

New York City Council

Hon. Adrienne Adams, Speaker of the Council
 Hon. Justin Brannan, Chair, Committee on Finance
 Hon. Pierina Sanchez, Chair, Committee on Housing and Buildings

**Note on the Fiscal 2025 Executive Plan and
 the Fiscal 2025 Executive Capital Commitment Plan for
 the Department of Housing Preservation and Development (HPD)**

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Fiscal 2025 Executive Plan

Department for Housing Preservation and Development Budget Overview

The Executive Financial Plan for Fiscal 2024-2028 (Executive Plan), includes a proposed Fiscal 2025 budget of \$1.84 billion for the Department of Housing Preservation and Development (HPD or the Department). When pass-through funding for the New York City Housing Authority (NYCHA) is removed, HPD’s Fiscal 2025 budget is \$1.57 billion. The Department’s entire projected Fiscal 2025 budget represents 1.6 percent of the City’s \$111.6 billion proposed Fiscal 2025 budget in the Executive Plan. The Department’s Fiscal 2025 budget in the Executive Plan is \$55.1 million (3.1 percent), greater than its \$1.79 billion Fiscal 2025 budget in the Preliminary Financial Plan presented in January and \$428.5 million greater than the Fiscal 2024 budget at adoption. For additional information on HPD’s Preliminary Budget, please refer to the Fiscal 2025 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2024/03/806-HPD-1.pdf>.

FY24

+\$541.7 million since Adopt.



+\$144.7 million since Prelim.



FY25

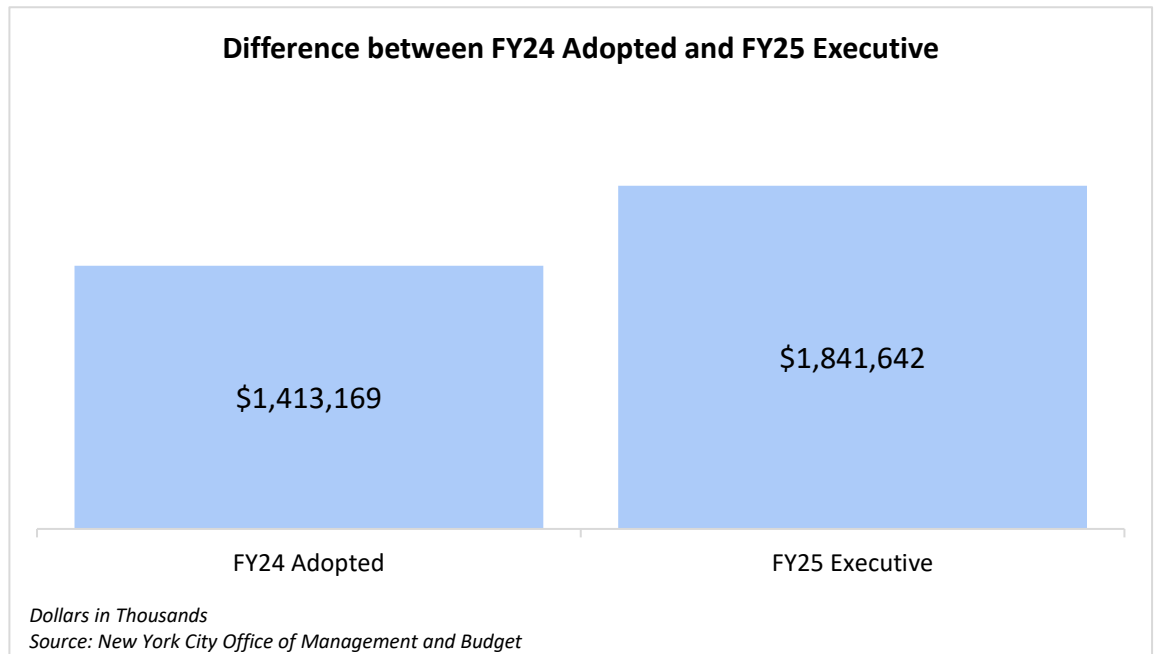
+575.0 million since Adopt.



+\$55.1 million since Prelim.



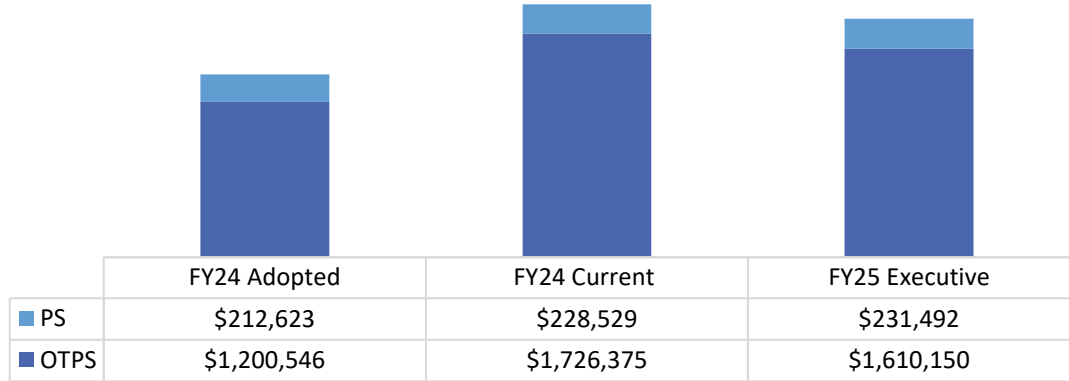
Difference between FY24 Adopted and FY25 Executive



PS and OTPS:

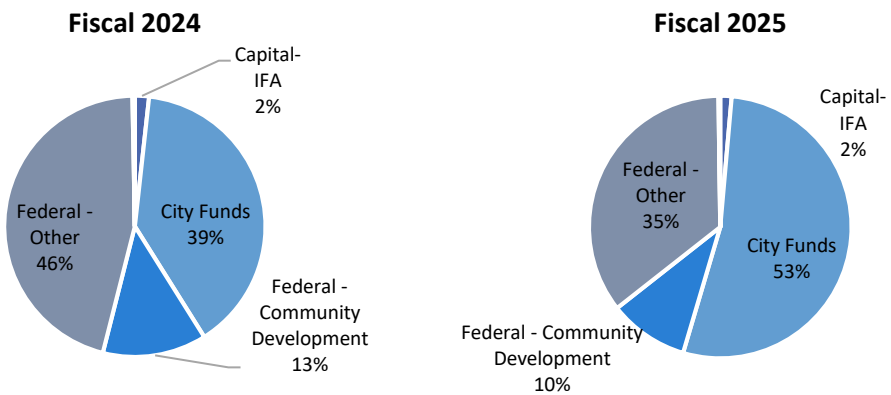
FY25 Contract Budget (Part of OTPS Budget):
\$130.0 million

Number of Contracts in FY25: 121



Dollars in Thousands
Source: New York City Office of Management and Budget

Agency Budget by Funding Source



Source: New York City Office of Management and Budget
Note: Fiscal 2024 as of Adoption. Revenue sources comprising under one percent of HPD funding in both Fiscal 2024 and 2025 are not labeled in the above pair of charts; these sources are: Capital-IFA, Intra-City, Other Categorical, and State. Please see table on final page for revenue source amounts.

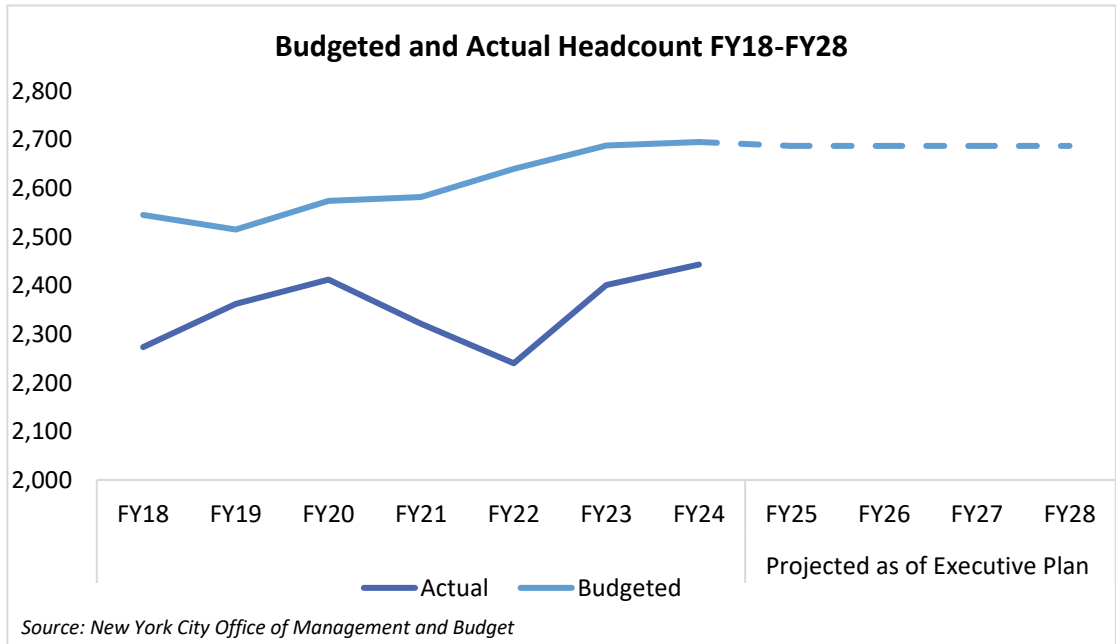
FY24 Budgeted Headcount:
Full-time positions: 2,695

Actual Headcount as of March: 2,443

Vacancies as of March: 252

Vacancy Rate: 9.4%

↑ 1.6% from Dec. 2023



Source: New York City Office of Management and Budget

FY25 Changes in Exec*:

Total:
(\$3.2 million)

New Needs:
\$0

**Other
Adjustments:**
\$4.3 million

PEGs:
(\$7.5 million)

**HPD budget only –
NYCHA pass-
through excluded*

Significant Executive Plan Changes

New Needs

- **Emergency Demolition.** The Executive Plan includes an additional \$11.1 million in City funds in Fiscal 2024 for emergency demolition work contracts for unsafe building conditions for which HPD is responsible. Demolition expenses have grown over the past three years, from \$18.7 million in Fiscal 2022, to \$28.9 million in Fiscal 2023, and again to \$36.8 million in Fiscal 2024. According to the Comptroller’s Directive 10, all demolitions that are not preparing a site for a new City-owned capital project, like emergency demolitions on private lots, must be funded in the expense budget. Concerns over rising numbers of hazardous buildings requiring demolition impact both HPD and the Department of Buildings (DOB).

Other Adjustments

- **Federal Section 8 Housing Assistance Payments.** The Executive Plan includes an additional \$43.5 million in federal funding in Fiscal 2024 to fund total expected Section 8 rental assistance payments.
- **Division of Tenant Resources Reorganization and Lead Positions.** The Executive Plan reflects an additional 27 staff positions (but no additional funding) as part of a reorganization HPD’s Division of Tenant Resources, which among other functions administers Section 8 vouchers and NYC 15/15 supportive housing programs. The changes are intended to support meeting both HUD (e.g. Continuum of Care) and the Administration’s Housing Blueprint goals, and include a mix of federally-, CDBG-, and City-funded positions.

Additionally, funding for Fiscal 2024 reflects two HUD grant-funded positions for lead safety compliance. These positions are expected, but not reflected, for Fiscal 2025 as well.

- **Asylum Seeker State Funding Swap.** The Executive Plan includes an additional \$200.0 million in City funds in Fiscal 2024, which supplant \$200.0 million in anticipated (but not yet realized) State funding for asylum seeker costs.
- **Human Service Cost of Living Adjustment (COLA).** The Administration included \$740.6 million across the Executive Plan for COLAs for non-profit human service workers with City contracts. A total of \$2.9 million in City funds is added across HPD’s Plan, with \$313,878 in Fiscal 2025, \$637,172 in Fiscal 2026, and \$970,166 in Fiscals 2027 and 2028, primarily for shelter workers.

Programs to Eliminate the Gap (PEGs)

- **Asylum Seeker Re-Estimates and Efficiencies.** The Executive Plan includes a reduction of HPD’s asylum seeker costs by \$8.4 million in Fiscal 2024 and \$7.5 million in Fiscal 2025, as the Administration decreases projected expenses. The Executive Plan includes \$987.8 million in HPD’s budget for services provided to asylum seekers across Fiscals 2024 and 2025 (with \$564.2 million in Fiscal 2025, primarily in a hold code awaiting allocation).

HPD has six budgeted full-time equivalent (FTE) lines and four temporary staff lines dedicated to asylum seekers. All, except one of these, are detailed to the Mayor’s

Office of Housing Recovery Operations (HRO), which has assumed operational management of HPD’s asylum seeker initiatives through a Memorandum of Understanding (MOU).

Budget Response:

FY25 Estimate:
\$732 million

Included in the Executive Budget:
\$318,878

In the City Council’s Fiscal 2025 Preliminary Budget Response, the Council identified a number of areas of concern relating to housing. The budget response called on the Administration to add \$732.0 million in capital investments for the creation of affordable housing and to provide a cost of living adjustment for human services workers across the City, including those contracted with HPD. The Executive Plan only included human services worker funding, as shown in the table. For more details on the budget response, please see:

<https://council.nyc.gov/budget/wp-content/uploads/sites/54/2024/04/Fiscal-2025-Preliminary-Budget-Response-4.pdf>, p. 11-13.

FY25 Budget Response Items			
#	Response Priorities	Amount Requested	Amount in the Exec Budget
1	Affordable Housing and Homeownership Capital Investments	\$732 million	\$0
2	Cost of Living Adjustment (COLA) for Non-Profit Providers	Call to Action	\$313,878

In the Budget Response the Council urged the Administration to confront the housing crisis with every available tool, including providing \$732.0 million in additional City capital funding annually across the plan period to build and preserve some 60,000 homes for New Yorkers of all ages and needs, including seniors, extremely low-income individuals, supportive housing tenants, and aspiring homeowners. The Administration did not include any additional Mayoral commitments in the Fiscal 2025 Executive Budget. However, the Administration did apply \$114.0 million in federal HOME grants to the capital budget and rolled forward funding from the second half of the Plan (Fiscals 2029-2033) to bolster funding in Fiscal 2026.

Deeper investment would align with the Administration’s Get Stuff Built, Housing Our Neighbors Blueprint, and City of Yes initiatives, and centrally its “moonshot” goal of building 500,000 new homes over a decade. In addition to deeper capital investments, the Council called for HPD to update its term sheets and financing terms, and properly staff its programs and divisions.

In response to the Council’s call for a cost of living adjustment for human services providers, the Administration included \$740.6 million across the Plan (of which \$163.2 million is in Fiscal 2025) for non-profit human service workers with City contracts. The Fiscal 2025 Executive Budget includes \$313,878 in HPD’s budget, mainly for shelter workers contracted with HPD, with amounts growing to \$970,166 in Fiscals 2027 and 2028.

Federal and State Budget Risks and Opportunities

- **Federal Budget.** With federal elections in November, the future of federal appropriations that support HUD and Section 8, among other housing-related departments and programs, is uncertain. Section 8 funding is based on annual Congressional appropriations to HUD and national need; therefore, it is not possible to provide outyear funding projections. Interruptions to, or decreases in, funding could have an impact on Section 8 voucher numbers and services.

In January 2024, the House passed the Tax Relief for American Families and Workers Act with bipartisan support. The bill was read for a second time in the Senate in late March but has yet to be voted on. Among tax credits in the bill, the legislation would restore the 12.5 percent Low Income Housing Tax Credit (LIHTC) allocation increase for 2023- 2025 (initially enacted in 2018 but expired in 2021), and lower the bond financing threshold required to access 4 percent credits from 50 to 30 percent for Private Activity Bond (PAB) allocations made in 2024-2025 – helping to fund perhaps an additional 200,000 LIHTC units from 2017 through 2026. HPD has expressed support for Congressional action to lower the bond threshold.

- **State Budget.** The Fiscal 2025 State Enacted Budget included a number of measures related to promoting housing development in New York. Although the enacted plan eschews the mandatory local targets for housing production that Governor Hochul proposed last year, it takes long-awaited steps to increase the housing supply, adds some tenant and homeowner protections, and combats bias and discrimination in housing.

The Budget establishes the new 485-x tax incentive in the City to construct affordable housing, extends the 421-a tax incentive for six years for projects already in the pipeline, changes the outdated 12 Floor-to-Area Ratio (FAR) density cap, launches a basement apartment legalization pilot program, and creates incentives to convert unused office space into affordable housing. The City Council has called for changes such as these during the past two State budget cycles.

Furthermore, the State Enacted Budget provides \$650.0 million in discretionary funding to Pro-Housing Communities, allocates \$500.0 million to build up to 15,000 new homes on state land, and provides incentives for Accessory Dwelling Units (ADUs) and a new 421-p tax incentive to construct housing outside of the City.

A limited version of Good Cause eviction protections was included in the budget. It has a number of exemptions based on landlord portfolio size, building age, price, and other factors that will exclude certain non-rent stabilized tenants that would otherwise be covered. It considers rent increases reasonable so long as they are under 10 percent or the inflation index (5 percent plus the annual percentage change in the local consumer price index), whichever is lower. The budget also includes new enforcement and preventative measures to protect homeowners from deed theft, and reinforces the law that squatters are not tenants.

It remains to be seen how many additional homes the State’s Enacted Budget will help generate as the City continues to confront its housing deficit.

Capital Plan Overview

On April 24, 2024, Mayor Eric Adams released the Executive Capital Commitment Plan for Fiscal 2024-2028 (the Executive Commitment Plan)

HPD’s commitments for Fiscal 2024 through 2028, as presented in the Executive Commitment Plan, total \$10.58 billion, 3.1 percent greater than the total for the same period presented in the Preliminary Capital Commitment Plan released in January.

The changes, however, reflect no new Administration (i.e. Mayoral) investments in HPD’s capital plan. Changes in specific capital budget lines align with projected costs and scheduled work based on HPD’s estimates.

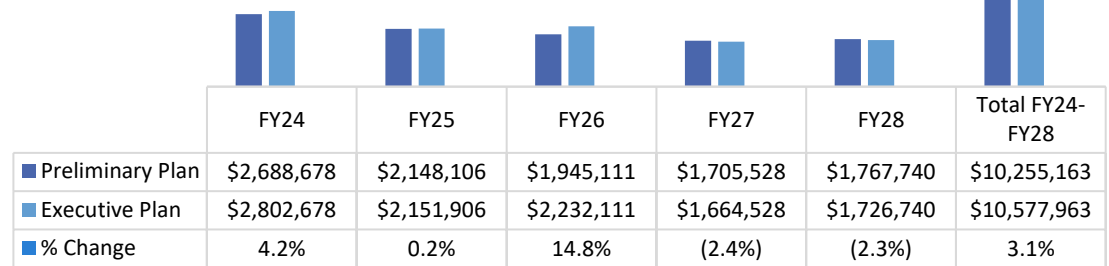
The increase is driven by applying \$114.0 million from the federal HUD HOME grant, to reflect current projects expected to close in Fiscal 2024, and an acceleration of \$280.0 million previously planned in Fiscal 2027 to Fiscal 2033 into Fiscal 2026, with the goal of rightsizing the available balance for typical production.

The Department’s planned commitments comprise 10.8 percent of the City’s total \$97.66 billion Fiscal 2024 through 2028 Plan.

Capital Commitment Plan

Fiscal 2024-2028 Capital Commitment Plan

- No new Mayoral funds
- Reflects \$114 million in federal HOME grant
- \$1.41 billion for PACT conversions (NYCHA)



Dollars in Thousands
Source: New York City Office of Management and Budget

Capital Highlights

The table below presents the capital budget lines with the largest changes (variances) between the Preliminary Capital Commitment Plan released in January and the Executive Capital Commitment Plan. However, as previously discussed, changes in specific capital budget lines align with projected costs and scheduled work based on HPD’s estimates, rather than reflecting changes in the Administration’s production intentions (which remain 20,000 starts, and 15,000 completions, of affordable housing construction or preservation each year).

The extraordinary need for affordable housing ultimately requires ongoing capital subsidies to finance deeply affordable housing. Alongside capital resources, staff are needed in the Office of Development (e.g. project managers and engineers). Given the

City's serious issues with affordable housing and homelessness, expediting project timelines and developing more deeply affordable housing should be priorities.

Capital Budget Line <i>Dollars in Thousands</i>	5-Year Plan Change	10-Year Plan Change
Participation Loan Program (PLP), Rehab	\$181,504	\$181,504
Assisted Living and Senior Housing, Citywide	178,263	178,263
Mixed Income Rental - Mod/Mid	99,524	106,684
Article 8A Loan Program	69,709	69,709
Low Income Housing Tax Credit (LIHTC) Projects	61,924	61,924
Supportive Housing Rehab	52,062	52,062
Supportive Housing	50,483	50,483
Affordable Neighborhood Cooperative Program	41,074	41,074
Housing Infrastructure Fund - HPD	22,300	0
Third Party Transfer Programs, LL #37, Citywide	20,763	20,763
Multifamily Homeownership Program	16,783	16,783
Reconstruction Of HPD Office Space	(23,486)	(23,486)
Computer Purchases and Upgrade	(36,519)	(36,519)
HUD Multi-Family Program, Citywide	(38,848)	(38,848)
Mixed Income Rental - Low	(47,365)	(47,365)
Low Income Rental Program	(336,871)	(519,571)
TOTAL	\$311,300	\$113,460

Note: Table only displays variances greater than \$10 million over five years, however totals presented are accurate to the plan.

Budget Action Chart

<i>Dollars in Thousands</i>	Fiscal 2024			Fiscal 2025		
	City	Non-City	Total	City	Non-City	Total
HPD Budget as of the Preliminary Plan	\$629,646	\$1,180,524	\$1,810,170	\$939,445	\$847,132	\$1,786,577
New Needs						
Emergency Demolition	\$11,128	\$0	\$11,128	\$0	\$0	\$0
Subtotal, New Needs	\$11,128	\$0	\$11,128	\$0	\$0	\$0
Other Adjustments						
AG Settlement	\$0	\$3,302	\$3,302	\$0	\$0	\$0
Asylum Seekers State Funding Adjustment	200,000	(200,000)	0	0	0	0
City Council Member Items Reallocation	(10)	0	(10)	0	0	0
Community Development Block Grant Swap	0	0	0	16,736	(18,536)	(1,800)
DocGo for Austell Place	0	0	0	0	0	0
Financial Plan Headcount Adjustments	0	0	0	0	0	0
FY24 Housing Assistance Payments (S8)	0	43,467	43,467	0	0	0
FY24 Mainstream - 7626	0	366	366	0	0	0
FY24 Mod Rehab Takedowns	0	(2,096)	(2,096)	0	(2,096)	(2,096)
FY24 PORT-OUT ADMIN - 7622	0	73	73	0	0	0
FY25 Departmental Estimate TL	0	0	0	0	0	0
Heat, Light and Power	39	0	39	155	0	155
Helpdesk New Budget Code	0	0	0	0	0	0
Human Service COLA	0	0	0	314	0	314
Managerial and OJ increases	1,831	681	2,512	2,181	764	2,945
Minimum Wage Increases	7	0	7	15	0	15
Motor vehicle repairs	0	0	0	0	0	0
OSA Collective Bargaining Adjustment	524	613	1,137	593	551	1,144
Put up funds for Sandy MF need	0	305	305	0	0	0
Reallocate funds (Various)	0	211	211	0	0	0
Reallocate funds for Livonia	0	4,500	4,500	0	0	0
S8 DSAS Software	0	224	224	0	0	0
S8 GCOM Consultant	0	590	590	0	0	0
Scheduling funds	0	30	30	0	0	0
Scheduling Home First Funds	0	7,500	7,500	0	0	0
SEC 8 - Enterprise	0	673	673	0	0	0
SEC 8 - CCD	0	493	493	0	0	0
SEC 8 MOD REHAB/SRO ADMIN	0	80	80	0	0	0
SEC 8 PROFESSIONAL MEMBERSHIP	0	636	636	0	0	0
To bring up Funds - Lead Gt 20	0	121	121	0	0	0
To bring up S8 Funds	0	3,599	3,599	0	3,599	3,599
UASI - Fed 2021	0	1	1	0	0	0
Workforce Enhancement	(16)	0	(16)	(16)	0	(16)
Subtotal, Other Adjustments	\$202,375	(\$134,631)	\$67,744	\$19,978	(\$15,717)	\$4,261
Savings/Programs to Eliminate the Gap (PEGs)						
Asylum Seeker Re-Estimates and Efficiencies	(\$8,348)	\$0	(\$8,348)	(\$7,495)	\$0	(\$7,495)
Subtotal, PEGs	(\$8,348)	\$0	(\$8,348)	(\$7,495)	\$0	(\$7,495)
HPD U/A 012 Changes (NYCHA)	\$27,331	\$46,881	\$74,212	\$27,417	\$30,881	\$58,298
Grand Total	\$232,486	(\$87,750)	\$144,737	\$39,901	\$15,164	\$55,065
HPD Budget as of the Executive Plan	\$862,133	\$1,092,773	\$1,954,906	\$979,346	\$862,296	\$1,841,642

Source: New York City Office of Management and Budget

Budget by Program Area

<i>Dollars in Thousands</i>	FY22	FY23	FY24	Executive Plan		*Difference
	Actual	Actual	Adopted	FY24	FY25	FY25 - FY24
Budget by Program Area						
Administration	\$52,045	\$68,195	\$71,304	\$74,114	\$71,659	\$355
Administration Program	281,783	307,446	290,796	356,491	269,404	(21,393)
Development	46,035	47,597	30,368	89,264	62,071	31,703
Housing Operations - Section 8 Programs	607,527	643,912	660,056	760,065	673,640	13,584
Housing Operations- Emergency Housing	44,317	73,548	183,462	460,335	600,596	417,133
Housing Operations- Mgmt & Disposition	26,191	28,918	31,162	30,991	32,218	1,056
Preservation - Anti-Abandonment	11,278	10,863	14,717	15,558	4,242	(10,475)
Preservation - Code Enforcement	33,883	36,851	40,297	47,102	42,562	2,265
Preservation - Emergency Repair	30,168	33,047	33,043	32,011	35,545	2,502
Preservation - Lead Paint	16,554	20,164	23,179	25,991	22,297	(883)
Preservation - Other Agency Services	44,634	53,541	34,784	62,983	27,408	(7,376)
TOTAL	\$1,194,414	\$1,324,081	\$1,413,169	\$1,954,905	\$1,841,642	\$428,473
Funding						
City Funds			\$555,813	\$862,132	\$979,345	\$423,532
Capital- IFA			24,751	25,166	25,703	952
Federal - Community Development			181,860	287,141	181,040	(820)
Federal - Other			646,584	766,465	651,476	4,892
Intra City			2,057	2,294	2,136	78
Other Categorical			1,029	10,631	867	(162)
State			1,075	1,075	1,075	0
TOTAL	\$1,194,414	\$1,324,081	\$1,413,169	\$1,954,905	\$1,841,642	\$428,473
Budgeted Headcount						
Full-Time Positions - Civilian	2,240	2,401	2,664	2,695	2,687	23
Full-Time Equivalent Positions	11	9	31	29	28	(3)
TOTAL	2,251	2,410	2,695	2,724	2,715	20

*The difference of Fiscal 2025 Executive Budget compared to Fiscal 2024 Adopted Budget.

Source: New York City Office of Management and Budget