Legislation Details (With Text)

File #:	Res 0419-2026	**Version:** *	**Name:**	Amend the constitution and applicable statutory law to increase New York City's debt limit.
Type:	Resolution		**Status:**	Committee
			In control:	Committee on Finance
On agenda:	4/16/2026			
Enactment date:			**Enactment #:**	
Title:	Resolution calling on the New York State Government to take the steps necessary to amend the constitution and applicable statutory law to increase New York City's debt limit			
Sponsors:				
Indexes:				
Attachments:	1. Res. No. 419, 2. April 16, 2026 - Stated Meeting Agenda, 3. Hearing Transcript - Stated Meeting 4-16-26			

Date	Ver.	Action By	Action	Result
4/16/2026	*	City Council	Introduced by Council	
4/16/2026	*	City Council	Referred to Comm by Council	

Res. No. 419

Resolution calling on the New York State Government to take the steps necessary to amend the constitution and applicable statutory law to increase New York City's debt limit

By Council Members Epstein and Farías

Whereas, New York City is the largest city in the United States, with a population more than twice that of the second-largest U.S. city; and

Whereas, New York City maintains an extensive, complex, and aging public infrastructure system that includes the largest portfolio of school facilities, firehouses, health facilities, community colleges, transportation assets, libraries, and public safety facilities of any city in the nation; and

Whereas, Unlike most large U.S. cities, New York City performs not only municipal functions, but also county and school district functions, resulting in responsibilities that in other jurisdictions are typically distributed among multiple layers of government, including counties, school districts, public authorities, and special districts; and

Whereas, As a result of this consolidated governance structure, New York City directly funds, finances,

and maintains public assets and services that peer cities often support through overlapping or separate governmental entities, increasing capital needs on the City's balance sheet; and

Whereas, New York City funds its capital projects and infrastructure by taking on debt through the issuance of municipal bonds under authority granted and prescribed by New York State; and

Whereas, Pursuant to Article VIII of the New York State Constitution and Section 135 of the New York State Local Finance Law, New York City's general debt limit is capped at ten percent of the five-year rolling average of the full valuation of taxable real estate, a measure that does not fully reflect the City's diversified revenue base or long-term infrastructure needs; and

Whereas, The Transitional Finance Authority (TFA) was created by State statute in 1997 to allow the City to incur additional debt beyond what the Constitutional debt limit otherwise authorizes; and

Whereas, TFA bonds are secured by City personal income tax and sales tax revenues; and

Whereas, As of July 1, 2025, State law permits the City to issue up to $30.5 billion in TFA bonds; and

Whereas, Recent increases in the statutory authorization for TFA bonds have temporarily bolstered the City's debt-incurring capacity; and

Whereas, However, absent additional upward adjustment of the applicable borrowing caps, future increases in City debt-incurring capacity will rely primarily on growth in assessed property values and scheduled principal repayment; and

Whereas, New York City is experiencing a severe affordable housing shortage driven by a persistent mismatch between the supply of housing and the demand from residents across all income levels; and

Whereas, Over the past several decades, renter household incomes in New York City have grown far more slowly than housing costs, contributing to widespread rent burden among City residents and leaving many households with insufficient income remaining for other basic necessities; and

Whereas, The City relies heavily on capital financing to support the construction and preservation of affordable housing through investments in housing development programs, infrastructure supporting residential

growth, and subsidies that enable housing projects serving low- and moderate-income households; and

Whereas, Expanding the City's debt-incurring capacity would provide additional flexibility to finance capital investments necessary to support the production and preservation of affordable housing and address the City's ongoing housing shortage; and

Whereas, The City Comptroller found in his Annual Report on Capital Debt and Obligations for Fiscal Year 2026 (Annual Report) that increases in debt-incurring capacity at the beginning of each fiscal year are projected to be outpaced by additional indebtedness incurred throughout the year, resulting in a continued downward trend in remaining debt-incurring capacity through at least Fiscal Year 2029; and

Whereas, As a result, the City's remaining debt-incurring power is projected to decline significantly, from approximately $44.4 billion at the beginning of Fiscal Year 2026 to $26.9 billion by the beginning of Fiscal Year 2029; and

Whereas, After accounting for new capital commitments and debt issuance, the City's remaining debt-incurring margin is projected to fall further, reaching approximately $13.8 billion, or just 8.7 percent of the general debt limit, by Fiscal Year 2029; and

Whereas, The Comptroller warns that rising debt service relative to revenue growth may place increasing pressure on the City's operating budget, particularly in periods of economic uncertainty or slower-than-anticipated revenue growth; and

Whereas, The Comptroller concluded in the Annual Report that, although the City is not presently in violation of constitutional or statutory debt limits, the projected decline in remaining debt-incurring power after Fiscal Year 2029 may constrain the City's ability to finance future capital needs without additional statutory flexibility, revised capital planning assumptions, or alternative financing strategies; and

Whereas, The Constitutional debt limit is fixed in relation to the full value of taxable real property in the City, but the City has more revenue streams than just real property taxes; and

Whereas, To ensure that the cost of debt service does not adversely affect other operating budget

priorities, annual debt service costs should be measured relative to the annual revenues used for repayment; and

Whereas, An amendment to the State Constitution and statutory law to impose a holistic debt limit using an appropriate economic measure would ensure that the full range of economic resources available to the City is considered when determining an affordable amount of outstanding debt; and

Whereas, Increasing New York City's borrowing capacity would ensure that the City can continue to meet long-term capital needs, including the imminent need for more affordable housing citywide; now, therefore, be it

Resolved, that the Council of the City of New York calls upon the New York State Government to take the steps necessary to amend the constitution and applicable statutory law to increase New York City's debt limit.

LS #21189
03/03/2026
L.W.