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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Acting Director**  **Fiscal Impact Statement**  **Preconsidered Intro. No: 422**  **Committee: Mental Health, Developmental Disability, Alcoholism, Substance Abuse and Disability Services** |
| **title:** A local law to amend the administrative code of the city of New York, in relation to increasing the maximum income level qualifying for exemption from rent increases granted to certain persons with disabilities. | **Sponsor(S):** Council Members Rosenthal, Williams, Dickens, Ulrich and Vacca |

**Summary of Legislation:** On July 11, 2014 the Legislature delivered to Governor Cuomo for signature A.9744/S.7640, a measure authorizing localities throughout the State of New York to adopt a local law increasing the maximum income level qualifying for the Disability Rent Increase Exemption (DRIE) to $50,000. Currently, the qualifying income level is equal to the maximum income level allowed to receive federal Supplemental Security Income benefits, a level that changes with time and is currently reported by the city Department of Finance at $20,148 for one-person qualifying households and $29,100 for qualifying households with two or more residents. This legislation would amend the administrative code of the City of New York to allow the higher income threshold of $50,000 for disabled citizens to qualify for DRIE in New York City.

This maximum income qualifying level increase would be in effect until July 1, 2016, at which time the maximum income qualifying level for DRIE would revert back to the current limit of the maximum income level allowed to receive federal Supplemental Security Income.

**Effective Date:** This local law shall take effect on the same date as the chapter amendment that authorizes this local law, as set forth in A.9744/S.7640.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2015

**Fiscal Impact Statement:**

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|  | **Effective FY15** | **FY Succeeding**  **Effective FY16** | **Full Fiscal**  **Impact FY15** |
| **Revenues** | **($204,000)** | **($1,440,000)** | **($204,000)** |
| **Expenditures** | **$0** | **$0** | **$0** |
| **Net** | **($204,000)** | **($1,440,000)** | **($204,000)** |

**Impact on Revenues:** The impact on revenues would occur following the effective date of the local law provided for in the bill and households would benefit from the increased maximum qualifying income level upon lease renewal. The New York City Council Finance Division estimates that this legislation would reduce revenues by $204,000 in Fiscal 2015. Households benefitting from DRIE under this expansion are expected to average $71 in rent savings per household in Fiscal 2015 and more the following year. The increased average benefit in Fiscal 2016 will be greater than Fiscal 2015 because 1) more leases will be up for renewal as the first year advances producing a phased implementation of the expanded benefit; and 2) as overall rents increase over time and the amount of rent paid by a qualifying DRIE household remains the same, the amount of the benefit increases thereby increasing the amount of potential revenue that is not being collected by the city.

The expansion would sunset in two years. If, however, new State legislation is introduced and enacted to extend the State law beyond the two-year sunset date, the average per-household benefit for households joining the program under the expansion would grow with time, and the fiscal impact with thus grow with each subsequent year. The extended program would be expected to reduce revenues, for example, by an estimated $5.4 million, or $1,788 per beneficiary household, in Fiscal 2019, a level close to the per-household benefit distributed to current beneficiaries.

**Impact on Expenditures:** There would be no impact on expenditures as a result of this legislation.

**Source of Funds To Cover Estimated Costs: N/A**

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

New York City Department of Finance

New York City Office of Management and Budget

US Census Bureau

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**Legislative History:** The Committee on Mental Health, Developmental Disability, Alcoholism, Substance Abuse and Disability Services held a hearing on this Preconsidered Intro. on July 22, 2014 and the legislation was laid over. The Preconsidered Intro. will be considered by the Committee on Mental Health, Developmental Disability, Alcoholism, Substance Abuse and Disability Services on July 24, 2014 and, upon successful vote by the committee, the Preconsidered Intro. will be introduced and submitted to the full Council for a vote on July 24, 2014.

**Date Submitted To Council: July 24, 2014**