



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

FY2024 Preliminary Budget Hearing March 15, 2023

Good morning, Chairwoman Pierina Sanchez and members of the New York City Council Committee on Housing and Buildings. 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 testified before the Council on the agency's budget, we were finalizing *Housing Our Neighbors: A Blueprint for Housing and Homelessness*. Today, we're nine months into our plan, and our dedicated team has been working diligently and resourcefully to tackle the housing affordability crisis and get New Yorkers into safe, high-quality, and affordable homes. This Administration has made an unprecedented \$23 billion investment in affordable housing, and the preliminary budget funds many of our Blueprint strategies to expand access to affordable housing, advance equity and fair housing, and keep New Yorkers safe in their homes.

I will begin my testimony by providing a brief overview of HPD's fiscal year 2024 proposed budget before describing how the funding will help us meet our mission. I will then be happy to take your questions.

FY 2024 Budget Overview

HPD's preliminary fiscal year 2024 expense budget is **\$1.19 billion**, which includes **\$223 million** in pass-through funding for the New York City Housing Authority. This leaves our agency with an actual expense budget for the coming fiscal year of **\$971 million**.

Roughly 80% (\$789 million) of our agency's \$971 million fiscal year 2024 expense budget comes from federal grants appropriated annually by Congress and can only be used as outlined in federal regulations. Most of this funding is allocated for Section 8 Housing Choice Vouchers and other rental assistance programs. The bulk of the remaining federal grants we receive come from the Community Development Block Grant program and HOME Investment Partnerships program, which must be used to

support specific objectives related to neighborhood revitalization and housing development. This funding supports the core of HPD’s programs and operations.

The balance of our agency’s expense budget consists of \$180 million in City funds, and a relatively small amount of state and other grants amounting to \$1.7 million. City funds are used for the administration of our agency and to fill gaps in programs and services that are not eligible for federal reimbursement or require a local matching contribution. This requires us to be creative when designing and implementing new programs and services in order to maximize City resources.

HPD’s capital budget for fiscal year 2024 is **\$1.65 billion**, of which \$156 million is a pass-through to NYCHA’s Permanent Affordability Commitment Together (PACT) program, leaving us with a balance of **\$1.49 billion**. Almost 100% of our capital plan is funded by City sources, and the remaining 2% is funded by the federal HOME block grant for affordable housing.

Expanding Access to Affordable Housing

One of our core priorities as an Administration is to expand access to affordable housing to all New Yorkers. We cannot meet the scale of the housing crisis we face without significantly increasing the supply of new housing everywhere in the city. In Mayor Adams’ *Get Stuff Built* plan, the Mayor set a moonshot goal to build 500,000 new homes in New York City over the next 10 years and proposed zoning changes through the “City of Yes” plan to help meet this ambitious goal. With your help, we can unlock the potential for tens of thousands of new homes by increasing the floor area ratio for all types of affordable housing, making commercial conversions easier, allowing more housing types and sizes, and reducing costly parking mandates in favor of housing. The Council is also a critical partner in the land use process, and we rely on your support to deliver much needed housing to all New Yorkers, in every neighborhood, and make this city a “City of Yes.”

Last fiscal year, of the total number of affordable homes we created and preserved, nearly 10,000 were new construction, the second highest on record for the agency. We remain committed to deepening affordability—last fiscal year, 64% of the new homes we subsidized were affordable to those earning up to 50% of Area Median Income, and 95% were for those earning up to 80% of Area Median Income. I want to thank the Council for being a great partner to HPD so we can continue to ramp up production to meet demand. Despite supply chain challenges and national labor shortages, we are making strides in creating new affordable housing. We hired 218 new employees in 2021; 442 new employees in 2022; and so far this year, we’ve hired 138 new employees to aggressively fill vacancies. We’re also excited about the tentative agreement with DC 37, which would benefit a huge part of our workforce. There’s still more to do, but the team at HPD continues to expand the supply of affordable housing to meet demand.

We also want to be responsive to the immediate housing needs of New Yorkers today. As we committed to in the Housing Blueprint, we’re working to move New Yorkers into housing more quickly and seamlessly. Last year, we connected more New Yorkers to HPD-financed affordable housing than ever before: 11,000 households, including 2,300 households experiencing homelessness. We’ve eliminated overly burdensome or redundant steps to improve the lease-up process: for example, allowing Section 8 or CityFHEPS voucher holders to prove eligibility with their subsidy qualification rather than having to resubmit documents to the City. We’re continuing to work to make every part of the lease-up process as efficient and user-friendly as possible.

Advancing Equity and Fair Housing

Ultimately, our efforts to reduce administrative burden are not just about efficiency. This work is all about advancing equity and fair housing for all. The City has taken several actions in recent years to advance fair housing as a part of the *Where We Live NYC* plan. We recently published our first progress report for the plan, which shows over three-quarters of our 81 fair housing commitments are either complete or underway, including breaking down barriers to homeownership and expanding anti-displacement initiatives.

Our Administration is committed to making the dream of homeownership a reality for more New Yorkers, particularly in lower-income communities and communities of color that have been historically excluded from opportunities to build and maintain wealth. The Mayor has committed \$53 million in City tax levy and Federal HOME funds over FY23 – FY27 to expand homeownership initiatives, including our HomeFirst Downpayment Assistance program, which has leveraged more than \$50 million to date to help over 3,000 low-income families purchase their first homes. Additional funding will allow us to serve twice as many homebuyers—about 200 every year. Our other homeowner programs, HomeFix and the Homeowner Help Desk, are also funded to help even more homeowners keep and maintain their homes, a critical service for homeowners at risk of displacement. These programs also assist many older New Yorkers, who may be more likely to live on a fixed income, remain in their homes and neighborhoods.

In his State of the City address, the Mayor committed to investing in tenant protections, and the preliminary budget includes \$22 million over FY23 – FY27 for a fair housing testing contract and funds to expand our Partners in Preservation program and Anti-harassment Unit.

- New Yorkers who rely on rental assistance are still facing source-of-income discrimination in the housing market. HPD will work with an external provider to conduct testing investigations to more effectively identify and root out discrimination.
- Our Partners in Preservation program is expanding into priority areas citywide. We will work with community-based organizations, legal services providers, and other agencies to identify and proactively address tenant harassment in rent-regulated buildings. The initial pilot reached over 3,000 households, formed 72 tenant associations, and trained more than 350 new tenant leaders. This expansion will allow us to protect even more New Yorkers.
- Finally, we're adding additional staff to our Anti-Harassment Unit, which identifies buildings where owners harass tenants, conducts inspections, and refers buildings to our Housing Litigation Division. Our Enforcement and Neighborhood Services team works tirelessly to protect tenants and ensure landlords meet their responsibilities, so we are glad to add staff to this important unit.

Enforcing Housing Quality and Safety

As the Council knows, HPD enforces the Housing Maintenance Code on behalf of tenants by responding to 311 complaints and proactively identifying buildings where there may be more systemic problems. We respond to every complaint while prioritizing immediately hazardous conditions such as lack of heat and hot water, fire safety issues, and lead-based paint hazards. Last fiscal year, we conducted more than 738,000 inspections, issued more than 731,000 violations, and enforced emergency repairs in more than 42,000 homes. I'm very grateful to our Housing Inspectors, who are critical to this work, and we continue to build up this team. Thanks to the support of many Council Members, over 400 people attended our last job fair for Housing Inspectors. We hired 44 inspectors who completed classroom

training last week and are now ready to start field training, and we established start dates for another three classes of inspectors. On the neighborhood services side, our mobile outreach team is gearing up for another round of “HPD in Your District” in collaboration with the Council. Please reach out to schedule time for our Outreach Van to visit your district and share resources directly with your constituents.

Finally, we have also been hard at work to ensure that homes financed by the City meet our high standards for design and climate resiliency, and that property owners have the resources and support to meet those goals. We recently released new Design Guidelines for Preservation, which ensure that buildings we finance:

- Reduce carbon emissions through strategic electrification and efficiency measures;
- Are more resilient to flood and heat risks;
- And improve indoor air quality.

The new guidelines will help the City meet its ambitious climate goal of 40% greenhouse gas reduction by 2030, while incorporating best practices for resiliency, health, and safety in existing multifamily buildings.

We will soon be releasing important updates to our Design Guidelines for New Construction projects. I was glad to join Council Member Hudson last month for the signing of Intro 676-A, which requires new homes financed by the City to incorporate universal design. We wholeheartedly agree that our homes must be adaptable to the needs of New Yorkers with disabilities and older New Yorkers to make this a fairer city that works for all.

Opportunities to Work Together

Ultimately, that’s what we’re all here to do—to ensure New Yorkers can afford to live, work, and thrive in this great city. But we cannot do it alone. We must work in lock step at the local, state, and federal levels to house more families and individuals in need. On the federal front we are facing a fiercely divided Congress, which makes the proposals for additional affordable housing resources in the President’s budget unlikely to be enacted this year. With the threat of very real funding cuts from the House of Representatives, it is critical that the Council raise its collective voice to fight for a fully funded Housing and Urban Development budget. At the state level, we are calling on Albany to unlock several tools that will make a real difference in our work, including:

- regulatory changes to facilitate commercial conversions and legalize basement apartments;
- reformed tax incentives 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.

I want to thank the Council for being a critical partner in fighting to get the resources we need and in advancing legislative priorities and reforms. New York City is at a point in our decades-long housing crisis where we have an opportunity to make real progress in expanding housing supply, deepening our affordability, and protecting tenants to make this a fairer city for all. We have strong partners at every level of government who are prioritizing housing, and we must continue to have the moral fortitude and political courage to tackle this issue together. Thank you again for the opportunity to testify today. My team and I look forward to your questions.