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**THE COUNCIL OF THE CITY OF NEW YORK**

**COMMITTEE REPORT OF THE FINANCE DIVISION**

Tanisha S. Edwards, *Chief Financial Officer and Deputy Chief of Staff to the Speaker*

**COMMITTEE ON FINANCE**

# Honorable Justin Brannan, Chair

**June 2, 2022**

**INT. NO. 103:** By Council Members Brannan (by request of the Mayor)

**TITLE**: A Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended annually in the Sutphin Boulevard business improvement district, an extension of the boundaries of such district, a change in the method of assessment upon which the district charge in such district is based, and an increase in the maximum total amount to be expended for improvements in such district, and providing for the dissolution of the one hundred sixty-fifth street mall special assessment district, and the dissolution of the Jamaica Center mall special assessment district

**ADMINISTRATIVE CODE:** Amends Administrative Code §25-462.1

Adds Administrative Code § 25-462.2, §25-462.3,

§25-601.1 and §25-604.1

***UPDATE:* JUNE 2, 2022 HEARING**

The objection period to consider both the amended district plan and the enacting legislation closed thirty days after the public hearing held on April 7, 2022. According to the City Clerk, no property owners filed a valid objection to authorize the Sutphin Boulevard BID to increase the amount it expends annually, extend its boundaries and change its name, provide additional services and the modify of existing services, and change the method of assessment upon which the district charge is based as set forth in the BID’s amended district plan.

 Since the number of objections required have not been filed with the City Clerk, at today’s hearing, if the Committee and the full Council finds in the affirmative on the four questions outlined below (page 4), then the amended district plan can be adopted.

**BACKGROUND**

Under Local Law 82 of 1990, the City Council assumed responsibility for adopting the legislation that would establish individual business improvement districts (“BIDs”).

BIDs are specifically defined areas of designated properties. They use the City’s real property tax collection mechanism to collect a special tax assessment that the BID District Management Association uses to pay for additional services beyond those that the City provides. The additional services would be designed to enhance the area and to improve local business. Normally, a BID's additional services would be in the areas of security, sanitation, physical/capital improvements (lighting, landscaping, sidewalks, etc.), seasonal activities (Christmas lighting) and related business services (marketing and advertising).

Under the process established by the Law, the City Council has adopted Resolution No. 79, which set a public hearing date of Thursday, April 7, 2022, for the legislation that would authorize an increase in the amount to be expended annually in the Sutphin Boulevard Business Improvement District (the “District”), an extension of the District’s boundaries, a change in the method of assessment upon which the district charge in the District is based, and an increase in the maximum total amount to be expended for improvements in the District.

Prior to the Council’s actions, the Community Board for the district in which the proposed BID is located -- Community Board 12 of Queens -- voted to recommend disapproval of the Amended Plan on December 8, 2021. The City Planning Commission (“CPC”) reviewed the BIDs amended district plan and held a public hearing on January 19, 2022. The CPC approved a resolution on February 16, 2022 (Calendar No. 17), which certified the CPC’s unqualified approval of the amended district plan for the Sutphin Boulevard BID.

Resolution No. 79 also directed that all notice provisions contained in the law be complied with. Therefore, the Department of Small Business Services was directed to publish the Resolution or its summary in the City Record or a newspaper of general circulation not less than 10 nor more than 30 days before the public hearing. The Sutphin Boulevard District Management Association was directed to mail the Resolution or its summary to each owner of real property within the proposed extended district at the address shown on the latest City assessment roll, to such other persons as are registered with the City to receive tax bills for property within the BID, and to occupants of each building within the proposed extended district, also not less than 10 nor more than 30 days before the public hearing. Finally, the Sutphin Boulevard District Management Association was also directed to publish in a newspaper of general circulation a notice stating the time and place of the hearing and stating the increase in the amount to be expended annually in the District not less than 10 days prior to the hearing.

The public hearing to consider both the amended district plan and the enacting legislation, according to the provisions of the law, is to be closed without a vote. The Committee then must wait at least 30 days before it can again consider and possibly vote to approve this legislation. The 30-day period immediately after this public hearing serves as an objection period. Any property owner may, during this time period, formally object to the plan by filing such objection in the Office of the City Clerk, on forms provided by the City Clerk. In the event that either at least 51 percent of the total number of property owners or owners with at least 51 percent of the assessed valuation of all the benefited real property within the district object to the plan, then the City Council is prohibited, by law, from approving such the amended district plan.

 When the Committee considers this legislation after the conclusion of the objection period, it must answer the following four questions:

1. Were all notices of hearing for all hearings required to be held published and mailed as so required?;
2. Does all the real property within the district's boundaries benefit from the extension of the district, except as otherwise provided by the law?;
3. Is all real property benefited by the district included within the district?; and
4. Is the extension of the district in the best interests of the public?

If the Committee and the full Council finds in the affirmative on these four questions and the number of objections required to prevent the creation of such district are not filed, then the legislation can be adopted.

In addition, pursuant to Section 25-410(b) of the Administrative Code, a BID may obtain an increase in its budget (i.e. the total amount allowed to be expended annually by the BID or improvements, services, maintenance and operation) by means of the adoption of a local law amending the BID’s district plan. So, in addition to the four questions outlined above, the Committee and the full Council must also determine that it is in the public interest to authorize such an increase in the maximum annual amount and that the tax and debt limits prescribed in section 25-412 of the Administrative Code will not be exceeded.

 This local law takes effect after the requirements contained in Section 25-408 of the Administrative Code are complied with.

**SUTPHIN BOULEVARD BID DETAILS**

The Sutphin Boulevard BID was established in 2004 and includes properties along a half-mile stretch of Sutphin Boulevard between Hillside Avenue and 94th Avenue. The Jamaica Station and rail yard are also included in the existing Sutphin Boulevard BID boundary. The Sutphin Boulevard BID is also directly adjacent to two Special Assessment Districts (“SADs”), which were created by the state legislature under an earlier legal framework, and which are similar to BIDs. The 165th Street Mall SAD was created in 1978 and generally operates along 165th Street between Jamaica Avenue and 89th Avenue. The Jamaica Center SAD was created in 1979, generally operates along Jamaica Avenue between Sutphin Boulevard and 170th Street, and is the largest of the three entities.

The BID structure superseded the SAD structure in 1982, for the first time, allowing the City and City Council to decide on the establishment of BIDs instead of the state legislature. The BID model includes more specific governance controls, including that a BID board must have a residential tenant representative as well as representatives from among local elected officials, making the BID board more accountable to stakeholders.

*Consolidation Proposal*

 There has also been a preference noted by local business owners to move away from the SAD model to a purely BID model for downtown Jamaica. Outside of downtown Jamaica, there is only one SAD left in New York City.

Since 2014, the Department of City Planning, the Economic Development Corporation, the Queens Borough President’s Office, the Department of Small Business Services, and local Council Members have worked with local stakeholders to articulate an economic development strategy for downtown Jamaica. In 2015, and again in 2019, these agencies and elected officials articulated a proposal to create a unified BID for downtown Jamaica. The proposal presented to the Council is to absorb the territory covered by the 165th Street Mall SAD and the Jamaica Center SAD into an expanded and renamed Downtown Jamaica BID.

As detailed in the Amended District Plan, the Sutphin Boulevard BID District Plan would be amended in three main ways.

First, the district plan would expand the Sutphin Boulevard BID boundary to encompass all properties currently in the 165th Street SAD and Jamaica Center SAD. This would significantly increase the size of the Sutphin Boulevard BID eastward to encompass approximately one mile of Jamaica Avenue between Sutphin Boulevard and 170th Street. It would also expand the Sutphin Boulevard BID to a one-block portion of 165th Street between Jamaica Avenue and 89th Avenue. The expanded BID would include approximately 230 tax lots and 590 storefront spaces. No properties currently unassessed by a BID or SAD will be included in the expanded area.

Second, the district plan would rename the Sutphin Boulevard BID to the Downtown Jamaica BID, to better reflect the expanded geography it will serve.

Third, the district plan would alter the formula used to calculate property owner contributions to the BID. The new assessment formula would require commercial and mixed-use properties to pay a share proportional to their property's width and assessed value. Specifically, commercial and mixed-use lots would be assessed at approximately $61 per linear front foot per year, plus an additional $0.002 per dollar of assessed value per year. The median annual contribution for a commercial or mixed-use tax lot would be approximately $3,849, which is 9 percent less than if the three BIDs and SADs remained separated. Solely residential tax lots would be assessed at an annual flat fee of $1 per lot. Finally, government and not-for-profit-owned property devoted solely to public or not-for-profit use would be exempt from an assessment.

Funded by an assessment on properties within the BID, the estimated first-year BID budget would be $1,350,000 with the option to increase the assessment budget to $1,500,000 in future years. A new governance and management structure to run the BID would be established by the local community in coordination with SBS. That District Management Association would determine the exact budget allocation, but proposed services may include street cleaning, beautification projects, and public safety services above and beyond what is already offered by the city. The BID may also coordinate and advocate on behalf of the BID’s residents and businesses to deliver marketing, public events, and other economic development activities. The projected budget allocation to supply various services, which include: sanitation services (30 percent of the budget), including graffiti removal and sidewalk cleaning; management, administration, and advocacy expenses (28 percent of the budget), including salaried staff and office expenses; public plaza and mall operations (16 percent of the budget); marketing and public events (11 percent of the budget); public safety services (eight percent of the budget); and beautification services (seven percent of the budget). The BID’s proposed first year budget is estimated as follows:

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| **SERVICES** | **AMOUNT** |
| Sanitation | $400,000 |
| Marketing & Public Events | $150,000 |
| Public Safety | $100,000 |
| Streetscape & Beautification | $100,000 |
| Public Plaza / 165th Street Mall Operations | $220,000 |
| General & Administrative | $380,000 |
| **TOTAL FIRST CONTRACT YEAR BUDGET** | **$1,350,000** |

The average annual assessment for the District would be approximately $6,428.57, the median assessment would be approximately $3,848.82, the minimum assessment would be approximately $74.06, and the highest assessment would be approximately $70,503.40.

*Mechanics of SAD Dissolution*

The proposed expansion of the Downtown Jamaica (previously Sutphin Boulevard) BID would be contingent upon the successful dissolution of the 165th Street Mall SAD and the Jamaica Center SAD. Section 25-415(a) of Chapter 4 of Title 25 of the Administrative Code of the City of New York provides that the Council may dissolve a SAD by enactment of a local law but must first request and consider the recommendations of the district management association of the SAD proposed to be dissolved, provided that the Council may proceed if the district management association does not provide comment within 60 days of such request.

On March 18, 2022, Speaker Adams sent a letter on behalf of the Council, both by email and by certified mail, to the district management association of both the 165th Street Mall SAD and the Jamaica Center SAD, soliciting recommendations regarding the proposed dissolution of each district management association for the consideration of the Council.

On March 21, 2022, representatives of the Department of Small Business Services submitted a notice for publication in the City Record on March 28, 2022, detailing the proposed BID expansion and dissolution of the SADs, and inviting comments both in writing at in person at the Council’s hearing on the proposed local law.

All local Council Members expressed their support of the recommended amendments, either at the hearing held by the City Planning Commission on January 19, 2022 or in letters of support on file with staff to the Committee on Finance -- or both.

Int. No. 103

By Council Member Brannan (by request of the Mayor)

..Title

A Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended annually in the Sutphin Boulevard business improvement district, an extension of the boundaries of such district, a change in the method of assessment upon which the district charge in such district is based, and an increase in the maximum total amount to be expended for improvements in such district, and providing for the dissolution of the one hundred sixty-fifth street mall special assessment district, and the dissolution of the Jamaica Center mall special assessment district

..Body

Be it enacted by the Council as follows:

 § 1. Subdivision a of section 25-462.1 of the administrative code of the city of New York, as added by local law number 118 for the year 2013, is amended to read as follows:

 a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the Sutphin Boulevard business improvement district beginning on January 1, [2013] 2023, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [two hundred fifty-two thousand dollars ($252,000)] one million five hundred thousand dollars ($1,500,000).

§ 2. Chapter 5 of title 25 of the administrative code of the city of New York is amended by adding a new section 25-462.2 to read as follows:

§ 25-462.2 Sutphin Boulevard business improvement district; extension of district. a. The city council having determined, pursuant to section 25-407 of chapter four of this title: that notice of hearing for all hearings required to be held was published and mailed as required by law and was otherwise sufficient; that, except as otherwise provided in section 25-403 of chapter four of this title, all the real property within the boundaries of the district will benefit from the extension of the district; that all the real property benefited is included within the limits of the district; and that the extension of the district is in the public interest; and the council having determined further that the requisite number of owners have not objected as provided in section 25-406 of chapter four of this title, the Sutphin Boulevard business improvement district in the borough of Queens is hereby extended. Such district is extended in accordance with the amended district plan of 2022 required to be filed with the city clerk pursuant to subdivision b of this section.

b. Immediately upon adoption of this local law by the council, the council shall file with the city clerk the amended district plan of 2022 upon which the Sutphin Boulevard business improvement district, and the extension thereof, is based.

c. The amended district plan of 2022 shall not be further amended except in accordance with chapter four of this title.

§ 3. The administrative code of the city of New York is amended by adding a new section 25-462.3 to read as follows:

§ 25-462.3 Sutphin Boulevard business improvement district; amendment of the district plan. a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize a change in the method of assessment upon which the district charge in the Sutphin Boulevard business improvement district is based, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such change, there is hereby authorized in such district such change as is set forth in the amended district plan of 2022 required to be filed with the city clerk pursuant to subdivision c of this section.

b. The city council having determined, pursuant to subdivision c of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the maximum total amount to be expended for improvements in the district, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such change, there is hereby authorized in the Sutphin Boulevard business improvement district such change as is set forth in the amended district plan of 2022 required to be filed with the city clerk pursuant to subdivision c of this section.

c. Immediately upon adoption of this local law, the council shall file with the city clerk the amended district plan of 2022 containing the change in the method of assessment authorized by subdivision a of this section and the increase in the maximum total amount to be expended for improvements authorized by subdivision b of this section.

 § 4. Chapter 6 of title 25 of the administrative code of the city of New York is amended by adding a new section 25-601.1 to read as follows:

§ 25-601.1 Dissolution of one hundred sixty-fifth street mall special assessment district. The recommendations of the one hundred sixty-fifth street mall improvement association concerning the proposed dissolution of the one hundred sixty-fifth street mall special assessment district having been requested and considered by the city council in accordance with subdivision (a) of section 25-415 of chapter four of this title, pursuant to the authority granted by such subdivision, the one hundred sixty-fifth street mall special assessment district is hereby dissolved as of the end of calendar day December 31, 2022, provided that as of such date there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the one hundred sixty-fifth street mall special assessment district.

§ 5 Chapter 6 of title 25 of the administrative code of the city of New York is amended by adding a new section 25-604.1 to read as follows:

§ 25-604.1 Dissolution of Jamaica Center mall special assessment district. The recommendations of the Jamaica Center mall improvement association concerning the proposed dissolution of the Jamaica Center mall special assessment district having been requested and considered by the city council in accordance with subdivision (a) of section 25-415 of chapter four of this title, pursuant to the authority granted by such subdivision, the Jamaica Center mall special assessment district is hereby dissolved as of the end of calendar day December 31, 2022, provided that as of such date there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the Jamaica Center mall special assessment district.

§ 6. Sections one, four and five of this local law take effect December 31, 2022; and sections two and three of this local law take effect January 1, 2023, provided that compliance with section 25-408 of chapter 4 of title 25 of the administrative code of the city of New York has occurred on or before such date, provided further, however, that if such compliance occurs after January 1, 2023, sections two and three of this local law shall take effect upon compliance with such section 25-408 and shall be retroactive to and deemed to have been in full force and effect as of January 1, 2023.