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|  | **The Council of the City of New York**  **Finance Division**  **Tanisha S. Edwards, Esq., Chief Financial Officer and Deputy Chief of Staff to the Speaker**  **Richard Lee, Finance Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 894-A**  **Committee:** General Welfare |
| **Title:** To amend the administrative code of the city of New York, in relation to income and work requirements for rental assistance. | **Sponsor(S):** Sanchez, Avilés, Ayala, Cabán, Hanif, Stevens, Hudson, Restler, Ung, Abreu, Brannan, De La Rosa, Ossé, Narcisse, Williams, Marte, Richardson Jordan, Farías, Louis, Schulman, Gutiérrez, Joseph, Brewer, Nurse, Gennaro, Krishnan, Rivera, Barron, Brooks-Powers, and Public Advocate Williams |

**Summary of Legislation:** Proposed Int. No. 894-A would prohibit the Department of Social Services from basing eligibility for a rental assistance voucher on an applicant’s employment status or source of income. This legislation would also codify the income eligibility requirements for rental assistance vouchers.

**Effective Date:** This local law will take effect 180 days after it becomes law.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal Year 2028

**Fiscal Impact Statement:**

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|  | **Effective FY24** | **FY Succeeding Effective FY25** | **Full Fiscal Impact FY28** |
| **Revenues** | $0 | $0 | $0 |
| **Expenditures** | $36.2 million | $396.4 million | $3.3 billion |
| **Net** | $36.2 million | $396.4 million | $3.3 billion |

**Impact on Revenues:** It is anticipated that there would be no impact on revenues resulting from the enactment of this legislation.

**Impact on Expenditures:** To estimate the fiscal impact, Proposed Intros. 229, 878, 893, and 894 were assessed collectively as a package as they directly interact with one another and would become effective simultaneously. The Council’s estimate utilizes the Administration’s uptake projections which assume that 47,000 new households will qualify annually for a voucher under the terms of the legislation, adjusting annually for those who continue to be enrolled in the program and those who exit the program. This projection assumes that by the end of the fifth year 192,470 households will be enrolled. Based on census data, which includes income information, the Council determined an average household contribution amount and an average cost to the City per voucher. Additionally, the package of legislation would also reduce the length of shelter stays by 90 days. Taking the current average lengths of shelter stay, the non-asylum seeker shelter population, and the average per diem cost per household, as reported by the Administration, the Council calculates that a reduction of 90 days in shelter stays would reduce the City’s shelter costs by $402 million annually. Assuming annual savings of this level brings the net cost of the first 365 days of the implementation of this legislative package to $145 million, increasing to $1.2 billion, $2.1 billion, $3.1 billion, $4.0 billion in the next four years, for a total net total cost of $10.6 billion over five years. Because the laws are anticipated to be effective for only a portion of Fiscal 2024, the prorated net cost of the package in Fiscal 2024 is estimated to be $36.2 million. For Fiscal 2025, total net cost is estimated to be $396.4 million, growing to $1.4 billion in Fiscal 2026, $2.4 billion in Fiscal 2027, and $3.3 billion in Fiscal 2028. The Council’s estimate does not take into account any housing market factors that may restrict the usage of vouchers, which could potentially lower the fiscal impact of the package of legislation. Additional savings may be realized as the average length of shelter stay for non-asylum seekers decreases, creating additional capacity for asylum seekers to move from emergency hotel shelters into purpose-built shelters. This estimate does not account for the potential costs and health impacts on individuals and families in the shelter system, which could be averted through the prevention and reduction of stays in shelter. Additionally, the estimate does not account for the potential social and economic benefits from an increase in individuals and families who are stably housed.

**Source of Funds To Cover Estimated Costs:** N/A

**Source of Information:** The Mayor's Office of City Legislative Affairs

New York City Department of Social Services

New York City Council Finance Division

New York City Council Legislative Division

**Estimate Prepared By:** Julia K. Haramis, Unit Head, NYC Council Finance Division

**Estimate Reviewed By:** Jonathan Rosenberg, Managing Deputy Director, NYC Council Finance Division Kathleen Ahn, Counsel, NYC Council Finance Division

**Legislative History:** This legislation was introduced to the Council on January 18, 2023, as Int. No. 894, and was referred to the Committee on General Welfare (the Committee). A hearing was held by the Committee on January 19, 2023, and the legislation was laid over. The legislation was subsequently amended and the amended version, Proposed Int. No. 894-A, will be voted on by the Committee at a hearing on May 24, 2023. Upon a successful vote by the Committee, Proposed Intro. No. 894-A will be submitted to the full Council for a vote on May 25, 2023.

**Date Prepared:** May 24, 2023