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For Immediate Release:

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Council Member Gale Brewer Again Calls on City Agencies to Provide Clarity on Regulation of Microfulfillment Centers

As venture capital-backed microfulfillment centers continue to proliferate, City fails to create regulatory framework for emerging industry

Manhattan, NY- The Office of Council Member Gale Brewer conducted an in-person survey of all identified Manhattan-based microfulfillment centers (MFCs) associated with rapid-delivery apps like Jokr, Getir, Gorillas, GoPuff, and Door Dash, the second such survey conducted by the office. We observed non-compliance with relevant zoning and consumer protection regulations like public access to space, ability to shop onsite, window transparency, acceptance of cash, shelf pricing and zoning.

The results of the survey can be found below in this release.

In October of 2021, then-Manhattan Borough President Gale Brewer called on the leadership of the New York State Liquor Authority and the NYC Departments of Buildings, Consumer and Worker Protection, Health and Mental Hygiene, and City Planning to identify whether new microfulfillment centers are compliant with existing regulations. The office conducted its first survey of locations in November of 2021.

On March 01, 2022, in partnership with civic technology organization BetaNYC, Council Member Gale Brewer released an interactive online map which identifies microfulfillment centers across the city, and their accessible to the public.

Additionally on March 01, 2022, in partnership with Council Speaker Adrienne Adams and

colleagues, Council Member Brewer again called for the NYC Department of City Planning, Department of Buildings, and Department of Consumer and Worker Protection to enforce applicable regulations for microfulfillment centers.

On March 25, 2022, the City Commissioners responded to the letter communicating that the agencies are working to classify a new use for microfulfillment centers and to identify what existing zoning and other regulations apply. The letter welcomed the Council's assistance in identifying locations for purposes of zoning and worker protection enforcement. This letter led to the office of Council Member Brewer's second survey of sites.

A lack of oversight leads to an environment of permissiveness, which in turns creates an Inequity in the street retail sector because brick and mortars are required to comply with many rules and regulations. They operate in a challenging economic environment and bear a heavy regulatory burden that the fulfillment centers are not subject to. Furthermore, the MFCs are backed by venture capitalists with deep pockets who can wait years for a return. They have been present in New York City since the summer of 2021 and are not being held accountable to the same rules as other commercial establishments.

"Despite months of calls for action, it appears that there has been little or no further action to determine the legal status and compliance of microfulfillment centers. Most of these warehouses do not allow members of the public to enter, limit visibility into the space, refuse cash payments, deaden the streetscape, and do not belong in our commercial storefronts" said **Council Member Gale A. Brewer (D-06)**. "We have all seen what happens when the City fails to act on its oversight and regulatory responsibilities. We must be proactive in protecting our anchor stores and communities. I am again calling on city agencies to exercise their regulatory authority."

"It's critical that the City and State adapt as new industries emerge in this rapidly changing economy. We can't allow microfulfillment centers to go unchecked and without oversight. I applaud my colleague Councilmember Gale Brewer for her work in holding these new centers accountable to the same standards we hold other businesses," said **State Senator Brad Hoylman (D-27)**.

"Manhattan Community Board 7 applauds Council Member Brewer on her unwavering efforts to seek recourse for microfulfillment centers that violate the City's zoning legislation. The Council Member's commitment to this issue will help provide opportunity for small businesses and increase vitality at the neighborhood level," said **Max Vandervliet**, District Manager, Community Board 7.

April 2022 Survey Results:

26 MFCs were surveyed, 3 of which have closed. The office did not survey identified Buyk and Fridge No More locations given they have gone out of business due to sanctions against Russia. The office did get photos of one abandoned Fridge No More, located at 107 West 14 Street, which is filled with rotting produce and goods still there in the vacant space. Photos are available in the link below in the background section.

Industry composition, percentage of MFCs:

Getir: 24.8%
Gorillas: 26.1%
GoPuff: 21.7%
Jokr: 8.7%
Dash: 8.7%

Public Access to Space:

56.5%: Yes- Customer's access restricted to entrance/ pay station
30.4%: No- Customers not allowed inside
13%: Yes- Customers can access aisles

Ability to Shop Onsite:

82.6%: Shopping limited to orders from tablet/ phone app (pick up or delivery)
13%: Customers choose items and pay at cashier
4.3%: Shopping limited to orders from app

Transparency: How clearly can you see into the MFC?:

39.1%: Windows completely covered
26.1%: Mostly
21.7%: Very Limited
13%: Half

Accepts Cash:

82.6%: No
13%: Yes
4.3% Yes, only from 7 a.m. to 7 p.m.

Shelf Pricing:

65.2%: Unknown – Lack of access
21.7%: No
13%: Yes

Item Pricing:

65.2%: Unknown - Lack of Access
34.8%: No

Background:

Please copy and paste links into browser if clicking does not link correctly

Link to digital copy of release: <https://bit.ly/36rte7i>

March 25, 2022: Link to response letter from Commissioners: <https://bit.ly/3uL3YSR>

Photos from April 2022 survey (Please credit Office of Gale Brewer): <https://bit.ly/3M6KZ11>

Link to spreadsheet of April 2022 survey findings: <https://bit.ly/3vIDo1N>

Link to pie charts of findings: <https://bit.ly/3xvQNH2>

March 1, 2022 Letter to NYC DOB & DCWP from Speaker Adrienne Adams, Council Member Gale Brewer, and colleagues re: "Dark stores" and non-complying warehouse uses:
<https://bit.ly/3JR5OWl>

Letter to City Commissioners, October 2021, from Manhattan Borough President Gale Brewer:
<http://www.manhattanbp.nyc.gov/wp-content/uploads/2021/10/2021-10-07-Letter-re-Fulfillment-Centers.pdf>

LINK TO MAP (March 01, 2022): <https://beta.nyc/2022/03/01/darkstores-and-zoning/>

Image of map in color: <https://bit.ly/3xwu2ml>

Spreadsheet of locations in NYC (March 01, 2022): <https://bit.ly/3jly1E8>

October 2021 Manhattan Survey:
http://www.manhattanbp.nyc.gov/wp-content/uploads/2021/12/UseGroups_DEC6_r1.pdf