Staff:

Noah Brick

Assistant Counsel

Stephanie Ruiz

Assistant Counsel



|  |
| --- |
|  |

**THE COUNCIL**

**REPORT OF THE FINANCE DIVISION**

**TANISHA S. EDWARDS, CHIEF FINANCIAL OFFICER AND**

**DEPUTY CHIEF OF STAFF TO THE SPEAKER**

**COMMITTEE ON FINANCE**

# HON. JUSTIN BRANNAN, CHAIR

**March 24, 2022**

**PRECONSIDERED RES. 79:** By Council Member Brannan

**TITLE:** Resolution authorizing an increase in the amount to be expended annually in the Sutphin Boulevard Business Improvement District, an extension of the boundaries of such district, a change in the method of assessment upon which the district charge in such district is based, and an increase in the maximum total amount to be expended for improvements in such district, and setting the date, time and place for the public hearing of the local law authorizing such changes as set forth in the amended district plan of the Sutphin Boulevard Business Improvement District

**BACKGROUND**

Pursuant to the authority granted by chapter 4 of title 25 of the Administrative Code of the City of New York (hereinafter the “Law”), the Mayor and the Council are authorized to establish and extend Business Improvement Districts (hereinafter “BIDs”) in New York City and thereafter amend each BID’s district plan or authorize an increase in annual expenditures. BIDs, which are specifically established areas, use the City’s property tax collection mechanism to approve a special tax assessment with which to fund additional services that would enhance the area and improve local business. The additional services are normally in the areas of security, sanitation, physical/capital improvements (lighting, landscaping, sidewalks, etc.), seasonal activities (Christmas lighting) and related business services (marketing and advertising). The District Management Association of a BID carries out the activities described in the BID’s District Plan.

*Jamaica’s Existing BIDs and SADs*

The Sutphin Boulevard BID was established in 2004 and includes properties along a half-mile stretch of Sutphin Boulevard between Hill Side Avenue and 94th Avenue. The Jamaica Station and rail yard are also included in the existing Sutphin Boulevard BID boundary. The Sutphin Boulevard BID is also directly adjacent to two Special Assessment Districts (SADs), which were created by the state legislature under an earlier legal framework, and which are similar to BIDs. The 165th Street Mall SAD was created in 1978 and generally operates along 165th Street between Jamaica Avenue and 89th Avenue. The Jamaica Center SAD was created in 1979, generally operates along Jamaica Avenue between Sutphin Boulevard and 170th Street, and is the largest of the three entities.

The SAD structure was superseded by the BID structure in 1982. For the first time, allowing the City and City Council to decide on the establishment of BIDs instead of the state legislature. The BID model includes more specific governance controls, including that a BID board must have a residential tenant representative and representatives from elected officials making the BID board more accountable to stakeholders.

*Consolidation Proposal*

 There has also been a preference noted by local business owners to move away from the SAD model to a purely BID model for Downtown Jamaica. Outside of downtown Jamaica, there is only one SAD left in New York City.

Since 2014, the Department of City Planning, the Economic Development Corporation, the Queens Borough President’s Office, the Department of Small Business, and local Council Members have worked with local stakeholders to articulate an economic development strategy for downtown Jamaica. In 2015, and again in 2019, these agencies and elected officials have articulated a proposal to create a unified BID for downtown Jamacia. The proposal presented to the Council is to absorb the territory covered by the 165th Street Mall SAD and the Jamaica Center SAD into an expanded and renamed Sutphin Boulevard BID.

As detailed in the Amended District Plan, the Sutphin Boulevard BID District Plan would be amended in three main ways.

First, the district plan would expand the Sutphin Boulevard BID boundary to encompass all properties currently in the 165th Street SAD and Jamaica Center SAD. This would significantly increase the size of the Sutphin Boulevard BID eastward to encompass approximately one mile of Jamaica Avenue between Sutphin Boulevard and 170th Street. It would also expand the Sutphin Boulevard BID to a one-block portion of 165th Street between Jamaica Avenue and 89th Avenue. The expanded BID would include approximately 230 tax lots and 590 storefront spaces. No properties currently unassessed by a BID or SAD will be included in the expanded area.

Second, the district plan would rename the Sutphin Boulevard BID to the Downtown Jamaica BID, to better reflect the expanded geography it will serve.

Third, the district plan would alter the formula used to calculate property owner contributions to the BID. The new assessment formula would require commercial and mixed-use properties to pay a share proportional to their property's width and assessed value. Specifically, commercial and mixed-use lots would be assessed at approximately $61 per linear front foot per year, plus an additional $0.002 per dollar of assessed value per year. The median annual contribution for a commercial or mixed-use tax lot would be approximately $3,849, which is 9 percent less than if the three BIDs and SADs remained separated. Solely residential tax lots would be assessed at an annual flat fee of $1 per lot. Finally, government and not-for-profit-owned property devoted solely to public or not-for-profit use would be exempt from an assessment.

Funded by an assessment on properties within the BID, the estimated first-year BID budget would be $1,350,000 with the option to increase the assessment budget to $1,500,000 in future years. A new governance and management structure to run the BID would be established by the local community in coordination with SBS. That District Management Association would determine the exact budget allocation, but proposed services may include street cleaning, beautification projects, and public safety services above and beyond what is already offered by the city. The BID may also coordinate and advocate on behalf of the BID’s residents and businesses to deliver marketing, public events, and other economic development activities. The projected budget allocation to supply those services is outlined below:

• Sanitation services (30 percent of the budget), including graffiti removal and sidewalk

cleaning;

• Management, administration, and advocacy expenses (28 percent of the budget),

including salaried staff and office expenses;

• Public plaza and mall operations (16 percent of the budget);

• Marketing and public events (11 percent of the budget);

• Public safety services (eight percent of the budget); and

• Beautification services (seven percent of the budget).

 On January 19, 2022, the City Planning Commission held a hearing on the recommended amendments to the District Plan and on February 16, 2022 (Calendar No. 17) adopted a resolution certifying its unqualified approval of the amended Downtown Jamaica (Sutphin Boulevard) BID District Plan.

*Mechanics of SAD Dissolution*

The proposed expansion of the Downtown Jamaica (previously Sutphin Boulevard) BID would be contingent upon the successful dissolution of the 165th Street Mall SAD and the Jamaica Center SAD. Section 25-415(a) of Chapter 4 of Title 25 of the Administrative Code of the City of New York provides that the Council may dissolve a SAD by enactment of a local law but must first request and consider the recommendations of the district management association of the SAD proposed to be dissolved, provided that the Council may proceed if the district management association does not provide comment within 60 days of such request.

On March 18, 2022, Speaker Adams sent a letter on behalf of the Council, both by email and by certified mail, to the district management association of both the 165th Street Mall SAD and the Jamaica Center SAD, soliciting recommendations regarding the proposed dissolution of each district management association for the consideration of the Council.

On March 21, 2022, representatives of the Department of Small Business services submitted a notice for publication in the City Record on March 28, 2022, detailing the proposed BID expansion and SAD dissolution, and inviting comments both in writing at in person at the Council’s hearing on the proposed local law.

All local Council Members expressed their support of the recommended amendments, either at the hearing held by the City Planning Commission on January 19, 2022 or in letters of support on file with staff to the Committee on Finance -- or both.

**PRECONSIDERED RES.**

This Preconsidered Resolution is required by law to set the public hearing date, time, and place for the consideration of the local law which would amend the district plan of the Sutphin Boulevard BID. The public hearing will be held on April 7, 2022, in the City Council Committee Room, 2nd Floor, City Hall at 10:00 a.m. before the Committee on Finance.

Because the proposal involves an amendment to the BID’s District Plan that would increase the amount it expends annually and change the method of assessment, the Preconsidered Resolution directs the Sutphin Boulevard District Management Association to, not less than ten (10) nor more than thirty (30) days before the date of the Public Hearing, mail a copy of this Resolution or a summary thereof to each owner of real property within the proposed extended district at the address shown on the latest City assessment roll, to such other persons as are registered with the City to receive tax bills concerning real property within the proposed extended district, and to the tenants of each building within the proposed extended district.

The Preconsidered Resolution further directs the Sutphin Boulevard District Management Association to publish in a newspaper having general circulation in the BID, not less than ten days prior to the public hearing, a notice stating the time and place of the public hearing and stating the increase in the amount to be expended annually in the BID.

Preconsidered Resolution

..Title

Resolution authorizing an increase in the amount to be expended annually in the Sutphin Boulevard Business Improvement District, an extension of the boundaries of such district, a change in the method of assessment upon which the district charge in such district is based, and an increase in the maximum total amount to be expended for improvements in such district, and setting the date, time and place for the public hearing of the local law authorizing such changes as set forth in the amended district plan of the Sutphin Boulevard Business Improvement District

..Body

By Council Member Brannan

 WHEREAS, pursuant to the authority granted by chapter 4 of title 25 of the Administrative Code of the City of New York (the “Law”), the Mayor, by authorization dated November 17, 2021, provided for the preparation of an amended district plan that is for the Sutphin Boulevard Business Improvement District (the “District”) in the Borough of Queens; and

 WHEREAS, pursuant to Local Law No. 82 for the year 1990, the City Council assumed responsibility for adopting legislation relating to Business Improvement Districts; and

 WHEREAS, pursuant to authority granted by the Law, the District was established by Local Law No. 72 for the year 2003; and

 WHEREAS, pursuant to Section 25-410(b) of the Law, an amendment to the district plan that provides for additional improvements or services or any change in the method of assessment upon which the district charge is based, or an increase in the amount to be expended annually, may be adopted by local law, provided that the City Council determines, after a public hearing, that it is in the public interest to authorize such changes and that the tax and debt limits prescribed in Section 25-412 of the Law will not be exceeded by such changes; and

 WHEREAS, pursuant to Section 25-410(c) of the Law, an amendment to the district plan that provides for an increase in the total maximum amount to be expended for improvements in such district may be adopted by local law, provided that the City Council determines, after a public hearing, that it is in the public interest to authorize such increase and that the tax and debt limits prescribed in Section 25-412 of the Law will not be exceeded by such increase; and

 WHEREAS, the District wishes to increase the amount to be expended annually in the District to $1,500,000, to extend the District’s boundaries, and to amend the district plan in order to change the method of assessment upon which the district charge is based and to increase the maximum total amount to be expended for improvements in the District; and

 WHEREAS, pursuant to section 25‑405(c) of the Law, the New York City Department of Small Business Services (“SBS”) submitted an amended district plan (the “Amended Plan”) for the District to the City Planning Commission (the “CPC”) on November 29, 2021; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC submitted the Amended Plan to the City Council on November 30, 2021; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC submitted the Amended Plan to the Council Members representing the council districts in which the District is located on November 30, 2021; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC submitted the Amended Plan to Queens Community Board 12 (the “Community Board”), in which the proposed extended district is located, on November 30, 2021; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC submitted the Amended Plan to the Queens Borough President on November 30, 2021; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the Community Board notified the public of the Amended Plan in accordance with the requirements established by the CPC; and

 WHEREAS, on December 8, 2021, the Community Board voted to recommend disapproval of the Amended Plan; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC reviewed the Amended Plan, held a public hearing on January 19, 2022, and prepared a report certifying its unqualified approval of the Amended Plan; and

 WHEREAS, pursuant to section 25-405(c) of the Law, the CPC submitted its report to the Mayor, to the Queens Borough President, to the City Council and to the Council Members representing the council districts in which the District is located; and

 WHEREAS, pursuant to section 25-405(c) of the Law, a copy of the CPC’s report, the original district plan and the Amended Plan were transmitted for filing with the City Clerk on February 17, 2022; and

 WHEREAS, pursuant to section 25-406(a) of the Law, a copy of the Amended Plan and the CPC’s report are annexed hereto and are made part of this Resolution; and

 WHEREAS, pursuant to section 25-406(a) of the Law, the Amended Plan is on file for public inspection in the Office of the City Clerk, 141 Worth Street, New York, New York; and

 WHEREAS, pursuant to Section 25‑406(b) of the Law, any owner of real property, deemed benefited and therefore within the proposed extended district, objecting to the Amended Plan must file an objection at the Office of the City Clerk within thirty days of the conclusion of the hearing held by the City Council, notice of which is provided by this Resolution, on forms made available by the City Clerk; and

 WHEREAS, pursuant to Section 25-406(b) of the Law, if owners of at least fifty-one percent of the assessed valuation of all the benefited real property situated within the boundaries of the District proposed for extension, as shown upon the latest completed assessment roll of the City, or at least fifty-one percent of the owners of benefited real property within the area included in the District proposed for extension, file objections to the Amended Plan with the City Clerk within the thirty-day objection period, the District will not be extended; now, therefore, be it

 RESOLVED, that the Council of the City of New York, pursuant to Section 25‑406 of the Law, hereby directs that:

 (i) April 7, 2022 is the date and 10:00 am is the time and the City Council Committee Room, 2nd Floor, City Hall is the place for a public hearing (the “Public Hearing”) to hear all persons interested in the legislation that would authorize an increase in the amount to be expended annually in the District, an extension of the District’s boundaries, a change in the method of assessment upon which the district charge in the District is based, and an increase in the maximum total amount to be expended for improvements in the District;

 (ii) the Sutphin Boulevard District Management Association shall, not less than ten (10) nor more than thirty (30) days before the date of the Public Hearing, mail a copy of this Resolution or a summary thereof to each owner of real property within the proposed extended district at the address shown on the latest City assessment roll, to such other persons as are registered with the City to receive tax bills concerning real property within the proposed extended district, and to the tenants of each building within the proposed extended district;

 (iii) SBS shall arrange for the publication of a copy of this Resolution or a summary thereof at least once in the City Record or a newspaper in general circulation in the City, the first publication to be not less than ten (10) nor more than thirty (30) days before the date of the Public Hearing;

 (iv) in the event that the Sutphin Boulevard District Management Association mails, or SBS arranges for the publication of, a summary of this Resolution, such summary shall include the information required by section 25‑406(c) of the Law; and

 (v) on behalf of the City Council and pursuant to Section 25-410(b) of the Law, the Sutphin Boulevard District Management Association is hereby authorized to publish in a newspaper having general circulation in the District, not less than ten (10) days prior to the Public Hearing, a notice stating the time and place of the Public Hearing and stating the increase in the amount to be expended annually in the District.