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|  | **The Council of the City of New York****Finance Division****Latonia McKinney, Director****Fiscal Impact Statement****Proposed Intro. No: 1004-A** **Committee: Housing and Buildings** |
| **Title:** A Local Law to establish a demonstration program to facilitate the creation and alteration of habitable apartments in basements and cellars of certain one- and two-family dwellings | **Sponsors:** Council Members Lander, Cabrera, Espinal, Barron, Yeger, Rivera, Deutsch and Williams (by request of the Mayor) |

**Summary of Legislation:** Proposed Intro. No. 1004-A would create a three-year pilot program to facilitate the creation and alteration of habitable apartments in basements and cellars of certain one- and two-family dwellings in Brooklyn Community District 5 and within the City’s six Enhanced Commercial Districts. The bill would require the Department of Housing Preservation and Development (HPD) to conduct education and outreach to eligible homeowners in the program area, and to assist homeowners who participate in the program by providing technical assistance and city financial assistance to allow for specific alterations that would render basement apartments both safe and legal. The legislation would also require that completed construction documents be filed with the Department of Buildings (DOB) within 18 months after its passage and would also establish criteria for which DOB may issue permits and certificates of occupancy where a basement apartment is created or altered pursuant to the legislation. Under the bill, DOB and the Department of Environmental Protection (DEP) would also be required to waive all fees in connection with applications, permits and inspections for participating basement apartments.

Lastly, this bill would also require an agency appointed by the Mayor to issue a report within four years to the Mayor and the City Council that details the impact of the basement apartment program.

**Effective Date:** This local law would take effect 120 days after it becomes law, but would not apply to any building in the program area for which a complete application for construction document approval is filed more than 18 months after the date this local law would take effect.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2019

**Fiscal Impact Statement:**

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|  | **Effective FY19** | **FY Succeeding Effective FY20** | **Full Fiscal Impact FY20** |
| **Revenues** | $0 | $0 | $0 |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | $0 | $0 | $0 |

**Impact on Revenues:** It is estimated that there would be no impact on revenues resulting from 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. The expenses associated with establishing and implementing a basement apartment pilot program administered by HPD are already assumed and accounted for in the City’s financial plan. The Fiscal 2019 Preliminary Budget provided $2.2 million in Fiscal 2019 and $2.2 million in Fiscal 2020 to HPD’s operating budget to support public education and outreach to interested and eligible homeowners in the program area. Additionally, HPD’s Fiscal 2019 Executive Capital Budget included $3.4 million in Fiscal 2019 and $3.4 million in Fiscal 2020 to support no interest and/or low interest loans to facilitate the creation and renovation of basement apartments in the program. Thus, it is anticipated that the creation of basement apartment pilot program for eligible households would not impact City expenditures in Fiscal 2019 and in the outyears. Lastly, it is anticipated that the reporting, impact assessments and other administrative requirements of this legislation would be implemented using existing resources.

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

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

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

**Estimated Reviewed by:** Noah Brick, Assistant Counsel

Chima Obichere, Unit Head

**Legislative History:** This legislation was introduced to the full Council on June 28, 2018, as Intro. No. 1004 and was referred to the Committee on Housing and Buildings (Committee). The Committee heard the legislation on November 13, 2018, and the legislation was laid over. The legislation was subsequently amended and the amended legislation, Proposed Intro. No. 1004-A, will be considered by the Committee on February 11, 2019. Upon a successful vote by the Committee, the Proposed Intro. No. 1004-A will be submitted to the full Council for a vote on February 13, 2019.

**Date Prepared:** February 6, 2019