

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Council Member Jumaane D. Williams
Chair, Committee on Housing and Buildings



Report on the Fiscal 2017 Preliminary Budget and the Fiscal 2016 Preliminary Mayor's Management Report Department of Housing Preservation and Development March 3, 2016

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Department of Housing Preservation and Development Overview

The Department of Housing Preservation and Development (HPD or Department) works to maximize the production and preservation of affordable housing for low- and moderate-income families in New York City by enforcing housing quality standards, financing the development of housing development and preservation, and ensuring sound management of the City's affordable housing stock. 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.

This report provides a review of HPD's Fiscal 2017 Preliminary Budget. In the first section, the highlights of the \$876.2 million Fiscal 2017 Expense Budget are presented, followed by a financial summary of HPD's budget. Highlights regarding the Agency's Revenue and Contract budget are also included, as well as initiatives funded by the Council and the impact of State and federal budget actions. The report then presents the Department's budget by program area and provides a review of the Fiscal 2016-2019 Preliminary Capital Budget. Finally, the appendices are included to highlight the Budget Actions in the November and Preliminary Plans.

Fiscal 2017 Preliminary Budget Highlights

The City's Fiscal 2017 Preliminary Budget is \$82.1 billion, \$3.6 billion more than the Fiscal 2016 Adopted Budget of \$78.5 billion. City funds (City tax and non-tax revenues) total \$59.9 billion, up \$2.9 billion from \$57 billion in the Adopted Budget. The Fiscal 2017 Preliminary Budget reflects significant investments in public schools, public safety, and homelessness.

The Department's Fiscal 2017 Preliminary Budget totals \$876.2 million (of which only \$92.2 million is City funds); this represents approximately one percent of the City's total Budget. The Department's Fiscal 2017 Preliminary Budget is \$123.2 million more than the Fiscal 2016 Adopted Budget of \$753 million. The increase is primarily due to new staffing needs associated with administration; preservation unit; the development unit; the division of neighborhood strategies, and funding for building façade and elevator repairs.

HPD Expense Budget						
	2014	2015	2016	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2016	2017	2016 - 2017
Personal Services	\$127,732	\$141,640	\$153,554	\$161,840	\$165,161	\$11,608
Other Than Personal Services	562,240	576,764	599,439	956,239	711,009	111,570
TOTAL	\$689,972	\$718,403	\$752,993	\$1,118,079	\$876,171	\$123,178

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

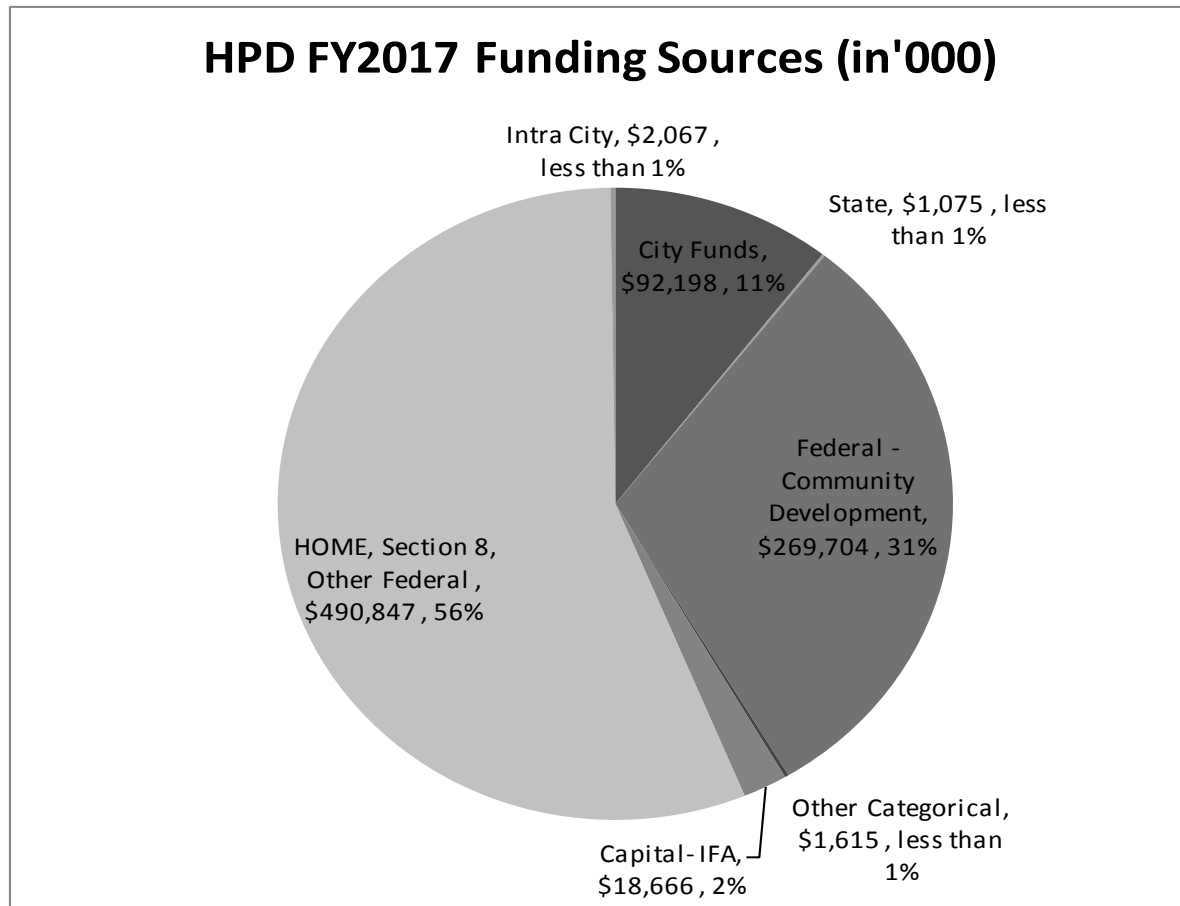
The Fiscal 2017 Preliminary Plan includes these key actions for HPD:

- **Elevator Inspections (Local Law 101 of 2015).** City funds of \$6.6 million are added in Fiscal 2017 for personal services and repair costs related to the development of an emergency repair elevator program at HPD that was instigated by Local Law 101. Pursuant to the law, the New York City Department of Buildings (DOB) will refer immediately hazardous elevator-related violations to HPD for consideration under the emergency repair program. Under the program, HPD has the power to repair any condition in a multiple dwelling building that is dangerous to human life and safety or detrimental to health. However, HPD has never used this power to repair elevators. Thus, these funds represent a first-time outlay of funds for the elevator repair program and will support the hiring of 10 new full-time employees, including construction program managers, clerical associates and administrative support, and a program director. The annualized cost of these positions is currently \$699,000 and will be adjusted once the program is rolled out in Fiscal 2017. The long-term program funding will be comprised of federal Community Development Block Grant funding (CDBG).
- **Emergency Demolitions.** City funds of \$2.2 million are added in Fiscal 2016 for the emergency demolition of an apartment building in Borough Park that was the site of an explosion and a school in the Rockaways. CDBG funding is the largest source of operating support for HPD's demolition program, but CDBG funds in the current year are pending the completion of the federal environmental review process. Given the emergency demolition projects currently in progress at HPD, the Office of Management and Budget (OMB) allocated additional City tax-levy sources in the current year to cover these costs.
- **Foreclosure Prevention.** A total of \$250,000 is added in Fiscal 2016 to support the Center for New York City Neighborhoods (The Center), which coordinates a network of organizations that provide technical, foreclosure prevention services citywide to assist homeowners who are in danger of losing their homes due to mortgage foreclosure. The Center will fund Legal Service providers, approved by HPD, which will provide comprehensive legal services in Jamaica, Queens. The Center provides housing counseling and legal services to 1,500 homeowners per year; the majority of households served are at or below 80 percent Area Median Income (about \$60,000 for a family of three). This funding represents a \$250,000 enhancement over the \$750,000 allocated in Fiscal 2016 to the Center for the Foreclosure Prevention Program. This is part of a \$46 million citywide investment in Fiscal 2016 by the Administration for tenant protection legal services citywide.
- **New Staffing.** City funds of \$2 million are added in Fiscal 2016 and \$4.7 million in Fiscal 2017 for the hiring of 58 full-time employees. These new hires will support work related to *Housing New York* and span across various divisions including: development; neighborhood strategies; technology and strategic development; asset and property management; legal staffing and fiscal monitors. Funding for these employees is baselined in future years at a total cost of \$4.7 million per year through Fiscal 2020.
- **NYCHA Façade Repair.** A total of \$46.5 million in City funds are added in Fiscal 2016 and \$107,000 in Fiscal 2017 to support mandated building repairs under Local Law 11

of 1998 and the construction of emergency sidewalk sheds at 81 buildings at the New York City Housing Authority (NYCHA). While this is in HPD's budget, the funds are largely managed by NYCHA. Local Law 11 mandates that owners of buildings greater than six stories have their buildings' exterior walls inspected once every five years and file a technical report to the Department of Buildings (DOB). The report details whether a certified architect or engineer found potentially dangerous deterioration on a building's exterior faces, and in the event deterioration is found, recommendations are outlined and building owners are required to schedule the necessary work in a timely manner. The current inspection cycle (Cycle 8) for Local Law 11 runs from February 21, 2015 through February 21, 2020. An August 2015 report by a DOB Inspector General found that hundreds of NYCHA building exteriors were classified as unsafe. However, the scope of this work does not entirely meet the requirements of Directive 10, and the City is therefore providing NYCHA with expense funding in Fiscal 2016 to complete the work. The \$46.5 million will provide \$32 million for capital ineligible façade repairs at 81 buildings across 31 NYCHA developments and \$9 million for the construction of emergency sheds. This allocation also includes the annualized cost of \$106,800 for two full-time HPD staff to manage the contracts on behalf of NYCHA, which is baselined through Fiscal 2019.

- **Temporary Shelter Costs.** A total of \$2.1 million is added in Fiscal 2016 and \$7.8 million in Fiscal 2017 to support the continued inspection and relocation of individuals impacted from the three-quarter housing initiative. Three-quarter houses are unlicensed, privately operated for-profit residences, some of which falsely operate as treatment facilities or programs that accept the public assistance shelter allowance or a portion of other benefits as rent. In recent years, three-quarter houses have gone largely unregulated, but are considered illegal because they violate building codes on overcrowding. In May 2015, Mayor de Blasio appointed a multi-agency taskforce to conduct emergency inspections of three-quarter houses and allocated \$5 million to taskforce efforts, greatly expanding HPD's role in the effort. As such, HPD works with other City agencies to identify and address problems in the City's homeless shelters and promote the long-term sustainability of emergency shelter housing. This funding supports 260 residents that have moved out of three-quarter housing with relocation services, including temporary housing and rental assistance payments averaging \$125 per room per night. This allocation also includes the annualized cost of \$209,278 for four full-time HPD staff through Fiscal 2019 to support inspection and relocation efforts.
- **Training Programs.** A total of \$40,000 is added in Fiscal 2016 and Fiscal 2017 to support career development programming at HPD. This funding is baselined through Fiscal 2020.
- **TSD Software and Technology.** A total of \$781,000 is added in Fiscal 2016 and Fiscal 2017 to support licensing and online security software at HPD. This funding is baselined through Fiscal 2020.

Fiscal 2017 Funding Sources



HPD is primarily funded through federal grants and receives only 11 percent of total funding from City tax-levy dollars. This means that most of HPD's funding comes with federal spending restrictions that limit the agency's flexibility to make programmatic decisions and that future funding levels are highly uncertain and dependent on the mood in Washington. As shown in the chart above, Federal Operating Funds at \$490 million make up over slightly half of HPD's total expense budget in Fiscal 2017. The second largest funding source, the Federal Community Development Block Grant (CDBG), is also federally sourced, and together, these federal funds represent almost 87 percent of the agency's budget for Fiscal 2017.

Moreover, the amount of federal funding is expected to rise as the fiscal year progresses. Because the City's fiscal year and the federal fiscal year do not coincide, it is not clear exactly how much federal funding HPD will receive until after the City's fiscal year begins. Therefore, HPD reports only baseline funding and grants that it anticipates from the federal government at the beginning of each year and makes adjustments as additional funds are received. Accordingly, program areas that are primarily funded through non-City sources might initially show a decrease in Fiscal 2017, but then eventually align with the Fiscal 2016 Adopted Budget once the agency confirms these federal allocations. For example, the Fiscal 2016 Budget assumed \$636.5 million in federal funds at adoption in June 2016. The

recently released Preliminary Plan increases this amount to \$675.9 million for Fiscal 2016. This same plan however, assumes Federal funds drop in Fiscal 2017 to \$513.2 million. In future financial plans, Council Finance expects the Administration to recognize more federal funds for Fiscal 2017, though the exact amount and timing remain unknown.

Financial Summary

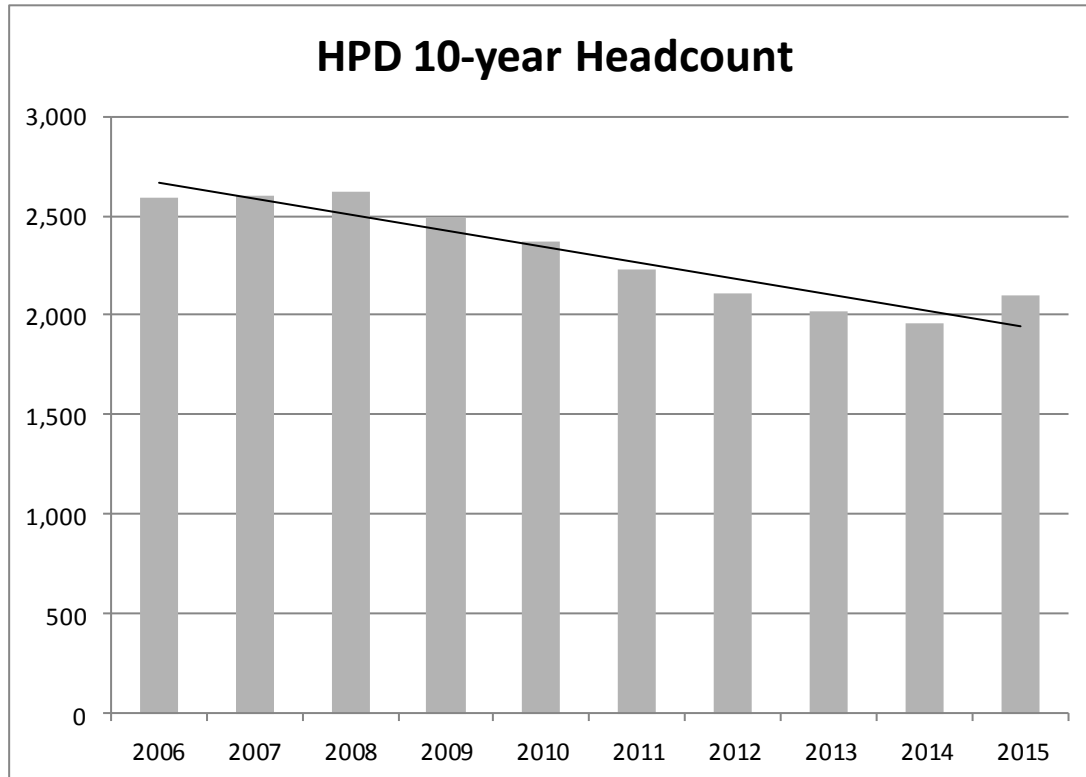
HPD Financial Summary						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services	\$127,732	\$141,640	\$153,554	\$161,840	\$165,161	\$11,608
Other Than Personal Services	562,240	576,764	599,439	956,239	711,009	111,570
TOTAL	\$689,972	\$718,403	\$752,993	\$1,118,079	\$876,171	\$123,178
Budget by Program Area						
Administration	\$30,245	\$33,592	\$39,594	\$43,127	\$46,865	\$7,271
Administration Program	18,304	22,791	24,686	76,205	20,672	(4,014)
Development	40,681	53,624	174,501	326,304	157,198	(17,303)
Housing Operations - Section 8 Programs	452,700	460,243	338,744	486,721	481,201	142,457
Housing Operations- Emergency Housing	21,848	20,241	25,943	30,915	26,808	865
Housing Operations- Mgmt & Disposition	32,600	27,473	30,900	31,856	29,061	(1,839)
Preservation - Anti-Abandonment	7,601	6,970	7,159	8,127	4,422	(2,737)
Preservation - Code Enforcement	28,300	32,240	33,373	36,721	35,628	2,256
Preservation - Emergency Repair	19,996	21,681	27,333	27,066	33,445	6,112
Preservation - Lead Paint	13,825	14,460	14,680	15,706	15,197	517
Preservation - Other Agency Services	23,872	25,090	36,082	35,332	25,675	(10,407)
TOTAL	\$689,972	\$718,403	\$752,993	\$1,118,079	\$876,171	\$123,178
Funding						
City Funds	\$58,802	\$70,622	\$94,227	\$149,416	\$92,198	(\$2,029)
Other Categorical	14,575	8,522	1,615	15,896	1,615	0
Capital- IFA	14,176	15,756	17,520	18,273	18,666	1,145
State	649	699	1,075	1,146	1,075	0
Federal - Community Development	133,644	149,661	290,437	430,647	269,704	(20,733)
Federal - Other	466,188	470,752	346,084	498,269	490,847	144,763
Intra City	1,939	2,391	2,035	4,431	2,067	31
TOTAL	\$689,972	\$718,403	\$752,993	\$1,118,079	\$876,171	\$123,178
Budgeted Headcount						
Full-Time Positions	1,964	2,100	2,335	2,449	2,428	93
TOTAL	1,964	2,100	2,335	2,449	2,428	93

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

In general, agency program areas can provide insight into which programs are priorities and how the budget impacts program outcomes. HPD's functions can be broken down into 11 program areas as illustrated in the chart above. These program areas are primarily funded through federal grants. Of the Department's program areas, funding for Housing Operations related to the Section 8 program comprises about \$481.2 million of HPD's expense budget and nearly 55 percent of total agency funding in Fiscal 2017. HPD's Fiscal 2017 Preliminary Budget also reflects a \$2 million reduction in City funds from the Fiscal

2016 Adopted Budget due to expenses that are not yet baselined. Historically, year to year funding is addressed at adoption and is often restored.

Staffing Levels



The Department's Fiscal 2017 Preliminary Budget allocates \$4.7 million in funding for an additional 58 positions to support various divisions, including: Development, the Office of Neighborhood Strategies, Technology and Strategic Development, and Asset & Property Management. This increase would bring HPD's Fiscal 2017 budgeted headcount to 2,428 positions, an increase of over 25 percent since 2014.

These new headcount additions represent a reversal of a downward trend in headcount that HPD has experienced since 2008, and still leave the agency below its 10 year headcount peak. Over the ten-year period from 2006 to 2014, HPD headcount dropped approximately 19 percent. Since the start of 2015, HPD has begun to replace previously lost headcount in order to support the Administration's *Housing New York* plan and expand capacity in key areas, including: Neighborhood Strategies, Development, Asset Management, Enforcement Services and Technology Division.

Contract 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.

The City's Contract Budget totals \$13.17 billion in Fiscal 2017, a decrease of \$76 million or 0.5 percent when compared to the Fiscal 2016 Adopted Budget of \$13.24 billion. HPD's Fiscal 2017 Preliminary Budget includes 205 registered City contracts, at a total cost of \$76 million, including 81 contracts related to Council funded Community Consultant contracts valued at \$21.8 million. The decrease in funding for Community Consultant contracts is due to Council-funded initiatives which are not baselined in the Fiscal 2017 Preliminary Plan.

HPD Fiscal 2017 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	Fiscal 2016 Adopted	Number of Contracts	Fiscal 2017 Preliminary	Number of Contracts
Cleaning Services	\$19,177	2	\$19,177	2
Community Consultants	27,129,251	81	21,881,316	80
Contractual Services - General	68,400,372	16	34,940,353	16
Data Processing Equipment Maintenance	413,112	3	402,112	3
Financing Costs	1,359	1	1,359	1
In-Rem Maintenance Costs	1,549,992	18	1,509,574	18
Maintenance and Repairs - General	13,507,949	58	14,041,895	58
Maintenance and Repairs - Motor Vehicle Equip	24,036	2	54,036	3
Office Equipment Maintenance	387,344	3	323,877	2
Prof. Services - Legal Services	120,736	3	120,736	3
Prof. Services - Other	61,367	3	61,367	3
Security Services	669,049	4	669,049	4
Telecommunications Maintenance	21,586	1	21,586	1
Temporary Services	420,364	6	1,281,745	6
Training Program for City Employees	242,545	5	683,177	5
TOTAL	\$112,968,239	206	\$76,011,359	205

Revenue

HPD collects revenue from the issuance of licenses and permits, charges for services such as tax exemption fees, inspection fees, tax credit fees; and from fines from housing court and heat and hot water violations. In Fiscal 2017, revenue generated from the Section 421(a) Tax Exempt Fee is projected to total \$6.7 million, or 15 percent of the Department's total miscellaneous revenue. HPD will collect approximately \$47.2 million in miscellaneous revenue in Fiscal 2017.

HPD Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Licenses, Permits & Franchises						
Vending Machine Commission	\$51	\$82	\$84	\$84	\$84	\$0
Charges for Services						
420-c Fees for Tax-Exempt Program	\$523	\$535	\$20	\$20	\$20	\$0
Tax Credit Fees	3,174	3,719	2,059	2,059	2,059	0
Inclusionary Housing Fee	804	2,445	675	675	1,662	987
J-51 Tax Exempt/Abatement Fees	1,557	1,712	1,200	1,200	1,200	0
Agreement Fees	25	31	43	43	43	0
Commitment Fees	1,886	683	1,167	1,167	1,167	(0)
CONH Fee	38	45	71	71	71	0
Section 421(a) Tax Exempt Fee	18,355	21,920	6,475	16,000	6,680	205
Mortgage Refinance Fee	377	307	476	476	476	0
Multiple Dwelling & Copy Fees	482	589	316	316	316	0
Heat/Hot Water Inspection Fee	32	60	10	10	10	0
Dismissal Request	410	746	240	240	240	0
Subtotal, Charges for Services	\$27,663	\$32,794	\$12,751	\$22,276	\$13,943	\$1,192
Rental Income						
Residential Rents	\$270	\$203	\$139	\$139	\$104	(\$35)
Residential Rent Arrears-TLAU	681	986	322	322	242	(80)
Commercial Rent Resid Bldgs	67	17	14	14	14	0
Urban Renewal Commer Rent	311	81	51	51	51	0
Parking Lot Revenue	216	413	250	250	200	(50)
Willetts Point	795	409	288	288	288	0
Waterside & Surcharges	8,765	8,288	5,508	5,508	5,508	0
Surcharges	350	150	600	600	600	0
Subtotal, Rental Income	\$11,455	\$10,546	\$7,172	\$7,172	\$7,007	(\$165)
Fines and Forfeitures						
Housing Court Fines	\$1,398	\$1,716	\$1,066	\$1,066	\$1,066	\$0
Heat/Hot water Violations	21	32	40	40	40	0
Subtotal, Fines and Forfeitures	\$1,419	\$1,747	\$1,106	\$1,106	\$1,106	\$0
Other Misc.						
In-Rem Negotiated Sales	\$9,445	\$17,700	\$905	\$905	\$905	\$0
RFP/BID Books/Employee Fines	2,026	942	565	1,225	565	0
Manhattan Plaza & Marseilles Housing	11	11	11	11	11	0
Article 8A Loan	26	12	40	40	40	0
Subtotal, Miscellaneous	\$11,509	\$18,664	\$1,521	\$2,181	\$1,521	\$0
TOTAL	\$52,097	\$127,586	\$45,184	\$65,554	\$47,238	\$2,054

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

Federal & State Issues

Section 8 Program

For the federal 2017 fiscal year, HPD is seeking full funding to assist all families currently under lease in 2016. Although the 2017 appropriations bill is expected to fund all of the vouchers currently in use and continue to support the core operations of HPD's Section 8 program, Housing Choice Voucher administrative fees have been underfunded for years and are currently funded at 90 percent proration in 2016.

The 2016 Federal Budget provides \$21.1 billion for the Section 8 program, \$1.8 billion more than the Fiscal 2015 enacted budget. This funding provides about 2.4 million very low-income families nationally with decent, safe, and sanitary housing while supporting the approximately 700,000 landlords and property owners who participate in the Section 8 program. In addition to supporting all existing vouchers, the federal allocation provides funding to restore approximately 67,000 vouchers lost in 2013 due to sequestration. In New York City, HPD administers approximately 38,320 Section 8 vouchers. HPD reserves its Section 8 vouchers for homeless individuals referred by the New York City of Department of Homeless Services (DHS) and the New York City Human Resources Administration (HRA) and for families in buildings developed or renovated under certain HPD programs. In 2015, HPD issued 2,960 Section 8 vouchers, 500 of which were allocated for homeless families

State Tax Programs

At the start of 2016, the 421(a) housing development tax exemption expired. This served as an important tool to support HPD's mission to build and preserve affordable housing. The most recent extension of the program required an agreement between the Real Estate Board of New York and the Building and Construction Trades Council of Greater New York to guarantee union-level wages for construction workers at 421(a) sites. Those talks did not lead to an agreement and the program expired. The renewal and reform of this program will be critical to the success of the Administration's *Housing New York* plan, and so Council Finance expects there to be substantive changes to the program. The Administration has not yet released details on what changes it plans to request the State to make when renewing the law. Changes to this program will likely have some impact on HPD's budget, although it is expected to be small. Changes are also possible in revenue assumptions from program fees for the 421(a) program, and administrative expenses in processing and enforcing the law. Without specific details on the proposed changes, it is unclear how much these programs will impact the agency's budget, and therefore no changes associated with these programs are in the Fiscal 2017 Preliminary Budget.

State Proposal for Local Bond Issuance and Approval Process

On January 13, 2016, Governor Cuomo gave his State of the State Address and released the 2016-2017 Executive Budget for New York State. The budget is proposing a new approval process for New York City and other municipalities to issue tax-exempt private activity bonds (PABs). Specifically, the budget outlines a new process requiring as of right volume cap allocation received by NYC's Housing Development Corporation (HDC) to be subject to

approval by the Public Authorities Control Board. HPD receives about \$280 million in local bonds as of right, and a variable amount allocated annually from the State. These bonds are used by the City in a number of affordable housing deals, and there is strong concern that requiring approval from another agency would cause delays in closing these deals, making them more difficult to execute.

State Affordable and Homeless Housing and Services Initiative

Governor Andrew Cuomo announced a \$20 billion Affordable and Homeless Housing and Services Initiative in his January 2016 State of the State address. The initiative will provide 100,000 new, state-wide affordable housing units over the five-year FY 2017-2021 period, in addition to substantially increasing the State's efforts to provide emergency shelter and supportive housing for the homeless. At the time of this writing, it is not yet known how much funding or dedicated units will impact New York City.

Other Issues

Housing New York Update

From January 1, 2014 to December 2015, HPD financed the creation and preservation of more than 40,204 affordable units citywide, including 13,929 newly constructed units and the preservation of 26,275 units. More than 75 percent of the units financed to date were for extremely low, very low, and low-income families, affordable to households with annual incomes of \$62,150 and below. A further 9,227 units were financed for moderate and middle-income households. To date, Brooklyn has the most units constructed and preserved, for a total of 11,847 units from Fiscal 2014-2016.

Housing New York- Units Preserved and Constructed 1/1/14 to 12/31/15					
Income Band	Percentage of AMI	Monthly Rent Required to Prevent Rent-Burden	Annual Income (4-person household)	Number of Units YTD	Percentage of total units
Extremely Low Income	0-30%	Up to \$629	<\$25,150	1,970	5%
Very Low Income	31-50%	\$630 - \$1,049	\$25,151 - \$41,950	4,249	11%
Low Income	51-80%	\$1,050 - \$1,678	\$41,951 - \$67,120	24,545	61%
Moderate Income	81-120%	\$1,679 - \$2,517	\$67,121 - \$100,680	2,396	6%
Middle Income	121-165%	\$2,158 - \$3,461	\$100,681 - \$138,435	6,831	17%
Other (Super)				213	1%
TOTAL				40,204	100%
By Borough	New Construction	Preservation		Number of Units YTD	Percentage of total units
Bronx	4,628	6,385		11,013	27%
Brooklyn	4,958	6,888		11,846	29%
Manhattan	3,201	11,159		14,360	36%
Queens	883	823		1,706	4%
Staten Island	259	1,020		1,279	3%
TOTAL	13,929	26,275		40,204	100%

Further, about 75 percent of the units financed for extremely low income households are located in the Bronx and Brooklyn. Similarly, about 65 percent of the units financed for very low-income and low income households are located in the Bronx and Brooklyn.

Housing New York- Units Preserved and Constructed 1/1/14 to 12/31/15								
Income Band	Fiscal Year	Extremely Low Income (0-30% AMI)	Very Low Income (31-50% AMI)	Low Income (51-80% AMI)	Moderate Income (81-120% AMI)	Middle Income (121 -165% AMI)	Other (Super)	Number of Units YTD
Manhattan	2014	13	62	1,740	30	387	13	2,245
	2015	299	442	3,939	950	331	32	5,993
	2016	34	364	1,165	50	4,505	4	6,122
	<i>Manhattan Subtotal</i>	346	868	6,844	1,030	5,223	49	14,360
Bronx	2014	114	402	2,622	158	34	29	3,359
	2015	344	1,029	3,388	137	47	39	4,984
	2016	289	199	1,514	587	60	20	2,669
	<i>Bronx Subtotal</i>	747	1,630	7,524	882	141	88	11,012
Brooklyn	2014	249	444	1,839	85	444	18	3,079
	2015	274	331	5,577	152	562	34	6,930
	2016	173	368	1,096	122	67	12	1,838
	<i>Brooklyn Subtotal</i>	696	1,143	8,512	359	1,073	64	11,847
Queens	2014	2	153	36	71	8	1	271
	2015	178	240	355	53	358	7	1,191
	2016		1	243				244
	<i>Queens Subtotal</i>	180	394	634	124	366	8	1,706
Staten Island	2014		3	20		13		36
	2015	1	209	999	1	15	4	1,229
	2016		2	12				14
	<i>Staten Island Subtotal</i>	1	214	1,031	1	28	4	1,279
TOTAL YTD UNITS		1,970	4,249	24,545	2,396	6,831	213	40,204

*Fiscal 2016 are through December 31, 2015.

Mandatory Inclusionary Housing (MIH) Proposal

MIH is a current proposal developed by the Department of City Planning (DCP) and HPD, which would require developers to include affordable housing in areas that are rezoned to allow for more housing development. The neighborhoods currently being considered for a rezoning to allow for more residential capacity and support the goals outlined in *Housing New York* include: East New York, Brooklyn (Council Districts 37 and 42); Long Island City, Queens (Council District 26); Jerome Avenue Corridor, the Bronx (Council Districts 14 and 16); Flushing West, Queens (Council District 20); Bay Street Corridor, Staten Island (Council District 49); and East Harlem, Manhattan (Council Districts 8 and 9). As proposed, in some rezoned parts of the City, any new building that contains over ten apartments will have to provide a certain number of affordable apartments. If passed by the Council, the program is expected to impact and increase the number of newly constructed units developed under the Housing Plan.

Council Initiatives

In Fiscal 2016, the City Council provided approximately \$13.2 million to HPD's annual operating budget. Most of this funding, about \$12.2 million is allocated to local community-based organizations which are tasked with carrying out the goals of Council housing initiatives, including tenant advocacy and education, code enforcement advocacy, housing court assistance, and other housing-related public education. The remaining amount of \$1 million was allocated directly to HPD to help subsidize the moving expenses of 1,000 Section 8 tenants who moved to smaller apartment units due to HPD's downsizing policy, and for the expansion of emergency repair work conducted in 250 of the most distressed multiple dwellings in HPD's Alternative Enforcement Program.

Fiscal 2016 Council Changes at Adoption	
<i>Dollars in Thousands</i>	
Council Initiatives	
Anti Poverty	\$154,000
Borrowwide	156,082
CityWide Task Force on Housing Court	650,000
Community Consultant Contracts (CCC)	1,100,000
Energy Retrofits for Small Buildings	1,000,000
Foreclosure Buyback Initiative	1,000,000
Housing Preservation Initiative (HPI)	2,450,000
HPD Home Loan Program	2,000,000
Mortgage Foreclosure Prevention Program	1,000,000
Stabilizing NYC	1,250,000
Subsidized Housing Information Project	300,000
Association for Neighborhood and Housing Development	100,000
HPD Alternative Enforcement Program	750,000
Ease Transition in Downsizing in Housing in HPD	250,000
Subtotal	\$12,160,082
Local Initiatives	\$1,021,000
TOTAL	\$13,181,082

Program Areas

Administration

This program area budget serves all the other agency program areas.

Administration						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$931	\$1,126	\$452	\$644	\$644	\$192
Additional Gross Pay - Labor Reserve	0	242	0	0	0	0
Amounts to be Scheduled	0	0	0	0	0	0
Full-Time Salaried - Civilian	22,273	24,543	32,151	33,356	37,885	5,734
Other Salaried	214	190	124	57	58	(65)
Overtime - Civilian	257	264	117	228	228	111
P.S. Other	4	4	0	0	0	0
Unsalaries	159	243	455	510	513	58
Subtotal	\$23,837	\$26,611	\$33,299	\$34,795	\$39,328	\$6,029
Other Than Personal Services						
Contractual Services	\$1,377	\$1,491	\$960	\$1,849	\$927	(\$33)
Contractual Services - Financing	0	1	1	1	1	0
Contractual Services - Professional Services	143	187	31	151	31	0
Fixed & Misc. Charges	7	26	18	71	18	0
Other Services & Charges	3,705	3,473	3,558	3,826	3,947	389
Property & Equipment	321	683	317	1,097	1,098	781
Supplies & Materials	854	1,120	1,410	1,337	1,515	105
Subtotal	\$6,408	\$6,980	\$6,295	\$8,332	\$7,537	\$1,241
TOTAL	\$30,245	\$33,592	\$39,594	\$43,127	\$46,865	\$7,271
Funding						
City Funds			\$31,946	\$34,393	\$39,202	\$7,256
Capital- IFA			1,872	1,872	1,910	38
Federal - Community Development			3,765	3,940	3,691	(73)
Federal - Other			1,949	1,999	1,999	50
Intra City			62	62	62	0
Other Categorical			0	789	0	0
State			0	71	0	0
TOTAL	\$30,245	\$33,592	\$39,594	\$43,127	\$46,865	\$7,271
Budgeted Headcount						
Full-Time Positions	293	332	405	494	490	85
TOTAL	293	332	405	494	490	85

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Administration program area budget will increase approximately \$7.3 million, from \$39.6 million Fiscal 2016 Adopted Budget to \$46.9 million in Fiscal 2017 Preliminary

Budget. This is due to funding adjustments for collective bargaining agreements and the hiring of support staff including clerical associates, fiscal administrators and administrative support staff.

Administration Program

This program area budget covers agency functions which are primarily administrative and not service related.

Administration Program						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$213	\$334	\$90	\$194	\$167	\$77
Additional Gross Pay - Labor Reserve	0	106	0	2	0	0
Full-Time Salaried - Civilian	7,124	9,030	8,620	11,261	9,813	1,193
Other Salaried	0	0	5	5	5	0
Overtime - Civilian	43	43	0	236	197	197
Unsalariated	21	0	6	2	2	(4)
Subtotal	\$7,402	\$9,513	\$8,720	\$11,700	\$10,184	\$1,463
Other Than Personal Services						
Contractual Services	\$3,172	\$6,622	\$3,254	\$52,918	\$1,615	(\$1,639)
Contractual Services - Professional Serv	14	14	14	14	14	0
Fixed & Misc. Charges	1,431	1,400	1,751	1,751	1,584	(167)
Fixed & Misc. Charges - Section 8	231	178	0	158	0	0
Other Services & Charges	5,984	5,029	10,549	9,371	7,108	(3,441)
Property & Equipment	16	29	0	34	0	0
Supplies & Materials	53	7	397	260	166	(231)
Subtotal	10,902	13,278	15,965	64,505	10,488	(5,477)
TOTAL	\$18,304	\$22,791	\$24,686	\$76,205	\$20,672	(\$4,014)
Funding						
City Funds			\$8,194	\$55,589	\$8,673	\$480
Federal - Community Development			14,500	16,943	10,006	(4,494)
Federal - Other			1,734	1,892	1,734	0
Intra City			259	1,781	259	0
TOTAL	\$18,304	\$22,791	\$24,686	\$76,205	\$20,672	(\$4,014)
Budgeted Headcount						
Full-Time Positions	110	147	129	167	146	17
TOTAL	110	147	129	167	146	17

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

The Administration program area budget is \$20.8 million in the Fiscal 2017 Preliminary Budget, a decrease of approximately \$4 million from the Fiscal 2016 Adopted Budget. This is primarily due to budget realignment of OTPS expenses that are not yet baselined.

Development

This program area budget provides funding for development related initiatives in the production and/or rehabilitation of residential projects citywide. 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.

Development						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$509	\$783	\$115	\$174	\$117	\$1
Additional Gross Pay - Labor Reserve	0	165	0	5	0	0
Amounts to be Scheduled	0	0	2,116	2,116	2,180	63
Full-Time Salaried - Civilian	11,773	13,674	12,791	17,293	15,364	2,573
Other Salaried	0	0	24	24	16	(8)
Overtime - Civilian	209	165	0	158	0	0
Unsalaries	71	27	5	5	5	0
Subtotal	\$12,562	\$14,815	\$15,052	\$19,775	\$17,682	\$2,630
Other Than Personal Services						
Contractual Services	\$27,444	\$32,246	\$39,260	\$151,386	\$11,056	(\$28,204)
Contractual Services - Social Services	0	108	0	412	0	0
Fixed & Misc. Charges	109	6,013	3,278	25,245	1,093	(2,186)
Other Services & Charges	0	0	116,511	129,085	127,368	10,857
Property & Equipment	0	1	0	0	0	0
Supplies & Materials	565	441	400	400	0	(400)
Subtotal	\$28,119	\$38,809	\$159,449	\$306,529	\$139,516	(\$19,933)
TOTAL	\$40,681	\$53,624	\$174,501	\$326,304	\$157,198	(\$17,303)
Funding						
City Funds			\$3,321	\$5,057	\$5,057	\$1,736
Other Categorical			410	12,773	410	0
Capital- IFA			5,822	6,574	6,680	858
Federal - Community Development			158,352	295,303	138,463	(19,889)
Federal - Other			6,597	6,597	6,588	(8)
TOTAL	\$40,681	\$53,624	\$174,501	\$326,304	\$157,198	(\$17,303)
Budgeted Headcount						
Full-Time Positions	190	203	288	288	278	(10)
TOTAL	190	203	288	288	278	(10)

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Development program area budget reflects a decrease of approximately \$17.3 million, from \$174.5 million in the Fiscal 2016 Adopted Budget to \$157.2 million in the Fiscal 2017

Preliminary Budget. The decrease is largely due to the agency spending down Community Development Block Grant Disaster Recovery (CDBG-DR) funds and a decrease in contractual services in the OTPS budget that are not baselined. Specifically, this program area includes Council funded initiatives such as the Community Consultant Contracts and the Mortgage Foreclosure Prevention program, which are not baselined in the Preliminary Plan. It is expected that the Council will be able to restore this funding at adoption of the Fiscal 2017 budget.

Housing Operations – Section 8 Programs

This program area budget includes federal funding for the Section 8 program, which provides rental subsidies to low-income households. 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 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.

Housing Operations- Section 8 Programs						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$242	\$735	\$19	\$19	\$19	\$0
Additional Gross Pay - Labor Reserve	0	214	0	0	0	0
Full-Time Salaried - Civilian	11,427	12,189	13,156	13,156	13,156	0
Overtime - Civilian	109	121	0	0	0	0
Unsalaries	246	222	55	55	55	0
Subtotal	\$12,023	\$13,481	\$13,230	\$13,230	\$13,230	\$0
Other Than Personal Services						
Contractual Services	\$5,729	\$4,320	\$798	\$2,524	\$976	\$178
Contractual Services - Professional Services	172	161	15	427	15	0
Fixed & Misc. Charges	0	0	0	18	18	18
Fixed & Misc. Charges - Section 8	434,120	441,332	323,938	469,277	466,199	142,261
Other Services & Charges	177	312	762	184	762	0
Property & Equipment	29	171	0	381	0	0
Supplies & Materials	451	466	0	680	0	0
Subtotal	\$440,678	\$446,762	\$325,513	\$473,491	\$467,971	\$142,457
TOTAL	\$452,700	\$460,243	\$338,744	\$486,721	\$481,201	\$142,457
Funding						
Federal - Community Development			\$5,406	\$5,406	\$3,000	(\$2,406)
Federal - Other			333,338	481,315	478,201	144,863
TOTAL	\$452,700	\$460,243	\$338,744	\$486,721	\$481,201	\$142,457
Budgeted Headcount						
Full-Time Positions	226	275	183	183	183	0
TOTAL	226	275	183	183	183	0

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

The Section 8 program area budget increased by approximately \$142.5 million in the Fiscal 2017 Preliminary Budget, from \$338.7 million in the Fiscal 2016 Adopted Budget. This difference is largely a function of OMB programming funds that more accurately estimate the amount of Section 8 funds received by HPD. It is expected that this amount will be adjusted once HPD receives a Section 8 funding approval letter from HUD.

Housing Operations – Emergency Housing

This program area budget includes funding for programs that provide emergency shelter to distressed households who suffer hardships from situations such as fires or vacate orders.

Housing Operations- Emergency Housing						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$281	\$434	\$99	\$141	\$141	\$42
Additional Gross Pay - Labor Reserve	12	67	0	0	0	0
Fringe Benefits	2	2	0	0	0	0
Full-Time Salaried - Civilian	3,540	3,486	4,535	4,574	4,668	133
Overtime - Civilian	40	66	0	185	185	185
Unsalaries	78	74	8	39	42	33
Subtotal	\$3,952	\$4,128	\$4,643	\$4,940	\$5,036	\$393
Other Than Personal Services						
Contractual Services	\$17,863	\$16,094	\$21,300	\$25,955	\$20,344	(\$956)
Fixed & Misc. Charges	0	0	0	0	0	0
Other Services & Charges	0	0	0	20	1,428	1,428
Supplies & Materials	33	19	0	0	0	0
Subtotal	\$17,896	\$16,113	\$21,300	\$25,975	\$21,771	\$471
TOTAL	\$21,848	\$20,241	\$25,943	\$30,915	\$26,808	\$865
Funding						
City Funds			\$5,896	\$7,292	\$8,367	\$2,471
Federal - Community Development			15,814	17,125	14,178	(1,636)
Federal - Other			736	3,000	736	0
Intra City			1,422	1,422	1,451	29
Other Categorical			1,000	1,000	1,000	0
State			1,075	1,075	1,075	0
TOTAL	\$21,848	\$20,241	\$25,943	\$30,915	\$26,808	\$865
Budgeted Headcount						
Full-Time Positions	64	69	61	67	67	6
TOTAL	64	69	61	67	67	6

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Emergency Housing program area budget increased from the Fiscal 2016 Adopted Budget by approximately \$865,000 to \$26.8 million in the Fiscal 2017 Preliminary Budget. This is primarily due to federal Community Development Block Grant Disaster Recovery (CDBG-DR) funds that are not baselined. The baseline funding for the Emergency Housing program area budget will be adjusted for the Fiscal 2017 Adopted Budget.

Housing Operations – Management & Disposition

This program area budget includes funding for managing, operating and disposing of City-owned dwelling units. In recent years, HPD has made it a priority to dispose of 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.

Housing Operations- Management & Disposition						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$875	\$1,041	\$846	\$980	\$980	\$134
Additional Gross Pay - Labor Reserve	0	207	0	0	0	0
Full-Time Salaried - Civilian	13,118	13,564	14,998	14,894	15,352	354
Full-Time Salaried - Holding Code	0	0	255	0	0	(255)
Other Salaried	0	0	29	29	29	0
Overtime - Civilian	130	190	394	414	414	20
Unsalaries	14	12	23	29	29	7
Subtotal	\$14,137	\$15,015	\$16,545	\$16,345	\$16,804	\$259
Other Than Personal Services						
Contractual Services	\$5,779	\$4,708	\$6,270	\$7,437	\$3,999	(\$2,271)
Contractual Services - Professional Services	11	11	121	119	121	0
Fixed & Misc. Charges	1,625	1,726	0	0	0	0
Other Services & Charges	4,109	1,615	1,893	1,932	2,073	179
Property & Equipment	11	9	15	15	11	(4)
Supplies & Materials	6,927	4,391	6,057	6,007	6,055	(2)
Subtotal	\$18,462	\$12,458	\$14,355	\$15,510	\$12,258	(\$2,098)
TOTAL	\$32,600	\$27,473	\$30,900	\$31,856	\$29,061	(\$1,839)
Funding						
City Funds			\$5,586	\$5,952	\$4,955	(\$631)
Capital- IFA			9,760	9,760	10,006	247
Federal - Community Development			15,349	14,810	13,894	(1,454)
Other Categorical			205	1,334	205	0
TOTAL	\$32,600	\$27,473	\$30,900	\$31,856	\$29,061	(\$1,839)
Budgeted Headcount						
Full-Time Positions	218	191	239	227	227	(12)
TOTAL	218	191	239	227	227	(12)

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Management and Disposition program area budget will decrease approximately by \$1.8 million, from \$30.9 million in the Fiscal 2016 Adopted Budget to \$29 million in the Fiscal 2017 Preliminary Budget. The decrease is largely due to a decrease in contractual services with the Economic Development Corporation (EDC) and other charges and services in the OTPS budget that are not baselined.

Preservation – Anti-Abandonment

This program area budget includes funding for HPD’s anti-abandonment initiatives which 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. NPC also assists HPD in identifying and assessing at-risk buildings.

Preservation- Anti- Abandonment						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$253	\$304	\$0	\$140	\$140	\$140
Additional Gross Pay - Labor Reserve	0	43	0	0	0	0
Fringe Benefits	2	2	0	0	0	0
Full-Time Salaried - Civilian	3,105	2,879	3,628	2,868	2,944	(684)
Overtime - Civilian	4	7	0	7	7	7
Subtotal	\$3,364	\$3,235	\$3,628	\$3,015	\$3,091	(\$537)
Other Than Personal Services						
Contractual Services	\$4,238	\$3,735	\$3,530	\$5,112	\$1,330	(\$2,200)
Subtotal	\$4,238	\$3,735	\$3,530	\$5,112	\$1,330	(\$2,200)
TOTAL	\$7,601	\$6,970	\$7,159	\$8,127	\$4,422	(\$2,737)
Funding						
City Funds			\$6,486	\$7,546	\$3,841	(\$2,645)
Federal - Community Development			672	580	580	(92)
TOTAL	\$7,601	\$6,970	\$7,159	\$8,127	\$4,422	(\$2,737)
Budgeted Headcount						
Full-Time Positions	49	46	56	47	47	(9)
TOTAL	49	46	56	47	47	(9)

The anti-abandonment program area budget will decrease approximately by \$2.7 million from \$7.1 million Fiscal 2016 Adopted to \$4.4 million in Fiscal 2017 Preliminary Budget. The decrease is largely due to a decrease in contractual services in the OTPS budget that are not baselined. These include Council-funded contracts and local initiatives such as the

Anti-poverty initiatives, Community Consultant Contracts, and the Housing Preservation Initiative.

Preservation – Code Enforcement

This program area budget provides funding 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.

Preservation- Code Enforcement						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$1,417	\$2,570	\$465	\$1,224	\$1,224	\$758
Additional Gross Pay - Labor Reserve	16	387	0	0	0	0
Fringe Benefits	24	25	0	0	0	0
Full-Time Salaried - Civilian	19,848	21,090	24,970	25,269	25,638	668
Other Salaried	2	0	58	22	22	(36)
Overtime - Civilian	562	673	198	317	317	120
Unsalariated	263	283	297	297	303	6
Subtotal	\$22,132	\$25,029	\$25,988	\$27,129	\$27,504	\$1,516
Other Than Personal Services						
Contractual Services	\$3,968	\$4,679	\$5,130	\$6,399	\$6,179	\$1,049
Contractual Services - Professional Services	1	1	1	1	1	0
Other Services & Charges	1,111	1,657	1,260	2,058	1,192	(68)
Property & Equipment	20	170	22	79	11	(11)
Supplies & Materials	1,068	703	971	1,056	741	(230)
Subtotal	\$6,168	\$7,211	\$7,385	\$9,592	\$8,125	\$740
TOTAL	\$28,300	\$32,240	\$33,373	\$36,721	\$35,628	\$2,256
Funding						
City Funds			\$7,185	\$7,840	\$7,622	\$438
Federal - Community Development			24,990	26,852	26,808	1,818
Federal - Other			1,198	1,198	1,198	0
Intra City			0	831	0	0
TOTAL	\$28,300	\$32,240	\$33,373	\$36,721	\$35,628	\$2,256
Budgeted Headcount						
Full-Time Positions	367	399	450	468	468	18
TOTAL	367	399	450	468	468	18

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

The Code Enforcement program area budget will increase by approximately \$2.3 million from the Fiscal 2016 Adopted Budget to \$35.6 million in the Fiscal 2017 Preliminary Budget. The increase is largely due to an increase in contractual services in the OTPS budget.

Preservation – Emergency Repair

This program area budget includes funding for emergency repairs. 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.

Preservation- Emergency Repair						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$378	\$737	\$337	\$332	\$332	(\$5)
Additional Gross Pay - Labor Reserve	0	133	0	0	0	0
Fringe Benefits	3	4	0	0	0	0
Full-Time Salaried - Civilian	6,613	6,558	8,695	7,696	8,585	(110)
Overtime - Civilian	86	125	0	62	62	62
Unsalariated	374	379	419	345	358	(62)
Subtotal	\$7,455	\$7,935	\$9,452	\$8,436	\$9,337	(\$115)
Other Than Personal Services						
Contractual Services	\$6,851	\$7,891	\$12,935	\$11,619	\$19,066	\$6,131
Contractual Services - Professional Services	17	0	0	0	0	0
Other Services & Charges	3,828	5,265	3,637	5,406	3,686	49
Property & Equipment	18	29	1	198	80	79
Supplies & Materials	1,827	561	1,307	1,408	1,275	(32)
Subtotal	\$12,542	\$13,746	\$17,881	\$18,630	\$24,107	\$6,227
TOTAL	\$19,996	\$21,681	\$27,333	\$27,066	\$33,445	\$6,112
Funding						
City Funds			\$36	\$1,191	\$36	\$0
Federal - Community Development			27,296	25,840	33,408	6,112
Intra City			0	34	0	0
TOTAL	\$19,996	\$21,681	\$27,333	\$27,066	\$33,445	\$6,112
Budgeted Headcount						
Full-Time Positions	124	128	145	147	157	12
TOTAL	124	128	145	147	157	12

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Emergency Repair program area budget will increase by approximately \$6.1 million from the \$27.3 million Fiscal 2016 Adopted Budget to \$33.4 million in the Fiscal 2017 Preliminary Budget. The increase is largely due to an increase in OTPS costs associated with contractual services and other charges and services, paid for with federal community development block grant funding.

Preservation - Lead Paint

This program area budget includes funding 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.

Preservation- Lead Paint						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$897	\$1,619	\$15	\$704	\$704	\$689
Additional Gross Pay - Labor Reserve	0	206	0	0	0	0
Fringe Benefits	13	12	0	0	0	0
Full-Time Salaried - Civilian	11,795	11,210	13,835	12,173	12,371	(1,464)
Overtime - Civilian	223	215	0	225	225	225
Unsalaries	144	99	141	171	175	33
Subtotal	\$13,072	\$13,360	\$13,991	\$13,273	\$13,475	(\$516)
Other Than Personal Services						
Contractual Services	\$643	\$829	\$450	\$2,132	\$1,200	\$750
Other Services & Charges	24	128	184	211	306	123
Property & Equipment	0	114	2	16	17	15
Supplies & Materials	86	29	53	75	198	146
Subtotal	\$754	\$1,100	\$689	\$2,433	\$1,722	\$1,033
TOTAL	\$13,825	\$14,460	\$14,680	\$15,706	\$15,197	\$517
Funding						
City Funds			\$92	\$132	\$132	\$40
Federal - Community Development			13,763	13,005	14,380	617
Federal - Other			533	2,268	391	(142)
Intra City			292	301	294	2
TOTAL	\$13,825	\$14,460	\$14,680	\$15,706	\$15,197	\$517
Budgeted Headcount						
Full-Time Positions	214	194	244	233	231	(13)
TOTAL	214	194	244	233	231	(13)

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

The Lead Paint program area budget will increase by approximately \$517,000, from \$14.7 million in Fiscal 2016 Adopted to \$15.2 million in the Fiscal 2017 Preliminary Budget. The increase is largely due to an increase in federal community development block grant funding.

Preservation – Other Agency Services

This program area funds a variety of small agency initiatives aimed at preserving affordable housing.

Preservation- Other Agency Services						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personal Services						
Additional Gross Pay	\$470	\$781	\$124	\$493	\$499	\$375
Additional Gross Pay - Labor Reserve	0	108	0	0	0	0
Fringe Benefits	1	0	0	0	0	0
Full-Time Salaried - Civilian	7,175	7,499	8,706	8,460	8,909	203
Overtime - Civilian	40	61	0	218	49	49
Unsalariated	112	69	176	32	33	(143)
Subtotal	\$7,796	\$8,518	\$9,006	\$9,202	\$9,490	\$484
Other Than Personal Services						
Contractual Services	\$14,005	\$9,632	\$18,897	\$18,438	\$9,136	(\$9,761)
Other Services & Charges	1,929	6,805	8,026	7,524	6,939	(1,087)
Property & Equipment	120	110	121	131	90	(31)
Supplies & Materials	22	25	31	37	19	(12)
Subtotal	\$16,076	\$16,571	\$27,076	\$26,130	\$16,185	(\$10,891)
TOTAL	\$23,872	\$25,090	\$36,082	\$35,332	\$25,675	(\$10,407)
Funding						
City Funds			\$25,484	\$24,425	\$14,311	(\$11,173)
Capital- IFA			67	67	69	2
Federal - Community Development			10,530	10,840	11,295	764
TOTAL	\$23,872	\$25,090	\$36,082	\$35,332	\$25,675	(\$10,407)
Budgeted Headcount						
Full-Time Positions	109	116	135	128	134	(1)
TOTAL	109	116	135	128	134	(1)

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

The decrease of \$10.4 million in the Fiscal 2017 Preliminary Budget when compared to the Fiscal 2016 Adopted Budget in the other agency services program area budget is due to City funds not yet baselined, including Council-funded contracts and costs associated with demolitions. These funds are anticipated to be restored at the adoption of the Fiscal 2017 Budget.

Capital Program

Capital Budget Summary

The Fiscal 2017 Preliminary Capital Commitment Plan totals \$3.27 billion in Fiscal 2016-2019 for the Department of Housing Preservation and Development (including \$3.04 billion in City funds and \$235.3 million in Non-City funds). This represents approximately six percent of the City's total \$57.2 billion January Plan for Fiscal 2016-2019. Though not in HPD's budget, it should also be noted that there is a \$208 million Housing Fund in the capital budget of the Economic Development Corporation (EDC) which is for the acquisition and preparation of potential housing development sites.

The agency's Preliminary Commitment Plan for Fiscal 2016-2019 is \$8.9 million greater than the \$3 billion scheduled in the Adopted Capital Commitment Plan. The agency will use its City capital resources to leverage State and federal funds, as well as substantial private equity (that does not flow through the City's capital budget). The table below reflects capital commitments over the Fiscal 2016-2019 period.

HPD 2016-2019 Capital Commitment Plan: Adopted and Preliminary Budget					
<i>Dollars in Thousands</i>					
	FY16	FY17	FY18	FY19	Total
Adopted					
Total Capital Plan	\$1,064,003	\$645,129	\$660,856	\$675,113	\$3,045,101
Preliminary Plan					
Total Capital Plan	\$1,064,003	\$643,619	\$657,165	\$671,422	\$3,036,209
Change					
Level	\$0	(\$1,510)	(\$3,691)	(\$3,691)	(\$8,892)
Percentage Change	0%	0%	(-1%)	(-1%)	0%

The majority of the capital projects span multiple fiscal years and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2015, HPD committed \$471.1 million or 70 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2016 Capital Plan will be rolled into Fiscal 2017, thus increasing the size of the Fiscal 2016-2019 Capital Plan. Since adoption last June, the citywide total Capital Commitment Plan for Fiscal 2016 has increased from \$19.3 billion in the Adopted Capital Commitment Plan to \$19.7 billion in the Preliminary Capital Commitment Plan, an increase of \$415 million or 2.2 percent.

HPD's Fiscal 2016 -2019 Preliminary Capital Commitment Plan of \$3 billion includes:

HPD 2016-2019 Capital Commitment Plan By Major Categories <i>Dollars in Thousands</i>	2016	2017	2018	2019	Total
Supportive Housing (includes the SRO Loan Program)	\$143,880	\$125,680	\$138,208	\$140,612	\$548,380
Low Income Rental Program	68,232	126,717	118,598	120,970	434,517
Participation Loan Program	56,525	58,122	63,935	65,214	243,796
Article 8A Loan Program	49,206	50,947	56,042	57,163	213,358
Low Income Housing Tax Credit (LIHTC) Projects	73,511	42,545	39,480	40,270	195,806
Mixed Income Program- Mix and Match	65,227	36,000	39,805	40,601	181,633
Third Party Transfer Program	41,784	39,650	41,275	42,101	164,810
HUD Multi-family Program	16,819	36,971	38,819	39,595	132,204
Affordable Neighborhood Cooperative Program	23,447	22,507	33,417	34,085	113,456
Multifamily Preservation Loan Program	35,123	12,200	12,700	12,954	72,977
Other Housing Programs	490,249	92,280	74,886	77,857	735,272
TOTAL	\$1,064,003	\$643,619	\$657,165	\$671,422	\$3,036,209

Some of the major loan programs in the Preliminary Commitment Plan for Fiscal 2016-2019 that support the development and preservation of affordable housing units include:

- **Single Room Occupancy (SRO) Loan Program.** The Preliminary Capital Commitment Plan includes \$515.2 million for the SRO loan program. The HPD Division of Special Needs Housing through its Supportive Housing Loan Program (SHLP) makes low-interest loans to support the development of permanent supportive housing with on-site social services. SHLP provides financing (up to \$90,000 per unit) to non-profit organizations to develop supportive housing for homeless single adults, including but not limited to, people with mental illnesses, HIV/AIDS, and disabilities. Loans have a 30-year term and neither principal nor interest are repaid if the sponsor complies with a 30-year regulatory agreement requiring that the property remain affordable to low-income homeless tenants. Projects may be newly constructed or rehabilitated, and on City-owned or privately-owned land. Acquisition costs up to the appraised value of the units are covered by the loan as well.
- **Supportive Housing Projects.** The Preliminary Capital Commitment Plan includes \$548.4 million for supportive housing projects, including \$515.2 million for the development and rehabilitation of supportive housing on vacant, City-owned sites. HPD's Supportive Housing 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. Projects developed with Supportive Housing loans must provide a 60 percent set aside of units for homeless, disabled individuals or homeless families with a disabled head-of-household. The remaining 40 percent can be rented to households earning up to 60 percent of the AMI. Such projects include:
 - \$12.8 million for Common Ground located at 411 E 178th Street (Bronx);
 - \$9.1 million for UPS located at 1060 Rev. James Polite Avenue (Bronx); and
 - \$9.2 million for the Rogers Avenue Project located at 1345 Rogers Avenue (Brooklyn).

- **The Low Income Rental Program.** The Preliminary Capital Commitment Plan includes \$434.5 million for the Low Income Rental Program. The Low Income Rental Program provides additional subsidy towards the financing of new construction of low-income multi-family rental projects affordable to households earning up to 60 percent of AMI. HPD provides a loan subsidy of up to \$70,000 per unit. To be eligible for the subsidy, borrowers must be a Housing Development Fund Corporation (HDFC) non-profit cooperative, or a for-profit cooperative in partnership with a HDFC. Borrowers must also have experience developing and marketing similar projects. For newly constructed projects, 80 percent of units must be affordable to households with incomes less than 60 percent of AMI. In addition, at least 20 percent of the units must serve formerly homeless households (Section 8 vouchers may be available) or households earning less than 40 percent of AMI. Projects may include a tier of units affordable to households at 61 percent to 90 percent of AMI as dictated by other funding sources, but the requirements listed above still must be met in order for the project to be eligible for this funding.
- **Mixed Income Program.** The Preliminary Capital Commitment Plan includes \$181.6 million for the Mixed Income Program. The Mixed Income Program funds the new construction and substantial rehabilitation of market-rate buildings with a significant component of low and middle income units. Specifically, 45 percent of the units financed under this program must be affordable to households making between 40 to 60 percent AMI, 30 percent of units must be affordable at 80 to 130 percent AMI and 50 percent of units at market rate. Projects may have up to 20 percent of units with rents set up to 150 percent AMI, however units with rents set above 130 percent AMI will not be subsidized by HPD.
- **Green Housing Preservation Program.** The Preliminary Capital Commitment Plan includes \$45.3 million for the Green Housing Preservation Program. This newly funded program and related green preservation initiatives will provide \$24 million for the Green Preservation Loan Program and \$21.3 million for the Green Moderate Rehab Program. This program was announced in May 2015 and will be a joint collaboration between HPD and the New York City Housing Development Corporation (HDC) to assist owners of small- to mid-sized multifamily properties across the City in undertaking energy efficiency and water conservation improvements; as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas (GHG) emissions, and preserve affordability. Additionally, the New York City Energy Efficiency Corporation (NYCEEC) created a fund that will be available to participating owners who need assistance in financing the predevelopment requirements necessary for participation in the program. Buildings that have at least five units and are less than 50,000 square feet (about 50 units) are eligible for the program. The Green Housing Preservation Program provides zero percent interest evaporating loans for energy efficiency and water conservation improvements, and one percent repayable loans to help cover the costs of moderate rehabilitation improvements that go beyond the energy efficiency measures. The new program is projected to assist 475 units in the first year.

Some of the other major capital projects included in the Preliminary Commitment Plan for Fiscal 2016-2019 include:

- **Gateway Estates.** The Preliminary Capital Commitment Plan includes \$12.8 million for Gateway Estates, a 227-acre neighborhood near Spring Creek in East New York, Brooklyn. It is part of the Fresh Creek Urban Renewal Area and entails the large scale development of City-owned vacant land to be built over multiple phases. Affordable housing in the area is to be developed as single, two, and three-family homes, in addition to four and six-story apartment buildings built by Nehemiah Housing Development Fund Company, Monadnock Development LLC, and The Related Companies in a joint venture with Hudson Companies. The project also includes retail development consisting of ground floor neighborhood retail space along Elton Street. To date, 287 Nehemiah homes containing 427 units have been completed. An additional 372 units of multifamily housing have also been completed with an additional 287 multifamily units currently in construction. Current funding will ensure the completion of 81 additional single family homes in Phase C and an additional 83 homes containing 110 units for the first part of Phase D. Current funding will also ensure the next project Phase will continue. Concurrent with the new homes construction, the New York City Department of Design and Construction (DDC) is constructing the required public infrastructure. In total, approximately 2,385 affordable housing units, comprised of senior housing and multifamily buildings, are projected to be completed by Spring 2021.
- **Bronx Commons.** The Preliminary Capital Commitment Plan includes \$7.6 million for Bronx Commons. The proposed building will be developed under the Mix & Match Program. The 12 story, 426,330 square foot building will consist of 303 residential rental units, two community facility units and one commercial retail unit. The project will contain 75 units affordable to individuals or families earning at or below 47 percent AMI, 74 units affordable at or below 57 percent AMI, 31 units at or below 70 percent AMI, 75 units at or below 80 percent AMI, and 16 units affordable to individuals or families earning at or below 90 percent AMI and one superintendent unit. In addition, 31 of the units will be set-aside to serve formerly homeless households. The project will contain 23,302 square feet of community space, including two community facility spaces, a cultural center (the Bronx Music Heritage Center) and Universal Pre-K.
- **Queens West.** The Preliminary Capital Commitment Plan includes \$7 million for Queens West / Hunter's Point South, a large-scale moderate and middle income housing development located in Long Island City, Queens. The entire plan will provide for 5,000 units of housing, 60 percent of which will be permanently affordable; 96,500 square feet of retail space; 46,000 square feet of community space; 145,000 square feet of school space and 11 acres of open space. The project is divided into two Phases; the New York City Economic Development Corporation (EDC) completed the Phase 1 infrastructure, roadway, and waterfront park in 2013. Construction of the Phase 2 infrastructure, roadway, and waterfront Park is currently underway. A new 1,100 seat Intermediate and High School have been completed, as well as more than 900 housing units all of which are for low, moderate and middle income families. Current funding will enable Phase 2 construction to proceed.

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
HPD Budget as of the Adopted 2016 Budget	\$94,226	\$658,766	\$752,992	\$69,563	\$534,175	\$603,738
New Needs						
Elevator Inspections	\$0	\$0	\$0	\$6,557	\$0	\$6,557
Emergency Demolitions	2,200	0	2,200	0	0	0
Foreclosure Prevention	250	0	0	0	0	0
New Staffing	1,957	0	0	4,696	0	4,696
NYCHA Façade Repair	46,530	0	0	107	0	107
Temporary Shelter Costs	2,144	0	0	7,801	0	7,801
Training Programs	40	0	0	40	0	40
TSD Software and Technology	781	0	0	781	0	781
Subtotal, New Needs	\$53,901	\$0	\$2,200	\$19,982	\$0	\$19,982
Other Adjustments						
Bring Up Federal Funds for CHS	\$0	\$2,264	\$2,264	\$0	\$0	\$0
Bring Up Funds Atlantic Ave	0	22	22	0	0	0
Bring Up Funds Admin	0	1	1	0	0	0
Bring Up Funds for ARC	0	1,014	1,014	0	0	0
Bring Up Funds for CODE	0	9	9	0	0	0
Bring Up Funds for CPC Housing	0	6,357	6,357	0	0	0
Bring Up Funds for SF	0	12,503	12,503	0	0	0
Bring Up Funds for Willets Pt.	0	1,107	1,107	0	0	0
Collective Bargaining (IC), Auto Mechanics	2	0	2	2	0	2
Demolition Work	0	1,522	1,522	0	0	0
DORIS	0	71	71	0	0	0
DTR FSS	0	1,739	1,739	0	0	0
Funds for Sandy Advertising	0	550	550	0	0	0
FY15 Rollover FY16 CPC	0	11,317	11,317	0	0	0
FY17 Collective Bargaining	324	0	324	405	0	405
Headphones and mail sorter	0	1	1	0	0	0
HOME TBRA	0	158	158	0	0	0
Member Item Reallocation	(204)	0	(204)	0	0	0
Project Open House	0	95	95	0	0	0
Roll funds for Environmental N	0	49	49	0	0	0
Schedule Funds for HANS	0	789	789	0	0	0
Sect 8 HCV port-out	0	178	178	0	178	178
Section 8 FSS	0	492	492	0	0	0
Shelter Plus Care	0	873	873	0	873	873
SNAP 225 E 43rd St	0	231	231	0	231	231
SNAP 742 Fox St BX, 117 E118th St	0	105	105	0	105	105
Studio City	0	8,902	8,902	0	0	0
TDAP Private	0	412	412	0	0	0
To Bring Up Funds for New B/C	0	1,104	1,104	0	316	316
To Schedule funds for Demo 10	0	240	240	0	0	0
To schedule funds for Demo '12	0	87	87	0	0	0
Training	0	20	20	0	0	0
Add positions CDBG-DR	0	100	100	0	0	0
AfR Programs	0	15,300	15,300	0	0	0
Bring up Funds	0	3,717	3,717	0	0	0
Bring up NYCHA Funds	0	33,700	33,700	0	104,000	104,000
CCHR Fair Housing Program	107	0	107	107	0	107
DHS Shelter Inspection	169	0	169	0	0	0
DTR Shelter Plus Care	0	745	745	0	745	745
DTR Vouchers	0	141,111	141,111	0	141,111	141,111
Elevator Inspections-CD	0	0	0	0	132	132
Funding Vacant IFA positions	0	753	753	0	753	753
IC w HPD for Sidewalk Shedding	0	34	34	0	0	0
LINC Apartment Inspections	0	831	831	0	0	0
Mod Rehab	0	277	277	0	277	277
Section 8 FSS	0	210	210	0	0	0
SF Rebuild Funding	0	55,500	55,500	0	0	0
Shelter Plus Care	0	682	682	0	682	682
Studio City	0	2,000	2,000	0	0	0
Studio City Tremont Rena	0	1,030	1,030	0	0	0
Technology	0	9	9	0	0	0
To Bring Up Funds for SNAP BC	0	230	230	0	345	345
To schedule funds for Demo '12	0	1,409	1,409	0	0	0
To schedule SHGP Grant	0	50	50	0	50	50
TSD Staffing	891	0	891	2,138	0	2,138
Subtotal, Other Adjustments	\$1,288	\$309,896	\$311,184	\$2,653	\$249,798	\$252,451
TOTAL, All Changes	\$55,190	\$309,896	\$313,384	\$22,635	\$249,798	\$272,433
HPD Budget as of the Preliminary 2017 Budget	\$149,416	\$968,662	\$1,118,078	\$92,198	\$783,973	\$876,171

Appendix B: HPD Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services				Other Than Personal Services				Grand Total
	001	002	004	006	008	009	010	011	
Administration	\$35,146	\$930	\$3,252	\$0	\$6,849	\$184	\$371	\$133	\$46,865
Administration Program	292	9,547	0	345	2,039	4,083	0	4,366	20,672
Development	1,288	16,394	0	0	0	139,516	0	0	157,198
Housing Operations - Section 8 Programs	80	750	0	12,400	0	467,971	0	0	481,201
Housing Operations- Emergency Housing	0	0	2,138	2,898	0	0	0	21,771	26,808
Housing Operations- Mgmt & Disposition	0	0	51	16,752	106	0	12,152	0	29,061
Preservation - Anti-Abandonment	0	0	3,091	0	0	1,330	0	0	4,422
Preservation - Code Enforcement	0	0	27,504	0	0	0	0	8,125	35,628
Preservation - Emergency Repair	2,232	0	7,105	0	0	0	0	24,107	33,445
Preservation - Lead Paint	880	596	11,999	0	0	323	1,279	120	15,197
Preservation - Other Agency Services	0	0	7,649	1,840	398	0	62	15,725	25,675
Grand Total	\$39,919	\$28,216	\$62,790	\$34,236	\$9,391	\$613,407	\$13,864	\$74,348	\$876,171