

Fiscal 2009 Preliminary Budget Hearings

❖ Committee on Housing & Buildings

March 2008

Scheduled To Testify:

- *Housing Preservation & Development (Expense)*
- *Department of Buildings (joint with Task Force on Operations & Improvement of the Department of Buildings)*
- *Housing Authority (joint with subcommittee on Public Housing)*

*Hon. Christine C. Quinn
Speaker of the Council*

*Hon. David I. Weprin, Chair
Committee on Finance*

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

*Hon. Rosie Mendez, Chair
Subcommittee on Public*

*Hon. James Oddo, Chair
Taskforce on Operations & Improvement
of the Department of Buildings*

*James Caras, Acting Director
Finance Division*

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Department of Housing Preservation and Development (806)**Agency Operations**

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.

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
City	\$83,191,127	\$83,191,127	\$64,509,669
Other Categorical	\$4,459,606	\$34,459,606	\$4,459,606
Capital IFA	\$15,552,008	\$15,552,008	\$15,595,943
State	\$2,092,932	\$2,090,255	\$1,306,726
Community Development	\$157,154,905	\$157,154,905	\$165,210,977
Federal-Other	\$256,962,351	\$321,577,247	\$256,824,751
Intra-City	\$991,793	\$1,589,473	\$991,793
Total	\$520,404,722	\$615,614,621	\$508,899,465

The decrease in funding between the Fiscal 2009 Budget and the Fiscal 2008 Current Modified Budget is primarily attributable to the fact that some Federal and Other Categorical funding are not reflected in the budget until mid-fiscal year and does not represent a decrease in funds that are actually anticipated to be available in Fiscal 2009.

The decrease in City funding in the Fiscal 2009 Budget is primarily due to funding secured by the Council in the Fiscal 2008 Adopted Budget but not included in the Agency's baseline budget for the following: Anti-eviction Legal Services, Community Consultant Contracts, Neighborhood Preservation Consultant Contracts, Anti-Predatory Lending Contracts, the Mortgage Foreclosure Initiative, and the Housing Preservation Initiative. In addition, the Fiscal 2009 budget does not include the \$2.9 million for the Family Self Sufficiency Program which was one of the recommendations from the Mayor's Commission for Economic Opportunity; this funding is expected to be put back in the Executive Budget but is currently in a holding code in the miscellaneous budget.

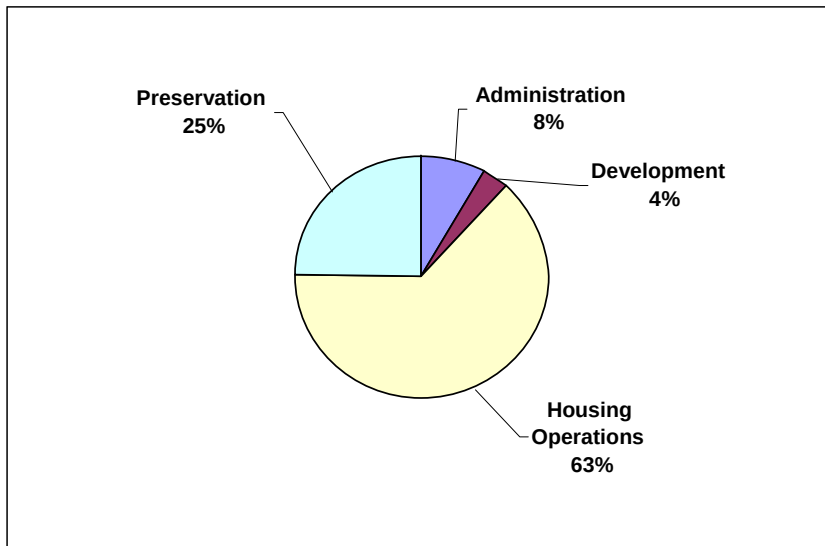
PROGRAM FUNDING OVERVIEW (\$000)

In addition to examining the agency's operations by funding source, this document will also provide information for selected programs. The table below highlights some key programs in this agency and the amount of funding dedicated to those programs.

Program	2005 Actual Spending	2006 Actual Spending	2007 Actual Spending	2008 Budget (Jan 24,2008 Financial Plan)	2009 Preliminary Budget
Administration	\$30,685	\$31,938	\$32,913	\$33,549	\$31,883
Administration - Program	\$14,040	\$10,669	\$10,012	\$14,250	\$9,989
Development	\$14,733	\$32,725	\$71,267	\$53,651	\$17,974
Housing Operations - Management and Disposition	\$67,402	\$63,473	\$53,381	\$63,481	\$57,378
Housing Operations - Section 8 Programs	\$236,368	\$288,459	\$289,748	\$300,159	\$244,367
Housing Operations- Emergency Housing	\$23,830	\$18,255	\$16,284	\$19,175	\$22,000
Preservation - Anti-Abandonment	\$8,337	\$8,759	\$10,655	\$11,826	\$8,264
Preservation - Code Enforcement	\$23,559	\$23,774	\$26,328	\$41,302	\$52,635
Preservation - Emergency Repair	\$24,072	\$25,666	\$28,397	\$29,216	\$29,818
Preservation - Lead Paint	\$17,480	\$20,362	\$21,999	\$26,302	\$20,286
Preservation - Other Agency Services	\$13,365	\$19,162	\$15,119	\$21,901	\$14,306
Total	\$473,871	\$543,242	\$576,103	\$614,812	\$508,900

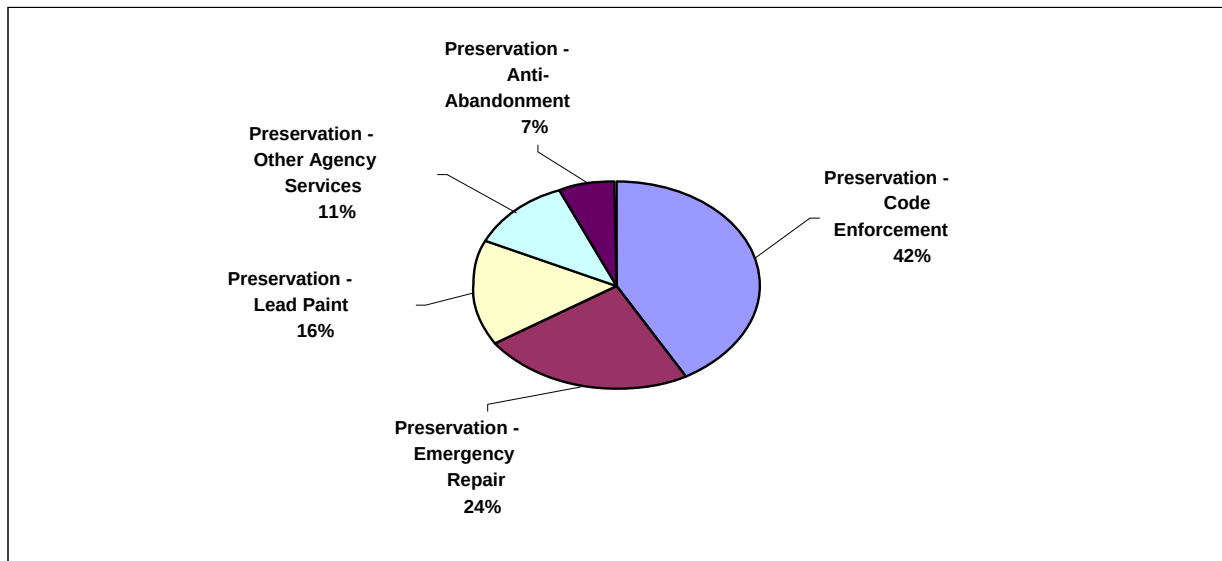
Funding for work related to the preservation of the City's private housing stock including code enforcement and emergency repairs and HPD's Section 8 program which administers approximately 25,000 vouchers are the two largest components of the agency's expense budget. Housing development and rehabilitation is funded largely through HPD's capital budget and off-budget resources such as Housing Development Corporation financing and Low Income Housing Tax Credits although the cost of administering the capital program is reflected in the expense budget.

HPD Fiscal 2009 Preliminary Budget by Program Funding



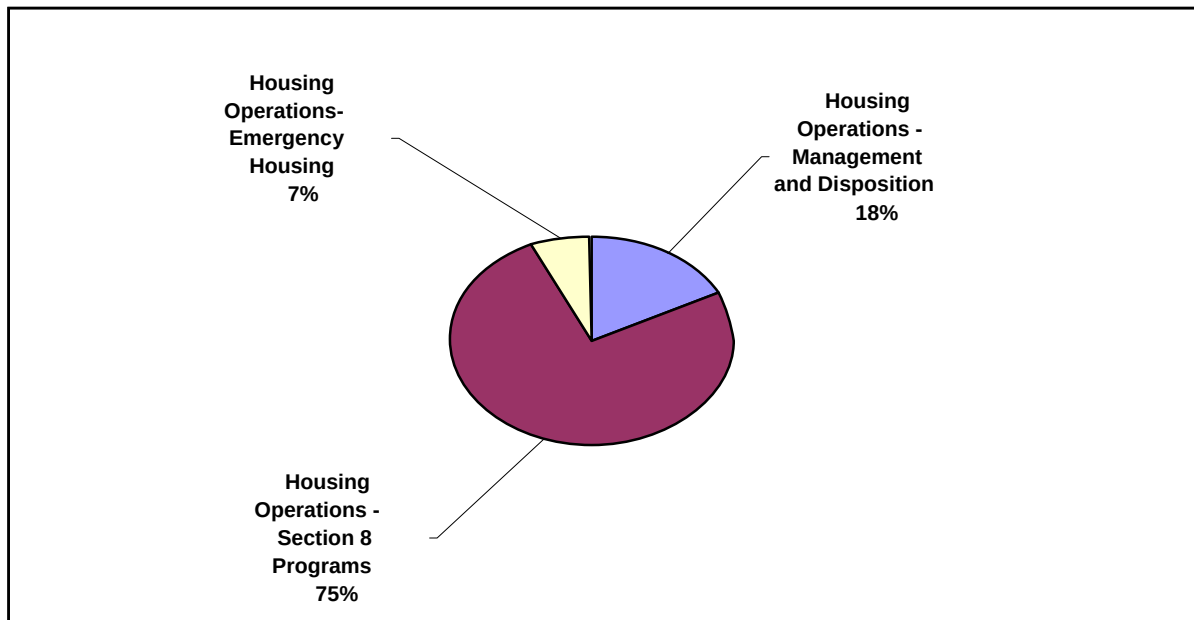
HPD Preservation Program Funding

HPD is charged with preserving the quality of the city's housing stock by enforcing the city's Housing Maintenance Code. The city's preservation initiatives focus on education, investment and enforcement in privately-owned buildings. The preservation program area includes six main programs: anti-abandonment activities, housing code enforcement, the emergency repair program, lead-based paint control, the housing litigation division, and demolition. The budget for code enforcement has increased since Fiscal 2007 in order to reflect the full implementation of the \$10 million in funding for the Alternative Enforcement Program. This new program, established by local law 29 is intended to improve conditions in buildings with the most serious physical deterioration by ensuring that emergency conditions are corrected and underlying physical conditions related to housing code violations addressed either by the owner or through HPD's emergency repair program. This program will be funded primarily through federal Community Development Block Grant funds.



HPD Housing Operations Program Funding

HPD's Office of Housing Operations is charged with the maintenance of occupied privately-owned and city-owned buildings. The Division of Property Management manages city-owned residential and commercial properties. The Division also provides emergency shelter for households displaced as a result of fire or emergency vacate orders. The Division of Alternative Management Programs is charged with returning buildings that are currently in city ownership to responsible private owners. The Division of Tenant Resources provides low income families with affordable housing through the use of Section 8 vouchers that subsidize monthly rent payments. The housing operations program area includes three main programs: management and disposition, emergency housing, and Section 8 rental assistance.



HPD Development Program Funding

Development's primary function is putting in place the pipeline for affordable housing development by identifying privately-owned sites for housing development, facilitating acquisition funding when necessary, collaborating with other agencies with land and buildings suitable for housing development and creating 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. The Fiscal 2008 modified budget includes \$30.4 million in funds from the \$130 million commitment to the Mayor's New Housing MarketPlace plan of Battery Park City (BPC) funds. This is the first tranche of this money to be reflected in the budget other than \$410,000 for personnel. It is anticipated that approximately \$30 million of the BPC funds will be modified into the Fiscal 2009 budget.

HEADCOUNT OVERVIEW

Headcount	Fiscal 2008 Adopted Budget	6/30/2008 Forecast	Fiscal 2009 Preliminary Budget
City	783	760	740
Non-City	2,092	2,092	2,085
Total	2,875	2,852	2,825

PROGRAM HEADCOUNT OVERVIEW

U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
Office of Administration	\$26,032,344	\$25,371,364	\$25,128,689
Office of Development	\$19,402,080	\$17,238,832	\$16,925,674
Office of Housing Preservation	\$67,567,332	\$67,730,456	\$66,934,025
Housing Maintenance & Sales	\$38,488,147	\$40,708,874	\$39,701,066
Total PS	\$151,489,903	\$151,049,526	\$148,689,454
Office of Administration	\$34,232,451	\$35,002,272	\$34,240,451
Office of Development	\$223,479,956	\$318,338,682	\$217,163,245
Housing Management & Sales	\$38,148,933	\$38,744,230	\$32,448,730
Office of Housing Preservation	\$73,053,479	\$72,479,911	\$76,357,585
Total OTPS	\$368,914,819	\$464,565,095	\$360,210,011
Total Agency	\$520,404,722	\$615,614,621	\$508,899,465

UNIT OF APPROPRIATIONS

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/A's represent the amount appropriated for personal services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity or institution.

Programs	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Administration	494	485
Administration – Program	95	95
Development	273	271
Housing Operations – Management and Disposition	461	461
Housing Operations – Section 8 Programs	220	220
Housing Operations – Emergency Housing	61	61
Preservation – Anti-Abandonment	103	103
Preservation – Code Enforcement	554	544
Preservation – Emergency Repair	127	127
Preservation – Lead Paint	358	357
Preservation – Other Agency Services	106	101
Total	2,852	2,825

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PRELIMINARY BUDGET ACTIONS (\$000)

Description	Fiscal 2008			Fiscal 2009		
	City	Non-City	Total	City	Non-City	Total
Adopted Plan	\$83,192	\$479,475	\$562,667	\$68,252	\$444,682	\$512,934
Other Adjustments						
BCS-HPD Water Conservation	\$178	\$0	\$178	\$0	\$0	\$0
CD Funding for the CWA Collective Bargaining Settlement	\$0	\$0	\$0	\$0	\$364	\$364
CWA Collective Bargaining	\$351	\$43	\$394	\$351	\$43	\$394
Demolition Work-HPD	\$94	\$0	\$94	\$0	\$0	\$0
Heat, Light and Power	\$2	\$0	\$2	\$0	\$0	\$0
Hotels & Shelters Adjustment		(\$383)	(\$383)		(\$766)	(\$766)
HPD Transfer to NYCAPS Central	(\$35)	\$0	(\$35)	(\$46)	\$0	(\$46)
I/C with HPD	\$250	\$0	\$250	\$0	\$0	\$0
Lease Adjustment		\$68	\$68	\$68	\$0	\$68
Property MGMT. Contract-HPD	\$76	\$0	\$76	\$0	\$0	\$0
Schedule Doris Grant FY08 Fund	\$4	\$0	\$4	\$0	\$0	\$0
To Schedule Additional Funds	\$798	\$0	\$798	\$0	\$0	\$0
To Schedule Additional Funds	\$0	\$9	\$9	\$0	\$0	\$0
To Schedule Funds for LGRMIF	\$0	\$850	\$850	\$0	\$0	\$0
To Schedule Funds for Section 8	\$0	\$49,030	\$49,030	\$0	\$0	\$0
To Schedule Funds for Section 8 p	\$0	\$150	\$150	\$0	\$0	\$0
To Schedule Funds for Section 8	\$0	\$2,360	\$2,360	\$0	\$0	\$0
Total Other Adjustments	\$1,718	\$52,128	\$53,846	\$373	(\$359)	\$14
PEG Reductions						
Hiring Freeze and Vacancy Reduction Program	(\$350)	\$0	(\$350)	(\$1,382)	\$0	(\$1,382)
Housing Fellowship Program	\$0	\$0	\$0	\$0	(\$110)	(\$110)
Multiple Dwelling Registration			\$0	(\$565)	\$0	(\$565)
Neighborhood Redevelopment Program	(\$100)	\$0	(\$100)	(\$250)	\$0	(\$250)
Property Management Reduction	\$0	\$0	\$0	(\$557)	\$0	(\$557)
Reduce AOTPS Spending	\$0	\$0	\$0	(\$350)	\$0	(\$350)
Reduce EPA Lead Training Contract	(\$17)	\$0	(\$17)	(\$68)	\$0	(\$68)
Shelters CD/TL Swap for Singles	(\$383)	\$0	(\$383)	(\$766)	\$0	(\$766)
Total PEG Reductions	(\$850)	\$0	(\$850)	(\$3,938)	(\$110)	(\$4,048)
Total Preliminary Budget Changes	\$868	\$52,128	\$52,996	(\$3,565)	(\$469)	(\$4,033)
Preliminary Budget	\$84,060	\$531,603	\$615,663	\$64,687	\$444,213	\$508,901

Preliminary Budget Action Analysis

- **CWA Collective Bargaining Increase.** Beginning in Fiscal 2008, annual funds totaling \$351,000 are being transferred from the Labor Reserve in the Miscellaneous Budget to the budget of HPD to cover the costs associated with recent collective bargaining settlements.

Program to Eliminate the Gap (PEGs)

- **Hiring Freeze and Vacancy Reduction Program.** This initiative reflects savings from the partial elimination of 30 vacancies and replacement of future attrition. Savings in Fiscal 2009 will be \$1.38 million and \$1.56 million in the outyears.
- **Neighborhood Redevelopment Program (NRP).** As one of HPD's main disposition programs, NRP conveys occupied and vacant City-owned buildings throughout the city to selected community based organizations for rehabilitation and operation as rental housing. The Mayor's Fiscal 2009 Preliminary Budget shows a saving \$250,000 for NRP due to the decline in buildings in City ownership. The NRP program will be sun setting in 2008 leaving the Tenant Interim Lease Program as HPD's only disposition program.
- **Shelters for Singles.** HPD requested and received permission from the federal government to fund this service through CDBG funding rather than city tax levy funds. This will result in a savings of \$766,000 in the Fiscal 2009 Preliminary budget.
- **Housing Fellowship Program.** This is a two-year program that exposes the participants to the inner workings of New York City government and housing policy. In the Fiscal 2009 Preliminary budget HPD will save \$110,000 in tax levy funds for 2 fellowship positions and will instead fund them with private funds.
- **Reduce AOTPS Spending.** HPD intends to reduce administrative expenses by \$350,000 in the Fiscal 2009 Preliminary budget by delaying the purchase of vehicles and the implementation of a new cost effective contract for agency wide copiers.
- **Multiple Dwelling Registration Funding Swap.** The Multiple Dwelling Registration unit helps administer the registration of HPD's affordable housing programs. HPD requested and was granted permission from the federal government to have this unit be funded through Community Development Block Grant (CDBG) funding. Therefore, in the Fiscal 2009 preliminary budget city tax levy funding in the amount of \$565,000 will be saved and replaced with CDBG funding.
- **Increased Revenue from 421a Fees.** HPD administers the 421a tax incentive program for new construction housing and collects fees from developers who participate in the program. The 2008 January Plan anticipates collecting additional 421a revenue from the new construction of multiple dwellings in the amount of \$1.6 million.
- **Increased Collections from Housing Litigation Fines.** HPD's Housing Litigation Division brings cases to court to enforce compliance, collect fines from owners who violate the housing quality standards contained in the New York State Multiple Dwelling Law and the New York City Housing Maintenance Code. HPD has recently instituted new case tracking and management system which anticipates collecting approximately 90% of the fines owed to HPD which will result in \$100,000 in additional revenue in the Fiscal 2009.

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- **Mortgage Refinancing Fee Revenue.** Homeowners who purchased a home through HPD's Partnership New Homes Program, the Nehemiah Program, the New Foundations Program, the HomeWorks or StoreWorks Program, now will be charged a new fee if they choose to refinance their mortgage. Previously HPD did not charge a fee for mortgage serving, but now will collect these fees in order to collect revenue. The fees will be approximately \$100 per homeowner and is expected to generate \$240,000 in Fiscal 2009.
- **Increased Revenue From Certificate on Non Harassment Fees.** HPD will collect additional revenue from fees charged for building owners who must obtain a Certification of No Harassment, if they convert a single room occupancy building for another use. The fees range from \$500 to \$3,500 depending on the size of the building. HPD anticipates generating \$71,000 in revenue from these in Fiscal 2009.

Department of Buildings (810)**Agency Overview**

The Department of Buildings (DOB) ensures the safe and lawful use of over 950,000 buildings and properties by enforcing the City's Building Code, Electrical Code, Zoning Resolution, New York State Labor Law and New York State Multiple Dwelling Law. The Department performs plan examinations, issues construction permits, inspects properties, licenses trades, and issues Certificates of Occupancy and Place of Assembly permits. Anyone who intends to demolish, alter, build an addition or erect a new structure must obtain a building permit from the Department to ensure that the resulting property structure complies with all applicable laws.

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
City	\$99,271,645	\$99,271,645	\$90,427,200
Other Categorical	\$0	\$0	\$0
Capital IFA	\$0	\$0	\$0
State	\$0	\$23,190	\$0
Community Development	\$0	\$0	\$0
Federal-Other	\$0	\$0	\$0
Intra-City	\$0	\$0	\$0
Total	\$99,271,645	\$99,294,835	\$90,427,200

The Fiscal 2009 Preliminary Budget for the Department is \$90.4 million, which is \$8.9 million less than the \$99.3 million in the Fiscal 2008 Current Modified Budget, a decrease of 9 percent. This decrease is the result of funding not included in the Department's baseline including funding for the private contracting for elevator inspections, information technology (IT) initial investments including Buildings Scan and Capture Application Network (B-SCAN), eFiling Phase III, and B-First, and a temporary worker contract.

Since Mayor Bloomberg's first year in office in 2002, the Department has increased its budget by \$38.6 million in response to the booming construction industry and in an effort to strengthen the Department's operations. The current Fiscal 2009 Preliminary Budget for the Department is \$90.4 million, which is 74.5 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget.

HEADCOUNT OVERVIEW

Headcount	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified Budget	Fiscal 2009 Preliminary Budget
City	1,286	1,286	1,286
Non-City	0	0	0
Total	1,286	1,286	1,286

Fiscal 2009 Preliminary Budget Report

UNIT OF APPROPRIATIONS

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The unit of appropriation ("U/A") is the most basic level of detail within an agency's operating budget. U/As are essentially the building blocks of the City's Expense Budget. It is at this level that the Council adopts the City's Expense Budget. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e., salaries, overtime, etc.) or Other Than Personal Services (i.e., supplies, contracts, etc.) for a particular program, purpose, activity or institution. What follows is the U/A structure and January 2009 Financial Plan actions for the Department of Buildings.

U/A#	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Personal Services	\$78,146,349	\$77,113,349	\$78,757,013
002	Other Than Personal Services	\$21,125,296	\$22,181,486	\$11,670,187
	Total	\$99,271,645	\$99,294,835	\$90,427,200

PRELIMINARY BUDGET ACTIONS (\$000)

Description	Fiscal 2008			Fiscal 2009		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per Adopted Plan	\$99,272		\$99,272	\$88,505		\$88,505
January Plan New Needs						
Gut Renovations Plan Review and Inspections	\$243		\$243	\$485		\$485
Low Rise Safety Inspections Programs	\$203		\$203	\$405		\$405
Pre-Qualifying Pro-Cert Program	\$136		\$136	\$273		\$273
Total New Needs	\$582		\$582	\$1,163		\$1,163
Other Adjustments						
CWA 1180 Collective Bargaining	\$760		\$760	\$760		\$760
Heat, Light and Power	(\$57)		(\$57)	\$0		\$0
Total Other Adjustments	\$703		\$703	\$760		\$760
Agency Budget as per January Plan	\$100,557		\$100,557	\$90,428		\$90,428

Preliminary Budget Action Analysis

New Needs

The January Plan contains \$582,000 in Fiscal 2008 and \$1.16 million in Fiscal 2009 in City-funded new needs for U/As 001 and 002 in the Fiscal 2009 Preliminary Budget:

- **Gut Renovations Plan Review and Inspections:** The January Plan increases the Department's budget by \$243,000 in Fiscal 2008 and \$485,000 in Fiscal 2009 and the out-years for a Gut Renovations Plan Review and Inspections unit, which will consist of 4 structural engineers and 2 associate inspectors. The unit will review the plans of gut

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renovations to ensure compliance with proper procedures and practices. The Department will also send out teams of structural engineers and inspectors to the site to ensure that the contractor does not create a dangerous condition.

- **Low Rise Safety Inspections Programs:** The January Plan increases the Department's budget by \$203,000 in Fiscal 2008 and \$405,000 in Fiscal 2009 and the out-years for a Low Rise Safety Inspections Programs, which will consist of 6 associate inspectors who will monitor new low-rise buildings and make unannounced weekly visits to ensure that site safety measures are followed.
- **Pre-Qualifying Pro-Cert Program:** The January Plan increases the Department's budget by \$136,000 in Fiscal 2008 and \$273,000 in Fiscal 2009 and the out-years for the Pre-Qualifying Pro-Cert Program, which will consist of 3 staff made up of 1 architect/professional engineer, 1 manager, and 1 paralegal. The program will help ensure that licensed professionals do not abuse the self-certification privilege.

Other Adjustments

The January Plan contains \$703,000 in Fiscal 2008 and \$760,000 in Fiscal 2009 in City-funded other adjustments in Fiscal 2009 Preliminary Budget:

- **CWA 1180 Collective Bargaining:** Beginning in Fiscal 2008, annual funds totaling \$760,000 are being transferred from the Labor Reserve in the Miscellaneous Budget to the budget of DOB to cover the costs associated with recent collective bargaining settlements with the Communications Workers of America, Local 1180.
- **Heat, Light and Power:** The January Plan removes \$57,000 from DOB's budget in Fiscal 2008 to properly reflect the costs associated with heat, light, and power.

Housing Authority

Mission Statement

The New York City Housing Authority (NYCHA) provides affordable housing for low-income City residents by managing and maintaining 345 public housing developments with 181,000 apartments, housing approximately 420,000 authorized residents. NYCHA also administers Section 8 vouchers. The Authority manages new construction and rehabilitation of public housing buildings and units and also provides social services to its residents.

Fiscal 2008 Preliminary Budget

NYCHA Expenses: The Fiscal 2008 preliminary expense budget totals \$2.8 billion, which is approximately the same amount as Fiscal 2007. The primary costs under the Personal Services component of the budget consist of the cost of full/part-time employees, overtime pay, seasonal workers, and fringe benefits in the amount of \$1.1 billion. The largest component of NYCHA's expense budget is \$821 million for Section payments to landlords who provide private housing to low-income families. Other expenses include insurance, supplies, leases, PILOT payments, equipment, debt service, and other expenses.

NYCHA Revenues: The Fiscal 2008 preliminary revenue budget totals \$2.6 billion. NYCHA's three largest sources of revenue include the following: federal operating subsidy from the Department of Housing and Urban Development (HUD), subsidies from HUD to operate the Section 8/Housing Choice Voucher Program, and rental income from NYCHA tenants. Another major revenue source which has been used in previously to close budget gaps is the transfer of capital funds to the operating budget. The Fiscal 2007 budget included the transfer of \$100 million in federal capital grant funds to the operating budget. This was above the reimbursement of the expense budget with capital funds to cover administrative costs associated with the capital program. Other revenue sources consist of interest on investments, categorical grants and other miscellaneous revenue.

NYCHA's Fiscal 2008 Deficit

In May of 2007, NYCHA's Board adopted the Fiscal 2007 Budget and Four-Year Financial Plan, which carried a Fiscal 2008 deficit of \$124 million. In January 2008, the Board adopted a Preliminary Budget for Fiscal 2008 and Four-Year Financial Plan that restated the deficit based on events of the previous six months. The projected deficit for Fiscal 2008 in the Preliminary Budget is now \$195 million. The following table summarizes adjustments increasing the deficit.

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Fiscal Year	FY 2008
Deficit as of May 2007	(\$124,032,000)
Deficit Adjustments	
Growth in Employee Benefits	(\$40,122,000)
State Subsidy	(\$3,400,000)
Section 8 Transition	(\$35,760,000)
Service Reductions	(\$30,000,000)
Total Adjustments	(\$109,282,000)
Revised Deficit for FY 2008	(\$233,314,000)
<i>Source: NYCHA FY 2008 Preliminary Operating Budget and 4-year Financial Plan</i>	

- NYCHA faces collective bargaining and pension obligations as a result of labor settlements that will result in additional costs of approximately \$40.1 million in Fiscal 2008.
- Although the State provided \$3.4 million in subsidy for NYCHA's Fiscal 2007 budget, Governor Spitzer has not included this subsidy in his Fiscal 2008-09 Preliminary Budget. The State Assembly may add this subsidy back during its negotiations with the Governor throughout the Spring.
- The Section 8 Transition program has received a preliminary approval from the Department of Housing and Urban Development (HUD). However, HUD's approval came in late 2007 and the implementation of the program will be phased-in over a three-year period. Consequently, NYCHA projects that only 1,000 units will transition into the program in Fiscal 2008 and will generate \$2.2 million and not the \$35.7 million in expected revenue.
- The projected savings from a reduction in workforce service reductions did not occur and therefore the anticipated savings of \$30 million is not currently carried in Fiscal 2008.

The following table shows implemented budget actions that total 37.9 million reducing the deficit from \$233.3 million to \$195.3 million.

Implemented Actions	FY08
Shelter Allowance	\$29,526,000
Managerial Reductions	\$6,222,000
Section 8 Transition	\$2,235,000
Total Implemented Actions	\$37,983,000
Remaining Deficit	(\$195,331,000)
<i>Source: NYCHA FY 2008 Preliminary Operating Budget and 4-year Financial Plan</i>	

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- In summer, 2007 Governor Spitzer signed the Shelter Allowance Bill into law to increase the shelter allowance provided to public housing authorities serving families on public assistance. The new law will mean a maximum of approximately \$47 million a year in additional dollars for NYCHA by 2010, when it is fully phased in. In Fiscal 2008 the revenue from shelter allowance will be \$29.5 million.
- HUD has granted preliminary approval for the Section 8 Transition program which NYCHA plans to implement over a three-year period. In total 8,400 units in City and State developments that currently do not receive direct subsidies from the federal government will be subsidized through the use of Section 8 vouchers. NYCHA intends to begin with 1,000 units in Fiscal 2008 for \$2.2 million.
- In the fall of 2007, NYCHA eliminated 73 managerial positions resulting in a savings of \$6.2 million.

Department of Housing Preservation and Development

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

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending by Program					
Administration	\$30,684,965	\$31,938,020	\$32,913,062	\$33,549,051	\$31,882,880
Administration - Program	\$14,040,220	\$10,668,569	\$10,012,455	\$14,249,951	\$9,988,630
Development	\$14,733,333	\$32,724,782	\$71,267,291	\$53,650,610	\$17,974,331
Housing Operations - Management and Disposition	\$67,402,449	\$63,472,905	\$53,381,244	\$63,481,012	\$57,377,512
Housing Operations - Section 8 Programs	\$236,368,321	\$288,458,544	\$289,747,912	\$300,158,931	\$244,366,919
Housing Operations- Emergency Housing	\$23,830,439	\$18,254,648	\$16,283,801	\$19,174,589	\$22,000,286
Preservation - Anti-Abandonment	\$8,337,195	\$8,758,641	\$10,655,308	\$11,825,622	\$8,264,204
Preservation - Code Enforcement	\$23,559,350	\$23,774,010	\$26,327,580	\$41,302,126	\$52,634,540
Preservation - Emergency Repair	\$24,071,869	\$25,665,878	\$28,396,972	\$29,216,443	\$29,818,329
Preservation - Lead Paint	\$17,479,620	\$20,361,652	\$21,999,356	\$26,302,073	\$20,285,776
Preservation - Other Agency Services	\$13,364,820	\$19,162,341	\$15,119,150	\$21,901,006	\$14,306,058
Total	\$473,872,579	\$543,239,990	\$576,104,130	\$614,811,414	\$508,899,465
Funding					
Capital- IFA	NA	NA	NA	\$15,595,317	\$15,595,943
City Funds	NA	NA	NA	\$82,659,758	\$64,509,669
Federal - Community Development	NA	NA	NA	\$157,222,861	\$165,210,977
Federal - Other	NA	NA	NA	\$321,577,247	\$256,824,751
Intra City	NA	NA	NA	\$1,589,473	\$991,793
Other Categorical	NA	NA	NA	\$34,459,606	\$4,459,606
State	NA	NA	NA	\$1,707,152	\$1,306,726
Total	NA	NA	NA	\$614,811,414	\$508,899,465
Full-Time Positions	2,582	2,593	2,599	2,852	2,825

Note: "NA" means that data is not available

Administration

The HPD Administration program area encompasses a wide range of activities, including the support services necessary to run a major agency such as human resources and the budget office, funding pass-throughs for the New York City Housing Authority (NYCHA) and City Council initiatives, and administration of the Senior Citizen Rent Increase Exemption for households living in subsidized housing.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$22,874,437	\$25,732,258	\$26,472,901	\$25,996,881	\$25,083,231
Other than Personal Services	\$7,810,528	\$6,205,762	\$6,440,161	\$7,552,170	\$6,799,649
Total	\$30,684,965	\$31,938,020	\$32,913,062	\$33,549,051	\$31,882,880
Funding					
Capital- IFA	NA	NA	NA	\$1,253,171	\$1,253,797
City Funds	NA	NA	NA	\$24,076,783	\$22,379,048
Federal - Community Development	NA	NA	NA	\$6,163,697	\$6,211,958
Federal - Other	NA	NA	NA	\$1,973,793	\$1,973,793
Intra City	NA	NA	NA	\$64,284	\$64,284
State	NA	NA	NA	\$17,323	\$0
Total	NA	NA	NA	\$33,549,051	\$31,882,880
Full-Time Positions	404	423	432	494	485

Note: "NA" means that data is not available

Administration - Program

Unlike Administration which encompasses support services, this program includes administrative functions that are directly related to the Department's programs.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$5,822,636	\$4,410,954	\$4,523,248	\$5,545,877	\$5,545,877
Other than Personal Services	\$8,217,584	\$6,257,614	\$5,489,207	\$8,704,074	\$4,442,753
Total	\$14,040,220	\$10,668,569	\$10,012,455	\$14,249,951	\$9,988,630
Funding					
City Funds	NA	NA	NA	\$6,087,636	\$5,447,636
Federal - Community Development	NA	NA	NA	\$5,874,465	\$3,220,465
Federal - Other	NA	NA	NA	\$1,626,543	\$828,438
Intra City	NA	NA	NA	\$661,307	\$492,091
Total	NA	NA	NA	\$14,249,951	\$9,988,630
Full-Time Positions	88	81	87	95	95

Note: "NA" means that data is not available

Development

Development's primary function is building the pipeline for affordable housing development by identifying privately-owned sites and assemblages for housing development, arranging for acquisition funding when necessary, collaborating with other agencies with land and buildings suitable for housing development and creating 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. As a result, development accounts for only 3 percent of HPD's expense budget spending. There are four programs within the development program area: housing finance, homeownership, special needs housing, and planning.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$8,671,723	\$10,784,604	\$12,321,350	\$15,737,570	\$15,255,291
Other than Personal Services	\$6,061,610	\$21,940,178	\$58,945,940	\$37,913,040	\$2,719,040
Total	\$14,733,333	\$32,724,782	\$71,267,291	\$53,650,610	\$17,974,331
Funding					
Capital- IFA	NA	NA	NA	\$2,413,471	\$2,413,471
City Funds	NA	NA	NA	\$7,297,044	\$7,100,555
Federal - Community Development	NA	NA	NA	\$3,439,406	\$3,153,616
Federal - Other	NA	NA	NA	\$10,091,083	\$4,897,083
Other Categorical	NA	NA	NA	\$30,409,606	\$409,606
Total	NA	NA	NA	\$53,650,610	\$17,974,331
Full-Time Positions	192	206	200	273	271

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
New construction completions- HPD and HDC	Output	3,342	3,550	3,982	3,407	4,440	4,815	5,302	2,018
New construction starts- HPD and HDC	Output	NA	6,964	6,562	6,354	5,279	5,225	8,568	1,055
Total completions financed or assisted under the New Housing Marketplace Plan (units)	Output	9,142	15,173	12,851	13,190	13,714	15,550	12,683	2,491
Total starts financed or assisted under the New Housing Marketplace Plan (units)	Output	15,711	18,340	15,099	17,393	17,055	18,465	16,944	2,551

Note: "NA" means that data is not available

Housing Operations - Management and 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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$27,647,518	\$25,901,030	\$25,682,972	\$27,019,283	\$26,403,058
Other than Personal Services	\$39,754,931	\$37,571,875	\$27,698,272	\$36,461,729	\$30,974,454
Total	\$67,402,449	\$63,472,905	\$53,381,244	\$63,481,012	\$57,377,512
Funding					
Capital- IFA	NA	NA	NA	\$11,396,850	\$11,396,850
City Funds	NA	NA	NA	\$12,369,171	\$8,229,005
Federal - Community Development	NA	NA	NA	\$32,690,870	\$30,727,536
Federal - Other	NA	NA	NA	\$2,974,121	\$2,974,121
Other Categorical	NA	NA	NA	\$4,050,000	\$4,050,000
Total	NA	NA	NA	\$63,481,012	\$57,377,512
Full-Time Positions	496	464	442	461	461

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Units sold	Output	1,667	1,855	1,645	1,483	797	763	958	30

Note: "NA" means that data is not available

Housing Operations - Section 8 Programs

HPD administers federal rental assistance for over 25,000 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's Section 8 program is substantially smaller than that operated by the New York City Housing Authority. 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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$7,036,220	\$7,718,597	\$8,589,841	\$8,638,453	\$8,693,453
Other than Personal Services	\$229,332,101	\$280,739,947	\$281,158,071	\$291,520,478	\$235,673,466
Total	\$236,368,321	\$288,458,544	\$289,747,912	\$300,158,931	\$244,366,919
Funding					
City Funds	NA	NA	NA	\$3,176,649	\$265,809
Federal - Other	NA	NA	NA	\$296,982,282	\$244,101,110
Total	NA	NA	NA	\$300,158,931	\$244,366,919
Full-Time Positions	193	205	219	220	220

Note: "NA" means that data is not available

Housing Operations- Emergency Housing

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

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$2,501,560	\$3,100,255	\$3,236,483	\$3,387,810	\$3,387,810
Other than Personal Services	\$21,328,879	\$15,154,393	\$13,047,318	\$15,786,779	\$18,612,476
Total	\$23,830,439	\$18,254,648	\$16,283,801	\$19,174,589	\$22,000,286
Funding					
City Funds	NA	NA	NA	\$2,890,306	\$5,020,110
Federal - Community Development	NA	NA	NA	\$12,722,026	\$13,801,022
Federal - Other	NA	NA	NA	\$1,826,406	\$1,826,406
Intra City	NA	NA	NA	\$46,018	\$46,018
State	NA	NA	NA	\$1,689,833	\$1,306,730
Total	NA	NA	NA	\$19,174,589	\$22,000,286
Full-Time Positions	65	65	74	61	61

Note: "NA" means that data is not available

Preservation - Anti-Abandonment

HPD's anti-abandonment initiatives are intended to address the City's at-risk housing stock. In particular, 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. An example of an anti-abandonment program are the Neighborhood Preservation Consultants, in which nonprofit organizations contracted with HPD provide early intervention, preservation and anti-abandonment services throughout the five boroughs. The NPCs also assist HPD in identifying and assessing at-risk buildings.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$5,013,508	\$5,125,838	\$5,712,798	\$5,726,235	\$5,759,296
Other than Personal Services	\$3,323,687	\$3,632,803	\$4,942,510	\$6,099,387	\$2,504,908
Total	\$8,337,195	\$8,758,641	\$10,655,308	\$11,825,622	\$8,264,204
Funding					
City Funds	NA	NA	NA	\$3,976,011	\$443,300
Federal - Community Development	NA	NA	NA	\$7,671,147	\$7,820,904
Intra City	NA	NA	NA	\$178,464	\$0
Total	NA	NA	NA	\$11,825,622	\$8,264,204
Full-Time Positions	100	107	110	103	103

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Properties assessed and determined to be at risk of abandonment	Demand	NA	1,777	NA	1,851	NA	1,353	NA	NA
At-risk properties with treatment commenced (%)	Service Quality	NA	NA	NA	NA	NA	58%	NA	NA

Note: "NA" means that data is not available

Preservation - Code Enforcement

HPD is responsible for enforcing the New York City Housing Maintenance 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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$20,591,276	\$20,971,485	\$22,502,137	\$27,734,340	\$27,717,435
Other than Personal Services	\$2,968,075	\$2,802,525	\$3,825,443	\$13,567,786	\$24,917,105
Total	\$23,559,350	\$23,774,010	\$26,327,580	\$41,302,126	\$52,634,540
Funding					
City Funds	NA	NA	NA	\$11,537,391	\$10,142,852
Federal - Community Development	NA	NA	NA	\$29,764,735	\$42,491,688
Total	NA	NA	NA	\$41,302,126	\$52,634,540
Full-Time Positions	431	436	425	554	544

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Total complaints reported	Demand	NA	582,567	NA	627,928	NA	632,064	NA	184,228
Total emergency complaints	Demand	NA	414,847	NA	404,879	NA	412,483	NA	111,967
Total violations issued	Output	NA	482,674	NA	582,038	NA	521,547	NA	166,084
Average time to respond to an emergency complaint (hours)	Service Quality	NA	10.9	NA	11.0	NA	15.8	NA	10.1

Note: "NA" means that data is not available

Preservation - Emergency Repair

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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$7,621,391	\$6,482,712	\$6,567,469	\$6,915,867	\$6,968,985
Other than Personal Services	\$16,450,477	\$19,183,165	\$21,829,502	\$22,300,576	\$22,849,344
Total	\$24,071,869	\$25,665,878	\$28,396,972	\$29,216,443	\$29,818,329
Funding					
City Funds	NA	NA	NA	\$110,357	\$87,357
Federal - Community Development	NA	NA	NA	\$28,856,086	\$29,730,972
Intra City	NA	NA	NA	\$250,000	\$0
Total	NA	NA	NA	\$29,216,443	\$29,818,329
Full-Time Positions	134	120	129	127	127

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Emergency violations corrected by HPD (%)	Output	NA	19.0%	NA	17.0%	NA	16.0%	NA	NA
Average cost of repair work performed by HPD (\$)	Unit Cost	NA	\$886	NA	\$966	NA	\$767	NA	NA

Note: "NA" means that data is not available

Preservation - Lead Paint

HPD helps ensure that developers and property owners comply with the City's Lead Paint law, which concerns the prevention of childhood lead poisoning through the remediation of lead paint hazards in housing and day care facilities.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$15,490,959	\$17,527,386	\$17,984,173	\$17,825,663	\$17,791,993
Other than Personal Services	\$1,988,661	\$2,834,266	\$4,015,183	\$8,476,410	\$2,493,783
Total	\$17,479,620	\$20,361,652	\$21,999,356	\$26,302,073	\$20,285,776
Funding					
Capital- IFA	NA	NA	NA	\$129,247	\$129,247
City Funds	NA	NA	NA	\$1,768,554	\$1,867,554
Federal - Community Development	NA	NA	NA	\$17,911,853	\$17,675,775
Federal - Other	NA	NA	NA	\$6,103,019	\$223,800
Intra City	NA	NA	NA	\$389,400	\$389,400
Total	NA	NA	NA	\$26,302,073	\$20,285,776
Full-Time Positions	379	382	368	358	357

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Total lead paint complaints	Demand	NA	41,776	NA	47,720	NA	46,033	NA	15,461
Total lead paint violations issued	Output	NA	35,729	NA	44,859	NA	33,605	NA	10,750
Average cost of lead paint repair work performed by HPD (\$)	Unit Cost	NA	\$1,934	NA	\$1,575	NA	\$2,111	NA	NA

Note: "NA" means that data is not available

Preservation - Other Agency Services

This includes other Preservation programs.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Spending					
Personal Services	\$5,617,879	\$5,085,510	\$5,764,761	\$6,531,256	\$6,083,025
Other than Personal Services	\$7,746,941	\$14,076,831	\$9,354,389	\$15,369,750	\$8,223,033
Total	\$13,364,820	\$19,162,341	\$15,119,150	\$21,901,006	\$14,306,058
Funding					
Capital- IFA	NA	NA	NA	\$402,578	\$402,578
City Funds	NA	NA	NA	\$9,369,856	\$3,526,443
Federal - Community Development	NA	NA	NA	\$12,128,576	\$10,377,041
State	NA	NA	NA	(\$4)	(\$4)
Total	NA	NA	NA	\$21,901,006	\$14,306,058
Full-Time Positions	100	104	113	106	101

Performance Measures

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Preservation completions- HPD and HDC	Output	NA	11,623	8,869	9,783	9,274	10,735	7,381	473
Preservation starts- HPD and HDC	Output	NA	11,288	8,262	10,905	11,551	12,970	8,051	1,400

Note: "NA" means that data is not available