



New York City Council

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**Hearing on the Mayor's Fiscal Year 2012 Preliminary Budget &
the Fiscal Year 2011 Preliminary Mayor's Management Report**

Department of Housing Preservation and Development

March 22, 2011

Committee on Housing and Buildings

Hon. Erik Martin Dilan, Chair

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Summary and Highlights

	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference, 2011 – 2012*
Personal Services	\$150,481	\$145,274	\$149,664	\$143,255	(\$2,019)
Other than Personal Services	577,429	460,738	622,066	422,096	(38,641)
Table Total	\$727,910	\$606,012	\$771,730	\$565,351	(\$40,660)

The Department of Housing Preservation and Development's (HPD) Fiscal 2012 Preliminary Budget is \$565.3 million which is \$40 million or seven percent less than the Fiscal 2011 Adopted Budget of \$606 million. Due to mandatory budgetary reductions planned City spending will decrease by \$5.2 million from the expense and revenue actions detailed below. In addition, the \$6.4 million in funds secured by the Council in Fiscal 2011 for discretionary items and housing preservation initiatives was not base lined in the Fiscal 2012 Budget. The agency's overall headcount will decrease by 35 positions from 2,565 in Fiscal 2011 to 2,530 in Fiscal 2012 due to attrition and layoffs proposed in the Preliminary Plan.

Because the City's fiscal year and the State and Federal fiscal years do not coincide, HPD reports only baseline funding and grants that it anticipates from the other two branches of government at the beginning of each year and makes adjustments throughout the year as additional funds are received. In Fiscal 2011 over \$142 million in State and federal funding was realized post adoption. HPD's Fiscal 2012 Preliminary Plan includes a \$3.9 million reduction in Fiscal 2011 City funds and \$5.2 million in Fiscal 2012. The agency will achieve these reductions through a combination of cuts to its baseline budget along with realizing revenue from a variety of sources. The following summarizes these actions.

Expense Budget Reductions

- **Vacancies.** The agency's Fiscal 2012 Preliminary Budget eliminates 12 vacant positions that are funded by City tax levy from different areas across the agency. This action will save the agency \$1 million in Fiscal 2011 and \$1 million in Fiscal 2012.
- **Agency Layoffs.** The Fiscal 2012 Preliminary Plan includes the elimination of 14 positions through layoffs which will save the agency \$288,928 in Fiscal 2012 and \$876,231 in Fiscal 2013 once the full value of this budget cut is realized. These layoffs are associated with the agency's process of merging the Division of Housing Supervision into the Division of Asset Management. Specifically, the Division of Housing Supervision was overseeing a portfolio of Mitchell Lama developments which was already monitored by the Asset Management Division.
- **Maximizing Federal Sources.** HPD will make administrative changes to its code enforcement process to improve efficiency and maximize federal funding. In particular, due to an increase in 311 complaints for code violations, HPD will maximize more federal Community Development Block Grant (CDBG) funds to pay for code inspections. Previously, approximately 78 percent of code inspections were paid by using CDBG funds, while the remaining 22 percent were covered by tax levy. HPD will now utilize approximately 83 percent of eligible CDBG funds for code inspections, thereby reducing the amount of tax levy needed to 17 percent of total funding.
- **Reduction in OTPS Costs.** The agency will achieve savings by changing the use of temporary employees, telecommunication funding changes, and a reduction of printing costs, newspapers, subscriptions, and supplies. This action will save the agency \$354,000 in Fiscal 2012.
- **Recapturing Senior Citizens Rent Increase (SCRIE) Funds.** HPD identified 58 Mitchell Lama tenants that were receiving Section 8 benefits and SCRIE benefits. Since tenants are not allowed to receive both

subsidies at the same time, HPD is removing the SCRIE benefits since the Section 8 benefits are more valuable. The City therefore will recapture SCRIE subsidies from the owners of the developments that housed these tenants. This action will save the agency \$136,000 in Fiscal 2012.

Revenue Initiatives

- **Waterside Developments.** HPD will receive additional tax revenue in the amount of \$1 million in Fiscal 2011 and \$1.4 million in Fiscal 2012 from the Waterside developments based on revised assessment values. These two properties, which are both located in Manhattan, were once associated with the Mitchell Lama program and therefore have had its taxes exempted. However, the Department of Finance (DOF) and HPD discovered that these developments exited the Mitchell Lama program more than 10 years ago and therefore eligible to pay full taxes. The owner of these developments will pay all the accrued taxes overtime.
- **Land Sale Proceeds.** HPD will generate revenue through a land sale on 505 West 51st Street in Manhattan which is expected to be used for a mixed-income development. Normally HPD would sell land for a nominal fee of a \$1 for affordable housing development; however, in this case the high real estate value of the land was seen as an opportunity for the City to receive a one-time revenue infusion of \$750,000 in Fiscal 2011.
- **Recapturing Section 8 Funds.** HPD will generate revenue by recapturing Section 8 rental subsidies associated with Manhattan Plaza residents. This particular development's Section 8 subsidies were based on the last fiscal year, however, HPD identified incomes rising within the development allowing the City to recapture Section 8 subsidies. This action will save the City \$300,000 in Fiscal 2011 and the out years.
- **Rental Income from Parking Sites.** Beginning in 2012, HPD will generate revenue by converting six City-managed vacant lots into 32 privately run parking lots. A Request For Proposal (RFP) will be released in order to attract private operators who will manage these parking lots. The projected revenue from this initiative will be \$144,000 in Fiscal 2012 and will further save the City \$23,000 in Fiscal 2012 for the maintenance of these lots.

Federal Funding Concerns

Of the agency's total \$565 million expense budget, approximately \$491.6 million or 87 percent, is funded by the federal government. The federal sources HPD depends on consist of Section 8 rental subsidy, Home Investment Partnership funds, stimulus funds, grants for lead hazard reduction, and neighborhood stabilization funds. The single largest federal funding source for the agency is the Community Development Block Grant (CDBG) which accounts for \$136.8 million or 24 percent of the agency's total expense budget in Fiscal 2012. Since Fiscal 2009, when the City started to experience structural deficits and agencies had to reduce tax levy expenditures, HPD along with other agencies dependent upon CDBG started to transfer expenditures that were funded by City tax dollars to the CDBG, as long as it met federal eligibility criteria. This has meant a growing reliance on the CDBG funding to help meet the mandated budget reductions that are imposed by the Administration. Chart 1 below illustrates the overall distribution of funding for the agency in Fiscal 2012 and its reliance on federal sources. Chart 2 shows the number of employees within the agency by funding source in Fiscal 2012.

Chart 1

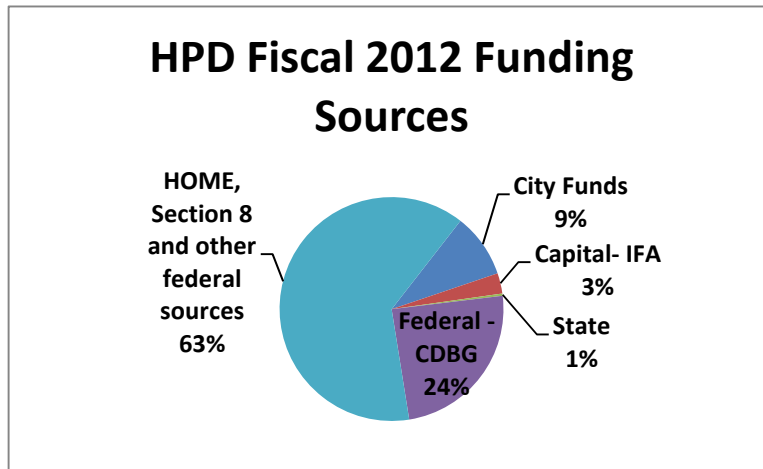
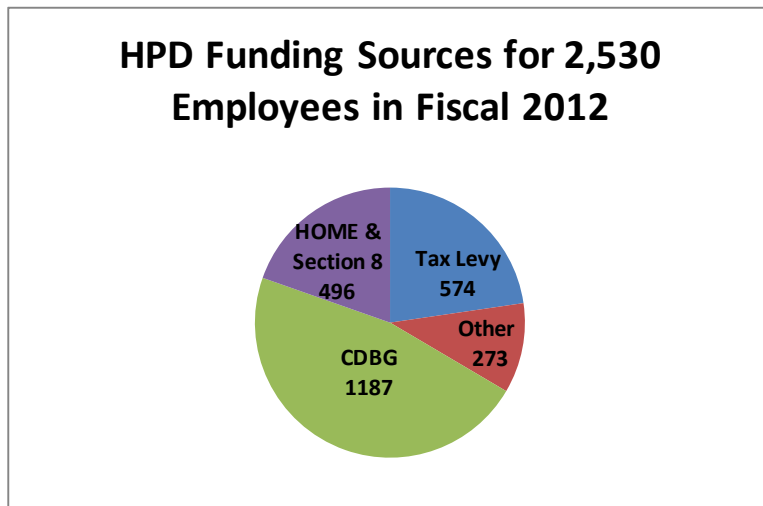


Chart 2



Because HPD’s overall expense budget is highly dependent upon federal sources, budgetary and policy priorities in Washington, D.C greatly impacts how the agency will prioritize its objectives in the next fiscal year. Although not reflected in the agency’s current Fiscal 2012 Preliminary Budget, looming actions at the federal level may have an adverse impact to HPD in the next fiscal year. Specifically, President Obama has proposed in the Administration’s Fiscal 2012 Budget a 7.5 percent cut to the federal CDBG budget, and a 9.6 percent cut to the HOME program. The House of Representatives, which is currently negotiating the Fiscal 2011 Federal Budget, has proposed cutting CDBG by approximately 66 percent and an 8.7 percent cut to HOME for the remainder of Fiscal 2011.

While some of these proposals are drastic and are unlikely to be implemented, there remains a good possibility that these vital federal resources will be cut substantially which would have dire consequences for HPD’s expense budget. As indicated by Chart 2, approximately 47 percent of all HPD employees are funded by CDBG while another 20 percent are funded by HOME or Section 8 funds. If, for example, the President’s proposal of a 7.5 percent reduction were applied to HPD, that would translate into a \$10.5 million cut and could possibly lead to the elimination of 89 employees funded by CDBG. Furthermore, any substantial cuts to the CDBG budget will further limit HPD’s ability to transfer eligible tax levy expenditures to the CDBG budget, which is a practice the agency has relied upon in meeting the budget reduction

mandates from the Administration. It is highly unlikely given the City's own fiscal problems, that more tax levy dollars would be allocated to HPD in order to fill the gap as a result of a loss in federal funds. On the programmatic level, these potential cuts would seriously hinder the agency's ability to meet its code enforcement objectives which are largely funded by CDBG. The Alternative Enforcement Program (AEP), for example, which was recently expanded to cover larger buildings and remediate mold and vermin violations, is almost entirely funded by CDBG and therefore any substantial cut to this federal source would adversely impact HPD's ability to enforce Local Law 29 which established the AEP program.

Department of Housing Preservation & Development

The Department of Housing Preservation and Development (HPD) works to maximize the production of affordable housing in New York City by encouraging cost-effective development. The Department also promotes the preservation and improvement of existing housing stock by providing loan assistance, education, and code enforcement. In conjunction with these housing objectives, the Department supports a comprehensive community development agenda by conveying City-owned properties, both occupied and vacant, to responsible private owners, while promoting retail development, homeownership initiatives, and productive community partnerships.

Key Public Services Areas

- Preservation of existing housing stock
- Development of new affordable housing to low income New Yorkers
- Enforcement of housing code regulations

Critical Objectives

- Preserve and construct affordable housing by providing assistance and incentives.
- Prevent abandonment of privately owned residential buildings.
- Rehabilitate and transfer buildings to responsible owners.
- Respond to heat, hot water and other tenant complaints.

SOURCE: Mayor's Management Report

Department of Housing Preservation and Development Financial Summary

Dollars in Thousands

	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference* 2011-2012
Budget by Program Area						
Administration	\$34,951	\$34,186	\$32,148	\$32,645	\$31,859	(\$289)
Administration Program	14,173	13,349	14,118	23,578	12,869	(1,249)
Development	117,654	105,849	38,137	70,702	13,649	(24,488)
Housing Operations						
-Section 8 Programs	\$341,640	\$382,496	\$341,255	\$416,724	\$342,246	\$992
-Emergency Housing	16,785	20,280	17,204	21,886	17,477	273
-Management and Dispositions	51,924	49,907	53,158	68,323	44,193	(8,966)
Preservation						
-Anti Abandonment	\$11,289	\$12,372	\$6,628	\$8,349	\$5,554	(\$1,074)
-Code Enforcement	37,112	36,755	36,920	41,309	34,381	(2,539)
-Emergency Repair	31,491	28,200	29,115	42,299	30,497	151
-Lead Paint	20,670	21,173	18,967	20,151	19,118	(4,854)
-Other Agency Services	24,535	23,343	18,362	25,762	13,508	(4,854)
TOTAL	\$702,224	\$727,910	\$606,012	\$771,730	\$565,352	(\$40,660)
Funding						
City Funds	NA	NA	\$64,469	\$68,318	\$52,028	(\$12,441)

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference* 2011–2012
<i>Memo: Council Funds</i>	NA	NA	\$6,469	\$6,469	-	(\$6,469)
Other Categorical	NA	NA	15,278	34,515	1,834	(13,443)
State	NA	NA	1,968	1,968	1,968	0
Federal – CD	NA	NA	140,864	172,484	136,849	(4,015)
Federal – Other	NA	NA	365,810	476,522	354,808	(11,002)
Intra City	NA	NA	951.05	1,251.09	1,192.07	241
Capital-IFA	NA	NA	16,673	16,673	16,673	0
TOTAL	\$702,224	\$727,910	\$606,012	\$771,730	\$565,352	(\$40,660)
Positions						
Full-Time Positions	2,503	2,368	2,565	2,563	2,530	(35)

*Continuation from previous page

In Fiscal 2011 City Council funding provided approximately \$6.4 million or 10 percent of HPD's annual City-funds operating budget. Most of this funding (\$5.3 million) is allocated to local community-based organizations which are tasked with carrying out the goals of six Council initiatives which are to provide advocacy and education on issues related to housing preservation. The remaining \$1.1 million is allocated towards Council discretionary funds.

FY 2011 Council Funded Initiatives

Dollars in Thousands

City-Wide Taskforce on Housing Court	500
Community Consultant Contracts	415
Housing Preservation Initiative	1,500
Center for New York City Neighborhoods	500
Anti-Eviction Legal Services	2,000
Pilot Weatherization Program	\$400
Local Initiatives	\$1,100
TOTAL	\$6,469

Fiscal 2012 Preliminary Contracts Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the Other Than Personal Services (OTPS) portion of the City's Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. In January, it is prepared with the Departmental Estimates, and in late April it is submitted to the Council with the Executive Budget.

Category	Fiscal 2012 Prelim Number	Fiscal 2012 Prelim Budgeted	Pct. of HPD Total
Contractual Services General	17	\$22,410,675	39%
Telecommunications Maintenance	1	21,586	0%
Maintenance & Repair Motor Vehicle Equipment	4	54,036	0%
Maintenance & Repair General	62	10,706,415	19%
Office of equipment maintenance	3	464,547	1%
Data processing equipment	2	251,514	0%
Community Consultant Contracts	62	15,704,662	27%
Costs associated with financing	1	1,359	0%
Security services	3	805,000	1%
Temporary services	7	1,337,276	2%
Cleaning services	2	77,597	0%
In rem maintenance costs	20	4,390,210	8%
Training Program City Employees	5	659,207	1%
Professional Legal Services	3	379,236	1%
Professional Engineer & Architect	1	1	0%
Professional Services	2	337,039	1%
Preliminary Budget	195	\$57,600,360	100%

Capital Program

Capital Budget Summary

The February 2011 Capital Commitment Plan includes \$1.8 billion in Fiscal 2011-2014 for the Department of Housing Preservation and Development (including City and Non-City funds). This represents five percent of the City's total \$33.2 billion February Plan for Fiscal 2011-2014. The agency's February Commitment Plan for Fiscal 2011-2014 is 4.4 percent less than the \$1.9 billion scheduled in the September Commitment Plan, a decrease of \$84.7 million.

Over the past five years (2006-2010) the Department of Housing Preservation and Development has only committed an average of 42 percent of its annual Capital Plan. Therefore, it is assumed that a portion of the agency's Fiscal 2011 Capital plan will be rolled into Fiscal 2012, thus increasing the size of the Fiscal 2012-2015 Capital Plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2011 has decreased from \$822.9 million to \$730 million, a reduction of \$92.7 million or 11 percent.

Currently the Department of Housing Preservation and Development appropriations total \$1.2 billion in City funds for Fiscal 2011. These appropriations are to be used to finance the agency's \$532 million City-funded Fiscal 2011 Capital Commitment Program. The agency has \$696 million, or 57 percent more funding than it needs to meet its entire Capital Commitment Program for the current fiscal year.

2011-2014 Commitment Plan: Adopted and Preliminary Budget

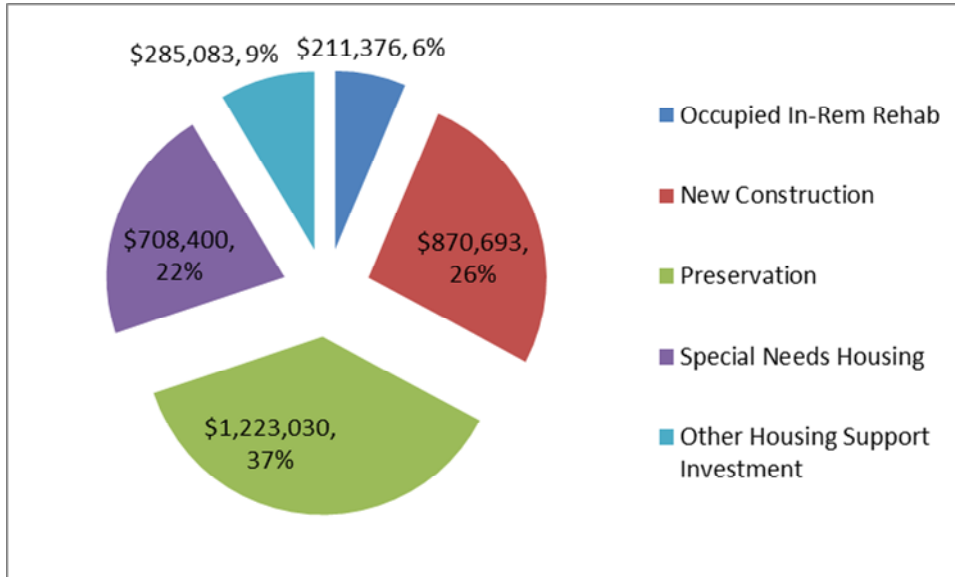
Dollars in Thousands

	FY11	FY12	FY13	FY14	Total
Adopted					
Total Capital Plan	\$822,936	\$313,228	\$389,491	\$376,699	\$1,902,354
Prelim					
Total Capital Plan	\$730,160	\$332,240	\$389,834	\$365,383	\$1,817,617
Change					
Level	(\$92,776)	\$19,012	\$343	(\$11,316)	(\$84,737)
Percentage	-11.27%	6.07%	0.09%	-3.00%	-4.45%

2012-2021 Ten-Year Capital Strategy

Dollars in Thousands

The Department’s Ten-Year Capital Strategy includes a total of \$2.7 billion in funding for:



Preliminary Capital Commitment Plan Highlights and Issues

New Housing Market Place Plan

When it was originally implemented in 2003, the New Housing Market Place Plan’s (NHMP) goal was to create and preserve 165,000 units of affordable housing. Since its launch, NHMP has financed the preservation and development of approximately 125,000 units of affordable housing, which has been largely dependent on leveraging private financing. The original NHMP gave priority to the construction of new units rather than the preservation of units in order to take advantage of the booming real estate market that existed in the mid-2000’s. Due to the faltering economy and its impact on the lending market, HPD has had to revise the timeline and projection of how many units can be created and preserved. Specifically, it expects that the plan’s goals will not be realized until 2014 rather than by 2013, as originally planned. In addition, the focus has shifted away from new construction as 64 percent of all the units in the NHMP are to be preserved while 36 percent will be new construction units. Greater emphasis has been given to rental units rather than homeownership units, while the affordability levels have shifted more towards lower income units rather than moderate or middle income units. The table below illustrates the number of new construction and preservation units that will be affected by the revised NHMP.

Actuals		Projection					
Program	FY04-FY09 Units	FY10	FY11	FY12	FY13	Total FY10-FY13 Projected Units	Total Housing Plan
New Construction	35,550	3,442	4,285	4,851	5,302	24,395	59,945
Preservation	58,366	12,651	12,155	7,288	7,483	46,892	105,258
TOTAL HOUSING PLAN	93,916	16,093	16,440	12,139	12,785	71,287	165,203

Source: Department of Housing Preservation and Development

421-A Trust Fund

The 421-A Trust Fund was established from the reform of the 421-A tax benefit program in 2006. The Fund, in particular, was established in a three-way Memo of Understanding (MOU) signed on March 29, 2010 by the Mayor, the New York City Comptroller and the President of the Battery Park City Authority (BPCA). The fund which totals \$200 million must be utilized pursuant to the income guidelines established in the MOU. The Fiscal 2012 Preliminary Plan has established a new dedicated budget line for the Trust Fund, although HPD has been earmarking funds to certain projects over the past three fiscal years in anticipation of these funds being realized in the Capital Plan.

10 Percent Capital Budget Reduction

For the Fiscal 2012 Preliminary Capital Plan, City agencies were required to reduce their capital program by 20 percent in order to relieve the City’s debt service costs. These cuts initially included projects secured by the Council in the Fiscal 2011 Adopted Budget; however those cuts were restored resulting in an actual reduction of approximately ten percent for HPD. In total, the agency’s capital budget reduction for Fiscal 2011-2014 is \$270 million in City funds. The areas that were substantially cut include a \$75.8 million reduction for supportive housing programs, \$40 million less for new construction programs, and a \$114 million cut for the Tenant Interim Lease Program (TIL). It should be noted however, that the reduction to supportive housing programs was offset by the addition of \$53 million from federal HOME funds, which effectively reduced the cuts to special needs programs to approximately \$22 million.

Tenant Interim Lease (TIL) Program

The TIL program, which creates affordable cooperative homeownership for low-income tenants in City-owned in-rem stock, was substantially cut by approximately \$114 million due to new programmatic objectives and reforms the agency is currently undertaking for this program. In 2007, the agency identified a potential budget shortfall for the completion of the TIL pipeline. At the start of Fiscal 2011 the projected costs for this program was \$630 million, with only \$355 million allocated in the ten-year capital commitment plan. The 20 percent mandated capital budget reduction presented HPD with an opportunity to reform the TIL program and reform its model. In the traditional TIL model the rehabilitation of the buildings occur while these properties are still in City ownership and funded by the agency’s capital budget. The new model that HPD is currently collaborating with the Council on would mirror standard disposition programs which utilize sponsors and private developments. Under this model, properties will be transferred to a third party intermediary which would oversee the properties for 12 to 24 months for predevelopment activities. A new sponsor or developer would be selected through Request for Qualification (RFQ) process and the intermediary and the sponsor would then work to have construction completed outside of the public domain. The model is based on the sponsor or developer being responsible for the entire development process, which would in turn make this program less costly to the City.

Capital Program Areas for Fiscal 2011-2014

The revision of the NHMP is reflected in HPD's Fiscal 2012 Capital Plan where overall funding for new construction programs has decreased while funding for preservation programs has increased. The following are the major changes in HPD's capital plan since the Fiscal 2011 Adopted Budget.

New Construction

- **Low-Income Rental Programs:** HPD funds various initiatives for the construction and rehabilitation of low-income rental projects such as the Low-Income Affordable Marketplace Program in which incomes must be less than 60 percent of the Area Median Income (AMI). The Fiscal 2012 Preliminary Plan includes \$197.3 million in City and Non-City funds between Fiscal 2011-2014 for these programs, a decrease of \$73.4 million since Adoption.
- **Mixed Income Rental Programs:** HPD funds various programs for the new construction of multi-family rental projects affordable to households earning up to 130 percent of Area Median Income. The Preliminary Plan includes \$100 million, which is a \$67 million increase from Adoption. This increase is due to HPD's ability to cross-subsidize these projects with other market rate units which in turn make projects funded through these programs more financially viable.
- **Moderate/Middle Income Rental Programs:** HPD funds initiatives to construct and rehabilitate rental housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The Preliminary Plan for Fiscal 2011-2014 is \$2.9 million, which is \$63.2 million less than what was adopted in Fiscal 2011.
- **Homeownership Programs:** HPD funds initiatives such as the Cornerstone Program to construct and rehabilitate housing for moderate and middle income families with incomes ranging from 80 to 175 percent of AMI. The Preliminary Plan for 2011-2014 is \$25.4 million, which is \$28.4 million less than what was allocated at adoption last year.

Preservation

- **Article 8a Loan Program:** The Article 8A program provides rehabilitation loans to correct substandard or unsanitary conditions and to prolong the useful life of multiple dwellings in New York City. The Preliminary Plan includes \$158.9 million in City and Non-City funds for this program, which is \$42.6 million greater than the \$201 million allocated at adoption last year.
- **Participation Loan Program:** This program provides low-interest loans to private residential building owners for the moderate-to-gut rehabilitation of housing for low to moderate income households. City capital funds, loaned at below-market interest with a thirty-year term, and/or Federal HOME Grant funds are combined with bank financing to produce a below market interest rate loan. Funds may also be used for refinancing or acquisition in conjunction with rehabilitation. A small percentage of the loan may be for payment of property tax arrears. The Preliminary Plan includes \$93.7 million or \$21.3 million more for Fiscal 2011-2014 than what was allocated at adoption last year.
- **Third Party Transfer Program (TPT):** Under this program, HPD transfers tax-delinquent distressed properties to new private for-profit and not-for-profit owners rather than taking them into City ownership. HPD provides low-interest rehabilitation loans to the new owners by blending capital dollars with private financing. The Preliminary Plan funding for these programs is \$143 million in City and Non-City funds, which is \$47 million greater than the \$190 million that was allocated at adoption.
- **Alternative Management Programs:** HPD targets clusters of occupied and vacant City-owned buildings for renovation and disposition to community-based owners. Buildings are owned and

managed by local entrepreneurs, neighborhood not-for-profit housing organizations, or qualified groups of tenants. This is a neighborhood redevelopment initiative designed to stimulate community economic renewal by utilizing several HPD programs including the Neighborhood Entrepreneurs Program, Neighborhood Redevelopment Program, 7A Financial Assistance Program, and the Tenant Interim Lease Program. In total the Executive Plan includes \$165 million for these initiatives, although as noted earlier the TIL program will be cut by approximately \$114 million to reflect a model that will be similar to HPD's standard disposition programs such as TPT.

Special Needs Housing

- **Supportive Housing Program-New Construction & Rehabilitation:** This program provides funding for new construction and rehabilitation of supportive housing for homeless single adults, including people suffering from disabilities such as mental illness and AIDS, families with special needs and youth aging out of foster care. The Preliminary Plan includes \$256 million for these programs in City and Non-City funds, which is \$22 million less than what was allocated at adoption.
- **HUD Section 202 Program:** Under the Section 202 Supportive Housing Program for the Elderly, not-for-profit sponsors selected by HUD purchase land from the City or from private owners and construct residential buildings (or rehabilitate existing vacant buildings). The completed buildings provide rental housing for low-income elderly persons receiving operating subsidies from HUD through a project rental assistance contract. For several years HUD has been providing capital subsidies of approximately \$130,000 per unit, however the actual cost per unit in New York City is roughly \$250,000. The funding gap has been filled in previous years with discretionary funds from the Council, and the Administration has made it a priority to avoid funding cuts for the Section 202 Program. The Preliminary Plan includes an increase of \$426,000 in City and Non-City funds from the \$46.3 million allocated at adoption.

Other Projects & Initiatives

- **Hunters Point South in Long Island City:** The Preliminary Plan includes funding for a mixed-use, middle-income housing development in Long Island City, Queens. This project will consist of approximately 5,000 units of housing designed to be affordable to families earning from \$60,000 to \$145,000. The City purchased the rights to the land to build the project from the Port Authority for \$100 million. In addition, the City will fund the Port Authority's remaining obligations for infrastructure and related costs at the site. The Preliminary Plan includes \$79.6 million in Fiscal 2011-2014 for this project.
- **Low-Income Housing Tax Credit 15-Year Preservation Program:** The Federal Low-Income Housing Tax Credit (LIHTC) program provides funding for affordable housing units throughout New York City by offering investors a tax credit for ten years in return for providing equity to affordable housing developments. Thousands of affordable housing developments in New York City that were financed with LIHTC will reach the end of their 15-year compliance period within the next year. The Preliminary Plan includes \$5 million less between Fiscal 2011-2014 for a total of \$73.6 million to fund the preservation of affordable housing developments that were financed through LIHTC.
- **The Housing Asset Renewal Program (HARP):** In April of 2008, City Council Speaker Christine Quinn established an affordable housing task force comprised of affordable housing advocates with the goal of creating a new middle income housing program. The taskforce produced a plan that would offer developers of unsold condominiums and cooperatives, the opportunity to sell their units at prices substantially reduced from their original anticipated sales prices. The program would offer subsidies that will make the new sales prices affordable to middle income New Yorkers with incomes ranging

from 100 percent to 150 percent of median income. The Council and the Administration worked closely together to include \$20 million in Fiscal 2011-2014 for this initiative. The program is currently being implemented with the first awards to be made by the spring of 2011.

- **Distressed Multifamily Housing:** HPD has begun a serious effort to address the issue of overleveraged multifamily buildings that were purchased at inflated values and now carry an unsustainable level of debt. Specifically, HPD will provide \$750 million to responsible owners to purchase overleveraged properties. The sources of financing for these properties include \$500 million in HDC bonds, \$150 million from the New York City Acquisition Fund, and \$100 million in City capital funding utilizing existing HPD programs such as the Article 8A Loan Program and the Participation Loan Program. HPD will specifically target buildings that have severe physical and financial distress, buildings that were formerly part of publicly assisted stock, and rent stabilized buildings with financial risks.

Program Areas

Housing Operations-Section 8 Programs

HPD administers federal rental assistance to approximately 29,000 households in New York City. The bulk of the rental subsidies are Section 8 vouchers and project-based Section 8, although HPD also handles Shelter Plus Care funding and other rental subsidies targeted to homeless individuals and households. HPD generally targets its Section 8 assistance to very specific categories of New Yorkers, including homeless households; households that are residing in a building owned by the City which is in need of substantial renovation, in which case the voucher will be issued to allow the applicant to locate permanent, alternate housing; and households residing in buildings that have been developed with financial assistance from HPD or buildings for which HPD maintains regulatory responsibility. HPD also administers “enhanced vouchers,” which are given to tenants when building owners pre-pay federal loans to opt out of project-based subsidy programs, or opt not to renew project-based Section 8 contracts. The Rental Assistance program also includes some limited social service and asset accumulation initiatives for households receiving Section 8, in particular the Family Self Sufficiency Program.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$11,562	\$11,612	\$8,817	\$12,530	\$8,817	-
Other Salaried and Unsalaries	58	65	55	55	55	-
Additional Gross Pay	220	255	19	19	19	-
Overtime - Civilian	146	132	0	0	0	-
Fringe Benefits	0	2	0	0	0	-
Subtotal, PS	\$11,986	\$12,066	\$8,892	\$12,605	\$8,892	-
Other Than Personal Services						
Supplies and Materials	\$372	\$251	\$260	\$396	\$0	(\$260)
Other Services and Charges	66	229	87	130	865	778
Contractual Services	1,982	1,562	594	2,254	0	(594)
Property and Equipment	156	72	128	134	0	(128)
Fixed and Misc. Charges	327,077	368,316	331,294	401,206	332,490	1,196
Subtotal, OTPS	\$329,654	\$370,430	\$332,363	\$404,119	\$333,355	\$992
TOTAL	\$341,640	\$382,496	\$341,255	\$416,724	\$342,246	\$992
Funding						
City Funds	N/A	N/A	\$334	\$334	\$334	\$0
Federal-Lower Income Housing Assistance	N/A	N/A	21,127	21,127	21,127	-
Federal-Section 8 Admin. Fees			18,778	19,046	18,778	-
Federal-Section 8 Rent Subsidy			281,805	354,506	281,601	(204)
Federal-Shelter Care Plus			19,211	21,507	20,407	1,196
Other Categorical -HQS Collaboration-NYCHA			-	205	-	-
TOTAL	\$341,640	\$382,496	\$341,255	\$416,724	\$342,246	\$992

Preliminary Plan Actions

Funding for the Section 8 program area will remain relatively unchanged from previous fiscal years, despite an increase of \$97.6 million from the Fiscal 2010 Adopted Budget. This increase reflected a technical realignment by the agency to increase the baseline funding for the Section 8 rent subsidy from \$192 million to approximately \$281 million in order to avoid mid-year budget modifications. The Fiscal 2012 funding amount for Section 8 will be \$281 million, which is approximately the same figure as in recent fiscal years.

City's Section 8 Budget Shortfall in 2010

In Fiscal 2010, the New York City Housing Authority (NYCHA) experienced a deficit within its Section 8 program resulting in the rescindment of housing assistance vouchers for 2,500 families. This crisis arose due to falling tenant contributions which occurred simultaneously with lower than normal attrition rates, leading to a budget shortfall of \$16 million that NYCHA could not absorb on its own. In July 2010, HPD collaborated with NYCHA and the Department of Housing and Community Renewal (DHCR) to allow for the transfer of NYCHA Section 8 participants to HPD's Section 8 program. In particular, DHCR gave HPD the authority to help 750 families that lost vouchers in calendar year 2010 by utilizing the agency's reserves. In addition, HPD created a new rental subsidy from its federal HOME program that mirrors the Section 8 model for another 750 families that had their vouchers taken away. This rental subsidy was established for only on an interim basis until NYCHA began to receive more Section 8 funding from the Department of Housing and Urban Development (HUD). The Council provided HPD with approximately \$7 million in capital funds in order to make up for the loss of federal Home funds. During calendar year 2011, NYCHA will issue vouchers to the remaining 1,000 families based on risk factors that include previous shelter history, victims of domestic violence, intimidated witnesses, families awaiting unification with children in foster care pending suitable housing, and families with new lease commitments. Because of these actions, the number of household assisted by HPD's Section 8 program grew to 35,754 in Fiscal 2011 compared to 33,453 in Fiscal 2010.

Performance measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	Target FY 11
Section 8 utilization rate	93%	95%	97%	98%	97%
Number of vouchers issued	4,297	4,818	1,456	552	290
Number of households assisted	28,765	31,643	33,453	32,561	35,754

Housing Operations-Management & Disposition

HPD has the responsibility for managing, operating and disposing of City-owned dwelling units. In recent years, HPD has made it a priority to dispose these properties to the private market by initiating programs that target occupied and vacant City-owned buildings for rehabilitation and sale to community-based owners, such as local entrepreneurs, neighborhood nonprofit housing organizations, or qualified tenant groups. The programs that comprise the disposition programs include: the Neighborhood Entrepreneurs Program (NEP); the Neighborhood Redevelopment Program (NRP); the Tenant Interim Lease Apartment Purchase Program (TIL); the Tenant Interim Lease II Apartment Purchase Program; the Tenant Ownership Program; the Asset Sales Building Purchase Program; and the Neighborhood Homes Program. In addition, DAMP includes program staff for the 7A Program.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$23,261	\$22,216	\$22,878	\$23,145	\$22,347	(\$531)
Other Salaried and Unsalariated	\$107	100	97	97	97	-
Additional Gross Pay	\$1,850	1,553	857	857	857	-
Overtime - Civilian	\$30	36	394	394	394	-
Amounts to be Scheduled	\$0	-	139	139	139	-
Subtotal, PS	\$25,248	\$23,905	\$24,366	\$24,633	\$23,835	(\$531)
Other Than Personal Services						
Supplies and Materials	\$3,699	\$4,347	\$7,534	\$10,124	\$6,125	(\$1,410)
Other Services and Charges	\$4,980	3,139	6,081	6,303	6,029	(51)
Contractual Services	\$13,805	15,690	15,144	27,255	8,169	(6,975)
Property and Equipment	\$14	8	33	9	35	2
Fixed and Misc. Charges	\$4,178	2,819	-	-	-	-
Subtotal, OTPS	\$26,676	\$26,002	\$28,793	\$43,691	\$20,358	(\$8,435)
TOTAL	\$51,924	\$49,907	\$53,158	\$68,323	\$44,193	(\$8,966)
Funding						
City Funds	N/A	N/A	\$8,477	\$8,357	\$7,006	(\$1,470)
Federal-Community Development Block Grant	N/A	N/A	27,446	33,465	21,810	(5,636)
Federal-Home Investment Partnership			2,834	2,834	2,834	-
Federal-Section 8 Rent Subsidy			183	833	183	-
Other Categorical -Hudson Yards			1,000	10,000	-	(1,000)
Other Categorical -Private Grants			901	901	425	(476)
Capital-IFA			12,318	11,935	11,935	(383)
TOTAL	\$51,924	\$49,907	\$53,158	\$68,323	\$44,193	(\$8,966)

Property Management Reduction

The agency will reduce spending on the property maintenance of six vacant lots located in Brooklyn resulting in a savings of \$23,000 in Fiscal 2012 and the out years. In particular, HPD will lease these vacant lots to private operators who will convert the space into 32 parking lots. The revenue from the lease is expected to be \$144,000 in Fiscal 2012. The privately run operators of these lots will now be responsible for the maintenance thereby allowing the City to save maintenance costs.

Performance measures

	FY 08	FY 09	FY 10	FY 10 4-Month Actual	Target FY 11
Number of projects in workload	N/A	N/A	1,861	1,634	1,861
Number of financial reviews completed	498	378	534	212	N/A
Number of buildings inspected	294	150	377	85	188

Housing Operations-Emergency Housing

The Emergency Housing Services Bureau provides emergency relocation services to tenants displaced as a result of fires or vacate orders issued by the Department of Buildings, Fire Department or HPD Code Enforcement. In addition, HPD operates the Article 7A program; in which administrators are appointed by the Court (pursuant to New York State Law) to operate privately owned buildings that have been abandoned by their owners, resulting in conditions that are dangerous to the tenants' life, health and safety. The administrators act under court order to collect rents and use the money to provide essential services to the tenants and make necessary repairs. Housing in the Article 7A program remains in private ownership, but the program is managed along with those targeting city-owned units.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011-2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$3,347	\$2,564	\$3,021	\$3,056	\$3,021	\$-
Other Salaried and Unsalariated	81	58	-	-	-	-
Additional Gross Pay	277	258	1	1	1	-
Overtime - Civilian	23	6	-	-	-	-
Fringe Benefits	1	1	-	-	-	-
Subtotal, PS	\$3,729	\$2,888	\$3,023	\$3,058	\$3,023	\$-
Other Than Personal Services						
Supplies and Materials	\$0	\$0	\$261	\$261	\$261	\$-
Other Services and Charges	165	-	-	-	1,428	1,428
Contractual Services	12,891	17,393	13,920	18,568	12,765	(1,155)
Subtotal, OTPS	\$13,056	\$17,393	\$14,181	\$18,829	\$14,454	\$273
TOTAL	\$16,785	\$20,280	\$17,204	\$21,886	\$17,477	\$273
Funding						
City Funds	N/A	N/A	\$762	\$762	\$762	\$0
Federal-Community Development Block Grant	N/A	N/A	11,545	16,193	11,818	273
Federal-Emergency Relocation Welfare Tenants			980	980	980	-
Federal-TANF Assistance			950	950	950	-
Federal-Section 8 Rent Subsidy			-	35	-	-
State			1,968	1,968	1,968	-
Other Categorical -Private Grants			1,000	1,000	1,000	-
TOTAL	\$16,785	\$20,280	\$17,204	\$21,886	\$17,477	\$273

Preservation-Code Enforcement

HPD is responsible for enforcing the New York City Housing Maintenance Code and the New York State Multiple Dwelling Law. In order to enforce this law, HPD sends inspectors to respond to buildings with maintenance deficiencies, and issue violations where appropriate.

<i>Dollars in Thousands</i>	2009	2010	2011	2011	2012	Difference
	Actual	Actual	Adopted	Feb. Plan	Feb Plan	2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$23,744	\$22,894	\$26,150	\$25,914	\$25,205	(\$945)
Other Salaried and Unsalariad	500	480	444	444	444	-
Additional Gross Pay	1,952	1,524	422	422	422	-
Overtime - Civilian	293	187	198	198	198	-
Fringe Benefits	26	25	-	-	-	-
Subtotal, PS	\$26,514	\$25,111	\$27,213	\$26,977	\$26,268	(\$945)
Other Than Personal Services						
Supplies and Materials	\$894	\$924	\$1,106	\$1,420	\$1,158	\$52
Other Services and Charges	1,414	1,050	1,623	1,830	1,272	(351)
Contractual Services	8,264	9,638	6,953	10,769	5,668	(1,286)
Property & Equipment	27	31	25	313	16	(9)
Subtotal, OTPS	\$10,598	\$11,643	\$9,707	\$14,332	\$8,113	(1,594)
TOTAL	\$37,112	\$36,755	\$36,920	\$41,309	\$34,381	(\$2,539)
Funding						
City Funds	N/A	N/A	\$8,532	\$8,296	\$7,064	(\$1,468)
Federal-Community Development Block Grant	N/A	N/A	28,388	33,013	27,317	(\$1,071)
TOTAL	\$37,112	\$36,755	\$36,920	\$41,309	\$34,381	(\$2,539)

Preliminary Budget Actions

The Fiscal 2012 Preliminary Budget in this program area includes saving tax levy funds in the amount of \$1.1 million in Fiscal 2012 by maximizing Community Development Block Grant (CDBG) funds. Specifically, the agency will increase inspections in CDBG eligible areas by approximately five percent. The buildings that are located in non-CDBG neighborhoods are in relatively better physical condition and are more likely to have owner compliance on violations.

Alternative Enforcement Program

The Alternative Enforcement Program (AEP) ensures that emergency conditions are corrected and underlying physical conditions related to housing code violations are addressed either by the owner or through HPD's emergency repair program. The program calls for the designation each year of 200 different multiple dwellings, each to be chosen based on specific criteria set forth in the Safe Housing Law. HPD's budgetary projections are based on the anticipated size and physical condition of buildings coming into the program, which is funded primarily through federal Community Development Block Grant funds. The table below shows the number of buildings and units that have been addressed by the AEP program since Fiscal

2008. In January 2011, Local Law 29 was amended to expand the criteria that would make a building eligible to qualify under AEP and it also captures larger buildings. The projected fiscal impact of this legislation is approximately \$1 million in Fiscal 2012 which HPD will be able to fund from its existing resources. AEP's budget totals approximately \$12.5 million which is mostly federal CDBG funds.

Alternative Enforcement Program

Building Size (Units)	Fiscal 2008 Round 1 - Actual		Fiscal 2009 Round 2 - Actual		Fiscal 2010 Round 3 - Actual		Fiscal 2011 Round 4 -Actual	
	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units
3-4	100	332	91	309	102	345	69	232
5-8	72	474	63	407	59	373	46	314
9-20	19	245	24	320	26	346	24	351
21+	9	311	22	732	13	412	61	2,442
Total	200	1,362	200	1,768	200	1,476	200	3,339
Average Bldg. Size (Units)	6.81		8.84		7.38		16.70	

Source: Department of Housing Preservation and Development

Performance measures

	FY 08	FY 09	FY 10	FY 11	Target
				4-Month Actual	FY 12
Total complaints reported	597,201	623,578	616,408	187,905	-
Total emergency complaints	396,260	419,271	409,354	115,312	-
Nonemergency complaints	200,941	204,307	207,054	72,593	-
Average time to close emergency complaints (days)	16.4	12	12	12	-
Average time to close nonemergency complaints (days)	40	30	19	14.7	-

Under HPD's Code Enforcement Division, the total number of residents that had emergency complaints such as heat and hot water issues and other non-emergency complaints decreased by two percent in Fiscal 2010. This decrease is largely due to HPD implementing a more efficient technology system that allows for all open complaints of an apartment to be addressed during a single inspection visit rather than multiple visits thereby reducing non-emergency complaints. The new system has reduced response times to close non-emergency complaints to 14 days during the reporting period in Fiscal 2011 from 30 days in Fiscal 2009.

Preservation-Emergency Repair

In this program area if an emergency condition is verified by a code inspector, the owner and/or managing agent of the property will be notified of the emergency condition and instructed to repair it. If the owner fails to make the necessary repairs in a timely manner, HPD's Emergency Repair Program (ERP) may repair the condition. If ERP repairs the emergency condition, the City will bill the owner for the cost of repairs. If the owner fails to pay the bill within 60 days, a lien is placed on the property.

	2009	2010	2011	2011	2012	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Feb Plan	Feb Plan	2011-2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$7,087	\$7,128	\$7,859	\$8,228	\$8,304	\$445
Other Salaried and Unsalariad	579	610	443	443	443	-
Additional Gross Pay	531	401	337	337	337	-
Overtime - Civilian	129	39	-	-	-	-
Subtotal, PS	\$8,326	\$8,179	\$8,638	\$9,008	\$9,084	\$445
Other Than Personal Services						
Supplies and Materials	\$2,802	\$1,658	\$4,023	\$7,731	\$1,241	(\$2,782)
Other Services and Charges	4,371	4,714	1,342	6,245	1,843	501
Contractual Services	15,986	13,644	15,106	19,309	18,250	3,145
Property & Equipment	6	5	6	6	80	74
Subtotal, OTPS	\$23,164	\$20,021	\$20,477	\$33,291	\$21,414	937
TOTAL	\$31,491	\$28,200	\$29,115	\$42,299	\$30,497	\$1,382
Funding						
City Funds	N/A	N/A	\$36.32	\$36.32	\$36.32	\$-
Federal-Community Development Block Grant	N/A	N/A	29,079	29,857	30,461	1,382
Federal-Stimulus			-	12,256	-	-
Intra-City			-	150	-	-
Capital Funds-IFA	N/A	N/A				-
TOTAL	\$31,491	\$28,200	\$29,115	\$42,299	\$30,497	\$1,382

Preliminary Plan Actions

In Fiscal 2010 HPD received \$19.4 million in federal stimulus funds for the Emergency Repair Program to correct immediately hazardous class "C" violations in privately owned buildings. The agency will spend the balance of the stimulus funding, \$12.2 million, in Fiscal 2011, however the Fiscal 2012 Preliminary Budget has no stimulus funds. This program area's overall budget will increase due to the agency's realignment of personnel from management and disposition to program areas such as emergency repair, which has seen its headcount increase from 144 budgeted positions in Fiscal 2010 to 155 positions in Fiscal 2011.

Performance measures

	FY 08	FY 09	FY 10	FY 11 4-Month Actual	Target FY 12
Total emergency violations issued	88,997	104,370	97,506	27,658	-
Nonemergency violations issued	394,581	428,127	398,220	135,492	-
Total violations removed	721,629	706,478	608,214	195,984	-
Emergency violations corrected by owner (%)	47%	52%	55%	N/A	-
Emergency violations corrected by HPD (%)	16%	15%	15%	N/A	-
Average cost of repair work performed by HPD (%)	\$901	\$862	\$737	N/A	-
Judgments and settlements corrected (\$000)	\$5,457	\$5,505	\$5,207	\$1,388	-

Preservation-Lead Paint

HPD is responsible for identifying lead-based paint hazards, issuing violations and remediating the condition when necessary. The two service areas within the lead-based paint program are inspections and emergency repairs.

	2009	2010	2011	2011	2012	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Feb. Plan	Feb Plan	2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$16,042	\$16,015	\$17,778	\$17,750	\$17,355	(\$423)
Other Salaried and Unsalariated	438	428	228	228	228	-
Additional Gross Pay	1,019	898	135	135	135	-
Overtime - Civilian	62	95	-	-	-	-
Fringe benefits	12	12	-	-	-	-
Subtotal, PS	\$17,573	\$17,449	\$18,141	\$18,113	\$17,718	(\$423)
Other Than Personal Services						
Supplies and Materials	\$85	\$102	\$257	\$235	\$197	(\$60)
Other Services and Charges	55	34	41	80	306	265
Contractual Services	2,952	3,587	512	1,707	879	367
Property & Equipment	5	-	15	15	17	2
Subtotal, OTPS	\$3,097	\$3,724	\$825	\$2,037	\$1,400	\$574
TOTAL	\$20,669	\$21,172	18,967	20,151	19,118	\$151
Funding						
City Funds	N/A	N/A	\$898	\$898	\$898	\$0
Federal-Community Development Block Grant	N/A	N/A	17,193	17,338	17,767	574
Federal-Lead Based Paint Abatement			173	513	-	(173)
Federal-Lead Hazard Reduction			222	950	-	(222)
Intra-City			350	322	322	(28)
Capital Funds-IFA	N/A	N/A	129	129	129	0
TOTAL	\$20,669	\$21,172	\$18,967	\$20,151	\$19,118	\$151

Preliminary Plan Actions

The Fiscal 2012 Preliminary Budget for Lead Paint has not secured two federal sources of funding the Lead Based Paint Abatement grant and the Lead Hazard Reduction grant. The combined loss of funding in Fiscal 2012 from these programs would be \$395,000 if these funds are not restored. Consequently this program area's headcount is reduced from 323 budgeted positions in Fiscal 2011 to 315 positions in Fiscal 2012. The agency expects, however, to have these funds restored in a mid-year budget modification for Fiscal 2012.

Performance measures

	FY 08	FY 09	FY 10	FY 11 4-Month Actual	Target FY 12
Total lead paint complaints	43,021	40,114	40,109	12,969	-
Total lead paint violations issued	29,510	31,285	26,022	7,650	-
Average cost of lead paint repair work performed by HPD	\$2,431	\$2,273	\$2,338	N/A	-

The Preliminary Mayor's Management Report (PMMR) shows that lead violations continued to go down, declining by more than 21 percent from Fiscal 2009 to Fiscal 2010. The first four months of the reporting period for Fiscal 2011 also suggests that lead violations issued will continue to go down to approximately 22,000 by the end of this fiscal year. These figures are consistent with a decrease in the percent of housing units testing positive for lead upon inspection.

Preservation-Anti-Abandonment

HPD's anti-abandonment initiatives are intended to address the City's at-risk housing stock. These initiatives include assessing the physical and financial needs of distressed properties, reaching out to building owners to encourage code and tax compliance, and providing education and support services for owners. One such initiative is the Neighborhood Preservation Consultants (NPC) program, in which nonprofit organizations provide early intervention, preservation and anti-abandonment services throughout the five boroughs. The NPC's also assist HPD in identifying and assessing at-risk buildings.

	2009	2010	2011	2011	2012	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Feb Plan	Feb Plan	2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$6,097	\$5,491	\$4,483	\$4,483	\$4,474	(\$9)
Additional Gross Pay	\$392	\$294	\$0	\$0	\$0	-
Overtime - Civilian	\$7	\$2	\$0	\$0	\$0	-
Subtotal, PS	\$6,496	\$5,787	\$4,483	\$4,483	\$4,474	(9)
Other Than Personal Services						
Supplies and Materials	\$12	\$2	\$0	\$7	\$0	\$0
Other Services and Charges	\$186	\$0	\$0	\$0	\$0	-
Contractual Services	4,596	6,582	2,145	3,860	1,080	(1,065)
Subtotal, OTPS	\$4,794	\$6,584	\$2,145	\$3,867	\$1,080	(1,065)
TOTAL	\$11,289	\$12,372	\$6,628	\$8,349	\$5,554	(\$1,074)
Funding						
City Funds	N/A	N/A	\$1,579	\$3,157	\$514	(\$1,065)
Federal-Community Development Block Grant	N/A	N/A	5,049	5,192	5,040	(9)
TOTAL	\$11,289	\$12,372	\$6,628	\$8,349	\$5,554	(\$1,074)

Preservation-Other Agency Services

This program area funds a variety of small agency initiatives aimed at preserving affordable housing. In addition, this program area includes funding for the following City Council initiatives: Anti-eviction Legal Services, Community Consultant Contracts, Neighborhood Preservation Consultant Contracts, Anti-Predatory Lending Contracts, the Mortgage Foreclosure Initiative, and the Housing Preservation Initiative.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference 2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$6,479	\$6,960	\$6,741	\$6,491	\$6,491	(\$250)
Other Salaried and Unsalariated	29	30	173	173	173	-
Additional Gross Pay	475	441	118	118	118	-
Overtime - Civilian	26	45	-	-	-	-
Amounts to be scheduled	-	-	134	134	134	-
Subtotal, PS	\$7,009	\$7,475	\$7,166	\$6,916	\$6,916	(\$250)
Other Than Personal Services						
Supplies and Materials	\$41	\$20	\$50	\$57	\$37	(\$13)
Other Services and Charges	402	441	1,858	6,118	307	(1,551)
Contractual Services	16,936	15,272	9,148	12,521	6,158	(2,991)
Property & Equipment	147	134	139	150	90	(49)
Subtotal, OTPS	\$17,526	\$15,868	\$11,196	\$18,846	\$6,592	(\$4,604)
TOTAL	\$24,535	\$23,343	\$18,362	\$25,762	\$13,508	(\$4,854)
Funding						
City Funds			\$8,087	\$13,147	\$3,011	(\$5,076)
Federal-Community Development Block Grant	N/A	N/A	9,910	12,501	10,382	\$472
Capital IFA			365	115	115	(\$250)
TOTAL	\$24,535	\$23,343	\$18,362	\$25,763	\$13,508	(\$4,854)

Preliminary Plan Actions

The Fiscal 2011 February Plan includes an additional \$5 million in funding for HPD's Emergency Demolition Program in which HPD hires contractors to demolish buildings that are deemed unsafe pursuant to a Department of Buildings declaration of emergency. During Fiscal 2011, the agency experienced a funding shortfall due to the number of vacate orders being larger than the agency anticipated. The extra funding will help fill the mid-year budget gap for demolition services throughout the City.

Additional reductions in the Fiscal 2012 Preliminary Budget are due to the elimination of funding secured by the City Council in the Fiscal 2011 Adopted Budget in the amount of \$6.4 million for: Anti-eviction Legal Services, Community Consultant Contracts, Mortgage Foreclosure Initiative, the Housing Preservation Initiative, the Pilot Weatherization Program, and Council discretionary funds.

Development

HPD works to identify privately owned sites suitable for housing development, facilitates the procurement of funds for property acquisition, collaborates with other agencies with land and buildings suitable for housing development and creates the appropriate programs and policies to facilitate housing development. New housing development is a major activity for HPD, but much of the spending for this program area takes place in the capital budget.

	2009	2010	2011	2011	2012	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Feb Plan	Feb Plan	2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$12,100	\$12,146	\$10,846	\$11,826	\$11,729	\$883
Other Salaried & Unsalariated	4	28	5	5	5	-
Additional Gross Pay	510	407	75	75	75	-
Overtime - Civilian	22	3	-	-	-	-
Amounts to be scheduled	-	-	221	221	221	-
Subtotal, PS	\$12,637	\$12,584	\$11,147	\$12,127	\$12,030	\$883
Other Than Personal Services						
Other Services and Charges	\$-	\$10,998	\$5,039	\$3,485	\$-	(\$5,039)
Contractual Services	105,018	82,266	21,951	55,090	1,619	(20,332)
Subtotal, OTPS	\$105,018	\$93,264	\$26,990	\$58,575	\$1,619	(\$25,371)
TOTAL	\$117,654	\$105,848	\$38,137	\$70,702	\$13,649	(\$24,488)
Funding						
City Funds	N/A	N/A	\$6,700	\$5,079	\$4,877	(\$1,823)
Federal-Community Development Block Grant	N/A	N/A	558	558	558	0
Federal-ARRA Neighborhood Stabilization 2	N/A	N/A	-	19,609	250	250
Federal-HERA Neighborhood Stabilization 1	N/A	N/A	5,849	5,946	-	(5,849)
Federal-Home Investment Partnership	N/A	N/A	10,062	13,842	4,062	(6,000)
Federal-Section 8 Rent Subsidy	N/A	N/A	835	835	835	0
Intra-City	N/A	N/A	-	67	269	269
Other Categorical	N/A	N/A	12,377	22,377	410	(11,967)
Capital IFA			1,755	2,388	2,388	633
TOTAL	\$117,654	\$105,848	\$38,137	\$70,702	\$13,649	(\$24,488)

Preliminary Plan Actions

The Fiscal 2012 Preliminary Budget for Development is \$24 million less than the Fiscal 2011 Adopted Budget due to the availability of federal stimulus funding and funds related to the administration of Battery Park City (BPC). Specifically, New York City received a total of \$25.5 million from the US Department of Housing and Urban Development (HUD) for two rounds of the Neighborhood Stabilization Program (NSP) which is intended to prevent further declines in neighborhoods most severely impacted by foreclosures. While the funding for both rounds of this program will be spent by Fiscal 2012, the agency is anticipating

another allocation of approximately \$9.7 million from a third round of NSP funds which was created by Congress under the Dodd-Frank Wall Street Reform and Consumer Protection Act. This would provide grants to States and localities for the redevelopment of foreclosed and abandoned homes and residential properties.

The Fiscal 2012 Preliminary Budget includes an additional \$20 million for the Mayor's New Housing Market Place Plan. These funds were not included as part of HPD's Fiscal 2011 Adopted Budget. The \$20 million is a portion of the \$130 million commitment of BPC funds. The BPC funds are generated from revenues of the Battery Park City Authority and are allocated to the New York City Housing Trust Fund. The fund in turn provides a flexible funding source for HPD programs such as the Mixed Income Rental Program and the funding of large scale acquisition and renovation of loans or properties. This is the first tranche of money to be reflected in the budget other than \$410,000 for personnel. It is anticipated that approximately \$30 million of the BPC funds will be modified into the Fiscal 2012 budget.

Performance measures

	FY 08	FY 09	FY 10	Target FY11	Target FY 12
Total starts financed under the New Housing Marketplace Plan (Units)	17,008	12,500	14,767	14,666	14,500
-New construction starts	6,826	4,123	3,144	2,860	4,701
-Preservation starts	9,953	8,108	11,337	11,606	9,549
Total completions financed or assisted under the New Housing Marketplace Plan (Units)	12,543	12,914	16,874	15,471	10,414
-New construction completions	5,077	4,557	5,389	7,098	5,970
-Preservation completions	7,466	8,357	11,485	8,373	4,444
-Units completed for homeless individuals & families	422	835	620	N/A	-

Under the New Housing Marketplace Plan (NHMP) construction starts and completions for the first quarter of Fiscal 2011 were lower than during the first quarter of Fiscal 2010 due to a large preservation project which accounted for a significant proportion of both preservation starts and completions. Overall, the number of preservation starts has increased from 9,953 in Fiscal 2008 to the target of 11,606 in Fiscal 2011. In contrast, the new construction starts has declined since Fiscal 2008 from 6,826 to the projected target of 2,860 in Fiscal 2011. This programmatic shift of prioritizing preservation projects is due to the unfavorable economic environment of the past three years that makes new construction projects difficult to finance.

Administration Program

The HPD Administration Program Area encompasses a wide range of activities, including the support services such as human resources and the budget office, funding pass-through for the New York City Housing Authority (NYCHA) and City Council initiatives, and administration of the Senior Citizen Rent Increase Exemption for households living in subsidized housing. There are six programs within the Administration Program Area: Fair Housing, NYCHA, Research and Policy, Housing Supervision, City Council Initiatives, and General Administration.

<i>Dollars in Thousands</i>	2009 Actual	2010 Actual	2011 Adopted	2011 Feb Plan	2012 Feb Plan	Difference* 2011–2012
Spending						
Personal Services						
Full-Time Salaried – Civilian	\$6,112	\$6,313	\$5,819	\$5,119	\$4,680	(1,139)
Other Salaried & Unsalariated	14	13	11	11	11	-
Additional Gross Pay	232	288	90	90	90	-
Overtime - Civilian	0	2	-	-	-	0
Amounts to be scheduled	-	-	380	380	380	-
Subtotal, PS	\$6,359	\$6,617	\$6,299	\$5,599	\$5,160	(1,139)
Other Than Personal Services						
Supplies and Materials	\$84	\$22	\$271	\$125	\$161	(\$110)
Other Services and Charges	3,068	1,827	4,547	4,660	4,547	-
Contractual Services	3,078	3,250	1,417	2,610	1,417	-
Fixed and Misc. charges	1,584	1,625	1,584	10,584	1,584	-
Property & Equipment	-	9	-	-	-	-
Subtotal, OTPS	\$7,814	\$6,732	\$7,819	\$17,980	\$7,709	(110)
TOTAL	\$14,173	\$13,349	\$14,118	\$23,578	\$12,869	(1,249)
Funding						
City Funds	N/A	N/A	\$6,516	\$5,551	\$5,267	(1,249)
Federal-Community Development Block Grant	N/A	N/A	6,236	6,600	6,236	-
Federal-Emergency Shelter Grant	N/A	N/A	-	798	-	-
Federal-HOME Investment Partnership	N/A	N/A	678	9,678	678	-
Federal-Section 8 Rental Subsidy	N/A	N/A	151	271	151	-
Intra-City Admin. Fees	N/A	N/A	23	23	23	-
Intra City Other Services/ Fees	N/A	N/A	515	626	515	-
Other Categorical-Private Grants	N/A	N/A	-	32	-	-
TOTAL	\$14,173	\$13,349	\$14,118	\$23,578	\$12,869	(1,249)

Division of Housing Supervision

The Fiscal 2012 Preliminary Budget for the Administration program area will decline from the Fiscal 2011 Adopted Budget largely due to attrition and layoffs that will save the agency \$1.3 million in Fiscal 2012. In particular, the agencies will layoff 14 employees from its Division of Housing Supervision (DHS) which was

overseeing a portfolio of Mitchell Lama developments. DHS is charged with supervising over 100 City Mitchell-Lama rental and co-op housing companies and 60 Municipal Loan projects. This Division approves rent increases, contracts, and applications for admission into Mitchell-Lama developments, as well as financial statements, surcharge assessments, and other aspects of the management for these buildings. Staff at the agency's Asset Management Division, which was recently created, has already been monitoring these developments and therefore will take over the responsibilities conducted by DHS. This action will save the agency \$288,928 in Fiscal 2012, and \$876,231 in Fiscal 2013 and the out years.

Vacancy Eliminations

Also HPD will eliminate 12 vacant positions that would have been funded by City tax levy from various Divisions within this program area, saving \$1.03 million in Fiscal 2012 and the out years. In addition, the agency will reduce spending on supplies and other administrative functions in the amount of \$354,000 in Fiscal 2012.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2010 Plan	\$64,469	\$541,544	\$606,013	\$54,808	\$510,897	\$565,705
Program to Eliminate the Gap (PEGs)						
OTPS Reduction	-	-	\$0	-354	-	(354)
Code inspection realignment	-296	-	(\$296)	-1197	-	(1,197)
Housing Supervision	0	-	\$0	-289	-	(289)
Intra city with HPD	(\$28)	-	(\$28)	(\$28)	-	(28)
Paid Overtime	(50)	-	(50)	(50)	-	(50)
Parking lot maintenance	-	-	0	(23)	-	(23)
Reduce City Council funds	(276)	-	(276)	-	-	-
Tax Levy vacancies	(1,028)	-	(1,028)	(1,037)	-	(1,037)
Waterside Offset	(694)	-	(694)	(863)	-	(863)
Window guard inspections	(67)	-	(67)	(269)	-	(269)
Restore Council funds	276	-	276	-	-	-
Total, PEGs	(\$2,163)	\$0	(\$2,163)	(\$4,110)	\$0	(\$4,110)
Other Adjustments						
2065 Morris Avenue-HOME funds	-	\$1,280	\$1,280	-	-	-
McKinney Grant Funds	-	798	\$798	-	-	-
Allocate BRA Funds	-	9,000	\$9,000	-	-	-
Funds for FY11 Stimulus	-	6,616	\$6,616	-	-	-
Bring up funds for FY11	-	9,557	\$9,557	-	-	-
Bring up fund HY Demo	-	9,000	\$9,000	-	-	-
Bring up funds in FY11	-	6,783	\$6,783	-	-	-
FY11 Budget Modification	15	-	\$15	-	-	-
Admin. Fees	-	120	\$120	-	-	-
Housing Supervision	-	-	\$0	(29)	-	(29)
Increased code enforcement in CD areas	60	-	\$60	252	-	252
Intracity with HPD	150	-	\$150	-	-	-
Scheduling Section 8 Funds	-	4,500	\$4,500	-	-	-
Tax levy vacancies	207	-	\$207	216	-	216
Allocate funds for FSS	-	68	\$68	-	-	-
Allocate funds for HCV	-	67,706	\$67,706	-	-	-
Allocate funds for Lead	-	1,067	\$1,067	-	-	-
Allocate funds for Mod. Rehab	-	68	\$68	-	-	-
Allocate funds for Section 8	-	414	\$414	-	-	-
Allocate SC Funds	-	25	\$25	-	-	-
Allocate Section 8 Admin Funds	-	1,094	\$1,094	-	-	-
To bring up funds	-	\$32	\$32	-	-	-
To realing AEP funds	-	3,700	\$3,700	-	-	-
Reallocate funds for SC	-	1,399	\$1,399	-	-	-
To roll funds for NYCHA	-	163	\$163	-	-	-
Schedule CD funds	-	370	\$370	-	445	445
Schedule NSP Grant	-	97	\$97	-	-	-

<i>Dollars in Thousands</i>	Fiscal 2011			Fiscal 2012		
	City	Non-City	Total	City	Non-City	Total
Schedule NYCHA HQS	-	125	\$125	-	-	-
NYCHA HQS-OTPS	-	80	\$80	-	-	-
Shelter Plus Care	-	183	\$183	-	-	-
University Settlement Society of NY	4	-	\$4	-	-	-
Waterside Offset	694	-	\$694	863	-	863
West Bronx Housing	20	-	\$20	-	-	-
Window guard transfer to HPD	-	67	\$67	269	-	269
Bring up funds in FY11	-	-	\$0	-	-	-
CD Rollover	-	4,431	\$4,431	-	-	-
Demolition funding	-	5,000	\$5,000	-	-	-
HOME First	-	500	\$500	-	-	-
Contractual Workers	-	96	\$96	-	-	-
Allocate funds for BPCA	-	10,000	\$10,000	-	-	-
Allocate funds for FSS	-	68	\$68	-	-	-
Allocate funds for NSP2	-	19,359	\$19,359	-	-	-
Allocate funds for SC	-	713	\$713	-	1,492	1,492
Allocate funds for SORP	-	2,000	\$2,000	-	-	-
Schedule NSP2 Admin. Funds	-	250	\$250	-	250	250
Total, Other Adjustments	\$1,149	\$166,728	\$167,878	\$1,571	\$2,187	\$3,758
Agency Budget as of February 2011 Plan	\$68,318	\$703,413	\$771,731	\$52,028	\$513,325	\$565,353

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Appendix B: Reconciliation of Program Areas to Units of Appropriation

Dollars in thousands

U/A	Personal Services					OTPS			TOTAL
	001	002	004	006	008	009	010	011	
Administration	\$23,143	\$104	\$2,609	\$-	\$5,560	\$327	\$-	\$116	\$ 31,859
Administration Program	386	4,554	-	221	2,667	675	-	4,366	12,869
Development	796	11,025	-	210	-	1,619	-	-	13,649
Housing Operations-Section 8 Programs	-	-	-	8,892	21,127	312,228	-	-	342,246
Housing Operations-Emergency Housing	-	-	1,225	1,798	-	-	-	14,454	17,477
Housing Operations-Mgmt. & Disposition	-	-	200	23,634	106	-	20,253	-	44,193
Preservation-Anti Abandonment	-	-	4,474	-	-	1,080	-	-	5,554
Preservation-Code Enforcement	-	-	26,268	-	-	-	-	8,113	34,381
Preservation-Emergency Repair	1,404	-	7,680	-	-	-	-	21,414	30,497
Preservation-Lead Paint	930	609	15,942	237	-	-	1,279	120	19,118
Preservation-Other Agency Services	-	-	6,916	-	398	-	90	6,104	13,508
Grand Total	\$26,658	\$16,292	\$65,314	\$34,991	\$29,858	\$315,929	\$21,622	\$ 4,688	\$565,352