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**Testimony of the New York City Department of Housing Preservation and Development to
the New York City Council Committee on Housing and Buildings and Committee on
Finance**

FY 2027 Executive Budget Hearing

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Roadmap and a Running Start

Chair Sanchez, Chair Lee, members of the Committee — thank you for having me back.

Two months ago, I testified here for the first time as HPD Commissioner and described my priorities for leading New York City's affordable housing agency. I outlined four primary areas of focus:

First was my commitment to making sure that HPD fixes what is within our reach. From completely revamping the Housing Connect lottery and marketing system, to ensuring that our partners get clear and timely communication about projects in our pipeline, I remain committed to simplifying overly complex procedures and replacing them with common-sense reforms.

Second was a promise to build more housing, faster and more efficiently, because this housing crisis will not abate unless we build significantly more housing of every type and in every neighborhood. More housing for seniors, for those earning the lowest incomes — homes for people with special needs, for unhoused people still living in shelter, and for those looking to become first-time homeowners.

I also spoke of the need to maintain the affordable housing that we have worked so hard to create, because housing growth without preservation will leave us standing in place. Almost half a million New Yorkers live in HPD regulated housing, and we must ensure that their homes remain safe and affordable for decades to come.

And finally, I reaffirmed our commitment to protecting tenants — because our work does not matter if people do not feel safe and secure once inside their homes.

Since March, we have begun the work of advancing those commitments. Under the leadership of Mayor Mamdani, and in partnership with other agencies across the city, we've laid out our plan across three documents. The SPEED report, the Executive Budget and our 10-year housing plan, *Block by Block*. Together these outline a housing agenda that is unprecedented in its ambition and scale; and they tell the story of how we will fund and execute a housing transformation over the next decade.

Building 200,000 affordable homes, while also preserving 200,000 existing units of housing, is a monumental, yet vital task. We will work with our partners at city hall and OMB to ensure we have the resources needed to achieve these goals while continually employing cost-cutting and time-saving efficiencies in every facet of our work.

The ramp-up will take time, but with more than \$22 Billion for housing across HPD and NYCHA programs in the 5-Year Capital Plan, we have put forward a major down payment on that promise. That capital investment is matched with expense funding to build out our capacity, including funding for 41 new HPD staff lines in Fiscal Year 2027-- 14 new positions for our Code Enforcement and Litigation teams, and 27 new hires for our Development division.

Building More, For the People Who Need It Most

In *Block by Block*, we outline HPD's commitment to finance approximately 16,000 deeply affordable homes over the next two years; a 35% increase compared to fiscal years 24 and 25. 50% of those units will serve Very Low and Extremely Low-Income New Yorkers. And 5,700 of those units will provide new homes to households coming out of shelter, a 40% increase over the previous two fiscal years.

The plan also calls for an expansion of funding for Supportive Housing by 57%, with a dedicated \$1 Billion over the next two years. And for seniors, we will build 2000 new homes, a 20% increase in FY 27 and 28. This includes a pilot that will mix senior-restricted apartments alongside family units, intentionally creating intergenerational communities.

Critically, HPD will address the often-asked question "affordable to whom", by changing the way we serve the lowest income New Yorkers, deepening affordability levels for HPD-financed projects that serve households at 30% Area Median Income. Through new investment in the Executive budget, we will reduce initial rent burdens for these households down to 25% of their monthly income. For a household who earns just under \$46,000 per year, the rent will drop from roughly \$1,150 to just \$950 per month.

That household savings of \$200 may go towards buying groceries, to pay an electric bill, or towards saving for the future.

This new initiative will serve approximately 2,500 extremely low-income New Yorkers over the next 5 years.

Protecting What We Have

Growing our housing stock will be game-changing for neighborhoods across the city, but as I stated, it will only be impactful if we preserve the housing we have already built.

Block by Block commits to preserving and stabilizing 200,000 homes over the next decade — an investment on par with our new construction goals.

The Executive budget provides more than \$2.5 Billion in capital for preservation for Fiscal Years 27 and 28, more than a 35% increase compared to the last two fiscal years. This will set HPD on a path to finance roughly 15,000 units over the next two years. And in direct response to advocacy from our partners, we are also launching a new Supportive Housing Preservation Program to ensure that our most vulnerable renters continue to have access to decent, safe, and affordable housing.

In addition, we have dedicated hundreds of millions of dollars specifically to preserve and improve our Mitchell-Lama housing stock, some of the most important housing this city has ever built. Most of these buildings are more than 50 years old and in desperate need of major capital investments. In addition to the 15 Mitchell Lama projects that are currently in HPD's preservation pipeline, this dedicated funding will enable us to reach an additional 2,800 Mitchell-Lama units over the next two years.

Block by Block also commits to preserving our distressed rent stabilized housing stock. Using discretionary tax-exemptions, such as the updated J-51 program, and other preservation tools, HPD will work with grassroots organizations and the Mayor's Office to Protect Tenants to beat back speculative investment in rent regulated housing, instead, transferring these distressed buildings to community-controlled stewards, including tenants, community land trusts, and joint venture partnerships between residents and developers.

The plan also includes a new interagency initiative with a particular focus on the Bronx, where so many of the city's housing challenges are most acute. Ten percent of households in the borough are subject to an eviction filing every year, and 26% report three or more maintenance failures inside their homes. These challenges are a product of historic patterns of racial discrimination and segregation. In the past decade, HPD has financed over 42,000 affordable homes in the Bronx, but it is clear that it is time to take a holistic approach that considers more than just housing, and that relies heavily on deep community engagement. We look forward to working together with our partners at the Department of Health, the Mayor's Office to Protect Tenants, residents and leaders across the borough to execute this long overdue initiative.

Our investment in preservation will also be critical to advancing the SAFER Homes Act and the Community Opportunity to Purchase Act. These two pieces of proposed legislation will enable distressed buildings to be transferred to responsible landlords, and in some cases to the tenants themselves. We would like to thank Council member Sanchez and Council member Nurse for your leadership in advancing these critical preservation proposals.

Homeownership Within Reach

Our commitment to protecting renters extends equally to our homeowner community and to those seeking access to that opportunity for the first time. For too many New Yorkers, homeownership remains out of reach, particularly in black and brown communities which have historically been underserved. The Mayor's Executive Budget marks a serious effort to change that.

Funding for homeownership has increased by 12% in the Executive Budget, which will allow us to create and preserve approximately 5,700 units of affordable homeownership over the next two years. This includes increasing funding for the Open Door program, allowing HPD to produce 600 new homes and funding for our Down Payment Assistance Program, HomeFirst, which will reach more than 350 first time homebuyers in the coming two years.

And with the launch of a new program, Our Home — we are reviving NYC's celebrated tradition of providing dedicated resources to convert rental buildings into resident-controlled affordable cooperatives. Our Home will aim to finance the conversion of 300 new affordable co-op units in FY 27 and 28.

We are also doubling down on our commitment to assisting existing homeowners who are struggling to maintain their homes. We will raise the HomeFix loan cap from \$60,000 to \$100,000 to facilitate badly needed home repairs. We are relaunching the NYC Mortgage Assistance Program, or MAP, an affordable loan product which provides a lifeline to homeowners who have fallen behind on their mortgage, preventing additional foreclosures and preserving generational assets.

Enforcement With Teeth

Lastly, I would like to highlight the significant commitments outlined in Block by Block dedicated to improving our code enforcement system, with a focus squarely on holding negligent landlords accountable.

A key component is a new initiative called Fix the City — a dedicated enforcement effort targeted to the city's worst landlords. We will use all of our enforcement tools in strategic combination: roof-to-cellar inspections; removing negligent owners from day-to-day management with aggressive use of 7A; and coordination with law enforcement to pursue criminal charges where appropriate. We will not relent until buildings are made safe or transferred to responsible new owners.

We will also launch a new effort, partnering with organized tenant associations to schedule interagency enforcement days — coordinated portfolio-wide inspections that will take a comprehensive look at chronic maintenance issues. These building-wide sweeps will enable our litigation and anti-harassment units to identify pervasive non-compliance and move quickly to pursue legal action wherever it is warranted.

This summer, we will also work with the City Council to identify strategic improvements to the Housing Maintenance Code based largely on feedback received from tenants during the Rental Ripoff hearings. This will include a review of our underlying conditions program, exploring expansions to the types of violations that justify rent withholding, and creating processes for tenants to schedule appointments for follow-up code inspections.

Before closing, I would also like to take a moment and express HPD's extreme concerns regarding the tragic fires that have affected many of your districts and your constituents in recent months. These devastating fires are happening far too frequently, and it is simply unacceptable.

We are committed to working alongside our partners at the Department of Buildings, the FDNY, and Emergency Management to better understand what is driving this pattern, to determine whether landlord non-compliance is a contributing factor, and to working closely with the members of the council to identify strategies to curb this city-wide emergency.

Conclusion: Delivering for New Yorkers

I will end my testimony with a reminder that while the investments outlined in the Executive Budget and the 10-year housing plan are truly historic, our success will hinge on how effectively and efficiently we deploy these resources.

Much of that is within our control — whether it's coordinating among agencies to make government more accessible, or modernizing outdated environmental reviews, the time has come for us to get out of our own way.

At HPD, I am proud to work alongside 2500 dedicated public servants who spend every day working to create and protect housing that is affordable to all New Yorkers. The housing plan, in many ways, is a meaningful expansion of that hard work. But it is also an acknowledgement of the need for continued coordination between HPD and the city council — not just in oversight, but through action. Because tackling New York's biggest challenge depends on our ongoing collaboration. We will not achieve it all at once, or in a single budget cycle. But steadily, relentlessly, block by block, using every tool we have.

I look forward to our future partnership, and I am happy to answer your questions.

Thank You.