

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

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

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.

CB 7

The West Side Federation for Senior and Supportive Housing (WSFSSH) located at 103, 143, 149, 151 West 108th Street/Block 1863 lots 5,10,13, 26

The new development will redevelop the Lots 5, 10, 13, and 26 as affordable, supportive housing and a new senior homeless shelter.

Phase 1 – closing expected approximately June 2018 (195 units of affordable and supportive housing; and a 110-bed shelter (replacement for Valley Lodge)

Phase 2 – closing expected approximately June 2023 (approximately 80 affordable and supportive units)

CB 3

Essex Crossing/Seward Park

Site 8 - 140 Essex Street will provide 92 units for low income seniors (8 PBV homeless units) with commercial, community facility and open space. Closing- expected September 2017

Site 4 -194 Broome Street will provide 263 rental units (121 affordable) with retail, community facility, medical office and open space. The site will include below grade retail space called the Market Line. Closing expected winter 2017 or spring 2018

Site 3 - 135 Delancey Street will provide 74 market rate condo units with retail, community facility and commercial office space. The site will include below grade retail space called the Market Line Closing expected winter 2017 or spring 2018

CB 10

Center for Urban Community Services (CUCS) - Closing expected June 2018 – 117 units
302-314 W 127th St (btw St. Nicks and Frederick Douglass)

117 unit supportive & affordable housing project. Supportive housing will replace an existing transitional shelter. The project will also provide on-site social service space for tenants, a rooftop garden, a fitness room, and a computer lab.

Balton Commons – Closing expected December 2018 - 37 units
263-267 W 126th St (fka Site F-MWBE RFP) — Block 1932 Lots 5,7&107
NCF mixed-use housing, commercial/retail space and community facility space.

NME III - Closing expected December 2018

The addresses are scattered sites located at 207-209 W 140th and 304 W 150th Street

The new housing development will include a total of 67 units (37 units at 150th St and 30 units at 140th St)

CB 11

Sendero Verde –

Block: 1617 except two privately-owned lots (bounded by 111th and 112th and Madison and Park Avenues)

Three buildings with a total of 655 units.

- Building A (M2 with 365 Units) – Closing expected June 2018
- Buildings B (ELLA with 211 units) – Closing expected December 2018 or June 2019
- Building C (ELLA with 79 units) – Closing expected 2020

MEC Parcel B West - 404 units total

E. 125th Street – the entire Block of 1790 (Bounded by 125 and 126th streets and 2nd and 3rd avenues)

Phase B-West: closing expected in June 2018 for 404 units of housing

Phase B-Central: closing expected in December 2018 for 452 units of housing

Phase B-East: closing expected in 2019 for 97 units of housing

NCF mixed-use housing, commercial/retail space and community facility space.

CB 12

Inwood Library – closing expected in December 2018 or June 2019

4790 Broadway (Block /lot) - approximately 70 units

The project will create affordable housing, a new modern Inwood Library and space for a brand new Universal Pre-Kindergarten program.

AGENDA ITEM 4 : Loan Program - Housing, and Presevation

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.

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.

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.

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

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.

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.

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.

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

HNY Manhattan Housing Starts by Construction Type as of 6/30/2017			
Community Board	New Construction	Preservation	Grand Total
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
Grand Total	1,369	5,428	6,797

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