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NEW YORK BUSINESS

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## Kushner's got company: Despite new laws, city fails to collect \$1.5B in fines

Agencies have failed to enforce 2016 laws

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*Associated Press*

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In April of 2016, Mayor Bill de Blasio [signed three bills](#) that were designed to help the city collect \$1.6 billion in outstanding fines for everything from building code infractions to tickets from the sanitation department. But the latest figures indicate that the value of the city's claim has barely changed.

The city's perennial struggle to collect hundreds of millions of dollars in violations was brought back into focus in a [Monday report](#) by the Associated Press, which said the Kushner Cos. owe around \$500,000 for building code violations. That's only the start. In total, the city was owed \$1.5 billion as of last October, according to the latest report from the Department of

Finance. That is roughly 6% lower than the 2016 figure.

"I was hoping for a lot more," said City Councilman Ben Kallos, who sponsored the series of bills along with former Councilwoman Julissa Ferreras-Copeland.

The city struggles to collect fines for several reasons. But in general, scofflaws have little incentive to cough up the cash. Most of the violations are issued by the city's Department of Buildings to landlords and developers who typically own property through limited-liability companies and treat the fines as part of doing business. Owners can typically continue to obtain permits for work from the city regardless of their balance, and the statute of limitations on the fines expires after eight years. Notorious landlord Steve Croman, for example, had accrued around \$1 million in fines in 2016, [according to a Crain's report](#).

And the longer the fines go uncollected, the harder it is to claw back the money. Around half of the \$1.5 billion total is considered noncollectable by the city because it is old and tied to businesses that may have closed or to people who have moved, for example.

[A City Council report](#) released in April showed that the city's Department of Finance doubled its collection from \$50 million in fiscal year 2015 to \$90 million in fiscal year 2018. However, much of that bump was due to an amnesty program, and the department's collections were expected to fall back to 2015 levels for the current fiscal year.

The same report predicted that the department could rake in an additional \$50 million this fiscal year if various agencies acted on one of the laws passed in 2016 that empowered officials to deny permits or licenses to repeat offenders. However, no agencies appear to have drafted rules to do so.

"It would be news to me if any agency was actually following this law," Kallos said.

The other two bills required agencies to be more precise in writing out the property and person responsible for the violations in an effort to prevent New Yorkers from weaseling out of tickets.

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