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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 931-B**  **Committee: Housing and Buildings** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to building violations adjudicated before the office of administrative trials and hearings | **Sponsors:** Council Members Kallos, Chin, Johnson, Levin, Levine, Menchaca, Mendez, Reynoso, Rosenthal, Rose, Lander, Lancman, Rodriguez, Richards, Van Bramer, Williams, Perkins, Espinal, Torres, Dromm, Maisel and Ferreras-Copeland |

**Summary of Legislation:** Proposed Intro. No. 931-B would allow the City to impose tax liens on buildings which contain 20 or more dwelling units where the total value of all such judgments against the building is $60,000 or more, or a building which contains between 6 and 19 dwelling units, where the value of the judgments is $30,000 or more. The bill contains exceptions for buildings participating in preservation programs administered by the New York City Department of Housing Preservation and Development (HPD).

**Effective Date:** This local law would take effect 120 days after it becomes law, except that the Commissioner of Buildings and the Commissioner of Finance may promulgate rules or take other actions for the implementation of this local law prior to such effective date.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2019

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY19** | **Full Fiscal Impact FY19** |
| **Revenues** | $1,750,000 | $3,500,000 | $3,500,000 |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | $1,750,000 | $3,500,000 | $3,500,000 |

**Impact on Revenues:** It is estimated that there would be some impact on revenues resulting from the enactment of this legislation. This cost estimate assumes that buildings with judgments outlined in the legislation would fully comply with the terms of the legislation and pay base fines before penalties and interest incur to outstanding debt. As such, according to information available in the Fiscal 2016 Annual Report on Environmental Control Board (ECB) adjudicated judgments, about $67.6 million in ECB base fines were docketed in Fiscal 2016. As such, this estimate assumes $67.6 million in base fines are docketed annually. In Fiscal 2016, about $225.6 million in outstanding ECB base fines were issued by the New York City Department of Buildings (DOB), out of a gross total of $479.8 million in base fines. Thus, this estimate assumes DOB-issued ECB fines account for about 47 percent of the annual share of base fines docketed. Applying this percentage to the $67.6 million in outstanding ECB base fines in Fiscal 2016, this estimate assumes $31.8 million in annual DOB-issued ECB fines are not currently collected. Based on analysis conducted by Council Finance, properties fitting the criteria outlined in the legislation would have accounted for about $100.5 million of all outstanding ECB debt issued by DOB in Fiscal 2016, or about 11 percent of the total amount of outstanding ECB debt issued by DOB (which totaled $902 million). Thus, this estimate assumes that 11 percent of the $31.8 million in uncollected DOB-issued ECB fines would now be subject to further enforcement under the legislation, and therefore will result in approximately $3.5 million in annual revenue beginning in Fiscal 2019. Due to limitations in data and documentation, it is unclear how much of the $100.5 million in outstanding ECB debt issued by DOB to properties captured in the bill would be transformed into tax liens, therefore this estimate does not include an estimate on the collection of that amount.

**Impact on Expenditures:** It is anticipated that there would be no impact on expenditures resulting from the enactment of this legislation because existing resources would be used to implement the provisions of this local law.

**Source of Funds To Cover Estimated Costs:** Not applicable.

**Source of Information:** New York City Council Finance Division

New York City Department of Finance (DOF) Fiscal 2016 Annual Report on Environmental Control Board (ECB) Adjudicated Judgments Referred to DOF

**Estimate Prepared by:** Sarah Gastelum, Principal Legislative Financial Analyst

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**Estimate Reviewed by:** Chima Obichere, Unit Head

Nathan Toth, Deputy Director

Eric Bernstein, Counsel

**Legislative History:** This legislation was introduced to the full Council on September 30, 2015 as Intro. No. 931 and was referred to the Committee on Housing and Buildings (Committee). The legislation was amended after introduction. A hearing was held by the Committee on the amended version, Proposed Intro. No. 931-A, on April 19, 2017, and the bill was laid over. The legislation was subsequently amended a second time, and this version, Proposed Intro. No. 931-B, will be voted on by the Committee on August 8, 2017. Upon a successful vote by the Committee, Proposed Intro. No. 931-B will be submitted to the full Council for a vote on August 9, 2017.

**Date Prepared:** August 7, 2017