



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

FY2024 Executive Budget Hearing

May 12, 2023

Good morning, Chair Sanchez, Chair Brannan, and members of the New York City Council Committees on Housing and Buildings and Finance. I am Adolfo Carrión Jr., Commissioner of the New York City Department of Housing Preservation & Development (HPD). I am joined by members of our agency's senior leadership team.

Last year, when I first testified before the Council on HPD's Executive Budget, I shared that one of my main priorities as Commissioner would be to rebuild this agency. A robust and healthy workforce that both values public service and feels valued as public servants is critical to our ability to carry out our mission. Hiring and retention have been a top priority for us over the last year, and thanks to the support of council members, proactive citywide hiring strategies, and recent wins like the DC 37 contract, we are on track to meet our goals around expanding access to affordable housing, advancing fair housing, and keeping New Yorkers safe in their homes.

Specifically, I want to thank the Council for promoting HPD's hiring initiatives. Our last hiring fair for the Division of Tenant Resources was immensely successful. The event was shared over 900 times on social media, including by a number of Council Members. 225 New Yorkers attended, and we extended offers for all 49 openings on the team. DCAS has also been hosting

weekly citywide hiring fairs and HPD has attended every one, making about 50 job offers over the last 8 fairs. Please continue to share these opportunities with your constituents. Your support goes a long way. Two months ago, I shared that we hired 218 new employees in 2021; 442 new employees in 2022; and so far, this year, we've brought on 242 new employees. As OMB has shared, we will continue to work with them to request additional headcount as needed, but our primary focus now is filling existing roles.

We were also thrilled when the DC37 contract passed in April, providing well-deserved raises and \$3,000 bonuses to more than 1,300 of our staff. Working with OMB, we provided pay increases to about 200 of our recent hires to make our wages fairer and more competitive. I will be sharing additional staffing updates in the rest of my testimony, but now I will turn to HPD's Fiscal Year 2024 budget and how it, along with our growing staff, helps us meet our mission. I will then be happy to take your questions.

FY 2024 Budget Overview

HPD's proposed fiscal year 2024 expense budget totals **\$1.35 billion**, of which **\$226 million** is pass-through funding for the New York City Housing Authority (NYCHA). Excluding this pass-through, **\$1.13 billion** is allocated for the agency's operations.

Approximately 71% (\$803 million) of our expense budget comes from federal grants, primarily for Section 8 Housing Choice Vouchers and other rental assistance programs. The agency also relies heavily on funding from the Community Development Block Grant and HOME Investment Partnerships program, which support activities such as targeted code enforcement, emergency repairs, tenant anti-harassment, and downpayment assistance for first-time homebuyers.

The balance of our expense budget consists of \$323.9 million in city funds, with a relatively small amount of state and other categorical grants amounting to \$1.7 million. City funds are used to fill gaps in programs and services that are not eligible for federal reimbursement or require a local matching contribution. This requires innovative design and implementation of new programs and services to maximize city resources.

Our capital commitment plan for fiscal year 2024 totals **\$2.5 billion**, of which \$440 million is pass-through funding for NYCHA's Permanent Affordability Commitment Together (PACT)

program, leaving a balance of \$2.07 billion for the agency's project pipeline. Almost 98% of our capital plan is funded by city sources, while the remaining 2% is financed by the federal HOME block grant for affordable housing.

Expanding Access to Affordable Housing

To meet the demands of the current housing crisis and address cost escalations, we moved up more than half-a-billion dollars in our capital budget from the out years, so we can deliver urgently needed affordable housing. In partnership with HDC, we are also investing \$7.7 million for what we're calling the Capacity Accelerator Program, designed specifically to support our Development team by hiring temporary staff to move our robust pipeline of projects forward. We are actively working to fill positions in the office of Development, including 17 new positions, and we're going to use the Capacity Accelerator Program to deliver results, especially for preservation projects in our pipeline.

We recently released a Supportive Housing Request for Qualifications, in order to accelerate the creation of 15,000 supportive homes by 2028. This is a plan we laid out in our blueprint - *Housing our Neighbors*. This competitive process will establish a list of qualified developers to build supportive housing on city-owned land. For New Yorkers experiencing chronic homelessness and serious mental health or substance abuse challenges, affordable housing alone is not enough. Supportive housing provides effective solutions for keeping our neighbors stably housed. Our proposed budget also includes \$3.2 million over FY24-FY27 for the Moving On program. This helps people who no longer need on-site services, transition out of supportive housing and into permanent affordable housing.

We also committed to speeding up and improving the process of connecting New Yorkers to the housing we create. In FY 2022, HPD placed more homeless households into affordable units than ever before, and we are on track to house even more homeless households this year. We, together with NYCHA, have issued all 7,788 EHV's we received from the federal government, and more than 5,300 households have found housing with assistance from the City's Housing Navigators. And, since overhauling our Housing Connect platform to be more intuitive and seamless, we've seen a huge uptick in users, hitting more than 1 million registered account users last month. I encourage the Council to take advantage of outreach events like HPD in Your District

and Tenant Resource fairs, so we can continue to get the word out about the affordable housing opportunities, including homeownership, created by the City.

Advancing Equity and Fair Housing

While we reach more New Yorkers about affordable housing opportunities available on Housing Connect, we are also revamping our efforts to include more New Yorkers in the community visioning process at the start of HPD's neighborhood planning work. We recently launched the community engagement process for two public sites: Jersey Street on the North Shore of Staten Island and 388 Hudson in Lower Manhattan. Gathering input from New Yorkers with connections to these sites is critical to developing a strong project that incorporates the affordable homes and neighborhood assets the community wants to see. We look forward to launching even more sites this year, and in line with our Equitable Ownership requirement, ensuring that Minority and Women-Owned Business Enterprises and non-profits have at least a 25% ownership stake in the project.

Creating economic opportunity for M/WBEs through the work we do is critical to our mission. We do this through our multi-billion-dollar affordable housing pipeline, as well as through the work of our Emergency Operations division, which orders and monitors emergency repairs in response to immediately hazardous conditions in residential buildings. We have been actively seeking M/WBE contractors with experience in demolition, heating, plumbing, lead, and other areas, to help keep New Yorkers safe in their homes. We are now strengthening our outreach in the outer boroughs to identify more firms for HPD's pre-qualified list. Qualified firms gain access to a steady stream of emergency repair work – nearly 25,000 jobs a year, and we would love the Council's support in sharing this opportunity with your constituents

Keeping New Yorkers Safe in their Homes

Elected officials play an important role in the work we do – from outreach and education to legislation and public accountability. City Council have been very helpful in our recruitment efforts, including for our Housing Inspector positions. As a result of our immensely successful hiring fair in January, we're now welcoming our third class of inspectors this week. In addition, New York City would not have some of the strongest housing maintenance laws in the country if it weren't for the City Council. Since changing the definition for lead-based paint to be the strictest

in the nation, HPD has issued 30% more lead-based paint hazard violations. We are also on track to implement the new fire-safety law that was enacted after the devastating Twin Parks fire. In Fiscal Year 24, HPD will start proactive inspections for self-closing doors at 300 buildings identified by HPD and FDNY as high-risk.

Communicating effectively about home health hazards, tenant rights, and owners' responsibilities is just as important as mobilizing our frontline staff to inspect homes and issue violations. Last week, after many months of designing, focus group testing, and gathering feedback, we launched our new HPDOnline, an essential tool New Yorkers use to find building data about complaints, violations, litigation, charges, and more. Please visit. Our new website is streamlined to provide tenants, owners, constituents, and council staff, with a better user experience and a better understanding of their building. These are just a few of the many investments we're making in technology to make HPD more user-friendly.

Finally, as we enforce housing quality and safety in existing homes across the five boroughs, we also work with our partners to build housing for the future. Earlier this month, HPD and NYSERDA announced the Future Housing Initiative, a new partnership to invest \$15 million to fund the construction of high-performance, all-electric multifamily buildings that will achieve "Passive House" certification. The program will benefit approximately 3,000 affordable homes. This builds upon an earlier partnership between HPD and NYSERDA to invest \$24 million in electrification retrofits for buildings in HPD's preservation pipeline, benefitting approximately 1,200 affordable homes. We've also kicked off a robust "Act Now" education campaign to outline steps building owners can take right away to get on a path to compliance with Local Law 97 and support the City's ambitious climate goal of reducing carbon emissions by 80% by 2050.

Opportunities to Work Together

From affordability to climate resiliency, New Yorkers are counting on us to deliver real solutions to their housing struggles, and together it's our duty to do that. I want to thank the Council for being a constant partner in fighting to get the resources we need and in advancing legislative priorities and reforms.

I'll close with this. The housing crisis demands action from our partners in Albany. While the State Budget did not include the tools we need to incentivize the creation of new housing and

preserve the quality of existing housing in New York City, we are ready to work hand in hand with the state legislature to address this crisis, and we need your support. We are calling on our State Legislators to unlock the tools we need:

- regulatory changes to facilitate commercial conversions and legalize basement apartments;
- reformed tax incentives to replace 421a and J51 to help create and preserve affordable housing;
- lifting the floor-area-ratio cap to allow more affordable housing;
- and long overdue improvements to HPD's loan authorities.

The agency needs its decades-old loan authorities modernized to strengthen our response to the housing, climate resiliency, and energy efficiency issues the city faces today. We need the flexibility to better support homeowners and Community Land Trusts (CLTs), and to preserve affordable housing. We need your help to advance these housing priorities so we can *Get Stuff Built* and make this a *City of Yes* for all New Yorkers.

We look forward to continuing to work together to make this city a fairer for all New Yorkers. Thank you again for the opportunity to testify today. My team and I look forward to your questions.