



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
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August 7, 2003

Ms. Jessica Walker
United Neighborhood Houses
70 West 36th Street, 5th Floor
New York, NY 10018

Dear Ms. Walker:

Per your request, IBO has analyzed the fiscal impact of A.6348-A which would increase the annual household income eligibility threshold for the Senior Citizens Rent Increase Exemption (SCRIE) from \$20,000 to \$24,000. We estimate that the legislation would result in 2,575 additional households receiving a SCRIE benefit. The cost of the additional abatements would be \$1.7 million. The average value of an abatement for new recipients would be \$637 per year.

Note that these estimates already factor in the 4.5 and 7.5 percent rent increases approved by the Rent Guidelines Board that will take effect on October 1, 2003. The cost estimate does not include any provision for additional administrative expenses in the Department for the Aging or the Department of Finance. Given the relatively small number of new beneficiaries, any additional administrative costs are likely to be small.

To estimate the costs we used the 2002 Housing and Vacancy Survey (HVS) data, which became available this summer. The 2002 HVS is benchmarked to the 2000 census whereas the 1999 HVS, which we have previously used to analyze SCRIE options, was benchmarked to the 1990 census. In shifting to the 2002 HVS, some of the basic measures of SCRIE eligibility and participation have changed. (It is likely that HVS users will notice changes for other indicators as well.) Using the new survey, we estimate that 111,000 households are currently eligible for SCRIE. Raising the income threshold by \$4,000 would make an additional 6,400 households eligible.

Only a minority of SCRIE-eligible households participate in the program. Comparing the number of participants as reported by the Department of Finance with the number eligible according to the 2002 HVS, we found the participation rate to be 40.2 percent. (This is up from 33 percent based on the 1999 HVS.)

If you have any further questions concerning this request, please do not hesitate to contact me via phone at 212-442-8642, or via e-mail at georges@ibo.nyc.ny.us.

Sincerely,

George V. Sweeting
Deputy Director