<u>Headline</u>: As We Reopen, Florida Businesses Need Rent Stabilization

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In response to the COVID-19 pandemic, states and municipalities ordered "non-essential" workplaces shuttered. One survey showed that just weeks into the crisis, over half of small businesses expected revenue losses of 10 to 30 percent. One in five businesses expected their losses to be even greater.
But as Kansas, Wisconsin, Oregon and New York included commercial rents in their state-mandated eviction suspensions, Florida paid little more than lip service in terms of small business support.

We need Florida to enact an immediate commercial rent stabilization program, which would grant rent monies to landlords to ensure the livelihood of small businesses adversely affected by the COVID-19 pandemic - before they fall prey to eviction, bankruptcy or corporate buyouts. Qualifying small businesses agree to pay a certain percentage of rent, e.g., twenty percent, while landlords agree to forgive a certain percentage of rent, e.g., also twenty percent. The program, through a dedicated fund, would cover the difference. Such a program is a cash infusion for small businesses adjusting to new regulations, capacity limitations, and hurricane season in an unpredictable market where consumers have been saddled by record unemployment, piling debts, and a fear of leaving the house.

Micro and small businesses were already in a fragile state before the COVID-19 economic downturn. The formation of new businesses has fallen by half over the past four decades as big-box retailers and other large corporations expand their national footprints. The long-term rise in consolidation coincides with a period of worsening economic inequality, decreasing economic mobility, increased profit-hoarding by firms, an increase in the precarity of work, and 40 years of wage stagnation.

Past economic crises make prognoses worse. For the three months ending in March 2009 during the Great Recession, new business creation reached its lowest point since the U.S. Bureau of Labor Statistics began tracking this data in 1992. Markets that used to be served by small, community-based businesses are now served by the Walmarts and Targets of the world.

This means workers also take a beating. When large corporations tighten their grip on local labor markets, they lack incentive to raise wages, improve benefits, and promise job security. And as we saw after the last economic crisis, consolidated corporate control over labor markets discourages workers from organizing, creates more precarious work, and distributes wealth upwards through huge executive compensation packages and record profits on the backs of workers.

A commercial rent stabilization program is a direct infusion of resources to small businesses that need to keep the lights on and cannot access capital elsewhere. This is especially true for small businesses owned and operated by people of color. A recent study found that black-owned small businesses applied for funding at a rate that is 10 percentage points higher than white-owned businesses with approval rates that were 19 percentage points lower. Even for small business owners lucky enough to obtain financial assistance during the pandemic, funds are a drop in a fast-emptying bucket. Not to mention, taking on financial liabilities in an uncertain economic environment precludes many micro and small businesses from taking a risk they are not sure they can sustain.

Then there's the disparity that small businesses face in terms of professional assistance. While large corporations like Target and The Clorox Co. lobbied to stay open among the pandemic, micro and small businesses rarely have the ear of legislators or the protection of a lobbying group. Micro and small businesses also cannot afford high-end accounting or legal help. Corporate accountants can help large corporations obtain financial assistance that mom-and-pop operations cannot dream of, while attorneys can pressure an uncooperative commercial landlord by arguing that the pandemic has frustrated the purpose that gave rise to the lease in the first place.

Since micro and small businesses do not have the existing financial resources to immunize themselves from this crisis, the state needs to step in and alleviate the burden caused by months of shuttered operations. Micro and small businesses were disproportionately affected by the executive orders that decide – often on the basis of economic power and political influence – who stays open. In hindsight, local governments did not open pathways for businesses to pivot in order to meet social distancing requirements. So while counties unroll optimistic plans about how they will adjust to a new normal, the landscape of our "new normal" may exclude small businesses that have not generated revenue for eight weeks. Micro and small businesses face a challenging six to eight months if they want to survive until consumer confidence rises to a level that can sustain them.

A commercial rent stabilization program can help address these disparities. This is especially urgent in metro areas like Miami, where hundreds of micro and small businesses operate in communities of color that have suffered from decades of disinvestment. Forcing these businesses out and inviting opportunities for corporate consolidation decreases the amount and quality of jobs, exacerbates inequality, extracts wealth from the community, and deprives residents of inexpensive goods.

Allowing struggling small businesses to go out of business also increases the rate of displacement and dispossession in traditionally Black and Latinx neighborhoods. These communities are continuously targeted by developers and retailers for their cheap rents, urban locations, vibrant cultures, and, due to climate change, higher ground.

What message is the state sending to its largest metro area if the majority of businesses operating in neighborhoods like Little Haiti, Allapattah, Liberty City and Little Havana end up being owned by corporations headquartered in Bentonville, Arkansas, Deerfield, Illinois, or Union, New Jersey?

And the onus is on the state to act because Federal COVID-19 relief efforts were simply a case study for how fiscal policy is skewed towards large, powerful corporations. Small Business Administration (SBA) loan products created through Congressional relief efforts were aimed mostly at keeping workers on the payroll, and did not do much to protect businesses from landlords demanding their monthly rent. Also, funding was available to businesses that employed 500 or fewer employees with no priorities for hyperlocal businesses rooted in their communities, and for the food services industry, individual locations were counted separately. This allowed massive corporations to sweep in and obtain Payment Protection Program funds, flexing their financial privilege and showing, once again, how easy it is for highly capitalized corporate power to overwhelm small businesses.

Florida has a responsibility to stabilize communities and the small businesses that serve them. We need to create an inclusive and equitable economy that works for us all. We urgently need inventive ideas that make local government more accessible to residents and micro and small businesses more accessible to consumers. This crisis gives us an opportunity to create a more sustainable society where micro and small businesses can be resilient in the face of crises and systemic breakdowns. A commercial rent stabilization program alone is not a substitute for a legislative package that creates additional financial incentives, legal recognition of street vendors and other actors in the informal economy, pathways to employee ownership, and mechanisms to oversee the predatory activities of landlords, banks and creditors. But it's a start that gives our community's businesses the breathing room they need to stay nimble during this crisis.

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