



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION
PRESTON NIBLACK, DIRECTOR
FISCAL IMPACT STATEMENT**

PROPOSED INTRO 436-A

COMMITTEE: Housing & Buildings

TITLE: To amend the administrative code of the city of New York, in relation to the alternative enforcement program.

SPONSORS: Council Members Mendez, James, Brewer, Chin, Dromm, Lander, Mark-Viverito, Seabrook, Vann, Williams, Jackson, Rodriguez Nelson, Arroyo and Rose

SUMMARY OF LEGISLATION: This legislation would amend Local Law 29 for the year 2007, which established the Alternative Enforcement Program (AEP). Pursuant to this program, annually the Department of Housing Preservation and Development (HPD) identifies 200 multiple dwellings in the City that meet certain criteria including the number of outstanding existing housing maintenance code violations and the amount of emergency repair charges. Once identified, owners of these multiple dwellings are required to address noted violations within a certain timeframe or the City will make such repairs and bill the property owner and if necessary place a lien on the affected property. Proposed Int. No. 436-A would amend AEP by: (1) revising the program's building selection criteria to require for buildings of 3-19 units a ratio of five or more B and C violations per unit and at least \$2,500 or more of paid or unpaid emergency repair charges and for buildings with 20 or more units a ratio of three or more B and C violations per unit and at least \$5,000 or more of paid and unpaid emergency repair charges in the previous two years; 2) the legislation would allow HPD, in the sixth year of the program and thereafter to amend the program's building selection criteria through rulemaking; 3) the legislation would incorporate provisions specifically related to addressing mold and vermin conditions as a required component of AEP and 4) the legislation would allow certain buildings to be more readily discharged from AEP. This would include accepting a payment plan, for outstanding fees and emergency repair charges, from owners who have substantially complied with the repair requirements as opposed to the current requirement that all such charges and fees must be paid in full before a building may be discharged from the program.

EFFECTIVE DATE: This local law would take effect on January 31, 2011 provided, however, that the Commissioner of Housing Preservation and Development shall take all actions necessary for its implementation including the promulgation of rules prior to such effective date.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2011

FISCAL IMPACT STATEMENT:

	Effective FY11	FY Succeeding Effective FY12	Full Fiscal Impact FY12
Revenues (+)	\$0	\$0	\$0
Expenditures (-)	\$0	\$1,000,000	\$1,000,000
Net	\$0	\$1,000,000	\$1,000,000

IMPACT ON REVENUES: No impact on revenues

IMPACT ON EXPENDITURES: The impact on expenditures is projected to be approximately \$1,000,000 when the amendments to Local Law 29 are fully implemented by Fiscal 2012. The costs associated with the changes to Local Law 29 are due to the increase in the average building size that the legislation would cover. Specifically, the average building size will increase from 6-7 units to 17-18 units which is expected to lead to an average increase of approximately 2,000 units (from 1,000 to 3,000 units) from round 3 to round 4 of the program. Based on previous rounds of AEP, HPD projects the costs for repairs to be approximately \$467 per unit. The 2,000 additional units this legislation would cover in round 4 results in the overall costs increase of approximately \$1,000,000. There is little or no impact on expenditures in Fiscal 2011 since building owners have four months (from January 31st, 2011 to May 31st, 2011) to complete the repair work. If the repair work is not completed during this period HPD will then begin to incur the repair costs associated with AEP. Repair costs incurred by HPD are recoverable against an owner. Since this time period covers the remainder of Fiscal 2011 it is anticipated that costs resulting from the legislation will commence in Fiscal 2012 which begins July 1st, 2011. It should be noted, however, that these projections are based on costs averages and building size averages, all of which may change overtime due to factors such as inflation and rulemaking authority from HPD that could alter AEP criteria and therefore change the number of units that may be covered.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: Federal Community Development Block Grant Funds in the Department of Housing Preservation and Development's expense budget.

SOURCE OF INFORMATION: New York City Council Finance Division
Department of Housing Preservation and Development

ESTIMATE PREPARED BY: Latonia McKinney, Deputy Director
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HISTORY: Introduced by the City Council and referred to Housing and Buildings Committee as Intro. 436 on November 30, 2010. On December 15, 2010 a hearing was held on the bill and the bill was laid over. An amendment has been proposed, and the amended legislation, Proposed Intro. No. 436-A is scheduled to be voted out of the Housing and Building Committee and the Full Council on January 5, 2011.