

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council  
Christine C. Quinn



Hon. Erik Martin-Dilan, Chair, Housing & Buildings Committee

## Hearing on the Mayor's Fiscal 2013 Preliminary Budget & the Fiscal 2012 Preliminary Mayor's Management Report

Department of Housing Preservation and Development

**March 26, 2012**

**Nathan Toth, Deputy Director**

**Anthony Brito, Senior Legislative Financial Analyst**



## Table of Contents

Agency Overview.....	1
HPD Financial Summary.....	3
Federal and Council Funding.....	4
Program Areas.....	6
Administration .....	6
Administration Program.....	8
Development.....	9
Housing Operations - Section 8 Programs.....	11
Housing Operations- Management & Disposition .....	13
Preservation - Anti-Abandonment .....	15
Preservation - Code Enforcement.....	17
Preservation - Emergency Repair .....	19
Preservation - Lead Paint.....	20
Preservation - Other Agency Services.....	21
Capital Program.....	23
Appendix A: Budget Actions in the November and February Plans.....	30
Appendix B: Contract Budget .....	32
Appendix C: Fiscal 2012 Mayor’s Management Report Performance Measures.....	33
Appendix D: Reconciliation of Program Areas to Units of Appropriation .....	34



## Agency Overview

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.

## Fiscal 2013 Preliminary Plan Highlights

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Personal Services	\$142,169	\$138,529	\$137,384	\$135,574	(\$2,955)
Other Than Personal Services	562,851	439,077	645,113	425,265	(13,812)
<b>Agency Total</b>	<b>\$705,020</b>	<b>\$577,606</b>	<b>\$782,497</b>	<b>\$560,839</b>	<b>(16,767)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

The Department of Housing Preservation and Development's (HPD) Fiscal 2013 Preliminary Budget is \$560.8 million which is \$16.7 million or three percent less than the Fiscal 2012 Adopted Budget of \$577 million. Due to mandatory budgetary reductions, planned City spending will decrease by \$12.8 million from the expense and revenue actions. In addition, the \$6.5 million in funds secured by the Council in Fiscal 2012 for discretionary items and housing preservation initiatives was not baselined in the Fiscal 2013 Budget. The agency's overall headcount will decrease by 29 positions from 2,405 in Fiscal 2012 to 2,376 in Fiscal 2013. A total of 25 of these reductions are from attrition and layoffs in the Preliminary and four positions are accrued layoffs or attrition from previous fiscal plans that will be realized in Fiscal 2013. 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 2012, over \$221 million in State and federal funding was realized post adoption.

HPD's Fiscal 2013 Preliminary Plan includes a \$4.3 million reduction in Fiscal 2012 City funds and \$3.5 million in Fiscal 2013. The agency will achieve these reductions through a combination of cuts to its baseline budget along with realizing revenue from initiatives detailed in the Preliminary Plan.

## Expense Reductions

- **Administrative Staff layoffs.** The agency has laid off five administrative employees in Fiscal 2012 for a savings \$161,136 and another six will be let go in Fiscal 2013 for a savings of \$792,439 (see pages 6 and 8).
- **Vacancy Eliminations.** The agency will eliminate nine vacant positions which will save \$791,810 in Fiscal 2012 and \$801,710 in Fiscal 2013 (see page 17).
- **Change in J51 Audit Procedures.** HPD has begun reevaluating how it audits units that receive J-51 tax benefits which will lead to programmatic efficiencies and savings of \$69,993 in Fiscal 2012 and \$163,246 in Fiscal 2013 (see page 6).
- **Consolidation of Development Operations.** The agency will consolidate two programs that were providing the same service and therefore layoff three employees which will save the agency \$189,314 in Fiscal 2013 (see page 8).
- **Other than Personal Services Savings.** The agency will reduce costs in its OTPS budget by \$253,000 in Fiscal 2012 and \$410,000 in Fiscal 2013 (see pages 7 and 22)
- **Hudson Yards Maintenance Reduction.** HPD will save \$150,000 in Fiscal 2012 and \$175,000 in Fiscal 2013 due to decreased maintenance costs at the Hudson Yards development (see page 14).
- **Terminate Deutsche Bank Contract.** The agency will eliminate a contract with Deutsche Bank which had been responsible for processing the multiple dwelling registrations. This action will save \$95,000 in Fiscal 2013 and \$190,000 in Fiscal 2014 and the outyears (see page 17).

## Revenue Initiative

- **Commercial Asset Sales.** HPD identified two City-owned properties to be sold in Fiscal 2013 which is expected to result in additional revenue in the amount of \$436,000. There was an RFP issued for buying these two lots so it has not been determined what they will be used for.

## HPD Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Budget by Program Area</b>					
Administration	\$32,781	\$32,376	\$32,031	\$31,521	(\$855)
Administration Program	15,608	12,441	21,128	11,503	(938)
Development	44,507	15,254	91,974	13,610	(1,644)
Housing Operations - Section 8 Programs	431,684	345,037	441,279	343,087	(1,950)
Housing Operations- Emergency Housing	23,182	17,727	24,727	17,727	-
Housing Operations- Management & Disposition	50,318	44,413	50,202	41,748	(2,665)
Housing Operations- Mgmt. & Disposition	251	971	4,471	134	(836)
Preservation - Anti-Abandonment	9,412	6,319	8,577	4,965	(1,354)
Preservation - Code Enforcement	34,195	33,994	37,350	32,149	(1,845)
Preservation - Emergency Repair	27,359	28,802	31,232	27,909	(893)
Preservation - Lead Paint	16,822	18,285	18,554	18,856	570
Preservation - Other Agency Services	18,901	21,987	20,974	17,630	(4,357)
<b>TOTAL</b>	<b>\$705,020</b>	<b>\$577,606</b>	<b>\$782,497</b>	<b>\$560,839</b>	<b>(\$16,767)</b>
<b>Funding</b>					
City Funds	N/A	\$66,427	\$62,544	\$53,548	(\$12,879)
Other Categorical	N/A	2,439	64,620	1,777	(662)
Capital- IFA	N/A	16,673	16,673	16,673	-
State	N/A	1,968	2,705	1,968	-
Federal - Community Development	N/A	130,905	144,967	129,450	(1,456)
Federal - Other	N/A	358,290	490,139	356,520	(1,770)
Intra City	N/A	904	848	904	-
<b>TOTAL</b>		<b>\$577,606</b>	<b>\$782,497</b>	<b>\$560,839</b>	<b>(\$16,767)</b>
<b>Positions</b>	2,203	2,405	2,398	2,376	(29)
<b>TOTAL</b>	<b>2,203</b>	<b>2,405</b>	<b>2,398</b>	<b>2,376</b>	<b>(29)</b>

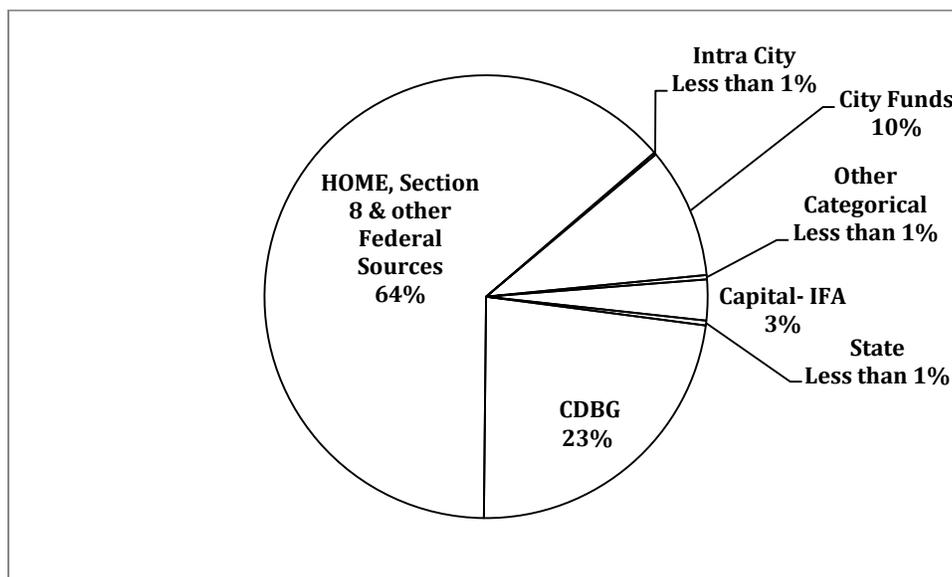
\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.

## Federal and Council Funding

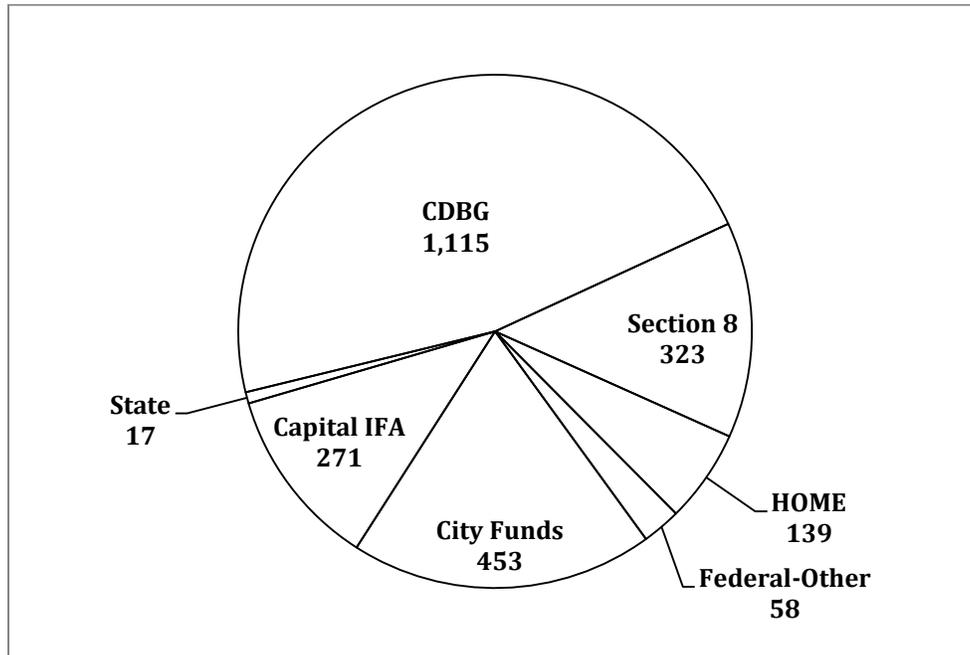
### Fiscal 2012 Federal Funding

Of the agency’s total \$560 million expense budget, approximately \$486 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 second largest federal funding source for the agency is the Community Development Block Grant (CDBG) which accounts for \$129.4 million or 23 percent of the agency’s total expense budget in Fiscal 2013. 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 shows the overall distribution of funding for the agency in Fiscal 2013 and its reliance on federal sources and Chart 2 illustrates how these sources fund the 2,376 employees at HPD. Due to recent reductions in CDBG funding imposed by Congress and a recalculation in HUD’s funding formula, HPD experienced an 8.4 percent decrease from this vital funding source in Fiscal 2012. While the agency expects further reductions in CDBG funding to occur in future financial plans, HPD does not expect further CDBG reductions in Fiscal 2013. The HOME Investment Partnership (HOME) funding source however has experienced an even greater decline of 46 percent during Fiscal 2012. Approximately 90 percent of HOME funds are used to finance HPD’s capital program while only 10 percent funds the expense budget therefore this significant reduction will have less of an impact on the agency’s operations. This funding reduction will have an adverse impact to the Capital budget which will be reflected in the Executive Plan released in May.

**Chart 1: HPD FY13 Funding Sources**



**Chart 2: FY13 Funding Sources for 2,376 Employees**



**Council Initiatives and Funding**

In Fiscal 2012 City Council funding provided approximately \$6.5 million or 10 percent of HPD’s annual City-funds operating budget. Most of this funding (\$5.1 million) is allocated to local community-based organizations which are tasked with carrying out the goals of seven Council initiatives which are to provide advocacy and education on issues related to housing preservation. The remaining \$1.4 million is allocated towards Council discretionary funds.

<b>FY 2012 Council Funded Initiatives</b>	
<i>Dollars in Thousands</i>	
City-Wide Taskforce on Housing Court	\$500
Community Consultant Contracts	415
Housing Preservation Initiative	1,250
Center for New York City Neighborhoods	750
Anti-Eviction Legal Services	2,000
Pratt Pilot Weatherization Program	200
Subsidized Housing Information Project (SHIP)	45
Local Initiatives	1,396
<b>TOTAL</b>	<b>\$6,556</b>

## Program Areas

### Administration

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$26,902</b>	<b>\$24,307</b>	<b>\$24,096</b>	<b>\$23,862</b>	<b>(\$444)</b>
Full-Time Salaried - Civilian	25,230	22,710	22,498	22,061	(649)
Other Salaried and Unsalariated	438	516	516	516	\$0
Additional Gross Pay	1,119	402	402	402	\$0
Overtime - Civilian	114	117	117	167	\$50
Amounts to be Scheduled	-	563	563	563	\$0
Fringe Benefits	-	-	2	155	\$155
<b>Other Than Personal Services</b>					
Supplies and Materials	\$1,219	\$1,220	\$1,039	\$1,224	\$4
Fixed and Misc Charges	41	76	44	76	-
Property and Equipment	238	359	300	355	(4)
Other Services and Charges	2,574	4,819	4,830	4,740	(79)
Contractual Services	1,812	1,595	1,721	1,264	(332)
<b>Subtotal</b>	<b>\$5,883</b>	<b>\$8,069</b>	<b>\$7,934</b>	<b>\$7,658</b>	<b>(\$411)</b>
<b>TOTAL</b>	<b>\$32,785</b>	<b>\$32,376</b>	<b>\$32,031</b>	<b>\$31,521</b>	<b>(\$855)</b>
<b>Funding</b>					
City Funds	N/A	\$23,703	\$23,147	\$22,848	(\$855)
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	1,975	1,975	1,975	-
State	N/A	-	73	-	-
Federal - Community Development	N/A	4,661	4,661	4,661	-
Federal - Other	N/A	1,974	2,112	1,974	-
Intra City	N/A	62	62	62	-
<b>TOTAL</b>	<b>\$0</b>	<b>\$32,376</b>	<b>\$32,031</b>	<b>\$31,521</b>	<b>(\$855)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

**Administrative Staff Reductions.** There is an overall decline in funding under this program area of \$855,000 due largely to a decrease in Personal Services funding. As part of agency wide layoffs of 9 positions in administrative positions, HPD will terminate 4 positions under this program which will save the agency \$122,000 in Fiscal 2012 and \$457,000 in Fiscal 2013.

**Change in J-51 Audit Procedures.** In an effort to change J-51 Audit procedures, HPD will realize personal savings by reducing the agency's J-51 audit workload. As of recently HPD would audit J-51 benefits that had \$100,000 of rehabilitation work done on a project, which comprised most if not all J-51 projects. The agency now plans to increase that threshold of work to \$200,000 which will enable HPD to devote less personal resources to J-51 audits and thereby layoff 2 positions.

**OTPS Savings.** HPD will realize savings from more efficient use of agency printing and telecommunications systems. This will reduce OTPS costs in the amount of \$253,000 in Fiscal 2012 and \$303,000 in Fiscal 2013 and the outyears.

## Administration Program

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$6,726</b>	<b>\$4,973</b>	<b>\$4,973</b>	<b>\$4,232</b>	<b>(\$740)</b>
Full-Time Salaried - Civilian	6,436	4,493	4,493	3,752	(740)
Other Salaried and Unsalaries	50	11	11	11	-
Additional Gross Pay	240	90	90	90	-
Overtime - Civilian	0	-	-	-	-
Amounts to be Scheduled	-	380	380	380	-
Fringe Benefits	-	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$0	\$161	\$119	\$23	(\$138)
Fixed and Misc Charges	2,824	1,584	10,224	1,584	-
Property and Equipment	1	-	-	-	-
Other Services and Charges	3,478	4,547	4,647	4,547	-
Contractual Services	2,580	1,177	1,165	1,117	(60)
<b>Subtotal</b>	<b>\$8,882</b>	<b>\$7,469</b>	<b>\$16,155</b>	<b>\$7,271</b>	<b>(\$198)</b>
<b>TOTAL</b>	<b>\$15,608</b>	<b>\$12,441</b>	<b>\$21,128</b>	<b>\$11,503</b>	<b>(\$938)</b>
<b>Funding</b>					
City Funds	N/A	\$5,079	\$5,437	\$4,201	(\$878)
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	-	-	-	-
State	N/A	-	-	-	-
Federal - Community Development	N/A	5,996	6,279	5,936	(60)
Federal - Other	N/A	828	9,069	828	-
Intra City	N/A	538	343	538	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$12,441</b>	<b>\$21,128</b>	<b>\$11,503</b>	<b>(\$938)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

**Administrative Staff Reductions.** This program area declines by \$938,000 due to significant reductions in the Personal Services (PS) budget. The PS budget will decline partly due to the layoffs of five administrative employees which will save \$256,000 in Fiscal 2013 and the outyears. In addition, HPD has consolidated two large programs, the office of Development and the Division of Alternative Management, under the same management structure which will result in the termination of three administrative staff positions in this program who were performing similar duties. This is a continuation of management consolidation that the agency began two years ago. This action will shave \$189,314 in Fiscal 2013 increasing to \$228,104 by Fiscal 2015.

## 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.

<i>Dollars in Thousands</i>	2011	2012	2012	2013	*Difference
	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$12,281</b>	<b>\$12,161</b>	<b>\$12,081</b>	<b>\$12,088</b>	<b>(\$74)</b>
Full-Time Salaried - Civilian	11,735	11,859	11,779	11,809	(50)
Other Salaried and Unsalaries	70	5	5	5	-
Additional Gross Pay	476	75	75	75	-
Overtime - Civilian	0	-	-	-	-
Amounts to be Scheduled	-	222	222	222	-
Fringe Benefits	-	-	-	(24)	(24)
<b>Other Than Personal Services</b>					
Supplies and Materials	\$0	\$0	\$0	\$0	\$0
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	-	-	-	-	-
Other Services and Charges	2,822	176	89	(97)	(273)
Contractual Services	29,403	2,916	79,804	1,619	(1,297)
<b>Subtotal</b>	<b>\$32,226</b>	<b>\$3,092</b>	<b>\$79,892</b>	<b>\$1,522</b>	<b>(\$1,570)</b>
<b>TOTAL</b>	<b>\$44,507</b>	<b>\$15,254</b>	<b>\$91,974</b>	<b>\$13,610</b>	<b>(\$1,644)</b>
<b>Funding</b>					
City Funds	N/A	\$6,621	\$4,766	\$5,027	(\$1,594)
Other Categorical	N/A	410	42,489	410	-
Capital- IFA	N/A	2,519	2,519	2,519	-
State	N/A	-	-	-	-
Federal - Community Development	N/A	558	1,035	558	-
Federal - Other	N/A	5,147	41,165	5,097	(50)
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$15,254</b>	<b>\$91,974</b>	<b>\$13,610</b>	<b>(\$1,644)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

Funding in this program area has declined by \$1.6 million since Fiscal 2012 Adoption due to a reduction in contractual costs in the OTPS budget that are not baselined. Specifically, the Development program area includes Council funded initiatives such as the Community Consultant Contracts which are not baselined in the Preliminary Plan therefore the overall funding for contractual services shows a decrease since Adoption. It is expected, however, that the Council will be able to restore this funding for Fiscal 2013.

## Performance measures

	FY 09	FY 10	FY 11	Target FY12	Target FY 13	FY11 4-Month Actual	FY12 4-Month Actual
Total starts financed under the New Housing Marketplace Plan (Units)	12,500	14,767	15,735	14,500	14,621	979	2,438
-New construction starts	4,123	3,144	4,055	3,282	3,876	386	276
-Preservation starts	8,108	11,337	11,680	10,993	10,520	593	2,162
Total completions financed or assisted under the New Housing Marketplace Plan (Units)	12,914	16,874	14,106	10,414	11,165	4,994	3,808
-New construction completions	4,557	5,389	7,575	4,908	2,870	3,551	1,605
-Preservation completions	8,357	11,485	6,531	5,506	8,295	1,443	2,203
-Units completed for homeless individuals & families	835	620	684	-	-	286	194

The total number of housing starts financed under the New Housing Marketplace Plan (NHMP) from July through October 2011 significantly increased from the same reporting period in Fiscal 2011 due to two large preservation projects being funded. These two large projects accounted for 67 percent or 1,622 of the total 2,438 housing starts during the reporting period in Fiscal 2012.

## 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>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>	<b>*Difference</b>
	<b>Actual</b>	<b>Adopted</b>	<b>Feb. Plan</b>	<b>Feb. Plan</b>	<b>2012 - 2013</b>
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$12,572</b>	<b>\$8,892</b>	<b>\$9,296</b>	<b>\$8,892</b>	<b>\$0</b>
Full-Time Salaried - Civilian	12,126	8,817	9,221	8,817	0
Other Salaried and Unsalaries	105	55	55	55	-
Additional Gross Pay	206	19	19	19	-
Overtime - Civilian	134	-	-	-	-
Amounts to be Scheduled	-	-	-	-	-
Fringe Benefits	2	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$406	\$0	\$500	\$0	\$0
Fixed and Misc Charges	416,580	335,080	416,172	333,331	(1,750)
Property and Equipment	71	-	221	-	-
Other Services and Charges	93	865	220	865	-
Contractual Services	1,961	200	14,871	-	(200)
<b>Subtotal</b>	<b>\$419,112</b>	<b>\$336,145</b>	<b>\$431,983</b>	<b>\$334,196</b>	<b>(\$1,950)</b>
<b>TOTAL</b>	<b>\$431,684</b>	<b>\$345,037</b>	<b>\$441,279</b>	<b>\$343,087</b>	<b>(\$1,950)</b>
<b>Funding</b>					
City Funds	N/A	\$334	\$334	\$334	\$0
Other Categorical	N/A	-	10,038	-	-
Capital- IFA	N/A	-	-	-	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	-	-	-	-
Federal - Other	N/A	344,703	430,907	342,753	(1,950)
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$345,037</b>	<b>\$441,279</b>	<b>\$343,087</b>	<b>(\$1,950)</b>

The funding under the Section 8 Program area decreases slightly by \$1.9 million since Adoption primarily due to a variance of \$1.7 million in fixed and miscellaneous costs in the OTPS budget. This variance is due to federal funding not being baselined in the Preliminary plan for rental subsidy payments for a property located at 351 West 42<sup>nd</sup> Street in Manhattan which is a 307 unit supportive housing project for the formerly homeless. Because federal funding sources are known and secured after the City's budget adoption it is expected that HPD will adjust funding for this property during the middle of Fiscal 2013.

## 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>	2011	2012	2012	2013	*Difference
	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$20,427</b>	<b>\$22,749</b>	<b>\$22,749</b>	<b>\$22,622</b>	<b>(\$127)</b>
Full-Time Salaried - Civilian	18,997	21,260	21,260	21,260	(0)
Other Salaried and Unsalaries	55	97	97	97	-
Additional Gross Pay	1,375	859	859	859	-
Overtime - Civilian	0	394	394	394	-
Amounts to be Scheduled	-	139	139	13	(127)
Fringe Benefits	-	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$5,713	\$6,342	\$6,353	\$6,242	(\$100)
Fixed and Misc Charges	3,372	-	-	-	-
Property and Equipment	9	33	16	35	2
Other Services and Charges	5,106	6,036	5,214	5,362	(674)
Contractual Services	15,691	9,253	15,869	7,487	(1,766)
<b>Subtotal</b>	<b>29,891</b>	<b>21,664</b>	<b>27,453</b>	<b>19,125</b>	<b>(2,538)</b>
<b>TOTAL</b>	<b>\$50,318</b>	<b>\$44,413</b>	<b>\$50,202</b>	<b>\$41,748</b>	<b>(\$2,665)</b>
<b>Funding</b>					
City Funds	N/A	\$6,661	\$6,659	\$5,079	(\$1,581)
Other Categorical	N/A	1,029	7,297	232	(797)
Capital- IFA	N/A	11,935	11,935	11,935	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	21,771	21,294	21,485	(287)
Federal - Other	N/A	3,017	3,017	3,017	-
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>\$0</b>	<b>\$44,413</b>	<b>\$50,202</b>	<b>\$41,748</b>	<b>(\$2,665)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

**Hudson Yards Maintenance Reduction.** HPD will realize savings from no longer being responsible for property management services for Hudson Yards since that property is now being developed. The total savings in the OTPS budget will be phased-in starting at \$150,000 in Fiscal 2012 increasing to \$212,000 by Fiscal 2014. In addition contractual funding in this program area decreases from Adoption due to a decline in supplies and materials costs for the Hunter’s Point South and Willets Point developments in Queens.

**Performance measures**

	FY 09	FY10	FY 11	FY 11 4-Month Actual	FY 12 4-Month Actual
Number of projects in workload	N/A	1,861	1,861	1,861	1,861
Number of financial reviews completed	378	534	486	33	141
Number of buildings inspected	150	377	476	188	150

Under this program area HPD increased its oversight of properties that it has invested substantial resources on providing a greater focus on buildings with severe financial and physical distress. Specifically, the agency’s asset management staff stepped up its outreach efforts which has resulted in greater access to financial statements and other important data. This has led to an increase in the number of financial reviews being completed from 33 in the Fiscal 2011 reporting to 141 in Fiscal 2012.

## 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.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$4,854</b>	<b>\$4,474</b>	<b>\$4,434</b>	<b>\$4,384</b>	<b>(\$89)</b>
Full-Time Salaried - Civilian	4,604	4,474	4,434	4,384	(89)
Other Salaried and Unsalaries	-	-	-	-	-
Additional Gross Pay	247	0	0	0	-
Overtime - Civilian	2	-	-	-	-
Amounts to be Scheduled	-	-	-	-	-
Fringe Benefits	1	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$0	\$0	\$0	\$0	\$0
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	-	-	-	-	-
Other Services and Charges	-	-	-	-	-
Contractual Services	4,558	1,845	4,142	580	(1,265)
<b>Subtotal</b>	<b>4,558</b>	<b>1,845</b>	<b>4,142</b>	<b>580</b>	<b>(1,265)</b>
<b>TOTAL</b>	<b>\$9,412</b>	<b>\$6,319</b>	<b>\$8,577</b>	<b>\$4,965</b>	<b>(\$1,354)</b>
<b>Funding</b>					
City Funds	N/A	\$1,779	\$3,787	\$435	(\$1,344)
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	-	-	-	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	4,540	4,790	4,530	(10)
Federal - Other	N/A	-	-	-	-
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,319</b>	<b>\$8,577</b>	<b>\$4,965</b>	<b>(\$1,354)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The Anti-Abandonment program area decreases by \$1.3 million since Adoption largely due to funding reductions in the Neighborhood Preservation Consultants (NPC) Program. In particular, HPD provides 3-year contracts of approximately \$40,000 each to 21 community based organizations (CBO's) which help carry out the goals of the agency's Division of Neighborhood

Preservation. The NPC's provide early intervention and anti-abandonment services to privately-owned buildings throughout the City. This program was funded at approximately \$1.08 million in Fiscal 2012 and was reduced to \$580,000 in Fiscal 2013, a reduction of 46 percent. The funding for the program comes from federal CDBG funds and therefore will not be counted towards the agency's PEG target.

## 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>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$24,280</b>	<b>\$24,667</b>	<b>\$24,389</b>	<b>\$24,222</b>	<b>(\$445)</b>
Full-Time Salaried - Civilian	22,111	23,604	23,325	23,159	(445)
Other Salaried and Unsalariated	386	444	444	444	-
Additional Gross Pay	1,641	422	422	422	-
Overtime - Civilian	115	198	198	198	-
Amounts to be Scheduled	-	-	-	-	-
Fringe Benefits	27	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$1,825	\$1,209	\$1,518	\$1,027	(\$182)
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	278	28	41	16	(12)
Other Services and Charges	1,214	1,441	1,256	681	(760)
Contractual Services	6,597	6,649	10,145	6,203	(445)
<b>Subtotal</b>	<b>9,915</b>	<b>9,327</b>	<b>12,961</b>	<b>7,927</b>	<b>(1,399)</b>
<b>TOTAL</b>	<b>\$34,195</b>	<b>\$33,994</b>	<b>\$37,350</b>	<b>\$32,149</b>	<b>(\$1,845)</b>
<b>Funding</b>					
City Funds	N/A	\$7,525	\$7,089	\$6,436	(\$1,089)
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	-	-	-	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	26,469	30,262	25,713	(755)
Federal - Other	N/A	-	-	-	-
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>\$0</b>	<b>\$33,994</b>	<b>\$37,350</b>	<b>\$32,149</b>	<b>(\$1,845)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

**Vacancy Eliminations.** This program area will decrease by a total of \$1.8 million largely due to the elimination of nine vacant positions which will save the agency \$791,810 starting in Fiscal 2012 increasing to \$823,310 by Fiscal 2015. Most of the Code Enforcement budget is funded by Community Development Block Grant funds (CDBG) therefore the reduction of vacant City tax levy funded positions will not have an adverse programmatic impact to this program area.

**Elimination of Deutsche Bank Contract.** HPD will achieve savings by utilizing in-house staff for data entry work that is currently contracted out to Deutsche Bank. Previously Deutsche Bank was contracted to handle the account for processing Multiple Dwelling Registration Application fees. The Department of Finance (DOF) will now do this work and HPD staff will be responsible for the

administrative data entry. The contact Deutsche Bank received in the OTPS budget was approximately \$900,000. Federal CDBG funds paid for approximately \$700,000 of this total with City tax levy funds paying for the remaining balance. This funding reduction will save the City \$95,000 starting in Fiscal 2013 increasing to \$190,000 in Fiscal 2014 and the outyears and will also free up \$700,000 in CDBG funds.

## Performance measures

	FY 09	FY 10	FY 11	FY 11 4-Month Actual	FY 12 4-Month Actual
Total complaints reported	623,578	616,408	611,989	187,905	205,783
Total emergency complaints	419,271	409,354	407,772	115,312	127,568
Nonemergency complaints	204,307	207,054	204,217	72,593	78,215
Outstanding emergency complaints at end of month	10,6673	12,210	11,603	16,593	20,205
Outstanding nonemergency complaints at end of month	13,324	14,365	14,533	15,698	11,853
Average time to close emergency complaints (days)	12	12	12	12	12.6
Average time to close nonemergency complaints (days)	30	19	16.8	12	69

The total number of complaints reported to the City increased from 187,905 in Fiscal 2011 to 205,783 in Fiscal 2012 which was the highest level in five years. This overall increase came from all complaint categories such as lead paint, mold, bedbugs, and plumbing.

The average time to close a nonemergency complaint increased to 69 days in the Fiscal 2012 reporting period compared to only 12 days during Fiscal 2011. This increase was due to HPD prioritizing a total of 5,100 nonemergency complaints that were a minimum of two years old and a clean-up of complaints that were less than two years old but above the median complaint age.

## 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.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$8,255</b>	<b>\$8,684</b>	<b>\$8,684</b>	<b>\$8,740</b>	\$56
Full-Time Salaried - Civilian	7,194	7,904	7,904	7,960	56
Other Salaried and Unsalariated	600	443	443	443	-
Additional Gross Pay	431	337	337	337	-
Overtime - Civilian	28	-	-	-	-
Amounts to be Scheduled	-	-	-	-	-
Fringe Benefits	3	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$2,242	\$3,559	\$4,187	\$1,241	(\$2,318)
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	5	5	21	80	75
Other Services and Charges	4,851	1,817	3,874	1,843	26
Contractual Services	12,006	14,737	14,466	16,005	1,268
<b>Subtotal</b>	<b>19,104</b>	<b>20,118</b>	<b>22,548</b>	<b>19,169</b>	<b>(950)</b>
<b>TOTAL</b>	<b>\$27,359</b>	<b>\$28,802</b>	<b>\$31,232</b>	<b>\$27,909</b>	<b>(\$893)</b>
<b>Funding</b>					
City Funds	N/A	\$36	\$36	\$36	\$0
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	-	-	-	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	28,766	31,055	27,873	(893)
Federal - Other	N/A	-	-	-	-
Intra City	N/A	-	140	-	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$28,802</b>	<b>\$31,232</b>	<b>\$27,909</b>	<b>(\$893)</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

The overall funding for Emergency Repair decreases by \$893,000 due to a projected decline in funding in supplies and materials in the OTPS budget for the de-leading of lead-based paint hazards. The funding for de-leading comes from Community Development Block Grant funds (CDBG) and it is expected that if needed full funding will be restored mid-fiscal year.

## 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.

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$15,541</b>	<b>\$17,386</b>	<b>\$17,632</b>	<b>\$16,780</b>	<b>(\$606)</b>
Full-Time Salaried - Civilian	14,235	17,023	17,268	16,416	(606)
Other Salaried and Unsalaries	363	228	228	228	-
Additional Gross Pay	895	136	136	136	-
Overtime - Civilian	36	-	-	-	-
Amounts to be Scheduled	-	-	-	-	-
Fringe Benefits	12	-	-	-	-
<b>Other Than Personal Services</b>					
Supplies and Materials	\$125	\$131	\$117	\$207	\$76
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	-	26	26	17	(9)
Other Services and Charges	39	59	35	326	267
Contractual Services	1,117	683	743	1,525	842
<b>Subtotal</b>	<b>1,281</b>	<b>899</b>	<b>922</b>	<b>2,075</b>	<b>1,176</b>
<b>TOTAL</b>	<b>\$16,822</b>	<b>\$18,285</b>	<b>\$18,554</b>	<b>\$18,856</b>	<b>\$570</b>
<b>Funding</b>					
City Funds	N/A	\$899	\$866	\$899	\$0
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	129	129	129	-
State	N/A	-	-	-	-
Federal-Community Development	N/A	16,262	16,312	16,603	341
Federal - Other	N/A	692	944	922	230
Intra City	N/A	303	303	303	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$18,285</b>	<b>\$18,554</b>	<b>\$18,856</b>	<b>\$570</b>

\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.

### 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>	2011	2012	2012	2013	*Difference
	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
<b>Spending</b>					
<b>Personal Services Subtotal</b>	<b>\$7,410</b>	<b>\$6,917</b>	<b>\$5,731</b>	<b>\$6,593</b>	<b>(\$324)</b>
Full-Time Salaried - Civilian	\$6,911	\$6,491	\$5,304	\$6,143	(\$348)
Other Salaried and Unsalaries	45	173	173	173	-
Additional Gross Pay	444	118	118	118	-
Overtime - Civilian	10	-	-	-	-
Amounts to be Scheduled	-	135	135	135	-
Fringe Benefits	0	-	-	24	24
<b>Other Than Personal Services</b>					
Supplies and Materials	\$45	\$48	\$48	\$37	(\$11)
Fixed and Misc Charges	-	-	-	-	-
Property and Equipment	145	122	130	90	(33)
Other Services and Charges	337	5,439	2,423	5,260	(179)
Contractual Services	10,964	9,460	12,642	5,650	(3,810)
<b>Subtotal</b>	<b>11,491</b>	<b>15,070</b>	<b>15,243</b>	<b>11,037</b>	<b>(4,033)</b>
<b>TOTAL</b>	<b>\$18,901</b>	<b>\$21,987</b>	<b>\$20,974</b>	<b>\$17,630</b>	<b>(\$4,357)</b>
<b>Funding</b>					
City Funds	N/A	\$11,807	\$8,737	\$7,241	(\$4,566)
Other Categorical	N/A	-	-	-	-
Capital- IFA	N/A	115	115	115	-
State	N/A	-	664	-	-
Federal-Community Development	N/A	10,066	10,461	10,274	209
Federal - Other	N/A	-	997	-	-
Intra City	N/A	-	-	-	-
<b>TOTAL</b>	<b>N/A</b>	<b>\$21,987</b>	<b>\$20,974</b>	<b>\$17,630</b>	<b>(\$4,357)</b>

*\*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan Funding.*

**Reduction of Sidewalk Shed Installations.** Previously when the Department of Buildings (DOB) issued a façade violation HPD would respond by building a sidewalk shed. HPD will now fix the façade instead of putting up a sidewalk shed. The agency can bill the practice to its Emergency Repair Program budget which is funded primarily through its CDBG funds which allows the agency to save \$200,000 in Fiscal 2012 and \$400,000 in Fiscal 2013 and the outyears in City funds.

**OTPS Savings.** Working with Department of Information Technology and Telecommunications (DOITT) HPD will eliminate various software licenses that are no longer deemed necessary to carry out the agency's mission. Instead DOITT will provide these services which will save the agency \$107,000 in OTPS costs in Fiscal 2013 and the outyears.

**Council Funding Reductions.** Additional reductions in the Fiscal 2013 Preliminary Budget are due to the elimination of funding secured by the City Council in the Fiscal 2012 Adopted Budget in the amount of \$6.5 million for: Anti-eviction Legal Services, Community Consultant Contracts, Mortgage Foreclosure Initiative, the Housing Preservation Initiative, the Pilot Weatherization Program, and Council discretionary funds. It is expected that most of this funding will be restored for Fiscal 2013.

# Capital Program

## Capital Budget Summary

The Fiscal 2012 Executive Capital Commitment Plan includes \$1.677 billion in Fiscal 2012-2015 for the Department of Housing Preservation and Development (including City and Non-City funds). This represents less than one percent of the City’s total \$35.1 billion Preliminary Plan for Fiscal 2012-2015. The agency’s Preliminary Commitment Plan for Fiscal 2012-2015 is 8 percent less than the \$1.8 billion scheduled in the September Commitment Plan, a decrease of \$137 million.

The majority of 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 Year 2011 HPD committed \$343 million or 42 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency’s Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan. Since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has increased from \$7.35 billion to \$8.69 billion, an increase of \$1.33 billion or 24.9 percent.

## Fiscal 2012-2015 Commitment Plan: Adopted and Preliminary Budget Chart

	FY12	FY13	FY14	FY15	Total
<b>Adopted</b>					
Total Capital Plan	\$748,008	\$395,422	\$366,583	\$294,696	<b>\$1,804,709</b>
<b>Prelim</b>					
Total Capital Plan	\$626,816	\$439,015	\$350,983	\$250,964	<b>\$1,667,778</b>
<b>Change</b>					
Level	(\$121,192)	\$43,593	(\$15,600)	(\$43,732)	<b>(\$136,931)</b>
Percentage	-16.20%	11.02%	-4.26%	-14.84%	-7.59%

*Dollars in Thousands*

## Preliminary Capital Commitment Plan by Ten Year Plan Category

(All Funds in 000's)

Ten Year Plan Category	All Funds FY12-15
Asst. to Private Owners	\$297
Low-Income Housing Retention	600
Low-Income Housing Prod.	4,820
Low-Income Housing Upgrade	650
Middle-Income Housing Prod.	7,675
Mod.-Income Housing Production	5,250
Mod.-Income Housing Upgrade	1,475
Neighborhood-Based Housing Initiative	(500)
New Housing Cons.	600,862
Occupied In-Rem Rehab.	123,471
Other Housing Programs	1,074
Other Housing Support Invest.	221,346
Preservation	519,769
Special Needs Housing	180,791

## 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 the new construction units in the NHMP to units being preserved. 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 have been built by the NHMP.

Actuals		Projection			
Program	FY04-FY11	FY12	FY13	FY14	Total Housing Plan
New Construction	41,558	3,282	3,561	2,693	51,094
Preservation	82,860	11,218	11,060	8,768	113,906
<b>TOTAL HOUSING PLAN</b>	<b>124,418</b>	<b>14,500</b>	<b>14,621</b>	<b>11,461</b>	<b>165,000</b>

Source: Department of Housing Preservation and Development

### Capital Program Areas for Fiscal 2012-2016

HPD’s Fiscal 2012-2016 Preliminary Capital Plan totals \$1.943 billion which is a decrease from the \$2.1 billion in the Fiscal 2012 Adopted Plan. Approximately 75 percent of the Preliminary Plan is funded by the City while 25 percent is funded by federal Home Investment Partnership (HOME) funds. The share of City funds increased from the Fiscal 2012 Adopted plan which consisted of 69 percent City funds and 31 percent of HOME funds. The share of City funds increased in order to make up for the loss of HOME funds which was imposed by HUD and amounted to a 26 percent reduction or \$171.8 million since Adoption. Further federal reductions in the HOME program will have a significant impact to HPD’s Capital Plan as the agency expects to receive another decrease of 46 percent from this vital funding source. Since approximately 90 percent of HOME funds to the agency are dedicated to the capital budget this reduction will greatly impact the programmatic areas that heavily depend on this funding source such as preservation programs and special needs housing programs. The 46 percent reduction is not reflected in this report as the agency was notified of these reductions late into the development of the Preliminary Plan. It is likely however, that these severe cuts will be reflected in the Executive Plan.

HPD’s Fiscal 2013 Capital Plan reflects the agency’s focus on funding the preservation of affordable housing over new construction. Specifically, overall funding for new construction programs has decreased from \$423.7 million in Adoption to \$388.7 million in the Fiscal 2013 Preliminary Plan while funding for preservation programs has increased from \$382.6 million at Adoption to \$407 million in the Preliminary Plan. Funding for special needs housing decreased from \$382.9 million at Adoption to \$326.3 million in the Preliminary Plan. In total, the Capital Plan decreased slightly from \$2.1 billion since Adoption to \$1.9 billion in the Preliminary Plan. The following are the major changes in HPD’s capital plan since the Fiscal 2012 Adopted Budget.

*(In millions)*

Capital Program Areas	FY 2012 Adoption	FY 2013 Preliminary Plan	FY12-FY13 Variance
New Construction	\$423.7	\$388.7	(\$35 )
Preservation	\$382.6	\$407	\$24
Special Needs Housing	\$382.9	\$326.3	(\$57)
Other-Mayoral	\$933	\$821	(\$112)
<b>Total</b>	<b>\$2,122</b>	<b>\$1,943</b>	<b>(\$179)</b>

## 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 2013 Preliminary Plan includes \$194 million in City and Non-City funds between Fiscal 2012-2016 for these programs, a decrease of \$11 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 \$142 million, which is \$26 million less than the \$168 million from Adoption.
- **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 2012-2015 is \$14 million, which is 3 million less than what was adopted in Fiscal 2012.
- **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 2012-2016 is \$38 million, which is approximately the same amount that 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 \$137 million in City and Non-City funds for this program, which is \$20 million less than the \$157 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 \$87 million or \$16 million less for Fiscal 2012-2016 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 \$199 million in City and Non-City funds, which is \$23 million less than the \$222 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 Preliminary Plan includes \$154 million for these initiatives which is \$8 million less than the \$162 million that was allocated at adoption

- **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.

## 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 \$289 million for these programs in City and Non-City funds, which is \$32 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

\$36.7 million in City and Non-City funds which is a decrease of \$25 million from the \$61.2 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 \$54.8 million in Fiscal 2012-2016 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 \$78.3 million which is \$6 million greater than what was allocated less between Fiscal 2012-2016 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 for this initiative. The program is currently being implemented with the first two awards being closed in Fiscal 2012. In particular, a development with 48 units at 382 Lefforts Avenue in Brooklyn received \$3.6 million in HARP funds and a 117-unit building in Long Island City, Queens received \$7.6 million. There remains approximately \$9.4 million left in the initiative.
- **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 established a new dedicated budget line for the Trust Fund, although HPD had been earmarking funds to certain projects over the three previous fiscal years in anticipation that these funds would be realized in the Capital Plan. The Fiscal 2012-2016 Preliminary plan includes \$172.5 million which is the same amount as the Adopted plan.

- **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.

## Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2011 Plan</b>	<b>\$66,427</b>	<b>\$511,181</b>	<b>\$577,608</b>	<b>\$56,251</b>	<b>\$506,300</b>	<b>\$562,551</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Admin Staff Reductions	(\$161)		(\$161)	(\$792)		(\$792)
OTPS Savings	(253)		(253)	(303)		(303)
Change J51 Audit Procedures	(70)		(70)	(163)		(163)
Consolidation of Development Operations			0	(189)		(189)
Hudson Yards Reduction	(150)		(150)	(175)		(175)
PS Accrual	(839)		(839)			0
Reduce Sidewalk Shed Installations	(200)		(200)	(400)		(400)
Terminate Deutsche Bank Contract			0	(95)		(95)
TSD OTPS Savings			0	(108)		(108)
Vacancy Reductions	(792)		(792)	(802)		(802)
Window Guards Inspection	(48)		(48)	(48)		(48)
<b>TOTAL, PEGs</b>	<b>(\$2,513)</b>	<b>\$0</b>	<b>(\$2,513)</b>	<b>(\$3,076)</b>	<b>\$0</b>	<b>(\$3,076)</b>
<b>Other Adjustments</b>						
Bring up funds for Fair Housing		\$283	\$283			\$0
Citiseriv Transfer to DOITT	(28)		(28)	(67)		(67)
DORIS Grant	73		73			0
Gates Patchen Project		600	600			0
Natural Experiment Program		138	138			0
New Hull Street Project		287	287			0
Hudson Yards reallocation		6,564	6,564			0
Section 8 Postage		80	80			0
Tack back intracity funds	(195)		(195)			0
Allocate funds for NSP		393	393			0
Allocate funds for TPT		154	154			0
Reallocate AEP Funds		3,582	3,582			0
Roll of HOME Weatherization Funds		117	117			0
To schedule additional funds		1,350	1,350			0
Additional Vacancy Reductions	92		92	98		98
Admin. Reductions	2		2	155		155
Funds for Section 8		14	14			0
Bring up funds for FY12		35,473	35,473			0
Bring up funds for FY13		491	491			0
Bring up funds for Section 8		980	980			0
Change J51 Audit Procedures	7		7	38		38
Consolidation of Development Operations			0	24		24
Funding Adjustment	87		87			0

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
FY12 Roll SORP		\$67	\$67			\$0
Homelessness Prevention		798	798			0
Member Item Reallocation	9		9			0
MOU with HPD	140		140			0
Mutifamily Admin Consultant		9,680	9,680			0
NYCHA Prospect Plaza Demo		9,833	9,833			0
Rollover of FY12 funds		774	774			0
Schedule funds for NYCHA HQS		205	205			0
Section 8 IT Purchase		1,822	1,822			0
Shelter Plus Care		3,661	3,661			0
Studio City		20,000	20,000			0
To Allocate Funds		3,500	3,500			0
Allocate funds for FSS		351	351			0
Allocate funds for NSP 1		3,028	3,028			0
Allocate funds for NSP 2		14,568	14,568			0
Allocate funds for TPT		251	251			0
Bring up FY12 Stimulus Funds		900	900			0
Bring up Shelter funds		7,000	7,000			0
Reallocate Section 8 funds		76,795	76,795			0
Rollover of Stimulus Funds		2,296	2,296			0
Schedule additional funds		6	6			0
Schedule funds for SPC		621	621		745	745
HUD Lead Grant		246	246		246	246
Schedule Shelter Funds		188	188			0
Vacancy Reduction	74		74	78		78
Window Guards Transfer	48		48	48		48
<b>TOTAL, Other Adjustments</b>	<b>\$309</b>	<b>\$207,095</b>	<b>\$207,404</b>	<b>\$374</b>	<b>\$991</b>	<b>\$1,365</b>
<b>TOTAL, All Changes</b>	<b>(\$2,204)</b>	<b>\$207,095</b>	<b>\$204,890</b>	<b>(\$2,702)</b>	<b>\$991</b>	<b>(\$1,711)</b>
<b>Agency Budget as of February 2012 Plan</b>	<b>\$64,223</b>	<b>\$718,276</b>	<b>\$782,498</b>	<b>\$53,549</b>	<b>\$507,291</b>	<b>\$560,840</b>

\*Continuation from previous page

## Appendix B: Contract Budget

Category	Number	Budgeted	Pct of HPD Total	Pct of City Total
Contractual Services General	17	\$22,594,118	42%	5%
Telecommunications Maintenance	1	21,586	0%	0%
Maint & Repair of Motor Vehicle Equipment	4	54,036	0%	0%
Maint & Repair, General	63	10,568,690	19%	9%
Office Equipment Maintenance	3	169,751	0%	1%
Data Processing Equipment	2	214,514	0%	0%
Community Consultant Contracts	82	14,904,662	27%	48%
Printing Contracts			0%	0%
Costs Assoc with Financing	1	1,359	0%	0%
Security Services	3	805,000	1%	2%
Temporary Services	7	1,337,276	2%	7%
Cleaning Services	1	76,117	0%	1%
Transportation Expenditures	20	2,107,119	4%	14%
Training Programs for City Employees	5	657,437	1%	0%
Legal Services	3	379,236	1%	0%
Professional Services: Engineer & Architect	1	1	0%	0%
Professional Services: Computer Services			0%	0%
Professional Services: Other	2	324,689	1%	0%
<b>Preliminary Budget</b>	<b>215</b>	<b>\$54,215,591</b>	<b>100%</b>	<b>4%</b>

## Appendix C: Fiscal 2012 Mayor's Management Report Performance Measures

	FY 09	FY10	FY 11	Target FY 12	Target FY 13	4-Month Actual FY 11	4-Month Actual FY 12
Total starts financed under the New Housing Marketplace Plan (Units)	12,500	14,767	15,735	14,500	14,621	979	2,438
-New construction starts	4,123	3,144	4,055	3,282	3,876	386	276
-Preservation starts	8,108	11,337	11,680	10,993	10,520	593	2,162
Total completions financed or assisted under the New Housing Marketplace Plan (Units)	12,914	16,874	14,106	10,414	11,165	4,994	3,808
New construction completions	4,557	5,389	7,575	4,908	2,870	3,551	1,605
Preservation completions	8,357	11,485	6,531	5,506	8,295	1,443	2,203
Units completed for homeless individuals & families	835	620	684	-	-	286	194
Section 8 utilization rate	95%	97%	97%			97.20%	97%
Number of vouchers issued	4,818	1,456	1,821			290	408
Number of households assisted	31,643	33,453	36,259			35,754	36,255
Number of projects in workload	N/A	1,861	1,861			1,861	1,861
Number of financial reviews completed	378	534	486			33	141
Number of buildings inspected	150	377	476			188	150
Total complaints reported	623,578	616,408	611,989			187,905	205,783
Total emergency complaints	419,271	409,354	407,772			115,312	127,568
Nonemergency complaints	204,307	207,054	204,217			72,593	78,215
Average time to close emergency complaints (days)	12	12	12			12	12.6
Average time to close nonemergency complaints (days)	30	19	16.8			12	69
Total emergency violations issued	104,370	97,506	88,342			27,658	29,189
Nonemergency violations issued	428,127	398,220	374,379			135,492	142,678
Total violations removed	706,478	608,214	556,777			195,989	188,684
Emergency violations corrected by owner (%)	52%	55%	56%			N/A	N/A
Emergency violations corrected by HPD (%)	15%	15%	14%			N/A	N/A
Average cost of repair work performed by HPD (%)	\$862	\$737	\$657			N/A	N/A
Judgments and settlements corrected (\$000)	\$5,505	\$5,207	\$5,029			\$1,338	\$1,480
Total lead paint complaints	40,114	40,109	38,749			12,969	15,752
Total lead paint violations issued	31,285	26,022	21,973			7,650	8,116
Average cost of lead paint repair work performed by HPD	\$2,273	\$2,338	\$2,623			N/A	N/A

## Appendix D: 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	\$21,150	\$104	\$2,609	\$0	\$7,215	\$327	\$0	\$116	\$31,521
Administration Program	386	3,626	0	221	2,230	675	0	4,366	11,503
Development	796	11,082	0	210	0	1,522	0	0	13,610
Housing Operations - Section 8 Programs	0	0	0	8,892	21,127	313,069	0	0	343,087
Housing Operations- Emergency Housing	0	0	1,225	1,798	0	0	0	14,704	17,727
Housing Operations- Mgmt & Disposition	0	0	200	22,556	106	0	19,020	0	41,882
Preservation - Anti-Abandonment	0	0	4,384	0	0	580	0	0	4,965
Preservation - Code Enforcement	0	0	24,222	0	0	0	0	7,927	32,149
Preservation - Emergency Repair	1,404	0	7,336	0	0	0	0	19,169	27,909
Preservation - Lead Paint	830	609	15,104	237	0	676	1,279	120	18,856
Preservation - Other Agency Services	0	0	6,593	0	398	0	90	10,549	17,630
<b>Grand Total</b>	<b>\$24,565</b>	<b>\$15,421</b>	<b>\$61,675</b>	<b>\$33,914</b>	<b>\$31,075</b>	<b>\$316,849</b>	<b>\$20,389</b>	<b>\$56,952</b>	<b>\$560,839</b>