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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 152-C**  **Committee: Housing and Buildings** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to requiring a certification of no harassment prior to approval of construction documents or issuance of permits for demolition or renovation of certain buildings | **Sponsors:** Council Members Lander, Chin, Johnson, Reynoso, Rosenthal, Mendez Menchaca, Rose, King, Levin, Rodriguez, Cornegy, Levine, Torres, Van Bramer and Gibson (by request of the Manhattan Borough President) |

**Summary of Legislation:** Proposed Intro. No. 152-C would create a certificate of no harassment (CONH) pilot program, which would require certain buildings to apply for a CONH before obtaining Department of Buildings (DOB) approval of permits or other construction documents for certain, covered work. Any building in the City where there has been a final determination of harassment by New York State Homes and Community Renewal (HCR) or any court with jurisdiction five years prior to the enactment date will automatically be denied a CONH should they apply for a permit with DOB. Buildings where a full vacate order has been issued and buildings where there has been active participation in the Alternative Enforcement Program (AEP) will be required to apply for the CONH for covered work. In districts that have undergone city-sponsored neighborhood-wide rezoning and community districts that indicate significant distress based on numerous factors, including changes of ownership, certain buildings that meet a Building Qualification Index (BQI) will also be required to apply for the CONH for covered work. If harassment is found after an investigation by the Department of Housing Preservation and Development (HPD) and community groups, where designated by HPD, the owner must provide for affordable housing. Within such building, at least 25 percent of the total residential floor area of such building must be affordable, and if it is a new building, then 20 percent of the total floor area of a new building on the lot containing the building must be affordable. One-third of the affordable housing units would be made available to households earning up to 40 percent of the area median income (AMI), one-third of such units within such building would be available at 50 percent of the AMI and one-third of such units would be available at 60 percent of the AMI.

**Effective Date:** This local law would take effect 270 days after it becomes a law except that HPD and DOB may promulgate rules or take other administrative action for the implementation of this local law prior to such date. This local law would remain in effect for 36 months, after which it is deemed repealed. Notwithstanding the repeal of this local law, the provisions of this local law would remain in effect for any pilot program building which submits an application for construction document approval pursuant to section 28-505.4 of the administrative code of the city of New York, as added by section three of this local law, prior to the repeal of such section. This local law would not apply to work relating to applications for construction document approval filed with the Department of Buildings prior to the inclusion of a building on the pilot program list pursuant to subdivision b of section 27-2093.1 of the administrative code of the city of New York, as added by section two of this local law.

**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** | $959,437 | $1,279,250 | $1,279,250 |
| **Net** | ($959,437) | ($959,437) | ($959,437) |

**Impact on Revenues:** It is estimated that there would be no impact on revenues resulting from the enactment of this legislation. However, under the legislation, HPD is authorized to establish fees from applicants for administrative expenses incurred for issuing the certification of no harassment, including costs for publication and notices. Although these fees are not mandated under this legislation, it is anticipated that HPD may by rule adjust and increase the current CONH application fee structure, which would have a positive impact on revenue. In Fiscal 2018, revenue generated from CONH fees is projected to total $70,500; this amount is expected to increase given the additional community districts eligible for the pilot program pursuant to the legislation.

**Impact on Expenditures:** Although the legislation does not mandate that HPD hire new staff to meet the provisions of this bill, the agency has informed the Council that it would need to hire eight additional staff to perform investigations and analysis on the physical distress of multiple dwellings pursuant to the legislation. The total cost of these additional staff members is estimated to be $1,279,250, including fringe benefits, and other than personal service costs related to outreach and community organizing.

**Source of funds to cover estimated costs**: General Fund

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

New York City Department of Housing Preservation and Development

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

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

Rebecca Chasan, Counsel

**Legislative History:** This legislation was introduced to the full Council on March 12, 2014 as Intro. No. 152 and was referred to the Committee on Housing and Buildings (Committee). The bill was amended after introduction and a hearing on the amended legislation, Proposed Intro. No. 152-A, was held by the Committee on February 22, 2016, and the bill was laid over. The legislation was subsequently amended two more times and the most recently amended legislation, Proposed Intro. No. 152-C, will be voted on by the Committee on November 29, 2017. Upon a successful vote by the Committee, Proposed Intro. No. 152-C will be submitted to the full Council for a vote on November 30, 2017.

**Date Prepared:** November 28, 2017