



**Testimony by the New York City Department of Housing Preservation & Development
To the New York City Council Committees on Housing and Buildings and Subcommittee
on Capital Budget**

FY 2022 Preliminary Budget Hearing

March 5, 2021

Good morning, Chair Cornegy, Chair Rosenthal, and members of the New York City Council Committee on Housing and Buildings and Subcommittee on Capital Budget. My name is Louise Carroll and I am the Commissioner of the New York City Department of Housing Preservation and Development (HPD). Today, I am joined by Associate Commissioner for Financial Management Rich Johns and members of HPD's senior leadership team.

It is hard to believe how much has changed since I testified exactly a year ago today at the last preliminary budget hearing. Just a few days after that hearing, New Yorkers were asked to stay at home to keep safe from COVID-19, making our work to provide safe, quality affordable housing more important than ever. Throughout the pandemic, our enforcement team was out in the field every day to make sure tenants had heat, hot water, and safe living conditions. We launched a revamped Housing Connect system - on schedule - to make it even easier for New Yorkers to find and apply for affordable housing. We stayed responsive to the urgent needs on the ground, moving more families out of shelter and into long term housing, while coordinating with our partners to keep construction on essential affordable housing projects moving forward as safely as possible. We announced new tools to build up our M/WBE and non-profit partners to support and strengthen them through this crisis. We also supported Citywide initiatives by delivering food and air conditioners to seniors and other vulnerable New Yorkers. The pandemic completely upended the way we live, work, and interact with each other, but our agency quickly adjusted to meet the demands of the crisis and continue our critical services, and for that, I am tremendously grateful to the entire HPD team.

As the City works to rebuild from the pandemic, HPD is looking hard at the devastating health and economic impacts, and frankly, the deeply embedded racial and economic inequities exacerbated by COVID-19. We know that safe, quality, affordable housing will be critical for the health and stability of our most vulnerable residents, and we are also more focused than ever on our efforts to ensure an equitable recovery for all New Yorkers. I appreciate this opportunity to testify today on HPD's Fiscal Year 2022 Preliminary Budget, and I will first provide a brief overview of the budget before describing how the funding will help us to achieve our goals of creating and preserving affordable housing, advancing racial inclusion, equity, and fair housing, and protecting tenants and supporting owners. I am then happy to answer any questions you may have.

FY 2022 Budget Overview

As you know, HPD's important work requires significant investment from the City and federal governments. HPD's Fiscal Year 2022 Preliminary Budget is approximately \$1 billion. However, this includes about \$237 million in pass-through funding for NYCHA. So aside from this pass-through funding, HPD's true expense budget is about \$796 million for FY2022.

Of this \$796 million, approximately \$108 million comes from the City's tax levy and about \$655 million comes from federal grants. That means 82% of HPD's expense budget is federally funded. This huge proportion of federal versus City funding in the agency's budget means many of our programs are restricted by federal requirements. Our City tax levy is therefore critical for flexibility and strengthening areas not otherwise eligible for federal grant funding such as administrative functions – like improving our technology to better serve New Yorkers - and M/WBE mentoring programs like our Building Capacity Courses.

There's a new economic reality in New York City and we're responding accordingly. HPD has identified mandatory savings targets that will help make the agency more efficient without affecting our core priorities that make this city fairer and safer for all New Yorkers. We are thankful for the important role that City resources play in our expense budget, and my testimony will highlight several areas where City funding will help us further strengthen our programs and services.

Creating and Preserving Affordable Housing

Our efforts to create and preserve affordable housing are critical to Your Home NYC, the Mayor's comprehensive approach to helping New Yorkers get, afford, and keep housing. Housing access and affordability are some of the biggest concerns that New Yorkers face, and COVID-19 has only made the need for affordable housing more urgent. Initially held back by the pandemic, we moved at record speed in the second half of the year when the Mayor restored \$454 million back to our FY21 budget, ending 2020 with the second highest total affordable housing production for a Calendar Year.

Since 2014, we have been shattering production records as we progressed toward this administration's goal to achieve 300,000 affordable homes by 2026, and the Mayor's restoration of funding will allow us to stay on track with a sharpened focus on the city's most vulnerable residents – our seniors, the homeless, and New Yorkers barely getting by. In fact, as promised in last year's State of the City, we've changed our term sheets so that at least 50% of our newly financed units will be for New Yorkers earning less than \$52,000 for a family of three, like a home health aide and car wash attendant with a child. In 2020, the City financed 29,521 affordable homes, and more than 65% of the new construction will serve those New Yorkers.

- In 2020, we financed more than 1,000 supportive homes, more than 1,000 affordable homes for seniors, and more than 2,000 affordable homes for homeless New Yorkers.
- Plus, our Homeless Placement Services team placed 1,223 homeless households into housing we've financed, exceeding its placement goal for 2020 by 22% and streamlining documentation requirements and inspections to move households from shelter to safe, permanent housing as quickly as possible.

- Finally, despite the immensely challenging environment, HPD preserved more than 22,000 homes, bolstering housing stability for approximately 55,000 New Yorkers, and created a record 18,125 homeownership opportunities by preserving 17,573 Mitchell-Lama homeownership apartments.
- To date, we've financed nearly 178,000 affordable homes – enough to serve 445,000 New Yorkers.

Advancing Racial Inclusion, Equity, and Fair Housing

Our affordable housing production doesn't just stabilize families and communities by providing safe and permanent housing, it also brings jobs critical to strengthening the local economy. Our goal is to ensure that our critical housing work is contributing to a fairer and more equitable recovery. In particular, HPD is committed to creating opportunities for and strengthening the participation of M/WBEs and non-profits in this growth.

In the fall, we announced that on public sites we award for affordable housing development, HPD will require that the team include an M/WBE or non-profit partner that holds a minimum ownership and financial stake of 25% in the project. In January, we announced that the NYC Acquisition Fund, a \$210 million public-private affordable housing loan fund, will exclusively finance projects led by M/WBEs and nonprofits with at least 51% ownership stake. And just last month, HPD launched Pathways to Opportunity, a new initiative providing free training and certification for M/WBEs and non-profits interested in breaking into the growing marketing agent industry for Housing Connect lotteries. In a city as diverse as ours, it only makes sense that Minority- and Women-Owned Businesses and grassroots non-profits play a central role in shaping and driving community development as we work to build back better.

Just as the COVID-19 pandemic laid bare neighborhood-based inequities and racial inequality, it also made clear that we cannot take our foot off the gas when it comes to building a fairer society. In October, after more than two years of planning and community engagement, we released *Where We Live NYC*, a blueprint for fair housing in the five boroughs. We updated the plan to reflect the disproportionate impact the COVID pandemic has had on low-income communities of color, and now, HPD is hard at work to advance this five-year plan to break down barriers to opportunity and build more integrated, equitable neighborhoods.

Right now, we're prioritizing strengthening neighborhoods that have experienced historic disinvestment and discrimination with mixed-use, place-making projects that bring affordable housing along with amenities like grocery stores, recreational space, and retail. And in light of COVID, we are rethinking how thoughtfully designed housing can help New Yorkers remain safe in their homes and promote broader public health. Mold and poor indoor air quality can worsen underlying health conditions that increase COVID-19 risks, while lack of broadband access can prevent residents from utilizing online learning and emergency services. That's why we recently updated our Design Guidelines to introduce new recommendations to facilitate broadband access, improve indoor air quality and ventilation, increase access to cooling and outdoor space, and reduce risks of spreading contagions.

Protecting Tenants and Supporting Owners

Quality housing is at the heart of what we do, and not just in newly developed buildings. HPD is tasked with enforcing the City's Housing Maintenance Code, which covers heat and hot water, mold, pests, gas leaks, fire safety, and more. While the COVID-19 crisis has disrupted so many lives, housing disasters – like fires and structurally unsound buildings, lack of heat and electricity, and falling ceilings – never stopped here in our city. The work of our enforcement teams took on even more meaning as New Yorkers sheltered at home, and we intervened to protect tenants and support owners, particularly the most vulnerable. In the last year, the City made important strides to protect children from lead poisoning, expanding Local Law 1 to apply to homes where children reside for more than 10 hours a week – even if they don't live there full-time. HPD has been reaching out to property owners to raise awareness about the changes and the resources available to help them. HPD also proactively combats tenant harassment; most recently, our Anti-Harassment Unit secured over \$200,000 in penalties from two negligent landlords creating unsafe conditions for tenants, and we continue to monitor them to ensure compliance.

This year, we also kept a close eye on the repercussions of the pandemic in order to stay responsive to arising needs. In addition to regular outreach about COVID-19 safety, resources, and best practices in multifamily buildings, we also launched a number of initiatives to protect tenants during this time with our partners in the affordable housing community and in City and State government. We helped keep vulnerable New Yorkers impacted by COVID-19 in their homes through initiatives like Project Parachute, and our new Landlord-Tenant Mediation Project works to resolve disputes outside of Housing Court. So far, more than 90% of its mediations have produced agreements. *[Out of 66 mediations, 61 agreements]*

COVID-19 laid an immense burden on both owners and tenants, and we are stocking our toolbox to provide both with much needed relief. In December, we released the Security Deposit Alternatives RFEI to identify eligible companies interested in offering alternatives to traditional, lump-sum security deposits for affordable housing applicants of newly constructed homes. And in February, we announced the expansion of the Homeowner Help Desk, which will support homeowners at risk of displacement in key neighborhoods in Southeast Queens, Central Brooklyn, and the North Bronx. The Help Desk will connect owners with resources and raise awareness about deed theft and scams.

Opportunities to Work Together

Ultimately, all of this work is about fighting for an equitable recovery and building back to ensure all New Yorkers can afford to live, work, and thrive in this City. But we cannot do it alone. I want to thank the Council for its partnership. We look forward to continuing to work together on critical legislative priorities and needed reforms to help New Yorkers pull through and to get to the other side of this crisis as a more affordable and equitable city. Thank you for the opportunity to testify today, and we look forward to your questions.