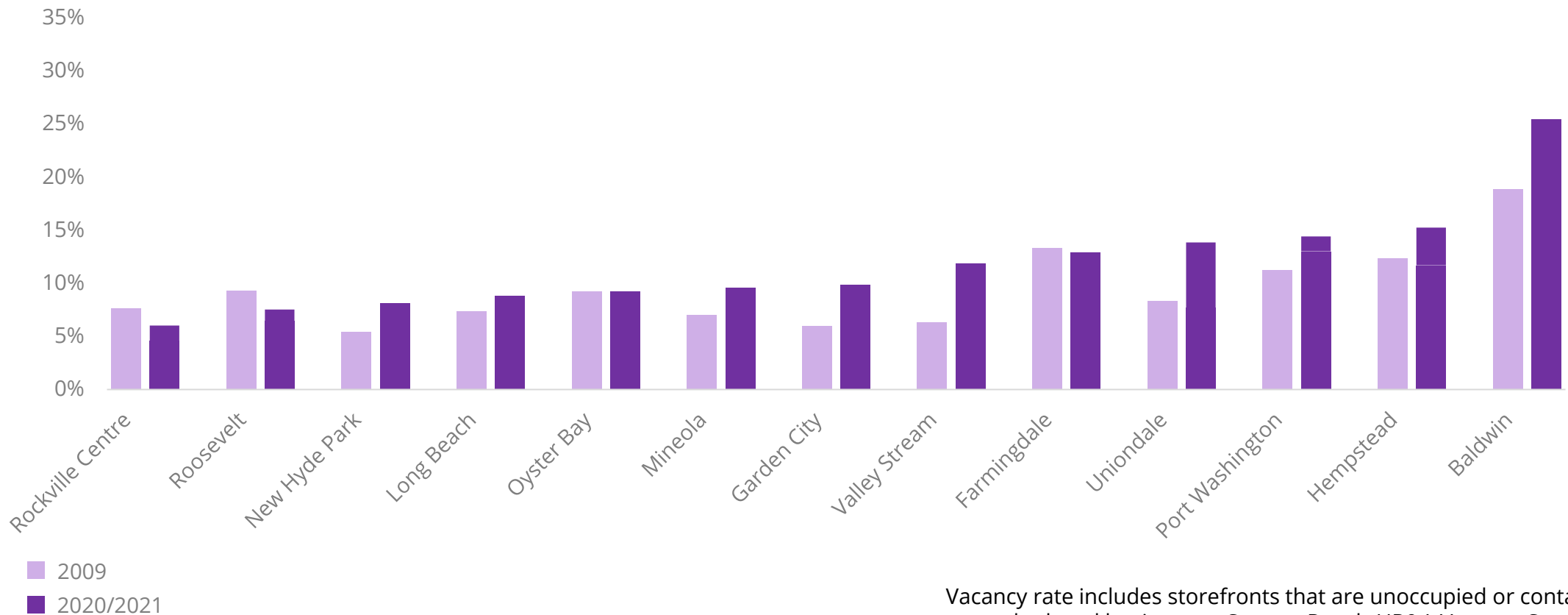
Economic Impacts | Beyond quantifiable new jobs and taxes, these interventions will reimagine Long Island's downtowns for the 21st century, adapting to new ways of living, working, and spending, and deliver an array of qualitative impacts.



Technical Appendix: Survey Findings

Vacancy Survey | Detailed Findings

Storefront vacancy rate, selected Nassau County downtowns (2009 vs. Winter 2020/2021)



Vacancy rate includes storefronts that are unoccupied or contain permanently closed businesses. Source: Rauch-HR&A Vacancy Survey

Vacancy Survey | Detailed Findings

Storefront vacancy rate, selected Suffolk County downtowns (2009 vs. Winter 2020/2021)

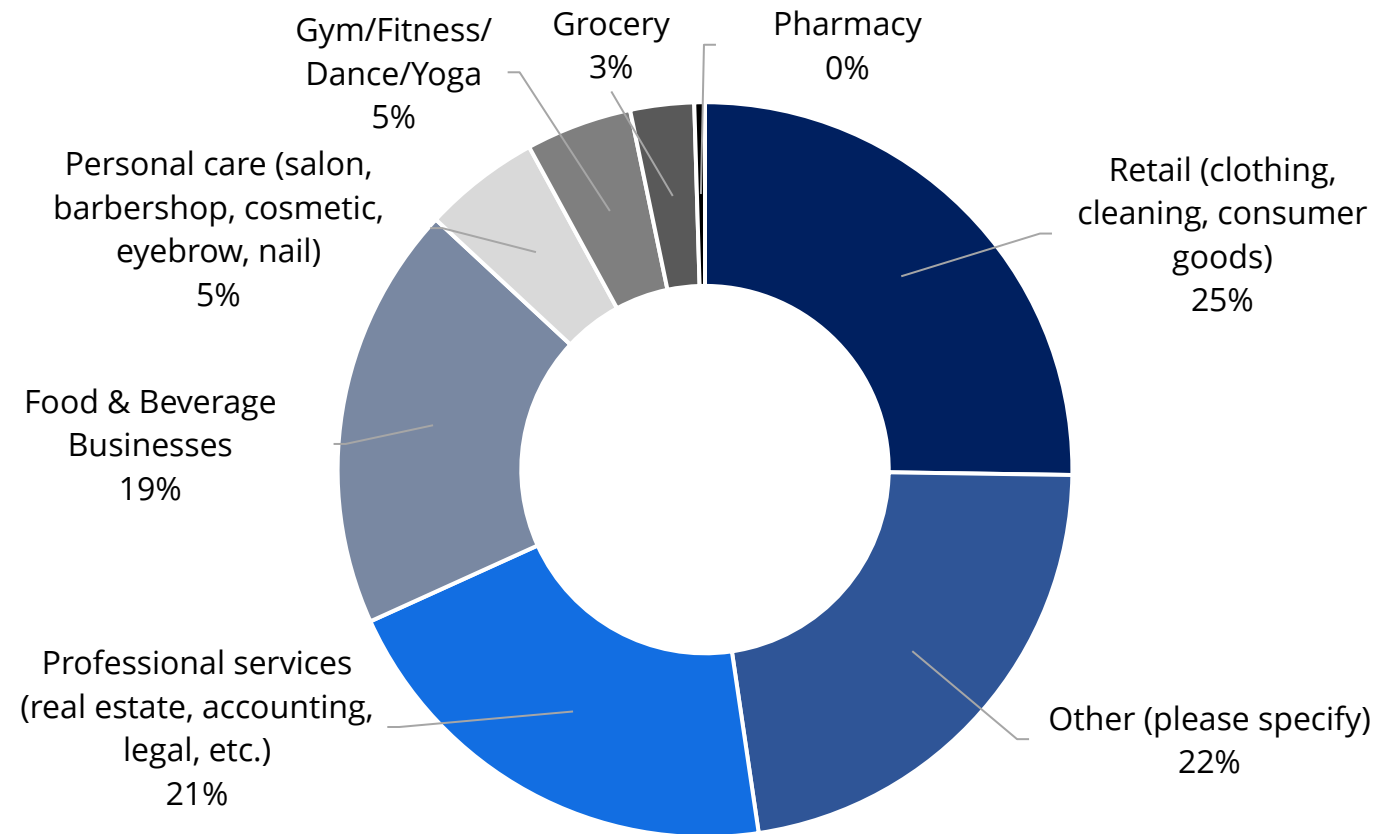


Vacancy rate includes storefronts that are unoccupied or contain permanently closed businesses. Riverhead historic vacancy rate is from 2008. Source: Rauch-HR&A Vacancy Survey

Business Survey | Key Results for Downtown Businesses

- **Retail businesses** were the largest category of respondents, followed by **“Other,” Professional services**, then **Food & beverage businesses**.
- “Other” includes a diverse mix of businesses, including construction, hotels, etc.

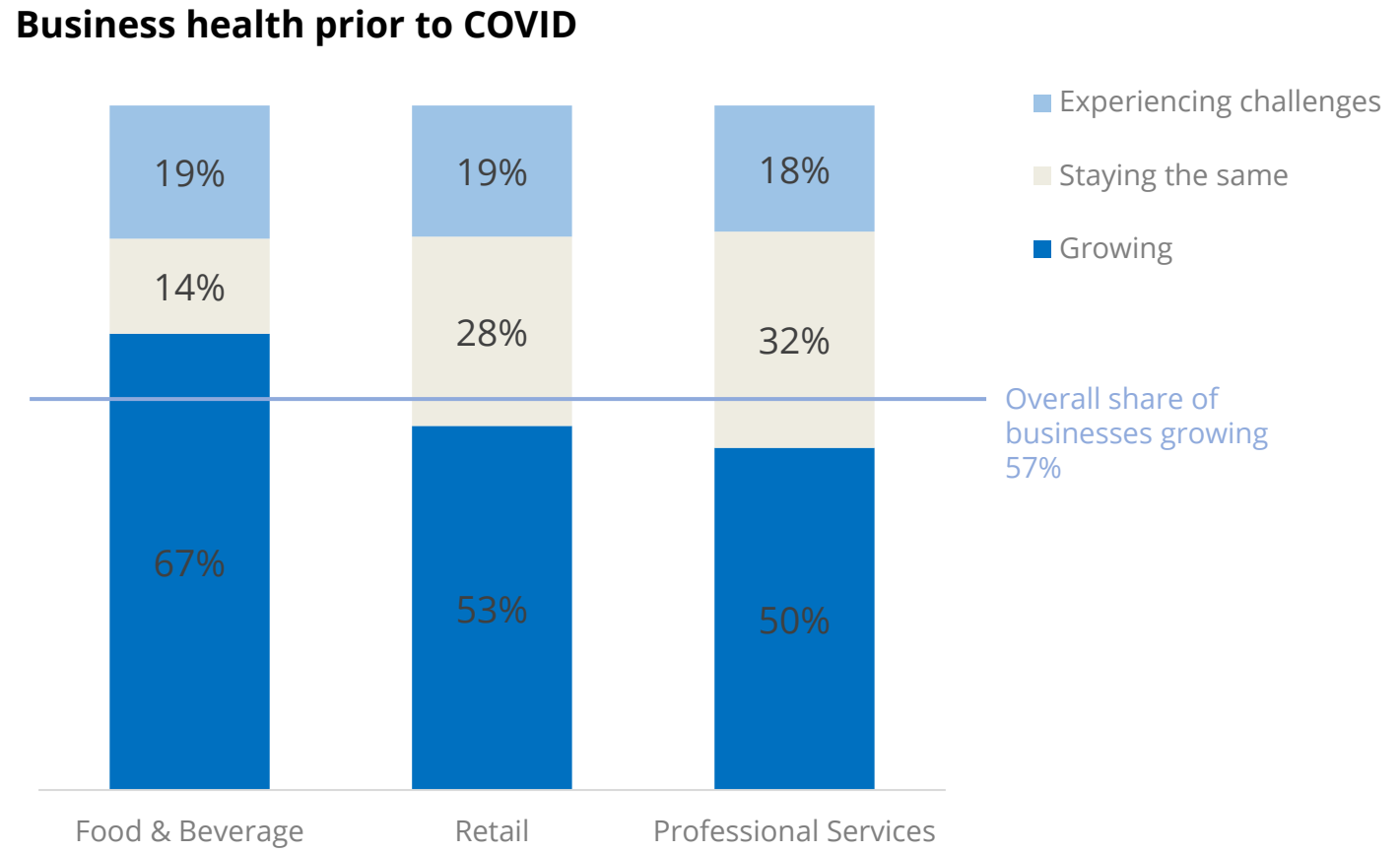
Respondents by business type



420 businesses responded to the survey, of which 214 (44%) were from businesses located in downtowns. The chart shows results for downtown businesses only. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- Prior to COVID, **57% of all downtown businesses were growing.**
- **Food & beverage businesses were most likely to report growth pre-COVID**, with 67% of businesses growing in the past 2-5 years.
- On the other hand, **one in five downtown businesses were experiencing challenges** in the past 2-5 years pre-COVID.

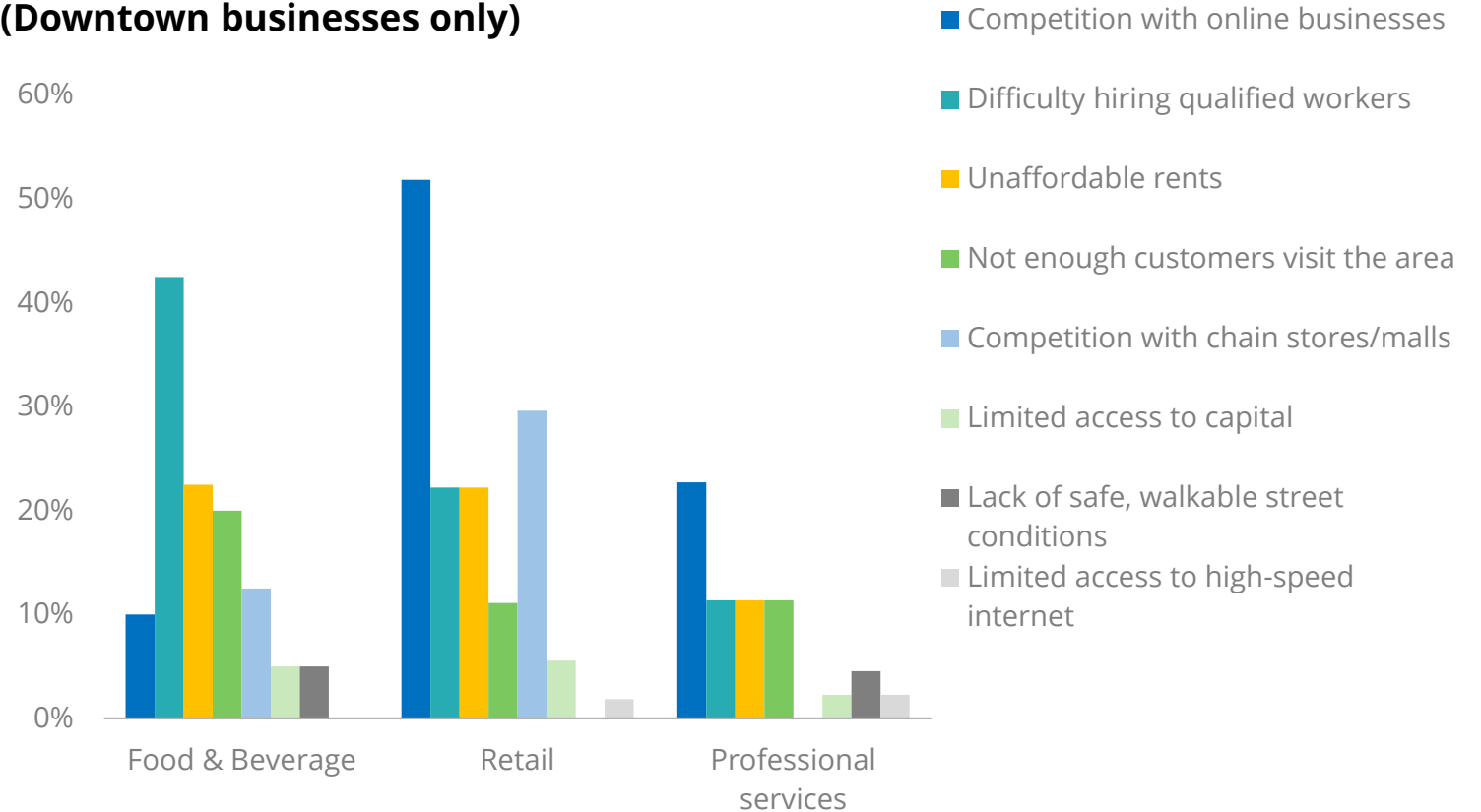


Downtown survey responses include: 36 food & beverage businesses, 47 retail stores and 38 professional services. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- For food & beverage businesses, **hiring qualified workers** was a top challenge pre-COVID.
- A majority of retail businesses faced **competition with online businesses**, and one in three cited **competition with chains**.
- **Unaffordable rents** were cited by about 20% of businesses, while **low visitation** was cited by 20% of food & beverage businesses and 11% of retail businesses.

**Pre-COVID challenges
(Downtown businesses only)**



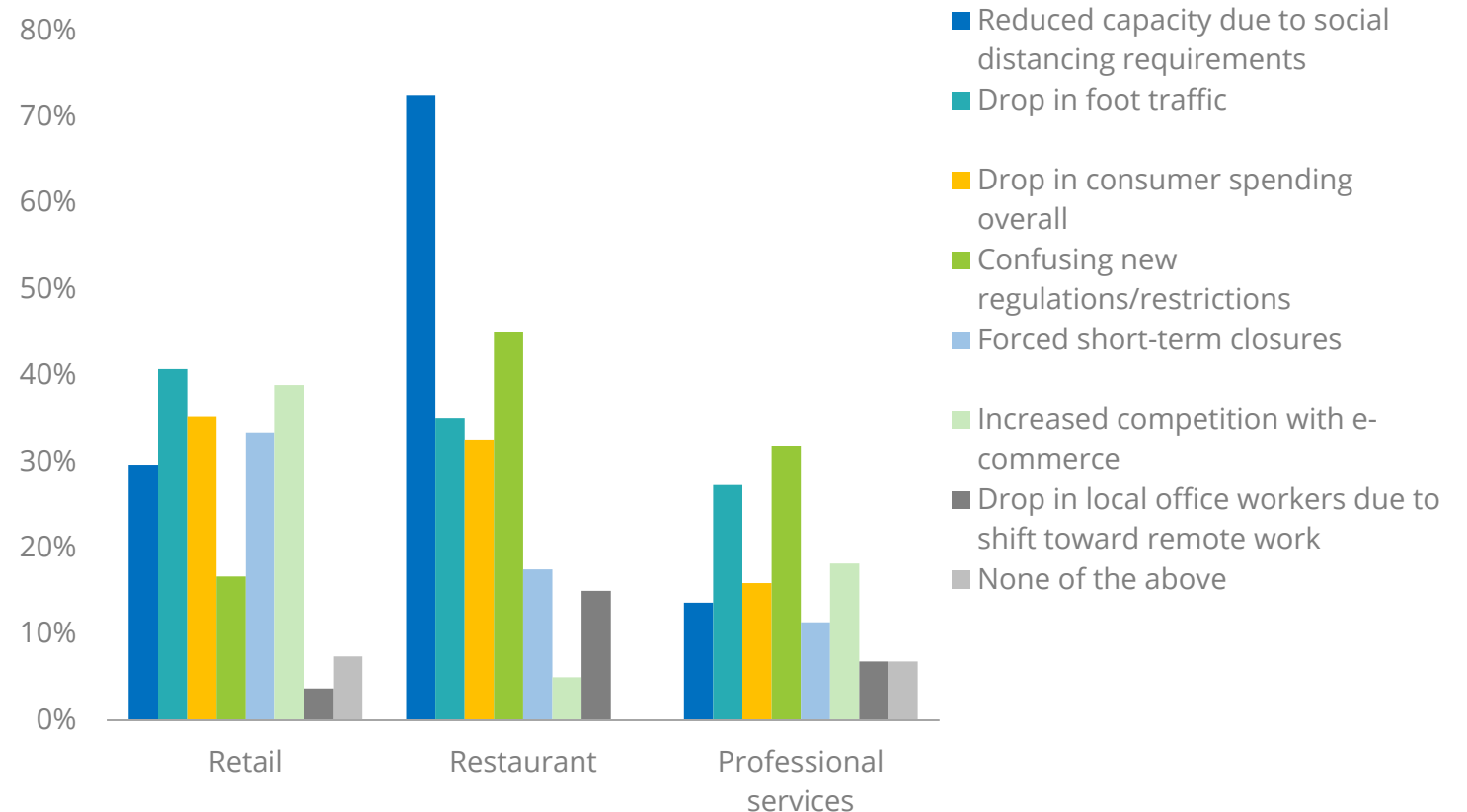
Downtown survey responses include: 54 food & beverage businesses, 40 retail stores and 44 professional services.
Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

The most significant challenges created by COVID were:

- **Drop in foot traffic, reduced consumer spending, and increased competition with e-commerce, for 30-40% of retailers.**
- **Reduced capacity due to social distancing requirements, for over 70% of food & beverage businesses.**
- **Confusing new regulations and drop in foot traffic for approximately one in three professional services businesses.**

Challenges created by COVID

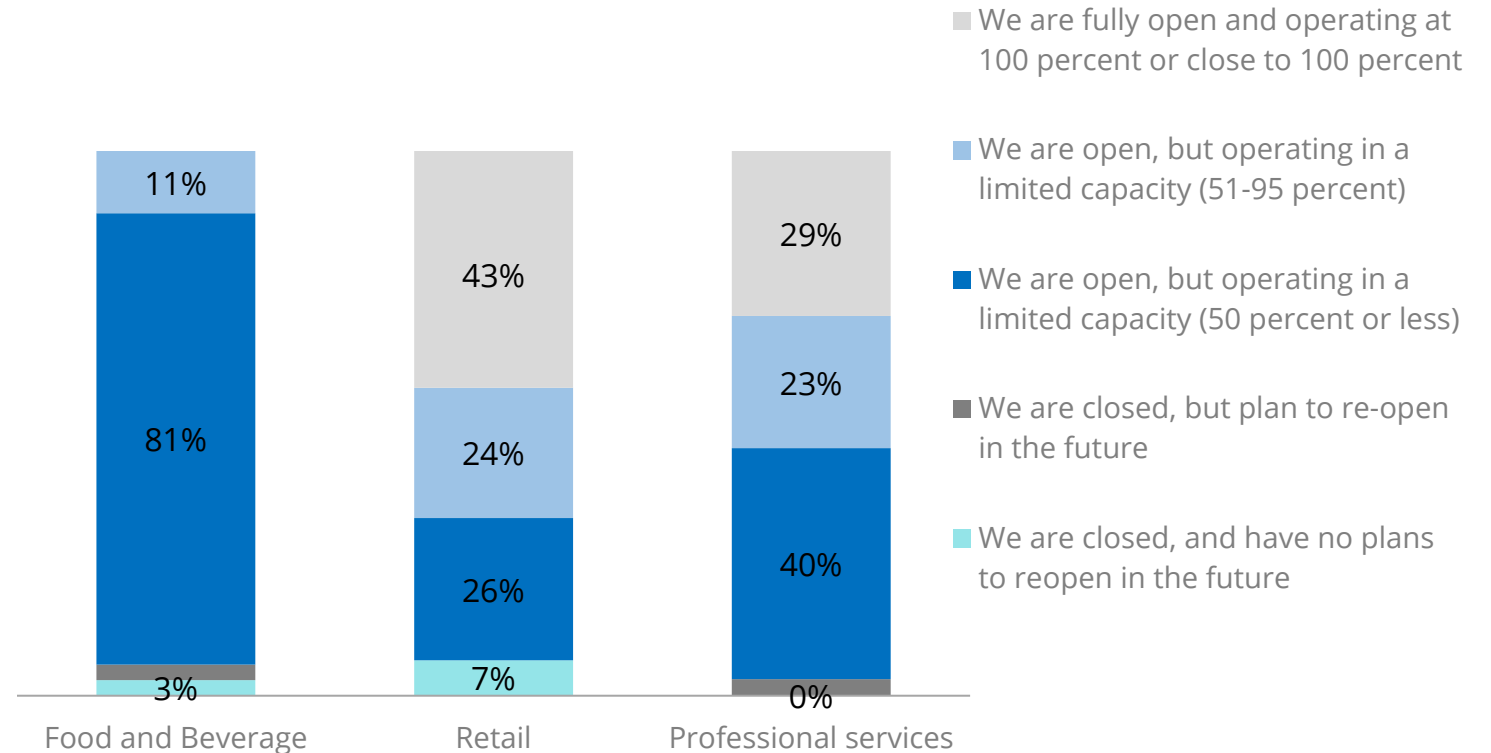


Downtown survey responses include: 54 food & beverage businesses, 40 retail stores and 44 professional services. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- Overall, **only 24% of downtown businesses were operating at full capacity as of November 2020.**
- **6% of downtown businesses had closed either temporarily or permanently**, although it is unclear how many businesses will be able to survive the winter.
- **The vast majority – four out of five – of food & beverage businesses were operating at less than half capacity.**
- Perhaps reflecting pre-COVID challenges competing with e-commerce and chains, **retail stores had the greatest share of permanent closures, at 7%.**

Business operations as of November 2020

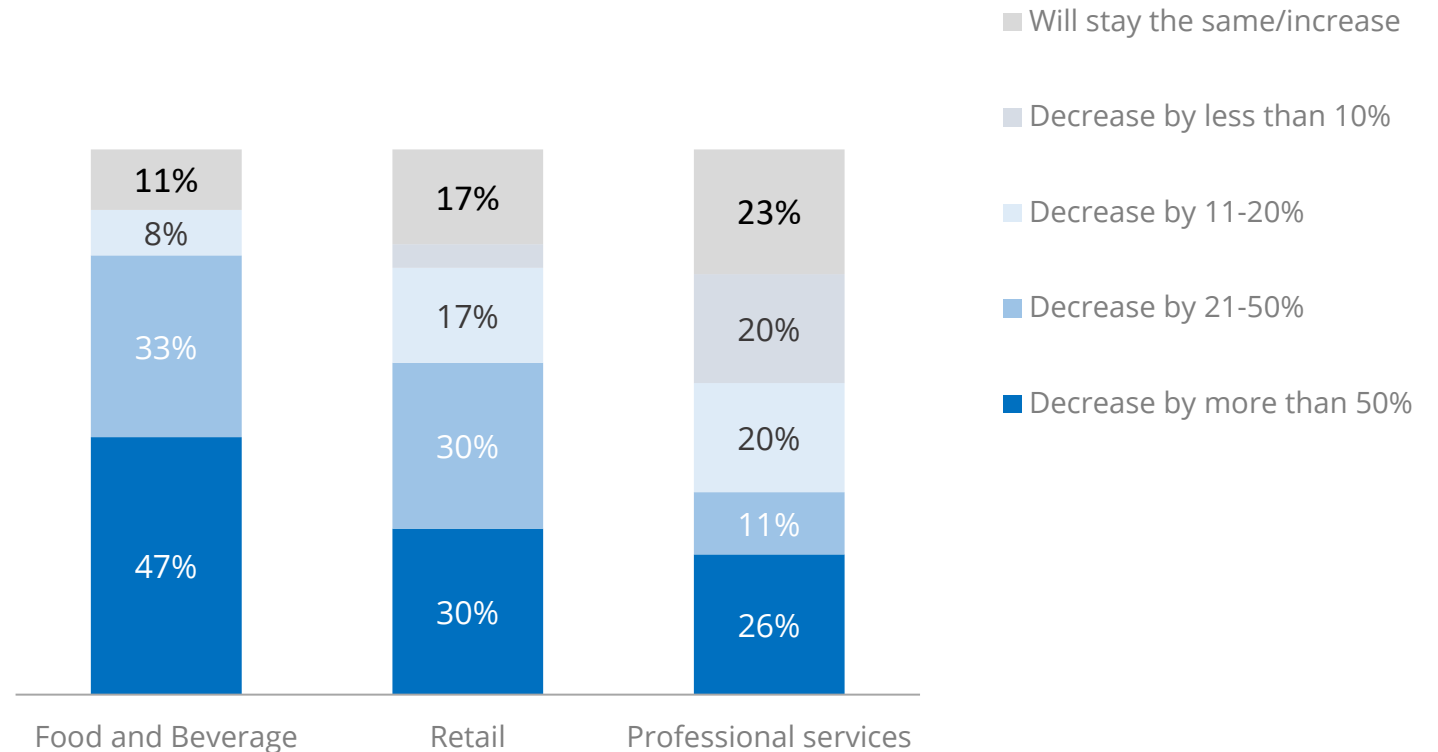


Downtown survey responses include: 36 food & beverage businesses, 46 retail stores and 35 professional services. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- **30% of retail businesses** saw a revenue decrease of over 50%.
- **Almost half of downtown food & beverage businesses** saw their revenues decrease by over 50%, the most dramatic drop.
- **Professional services'** finances were healthiest; most said revenues would decline by less than 20%.

Projected 2020 revenue compared to 2019

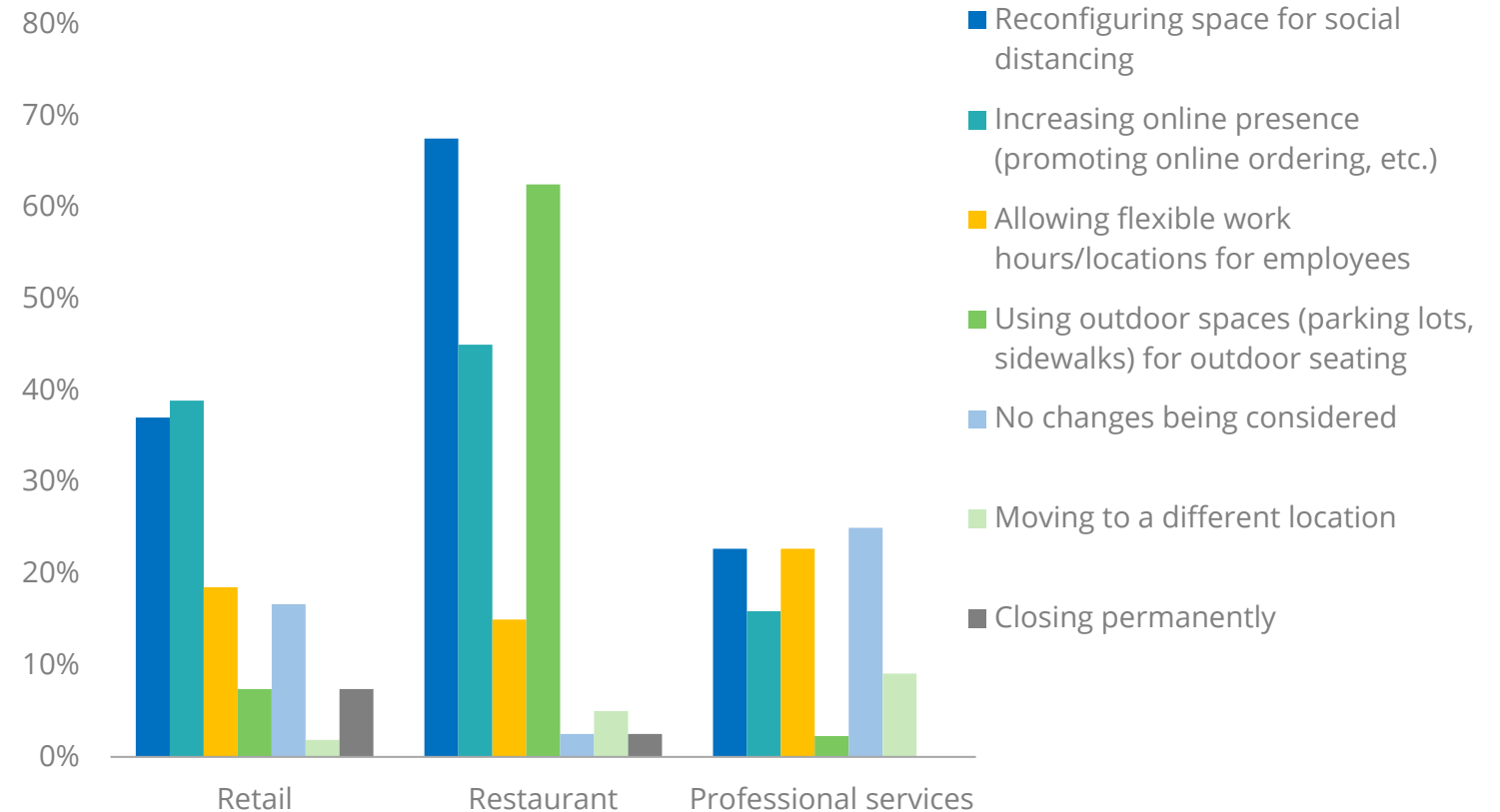


Downtown survey responses include: 36 food & beverage businesses, 46 retail stores and 35 professional services. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- Approximately 40% of both retail and food & beverage businesses cited **increasing their online presence**.
- **Reconfiguring space to accommodate social distancing restrictions** was the most common change downtown businesses made, cited by almost 70% of food & beverage and 40% of retail businesses.
- **Creating outdoor seating** was done by over 60% of food & beverage businesses.

COVID adaptation strategies

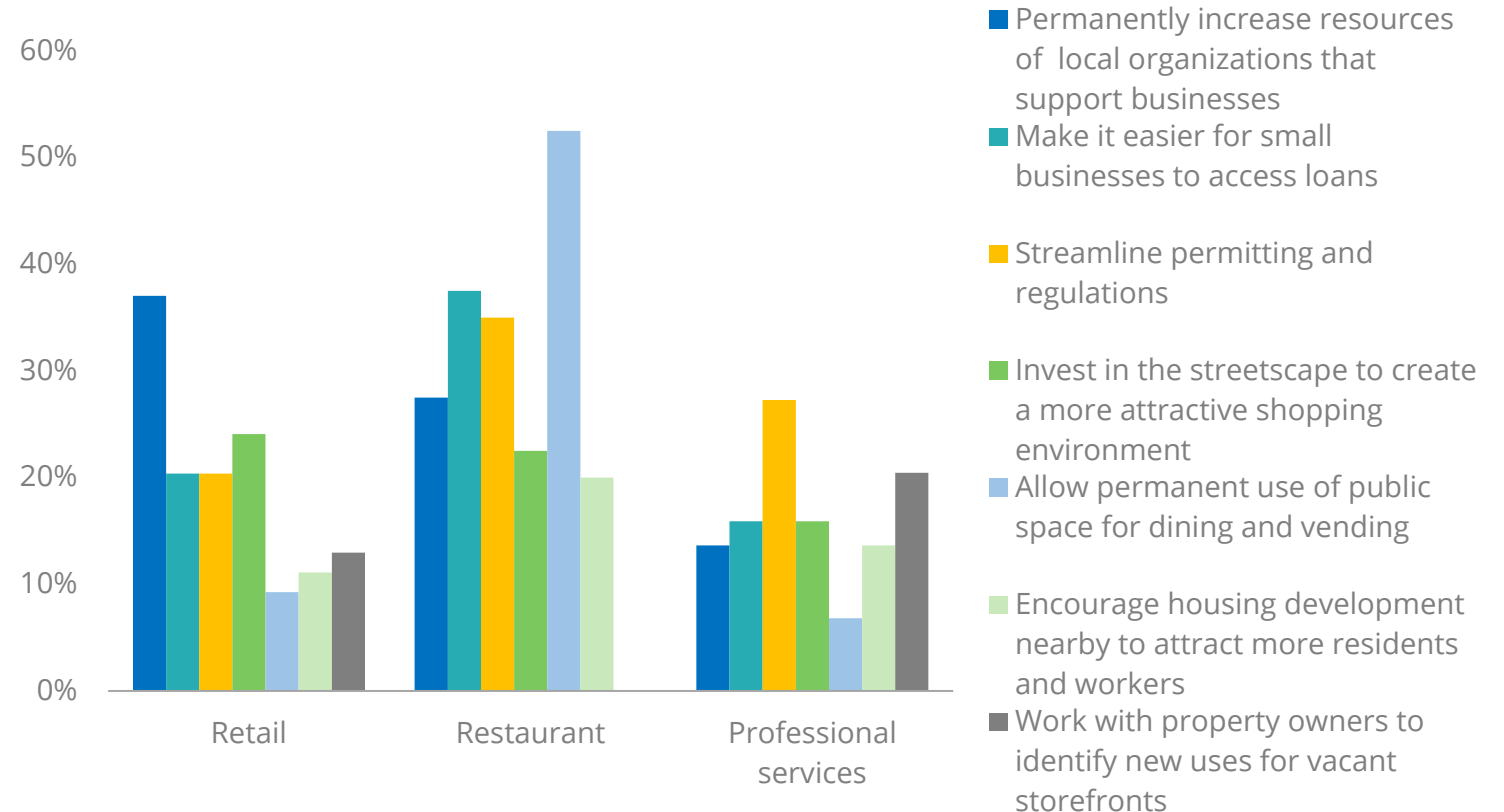


Downtown survey responses include: 40 food & beverage businesses, 54 retail stores and 40 professional services. Source: Rauch-HR&A Business survey.

Business Survey | Key Results for Downtown Businesses

- **Increasing resources for local organizations** was top priority for retail businesses.
- For food & beverage businesses, **allowing permanent use of public space** was the most popular, followed by **support with accessing loans** and **streamlining permitting**.
- Professional services prioritized the need for **new uses for vacant storefronts**.

Long term actions that can support recovery and growth



Downtown survey responses include: 40 food & beverage businesses, 54 retail stores and 44 professional services. Source: Rauch-HR&A Business survey.

Technical Appendix: Methodology

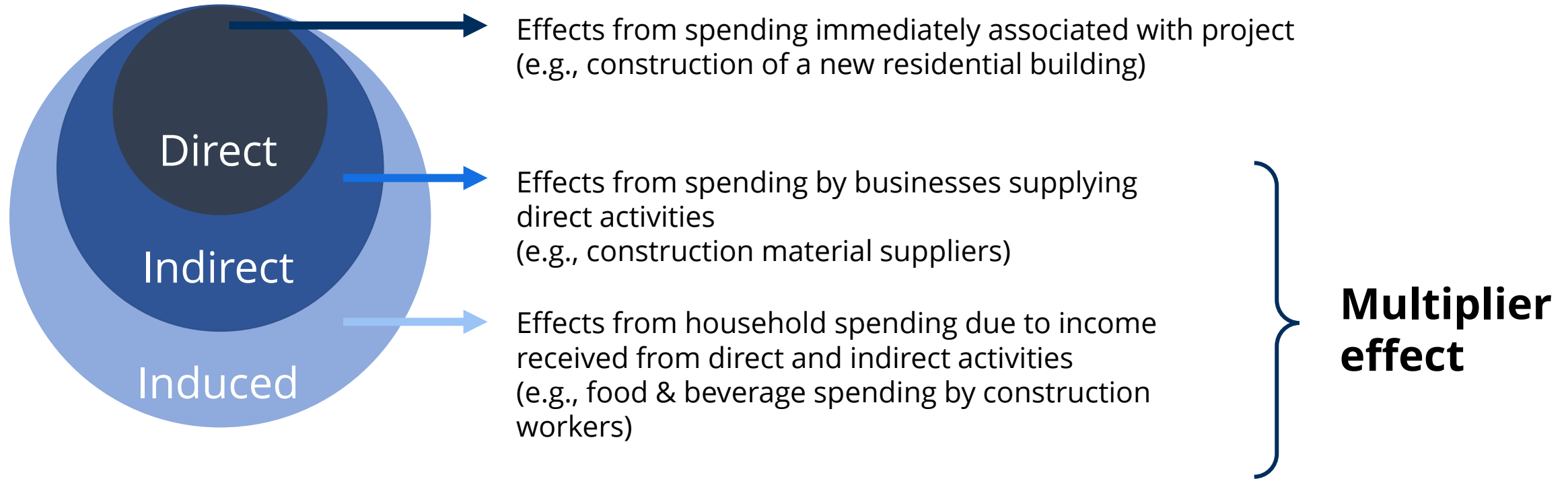
Methodology | Business Survey

- The business survey collected responses for seven weeks from October 23rd – December 15th, 2020.
- Questions were written in English and translated into Spanish, and distributed using SurveyMonkey, an online survey platform.
- The Rauch Foundation and its partners disseminated the survey through multiple channels:
 - The Foundation issued a press release reaching Long Island newspapers, radio, and TV stations, conducted direct outreach to over 100 chambers of commerce, coordinated with libraries to post the survey on websites and newsletters, and posted ads on social media.
 - Local media outlets including Newsday and The Island Now published articles linking to the survey, and others, including Long Island Association and nextLI, shared the survey with their networks.
 - The Rauch Foundation conducted in-person canvassing within the ten focus downtowns to complement the online outreach.
 - Throughout the survey administration period, the Rauch Foundation and HR&A monitored responses for representation in order to pivot outreach methods accordingly.
- The business survey received 420 responses, with 41% and 59% from businesses located in Nassau Suffolk Counties respectively. 44% of respondents identified as being located in a downtown or village center, 13% in a commercial strip, and 5% in shopping malls.

Methodology | Vacancy Survey

- The vacancy survey was conducted through in-person canvassing of 30 downtowns from October 23rd – January 22nd, 2021.
- Canvassers were instructed to walk throughout the commercial core of each downtown. The boundaries for each downtown were drawn to align with prior Rauch Foundation vacancy surveys to ensure apples-to-apples comparisons and reflect concentrations of storefronts.
- Canvassers were instructed to record the vacancy status of each storefront and to record the use category (Retail, Food & Beverage, etc.) for each open business. Vacancy Status was defined as follows:
 - Open
 - Business operations are currently being performed, or:
 - Signage suggests that the business is currently operating in some capacity (including online sales, takeout, and delivery).
 - Permanently Closed
 - The business does not appear to be open when surveyed and there is no indication that the business is currently operating.
 - Temporarily Closed
 - The business does not appear to be open and signage indicates that operations are subject to a temporary closure, due to seasonality, COVID, or other business interruptions.
 - Vacant
 - There is no indication that a business is currently operating out of this space and/or:
 - There is signage indicating vacancy, such as “we have closed,” “for rent,” or “business coming soon.”
- The vacancy survey is considered a point-in-time survey. Canvassers were instructed to indicate the present status of businesses regardless of potential for reopening (e.g., storefronts with “coming soon” signage were labeled as vacant as it was not possible to determine whether COVID may have impacted opening plans.) For consistency, the 10 focus downtowns were resurveyed together over the course of the second week of January.

Methodology | Economic impact analysis used IMPLAN software to consider the direct, indirect, and induced impacts of spending activity.



HR&A utilized the IMPLAN (Impact Analysis for PLANning) Input-Output Model, developed at the University of Minnesota with the U.S. Forest Service’s Land Management Planning Unit. This widely-recognized modeling tool generates estimates of direct economic output as well as indirect employment and output based on a series of inputs. IMPLAN traces the pattern of commodity purchases and sales between industries that are associated with each dollar’s worth of a product or service sold to a customer, analyzing interactions among 528 industrial sectors for each region, individual counties or groups of counties, and each state in the nation. IMPLAN is used for the preparation of economic impact analyses by many public and private entities throughout the U.S. The model used for this project utilizes data specific to the Nassau and Suffolk Counties.

Methodology | Fiscal impacts

Property Tax

- HR&A looked at local rent rates, vacancy trends, and operating costs to determine the net operating income per square foot for a prototypical development of each use.
- HR&A then found the market value per square foot using an income capitalization approach. We divided the Net Operating Income (NOI) by a capitalization rate derived from comparable local projects. HR&A reviewed tax data for comparable properties to confirm that the projections were similar on a per-square-foot basis.
- HR&A then applied local equalization rates to the market value to determine the taxable value and applied local millage rates to estimate the annual property tax revenue per square foot for each use.
- HR&A then netted out the education costs for new school-aged children based on local comps of 0.12 children per unit and a weighted average of Long Island per-pupil spending.

Sales Tax

- To estimate sales tax revenues for residents, HR&A used an assumption of 1.5 residents per unit to estimate the total number of new residents per development. HR&A looked to data from the BLS Consumer Expenditure Survey to understand what share of local resident spending is subject to consumption taxes and applied the local sales tax rate.
- To estimate sales tax revenues of workers HR&A applied a worker density ratio of 200 SF/worker and looked to a report from the International Council of Shopping Centers (ICSC) on spending by workers near their workplaces. We then applied the local tax rate to the share of that spending subject to consumption taxes.
- To understand sales tax revenues from new businesses, HR&A looked at Retail MAXIM's survey of sales per SF for dry retail and food & beverage establishments. Based on the findings from the vacancy survey, the average Long Island downtown has approximately 150 storefronts and a 10% vacancy rate. Reducing the vacancy rate by 2.5 percentage points to a healthy range amounts to attracting four new businesses.

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