



This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop & Del Giorno LLC

February 3, 2023 Edition



“Obstacles don't define us. Rather, it is the unparalleled courage and character of us that defines us as a people. So my confidence in the future is steeped in our glorious past - in the face of adversity, we always persist. We persevere, we prevail.” Governor Kathy Hochul

In the News-New York State



Governor Hochul Releases New York’s FY2024 Financial Plan

Governor Kathy Hochul this week detailed her \$227 billion Fiscal Year 2024 Executive Budget, providing substance to her agenda to “make New York more affordable, more livable, and safer.” She is proposing significant investments in mental health care, public safety, housing, education, and climate initiatives.

The 2024 plan comes in 2.4% higher than Governor Hochul’s first budget proposal in 2023, which had previously been the state’s largest budget proposal to date. State Operating Funds spending will total \$125.2 billion, an increase of \$2.5 billion, or 2 percent, from the current fiscal year.

FY 2024 EXECUTIVE BUDGET				
SPENDING				
(billions of dollars)				
	FY 2023 Updated	FY 2024 Projected	\$ Change	% Change
All Funds	221.6	227.0	5.4	2.4%
State Operating Funds	122.7	125.2	2.5	2.0%
School Aid (School Year Basis)	31.3	34.4	3.1	10.0%
Medicaid	25.8	27.8	2.0	7.7%
Executive Agencies	12.3	12.6	0.3	2.4%
All Other	53.3	50.4	-2.9	-5.4%

Higher tax receipts, combined with other revisions totaling \$2.8 billion--including downward revisions to estimated disbursements--leaves a General Fund surplus of \$8.7 billion. New York has \$19.5 billion in reserves for a projected economic downturn, up from \$3.3 billion in 2020, \$3.4 billion in 2021, and \$8.9 billion in 2022.

The Executive Budget Financial Plan projects out-year budget gaps of \$5.7 billion in FY 2025, \$9.0 billion in FY 2026, and \$7.5 billion in FY 2027. According to documents submitted with the Executive Budget, the gaps are due primarily to the downward revisions in projected tax receipts, which have been lowered by almost \$21 billion (FY 2025 to FY 2027) in comparison to the Enacted Budget Financial Plan.

According to the Governor's budget documents, three of the most pressing issues facing the State at the start of 2023 are addressed in the Executive Budget: the solvency of the MTA (see page 7), the stability of the State's health care system, and the provision of care for new asylum seekers coming to the State (see page 9).

The Budget proposal also funds the initiatives outlined in the Governor's State of the State address, including expanding mental health inpatient, outpatient, and supportive services (FY 2024: \$134 million; FY 2025: \$276 million) and indexing the minimum wage for inflation and funding the cost for State service providers (FY 2024: \$19 million; FY 2025: \$63 million).

With respect to health care, the Executive Budget proposes measures to ensure the long-term solvency and sustainability of the Medicaid program and stabilizing the healthcare system, including:

- Increase Medicaid rates, including five percent increases for hospitals, nursing homes, and assisted living providers.
- Support the expansion and enhancement of primary care and preventive Medicaid services.
- Provide capital funding for infrastructure improvements in health care, including \$1 billion for a new Statewide Health Care Facility Transformation Program (Statewide V).
- Reform the delivery of public health, including an investment in emergency medical services and revisions to the certificate of need process.
- Implement the pharmacy benefit transition from managed care to fee-for-service, and re-invest savings in Ryan White Clinics, Federal Qualified Health Centers, and hospitals. According to the Governor, the reinvestments "will backfill the loss of 340B revenues so these facilities are made whole and can continue providing care to vulnerable populations."

To address the unmet mental health needs of New Yorkers, Governor Hochul will make a \$1 billion investment to transform New York's continuum of mental health care, allocating:

- \$915 million in capital to develop new residential units, plus \$25.5 million in annual operating costs.
- \$18 million in capital and \$30 million annually to increase operational capacity for inpatient psychiatric treatment.
- \$60 million in capital and \$122 million annually to expand outpatient services.
- \$27.5 million annually to improve post-discharge connections to services through 50 new Critical Time Intervention care coordination teams.
- \$30 million annually to expand mental health services in schools.

With respect to energy, the Executive Budget includes a proposal to advance renewable generation in New York State via the New York Power. The Executive Budget also includes building decarbonization proposals that will prohibit fossil fuel equipment and building systems in new construction, phase out the sale and installation of fossil fuel space and water heating equipment in existing buildings, and establish building benchmarking and energy grades. The new construction proposal includes certain exemptions such as commercial kitchens. In addition, according to the Governor, the existing equipment phase out proposal does not impact stoves.



Executive Budget: The New York Housing Compact

The cornerstone of Governor Kathy Hochul’s Executive Budget is the New York Housing Compact which aims to build 800,000 new homes over the next decade. The program, headlined by mandated local new home creation targets and rezoning for higher density development, relies heavily on local government.

Specifics of the Executive Budget proposal include:

Promote New Housing Statewide through Local Targets. The Budget requires all cities, towns, and villages to achieve new home creation targets on a three-year cycle. Localities that do not meet targets can instead implement “Preferred Actions” that create zoning capacity to achieve the growth targets.

Facilitate Housing Approval When Localities Do Not Meet Goals. Localities that do not meet growth targets or that fail to implement an action plan will be considered non-compliant. The locality would then be required to approve proposed housing developments that meet certain affordability criteria within a set time frame, or a developer can initiate a fast-track appeal to a new State Housing Approval Board or through the courts.

Collect Local Zoning and Housing Production Data. Legislation submitted with the Budget will require localities to submit housing creation and zoning data to NYS Housing & Community Renewal (HCR), who will aggregate this information into a Statewide Data Collection mapping system.

Support Housing Production through Planning and Infrastructure Grants. The Budget makes available a \$250 million Infrastructure Support Fund and a \$20 million Planning Assistance Fund to support new housing production statewide.

Encourage Transit-Oriented Development. Legislation submitted with the Budget will compel neighborhoods within half a mile of all rail stations run by the MTA to rezone for higher density multifamily development.

Remove Obstacles to Housing Approvals. To expedite rezoning and development of new homes, legislation submitted with the Budget provides specific relief from environmental review for housing built in alignment with the Housing Compact’s new homes targets.

Provide New York City with Tools to Increase Housing. The Budget puts forth legislation to reverse an “antiquated” state law that restricts maximum density of residential floor area and the universe of commercial buildings eligible for conversion to residential use.

Encourage Housing Construction and Rehabilitation. The Budget includes legislation for additional tax incentives to encourage new housing construction and the rehabilitation of existing housing. Incentives include an Accessory Dwelling Units (ADUs) property tax exemption at local option and a new Multi-Family Affordable Housing local option property tax exemption. In addition, a local tax exemption will be updated to assist New York City property owners undertaking major capital repairs.

Extend the Completion Deadline for Vested 421-a Projects. Legislation submitted with the budget seeks to encourage completion of affordable housing units in New York City that are vested in the 421-a program. Under current law, in order for a vested project to be eligible for a 421-a tax abatement, it must be completed by June 15, 2026. This bill extends the completion deadline by four years.



NYS Legislative Fiscal Committee Executive Budget Hearings



<u>Date</u>	<u>Time</u>	<u>Hearing</u>
February 6	11:30 a.m.	Transportation
February 7	9:30 a.m.	Public Protection
February 8	9:30 a.m.	Elementary & Secondary Education
February 9	9:30 a.m. 2:00 p.m.	Economic Development/Arts
		Taxes
February 13	11:30 a.m.	Human Services
February 14	9:30 a.m.	Environmental Conservation
February 15	9:30 a.m.	Local/General Government
February 16	9:30 a.m.	Mental Hygiene
February 27	11:30 a.m.	Higher Education
February 28	9:30 a.m.	Health
March 1	9:30 a.m.	Housing
		Workforce Development/Labor

In the News-New York City



Mayor and Council Speaker Encouraged by State Executive Budget



New York City Mayor Eric Adams and City Council Speaker Adrienne Adams this week released statements on Governor Kathy Hochul’s FY2024 Executive Budget, lauding the Governor’s key shared priorities including housing, mental health, and community safety.

“While we are reviewing the details of the Governor Hochul’s budget proposal,” Mayor Adams explained, “it is clear that there are many victories worth celebrating, particularly in the areas of serious mental illnesses, addressing our housing crisis, and strengthening the entire ecosystem of public safety.”

Council Speaker Adrienne Adams, added. “Governor Hochul’s FY24 Executive Budget proposal lays out encouraging investments in housing, education, and healthcare that are critical to New York’s recovery and success. The inclusion of significant funding for our city to provide services for people seeking asylum in our country is desperately needed and appreciated.

Mayor Adams indicated that there are “areas of uncertainty that will require deeper review.” Specifically, he pushed back against Governor Hochul’s Metropolitan Transportation Authority proposal requiring the City to increase its contribution to the MTA by at least \$500 million annually.

“...The city annually contributes approximately \$2 billion to the MTA in direct and in-kind contributions and, while we recognize the significant fiscal challenges the MTA faces, we are concerned that this increased commitment could further strain our already-limited resources,” the Mayor said.



Laws of the City of New York

Intro 660-A--sponsored by New York City Councilmember Eric Dinowitz--Establishes a program to help high school students with disabilities who are moving to institutions of higher education obtain accommodations and help them access related supports.

Intro 559-A--sponsored by New York City Councilmember Marjorie Velazquez--Prohibits food service establishments, couriers who deliver food, and food delivery platforms from providing eating utensils, extra eating containers, condiment packets, and napkins to customers for take-out and delivery orders unless the customer specifically requests them.



Bills Approved by the City Council

Introduction 92-A--sponsored by Deputy Speaker Diana Ayala--Creates an advisory board to advise the Mayor and the City Council on accessibility issues in relation to City shelters.

Introduction 141-A--sponsored by Deputy Speaker Diana Ayala--Requires signage indicating the location and use of power and low-energy power operated doors in accordance with the Building Code.

Introduction 375-A--sponsored by Deputy Speaker Diana Ayala--Requires the Department of Housing Preservation and Development to report every three years to the Mayor and City Council the number of affordable housing units marked for people with disabilities that are actually rented to persons with disabilities.

Introduction 421-A--sponsored by Council Member Kevin Riley--Requires the Department of Homeless Services to provide monthly reporting on the total number of families with children living within the shelter system, their average length of stay, how many families have transitioned to permanent housing and data related to school enrollment and attendance for youth in shelters.

Introduction 515-A--sponsored by Speaker Adrienne Adams--Requires city agencies to conduct an analysis of compensation data and measures to address pay disparity and occupational segregation, diversity and inclusion training, and schedule and workplace accommodations.

Introduction 527-A--sponsored by Civil Service and Labor Committee Chair Carmen De La Rosa--Requires each city agency and department that requires job applicants to take a civil service exam to report on data related to those exams in order to evaluate and expand diverse recruitment and retention within city government.

Introduction 541-A--sponsored by Council Member Farah Louis--Expands the existing Pay Equity Law, [Local Law 18/2019](#), by requiring the Department of Citywide Administrative Services to collect and provide additional employment and pay data to the Council.

Introduction 676-A, sponsored by Council Member Crystal Hudson, would mandate that new construction housing projects that receive City-financial assistance must have all units adhere to Universal Design, a housing design approach that addresses barriers faced by individuals with disabilities, older adults and youth.

Briefs

Governor Hochul Includes \$1.3 Billion Funding Proposal for Metropolitan Transportation Authority (MTA) in Executive Budget

Governor Kathy Hochul put forth a \$1.3 billion proposal to shore up the MTA's finances. The Governor called the funding a commitment to strengthen the long-term fiscal stability of the MTA, while ensuring continued progress in rider safety.

Specifics include funding supported by:

- Increasing the top rate of the Payroll Mobility Tax (PMT), generating an additional \$800 million annually.
- Increasing New York City's share of funding for paratransit services, providing students with reduced fare MetroCards, and offsetting foregone PMT revenues for entities exempted from paying the tax, generating nearly \$500 million annually.
- Implementing over \$400 million in MTA operating efficiencies to reduce expenses and improve service to customers.
- Contributing \$300 million in one-time State aid.
- Obtaining a \$150 million annual commitment from the MTA for additional safety personnel.
- Dedicating a share of \$1.5 billion in the licensing fees if three casino licenses are awarded, and a share of an estimated \$462 to \$826 million in annual tax revenue from the casinos for MTA operations.

Executive Budget Includes \$1 Billion in Health Care Capital Grants

Governor Kathy Hochul's FY2024 Executive Budget includes the \$1 billion Statewide Health Care Facility Transformation Program V (Statewide V) to fund capital projects for eligible health care providers, improve health care delivery, and finance information technology improvements statewide.

The Department of Health and the Dormitory Authority for the State of New York would enter into a formal agreement related to the joint administration of the Statewide V program. Up to \$500 million would be awarded to health care providers in support of projects which promote innovative, patient-centered models of care, increased access to care, improved quality of care, and provider financial sustainability. Up to \$500 million would also be awarded to health care providers for the implementation or improvement of critical health care information technologies and telehealth capacity.

Eligible health care providers include: hospitals; residential health care facilities; adult care facilities; diagnostic and treatment centers; OMH clinics; children's Article 31 residential treatment facilities; assisted living programs; home care providers; primary care providers; hospices; community-based programs funded under OMH, OASAS, and OPWDD; independent practice associations or organizations; residential facilities; and Article 16 day program facilities.

Executive Budget Protects Worker's Wages and Promotes Community Hiring and Workforce Development in NYC

Governor Kathy Hochul submitted legislation with the FY24 Executive Budget to increase the minimum wage automatically each year to keep pace with inflation and to promote community hiring and workforce development in New York City.

Under the Governor's minimum wage proposal, after reaching \$15 per hour, each region's minimum wage would increase consistent with the year-over-year Consumer Price Index-W for the Northeast Region. To ensure that no single-year increase would threaten employment, the bill caps annual increases at three percent. The bill also provides that the minimum wage will not increase in the event of certain economic conditions, such as certain increases in the rate of unemployment.

The Governor also submitted language to amend the Charter of the City of New York to establish an Office of Community and Workforce Development. This office would require entities contracting with the City of New York and entities performing services under these contracts to make best efforts to meet goals for hiring economically disadvantaged candidates and candidates from economically disadvantaged regions. It would apply to certain procurement contracts, subject to exceptions where it would be impractical. Building service and construction labor would be subject to the provisions in relation to economically disadvantaged region candidate goals. The City of New York would be authorized to establish requirements that contractors and subcontractors on construction contracts use a minimum ratio of apprentices to journey-level workers.

The bill would also require the City of New York to consider the potential impact on minority- or women-owned business enterprises, not-for-profit corporations, and small businesses, when it establishes a schedule of civil penalties for non-compliance.

Executive Budget Includes \$1 Billion in State Funding for Asylum Seekers

The FY2024 Executive Budget sets out a framework through which the financial responsibility for supporting asylum seekers is split evenly: one-third for New York City, one-third for New York State, and one-third for the federal government.

In total, the State will commit more than \$1 billion in the coming year to support asylum seekers, including:

- \$767 million to pay 29 percent of city shelter/HERRC costs for asylum seekers, consistent with existing State shares for Safety Net Assistance, which already supports City shelters.
- \$162 million for logistical and operational support provided by the National Guard, which has deployed more than 900 service members for this mission.
- \$137 million for health care to support the City of New York, which is providing free health care to certain eligible asylum seekers.
- \$25 million in resettlement funding for asylum seekers through the Office of Temporary and Disability Assistance.
- \$10 million in legal services funding through the Office of New Americans.

- \$6 million to support the shelter site at the Brooklyn Cruise Terminal.
- \$5 million for enhanced migrant resettlement assistance, distributed to refugee resettlement agencies already under contract with Office of Temporary OTDA.

Coming Up

New York State

Monday, February 6th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, 2 p.m.

Senate Session, New York State Capitol Building, Senate Chamber, Albany, 3 p.m.

Tuesday, February 7th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, TBD

Senate Session, New York State Capitol Building, Senate Chamber, Albany, TBD

Wednesday, February 8th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, TBD

Senate Session, New York State Capitol Building, Senate Chamber, Albany, TBD

New York City

Monday, February 6th

Joint - Committee on Hospitals, Mental Health, Disabilities and Addiction, Fire and Emergency Management, & Public Safety, Council Chambers – City Hall, 10 a.m.

Oversight – Mental Health Involuntary Removals and Mayor Adams' Recently Announced Plan.

Wednesday, February 7th

Subcommittee on Zoning and Franchises, 250 Broadway - Committee Room, 14th Floor, 10 a.m.

Joint - Committee on Education & Higher Education, Council Chambers – City Hall, 10 a.m.

Oversight – CUNY's College Preparation Initiatives in Middle and High Schools.

Disclaimer: The materials in this *This Week in New York* report are provided for informational purposes only and are not intended to be a comprehensive review of legislative or governmental or political developments, to create a client-consultant/lobbyist relationship, or to provide consulting, lobbying or political advice. Readers are cautioned not to attempt to solve specific problems on the basis of information contained in this *This Week in New York*. If consulting, lobbying or government relations advice is required, please consult a professional expert in such matters. The information contained herein, does not necessarily reflect the opinions of Pitta Bishop & Del Giorno LLC, or any of its members or employees or its clients. Neither Pitta Bishop & Del Giorno LLC, nor its members or

employees make any warranty, expressed or implied, and assume no legal liability with respect to the information in this report, and do not guarantee that the information is accurate, complete, useful or current. Accordingly, Pitta Bishop & Del Giorno LLC is not responsible for any claimed damages resulting from any alleged error, inaccuracy, or omission. This communication may be considered an advertisement or solicitation.

To request that copies of this publication be sent to a new address or fax number, to unsubscribe, or to comment on its contents, please contact Theresa Cosgrove at tcosgrove@pittabishop.com or at (518) 449-3320.

To Our Clients: If you have any questions regarding any of the matters addressed in this newsletter, or regarding any legislative, government relations or political or consulting or related issues in general, please contact the Pitta Bishop & Del Giorno LLC professional with whom you usually work.

This Week in New York is a publication of Pitta Bishop & Del Giorno LLC.

**120 Broadway, 28th Floor
New York, New York 10271**
Telephone (212) 652-3890
Facsimile (212) 652-3891

**111 Washington Avenue, St. 401
Albany, New York 12210**
Telephone (518) 449-3320
Facsimile (518) 449-5812

**25 Hyatt Street, St. 202
Staten Island, New York 10301**
Telephone (718) 943-1050
Facsimile (718) 943-1051

**1220 19th Street NW
Washington, D.C. 20036**
Telephone (202) 964-4753
Facsimile (202) 964-5754