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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 1366-A**  **Committee: Housing and Buildings** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to auditing buildings for compliance with the rent registration requirements of the 421-a tax exemption program | **Sponsors:** Council Members Williams, Levin, Rodriguez, Rosenthal, Menchaca, Richards, Mendez, Gentile, Chin, Cohen and the Public Advocate (Ms. James) |

**Summary of Legislation:** Proposed Intro. No. 1366-A would require the Department of Housing Preservation and Development (HPD) to audit at least 20 percent of all buildings receiving benefits under the 421(a) tax exemption program annually to determine whether such buildings are in compliance with applicable rent registration requirements. The legislation would also require HPD to take action to bring non-compliant buildings into compliance, including but not limited to the commencement of tax exemption revocation proceedings.

**Effective Date:** This local law would take effect one year after it becomes law, except that the Commissioner of Housing Preservation and Development may take such actions as are necessary for its implementation, including the promulgation of rules, prior to such effective date.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2020

**Fiscal Impact Statement:**

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|  | **Effective FY19** | **FY Succeeding Effective FY20** | **Full Fiscal Impact FY20** |
| **Revenues** | $0 | $0 | $0 |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | $0 | $0 | $0 |

**Impact on Revenues:** It is estimated that there would be no impact on revenues resulting from the enactment of this legislation.

**Impact on Expenditures:** It is anticipated that there would be no impact on expenditures resulting from the enactment of this legislation. The Fiscal 2018 Preliminary Budget provided $401,971 to HPD for the hiring of eight full-time employees, including an Executive Director, two enforcement attorneys, four paralegals and one administrative position to support application processing, enforcement, and compliance actions for buildings receiving 421(a) benefits. This funding was baselined through Fiscal 2021. An additional $298,856 was added in Fiscal 2018 for temporary staff to support work related to 421(a) application processing and enforcement. Thus, it is anticipated that existing resources would be used by HPD 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

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

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

Nathan Toth, Deputy Director

Eric Bernstein, Counsel

**Legislative History:** This legislation was introduced to the full Council on November 16, 2016 as Intro. No. 1366 and was referred to the Committee on Housing and Buildings. A joint hearing was held by the Committee on Housing and Buildings and the Committee on Finance on November 22, 2016, and the bill was laid over. The legislation was subsequently amended, and the amended version, Proposed Intro. No. 1366-A, will be considered by the Committee on Housing and Buildings on September 20, 2017. Following a successful Committee vote, the bill will be submitted to the full Council for a vote on September 27, 2017.

**Date Prepared:** September 19, 2017