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Report to the Committees on Finance and Housing and Buildings on the Fiscal Year 2016 Executive Budget for the **Department of Housing Preservation and Development** June 4, 2015

Executive Budget Summary

- **Expense Budget:** The Department of Housing Preservation and Development's (HPD) Executive Budget for Fiscal 2016 provides for operating expenses of \$726.1 million. The Executive Budget reflects an increase of \$170.8 million more than the Fiscal 2015 Adopted Budget of \$555.3 million.
- **Funding Sources:** At about \$61 million, or 8.4 percent, only a small portion of HPD's Fiscal 2016 budget is comprised of City tax-levy funds. Over \$644 million, or 89 percent of the agency's expense budget, is supported by federal and state assistance programs.
- **Headcount:** The budgeted headcount of 2,335 positions is funded at \$152 million. The Executive Budget provides funding for 129 additional positions over the Fiscal 2015 Adopted Budget. Some notable increases in staffing include:
 - The addition of ten code enforcement staff in Fiscal 2016 to respond promptly to housing code maintenance complaints, assess conditions, and develop appropriate strategies to correct violations citywide. The annualized cost of these positions is \$644,240, which is baselined through Fiscal 2019; and
 - The addition of 38 positions to support *Housing New York* and the preservation and development of quality affordable housing. The annualized cost of these positions is \$2.7 million, which is baselined through Fiscal 2019.
- **Changes from the Preliminary Budget:** The Fiscal 2016 Executive Budget includes \$3.4 million for new needs in staffing in Fiscal 2016 and \$2.8 million in other adjustments.
- **Ten-Year Capital Strategy:** HPD's Ten-Year Capital Strategy for Fiscal 2016-2025 totals \$7.5 billion, comprised of \$7.2 billion in City tax-levy funds and \$276 million in federal funds. New construction, preservation and special needs housing comprise the majority of the funding, totaling \$6.8 billion.
- **Capital Budget:** The Fiscal 2016 Executive Capital Commitment Plan includes \$3.5 billion in Fiscal 2015-2019 for HPD: \$1.2 billion for Preservation; \$1.1 billion for New Construction;

\$914 million for Supportive Housing; \$132.9 million for Other Housing Support; and \$117.4 million for Disposition.

HPD Overview

This report presents a review of the HPD's Fiscal 2016 Executive Budget. The section below provides an overview of the agency's budget and how it has changed during the course of Fiscal 2015, followed by a review of the significant budget actions introduced in the Fiscal 2016 Executive Budget. Major issues related to HPD's budget are then discussed. An analysis of HPD's Ten-Year Capital Strategy and highlights of the Capital Commitment Plan for the Fiscal 2016 Executive Budget follow the discussion of the Expense Budget. Appendices 1 and 2 report the changes made to the Fiscal 2015 and Fiscal 2016 Budgets since adoption of the Fiscal 2015 Budget. For additional information on the agency's budget and its various programs, please refer to the Fiscal 2016 Preliminary Budget Report for HPD located at: <http://council.nyc.gov/html/budget/2016/Pre/hpd.pdf>

HPD Financial Summary

	2013	2014	2015	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	\$129,964	\$127,732	\$137,238	\$149,100	\$152,243	\$15,005
Other Than Personal Services	545,295	562,240	418,086	833,264	573,834	155,748
TOTAL	\$675,258	\$689,972	\$555,324	\$982,364	\$726,077	\$170,754
Budget by Program Area						
Administration	\$32,320	\$30,245	\$32,368	\$36,620	\$39,632	\$7,264
Administration Program	13,564	18,304	14,553	23,522	24,000	9,447
Development	24,883	40,681	15,499	271,037	174,593	159,095
Housing Operations - Section 8 Programs	455,498	452,700	331,553	471,407	338,744	7,191
Housing Operations- Emergency Housing	21,893	21,848	19,979	22,874	20,915	937
Housing Operations- Mgmt & Disposition	34,806	32,600	34,650	33,130	29,830	(4,820)
Preservation - Anti-Abandonment	7,505	7,601	6,534	8,051	4,959	(1,575)
Preservation - Code Enforcement	28,432	28,300	30,962	34,891	33,213	2,251
Preservation - Emergency Repair	19,800	19,996	24,445	28,085	27,328	2,883
Preservation - Lead Paint	14,558	13,825	14,307	16,536	14,231	(75)
Preservation - Other Agency Services	21,999	23,872	30,475	36,211	18,631	(11,843)
TOTAL	\$675,258	\$689,972	\$555,324	\$982,364	\$726,077	\$170,754
Funding						
City Funds	\$45,884	\$58,802	\$69,744	\$76,719	\$60,891	(\$8,852)
Other Categorical	6,358	14,575	1,615	18,521	1,615	0
Capital- IFA	14,511	14,176	16,673	16,795	17,520	848
State	2,820	649	1,075	1,117	1,075	0
Federal - Community Development	107,993	133,644	122,765	381,814	296,856	174,092
Federal - Other	494,670	466,188	341,486	484,748	346,084	4,598
Intra City	3,023	1,939	1,968	2,650	2,035	67
TOTAL	\$675,258	\$689,972	\$555,324	\$982,364	\$726,077	\$170,754
Budgeted Headcount						
Full-Time Positions	2,015	1,964	2,206	2,341	2,335	129
TOTAL	2,015	1,964	2,206	2,341	2,335	129

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Executive Budget.

The City's Fiscal 2016 Executive Budget totals \$78.3 billion, or 4.4 percent greater than the Fiscal 2015 Adopted Budget of \$75 billion. In comparison, HPD's Fiscal 2016 Executive Budget

of \$726.1 million represents a 31 percent increase over its Fiscal 2015 Adopted Budget of \$555.3 million. This \$170.8 million increase is largely due to an additional \$155.7 million in the Other Than Personal Services (OTPS) budget. The proposed budget is about \$6 million more than HPD's Fiscal 2016 Preliminary Budget.

At the time of Adoption for Fiscal 2015, HPD's projected Fiscal 2016 Budget of \$536.9 million was \$18.4 million less than the Fiscal 2015 Adopted Budget of \$555.3 million. HPD's projected headcount of 2,229 for Fiscal 2016 was also 16 less than the Fiscal 2015 budgeted headcount of 2,245.

Since the Fiscal 2015 Adopted Budget, several initiatives have impacted the agency's budget and headcount for Fiscal 2015 and Fiscal 2016. For Fiscal 2015 these include \$4.4 million in new needs and \$18.5 million in other adjustments. For Fiscal 2016 these include \$3.4 million in new needs, \$2.8 million in other adjustments, and a headcount increase of 48 positions. Combined, the above actions reconcile the agency to its current budget of \$982.4 million for Fiscal 2015 and \$726.1 million for Fiscal 2016. (See Appendix 2 for a list of all budget actions since adoption.)

It should be noted that the vast majority (over \$644 million) of the agency's expense budget is supported by federal and state assistance programs. Federal Operating funds are the largest source of operating support for the agency, and will comprise over \$346 million of HPD's total expense budget in Fiscal 2016. Federal Community Development Block Grant (CDBG) funds are the second highest source of operating support for the agency, which account for approximately \$297 million of HPD's budget in Fiscal 2016. Only about \$61 million, or 8.4 percent, of HPD's Fiscal 2016 budget is City tax-levy funds.

New in the Executive Budget

HPD's Fiscal 2016 Executive Budget introduced several new initiatives and actions intended to provide core services that include: enforcement of the Housing Maintenance Code; administration of federal rent subsidies; preservation and development of quality affordable housing; and management of affordable housing assets. The key actions in the Executive Budget include:

- **Code Enforcement Staff.** The Executive Budget includes \$644,240 in Fiscal 2016 for ten additional code enforcement staff to respond promptly to housing code maintenance complaints, assess conditions, and develop appropriate strategies to correct violations citywide. This represents a three percent increase from the current staffing level of 293 code enforcement inspectors. The annualized cost of these positions is \$644,240, which is baselined through Fiscal 2019.
- **Housing New York Related New Needs Staffing and Related Other Than Personal Service.** The Executive Budget includes \$2.7 million in Fiscal 2016 for 38 new positions to support the agency's work in the preservation and development of quality affordable housing in relation to the Mayor's housing initiative, *Housing New York*. These new positions will support work related to: administration; homeless placement; compliance; preservation; neighborhood strategies; community partnership and planning; and the technology division. Funding for these positions is baselined in future years at a total cost of \$2.7 million per year through Fiscal 2019.

Other Highlights

- Housing New York: A Five Borough, Ten-Year Plan.*** *Housing New York* is the Mayor's long-term strategy to address the City's affordable housing crisis. The plan, which was created through the coordination of 13 City agencies and with input from over 200 individual stakeholders, outlines more than 50 initiatives to support HPD's goal of developing 80,000 new housing units and preserving 120,000 units to meet the needs of more than 500,000 City residents. As of March 2015, HPD has financed the creation and preservation of 18,939 affordable housing units. Based on average household size, these new and preserved units are enough to affordably house nearly 42,000 New Yorkers. For more information regarding the units constructed and preserved, see table below.

Housing New York- Units Preserved and Constructed					
Income Band	Percentage of AMI	Monthly Rent Required to Prevent Rent-Burden	Annual Income (4-person household)	Number of Units YTD	Percentage of total units
Extremely Low Income	0-30%	Up to \$629	<\$25,150	670	4%
Very Low Income	31-50%	\$630 - \$1,049	\$25,151 - \$41,950	1,768	10%
Low Income	51-80%	\$1,050 - \$1,678	\$41,951 - \$67,120	13,305	72%
Moderate Income	81-120%	\$1,679 - \$2,517	\$67,121 - \$100,680	893	5%
Middle Income	121-165%	\$2,158 - \$3,461	\$100,681 - \$138,435	1,625	9%
Other (Super)				132	1%
TOTAL				18,393	100%
By Borough					
Bronx				5,675	31%
Brooklyn				5,621	31%
Manhattan				5,431	30%
Queens				1,050	6%
Staten Island				616	3%
TOTAL				18,393	100%

- Fifteen Neighborhood Rezoning with Mandatory Affordable Housing Requirements.*** In February 2015, Mayor Bill de Blasio announced six neighborhoods slated to be rezoned and studied for more residential capacity to support the goals outlined in *Housing New York*. These neighborhoods include: East New York (Brooklyn, Council District 42), Long Island City (Queens, Council District 26), the Jerome Avenue Corridor (Bronx, Council Districts 14 and 16), Flushing West (Queens, Council District 20), Bay Street Corridor (Staten Island, Council District 49) and East Harlem (Manhattan, Council District 8). A Mandatory Inclusionary Housing policy will require all new housing built under rezoned areas to include affordable units. *Housing New York* calls for 15 neighborhoods to be rezoned, though so far only six have been announced. The first rezoning will occur in East New York and begin the formal land use process in Spring 2015. It is estimated that the East New York rezoning will result in a net increase of nearly 7,000 housing units by 2030.

Budget Actions in Other Agencies

The City's Fiscal 2016 Executive Budget reflects an increase in funding for City agencies, including the Department of Homeless Services (DHS), the Economic Development Corporation (EDC), and the New York City Housing Authority (NYCHA) that will support and supplement HPD's goals in the preservation and development of affordable housing. While these are not in HPD's budget, they are listed here to provide context of work related to HPD's mission that exists in the larger City budget. The key actions in other agencies include:

- **The Homeless Shelter Repair Squad.** In May 2015, the Administration announced an interagency team charged with accelerating critical repairs to homeless shelters across the City. The shelter SWAT team will be led by Deputy Mayors Anthony Shorris and Lilliam Barrios-Paoli and will be comprised of staff from DHS, the Fire Department (FDNY), the Department of Buildings (DOB), HPD, and the Department of Health and Mental Hygiene (DOHMH), with each agency assigning teams to both inspections and repairs. The SWAT teams will work closely with providers to fix violations in shelters within seven days of being identified, and address the backlog of repairs. For more complicated violations that cannot be remediated within seven days, capital repairs will begin within 30 days and be completed by the end of the year. Provider-run shelters that need additional assistance with repairs and maintenance of facilities will be placed in a streamlined corrective action process and will have their progress monitored by DHS. Funding for these repairs is reflected in DHS' shelter maintenance and repair new need; DHS' Executive Budget for Fiscal 2016 includes \$9.9 million (\$3.7 million in City tax-levy funds and \$6.1 million in federal funds) to support shelter maintenance and repairs.
- **Anti-Eviction Legal Services.** The Human Resources Administration's (HRA) Executive Budget for Fiscal 2016 includes \$20 million in City funding for Fiscal 2016 and \$36 million in Fiscal 2017 and in the outyears to support anti-eviction legal services for residents at risk of harassment and displacement in neighborhoods that will be rezoned under the Mayor's housing plan. This allocation includes funding for 23 positions to support these efforts. Total funding for anti-eviction services in Fiscal 2016 is \$44.6 million.
- **Expand Affordable Housing at NYCHA.** In May 2015, the Administration announced Next Generation NYCHA, a long-term, strategic action plan to proactively improve and preserve public housing by reducing capital needs, expanding affordable housing and increasing operating funds at NYCHA. To support the development and preservation of affordable housing outlined in *Housing New York*, NYCHA will coordinate with HPD to solicit a request for proposals (RFP) to develop 10,000 new affordable housing units on underutilized land, such as empty lots and parking lots, within NYCHA developments. The new housing units are projected to provide \$100- \$200 million in operating revenue for the Authority over a ten-year period.
- **The Acquisition Fund.** The Economic Development Corporation's (EDC) Fiscal 2016 Executive Capital Plan includes \$75 million in Fiscal 2016 through Fiscal 2018 to create a fund that will be used to acquire sites with strong capacity for affordable housing development to support the Mayor's affordable housing goals. These funds will be targeted towards areas that are traditionally underserved or under-invested in order to help stabilize communities through housing development and future economic growth.
- **The Housing Fund.** EDC's Fiscal 2016 Executive Capital Plan includes \$512.1 million in Fiscal 2016 through Fiscal 2023 to create a fund dedicated for infrastructure investments

for potential housing sites to be viable for new development. Many city-owned sites will require infrastructure investment before housing development outlined in *Housing New York* can occur. These funds will be targeted towards physical infrastructure, including streets and sewers, and site preparation such as environmental remediation and site elevation.

- **Neighborhood Development Fund.** The City's Ten-Year Capital Strategy includes \$1 billion for the creation of the Neighborhood Development Fund to provide for critical infrastructure work for neighborhoods to be rezoned under *Housing New York*. The fund will supplement the budgets of EDC and the Department of Environmental Protection (DEP). Specifically, EDC's Fiscal 2016 Executive Capital Plan includes \$702.7 million for Fiscal 2016 through Fiscal 2025 for critical infrastructure work, while DEP's Fiscal 2016 Executive Capital Plan includes \$329 million for Fiscal 2016- 2025 to provide for critical water and sewer related infrastructure work in rezoned areas and in neighborhood plans developed by the Department of City Planning (DCP). The funds will be governed jointly by the Deputy Mayor for Housing and Economic Development, DCP, the Office of Management and Budget (OMB) and EDC.

HPD Budget Issues

The Council's response to the Administration's Fiscal 2016 Preliminary Budget called for two budgetary changes for HPD, including baseline funding for the Alternative Enforcement Program, and for the Moving Allowance Program. The Fiscal 2016 Executive Budget does not add any additional funding or actions to address the Council's proposals.

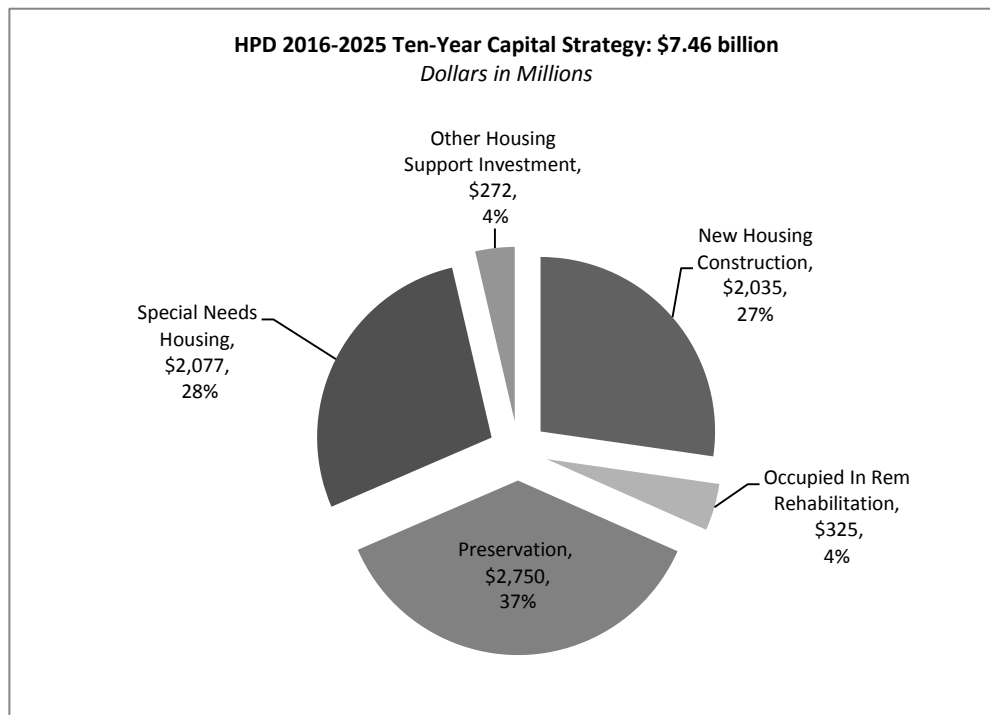
- **The Alternative Enforcement Program (AEP).** AEP is a code enforcement program at HPD which identifies about 200 of the most distressed multiple dwellings citywide each year and allows the City to make repairs to these buildings. Under the program, landlords are billed for repairs which keep residents from living in dire physical conditions while waiting for landlords to act. In Fiscal 2015, the City Council allocated \$750,000 to HPD in order to expand the program to cover an additional 50 buildings per year. This increase in funding dovetails with recently enacted Council legislation (Local Law 64 of 2014) that increased the number of buildings eligible to enter AEP each year from 200 to 250 buildings. The Council request to provide baseline funding for AEP would allow HPD to expand staffing resources and emergency repair work performed in distressed buildings. AEP is currently comprised of 33 code enforcement staff, which are structured into teams so that each building is served by an inspector and community coordinators, who are responsible for coordinating HPD activities within the building and working with tenants and property owners to resolve issues. The teams also include construction project managers who are responsible for overseeing the construction work within the building. From November 2007 to January 2014, seven rounds of buildings were placed in AEP. In that period 1,387 distressed buildings were placed into AEP of which 67 percent were successfully discharged from the program. Most recently, Round 8 of eligible buildings was pulled in February 2015 and included 250 buildings with an average of 14 units each. AEP is largely supported through \$7.9 million in annual federal CDBG funding; the Fiscal 2016 Executive Budget has \$553,000 in City tax-levy dollars allocated for the program, but does not include a baselining of the increased Council funding for the program.
- **Moving Allowance Program.** In Fiscal 2015, the City Council allocated \$250,000 to HPD in order to create a Moving Allowance Program. The goal of this program is to assist tenants

who are impacted by the Section 8 subsidy standard changes that HPD implemented in Fiscal 2013 as a result of federal budget reductions. As part of the Moving Allowance Program, HPD has been providing \$250 grants to households based on the following criteria: households who had a voucher size reduction after July 15, 2013 as result of HPD's subsidy standard change and had an increase in their share of rent of at least \$100 and moved to a smaller-sized apartment; or have already completed a move to a smaller apartment between July 15, 2013 and December 31, 2014. As of May 2015, HPD estimates that 3,350 households were impacted by the subsidy standard change, or approximately 11 percent of HPD's Section 8 program. To date, 375 households have received a \$250 moving grant. The Council request to provide \$250,000 in funding for the Moving Allowance Program would allow HPD to assist 1,000 additional households affected by the Section 8 subsidy standard policy change. This was not included in the Executive Budget.

HPD Capital Program

Ten-Year Capital Strategy

The Ten-Year Capital Strategy (the Strategy) is created every other year, as prescribed by the City's Charter, and represents the Administration's priorities for maintaining the City's core infrastructure, moving the City's infrastructure towards a state of good repair and meeting legal mandates. The Strategy is broken out into unique Ten-Year Plan Categories for each City agency which describe the different types of work being done. The Strategy also plays a key role in establishing the planned capital commitments for the City's four-year Executive Capital Commitment Plan, which is a subset of this long-term strategic document.



The Strategy released by the Mayor on May 7, 2015 totals \$83.8 billion (all funds) an increase of \$16.1 billion or 23.8 percent from the Preliminary Ten-Year Capital Strategy total of \$67.7 billion. HPD's Ten-Year Capital Strategy for Fiscal 2016-2025 totals approximately \$7.5 billion,

with new construction, preservation and special needs housing receiving a majority of the funding, totaling \$6.8 billion. HPD's Executive Ten-Year Capital Strategy increased by \$144.9 million as compared to its Preliminary Ten-Year Capital Strategy which totaled \$7.3 billion. Of the \$144.9 million increase, a majority of the new funding is reflected in the "New Construction" category, which increased by \$132.8 million.

HPD's capital projects are divided into five main categories as illustrated by the above chart. Each of these categories and their budgets are discussed below.

HPD Fiscal 2016-2025 Ten-Year Capital Strategy

<i>Dollars in Thousands</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
New Housing Construction	\$289,732	\$168,478	\$183,660	\$187,333	\$191,080	\$194,903	\$198,800	\$202,777	\$206,832	\$210,967	\$2,034,562
Occupied In Rem Rehabilitation	15,530	22,507	33,417	34,085	34,767	35,462	36,172	36,895	37,633	38,386	324,854
Other Housing Support Investment	24,443	41,141	18,320	20,086	21,888	23,727	25,600	27,513	29,463	39,579	271,760
Preservation	297,120	244,503	257,251	262,397	267,644	272,995	278,456	284,025	289,705	295,500	2,749,596
Special Needs Housing	199,715	193,916	194,124	203,212	206,276	209,402	212,590	215,841	219,159	222,542	2,076,777
Total	\$826,540	\$670,545	\$686,772	\$707,113	\$721,655	\$736,489	\$751,618	\$767,051	\$782,792	\$806,974	\$7,457,549

Source: Office of Management and Budget Executive Ten-Year Capital Strategy Fiscal 2016-2025

Preservation. The Agency's Executive Ten-Year Capital Strategy for the Preservation category of \$2.75 billion increases by \$233.1 million when compared to the Preliminary Ten-Year Capital Strategy of \$2.51 billion. In Fiscal 2016, this category increases by \$54.7 million, while it increases by \$70.1 million in Fiscal 2019. Funding will support activities to preserve existing affordable housing stock and ensure long-term affordability. The Executive Ten-Year Capital Strategy includes \$1.7 billion for the Single Room Occupancy (SRO) loan program, which provides low interest loans to property owners for the moderate or substantial rehabilitation of multiple dwellings, including SROs. The Strategy also provides \$659.7 million for HPD's Participation Loan Program (PLP), which provides low-interest loans and tax exemptions to rehabilitate housing for low-and moderate-income households.

Special Needs Housing. The Agency's Executive Ten-Year Capital Strategy for the Special Needs Housing category of \$2.08 billion decreases by \$12.4 million when compared to the Preliminary Ten-Year Capital Strategy of \$2.09 billion. In Fiscal 2016, this category decreases by \$674,000, while it decreases by \$5.9 million in Fiscal 2017 and 2018. Funding will support the construction and preservation of housing for seniors, persons with disabilities, and formerly homeless households throughout the five boroughs. The Executive Ten-Year Capital Strategy includes \$358.6 million for senior housing through the Supportive Housing Loan Program (SHLP), which provides low-interest loans to support the development of permanent supportive housing with on-site social services.

New Housing Construction. The Agency's Executive Ten-Year Capital Strategy for the New Housing Construction category of \$2.03 billion increases by \$75.7 million when compared to the Preliminary Ten-Year Capital Strategy of \$1.96 billion. In Fiscal 2016, this category increases by \$132.8, while it decreases by \$57.1 million in Fiscal 2019. Funding will support construction of new units serving low, moderate, and middle income households throughout the five boroughs. The Executive Ten-Year Capital Strategy includes \$1.3 billion for the Extremely Low & Low Income Affordability (ELLA) Program, which funds the new construction of housing affordable to families with household incomes up to 60 percent of Area Median Income (AMI). Projects may include a tier of units affordable to households between 61 percent to 90 percent of AMI.

Occupied In Rem Rehabilitation. The Agency's Executive Ten-Year Capital Strategy for the Occupied in Rem Rehabilitation category of \$324.9 million decreases by \$156.3 million when compared to the Preliminary Ten-Year Capital Strategy of \$481.2 million. Funding will be used towards the rehabilitation and disposition of city-owned housing, which will be rehabilitated for the benefit of low, moderate and middle income households. The Executive Ten-Year Capital Strategy includes \$324.1 million for the Affordable Neighborhood Cooperative Program (ANCP), which provides low-interest loans for the rehabilitation of buildings under the Tenant Interim Lease (TIL) Program for the creation of affordable cooperatives for low and moderate-income households. Loans are intended for buildings in need of system replacements, structural improvements and modernization of apartment interiors. The Executive Ten-Year Capital Strategy includes \$435.5 million for the Third Party Transfer Program (TPT), which allows HPD to target properties that have substantial tax arrears and are in poor physical condition for the in rem foreclosure process. The majority of buildings eligible for TPT are occupied by tenants and are in varying levels of disrepair. The Executive Ten-Year Capital Strategy includes \$160.2 million for the Multifamily Preservation Loan Program (MPLP), which allows HPD to designate qualified sponsors to purchase and rehabilitate distressed vacant and occupied multi-family properties in order to improve and preserve housing affordable to low- and moderate-income households.

Other Housing Support. The Agency's Executive Ten-Year Capital Strategy for the Other Housing Support category of \$271.8 million increases by \$6.8 million when compared to the Preliminary Ten-Year Capital Strategy of \$264.9 million. This funding increase is reflected in Fiscal 2016. Funding will support a variety of HPD initiatives, including the demolition of unsafe buildings, costs associated with development in urban renewal areas, computer-based productivity initiatives, and other infrastructure support.

Capital Commitment Plan

The Fiscal 2016 Executive Budget Capital Commitment Plan includes \$3.5 billion in Fiscal 2015-2019 for HPD (including City and Non-City funds). This represents approximately 6.1 percent of the City's total \$57.4 billion Executive Plan for Fiscal 2015-2019. The agency's Executive Commitment Plan for Fiscal 2015-2019 is two percent greater than the \$3.4 billion scheduled in the Preliminary Commitment Plan, an increase of \$84.2 million.

The majority of capital projects span multiple fiscal years, and it is, therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2014, HPD committed \$604.2 million or 75 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2015 Capital Plan will be rolled into Fiscal 2016, a process which can be seen beginning in the chart below with a draw down in planned spending in 2015 coupled with an increase in 2016.

HPD 2015-2019 Capital Commitment Plan						
<i>Dollars in Thousands</i>	2015	2016	2017	2018	2019	Total
Preliminary Plan	\$672,023	\$667,914	\$676,421	\$692,648	\$707,113	\$3,416,119
Executive Plan	609,345	826,540	670,545	686,772	707,113	3,500,315
Change	(62,678)	158,626	(5,876)	(5,876)	0	84,196
Percentage Change	(9%)	24%	(1%)	(1%)	0%	2%

Source: OMB Fiscal 2016 Executive Capital Commitment Plan

Executive Capital Plan Highlights

HPD's Fiscal 2015 -2019 Executive Capital Commitment Plan of \$3.5 billion includes:

- \$652.3 million for Supportive Housing;
- \$615.3 million for the Low Income Rental Program, including the Extremely Low & Low Income Affordability (ELLA) Program;
- \$267.8 million for the Participation Loan Program (PLP);
- \$235 million for the Article 8A Loan Program;
- \$210.8 million for Low Income Housing Tax Credit (LIHTC) Projects- LIHTC Year 15 Preservation Program;
- \$181.1 million for the Mixed Income Program- Mix and Match;
- \$198.5 million for the Third Party Transfer Program (TPT);
- \$154.6 for the HUD Multi-family Program;
- \$115.8 million for the SRO Loan Program;
- \$108.2 million for the Affordable Neighborhood Cooperative Program;
- \$91.1 million for the Multifamily Preservation Loan Program (MPLP); and
- \$17.3 million for Anti-Abandonment Programs, including the 7A Financial Assistance Program.

HPD's Fiscal 2016 Executive Capital Commitment Plan reflects an increase of \$84.2 million, or two percent when compared to the agency's Fiscal 2016 Preliminary Capital Commitment Plan. Some of the major capital projects included in the Executive Capital Plan for Fiscal 2015-2019 include:

- **Single Room Occupancy (SRO) Loan Program.** The Executive Capital Commitment Plan includes \$115.8 million for the SRO loan program. The HPD Division of Special Needs Housing through its Supportive Housing Loan Program (SHLP) makes low-interest loans to support the development of permanent supportive housing with on-site social services. SHLP provides financing (up to \$90,000 per unit) to non-profit organizations to develop supportive housing for homeless single adults, including but not limited to, people with mental illnesses, HIV/AIDS, and disabilities. Loans have a 30-year term and neither principal nor interest are repaid if the sponsor complies with a 30 year regulatory agreement requiring that the property remain affordable to low-income homeless tenants. Projects may be newly constructed or rehabilitated, and on city-owned or privately-owned land. Acquisition costs up to the appraised value of the units are covered by the loan as well.
- **Supportive Housing Projects.** The Executive Capital Commitment Plan includes \$652.3 million for supportive housing projects. HPD's Supportive Housing program provides funding for new construction and rehabilitation of supportive housing for homeless single adults, including people suffering from disabilities such as mental illness and AIDS, families with special needs and youth aging out of foster care. Projects developed with Supportive Housing loans must provide a 60 percent set aside of units for homeless, disabled individuals or homeless families with a disabled head-of-household.

The remaining 40 percent can be rented to households earning up to 60 percent of the AMI. Such projects include \$12.8 million for Common Ground located at 411 E 178th Street (Bronx), \$9.8 million for Jericho located at 2065 Walton Avenue (Bronx), \$8.3 million for Praxis located at 2270 Loring Place North (Bronx), \$10.1 million for the Henry Apartments located at 1674-1684 Broadway & 768-770 Decatur Street (Brooklyn), and \$8.6 million for UPS located at 1060 Rev. James Polite Avenue (Bronx). Approximately \$630.9 million is included for the development and rehabilitation of supportive housing on vacant, city-owned sites.

- **The Low Income Rental Program.** The Executive Capital Commitment Plan includes \$615.3 million for the Low Income Rental Program. The Low Income Program provides additional subsidy towards the financing of new construction of low-income multi-family rental projects affordable to households earning up to 60 percent of AMI. HPD provides a loan subsidy of up to \$70,000 per unit. To be eligible for the subsidy, borrowers must be a Housing Development Fund Corporation (HDFC) non-profit cooperative, or a for-profit cooperative in partnership with a HDFC. Borrowers must also have experience developing and marketing similar projects. For newly constructed projects, 80 percent of units must be affordable to households with incomes less than 60 percent of AMI. In addition, at least 20 percent of the units must serve formerly homeless households (Section 8 vouchers may be available) or households earning less than 40 percent of AMI. Projects may include a tier of units affordable to households at 61 percent to 90 percent of AMI as dictated by other funding sources, but the requirements listed above still must be met in order for the project to be eligible for this funding.
- **Mixed Income Program.** The Executive Capital Commitment Plan includes \$181.1 million for the Mixed Income Program. The Mixed Income Program funds the new construction and substantial rehabilitation of market-rate buildings with a significant component of low and middle income units. Specifically, 45 percent of the units financed under this program must be affordable to households making between 40 percent to 60 percent of the AMI, 30 percent of units must be affordable at 80 percent to 130 percent of AMI and 50 percent units at market rate. Projects may have up to 20 percent of units with rents set up to 150 percent AMI, however units with rents set above 130 percent AMI will not be subsidized.
- **Green Housing Preservation Program.** The Adopted Capital Commitment Plan will include \$45.3 million for the Green Housing Preservation Program. Specifically, the new program and related green preservation initiatives will provide \$24 million for the Green Preservation Loan Program and \$21.3 million for the Green Moderate Rehab Program. This program was announced in May 2015 and will be a joint collaboration between HPD and the New York City Housing Development Corporation (HDC) to assist owners of small- to mid-sized multifamily properties across the City in undertaking energy efficiency and water conservation improvements; as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas (GHG) emissions, and preserve affordability. Additionally, the New York City Energy Efficiency Corporation (NYCEEC) created a fund that will be available to participating owners who need assistance in financing the predevelopment requirements necessary for participation in the program. Buildings that have at least five units and are less than 50,000 square feet (about 50 units) are eligible for the program. The Green Housing

Preservation Program provides zero percent interest evaporating loans for energy efficiency and water conservation improvements, and one percent repayable loans to help cover the costs of moderate rehabilitation improvements that go beyond the energy efficiency measures. The new program is projected to assist 475 units in the first year.

Appendix 1: HPD Fiscal 2016 Executive Budget Actions

<i>Dollars in Thousands</i>	Fiscal 2015			Fiscal 2016		
	City	Non-City	Total	City	Non-City	Total
HPD Budget as of the Fiscal 2016 Preliminary Plan	\$71,407	\$888,014	\$959,421	\$57,123	\$662,754	\$719,877
New Needs						
Castleton Demolition	\$3,000	\$0	\$3,000	\$0	\$0	\$0
Code Enforcement Staff	0	0	0	644	0	644
Demolition and Shelter Costs	2,000	0	2,000	0	0	0
FY2015 IFA Surplus Reduction	0	(600)	(600)	0	0	0
HPD New Needs Staffing and Related OTPS	0	0	0	2,725	0	2,725
Subtotal New Needs	\$5,000	(\$600)	\$4,400	\$3,369	\$0	\$3,369
Other Adjustments						
21 Truxton Avenue	\$0	\$225	\$225	\$0	\$450	\$450
Barry Thomas	0	10	10	0	0	0
Bring Up Funds for HANS	0	1,099	1,099	0	0	0
Bring Up Funds for the CD Roll	0	1,864	1,864	0	0	0
CD Funding Adjustment	0	(24)	(24)	0	(14)	(14)
CSBA and CWA IFA Collective Bargaining- HPD	0	72	72	0	84	84
CSBA and CWA LL1180 CD	0	417	417	0	449	449
CSBA and CWA LL1180 Tax Levy	240	0	240	263	0	263
DTR Furniture	0	51	51	0	0	0
Family Self Sufficiency	0	638	638	0	272	272
Heat Light and Power	(35)	0	(35)	(80)	0	(80)
Housing Recovery Office (HRO)- Sandy Ad	0	15	15	0	0	0
IC W/ HPD- Collective Bargaining	0	4	4	0	5	5
Lease Adjustment	0	0	0	2	178	179
LINC Apt. Inspections with HPD	0	550	550	0	0	0
Moderate Rehab	0	339	339	0	0	0
Project Open House	0	25	25	0	0	0
QBH parking garage fence	0	70	70	0	0	0
Reallocate funds for TIL	0	44	44	0	0	0
Security and Postage	0	546	546	0	0	0
Shelter Plus Care	0	1,240	1,240	0	930	930
Signal Cable TIGER VI Grant	0	10	10	0	24	24
State Budget: Emergency Assistance to Families	107	(107)	0	214	(214)	0
Studio City funds	0	9,805	9,805	0	0	0
Bring up Funds for SNAP	0	392	392	0	56	56
To Schedule funds for Demo 10	0	416	416	0	0	0
To Schedule HUD Lead Gt 10	0	69	69	0	46	46
To Schedule HUD Lead Gt 12	0	74	74	0	165	165
To Schedule NYCHA Funds	0	253	253	0	0	0
To Schedule TDAP Private Funds	0	130	130	0	0	0
Subtotal Other Adjustments	\$312	\$18,230	\$18,542	\$399	\$2,431	\$2,830
TOTAL All Changes	\$5,312	\$17,630	\$22,942	\$3,768	\$2,431	\$6,199
HPD Budget as of the Fiscal 2016 Executive Plan	\$76,719	\$905,644	\$982,364	\$60,891	\$665,185	\$726,077

Appendix 2: HPD Budget Actions since Fiscal 2015 Adoption

<i>Dollars in Thousands</i>	Fiscal 2015			Fiscal 2016		
	City	Non-City	Total	City	Non-City	Total
HPD Budget as of the Fiscal 2015 Adopted Plan	\$69,744	\$485,581	\$555,325	\$52,088	\$484,835	\$536,923
New Needs						
HPD New Needs Staffing and Related OTPS	\$729	\$0	\$729	\$2,185	\$0	\$2,185
Castleton Demolition	3,000	0	3,000	0	0	0
Code Enforcement Staff	0	0	0	644	0	644
Demolition and Shelter Costs	2,000	0	2,000	0	0	0
FY2015 IFA Surplus Reduction	0	(600)	(600)	0	0	0
HPD New Needs Staffing and Related OTPS	0	0	0	2,725	0	2,725
Subtotal New Needs	\$5,729	(\$600)	\$5,129	\$5,554	\$0	\$5,554
Other Adjustments						
AfR CDBG-DR Contracting Needs	\$0	\$600	\$600	\$0	\$0	\$0
Allocate DR Funds	0	3,882	3,882	0	0	0
Atlantic Ave Ext Program- Economic Development Corporation	0	56	56	0	0	0
Bring Up Federal For Shelters	0	2,050	2,050	0	0	0
Bring Up Funds for Economic Development Corporation	0	97	97	0	0	0
Bring Up Funds For Willets PT	0	961	961	0	0	0
CDBG-DR Multi-Family Funding	0	59,443	59,443	0	41,409	41,409
CDBG-DR Single Family Funding	0	34,978	34,978	0	15,179	15,179
CDBG-DR Temporary Disaster Assistance Program	0	8,220	8,220	0	5,426	5,426
CDBG-DR Build it Back P&A FY15	0	900	900	0	0	0
Collective Bargaining	636	3,368	4,003	709	2,313	3,021
Division of Tenant Resources OTPS	0	173	173	0	0	0
Family Self-Sufficiency (FSS) Program	0	565	565	0	15	15
Funding Adjustment	608	0	608	1,473	0	1,473
Housing Choice Voucher Administration	0	174	174	0	0	0
HomeFirst Down Payment Asst	0	3,000	3,000	0	3,000	3,000
Homeless Prevention	0	798	798	0	0	0
LGRMIF	0	42	42	0	0	0
Mortgage Assistance Program (MAP)	0	1,000	1,000	0	0	0
Member Item Reallocation	(53)	0	(53)	0	0	0
Project Open House	0	252	252	0	0	0
PS Adjustments	207	0	207	267	0	267
Reallocate funds for CODE Site	0	103	103	0	0	0
Reallocate Funds for Demo' 10	0	14	14	0	0	0
Rollover Section 8 Funds	0	255	255	0	0	0
Shelter Plus Care	0	2,100	2,100	0	0	0
SNAP/SPC Admin Supplies	0	1	1	0	0	0
SPC 500 W 159 St.	0	461	461	0	461	461
SPC 500 W 42nd St.	0	241	241	0	241	241
SPC Temp Stephen Erdman	0	22	22	0	0	0
SPC Temp Barry Thomas	0	23	23	0	0	0
To add funds for MF Sandy HPD	0	9,605	9,605	0	0	0
To Fund HOME TBRA	0	269	269	0	0	0
To Schedule Construction Funds	0	702	702	0	0	0
Vouchers B/C: 7651	0	126,116	126,116	0	0	0
Weatherization	0	661	661	0	0	0
Bring Up Funds for Sandy	0	2,273	2,273	0	0	0
CD Transfer for Non-Union Employees	0	172	172	0	216	216

<i>Dollars in Thousands</i>	Fiscal 2015			Fiscal 2016		
	City	Non-City	Total	City	Non-City	Total
CDBG-DR OTPS T1 T2 Bal	\$0	\$170	\$170	\$0	\$863	\$863
FY15 City Council Member Item Re-Allocation	(762)	0	(762)	0	0	0
HOME Grant Consultants	0	17	17	0	0	0
HPD Direct Resiliency DR Funds	0	17,484	17,484	0	13,113	13,113
HPD LMI Projects	0	77,600	77,600	0	60,285	60,285
HPD UN Projects	0	41,785	41,785	0	32,461	32,461
IFA Transfer for Non-Union Employees	0	90	90	0	115	115
Labor Transfer for Non-Union Employees	237	0	237	316	0	316
Budget Modification Number 3- Member Item Re-allocation	(2)	0	(2)	0	0	0
Schedule CDBG-DR	0	1,708	1,708	0	2,822	2,822
Transfer a PECO Staff Position from DOHMH	64	0	64	85	0	85
21 Truxton Avenue	\$0	\$225	225	\$0	\$450	450
Barry Thomas	0	10	10	0	0	0
Bring Up Funds for HANS	0	1,099	1,099	0	0	0
Bring Up Funds for the CD Roll	0	1,864	1,864	0	0	0
CD Funding Adjustment	0	(24)	(24)	0	(14)	(14)
CSBA and CWA IFA Collective Bargaining- HPD	0	72	72	0	84	84
CSBA and CWA LL1180 CD	0	417	417	0	449	449
CSBA and CWA LL1180 Tax Levy	240	0	240	263	0	263
DTR Furniture	0	51	51	0	0	0
Family Self Sufficiency	0	638	638	0	272	272
Heat Light and Power	(35)	0	(35)	(80)	0	(80)
Housing Recovery Office (HRO)- Sandy Ad	0	15	15	0	0	0
IC W/ HPD- Collective Bargaining	0	4	4	0	5	5
Lease Adjustment	0	0	0	2	178	179
LINC Apt. Inspections with HPD	0	550	550	0	0	0
Moderate Rehab	0	339	339	0	0	0
Project Open House	0	25	25	0	0	0
QBH parking garage fence	0	70	70	0	0	0
Reallocate funds for TIL	0	44	44	0	0	0
Security and Postage	0	546	546	0	0	0
Shelter Plus Care	0	1,240	1,240	0	930	930
Signal Cable TIGER VI Grant	0	10	10	0	24	24
State Budget: Emergency Assistance to Families	107	(107)	0	214	(214)	0
Studio City funds	0	9,805	9,805	0	0	0
Bring up Funds for SNAP	0	392	392	0	56	56
To Schedule funds for Demo 10	0	416	416	0	0	0
To Schedule HUD Lead Gt 10	0	69	69	0	46	46
To Schedule HUD Lead Gt 12	0	74	74	0	165	165
To Schedule NYCHA Funds	0	253	253	0	0	0
To Schedule TDAP Private Funds	0	130	130	0	0	0
Subtotal Other Adjustments	\$1,246	\$420,663	\$421,909	\$3,249	\$180,350	\$183,599
TOTAL All Changes	\$6,975	\$420,063	\$427,038	\$8,803	\$180,350	\$189,153
HPD Budget as of the Fiscal 2016 Executive Plan	\$76,719	\$905,644	\$982,364	\$60,891	\$665,185	\$726,077

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