

# FY 2019 Borough Budget Consultations

## Manhattan - Department of Housing Preservation and Development

Meeting Date 9/20/2017

### AGENDA ITEM 1 : General Agency Funding Discussion:

The purpose of holding the Borough Budget Consultations is to provide Community Boards with important information to assist in drafting their statement of District Needs and Budget Priorities for the upcoming fiscal year. As you know, Community Board Members are volunteers who may not be familiar with the budget process and how agencies' programs are funded. At the same time, Community Board members are very knowledgeable about local service needs.

This year's Manhattan agendas have Agencies begin the consultation with a presentation of their goals, funding decision process, and highlights of their funding needs.

Then, the agenda continues with Community Boards asking about specific program funding.

Lastly, the agendas include Boards' requests on district-specific budget questions. We request that the agency respond in writing, but have any further discussions on these items with the Community Boards outside of the consultation.

For the General Agency Funding Discussion, please provide written responses and please be prepared to present on the following topics for 10-15 minutes at the beginning of our Consultation:

1. Explain the process the agency uses to formulate goals and budget priorities.
2. What are the current proposed FY18 and FY19 service and operational goals and proposed funding?
3. Which programs is the agency adding, dropping, or changing for FY18 and projected for FY19?

### AGENCY RESPONSE:

1. Explain the process the agency uses to formulate goals and budget priorities.

HPD's Capital Budget is almost entirely allocated to individual loan programs that carry specific terms and requirements, including a maximum per dwelling unit City subsidy. HPD Budget works cooperatively with internal stakeholders as they formulate the production pipeline in accordance with their broader programmatic and affordability targets to ensure that capital resources are adequately aligned.

The Mayor's Housing New York Plan to build or preserve 200,000 units of affordable housing over 10 years serves as the foundation for HPD's development goals and budget priorities. The plan lays out targets for Preservation (60%) and New Construction (40%) as well as by income bands that range from 0% - 30% of AMI (Extremely Low Income) to 121% -165% of AMI (Middle Income). HPD development staff are tasked with implementing the plan as personnel associated with individual loan program work continually with developers and building owners to secure opportunities for City assistance in exchange for affordability. Unit starts, completions and unit targets are revised annually and published in the Mayor's Management Report (MMR).

2. What are the current proposed FY18 and FY19 service and operational goals and proposed funding?

In FY18 the operational goal is to realize 8,600 New Construction starts and 12,900 Preservation starts towards Housing New York. The FY19 target will be available upon completion of the FY18 Mayor's Management Report. There is approximately \$1B annually in City capital resources proposed for FY18 and FY19.

3. Which programs is the agency adding, dropping, or changing for FY18 and projected for FY19?

The Agency is not adding or dropping any program for FY18. We changed our New Construction term sheets to add greater levels of affordability.

The following programs and tools are in place for new construction or preservation of housing that is affordable to a range of income groups, and there are no proposed changes, additions or removals for FY18 or FY19. Term sheets that describe income ranges for each program can be found on the HPD website.

Participation Loan Program (PLP)

Multifamily Housing Rehabilitation Program (HRP)

LIHTC Preservation (Year 15) Program

HUD Multifamily Program, Green Housing Preservation Program (GHPP)

Affordable Neighborhood Cooperative Program (ANCP)

Third Party Transfer Program (TPT)

Multifamily Preservation Loan Program (MPLP)

Supportive Housing Loan Program (SHLP)

Senior Affordable Rental Apartments (SARA)

Extremely Low and Low Income Affordability (ELLA)

Mixed Income Program (Mix & Match)

Mixed Middle Income (M2)

Neighborhood Construction Program (NCP)

New Infill Homeownership Opportunities Program

OurSpace Initiative

Small Homes Rehab – NYCHA

## **MEETING NOTES:**

### **COMMENTS:**

Can you speak more to the preservation programs

### **FOLLOW-UP:**

HPD will email more information on housing preservation programs

## **AGENDA ITEM 2 : Capital & Expense**

What is the projected level of funding for the following HPD programs and interagency initiatives for FY17, FY18, and FY19. In your opinion, which of these programs require the most resources?

A. HOME OWNERSHIP?

B.ACQUISITION OF PROPERTY FOR FUTURE HOUSING DEVELOPMENT?

C.MULTIFAMILY PRESERVATION LOAN PROGRAM (FORMERLY DAMP PROGRAMS)?

D.DISPOSITION?

E.PRESERVATION FINANCE?

F.NEW CONSTRUCTION?

G.LEAD PAINT?

H.SUPPORTIVE HOUSING LOAN PROGRAM?

I.ASSET MANAGEMENT?

J.AFFORDABLE NEIGHBORHOOD COOPERATIVE PROGRAM (FORMERLY TIL)?

K.ABANDONMENT & FORECLOSED OVERLEVERAGED BUILDINGS?

## **AGENCY RESPONSE:**

As Preservation Finance and New Construction comprise the majority of HPD's unit production, these program areas require the most resources.

Homeownership?

There is \$963k in FY19 and \$1.5M in FY20 in City capital for multifamily homeownership. Additionally, there is a \$3M baseline of federal HOME funds programmed in the expense budget for the HomeFirst program which provides down payment assistance of up to \$25k to first-time homebuyers.

Acquisition of Property for Future Housing Development?

HPD does not have a dedicated funding pool for acquisition.

Multifamily Preservation Loan Program (Formerly Damp Programs)?

FY19 - \$10.382M; FY20 - \$15.770M. These amounts are also included in the Disposition total.

Disposition?

FY19- \$82.2M; FY20 – \$105.2M (includes multiple programs)

Preservation Finance?

FY19 - \$303.2M; FY20 - \$330.6M

New Construction?

FY19 - \$382.7M; FY20 - \$310.7M

Lead Paint?

HPD is currently working off of the 2015 Federal Lead Grant, which runs in a 3 year cycle. HPD was recently awarded an additional federal grant in 2017, and will allocate those resources in the out years depending on workload.

FY19 - \$18,972,148; FY20 - 18,972,148

Supportive Housing Loan Program?

FY19 - \$172M (including \$27M in federal HOME); FY20 - \$168.8M (including \$27M in federal HOME)

Affordable Neighborhood Cooperative Program (Formerly Til)?

FY19 - \$36.6M; FY20 - \$52.3M. These amounts are also included in the Disposition total.

Abandonment & Foreclosed Overleveraged Buildings?

No capital funds were allocated for Abandonment & Foreclosed Overleveraged Buildings.

Asset Management? ( no capital funding!)

Asset Management is not funded through the capital budget.

How much revenue did HPD collect in FY17 through the Asset Management Program? Projected for FY18 and FY19?

The following amounts in fees were collected: FY17 \$718,530; Projected FY18 \$680,000 & FY19 \$680,000

## **MEETING NOTES:**

### **COMMENTS:**

Asset management is largely funding through the federal community block grant

what are the back-up plans if federal funds are cuts, like folks fear

Why doesn't East Harlem have a homeowner program, only rentals. What is the criteria for homeownership programs

**FOLLOW-UP:**

HPD cant say with certainty, ask OMB

HPD will follow up with the specific criteria for homeownership programs for E. Harlem

### **AGENDA ITEM 3 : Specific Agency Program - New Affordable Housing**

Capital

As reported, since FY 2016 alone, HPD has had the highest production of affordable housing units on record, since the peak of Mayor Koch's administration?

Please provide, by Community District, the number of projected new construction affordable units in Manhattan and their addresses for FY18 and FY19.

Please provide, by Community District, the number of projected preservation affordable units in Manhattan and the addresses for FY18 and FY19.

**AGENCY RESPONSE:**

See attachments.

**MEETING NOTES:**

**COMMENTS:**

HPD does not provide addresses, folks can access the pipeline of projects via an HPD Pre-Application Statement, found on its website.

**FOLLOW-UP:**

### **AGENDA ITEM 4 : Loan Program - Housing, and Preservation**

Green Housing Preservation Loan Program (GHPLP): HPD started this loan program in July, FY16 with \$45 million and it was at \$45.3 million in FY17. The funds were provided by the Mayor in the capital budget. Does HPD plan to increase funding for it in the upcoming FY18 and FY19? Is HPD stepping up efforts to market the program?

**AGENCY RESPONSE:**

As of the FY18 Adopted Budget, there is \$26.5M in GHPP in FY18. Going forward, funding will be allocated to GHPP in accordance with its pipeline needs. Program staff continues to market the program to prospective owners.

**MEETING NOTES:**

**COMMENTS:**

HPD: if the pipeline increases, HPD will request additional funding. Pipeline doesn't go past this FY

**FOLLOW-UP:**

### **AGENDA ITEM 5 : Possible Reductions in Federal and State Funding**

As reported in the HPD Agency Background Material, HPD's 2018 Executive Budget provides for operating expenses

of \$1.1 billion, of which nearly \$131 million is City funds. Nearly \$881 million, or 78 percent of the agency's expense budget, is supported by Federal and State assistance programs. In cases in the past when federal assistance was withheld what measures did HPD take to maintain services and did it cut its budgets and from what services?

### **AGENCY RESPONSE:**

A significant portion of HPD's expense funding comes from federal sources and we do our utmost best to allocate funding based upon federal appropriations to support our core programs and operations, such as our rental assistance program, property management, code enforcement, the emergency shelter program and others. In the past, when federal assistance was at risk, we have worked closely with City Hall and OMB in order to mitigate the impacts as best as possible.

### **MEETING NOTES:**

#### **COMMENTS:**

hard to say what will/could be cut, just have to wait and see.

#### **FOLLOW-UP:**

### **AGENDA ITEM 6 : Staffing**

As of September of 2016 the Manhattan office currently was staffed by 34 inspectors and 9 supervisors and was planning to increase the number of city wide inspectors by 34.

A.What are HPD Staffing requests for Manhattan dedicated inspectors and supervisors for FY18 and FY19?

B.What if any are the projected funding for staffing for the following units in the FY18 and FY19 budget and which unit do you believe needs the most resources?

I.Emergency Response Unit

II.Alternative Enforcement Program

III.Proactive Preservation Initiative

IV.Housing Quality Standards Code Inspection Unit

V.Canine Unit

VI. Central Inspection Unit

VII. Lead-Paint Unit

### **AGENCY RESPONSE:**

HPD continues to be adequately funded for staffing but faces attrition challenges and challenges finding qualified applicants for the position of Housing Inspector. We have 32 vacancies which we are actively seeking to fill. As always, we encourage anyone with a construction background to see if this job would be a good match for them and to apply via the City's website, [www.nyc.gov/jobs](http://www.nyc.gov/jobs).

Inspectors and Supervisors Total  
Code Borough 198  
Manhattan 50

Bronx 49  
Brooklyn 79  
Queens 18  
SI 2  
Lead-Based Paint Unit 70  
Special Units 54  
Alternative Enforcement 9  
Emergency Response 8  
Proactive 9  
Housing Quality Standards 11  
Canine 4  
Other 13  
Total Inspectors 322

## **MEETING NOTES:**

### **COMMENTS:**

How to you explain the vacancies - is it low pay?  
What constitutes a qualified applicant?

### **FOLLOW-UP:**

We keep actively seeking qualified folks, but the reality is this is a position that has turn-over, for a number of reason. there are multiple factors that create the qualified candidate, we are establishing a dedicated training program to get more folks qualified. More information to come.

## **AGENDA ITEM 7 : Staffing of IH Division**

What is the current staffing of the Inclusionary Housing (IH) division? What were the staffing requests for HPD in FY18 and have they been met? Will HPD have staffing requests for FY19? In particular will HPD requesting funding for additional intergovernmental liaisons and Inclusionary Housing (IH) staff in the wake of MIH and ZQA?

## **AGENCY RESPONSE:**

The Inclusionary Housing Division has a few vacant positions that they are going to fill, and attached is a chart with our current positions. We have not discussed future staffing needs for FY 19 yet, but the IH unit will ask for more staff in FY19.

## **MEETING NOTES:**

### **COMMENTS:**

HPD: what do you mean by an intergov liaison?  
JB: meaning, the go-between person when an inclusion housing app comes in. Sometimes these projects are very involved and require more staff resources.

### **FOLLOW-UP:**

HPD: not familiar with how staff is distributed, however, there are specific people to follow up with. if there is an issue with folks being overwork, we can address it at that time.

## **AGENDA ITEM 8 : Stabilizing NYC**

Stabilizing NYC is a program that has received Council funding for last 3 years. It is an initiative that supports a coalition of 17 not-for-profit groups that seek to combat the loss of affordable housing at the hands of predatory equity companies, and to defend low-income tenants in predatory equity building from harassment and eviction. Stabilizing NYC combines legal and organizing resources into a citywide front against predatory equity, helping tenants hold their predatory equity landlords accountable for lack of repairs, bogus eviction cases, and affirmative harassment. This allocation includes an enhancement of

\$500,000. Will this program receive HPD funding. If not, why not?

## **AGENCY RESPONSE:**

For FY18, Stabilizing NYC program has a \$2.5M allocation. Discretionary funds are allocated by the New York City Council during the Adoption Budget process only.

## **MEETING NOTES:**

### **COMMENTS:**

Can we get a list of address that are being awarded, or in the pipeline to be awarded.

Why is this the current funding stream for stabilizing NYC?

Why - is this because Council members want control over funding recipients?

### **FOLLOW-UP:**

Follow up off-line re addresses

Its Council discretionary funding, we don't have much control over the funding stream.

Can't comment on the Council part, however, it is a fact that Council has control over where the money is spent, unlike a traditional RFP process. This could be why

## **AGENDA ITEM 9 : District Specific Budget Question**

Please provide an update on the use of the \$50 million fund generated by the monetizing of affordable units by Collegiate School in District 7.

## **AGENCY RESPONSE:**

The Collegiate fund is being used to fund capital projects in the Preservation program. As of August 2017, \$6.1M was awarded. The remaining funds were allocated as follow: \$25M to Mitchell Lama Preservation; \$14M to New Construction; and \$4.9M to Senior Housing and Preservation.

## **MEETING NOTES:**

### **COMMENTS:**

### **FOLLOW-UP:**

## **ADDITIONAL NOTES:**

In terms of community preference for affordable housing lottery programs, i heard this is being eliminated? is that correct? CBs cannot lose this, we need this.

HPD - we will get back to you on that, I am not familiar with any budget component that we are working on.

HPD - are you speaking about the lawsuit? (get more information on status of lawsuit)

Are there any particular programs/initiatives that HPD wants Manhattan CBs to advocate for? Those that could use more community by-in? If we gave you a big pot of \$\$\$, which program would you put it in?

HPD: Nope, nothing specific. Our concerns are one that are shared nationwide, on-going advocacy and resources re fighting displacement/homeless/etc are maintained and not cut, folks really need these programs.

Keep in my, that so much of these HPD programs are federally funded, make sure you continue to pressure/follow up on electeds.

based on the numbers HPD provided re preservation, can you please provide more information re the breakdown of preservation programs by CB.



### Agenda Item 3: Specific Agency Program - New Affordable Housing

As reported, since FY 2016 alone, HPD has had the highest production of affordable housing units on record, since the peak of Mayor Koch's administration. ?

Please provide, by Community District, the number of projected new construction affordable units in Manhattan and their addresses for FY18 and FY19.

#### Response

HPD generally does not release addresses of pipeline projects as there are aspects of the project under negotiation. This is the current FY18 pipeline for Preservation: 6290 and New Construction: 2468 with the total being 8758 in Manhattan.

Manhattan Pipeline by Program FY18				
Construction Type	Program	2018	2019	Grand Total
Preservation	Affordable Neighborhood Cooperative Program	249	245	494
	Extended Affordability Housing Incentives	165		165
	Green Housing Preservation Program	117	38	155
	HUD Multi-Family Program	625		625
	LIHTC Year 15	999	38	1,037
	Neighborhood Homes Program	9		9
	Participation Loan Program	142	149	291
	Supportive Housing - Rehab	32	152	184
	TPT	189	12	201
	Inclusionary Housing - Pres	294		294
	Multifamily Housing Rehabilitation Program	3,249	9	3,258
	Multifamily Preservation Loan Program	220		220
New Construction	Inclusionary Housing - NC	225		225
	Senior Affordable Rental Apartments	157		157
	Multifamily New Construction ( ELLA, M2, Mic & Match)	1,952	576	2,528
	Neighborhood Construction Program	21	12	33
	New Infill Homeownership Opport Program	113		113
Grand Total		8,758	1,231	9,989

<b>HNY Manhattan Housing Starts by Construction Type as of 6/30/2017</b>			
<b>Community Board</b>	<b>New Construction</b>	<b>Preservation</b>	<b>Grand Total</b>
2	23		23
3		725	725
4	169	2,193	2,362
5	8	465	473
6	23	327	350
7	269	176	445
8	27		27
9	39	318	357
10	98	92	190
11	627	1,027	1,654
12	86	105	191
<b>Grand Total</b>	<b>1,369</b>	<b>5,428</b>	<b>6,797</b>

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# HPD Budget 101

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Division of Budget

FY2018 Adopted Budget

# HPD Budget Overview

- HPD's budget consists of two parts: Expense and Capital
- **Expense:** Funds for day-to-day agency operations
  - Supports salaries, contracts for services, and small-scale purchases
  - Funds HPD core programs such as:
    - Code enforcement
    - Emergency Repair Program (ERP)
    - Shelters for emergency vacates
    - Housing & Vacancy Survey (HVS)
- **Capital:** Funds for major improvements or asset purchases
  - Funds HPD loan programs (e.g., ELLA, SARA, Mix & Match), which support the new construction and preservation of affordable housing
  - Backed by city issuance of bonds (i.e., debt)

# HPD Largely Funded by Federal Grants

<b>FY2018 Expense Budget Total</b>	<b>+</b>	<b>\$</b>	<b>888.40</b>	<b>Million</b>
City Funds	-	\$	129.20	15%
State & Other	-	\$	3.01	< 1%
<b>Federal Funding Sources</b>	<b>=</b>	<b>\$</b>	<b>756.20</b>	<b>85%</b>
Rental Assistance		\$	493.84	56%
Community Development Block Grant		\$	140.47	16%
Disaster Recovery		\$	112.10	13%
HOME Investment Partnerships Program		\$	7.80	< 1%
Other Federal Grants		\$	1.98	< 1%

***\*Total excludes \$257 million in pass-through funding appropriated to NYCHA***

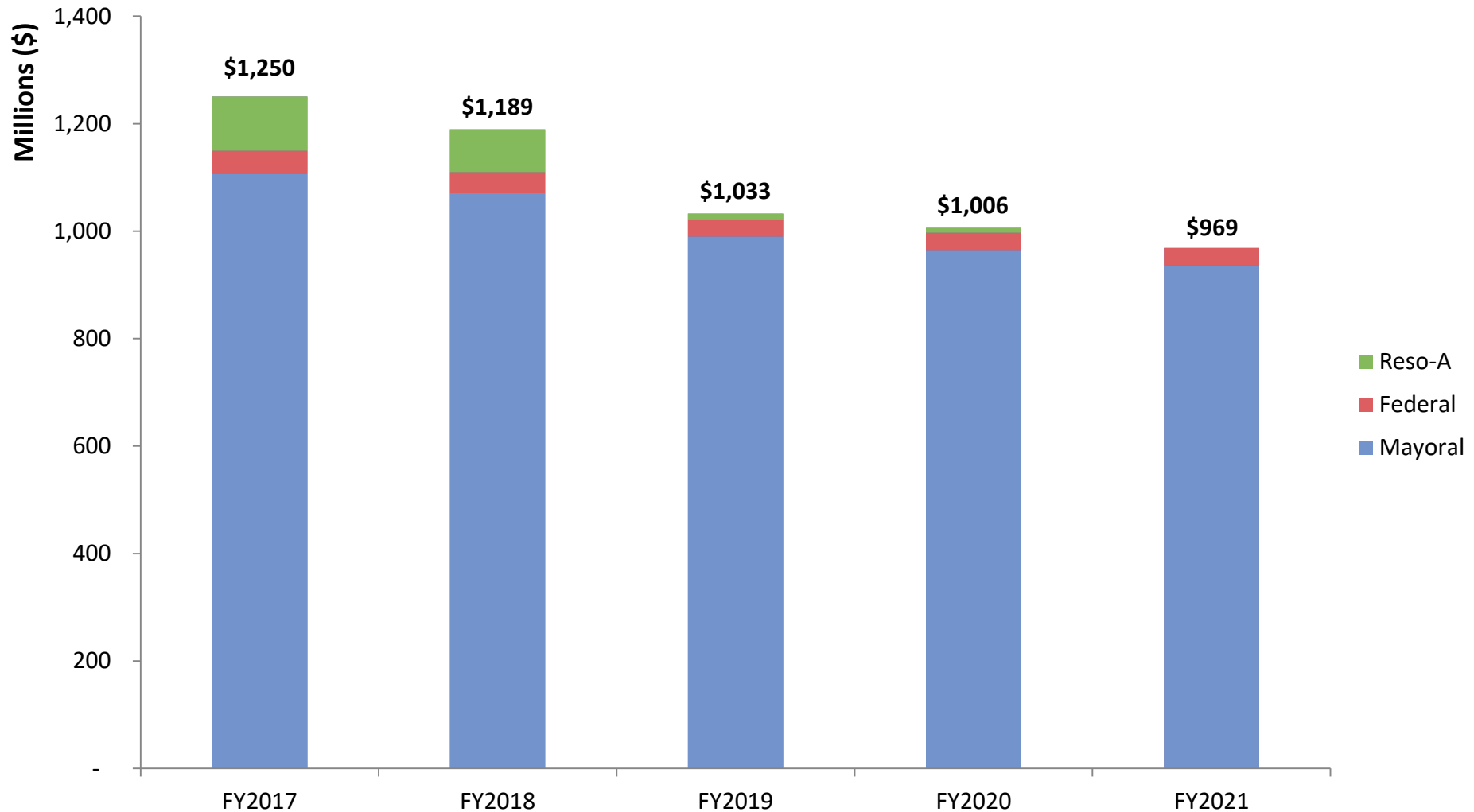
# Budget Planning: Expense

- Since the overwhelming majority of HPD's expense budget funding comes from federal sources, allocations are based on annual federal appropriations as made by the Congress
- Federal funding, such as the Community Development Block Grant (CDBG), supports HPD's core programs and operations
- City tax levy funding is used for HPD administration and to fill gaps in programs that are not eligible for federal grant funding

# Mayor's Commitment to *Housing New York*

## HPD Capital Plan, FY2017-FY2021

*Five-Year Total: \$5.45 Billion*



*Current year capital budget is always front-loaded due to current-year Reso-A allocations and previous-year roll-overs*



# Budget Planning: Capital

- HPD sets capital funding levels by program term sheet using development project pipeline projections and unit start targets in the Mayor's Management Report (MMR)
- Capital funds are allocated citywide, not by geography
- Funding is tied to specific projects, which originate from:
  - Private development proposals
  - Public-site disposition Requests for Proposals (RFPs)
- However, most projects come from private sponsors
  - Only 10% of the 77,651 units starts counted under HNY to date were associated with publicly-owned land

**Thank You!**  
**Questions?**