

FY 2022 Borough Budget Consultations

Manhattan – Housing Preservation and Development

Meeting Date 9/11/2020

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 three sections:

I. Agencies faced unprecedented cuts and new funding requirements this year due to COVID 19. Can you list the previously unplanned cuts to the FY 21 budget due to COVID and the new initiatives necessitated by the emergency? Please discuss the expected timeline for the new initiatives. What programs and capital projects will be continued uncut. Of the cuts in spending for FY 2021, please identify the most significant cuts that are currently expected to be permanent [or continued at the reduced level into FY 2022].

What is the overall budget decrease for FY 21 adopted budget compared to FY20 budget?

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

III. 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 first section, please present on the four topics below for 10-15 minutes at the beginning of our Consultation. Also, please provide written responses or even a PowerPoint presentation that we can use to fully and accurately educate our Board Members.

1. What are your priorities and operational goals for FY21 and projected priorities and operational goals for FY22?
2. What are the current proposed FY21 and FY22 service and operational goals and proposed funding?
3. Which programs is the agency adding, dropping, or changing for FY21 and projected for FY22?
4. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?

AGENCY RESPONSE:

Included with our response is a PowerPoint presentation that outlines HPD's financial planning process and provides figures for the FY2021 expense and capital budgets. The table below shows the agency's expense funding as of the FY2021 Adopted Budget. Excluding pass-through funding for NYCHA, the overall decrease for FY2021 was \$115 million

compared to the FY2020 budget. However, it is important to note that much of this change was driven by a decrease in Disaster Recovery funding for the Build-It-Back program, which is winding down operations this year. The decrease in City Funds for FY2021 was only \$5 million.

In order to meet the immediate budgetary needs of the COVID-19 response, HPD was asked to reduce the amount of city tax levy funding in its operating budget. While this was largely achieved without major reductions to the agency's programs and services, the Basement Apartment Conversion Pilot Program was put on pause and the Landlord Ambassador Program received a reduction in overall funding, but still remains an active program.

Additionally, HPD was asked to reforecast its Capital Commitment Plan by shifting funding from FY2020 and FY2021 to FY2022 through FY2024. The agency is currently reviewing the development pipeline for FY2021.

HPD will continue to work with our colleagues at the Mayor's Office of Management and Budget (OMB) to utilize existing resources and secure new funding for initiatives that meet the needs of the ongoing pandemic.

Housing Preservation & Development (HPD)

As of FY2021 Adopted Expense Budget

figures in millions (\$)

Funding Source	FY2020	FY2021	FY2022	FY2023	FY2024
City Funds	\$ 143	\$ 138	\$ 141	\$ 141	\$ 141
Federal Funds	\$ 768	\$ 660	\$ 655	\$ 654	\$ 654
State & Other	\$ 4	\$ 2	\$ 2	\$ 2	\$ 2
NYCHA Pass-Through	\$ 451	\$ 255	\$ 236	\$ 218	\$ 218
Total	\$ 1,366	\$ 1,055	\$ 1,033	\$ 1,014	\$ 1,014
<i>excluding NYCHA</i>	<i>\$ (451)</i>	<i>\$ (255)</i>	<i>\$ (236)</i>	<i>\$ (218)</i>	<i>\$ (218)</i>
Total for HPD Programs & Operations	\$ 915	\$ 800	\$ 797	\$ 796	\$ 796

MEETING NOTES:

NEW INFORMATION: Cuts to the Basement Apartment Conversion Pilot Program and the Landlord Ambassador Program are a part of the \$5 million decrease in City Funds for FY2021.

Cuts to the capital budget are not determined by borough but by programs (such as ELLA, SARA, Mix-and-Match).

While the capital cuts were "distributed equally across all programs," they were also generally determined based on the pipeline, including the status of projects such as when they are ready to close.

Pipeline projects are always changing. In the spring, HPD looks at all the projects that are in the pipeline to forecast which projects can be closed at the end of a fiscal year. Capital funding is then allocated in the best way for HPD to align with project statuses. Other points during the fiscal year for evaluating project status: November, January, and April financial planning.

All of HPD's HOME allocation is used for supportive housing and SARA.

For the \$255 million NYCHA pass-through: HPD is the conduit for passing expense funding to NYCHA.

On allocation of special needs housing: FY21 budget is most closely aligned with pipeline projects. For the out years, it is more difficult to forecast what is going to close. For those years, HPD would allocate based on proportion and not necessarily on specific projects. HPD can reforecast the pipeline continuously.

FOLLOW-UP COMMITMENTS: HPD will provide a breakdown on the amount of cuts to the Landlord Ambassador Program for FY2021.

CB requested a breakdown of future years' capital funding allocations by HPD programs for Manhattan, and how Manhattan compares with other boroughs. HPD will find out this information along with a by-borough comparison.

HPD will get back to CB on the specific amount of FY21 capital budget cuts to the new construction program.

HPD will get back to CB on the capital breakdown between supportive housing and SARA.

HPD will get information on corresponding unit projections by program. CB request for this information was initially for special needs housing, then broadened to other programs.

HPD will respond to specific project inquiries. Please direct questions to Maggie at careym@hpd.nyc.gov.

HPD will share the presentation on HPD's financial planning process that was mentioned in the Agency Response section under this item.

AGENDA ITEM 2:

Does the FY 22 budget project funding for trainings such as Housing Education Courses? Could this be converted to online training to save costs? Would funding allow trainings to expand to technical training that would be very helpful to Housing Development Fund Corporation (HDFC) cooperatives and small property owners, thereby helping preserve affordable housing?

AGENCY RESPONSE:

Starting in December 2019, ENS began a series of online trainings for Building Owners on Lead-based Paint and Indoor Allergens, using a Webinar format, which have continued throughout the COVID 19 health crisis. Because online trainings require the same staff support as in-person trainings, moving the trainings online will not save costs. Notices are sent to owners with a schedule of the online classes. Online trainings allow owners to participate in the ease and comfort of their home, and at their convenience. ONS' Intro to Property Management will be available online September 2020. Provided below is a list of Webinars we have provided.

ENS Webinars Since December 2019	
Webinar Title	Date
Learning About Lead-based Paint...12 Key Takeaways for Every Landlord	12/17/2019
Lead-based Paint Recordkeeping: A Guide to Proper Documentation of Lead-based Paint Compliance	1/28/2020
Indoor Allergens in NYC Housing: Pests and Mold	3/23/2020

Owner's Responsibilities at Apartment Turnover	3/26/2020
Safe Work Practices in Buildings with Lead-Based Paint	4/29/2020
NYC Rental Housing and HPD: What Every Building Owner Should Know	4/30/2020
Becoming Lead Free or Lead Safe: An Owner's Guide to the Lead-Based Paint Exemption Requirements and Application Process	5/28/2020
HPD Lead-Based Paint Violations: Understanding the Basics of Lead Violations and How to Clear Them	[Scheduled] 8/20/2020

MEETING NOTES:

NEW INFORMATION: No new information presented.

FOLLOW-UP COMMITMENTS: None discussed.

AGENDA ITEM 3:

Currently Community Land Trust funding is allocated by City Council and private grant money, not baselined in HPD budget. Are there any plans for City budget lines for Community Land Trusts (CLT), whether it's to directly fund something equivalent to the CLT capacity building initiative that Enterprise sponsored, or to make HPD staff hires for dedicated CLT technical support or legislative work that that expanding CLTs might require?

AGENCY RESPONSE:

HPD is deeply committed to supporting CLTs, which had been relatively untested in New York City until recently with the exception of Cooper Square. The City, with Enterprise, funded and supported the CLT Learning Exchange, a two-year program of monthly workshops for nine community-based organizations that began in August 2017 led by the New York City Community Land Initiative (NYCCLI) and New Economy Project. In a second round of funding, The City, with Enterprise will provide \$1.4 million to New Economy Project (NEP), Interboro and Cooper Square CLT. HPD will also use Enterprise settlement funds to hire a dedicated CLT coordinator in partnership with HDC. Further, HPD is working directly on several development projects that involve a CLT in both preservation and new construction.

MEETING NOTES:

NEW INFORMATION: HPD is working on closing a project with the East Harlem/El Barrio CLT.

Funding for CLT projects is not baselined.

FOLLOW-UP COMMITMENTS: None discussed.

AGENDA ITEM 4:

Will funding projection for FY22 allow HPD to baseline Landlord Ambassador Program and expand it to lower Manhattan?

AGENCY RESPONSE:

The Landlord Ambassador Program is an important tool to assist struggling landlords and has received funding for FY22. The program is currently available to owners citywide.

MEETING NOTES:

NEW INFORMATION: The Landlord Ambassador Program is still active. HPD works with MHANY on this program. HPD recently did outreach to owners of buildings on the tax lien sale list.

Correction to the agency response provided in the agenda: the program has received funding until the end of FY21, not for FY22.

FOLLOW-UP COMMITMENTS: HPD will provide funding information for the Landlord Ambassador Program extending out into future fiscal years.

AGENDA ITEM 5:

Has funding for HPD's Stabilizing NYC Program been impacted by FY21 budget cuts? Is this program Council discretionary funding or a City budget line? Is there any plan to bring on as a baselined City budget item?

AGENCY RESPONSE:

Stabilizing NYC is a Council-funded initiative combining legal, advocacy, and organizing resources through a coalition of organizations to help tenants take their predatory equity landlords against harassment. This Council funded initiative received \$3M in FY 20 and \$2.55M in FY21. Although the economic impacts of COVID-19 have resulted in budget reductions across the City, HPD and this Administration remain committed to combat tenant harassment through a multi-pronged, multiagency approach. Tenants experiencing harassment or fear they are victims of predatory behavior should call 311 for more information and support.

MEETING NOTES:

NEW INFORMATION: No new information presented.

FOLLOW-UP COMMITMENTS: HPD will follow up on CB question: nonprofits depend on City Council's allocation for Stabilizing NYC to sustain their work, which is not consistent from year to year. Why can't Stabilizing NYC be baselined as an HPD program?

AGENDA ITEM 6:

Is there any unmet need for housing code violations and inspection? Any code enforcement staff vacancies? Are requests for inspection being turned down due to lack of staff or can all requests be met at current staffing levels?

AGENCY RESPONSE:

Code Enforcement continues to perform inspections when 311 complaints are received, and no complaints are going unaddressed. A new class of inspectors have recently begun their training. At this time, the need to fill additional vacancies is being evaluated.

MEETING NOTES:

NEW INFORMATION: HPD provided breakdown of inspectors and associate inspectors both citywide and for Manhattan, as well as the units and programs that these inspectors are assigned to.

FOLLOW-UP COMMITMENTS: HPD will share the above-referenced information with number of inspectors and their unit assignments.

HPD will provide information on inspection response time to the CB question asking about statistics on time elapsed between 311 report and the actual inspection.

AGENDA ITEM 7:

What are the metrics for the evaluation of the pilot Certificate of No Harassment program? Have pilot program areas seen lower rates of tenant harassment or housing court appearances? Have tenant harassment metrics improved generally in the City? Can this be attributed to any specific program or staff hires?

AGENCY RESPONSE:

Addressing tenant harassment is a top priority for this Administration. The City has taken a multi-agency, multi-pronged approach to prevent tenant harassment from bad landlords and keep vulnerable tenants in their homes, from providing free legal services to low income tenants at risk for eviction to enforcement of the City's many safety codes. The Certificate of No Harassment three-year pilot program is one important tool to achieve this work. We will be happy to share meaningful metrics once the pilot is complete and the data can be analyzed holistically.

MEETING NOTES:

NEW INFORMATION: HPD's Anti-Harassment Unit is a relatively new unit established in April 2019 and currently has eight staff members. As of July 31, 2020, the unit has inspected over 1,000 units. Inspectors go to buildings, look at common areas' conditions, and interact with tenants by going door-to-door to learn about their housing conditions.

Division of labor among various agencies' units that manage anti-harassment issues: HPD – maintenance harassment, DOB (Office of Tenant Advocacy) – construction harassment.

There is an interagency tenant harassment task force: HPD, DOB, DOHMH, DEP, HCR, and some weeks the NY Attorney General's Office. The task force discusses and identifies buildings that have cross-issues inspection needs and would go out as a team to look at those buildings once a week.

FOLLOW-UP COMMITMENTS: CB (specifically, CB7) requested offline follow-up with HPD on the different funding sources of various anti-harassment programs/units. HPD responded, "No problem."



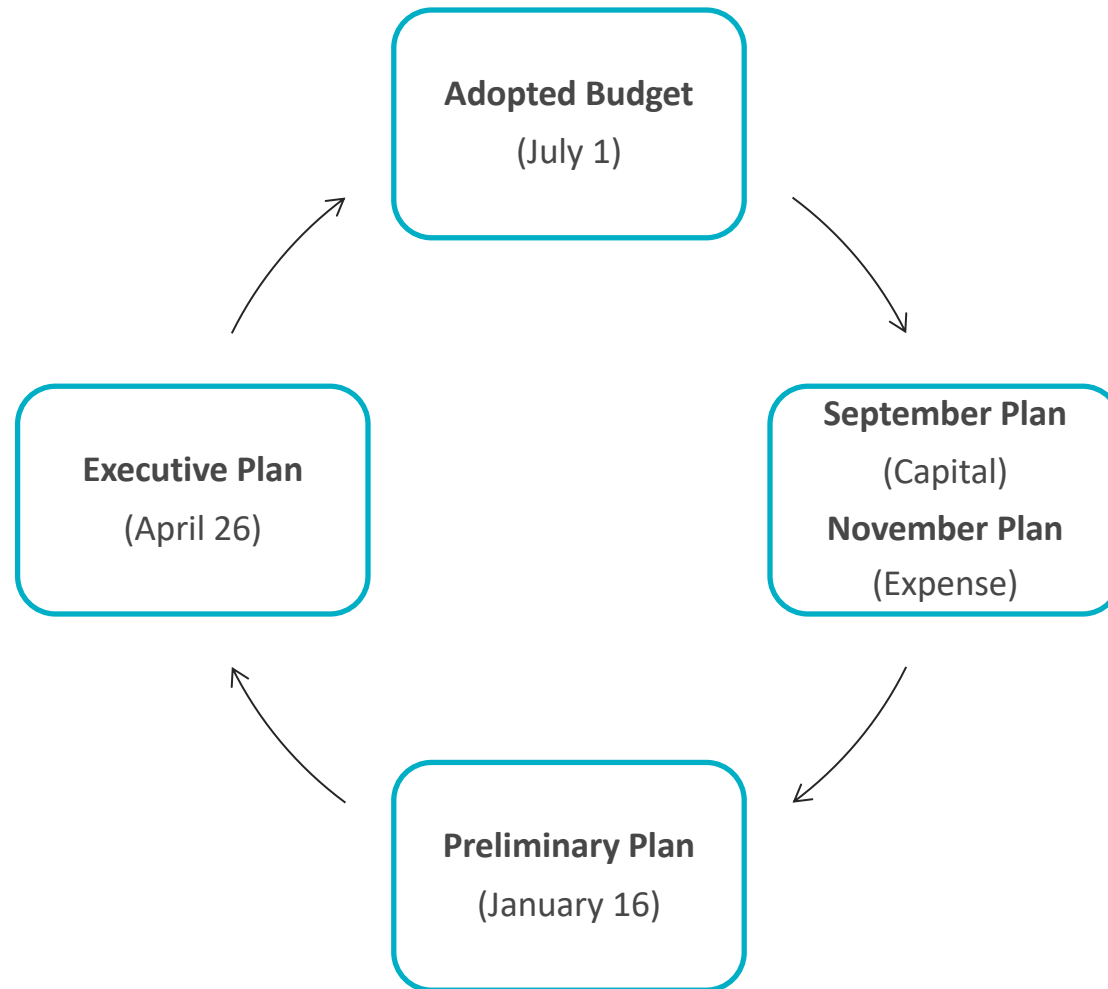
HPD Budget Overview

Office of Financial Management

As of FY2021 Adopted Budget



HPD's budget projections are forecasted quarterly





Budget consists of three interconnected parts

Revenue: Estimates of city and non-city funding

- City funds: Taxes, user charges and fees, fines and penalties
- Non-city funds: Federal and state aid, private grants

Expense: Funds day-to-day agency operations

- Personal Services (PS): Wages, salaries, fringe benefits
- Other Than Personal Services (OTPS): Program and contract costs

Capital: Funds long-term improvements and asset purchases

- Backed by issuance of general obligation and revenue bonds
- HPD uses capital to fund loan programs (*e.g.*, ELLA, SARA, Mix & Match), which support the new construction and preservation of affordable housing



Description of major HPD funding sources

City Tax Levy (CTL) – Funding from tax base and other miscellaneous revenue and receipts

Inter-Fund Agreement (IFA) – Reimbursements to the general fund from the capital fund for certain capitolly-eligible project expenditures, such as staff salaries and administrative costs

Intra-City (IC) – Funding shifted between agencies

Section 8 (S8) and Shelter Plus Care (SPC) – Rental housing assistance payments

Community Development Block Grant (CD) – Federal grant funds for code enforcement, lead abatement, Emergency Repair Program (ERP), Certificate of No Harassment (CONH), Housing and Vacancy Survey (HVS), and other community-centered programs within qualifying census tracts serving low- to moderate-income households

Disaster Recovery (DR) – A specific type of CDBG funding, currently used for costs associated with the Build-It-Back program for Hurricane Sandy rebuilding, recovery, and resiliency

HOME (HO) – Block grant funds for affordable housing, currently used for first-time homeowner down-payment assistance, tenant-based rental assistance, and within the capital budget for the construction of supportive housing



Some NYCHA funding flows through HPD's budget

**FY2021
Adopted
Budget**

\$1.055 Billion

\$800 million



**Department of
Housing Preservation
& Development**

\$255 million



**NEW YORK CITY
HOUSING
AUTHORITY**



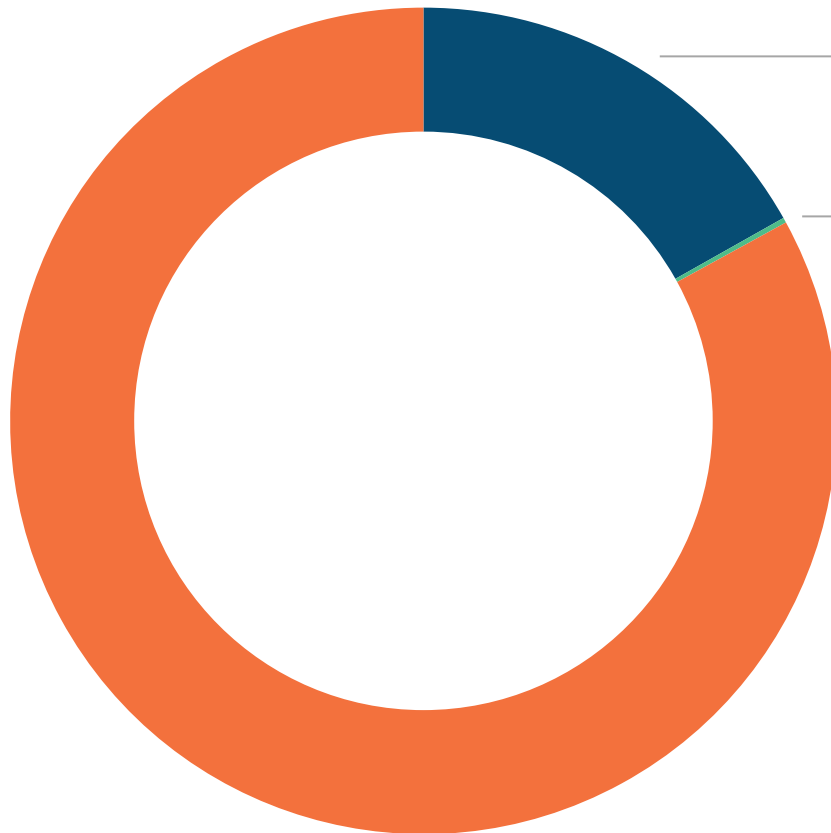
Expense budget planning process

- Since a 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 is used for HPD administration and to fill gaps in programs and services that are not eligible for federal grant reimbursement



HPD relies heavily on federal funding

HPD FY2021 Programs & Operations: \$800 Million



City Funds

\$138 million / 17%

State & Other Funds

\$2 million / < 1%

Federal Funds

\$660 million / 83%



Federal funding source detail

- Most grant funding comes in the form of federal rental assistance, which HPD passes along to eligible tenants and building owners
- The remainder consists of block grants and must be used to support specific objectives related to neighborhood revitalization and housing development
- These constraints mean HPD must be creative when designing and implementing new programs and services

HPD FY2021 Federal Grant Funding

Grant Source	FY2021	% of Total
Rental Assistance	\$ 500.2	76%
Community Development Block Grant	\$ 149.9	22%
HOME	\$ 7.8	1%
Other Federal	\$ 2.3	< 1%
HPD Federal Grants Total	\$ 660.2	100%

Note: figures in millions (\$)



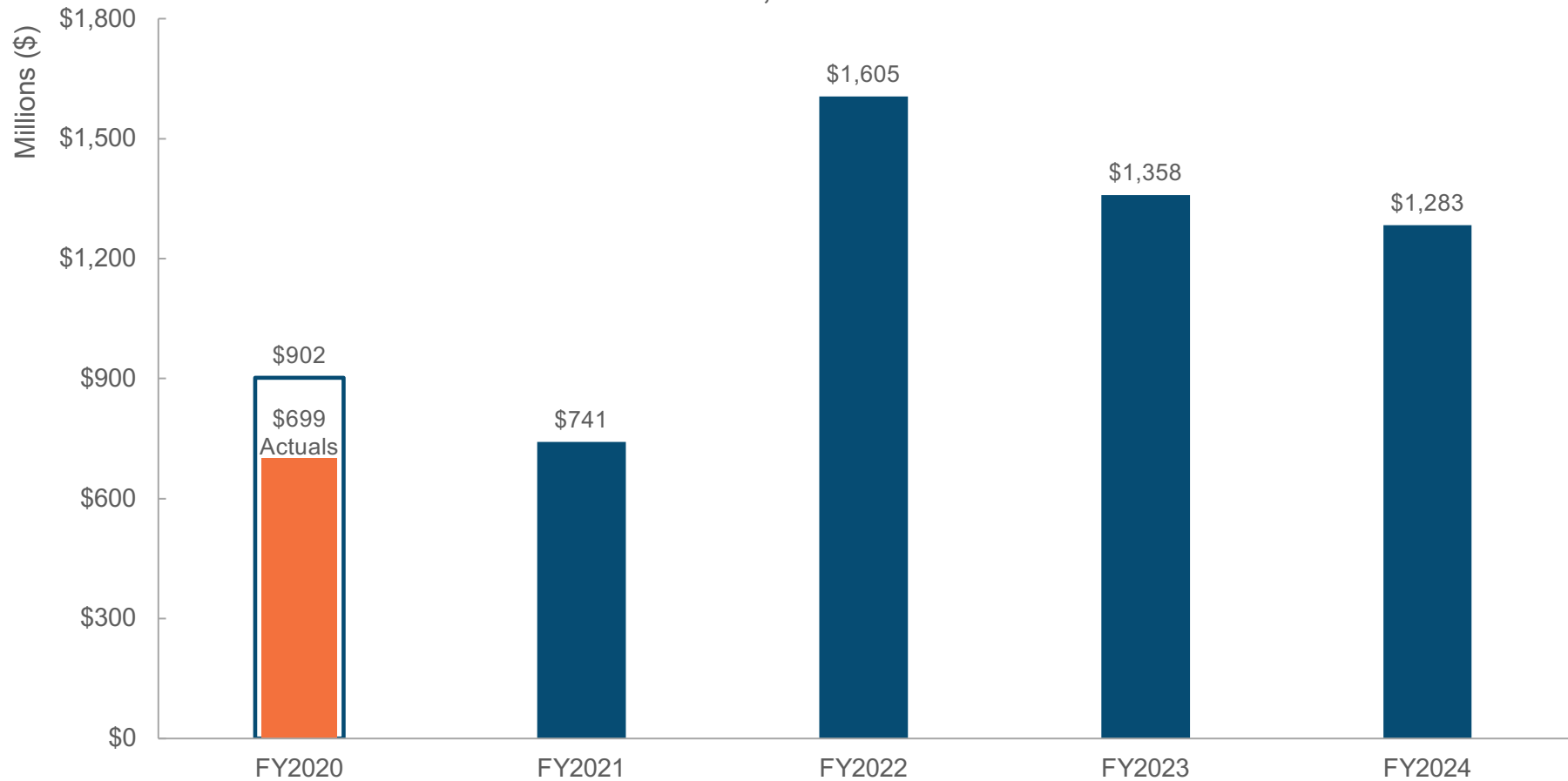
Capital budget planning process

- Capital funding levels are set by program term sheet
 - Allocated citywide, not by specific geography
 - Mayor's Management Report (MMR) sets unit starts targets
 - Driven by development project readiness
- Funding is tied to specific projects in pipeline
 - Private development proposals
 - Public-site disposition Requests for Proposals (RFPs)
- Most projects come from private sponsors
 - Only ~10% of HNY unit starts to date were associated with publicly-owned land (*i.e.*, city agencies, covered agencies, state, and/or federal)



Mayor's commitment to Housing New York 2.0

HPD FY2021 Executive Capital Commitment Plan FY2020 Actuals; FY2021-2024 Plan



Note: Uncommitted capital funding rolls year-to-year



Capital funding by program

HPD FY2021 Executive Capital Commitment Plan FY2020 Actuals; FY2021-2024 Plan *figures in thousands (\$)*

Source	Actuals	Plan			
	FY2020	FY2021	FY2022	FY2023	FY2024
Mayoral	\$ 660,879	\$ 640,761	\$ 1,524,078	\$ 1,277,801	\$ 1,251,061
HOME	\$ 19,413	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
Reso A	\$ 19,339	\$ 68,701	\$ 48,954	\$ 48,466	\$ -
Total	\$ 699,631	\$ 741,462	\$ 1,605,032	\$ 1,358,267	\$ 1,283,061

Use	Actuals	Plan			
	FY2020	FY2021	FY2022	FY2023	FY2024
New Construction	\$ 453,698	\$ 256,610	\$ 577,863	\$ 507,573	\$ 523,060
Preservation	\$ 109,186	\$ 168,328	\$ 536,915	\$ 514,132	\$ 521,630
Property Disposition	\$ 36,198	\$ 61,736	\$ 48,432	\$ 56,524	\$ 43,082
Special Needs Housing	\$ 98,390	\$ 251,588	\$ 422,754	\$ 259,007	\$ 172,360
Other Housing Support	\$ 2,159	\$ 3,200	\$ 19,068	\$ 21,031	\$ 22,929
Total	\$ 699,631	\$ 741,462	\$ 1,605,032	\$ 1,358,267	\$ 1,283,061

Note: Uncommitted capital funding rolls year-to-year



Q&A

Thank You!

Questions?