|  |  |
| --- | --- |
|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 975-A**  **Committee: Housing and Buildings** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to denying building permits where a residential building has an excessive number of violations | **Sponsors:** Council Members Brannan, Holden, Koslowitz, Yeger, Lancman, Kallos, Vallone and Rosenthal |

**Summary of Legislation:** Proposed Intro. No. 975-A would require the Department of Buildings (DOB) to compile a list every six months of multiple dwellings with 35 units or less that have a ratio of three or more open hazardous or immediately hazardous housing maintenance code violations or immediately hazardous or major construction code violations per unit, and of multiple dwellings with 35 units or more that have a ratio of two or more open hazardous or immediately hazardous housing maintenance code violations or immediately hazardous or major construction code violations per unit. The bill would require DOB to deny building permits for multiple dwellings on these lists.

The bill would provide certain exceptions to this prohibition, such as for condominiums or cooperatives, and would exempt permits sought to correct outstanding DOB or Department of Housing Preservation and Development (HPD) violations, permits necessary to protect public health and safety, properties that are the subject of certain court proceedings, and permits required for certain DOB or HPD programs.

**Effective Date:** This local law would take effect 210 days after it becomes law, except that the DOB Commissioner may take such measures as are necessary for its implementation, including the promulgation of rules, before such date.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2021

**Fiscal Impact Statement:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Effective FY20** | **FY Succeeding Effective FY21** | **Full Fiscal Impact FY21** |
| **Revenues** | De minimis | De minimis | De minimis |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | De minimis | De minimis | De minimis |

**Impact on Revenues:** DOB collects revenue from the issuance of building permits, including new buildings and major and minor alterations to existing buildings. According to information available on NYC Open Data, from January 2018 to December 2018, DOB issued approximately 97,824 building permits for major and minor alterations of existing buildings. Of these, 89,320 permits were issued to residential buildings. In 2018, on average, each permit issued by DOB generated about $1,704 in revenue for the City. However, due to data limitations, it is not known how many multiple dwellings would be captured under the violation criteria outlined under the bill. In addition, it is not known how many building owners might be denied a building permit in accordance with the legislation. To the extent that this legislation would cause an entity to be denied a permit it would have received in the absence of this legislation, this would result in a loss of revenue to the City. Assuming the number of permits issued and the collection rate remains relatively constant, it is estimated that foregone revenue from qualifying owners under this legislation would result in minimal to no impact on revenues following the enactment of this legislation.

**Impact on Expenditures:** It is estimated that there would be no impact on expenditures resulting from the enactment of this legislation because existing resources would be used by DOB to implement the provisions of this local law.

**Source of Funds To Cover Estimated Costs:** General Fund

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

Department of Buildings

NYC Open Data

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

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

Noah Brick, Assistant Counsel

**Legislative History:** This legislation was introduced to the full Council on June 7, 2018 as Intro. No. 975 and was referred to the Committee on Housing and Buildings (Committee). A hearing was held by the Committee on December 13, 2018, and the bill was laid over. The legislation was subsequently amended, and the amended version, Proposed Intro. No. 975-A, will be considered by the Committee on May 7, 2019. Upon a successful vote by the Committee, Proposed Intro. No. 975-A will be submitted to the full Council for a vote on May 8, 2019.

**Date Prepared:** May 5, 2019