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**Report to the Committee on Finance and the
Committee on Housing and Buildings on the Fiscal
2023 Executive Plan and the Fiscal 2023 Executive
Capital Commitment Plan**

Department of Buildings

May 9, 2022

(Report Prepared by Chima Obichere)



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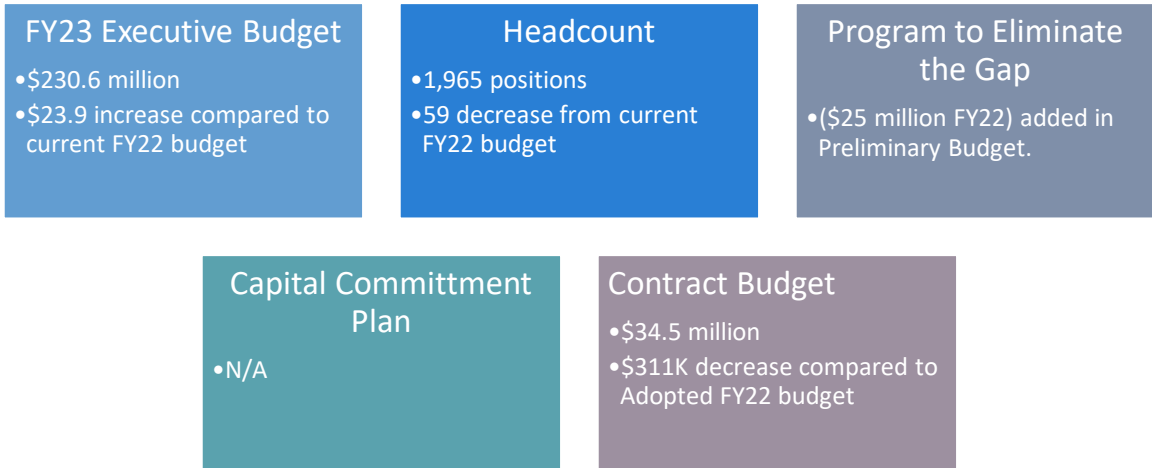
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DOB Fiscal 2023 Executive Budget Snapshot



Budget Response

Council Priorities

- \$2.4 million in Fiscal 2023 for Office of Building and Emissions Performance (OBEEP)

New Needs

Other Significant New Needs

- \$1 million in Fiscal 2023 for Office of Special Enforcement (OSE) Registration Law
- \$95,500 in Fiscal 2023 for Parking Structure Compliance
- \$311,500 in Fiscal 2023 for SoHo-NoHo Rezoning

Other Adjustments

Adjustments in the Executive Budget

- \$10.6 million for OTPS Reallocation from Fiscal 2022 into Fiscal 2023

Major Agency Issues

Agency Issues Identified

- Budget Transparency, need for additional Units of Appropriations
- Construction sites inspections headcount

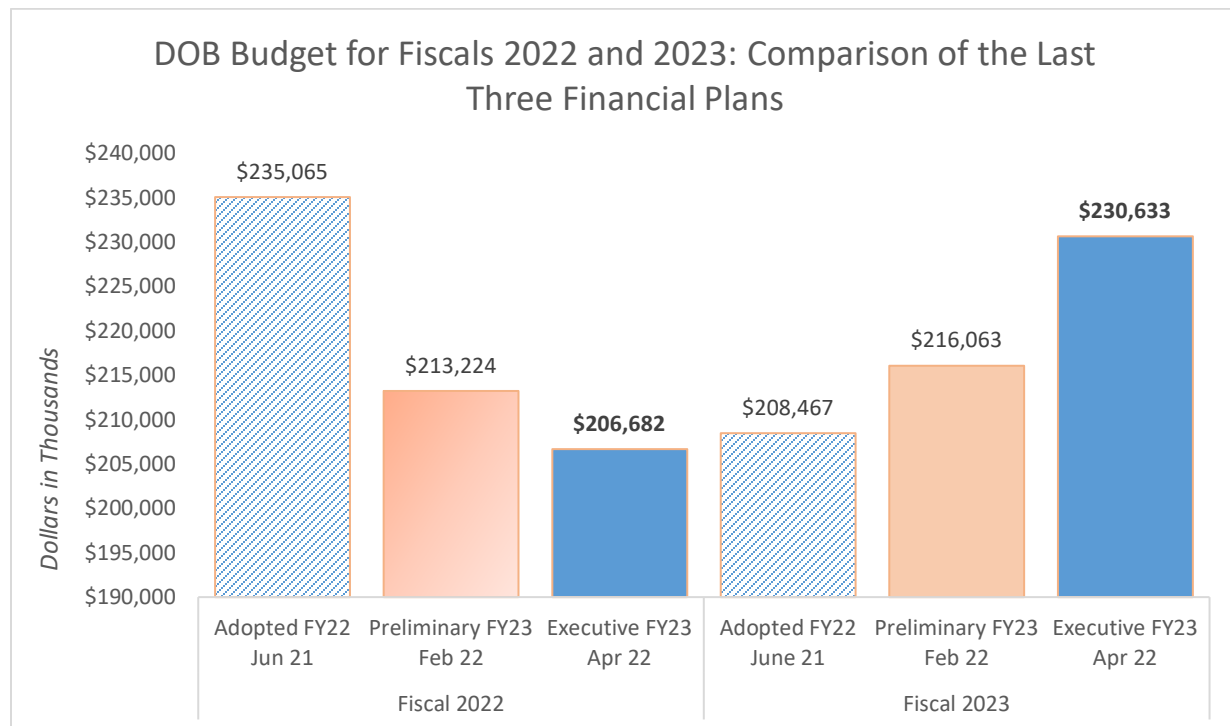
DOB Budget Overview

On April 26, 2022, the Administration released the Executive Financial Plan for Fiscal 2022-2026 (Executive Plan) with a proposed budget for Fiscal 2023 of \$99.7 billion. This report offers a review of the Department of Buildings’ (the Department or DOB) Fiscal 2023 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DOB’s Preliminary budget, please refer to the Fiscal 2023 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/04/810-DOB.pdf>

The Department’s projected Fiscal 2023 budget of \$230.6 million represents less than one-half of one percent of the City’s proposed Fiscal 2023 budget in the Executive Plan. DOB’s proposed Fiscal 2022 budget is \$206.7 million, or 12.1 percent, less than the agency’s Fiscal 2022 Adopted Budget (\$235.1 million) and \$6.5 million, or 3.1 percent, less than the budget presented in the Fiscal 2023 Preliminary Financial Plan (Preliminary Plan) presented in February (\$213.2 million).

DOB’s Fiscal 2023 budget increased by \$14.6 million (6.7 percent), from the Preliminary Plan (\$216.1 million). The increase is the result of a number of actions taken, most significant of which are:

- \$2.4 million for the Office of Building Energy and Emissions Performance;
- \$1 million for the Office of Special Enforcement; and
- \$312,000 for SoHo-NoHo Rezoning



Personal Services and Headcount

DOB's Executive Plan includes funding for 2,024 full-time positions in the current year, decreasing to 1,965 in Fiscal 2023. The current plan represents an increase in agency headcount of 20 in Fiscal 2022 since adoption.

In the Executive Plan, funding for DOB's personal services (all agency staffing related expenses) comprise \$135.2 million or 65.4 percent of the agency's total Fiscal 2022 plan. This number increases to \$172.9 million or 74.9 percent in Fiscal 2023.

DOB Spending and Headcount

Dollars in Thousands	2020	2021	2022	Executive Plan		*Difference
	Actual	Actual	Adopted	2022	2023	2022 - 2023
Spending						
Personal Services	\$140,224	\$138,492	\$167,286	\$135,230	\$172,864	\$5,578
Other Than Personal Services	49,307	58,843	67,779	71,452	57,769	(10,010)
TOTAL	\$189,531	\$197,335	\$235,065	\$206,682	\$230,633	(\$4,432)
Budgeted Headcount						
Full-Time Positions - Civilian	1,676	1,631	2,004	2,024	1,965	(39)
TOTAL	1,676	1,631	2,004	2,024	1,965	(39)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Executive Budget.

Funding Sources

DOB's budget is financed by city funds as well as federal and intra-city funding sources. In the current financial plan, the Department's primary funding source is City funding. In the Executive Plan, City funding comprises 86.1 percent (\$177.9 million) of DOB's total funding in Fiscal 2022, down from 93.2 percent (\$219.1 million) financed by City funding in the Adopted 2022 budget. City funding comprises 100 percent (\$230.6 million) of the Department's Executive Plan for Fiscal 2023.

The \$36.7 million decrease in DOB's Fiscal 2022 budget and \$14.6 million increase in its Fiscal 2023 budget between the 2023 Preliminary Budget and the 2023 Executive Plan is primarily the result of modifications to federal, intra-city, and City funding. These changes include:

Federal Funding. Federal funding decreases by \$1.5 million in Fiscal 2022 and remains unchanged in Fiscal 2023 when compared to the Preliminary Plan.

- \$1.5 million in the American Rescue Plan Act (ARPA) funding takedown due to delayed hiring for COVID inspections in Fiscal 2022 only.

State Funding. DOB will receive no State funding in the budget.

City Funding. City funding decreases by \$35.3 million in Fiscal 2022 and increases by \$14.6 million in Fiscal 2023 when compared to the Preliminary Plan.

See Appendix A for a complete list of all changes reflected in DOHMH's Fiscal 2022 and 2023 budgets since adoption.

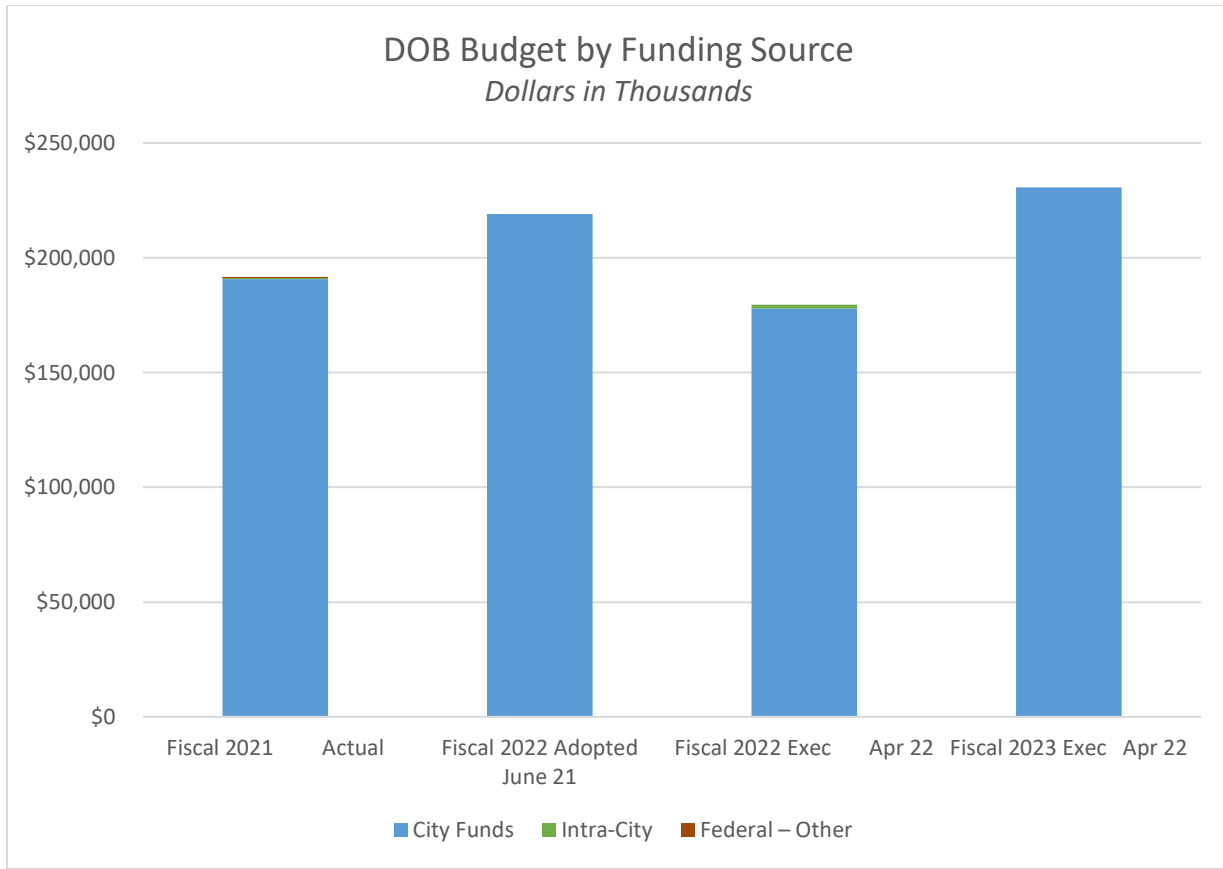


Table 2: DOB Funding Sources

<i>Dollars in Thousands</i>	2021	2022	Executive Plan		*Difference
	Actual	Adopted	2022	2023	2022 - 2023
Funding					
City Funds	\$190,647	\$219,130	\$177,928	\$230,633	\$11,503
Federal – Other	5,905	15,935	27,224	0	(15,935)
Intra-City	784	0	1,530	0	0
TOTAL	\$197,336	\$235,065	\$206,682	\$230,633	(\$4,432)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Executive Budget.

Program Area Budgets

Presently DOB’s budget is not broken down by program areas.

Changes Since the Preliminary Budget by Spending Type

At each financial plan, an agency will submit changes to its budget from the prior plan. These changes are comprised of new needs that have not previously been included in their budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans.

A summary of all changes made to DOB's financial plan since adoption, can be found in Appendix A.

New Needs

DOB's Executive Budget includes \$3.9 million of new needs in four areas.

- **LL97 Office of Building Energy and Emissions Performance (\$2.4 million in Fiscal 2023).** The Executive Budget includes \$2.4 million in Fiscal 2023 and \$400,000 in Fiscal 2024 and in the outyears, for costs associated with the implementation of Local Law 97 of 2019 including funding for five additional positions. The local law requires buildings that are 25,000 square feet and greater to meet mandatory carbon emission limits by 2025, approximately 50,000 buildings are subject to this law.
- **Office of Special Enforcement (OSE) Law (\$1 million baselined).** The Executive Budget includes \$178,000 in Fiscal 2022 and \$1 million in Fiscal 2023 and in the outyears, including 13 headcount positions, to implement the recently enacted City Registration Law (2309-A). The local law requires anyone renting rooms in Class A dwelling units (residential multi-family buildings) for fewer than 30 consecutive days, to register with the Mayor's Office of Special Enforcement (OSE) and obtain a registration number before being permitted to rent rooms in such a manner. In addition, booking services will be required to verify the short-term rental registration number of any accommodation before listing it on their service sites.
- **Parking Structures Compliance (\$95,500 in Fiscal 2023).** The Executive Budget includes \$95,500 in Fiscal 2023 and \$85,000 in Fiscal 2024 and in the outyears, for one technical staff position, to handle the review of parking structure compliance reports. This action is in anticipation of the publication of the next New York City Administrative Code that will require owners of parking structures to submit compliance reports to the DOB every six years. Similar to other compliance filings, such as Façade Inspection Reports, these submittals will need to be reviewed by professionals that hold the same qualifications as those required by the law for professionals who prepare and submit the reports.
- **SoHo-NoHo Rezoning (\$311,500 in Fiscal 2023).** The Executive Budget includes \$311,500 in Fiscal 2023 and baselines \$280,000 beginning in Fiscal 2024 for three administrative positions and costs associated with the SoHo-NoHo rezoning.

Other Adjustments

DOB's Executive Budget includes a decrease of \$11.9 million in Fiscal 2022 and an increase of \$10.7 million in Fiscal 2023 in other adjustments. Some of the major adjustments include the following.

- **ARPA Reallocation (\$1.5 million in Fiscal 2022).** The Executive Budget includes a net decrease of \$1.5 million in federal ARPA funding. This is comprised of a \$4.4 million reduction in spending resulting from delayed hiring for COVID inspectors offset by an additional \$2.9 million of ARPA funding provided for the DOB Situation Room to cover additional Fiscal 2022 expenses.

- **Heat, Light and Power (\$115,384 in Fiscal 2023)** Due to re-estimates, DOB anticipates an increase of \$116,000 in Fiscal 2022 and \$115,000 in Fiscal 2023 and in the outyears for costs associated with heat, light and power.
- **OTPS Reallocation (\$10.6 million).** The Executive Budget includes funding transfer of \$10.6 million from Fiscal 2022 to Fiscal 2023 for various projects due to contractual delays.

Savings Program

DOB's Executive Budget includes \$25 million in additional resources instituted in the Program to Eliminate the Gap (PEG)/ Citywide Savings Program (CSP). The agency was able to locate additional resources from one initiative.

- **PS Savings (\$25 million in Fiscal 2022).** The Executive Budget include savings of \$25 million in Fiscal 2022 only generated from delayed hiring by DOB.

Fiscal 2023 Preliminary Budget Response

In the Fiscal 2023 Preliminary Budget Response (Budget Response)¹, the Council identified several areas of concern relating to bolstering agency operations for greater efficiency. Below the Council's proposals are discussed, followed by an analysis of how they were addressed in the Executive Plan.

- **Enhance Office of Building Energy and Emissions Performance (OBEEP).** Presently in Fiscal 2022, OBEEP has only six staff dedicated to assist with the implementation of the City's Local Law 97 of 2019, which limits building emissions, within the DOB. To ensure Local Law 97 is fully implemented as mandated, in the Preliminary Budget Response, the Council called on the Administration to include baseline funding of \$450,000 in the Fiscal 2023 Executive Budget for six additional positions within OBEEP to assist with Local Law 97 implementation.
- **Restore Funding for the Department of Buildings (DOB) Headcount.** The Preliminary Plan included savings of \$6.5 million in Fiscal 2023 and \$6.2 million in Fiscal 2024 and in the outyears related to a reduction of 81 DOB staff positions that were vacant. This reduction is being made at a time when the need for construction site inspections and enforcement are on the rise. As such, the Council called on the Administration to restore and baseline \$6.5 million in the Executive Budget for the 81 positions removed from DOB's budget in the Preliminary Plan.

Despite the increased funding added for certain programs there are still some essential programs that did not receive additional support in the Executive Plan. Below is a summary of the areas highlighted by the City Council in its Response to the Mayor's Preliminary Fiscal 2023 Financial Plan.

¹ The full response can be found at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/04/Fiscal-2023-Preliminary-Budget-Response-1-2.pdf>

Response Priorities	Amount Requested	Amount Included in the Exec Budget
Enhance Office of Building Energy and Emissions Performance (OBEEP)	\$450,000	\$2.4 million
Restore Funding for the Department of Buildings (DOB) Headcount	\$6.5 million	\$0

- **Enhance Office of Building Energy and Emissions Performance (OBEEP).** The Executive Budget includes \$2.4 million in Fiscal 2023 and \$400,000 in Fiscal 2024 and in the outyears to fund five headcount positions and for costs associated with DOB's Office of Energy and Emissions Performance.
- **Restore Funding for the Department of Buildings (DOB) Headcount.** The Fiscal 2023 Executive Budget does not include restoration of the \$6.5 million and the 81 vacant positions eliminated in the Preliminary Budget.

Federal and State Budget Risks

There is no significant federal or state budget risk for DOB as the agency is primarily funded with City tax-levy funds.

Capital Budget

The Department of Buildings has no capital program presented in the Executive Capital Commitment Plan for Fiscal 2022-2026 (Commitment Plan) and the Fiscal 2023 Executive Capital Budget.

Appendix A: Budget Actions since Fiscal 2022 Adoption

<i>Dollars in Thousands</i>	FY22			FY23		
	City	Non-City	Total	City	Non-City	Total
DOB Budget as of the FY22 Adopted Budget	\$219,130	\$15,935	\$235,065	\$208,467	\$0	\$208,467
November 2021 Plan New Needs						
Customer Service	\$2,647	\$0	\$2,647	\$2,714	\$0	\$2,714
Major Development Program	3,470	0	3,470	4,442	0	4,442
Small Property Homeowners Project Advisors	755	0	755	2,087	0	2,087
Vaccine Incentive	65	0	65	0	0	0
Subtotal, New Needs	\$6,937	\$0	\$6,937	\$9,243	\$0	\$9,243
Other Adjustments						
Construction Safety Outreach Contract Realignment	(\$600)	\$0	(\$600)	\$600	\$0	\$600
FY22 DOB SRS		1,056	1,056			\$0
I/C DOB FY22		375	375			\$0
PS Savings	(1,100)	0	(1,100)	(1,100)	0	(\$1,100)
Situation Room Transfer	0	10,847	10,847	0	0	\$0
Staff Analyst Collective Bargaining	512	0	512	519	0	\$519
Increase FY22 CR Fund	0	1,892	1,892	0	0	\$0
Subtotal, Other Adjustments	(\$1,188)	\$14,170	\$12,982	\$19	\$0	\$19
TOTAL, All Changes	\$5,749	\$14,170	\$19,919	\$9,262	\$0	\$9,262
DOB Budget as of the FY22 November Budget	\$224,879	\$30,105	\$254,984	\$217,729	\$0	\$217,729
FY23 January Plan, New Needs						
Vaccine Incentive	(\$1)	\$0	(\$1)	\$0	\$0	\$0
Subtotal, New Needs	(\$1)	\$0	(\$1)	\$0	\$0	\$0
FY23 Executive Plan, Other Adjustments						
BOBNOW Reallocation	(\$4,866)	\$0	(\$4,866)	\$4,866	\$0	\$4,866
MOS-DOB Sustain Help Center	0	100	100	0	0	0
Subtotal, Other Adjustments	(\$4,866)	\$100	(\$4,766)	\$4,866	\$0	\$4,866
FY23 Executive Plan, PEGs						
Vacancy Reduction	(\$6,789)	\$0	(\$6,789)	(\$6,532)	\$0	(\$6,532)
Subtotal, PEGs	(\$6,789)	\$0	(\$6,789)	(\$6,532)	\$0	(\$6,532)
TOTAL, All Changes	(\$11,655)	\$100	(\$11,556)	(\$1,666)	\$0	(\$1,666)
DOB Budget as of the FY23 Preliminary Budget	\$213,224	\$30,204	\$243,428	\$216,063	\$0	\$216,063
FY23 Executive Plan, New Needs						
LL97 Office of Building Energy and Emissions Performance.	\$0	\$0	\$0	\$2,438	\$0	\$2,438
OSE Registration Law	178	0	178	1,020	0	1,020
Parking Structures Compliance	0	0	0	96	0	96
SoHo-NoHo Rezoning	0	0	0	312	0	312
Subtotal, New Needs	\$178	\$0	\$178	\$3,865	\$0	\$3,865
FY23 Executive Plan, Other Adjustments						
ARP Reallocation	\$0	(\$1,450)	(\$1,450)	\$0	\$0	\$0
Heat, Light and Power	116	0	116	115	0	115
OTPS Reallocation	(10,590)	0	(10,590)	10,590	0	10,590
Subtotal, Other Adjustments	(\$10,474)	(\$1,450)	(\$11,925)	\$10,705	\$0	\$10,705

<i>Dollars in Thousands</i>	FY22			FY23		
	City	Non-City	Total	City	Non-City	Total
FY23 Executive Plan, PEGs						
PS Savings	(\$25,000)	\$0	(\$25,000)	\$0	\$0	\$0
Subtotal, PEGs	(\$25,000)	\$0	(\$25,000)	\$0	\$0	\$0
TOTAL, All Changes	(\$35,296)	(\$1,450)	(\$36,747)	\$14,570	\$0	\$14,570
DOB Budget as of the FY23 Executive Budget	\$177,927	\$28,754	\$206,682	\$230,633	\$0	\$230,633