



THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION
JIM CARAS, ACTING DIRECTOR
FISCAL IMPACT STATEMENT

INTRO. NO: 312

COMMITTEE: Finance

TITLE:

A Local Law to amend the administrative code of the city of New York, in relation to amending the district plan of the 34th Street business improvement district to authorize additional services and modify existing services for the district, to change the method of assessment upon which the district charge is based and to increase the maximum total amount to be expended for improvements in the district.

SPONSORS:

Council Members Recchia, Sanders Jr., Reyna and Cabrera (by request of the Mayor)

SUMMARY OF LEGISLATION: This proposed legislation would amend Chapter 5 of title 25 of the administrative code of the city of New York (the "Code") by adding a new section 25-423.3. Int. 312 authorizes:

- 1) additional services and modifying existing services for the district;
- 2) a change the method of assessment upon which the district charge is based; and
- 3) an increase the maximum total amount to be expended for improvements in the district.

In order to effectuate the above changes, the District is required to be changed. Below are the changes made to the District Plan, as well as the rationale for such changes:

Additional Services/Modifying Existing Services

A new bond financing will be used to finance capital improvements, which include: pedestrian improvements in Herald and Greeley Square and 7th Avenue, lighting improvements, subway entrance improvements, and additional tree pits. In addition, the BID plans to upgrade, repair and replace existing streetscape items including: the traffic regulation sign system, bike racks, bollards, wayfinding signs, multi-unit newsboxes, and lighted street signs.

Changing Method of Assessment

In 1991, there were 1,000 residential units, now there are 2,700 units. In order to adapt to the increasing growth in mixed-use residential property within the BID, the method of assessment will be changed. Prior to such change, according to the Department of Small Business Services, residential properties paid the same amount as commercial properties in the BID, using the gross building square footage formula (number of square feet calculated by multiplying the lot's width by its length—typically applied for mixed-use districts that include above ground floor activity). The assessment change will continue to use the gross square foot formula, but reduce the assessment for residential properties to an amount equal to $.60 \times$ gross building square footage on a given assessable property \times Per Square Foot Assessment to reflect the proportional benefit such properties receive from services and improvements within the district. This means that the residential property owners pay 60% of the commercial property rate. In other words, a 40% discount.

Increasing amount to be expended for improvement

The Board of Directors of the 34th Street District Management Association, Inc. approved a proposal to expand the number and amount of capital improvements within the district. Therefore, the district plan needs to be amended in order to increase the maximum total amount expended for district improvements from \$30 million to an amount not to exceed \$50 million.

For the 1st Contract Year, the maximum amount to be expended will be increased from \$6 million to \$10.27 million.

EFFECTIVE DATE: This local law would take effect immediately and shall be retroactive to and deemed to have been in full force and effect as of January 1, 2010.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2011

FISCAL IMPACT STATEMENT:

	Effective FY 2011	FY Succeeding Effective FY 2012	Full Fiscal Impact FY 2011
Revenues (+)	\$0	\$ 0	\$ 0
Expenditures (-)	\$0	\$ 0	\$ 0
Net	\$0	\$ 0	\$ 0

IMPACT ON REVENUES AND EXPENDITURES: This local law would result in no fiscal impact upon the City's revenues or expenditures. Under the Code, proceeds authorized to be assessed by the District are collected by the City on behalf of the District. None of these proceeds are proceeds of the City and they may not be used for any purpose other than those set forth in the BID's District plan. The 34th Street Business Improvement District will be funded through an additional self-assessment by property owners within the district. The anticipated revenues from this self-assessment in Fiscal 2011 will be \$10,268,000. This amount will cover the BID's expenses as proposed by its first year budget. The District proposes to expend a maximum amount of \$50,000,000 in years subsequent to the first year maintenance/sanitation, security, marketing/promotion, economic development, landscaping maintenance and reserve fees. \$9,291,500 will be funded by Assessments. This local law does not authorize an increase in assessments.

Source of Funds To Cover Estimated Costs: Not applicable

SOURCE OF INFORMATION: Department of Small Business Services

ESTIMATE PREPARED BY: Tanisha Edwards, Counsel, Finance Division

DATE SUBMITTED TO COUNCIL: July 29, 2010

HISTORY: To be reconsidered by the Committee on September 16, 2010.