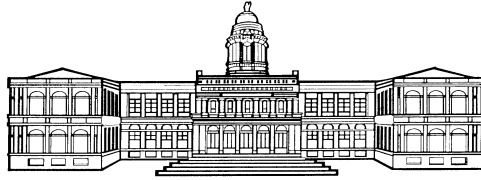


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



Hearing on the Fiscal 2010 Executive Budget for the **Housing Preservation and Development**

May 28, 2009

Hon. Christine C. Quinn
Speaker

Preston Niblack
Director

Hon. David I. Weprin
Chair, Committee on Finance

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Housing Preservation and Development (806)

Agency Overview

The Department of Housing Preservation and Development (HPD) works to maximize the production of affordable housing in New York City by encouraging cost-effective development. The Department also promotes the preservation and improvement of existing housing stock by providing loan assistance, education, and code enforcement. In conjunction with these housing objectives, the Department supports a comprehensive community development agenda by conveying City-owned properties, both occupied and vacant, to responsible private owners, while promoting retail development, homeownership initiatives, and productive community partnerships.

Expense Budget Highlights

HPD's Fiscal 2010 Executive Budget is 5 percent less than the Fiscal 2009 Adopted Budget. Planned spending will decrease primarily in Code Enforcement (approximately \$12.6 million) and Management and Disposition (approximately \$18.8 million). The decrease in Code Enforcement is partially due to revised projections of the number of units that will be affected by the Alternate Enforcement Program (AEP). The decrease in the Management and Disposition program area is the result of a one-time expenditure in Fiscal 2009 of \$21.4 million for demolition activities at Hudson Yards. Additional reductions in the Fiscal 2010 Executive Budget are due to the elimination of funding secured by the Council in the Fiscal 2009 Adopted Budget, including funds for: Anti-eviction Legal Services, Community Consultant Contracts, Neighborhood Preservation Consultant Contracts, Anti-Predatory Lending Contracts, the Mortgage Foreclosure Initiative, and the Housing Preservation Initiative.

HPD's Fiscal 2010 Executive Budget includes a headcount reduction of 130 positions from the Fiscal 2009 Adopted Budget. The headcount reduction includes the elimination of 51 existing vacancies and future attrition, 39 vacancy eliminations from prior fiscal years that will reach their full value in Fiscal 2010, and seven positions that are funded through federal community development grants which will be reflected after the budget is adopted. The remainder of the headcount reduction includes, 28 layoffs and five redeployments of staff funded with tax levy funds to the CDBG unit. The 28 layoffs will consist primarily of clerical and midlevel positions in Code Enforcement's central operations. The total savings from attrition and vacancy eliminations will be approximately \$2.6 million for the remainder of Fiscal 2009, \$4.4 million for Fiscal 2010, and \$5.7 million in Fiscal 2011 and the out years. Savings from the layoffs will be \$1.4 million in Fiscal 2010 and \$1.8 million in Fiscal 2011 and the out-years. These budgetary savings are offset by an increase of approximately \$1.7 million in Fiscal 2010 and the out-years associated with recent collective bargaining settlements throughout the agency.

The Executive Budget also includes \$1 million in Fiscal 2010 for the demolition of residential property that are deemed unsafe or inhabitable by the Department of Buildings (DOB). This additional funding was added to HPD's budget in anticipation of more orders to demolish unsafe buildings resulting from staff increases at DOB. In addition, the Executive Budget includes a total of \$2 million for the Center for New York City Neighborhoods (CNYCN), an increase of \$1 million from the Fiscal 2009 Adopted Budget. The CNYCN is a nonprofit organization that was established by the City to combat the current mortgage foreclosure crisis.

The Executive Budget includes \$26 million of federal stimulus funds from the American Recovery and Reinvestment Act of 2009. The stimulus money will come in the form of Community Development Block Grant funds that must obligated by the end of calendar year 2010 and spent by September, 2012. HPD identified areas of need that could utilize funding within the time constraints and regulations established by the Federal government that will be dedicated towards the following:

Emergency Repair Program (ERP) - \$19,462,000: ERP works to correct immediately hazardous class "C" violations in privately owned buildings and monitors repairs in city-owned properties. HPD has identified emergency repair as an area of critical need.

Emergency Demolition Program - \$3,384,000: Under the Emergency Demolition Program, HPD hires contractors to demolish buildings that are deemed unsafe pursuant to a Department of Buildings declaration of emergency.

Neighborhood Preservation Offices - \$3,200,000: HPD has spent nearly 20 percent of allowable expenses of CDBG funds for planning and administration in the Neighborhood Preservation Offices. HPD will utilize \$3.2 million in stimulus funds to pay for these expenses, enabling the agency to free up CD money to pay for the fringe cost of 56 employees.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$145,767,465	\$149,315,181	\$148,946,373	\$150,712,358
Other than Personal Services	\$452,226,960	\$391,103,602	\$339,831,468	\$363,435,258
Total	\$597,994,425	\$540,418,783	\$488,777,841	\$514,147,616
Funding				
City	NA	\$79,004,188	\$61,317,320	\$63,105,669
Other Categorical	NA	\$22,886,131	\$1,534,606	\$1,534,606
Capital IFA	NA	\$15,620,446	\$16,477,785	\$16,546,031
State	NA	\$1,306,726	\$1,967,852	\$1,967,852
Federal - CDBG	NA	\$163,786,548	\$149,219,021	\$172,732,201
Federal - Other	NA	\$256,824,751	\$257,271,264	\$257,271,264
Intra-City	NA	\$989,993	\$989,993	\$989,993
Total	NA	\$540,418,783	\$488,777,841	\$514,147,616
Headcount				
Full-time Positions	2,623	2,822	2,725	2,692

Capital Budget

HPD's Fiscal 2010 Capital Commitment Plan is \$1.3 billion for Fiscals 2009-2013 (including City and Non-City funds). This represents 3 percent of the City's total \$47.1 billion January Plan for Fiscals 2009-2013. The agency's Fiscal 2010 Commitment Plan for Fiscals 2009-2013 is 29 percent less than the \$1.7 billion in the January Commitment Plan, a decrease of \$390.3 million.

Over the past five years, HPD has committed an average of 56.2 percent of its annual city funded capital plan. Therefore it is assumed that a portion of the agency's Fiscal 2009 capital plan will be rolled into Fiscal 2010 increasing the size of the Fiscal 2010-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2009 has decreased from \$840.6 million to \$745.6 million, a decrease of \$95 million or eleven percent.

Currently HPD's appropriations total \$1.1 billion in city-funds for Fiscal 2009. These funds are to be used to finance HPD's \$611.2 million city-funded capital commitment program. The agency has 56 percent more funding than it needs to meet its capital commitment program for the current fiscal year.

In January the Mayor announced his intention to reduce the City's capital plan by 30 percent. The objective of the capital cut is to reduce the amount of the City's general obligation (GO) debt service as a percentage of total revenues. The 30 percent reduction in the Ten-Year Capital Plan Fiscals 2010 – 2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The 2010 Executive Capital Budget includes \$47.0 billion in planned commitments for Fiscals 2010 – 2019. This total includes \$12.84 billion in commitments for capital projects for the Department of Environmental Protection (DEP) which are funded primarily by non-GO debt. The GO-funded portion of the Fiscal 2010 – 2019 Executive Capital Plan is \$34.17 billion; this is \$6.93 billion or 16.86 percent less than the \$41.1 billion Preliminary Fiscal 2010 – 2019 Capital Plan.

HPD Capital Commitment Plan, 2009-2013

Millions of dollars

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	TOTAL
January Plan						
City	\$653,672	\$357,606	\$282,669	\$260,156	\$398,808	\$1,229,239
Non-City	\$187,005	\$128,491	\$112,683	\$97,006	\$104,549	\$442,729
Total	\$840,677	\$486,097	\$395,352	\$357,162	\$503,357	\$1,741,968
Executive Plan						
City	\$556,703	\$257,582	\$199,868	\$182,017	\$270,821	\$910,288
Non-City	\$188,967	\$129,817	\$109,830	\$98,434	\$103,265	\$441,346
Total	\$745,670	\$387,399	\$309,698	\$280,451	\$374,086	\$1,351,634
Difference						
City	(\$96,969)	(\$100,024)	(\$82,801)	(\$78,139)	(\$127,987)	(\$388,951)
Non-City	\$1,962	\$1,326	(\$2,853)	\$1,428	(\$1,284)	(\$1,383)
Total	(\$95,007)	(\$98,698)	(\$85,654)	(\$76,711)	(\$129,271)	(\$390,334)
Percent Chng.	(13%)	(26%)	(27%)	(28%)	(34%)	(29%)

Program Budget Overview

HPD's Program Budget consists of the following programs.

Program	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Administration	\$35,084,365	\$33,093,395	\$29,941,598	\$31,110,067
Administration Program	\$14,736,825	\$9,652,177	\$10,909,449	\$11,121,508
Development	\$59,713,336	\$19,526,400	\$15,402,385	\$18,397,361
Housing Operations - Section 8 Programs	\$304,985,376	\$246,076,034	\$245,185,416	\$245,145,346
Housing Operations-Emergency Housing	\$16,739,134	\$22,141,133	\$20,943,910	\$18,584,635
Housing Operations-Management & Disposition	\$55,327,723	\$75,729,299	\$49,832,239	\$56,872,974
Preservation - Anti-Abandonment	\$12,003,356	\$10,523,030	\$7,487,115	\$7,518,822
Preservation - Code Enforcement	\$28,802,497	\$53,631,925	\$40,834,216	\$40,976,858
Preservation - Emergency Repair	\$29,896,973	\$28,159,919	\$32,249,717	\$40,641,213
Preservation - Lead Paint	\$21,526,717	\$19,921,027	\$21,502,736	\$20,592,761
Preservation - Other Agency Services	\$19,178,124	\$21,964,444	\$14,489,060	\$23,186,071
Total	\$597,994,425	\$540,418,783	\$488,777,841	\$514,147,616

Headcount				
Administration	403	492	443	439
Administration Program	99	97	90	90
Development	206	272	237	235
Housing Operations - Section 8 Programs	257	220	220	220
Housing Operations-Emergency Housing	72	61	61	61
Housing Operations-Management & Disposition	405	448	428	426
Preservation - Anti-Abandonment	109	103	108	108
Preservation - Code Enforcement	464	540	521	498
Preservation - Emergency Repair	157	132	156	156
Preservation - Lead Paint	333	350	355	353
Preservation - Other Agency Services	118	107	106	106
Total	2,623	2,822	2,725	2,692

Administration

The HPD Administration Program Area encompasses a wide range of activities, including the support services such as human resources and the budget office, funding pass-throughs for the New York City Housing Authority (NYCHA) and City Council initiatives, and administration of the Senior Citizen Rent Increase Exemption for households living in subsidized housing. There are six programs within the Administration Program Area: Fair Housing, NYCHA, Research and Policy, Housing Supervision, City Council Initiatives, and General Administration.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$27,869,620	\$25,514,583	\$23,793,643	\$24,688,368
Other than Personal Services	\$7,214,745	\$7,578,812	\$6,147,955	\$6,421,699
Total	\$35,084,365	\$33,093,395	\$29,941,598	\$31,110,067
Funding				
City	NA	\$23,366,448	\$21,851,498	\$22,232,701
Capital IFA	NA	\$1,253,797	\$1,316,706	\$1,334,780
Federal - CDBG	NA	\$6,436,873	\$4,737,117	\$5,506,309
Federal - Other	NA	\$1,973,793	\$1,973,793	\$1,973,793
Intra-City	NA	\$62,484	\$62,484	\$62,484
Total	NA	\$33,093,395	\$29,941,598	\$31,110,067
Headcount				
Full-time Positions	403	492	443	439

The number of full-time positions in this program area has declined by 53 since the Fiscal 2009 Adopted Budget. This decline is due to the attrition and vacancy eliminations of 49 positions and 4 layoffs.

Development

HPD works to identify privately owned sites suitable for housing development, facilitates the procurement of funds for property acquisition, collaborates with other agencies with land and buildings suitable for housing development and creates the appropriate programs and policies to facilitate housing development. New housing development is a major activity for HPD, but much of the spending for this program area takes place in the capital budget.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$12,574,790	\$15,807,360	\$12,983,345	\$13,978,321
Other than Personal Services	\$47,138,546	\$3,719,040	\$2,419,040	\$4,419,040
Total	\$59,713,336	\$19,526,400	\$15,402,385	\$18,397,361
Funding				
City	NA	\$8,107,495	\$6,419,580	\$8,552,063
Other Categorical	NA	\$409,606	\$409,606	\$409,606
Capital IFA	NA	\$2,413,471	\$2,486,380	\$2,498,873
Federal - CDBG	NA	\$3,698,745	\$1,189,736	\$2,039,736
Federal - Other	NA	\$4,897,083	\$4,897,083	\$4,897,083
Total	NA	\$19,526,400	\$15,402,385	\$18,397,361
Headcount				
Full-time Positions	206	272	237	235

The number of full-time positions in this program area has declined by 37 since the Fiscal 2009 Adopted Budget. This decline is due to attrition and vacancy eliminations of 35 positions and 2 layoffs.

Housing Operations – Section 8 Programs

The Office of Housing Operations is charged with the maintenance of occupied privately owned and city-owned buildings. The Office is comprised of four divisions. The Division of Property Management manages city-owned residential and commercial properties. The Division also provides emergency shelter for households displaced as a result of fire or emergency vacate orders. The Division of Alternative Management Programs is charged with returning buildings that are currently in city ownership to responsible private owners. The Division of Tenant Resources provides low-income families with affordable housing with Section 8 vouchers that subsidize monthly rent payments. The housing operations program area includes three main programs: management and disposition, emergency housing, and Section 8 rental assistance.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$9,852,014	\$8,693,453	\$8,761,880	\$8,761,880
Other than Personal Services	\$295,133,362	\$237,382,581	\$236,423,536	\$236,383,466
Total	\$304,985,376	\$246,076,034	\$245,185,416	\$245,145,346
Funding				
City	NA	\$1,974,924	\$1,084,306	\$1,044,236
Federal - Other	NA	\$244,101,110	\$244,101,110	\$244,101,110
Total	NA	\$246,076,034	\$245,185,416	\$245,145,346
Headcount				
Full-time Positions	257	220	220	220

Housing Operations – Emergency Housing

The Emergency Housing Services Bureau provides emergency relocation services to tenants displaced as a result of fires or vacate orders issued by the Department of Buildings, Fire Department or HPD Code Enforcement. In addition, HPD operates the Article 7A program; in which administrators are appointed by the Court (pursuant to New York State Law) to operate privately owned buildings that have been abandoned by their owners, resulting in conditions that are dangerous to the tenants' life, health and safety. The administrators act under Court Order to collect rents and use the money to provide essential services to the tenants and make necessary repairs. Housing in the Article 7A program remains in private ownership, but the program is managed along with those targeting city-owned units.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$3,624,087	\$3,390,926	\$3,490,607	\$3,492,563
Other than Personal Services	\$13,115,046	\$18,750,207	\$17,453,303	\$15,092,072
Total	\$16,739,134	\$22,141,133	\$20,943,910	\$18,584,635
Funding				
City	NA	\$3,767,226	\$3,422,769	\$1,061,538
Other Categorical	NA	\$1,000,000	\$1,000,000	\$1,000,000
State	NA	\$1,306,730	\$1,967,856	\$1,967,856
Federal - CDBG	NA	\$14,194,753	\$12,405,435	\$12,407,391
Federal - Other	NA	\$1,826,406	\$2,101,832	\$2,101,832
Intra-City	NA	\$46,018	\$46,018	\$46,018
Total	NA	\$22,141,133	\$20,943,910	\$18,584,635
Headcount				
Full-time Positions	72	61	61	61

The overall budget in this program area has declined by approximately \$4 million since the Fiscal 2009 Adopted Budget which is primarily due to a combination of budget cuts and swapping of federal funds for city funds in order to incur greater savings in the OTPS budget.

Housing Operations – Management and Disposition

HPD has the responsibility for managing, operating and disposing of city-owned dwelling units. In recent years, HPD has made it a priority to dispose these properties to the private market by initiating programs that target occupied and vacant city-owned buildings for rehabilitation and sale to community-based owners, such as local entrepreneurs, neighborhood nonprofit housing organizations, or qualified tenant groups.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$25,301,562	\$25,484,191	\$25,418,033	\$25,166,471
Other than Personal Services	\$30,026,160	\$50,245,108	\$24,414,206	\$31,706,503
Total	\$55,327,723	\$75,729,299	\$49,832,239	\$56,872,974
Funding				
City	NA	\$8,346,644	\$6,976,572	\$8,974,935
Other Categorical	NA	\$21,476,525	\$0	\$0
Capital IFA	NA	\$11,464,144	\$12,180,744	\$12,218,423
Federal - CDBG	NA	\$31,467,865	\$27,700,802	\$32,705,495
Federal - Other	NA	\$2,974,121	\$2,974,121	\$2,974,121
Total	NA	\$75,729,299	\$49,832,239	\$56,872,974
Headcount				
Full-time Positions	405	448	428	426

The number of full-time positions in this program area has declined by 22 since the Fiscal 2009 Adopted Budget. This decline is due to attrition and vacancy eliminations of 20 positions and 2 layoffs.

The large variance in the Office's management and disposition program area are a result of the inclusion of a one-time expenditure of \$21.4 million in contracts for demolition of properties at Hudson Yards in HPD's Fiscal 2009 Adopted Budget. In addition, the agency utilized a combination of budget cuts and swapping of federal funds for city funds in order to incur greater savings. Some of these actions include:

- Shelter Revenue: The Fiscal 2010 Executive Budget includes a reduction of \$22,000 and a baseline of \$234,000 starting in Fiscal 2011. These savings are the result of a realignment of the budget for the shelter system by accurately reflecting the federal and state matching funds to the shelter program. Previously, the City was over-budgeting tax levy funds because it was not clear what the state and federal reimbursements were going to be.
- Section 8 Funding Swap-CUCS: The Center for Urban Community Services, a non-profit that provides Supportive Housing services, contracts with HPD to move long-term shelter occupants into permanent housing. HPD had been providing this service with City funds but will now use Section 8 funding which will result in a savings \$165,000 starting 2010.
- Section 8 Funding Swap-Supplies: The Fiscal 2010 Executive Budget includes \$90,000 savings by identifying office supply materials which can be funded through federal Section 8 funds.

Preservation - Anti-Abandonment

HPD's anti-abandonment initiatives are intended to address the City's at-risk housing stock. These initiatives include assessing the physical and financial needs of distressed properties, reaching out to building owners to encourage code and tax compliance, and providing education and support services for owners. On such initiative is the Neighborhood Preservation Consultants (NPC) program, in which nonprofit organizations contracted with HPD provide early intervention, preservation and anti-abandonment services throughout the five boroughs. The NPCs also assist HPD in identifying and assessing at-risk buildings.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$6,093,241	\$5,682,872	\$6,345,207	\$6,376,914
Other than Personal Services	\$5,910,115	\$4,840,158	\$1,141,908	\$1,141,908
Total	\$12,003,356	\$10,523,030	\$7,487,115	\$7,518,822
Funding				
City	NA	\$3,644,550	\$514,257	\$514,257
Federal - CDBG	NA	\$6,878,480	\$6,972,858	\$7,004,565
Total	NA	\$10,523,030	\$7,487,115	\$7,518,822
Headcount				
Full-time Positions	109	103	108	108

The Executive Budget includes reductions in Anti-Abandonment and in other agency services that are primarily funded by the City Council. In addition, the overall headcount increased from the Fiscal 2009 Adopted Budget due to the redeployment of 5 tax-levy funded positions to the Anti-Abandonment Division which has available federal funding sources to finance these positions.

Preservation - Code Enforcement

HPD is responsible for enforcing the New York City Housing Maintenance New York State Multiple Dwelling Law. In order to enforce this law, HPD sends inspectors to respond to buildings with maintenance deficiencies, and issue violations where appropriate.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$24,175,801	\$27,585,820	\$28,030,861	\$27,127,810
Other than Personal Services	\$4,626,696	\$26,046,105	\$12,803,355	\$13,849,048
Total	\$28,802,497	\$53,631,925	\$40,834,216	\$40,976,858
Funding				
City	NA	\$10,691,464	\$9,313,735	\$8,120,680
Federal - CDBG	NA	\$42,940,461	\$31,520,481	\$32,856,178
Total	NA	\$53,631,925	\$40,834,216	\$40,976,858
Headcount				
Full-time Positions	464	540	521	498

The budget for code enforcement has decreased since the Fiscal 2009 Adopted Budget in order to reflect new projections of units that will be affected by the Alternate Enforcement Program (AEP). This program, established by the New York City Safe Housing Law, is intended to improve conditions in buildings with the most serious physical deterioration. The AEP ensures that emergency conditions are corrected and underlying physical conditions related to housing code violations are addressed either by the owner or through HPD's emergency repair program. The program calls for the designation each year of 200 different multiple dwellings, each to be chosen based on specific criteria set forth in the Safe Housing Law. In Fiscal 2009 the agency frontloaded more funds for AEP, approximately \$21 million, with the expectation that Round's I and II of the program would be implemented. The agency will allocate approximately \$10 million for Round III of the program which is expected to target fewer buildings. This program will be funded primarily through federal Community Development Block Grant funds.

In addition, HPD further reduced its code enforcement budget by \$286,000 by reducing funding for two senior level positions. Previously these two senior positions were funded entirely by tax levy funds, however HPD determined that approximately 80 percent of the work assigned to these positions are eligible to be funded by federal Community Development Block Grant funding. The remaining 20 percent of the salaried positions will be covered by City tax levy funds. Furthermore, the number of full-time positions in this program area has declined by 42 since the Fiscal 2009 Adopted Budget. This decline is due to attrition and vacancy eliminations of 19 positions and 23 layoffs.

Preservation – Emergency Repair

If an emergency condition is verified by a code inspector, the owner and/or managing agent of the property will be notified of the emergency condition and instructed to repair it. If the owner fails to make the necessary repairs in a timely manner, HPD's Emergency Repair Program (ERP) may repair the condition. If ERP repairs the emergency condition, the City will bill the owner for the cost of repairs. If the owner fails to pay the bill within 60 days, a lien is placed on the property.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$7,185,110	\$7,060,897	\$8,106,373	\$8,581,425
Other than Personal Services	\$22,711,863	\$21,099,022	\$24,143,344	\$32,059,788
Total	\$29,896,973	\$28,159,919	\$32,249,717	\$40,641,213
Funding				
City	NA	\$87,357	\$87,357	\$36,317
Federal - CDBG	NA	\$28,072,562	\$32,162,360	\$40,604,896
Total	NA	\$28,159,919	\$32,249,717	\$40,641,213
Headcount				
Full-time Positions	157	132	156	156

HPD will receive an additional \$22.7 million of federal stimulus funds for the Emergency Repair Program in Fiscal 2010 to correct immediately hazardous class "C" violations in privately owned buildings and for the Emergency Demolition Program. In addition the stimulus funding has allowed HPD to free up CDBG funding and allocate it to different program areas such as Lead Paint, Anti-Abandonment, Management and Dispositions, and Other Agency Services within Preservation. The overall headcount has increased by 24 positions since the Fiscal 2009 Adopted Budget. These positions are funded through federal community development grants and will be reflected after the Fiscal 2010 budget is adopted.

Preservation – Lead Paint

HPD is responsible for identifying lead-based paint hazards, placing violations and remediating the condition when necessary. The two service areas within the lead-based paint program are inspections, and emergency repairs.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$17,008,577	\$17,827,244	\$19,195,953	\$19,333,345
Other than Personal Services	\$4,518,140	\$2,093,783	\$2,306,783	\$1,259,416
Total	\$21,526,717	\$19,921,027	\$21,502,736	\$20,592,761
Funding				
City	NA	\$1,545,969	\$1,682,820	\$1,271,792
Capital IFA	NA	\$129,408	\$129,408	\$129,408
Federal - CDBG	NA	\$17,632,450	\$18,906,221	\$18,407,274
Federal - Other	NA	\$223,800	\$394,887	\$394,887
Intra-City	NA	\$389,400	\$389,400	\$389,400
Total	NA	\$19,921,027	\$21,502,736	\$20,592,761
Headcount				
Full-time Positions	333	350	355	353

Preservation – Other Agency Services

This program area funds a variety of small agency initiatives aimed at preserving affordable housing. In addition, this program area includes funding for the following City Council projects: Anti-eviction Legal Services, Community Consultant Contracts, Neighborhood Preservation Consultant Contracts, Anti-Predatory Lending Contracts, the Mortgage Foreclosure Initiative, and the Housing Preservation Initiative.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Spending				
Personal Services	\$6,536,137	\$6,432,411	\$6,898,775	\$7,278,269
Other than Personal Services	\$12,641,986	\$15,532,033	\$7,590,285	\$15,907,802
Total	\$19,178,124	\$21,964,444	\$14,489,060	\$23,186,071
Funding				
City	NA	\$11,155,569	\$3,696,825	\$4,822,786
Capital IFA	NA	\$359,626	\$364,547	\$364,547
State	NA	(\$4)	(\$4)	(\$4)
Federal - CDBG	NA	\$10,449,253	\$10,427,692	\$17,998,742
Total	NA	\$21,964,444	\$14,489,060	\$23,186,071
Headcount				
Full-time Positions	118	107	106	106

The overall budget for this program area increases by approximately \$2 million, largely due to the reallocation of \$7 million Federal CDBG funds from other program areas such as Emergency Repair. This overall increase is offset by a decrease in City funding in the Fiscal 2010 Executive Budget due to the elimination of funding secured by the City Council in the Fiscal 2009 Adopted Budget. The number of full-time positions in this program area has declined by one position since the Fiscal 2009 Adopted Budget due to attrition.

Executive Capital Commitment Plan, 2009-2013

The following are major changes in HPD's capital plan since the Preliminary Fiscal 2010 Capital Plan.

New Construction Finance

- **Low-Income Rental Programs:** HPD funds various initiatives for the construction and rehabilitation of low-income rental projects such as the Low-Income Affordable Marketplace Program in which incomes must be less than 60 percent of the Area Median Income (AMI). The Executive Plan includes a reduction of \$43.7 million for these programs. The program was reduced from \$338.4 million to \$294.7 million in city and non-city funds between Fiscals 2009-2013
- **Multifamily Moderate/Middle Income Rental Programs:** HPD funds initiatives to construct and rehabilitate rental housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The Executive Plan includes \$110.9 million in city and non-city funds between Fiscals 2009-2013 for these programs, \$38.9 million less than the \$149.9 million planned in January.
- **Multifamily Homeownership Programs:** HPD funds initiatives such as the Cornerstone Program to construct and rehabilitate housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The Executive Plan includes \$65.3 million in Fiscals 2009-2013 for these programs, 21 percent less than the \$78.3 million planned in January.

Preservation Finance

- **Article 8a Loan Program:** The Article 8A program provides rehabilitation loans to correct substandard or unsanitary conditions and to prolong the useful life of multiple dwellings in New York City. The Executive Plan for Article 8A is 18 percent (\$31.3 million) less than the Preliminary Capital Plan of \$178.9 million.
- **Participation Loan Program:** This program provides low-interest loans to private residential building owners for the moderate-to-gut rehabilitation of housing for low-to-moderate income households. City capital funds, loaned at below-market interest with a thirty year term, and/or Federal HOME Grant funds are combined with bank financing to produce a below market interest rate loan. Funds may also be used for refinancing or acquisition in conjunction with rehabilitation. A small percentage of the loan may be for payment of property tax arrears. The Executive Plan includes \$86.2 million, a 16 percent reduction from the \$102.1 million in the Preliminary plan for Fiscals 2009-2013.
- **Third Party Transfer Program (TPT):** Under this program, HPD transfers tax-delinquent distressed properties to new private for-profit and not-for-profit owners rather than taking them into City ownership. HPD provides low-interest rehabilitation loans to the new owners by blending capital dollars with private financing. The Executive Plan includes \$233.7 million, \$62 million less than the \$295.7 million in the Preliminary Plan for Fiscals 2009-2013.

Special Needs Housing

- **Supportive Housing Program-New Construction & Rehabilitation:** This 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. The Executive Plan includes \$351.8 million for these programs, an 8 percent reduction of \$28.8 million from \$380.7 million.

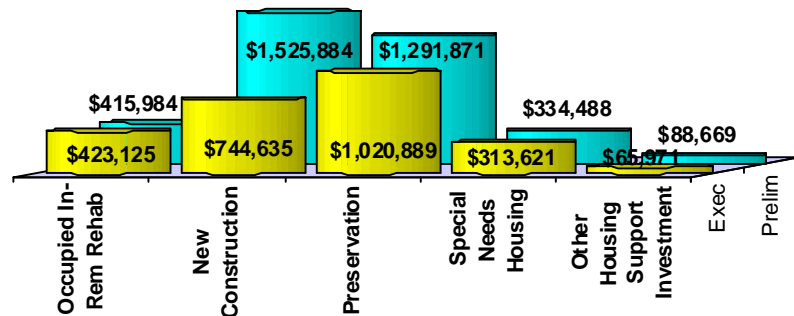
Other Notable Projects

- **Hunters Point South at Queens West in Long Island City:** The January Plan includes funding for a mixed-use, middle-income housing development in Long Island City, Queens. This project will consist of approximately 5,000 units of housing designed to be affordable to families earning from \$60,000 to \$145,000 for a family of four. The City purchased the rights to the land to build the project from the Port Authority for \$100 million. In addition, the City will fund the Port Authority's remaining obligations for infrastructure and related costs at the site.
- **Low-Income Housing Tax Credit 15-Year Preservation Program:** The Federal Low-Income Housing Tax Credit (LIHTC) program provides funding for affordable housing units throughout New York City by offering investors a tax credit for ten years in return for providing equity to affordable housing developments. Thousands of affordable housing developments in New York City that were financed with LIHTC are reaching the end of their 15-year compliance period within the next year. In order to preserve affordability and maintain these properties in good condition the Executive Plan includes \$92.9 million between Fiscals 2009-2013 to fund the preservation of affordable housing developments that were financed through LIHTC.
- **The Affordable Housing Recovery Program:** In April of 2008 City Council Speaker Christine Quinn established an affordable housing task force comprised of affordable housing advocates with the goal of creating a new middle income housing program. This new initiative, The Affordable Housing Recovery Program will offer to developers of unsold condominium or cooperative developments, the opportunity to sell their units at prices substantially reduced from their original anticipated sales prices in return for subsidies that will make the new sales prices affordable to middle income New Yorkers with incomes ranging from 100% to 150% of median income. The Council and the Administration will work closely together to implement this new program which is expected to receive capital funding in Fiscal 2010.

Executive Ten-Year Capital Strategy, 2010-2019

HPD's Fiscal 2010–2019 Ten-Year Capital Strategy which totals \$2.5 billion is divided into four program areas: New Construction, Preservation, Special Needs, Occupied In-Rem Rehabilitation, and Other Housing Support Investment. City funding comprises 76 percent (or \$1.9 billion) of total funding and the remaining 24 percent (or \$616 million) consist of leveraged federal funds. The following are some of the highlights of the ten-year capital strategy in the different program areas:

HPD Ten-Year Capital Plan Preliminary FY10 vs. Executive FY10



- **New Construction:** \$744 billion is allocated for the construction of 33 units of affordable housing to low, moderate, middle income homeowners and renters through existing programs.
- **Preservation:** \$1 billion is allocated for the rehabilitation and preservation of approximately 26,000 units in privately owned multiple dwellings and one-to four unit homes. These funds are allocated in the following programs: Third Party Transfer, Article 7A, Article 8A, Participation Loan Program, Home Improvement, Senior Citizen's Home Assistance, Housing and Urban Development HUD Multifamily, LIHTC Year 15 Preservation and Primary Prevention lead abatement loan programs.
- **Occupied In Rem Rehabilitation:** \$423 million is allocated for the rehabilitation and disposition of over 2,000 City-owned housing units between Fiscal 2010 and Fiscal 2019 through a variety of programs including the Tenant Interim Lease Program, Neighborhood Redevelopment Program, Neighborhood Homes Program, and Neighborhood Entrepreneurs Programs.

Special Needs Housing & Other Housing Support Investment: \$313.6 million is allocated for the construction and preservation of over 6,000 units of supportive housing throughout the City. Most of the capital funding in this area goes towards fulfilling the terms of the NY/NY III agreement between the City and the State which has as its goal to end chronic homelessness. In addition, this program area covers a variety of projects that supports the construction and preservation of affordable housing such as the demolition of unsafe buildings, computer-based productivity initiatives.

- **Other Housing Support Investment:** \$66 million is allocated for a variety of projects such as the demolition of unsafe buildings, urban renewal associated costs, computer-based productivity initiatives, and other infrastructure supports.

HPD's Ten Year Capital Commitments by Program Area

HPD's Ten-Year Capital Plan has decreased since the Preliminary Plan was released in January. As the table below illustrates the three most prominent areas that have been reduced are new construction, preservation and other housing support. The overall 29.7 percent reduction directly impacts the number of affordable units that the agency will either newly construct or preserve over the Ten-Year Plan. In particular, the Executive Plan shows that there will be 18,000 less new construction units and 24,000 less units that will be preserved over the span of the Ten-Year Plan. While the funding for Special Needs Housing has decreased by 6 percent since the Preliminary Plan, the overall number of units is projected to increase primarily due to the State's commitment to the NY/NYII agreement which was a joint venture established in 2005 by the City and State to create 9,000 new units of supportive housing in New York City over the ten years.

\$\$ in 000s

HPD Programs	Preliminary Ten-Year Plan		Executive Ten-Year Plan		Percent Change	
	Funding Amount	Units	Funding Amount	Units	Funding % Change	Unit Variance
New Construction	\$1,525,884	51,000	\$744,635	33,000	-51%	(18,000)
Preservation	\$1,291,871	50,000	\$1,020,889	26,000	-21%	(24,000)
Special Needs Housing	\$334,488	2,700	\$313,621	6,000	-6%	3,300
Occupied In-Rem Rehab	\$415,984	1,750	\$423,125	2,000	2%	250
Other Housing Support Investment	\$88,669	N/A	\$65,971	N/A	-26%	N/A
Total	\$3,656,896	105,450	\$2,568,241	\$67,000	30%	(38,450)

Supplemental Tables

Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets since the Preliminary Budget. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the January Plan	\$80,069	\$593,572	\$673,641	\$61,317	\$427,462	\$488,779
Executive Plan Programs to Eliminate the Gap (PEGs)						
AOTPS Reduction	\$0	\$0	\$0	(\$99)	\$0	(\$99)
Attrition Savings	\$0	\$0	\$0	(\$505)	\$0	(\$505)
Personnel Redeployments	\$0	\$0	\$0	(\$327)	\$0	(\$327)
Personnel Reductions/Layoffs	\$0	\$0	\$0	(\$1,488)	\$0	(\$1,488)
Total PEGs	\$0	\$0	\$0	(\$2,419)	\$0	(\$2,419)
Executive Plan New Needs						
Center for NYC Neighborhoods	\$0	\$0	\$0	\$2,000	\$0	\$2,000
Demolition Funding	\$1,300	\$0	\$1,300	\$1,079	\$0	\$1,079
Total New Needs	\$1,300	\$0	\$1,300	\$3,079	\$0	\$3,079
Executive Plan Other Adjustments						
BCS-HPD Water Conservation	\$178	\$0	\$178	\$0	\$0	\$0
CBA Increases for tax levy attorneys	\$90	\$0	\$90	\$132	\$0	\$132
CD Adjustment	\$0	\$0	\$0		(\$3,916)	(\$3,916)
CD Collective Bargaining for CWA Positions	\$0	\$158	\$158	\$0	\$378	\$378
CD Collective Bargaining for Local 3	\$0	\$5	\$5		\$23	\$23
CD Stimulus Funding	\$0	\$0	\$0		\$26,000	\$26,000
CEO Family Self-Sufficiency Program Savings	\$0	\$0	\$0	(\$40)		(\$40)
Collective Bargaining for Attorneys	\$0	\$148	\$148		\$219	\$219
Collective Bargaining for Staff Analysts	\$0	\$82	\$82		\$181	\$181
Funding Adjustment	\$0		\$0	\$80		\$80
Funds for Cecil Hotel	\$0	\$900	\$900			\$0
Heat, Light, and Power	(\$22)		(\$22)	(\$47)		(\$47)
Lease Adjustment			\$0		\$581	\$581
LES Tenant Harassment Fund	\$60		\$60			\$0
New York Agency for Community Affairs	\$115		\$115			\$0
OSA Increases based on CBA for IFA and TL Funded BC's	\$146	\$9	\$155	\$322	\$20	\$342
Personnel Redeployments	\$0	\$0	\$0	\$61		\$61
Personnel Redeployments	\$0	\$0	\$0	\$148		\$148
Personnel Reductions	\$0	\$0	\$0	\$110		\$110
Salary Increase for CBA IFA Only	\$0	\$20	\$20		\$49	\$49
Salary Increase for CBA TL Only	\$144	\$0	\$144	\$344	\$0	\$344
Salary Increase for CBA, TL Budget Codes Only	\$4	\$0	\$4	\$18	\$0	\$18
Allocate Funds for Section 8	\$0	\$20,000	\$20,000	\$0	\$0	\$0
To bring up funds	\$0	\$375	\$375	\$0	\$0	\$0
To Schedule BPCA Funds	\$0	\$6,000	\$6,000	\$0	\$0	\$0
To Schedule EPA Grant Funds	\$0	\$154	\$154	\$0	\$0	\$0

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
To Schedule Funds for N/S	\$0	\$7,597	\$7,597	\$0	\$0	\$0
To Schedule Funds for Section 8	\$0	\$450	\$450	\$0	\$0	\$0
To Schedule Funds SPC	\$0	\$929	\$929	\$0	\$0	\$0
To Schedule Home First Funds	\$0	\$104	\$104	\$0	\$0	\$0
To Schedule Other Categorical	\$0	\$100	\$100	\$0	\$0	\$0
Total Other Adjustments	\$3,314	\$37,031	\$40,344	\$7,286	\$23,535	\$30,821
Total Executive Plan Budget Changes	\$4,614	\$37,031	\$41,644	\$7,946	\$23,535	\$31,481
Agency Budget as per the Executive Plan	\$84,683	\$630,603	\$715,285	\$69,263	\$450,997	\$520,260

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Summary of Changes Since June 2009 Plan

City Funds only, \$\$ 000's

	2009	2010	2011	2012	2013
June 2009 Plan	\$79,004	\$61,993	\$61,154	\$61,154	\$61,154
New Needs	\$1,468	\$3,247	-	-	-
Collective Bargaining	\$1,545	\$2,461	\$2,594	\$2,594	-
Other Adjustments	\$2,188	\$3,125	\$2,985	\$3,057	-
PEGS	(\$2,300)	(\$7,759)	(\$9,399)	(\$9,487)	-
Exec 2010 Plan	\$81,905	\$63,067	\$57,334	\$57,318	\$61,154

Units of Appropriation

U/A#	U/A Name	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget	Percent Change from 2009 Adoption
001	Office of Administration	\$25,297,308	\$25,671,329	\$26,618,770	5.22%
002	Office of Development	\$17,044,054	\$16,359,473	\$16,508,088	-3.14%
004	Office of Housing Preservation	\$67,239,723	\$69,087,082	\$69,164,383	2.86%
006	Housing Maintenance & Sales	\$39,734,096	\$37,828,489	\$38,421,117	-3.30%
	Total PS	\$149,315,181	\$148,946,373	\$150,712,358	0.94%
008	Office of Administration	\$35,603,614	\$34,133,757	\$34,159,666	-4.06%
009	Office of Development	\$222,768,495	\$215,500,245	\$217,563,031	-2.34%
010	Housing Management & Sales	\$51,719,384	\$25,838,482	\$32,425,443	-37.31%
011	Office of Housing Preservation	\$81,012,109	\$64,358,984	\$79,287,118	-2.13%
	Total OTPS	\$391,103,602	\$339,831,468	\$363,435,258	-7.07%
	Total Agency	\$540,418,783	\$488,777,841	\$514,147,616	-4.86%