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

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

Hon. David I. Weprin, Chair
Committee on Finance

Hon. Rosie Mendez, Chair
Subcommittee on Public

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.

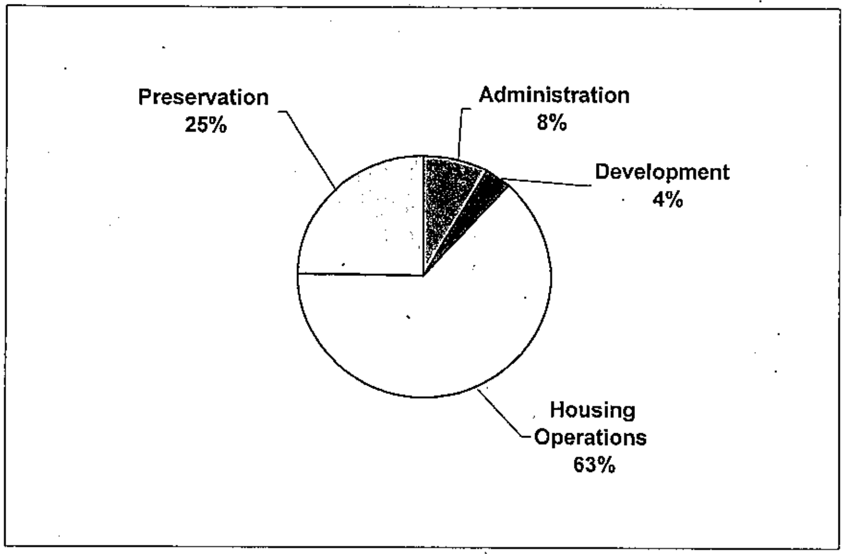
PROGRAM FUNDING OVERVIEW ($000)

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

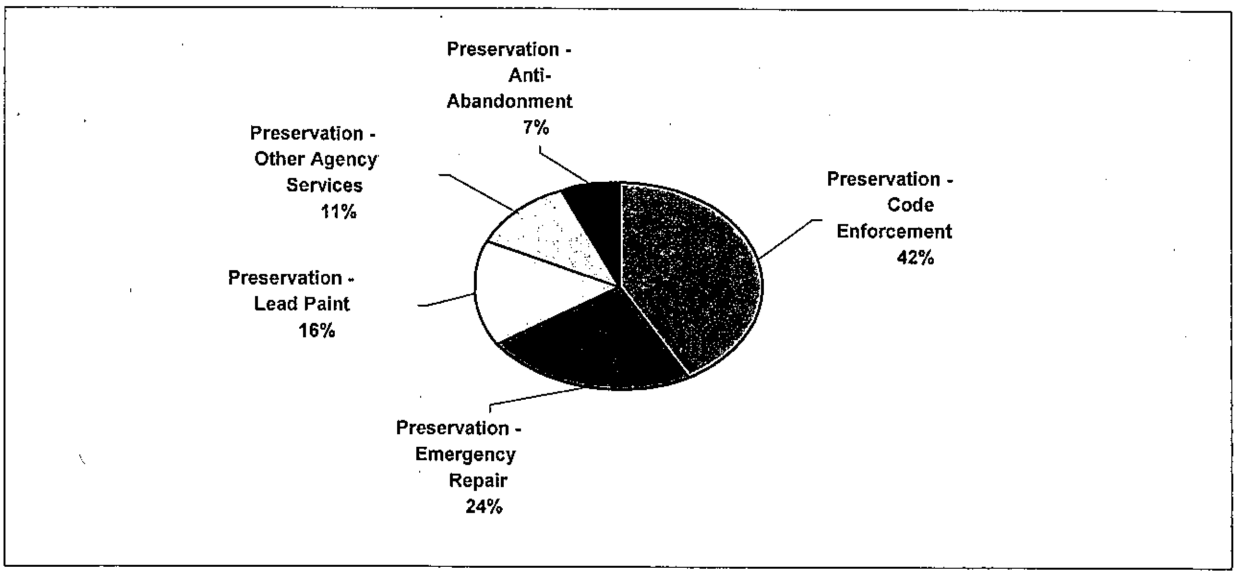
Funding for work related to the preservation of the City's private housing stock including code enforcement and emergency repairs and HPD's Section 8 program which administers approximately 25,000 vouchers are the two largest components of the agency's expense budget. Housing development and rehabilitation 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



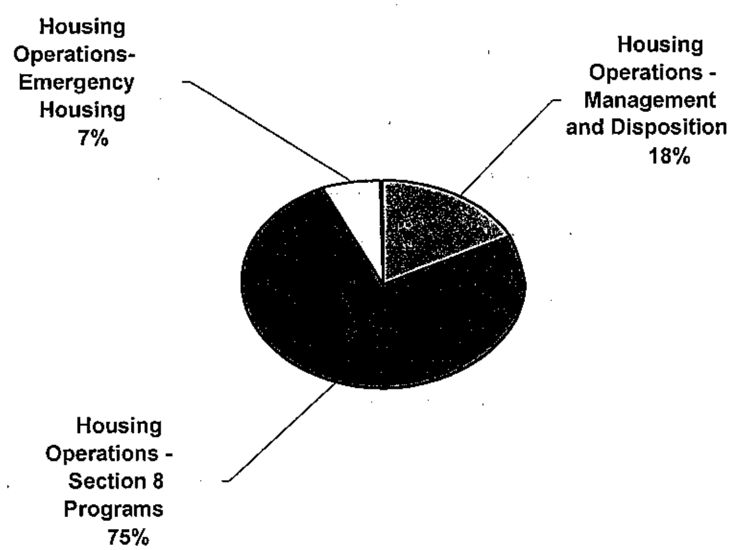
HPD Preservation Program Funding

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 tranch 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

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.

- **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

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 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.

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)
Source: NYCHA FY 2008 Preliminary Operating Budget and 4-year Financial Plan	

- 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)**
Source: NYCHA FY 2008 Preliminary Operating Budget and 4-year Financial Plan	

- 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 by $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 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

Fiscal 2009
Preliminary Budget Hearings

Department of Housing Preservation and Development (Capital)

March 2008

Hon. Christine C. Quinn
Speaker of the Council

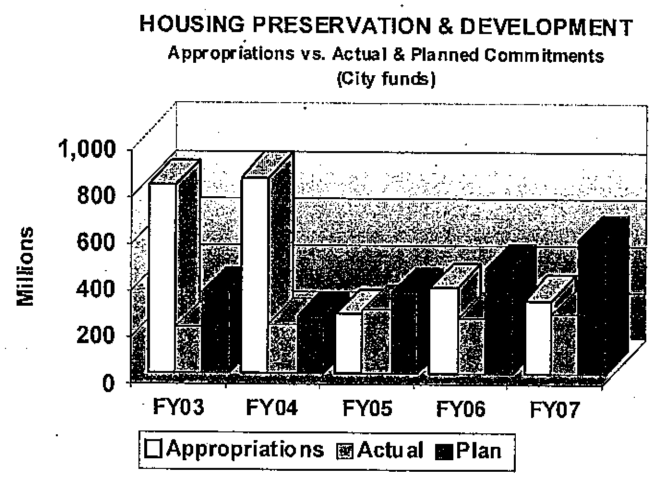
Hon. David I. Weprin, Chair
Committee on Finance

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

James Caras, Acting Director
Finance Division

Agency Overview

The Department of Housing Preservation and Development (HPD) preserves, upgrades, and assists in the expansion of the City's affordable housing stock. Its primary goals are: to spur the preservation and development of affordable housing through direct investment, the provision of loans, and/or other financial assistance; to maximize neighborhood ownership and management of housing by generating local participation in disposition and development programs; and to enforce compliance with housing quality standards.



In its efforts to accomplish these goals, HPD implements a wide array of programs and initiatives, which in terms of its capital program generally fall into five categories. Assistance to private owners is provided through such programs as the Participation Loan Program, the Article 8A Loan Program, and the Small Homes Private Loan Program. A related, but distinct, housing preservation initiative is the Third Party Transfer Program where tax delinquent distressed properties are conveyed directly to new private owners and HPD provides low-interest rehabilitation loans. Rehabilitation and disposition of the City owned in-rem stock is accomplished primarily through the Tenant Interim Lease Program, the Neighborhood Entrepreneurs Program, and the Neighborhood Redevelopment Program. The construction of new housing as well as retail and commercial development is achieved through the Partnership Housing Program, the Nehemiah Program, the Anchor program, and large scale neighborhood initiatives. Finally, HPD assists in the development of housing for homeless families, supportive housing for homeless adults, the homeless mentally ill, and people suffering from AIDS through the Permanent Housing for Homeless Families, the Supportive Housing Loan Program, and the New York/New York III program.

Current Budget Summary

The January 2008 Capital Commitment Plan includes $2.2 billion in Fiscals 2008-2011 for the Department of Housing Preservation and Development (including City and Non-City funds). This represents 4 percent of the City's total $52.5 billion January Plan for Fiscals 2008-2011. The agency's January Commitment Plan for Fiscals 2008-2011 is 2.7 percent less than the $2.2 billon in the September Commitment Plan, a decrease of $60 million.

Over the past five years, HPD has committed an average of 59.9 percent of its annual city funded capital plan. Therefore it is assumed that a portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 increasing the size of the Fiscal 2009-2012 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2008 has decreased from $785.8 million to $775.7 million, a decrease of $10 million or approximately 1 percent.

Currently HPD's appropriations total $1.18 billion in city-funds for Fiscal 2008. These funds are to be used to finance HPD's $739.6 million city-funded capital commitment program. The agency has over 59 percent more funding it needs to meet its capital commitment program for the current fiscal year.

The Housing Preservation & Development's capital commitments for the last five years are shown below:

FIVE YEAR HISTORY - CAPITAL BUDGET ($ in millions)	FY03	FY04	FY05	FY06	FY07
CITY	203	214	275	260	237
NON-CITY	110	68	148	118	80.9
TOTAL	313	282	423	378	318

The Adopted Four-Year Capital Plan is shown below:

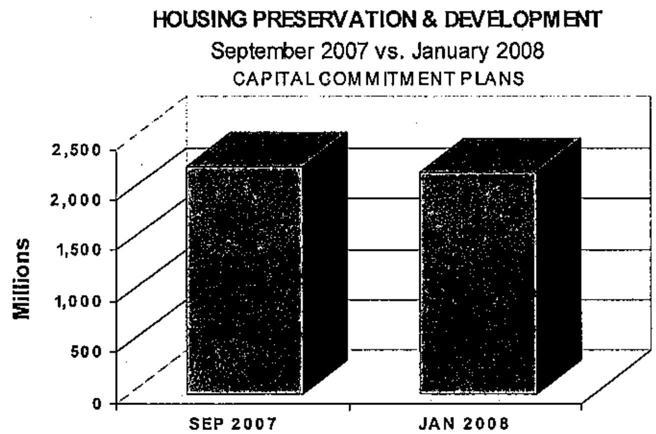
ADOPTED CAPITAL BUDGET – SEPTEMBER 2007 ($ in millions)	FY08	FY09	FY10	FY11	FY's 08-11
CITY	785.8	342.4	281.8	331.7	1,741.8
NON-CITY	202.4	100.8	100.8	95.8	499.8
TOTAL	988.2	443.2	382.6	427.5	2,241

The Preliminary Four-Year Capital Plan is shown below:

PRELIMINARY CAPITAL PLAN – JANUARY 2008 ($ in millions)	FY08	FY09	FY10	FY11	FY's 08-11
CITY	775.7	323.2	257.6	320.8	1,677.3
NON-CITY	206.3	100.8	100.8	95.8	503.7
TOTAL	982.0	424.0	358.4	416.6	2,181.0

PRELIMINARY BUDGET ISSUES:

Overview: HPD's Capital Commitment Plan should be assessed in the context of the Mayor's "New Marketplace" housing initiative which is a $7.5 billion plan to create and preserve more than 165,000 homes citywide between Fiscal 2004 and Fiscal 2013. Funding for the plan comes from City capital funds, New York City Housing Development Corporation (HDC) reserves, Federal Home funds, Federal Community Development Block Grant funds (which appear in the City's expense budget), and off-budget Low Income Housing Tax Credit dollars.



Update on New Marketplace Plan

The New York City Independent Budget Office (IBO) recently released a report updating the progress achieved by the plan to date. The IBO report concluded that the City has financed 64,400 units or 39% of the overall goal of 165,000 units under the Plan. Of the 64,400 units funded thus far in the Plan, approximately 40,000 have been for preservation and 24,000 are for new construction.

	New Construction Units	Preservation Units	Total Units
Funded Units	24,000	40,000	64,000
Remaining units to be funded in the Plan by 2013	67,000	34,000	101,000
Total	**91,000**	**74,000**	**165,000**
Source: Independent Budget Office.			

Approximately $2.5 billion or nearly one-third of the total $7.5 billion in financing for the Plan has been spent thus far. The following chart summarizes the fund sources and spending through 2007 for the Plan.

Funding Sources	Funding spent from 2004-07	Funding Plan from 2004-13
City Capital Budget	$1.2 billion	$4.5 billion
City Expense Budget	$521 million	$1.2 billion
Citywide Affordable Housing Fund	$0	$50 million
Housing Development Corporation	$493 million	$548 million
Non-City Sources	$213 million	$1.1 billion
Total	**$2.5 billion**	**$7.5 billion**
Sources: Independent Budget Office		

Capital Commitment Plan: The January 2008 Capital Commitment Plan reflects increases and re-allocations in funding as anticipated to be necessary to achieve the production targets in the Mayor's plan and to provide subsidies for selected programs to increase affordability. Some of the programs with the highest level of planned commitments are summarized below.

Middle Income Housing Development at Queens West in long Island City: The January Plan includes funding for a mixed-use, middle-income housing development in Long Island City, Queens. This new project will consist of approximately 5,000 units of housing designed to be affordable to families earning from $60,000 to $145,000 for a family of four. 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, which is approximately $46 million. The budget for this project is $182 million in Fiscal 2009.

Tenant Interim Lease Program: Under this program, HPD provides assistance and training to organized tenant associations in occupied City-owned buildings of three or more dwelling units to develop economically self-sufficient, low-income tenant-owned cooperatives. Tenant associations enter into a lease with the City to maintain and manage the buildings; HPD funds the buildings rehabilitation while under City ownership. The January Plan includes $36 million in Fiscal 2009 for this program.

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 January Plan includes $54.6 million in Fiscal 2009 for this program.

Article 8A Loan Program: This program provides rehabilitation loans to correct substandard or unsanitary conditions and to prolong the useful life of multiple dwellings in New York City. The January Plan includes $20.6 million in Fiscal 2009 for this program.

Multifamily New Construction: Under this budget line, HPD funds its various initiatives to construct multifamily new construction such as the Cornerstone Program and the Mixed Income Rental Program. The January Plan includes $31.1 million in Fiscal 2009 for these programs.

NYCHA Program: Under this program, HPD works jointly with NYCHA to develop affordable units on NYCHA property or City-owned land that is currently vacant or underutilized and is eligible for disposition. HPD is the lead agency in facilitating the development process by preparing and issuing Requests for Proposals, reviewing the qualifications of applicants and working with developers through the development process. The January Plan includes funding for this program in Fiscal 2009 in the amount of $26.4 million.

HUD Multi-Family Program: This program addresses the needs of HUD multifamily projects that face foreclosure proceedings because many of these properties have fallen into disrepair due to neglectful owners. In lieu of foreclosure, HUD, HPD, and HDC work jointly together to find suitable management teams to improve the physical and financial conditions of the buildings. The January Plan includes funding for this program in Fiscal 2008 in the amount of $17.7 million and $3.75 million in both Fiscal 2009 and Fiscal 2010.

Fiscal 2009
Preliminary Budget Hearings

Housing Authority (Capital)

March 2008

Hon. Christine C. Quinn
Speaker of the Council

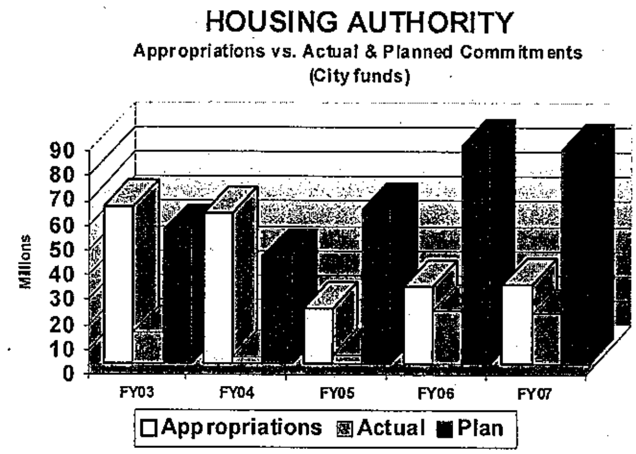
Hon. David I. Weprin, Chair
Committee on Finance

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

James Caras, Acting Director
Finance Division

Agency Overview

The mandate of the New York City Housing Authority (NYCHA) is to provide affordable housing for low-income New Yorkers. The Authority owns and operates 345 developments with 181,000 apartments; housing approximately 420,000 authorized tenants throughout the city. The Housing Authority also operates a Leased Housing Program (Section 8) within the private housing market. In addition, the Authority maintains and runs ancillary services such as day-care centers and playgrounds, child health stations and senior centers.



Current Budget Summary

The majority of the New York City Housing Authority's capital program is financed through grants from the federal government through the U.S. Department of Housing and Urban Development (HUD). NYCHA's 2007 to 2011 Capital Plan totaled $1.7 billion. Of the $655 million for 2007, $235 million was from the Federal Public Housing Capital Fund, while $400 million was budgeted as a result of NYCHA's participation in HUD's Capital Fund Financing Program (CFFP). This $400 million in CFFP financing was a part of Mayor Bloomberg 2005 announcement that NYCHA would dedicate a portion of its federal capital grant to cover debt service costs on a $700 million bond issue ($300 million in Fiscal 2005 and $400 million in Fiscal 2007) to fund capital repairs. After 2007, NYCHA's capital budget as of the Authority's May 2007 plan is approximately $266 million annually.

The January 2008 Capital Commitment Plan includes $225.5 million in Fiscals 2008-2011 for NYCHA, which represents only City funds since NYCHA's federal capital grant is not carried in the City's budget. This $225.5 million is less than 1 percent of the City's total $52.5 billion January Plan for Fiscals 2008-2011.

Over the past five years NYCHA has only committed an average of 18 percent of its annual City capital plan. Therefore it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009 increasing the size of the Fiscal 2009-2012 capital plan. Currently NYCHA's appropriations total $115 million in city-funds for Fiscal 2008. These funds are to be used to finance the Authority's $104.2 million city-funded capital commitment program for the current fiscal year. The agency has approximately 3.5 percent more city funding than it needs to meet its capital commitment program for the current fiscal year.

The Housing Authority's capital commitments for the last five years are shown below:

FIVE YEAR HISTORY - CAPITAL BUDGET ($ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	13	3	4	21	19
NON-CITY	0	0	0	0	0
TOTAL	13	3	4	21	19

The Adopted Four-Year Capital Plan is shown below:

ADOPTED CAPITAL BUDGET – SEPTEMBER 2007 ($ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	111.1	34.4	33.5	46.4	225.4
NON-CITY	0	0	0	0	0
TOTAL	111.1	34.4	33.5	46.4	225.4

The Preliminary Four-Year Capital Plan is shown below:

PRELIMINARY CAPITAL PLAN – JANUARY 2008 ($ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	111.1	34.4	33.5	46.4	225.4
NON-CITY	0	0	0	0	0
TOTAL	111.1	34.4	33.5	46.4	225.4

CITY COUNCIL HEARING – PRELIMINARY BUDGET
MARCH 4, 2008
REMARKS BY PATRICIA J. LANCASTER, FAIA
Commissioner, Department of Buildings

Good afternoon, Chairs Weprin, Dilan and Oddo and members of the Finance and Housing and Buildings Committees. I am Patricia Lancaster, Commissioner of the New York City Department of Buildings, and I am joined today by First Deputy Commissioner for Operations Robert LiMandri and Deputy Commissioner of Technology and Analysis Marilyn King-Festa as well as other members of my Senior Staff.

In the past year we have embarked upon an unprecedented partnership with the Council, where the Department has seen numerous pieces of legislation passed and signed into law by the Mayor. This legislation has given the Department the additional tools it needed to deal with those who continue to flout the rules, regulations and laws contained in the Building Code and Zoning Resolution. I thank you for your continued support in these endeavors.

These new laws will assist us in our core missions: public safety, compliant development, and enforcement of the Building Code and the Zoning Resolution. The Department now has the authority to discipline professionals who submit improper building plans and to bar those who file fraudulent plans from the Department. You have given us authority to issue violations (with meaningful penalties) to contractors who violate Stop Work Orders. We've battled dishonest professionals who file fraudulent documents, including a joint investigation with DOI that led to the arrest of five people, including two engineers. We have made our processes transparent, and thus far less subject to corruption, with steady improvements to our on-line Building Information System, creating "virtual" folders that allow the public to access information without having to set foot in a borough office.

In addition to the new legislative tools the Council has provided to us, we have launched a Special Enforcement Plan to raise the bar for construction standards, form new multidisciplinary enforcement units and focus resources on identifying repeat offenders to hold them accountable. This year the Mayor allocated $7 million for two of the three phases of our 18-month Special Enforcement Plan. In the course of my testimony I will update you on the progress of the Special Enforcement Plan.

We have also undertaken many pilot programs in the last year to increase our "on the ground" presence and let bad actors in the industry know that we are watching them. Among these efforts was a pilot program using overtime for inspectors to conduct weekend and after-hours inspections – a concern that I know many constituents have. Initially funded by the Council, the after-hours inspection program is now part of our Special Enforcement Plan. In addition, <u>every</u> professionally certified application for a new building or major alteration submitted to the Department is now pre-screened for zoning compliance through our Zoning Review Program.

But, of course, there is much more to be done. As some of you know, I spoke to the Housing and Buildings Committee just last month about the need to take additional steps in the regulation of construction activities, and in particular, the need to regulate general contractors and concrete operations. Some of these initiatives will require industry to hire additional personnel to monitor and ensure compliance with safety regulations; others will require granting the Department legal authority to register contractors to ensure that bad apples no longer pose a threat to the public and are prevented from doing business in our City. And the Department will need to continue to recruit and hire professionals who can implement programs to ensure that the construction industry is held to a high standard of safety and compliance.

The scope of the job is daunting by any measure. The sustained high pace of construction in the New York has kept the Department extremely busy. In FY 2007 we issued over 84,000 initial permits. Our inspectors conducted over 229,000 construction inspections – and an additional 200,000 inspections related to plumbing, electrical, boilers and elevators. We responded to over 128,000 complaints and issued over 50,600 violations returnable to the Environmental Control Board.

I) OVERVIEW OF PROPOSED BUDGET

The FY2009 Preliminary Budget presented by the Mayor allocates $90.5 million in expense funds to the Department, not including fringe benefits. Of this, approximately $78.8 million is for Personal Services (PS) and $11.7 million for Other Than Personal Services (OTPS). Compared to the current FY2008 funding level, this represents a net decrease of $10.2 million. The difference is related to one time funding that was allocated into FY2008 budget, including a number of contracts funded only at the end of the fiscal year, plus technical adjustments. These include start up costs for enforcement initiatives, funding for IT consultants, elevator inspection and temporary services contract. The Department's projected revenue plan for FY2009 is $118.5 million (not including almost $22 million ECB fines collected).

II) HEADCOUNT DETAILS

The FY2008 Executive Plan ended with a budgeted headcount of 1217 lines. For the Adoption Plan the Department received 67 lines for Phase 1 of the Special Enforcement Plan and 2 new lines for the Business Express initiative, bringing the FY2008 Adopted budgeted headcount to 1286. Then in the recent January Plan, we were also allocated 15 more lines for Phase 2 of the Special Enforcement Plan, bringing the current total budgeted headcount to 1301 for FY2008. In addition, the Department reallocated 6 administrative lines into inspector lines to seed the new After Hours Inspections team. Together this totals 90 lines -- 84 new and 6 reallocated.

The breakdown of these 90 lines made available through these additions and changes is as follows:

40 new Inspectors

29 new Structural Engineers and Plan Examiners

10 new Enforcement staff (including Investigators and Attorneys)

11 new Support staff for the programs

The FY2009 Preliminary Budget beginning in July proposes a headcount of 1286. The council funded an additional 15 inspectors in FY08. This accounts for the difference between FY08 and FY09 headcount.

III) RECRUITMENT AND STAFFING

I would now like to address the recruitment and hiring practices that we have in place to address the headcount growth. Currently, we are budgeted for 1301 heads with 148 vacancies -- 61 of which we have identified candidates who are pending hiring approvals and start dates.

Our on-going recruitment campaign aggressively seeks the most qualified employees, especially registered architects, licensed engineers and inspectors. We continue to maintain a presence at outside career and industry events, and recruit through websites, newsletters, newspapers and professional organizations such as the American Institute of Architects and the American Society of Civil Engineers.

IV) FACILITIES

As we hire more people, we need work areas with specialized spaces that can accommodate the review of architectural plans with the public. With that in mind, we have redesigned the entire Brooklyn Borough Office and the Office of Engineering and Emergency Services at 1 Centre Street. Both of these projects are capital funded and are expected to be in construction next fiscal year. The Bronx Borough Office is scheduled for a complete renovation and we anticipate that the design work may begin next fiscal year. Renovations are currently underway in the Queens Borough Office to accommodate new staff in the Special Enforcement Plan. The facility at 280 Broadway will continue to be reconfigured over the next few years to accommodate new employees.

V) SAFETY

Despite the recent turmoil in the national housing and financial markets, construction activity in New York City continues to proceed at an extremely heady pace. From 1996 to 2007, new building and alteration permits in the City increased from 50,000 to almost 85,000. In the first six months of FY2008, permits for new buildings decreased from approximately 2860 to 2210, or 22.8%, compared to the same period last year. However, led by an increase in alteration permits, initial construction permits in New York City rose by 4.5% from 42,415 to 44,324. This means that the number of active construction job sites continues to rise.

All agree that high-rise construction, particularly in a dense urban environment hemmed in by narrow streets, constant traffic, and limited staging areas is a dangerous activity – dangerous to the workers and dangerous to the public. Indeed, the US

Department of Labor's Bureau of Labor Statistics reports that construction accounts for more fatal work injuries nationally than any other industry sector. But just saying that construction is dangerous is not enough. We must do more to protect the public and the workers who build and maintain our City.

Therefore, compliance by owners and the construction industry with the safety requirements of the Building Code must be our highest priority. Period. Last year we responded to 20,000 complaints of hazardous conditions, and issued 6,500 Stop Work Orders. Emphasis on using the stop work order, our most powerful tool, will grow even stronger at sites where we discover unsafe building practices and where accidents have occurred. The stop work order interrupts the business model of those contractors who value human life less than their own schedules and profits. And they will not be allowed to go back to work until they prove that they can – and will -- do so safely.

Legislation

Over the last few years, with the Mayor's leadership and the support of the City Council, the City has adopted a large number of major new legislative initiatives that increase the Department's ability to enforce stricter safety measures.

Last July the Council passed and the Mayor signed into law the *New York City Construction Codes.* Those codes enhance public safety in many ways. For example, sprinklers are mandated in more buildings, and modernized fire alarms are required in more occupancies. Numerous construction safety enhancements are also included such as expanding the types of construction jobs at which Site Safety Managers will be required from 14 to 10 stories. Finally, the codes allow us to fine-tune our violations and our enforcement to the severity of the problem. This means we can focus resources on the repeat offenders and the dangers threatening workers and the public. As such, the highest penalties for the most hazardous violations have more than doubled to $25,000.

Other recently adopted legislative initiatives also include substantially increased penalties in four important areas: for violating stop work orders, for work without a permit, and for architects and engineers who intentionally or negligently submit plans that do not conform to law. The effectiveness of these new tools is already apparent. Since February 2007, we have collected over $1 million in penalties for contractors who ignore stop work orders.

I want to thank Council Speaker Quinn, Chairman Dilan, and Councilmember Oddo. The legislation agenda that you have helped formulate in the last year has provided the Department new and important tools that put all players in the construction industry on notice that development must be constructed safely.

Other safety related initiatives are also being implemented:

Construction Superintendent

On January 2, 2008, our Department began a process to require all permit applications for new building and demolitions for buildings up to and including 14 stories to require a registered Construction Superintendent to be listed on the application. This new Construction Superintendent must be available to the Department at all times, accountable for safety for the entire site. This registration requirement will go into effect for permit applications for one-, two- and three-family homes in July 2008.

Lightweight Materials Pilot Program in Staten Island

Our commitment to safety applies to members of the public, workers and even first responders. Lightweight construction materials lose structural integrity quicker during a fire and they can pose elevated safety risks to first responders if they are incorrectly installed. The lightweight construction materials pilot program partners Buildings inspectors and engineers with Fire Department firefighters to verify that design professionals and builders are meeting the requirements set forth under the law.

Suspended Scaffold Safety Task Force

Established one year ago, as a result of a severe spike in scaffold related deaths and injuries, the Mayor's office convened a Scaffold Safety Task Force, comprised of City agencies, industry and immigrant advocacy groups, to provide recommendations on how to reduce scaffold accidents and protect the public. To date, we have implemented 12 of the 13 Task Force recommendations and the effort has shown significant results. Suspended scaffold-related accidents on construction sites decreased by 52% over the last year, from 25 in 2006 to 12 in 2007.

Supported Scaffolds and Sidewalk Sheds Initiative

I recently announced the launch of the first phase of our Safety Analysis and Field Evaluation (SAFE) Program, targeting supported scaffolds and sidewalk sheds. Kicked-off by a 30-day citywide sweep of over 1,500 scaffolds and sheds, it also includes the issuance of a regulatory notice reminding the industry of the technical requirements that must be followed.

Throughout the course of this month, inspectors from our Scaffold Safety Team are conducting inspections for scaffolds and sheds that are improperly installed or do not meet the Building Code's design requirements. Stop Work Orders for work on the scaffold/shed will be issued on those jobs and will not be lifted until all deficiencies are corrected. Using data from the 30-day inspection sweep, the Department will work with the Scaffold Safety Task Force to identify and implement additional measures to protect workers and the public.

Enhanced Reporting System

Using new business intelligence technology launched last year, the Department will develop a Compstat-like system to aggressively track safety trends. This system will enable the Department to deploy focused resources to effectively ensure safety on construction sites.

Handheld Computers for Inspectors

Under a program called B-FIRST, the Buildings Field Inspection Reporting System, all inspectors will be provided with handheld computers that will allow inspection results and violations to be entered from the field and uploaded immediately to BISWeb. Buildings employees and the public will be able to immediately view inspection results in "real time". B-FIRST will eliminate delays and improve accuracy in the reporting of crucial safety information at construction sites.

VI) ENFORCEMENT

During the first four years of this administration, the focus of the Department's major initiatives was three fold: to eliminate corruption; to develop a competent knowledgeable staff who could untangle our procedures and make clear the rules and processes that we enforce; and to create a transparent and accountable Department through the use of technology and online systems. These reform initiatives have built the foundation for our primary focus for the second term of this administration: raising the standards of construction safety within the industry; aggressive enforcement of repeat offenders; and a proactive inspection paradigm. I am proud of the number of new enforcement initiatives that the Department now has underway. I'd like to outline some of them for you now.

Special Enforcement Plan – Phase I

The Special Enforcement Plan is our most comprehensive enforcement strategy to date and contains many programs working together. Starting with Phase I in July 2007, we launched 3 new teams:

The *Professional Certification Review & Audit Team* is a team of inspectors, plan examiners and support staff that investigates zoning and code compliance by inspecting professionally-certified jobs and auditing professionally-certified applications. This team identifies patterns of abuse and recommends professionals for discipline. From September 17, 2007 through January 31, 2008 this Team conducted 968 targeted inspections and issued 398 violations. Also, it has audited 662 sets of plans and 556 of those plans were issued objections.

The *Special Enforcement Team* is a multidisciplinary team of attorneys, plan examiners, investigators, inspectors and support staff that identify and pursue professionals, building owners and builders who blatantly disregard code and zoning regulations. This unit identifies offender's networks and patterns and builds cases to prosecute repeat offenders. Currently, this Team has 62 cases in development against these "bad actors", with 251 sites being monitored.

The *Excavation Team* is a team of inspectors and engineers that identify and inspect sites to ensure that contractors use the proper means and methods of excavation and protect adjacent properties, then take enforcement actions as appropriate. To date, we have performed 1813 inspections with 832 violations issued. Clearly this area needs much more attention by the development community – particularly structural engineers and their clients.

Special Enforcement Plan – Phase II

On February 13, I announced the launch of Phase II of our Special Enforcement Plan. Phase II includes an initial investment of $1 million to dedicate 21 staff lines (15 of which are new) to advance operational and enforcement tactics, increasing oversight and accountability of the construction process. Phase II will focus on the following four programs:

The *After-Hours Inspection Team* is being launched with six inspectors who will be dedicated to cracking down on contractors and developers who work after normal business hours without obtaining a variance from the Department to do so. Complaints related to illegal after-hours construction constituted 5.3% of the 134,427 complaints the Department received in 2007. And born out of a Council funded pilot project, the Department will now have seeded the permanent after-hours force to combat unauthorized after-hours work.

The *Interior Demolitions Team*. Last year, the Department issued 5,830 permits for major alterations to existing buildings, a number that has remained relatively constant since 2002. But some major alterations involve "gut renovations" where important structural members are removed with insufficient oversight by a structural engineer to ensure that the building and workers remains safe during the renovation process. Phase II of the Special Enforcement Plan allocates two new inspectors and four new structural engineers to our Forensic Engineering Team to review plans and inspect major interior demolitions. They will focus on stopping unsafe demolition practices and require contractors to employ safe means and methods throughout the process.

The *Low-Rise Site Safety Team*. In 2007, there were 22% more low-rise buildings (14 stories and below) under construction in the City than in 2006. Phase II allocates six new inspectors to inspect low-rise construction sites in a way that mirrors our high-rise inspection team. Specifically, the Low-Rise Site Safety Team will hold Construction Superintendents accountable to ensure construction proceeds in a safe and compliant manner.

The *Professional Certification Qualifications Team*. In 2007, licensed architects and engineers professionally certified 37,383 - or 50% of the applications for building permits, and we are seeing audit failure rates of over 50%. Some of these failures are administrative in nature but other failures make it clear to us that the program needs significant oversight. Phase II allocates three new staff positions to develop and implement qualifications that licensed architects and engineers must meet and maintain to enter and participate in the City's professional certification program. Authorized by the enactment of the new NYC Construction Codes, these qualification standards will infuse integrity into the professional certification program by removing unqualified professionals from the program.

Inspector and Engineer Uniforms

Finally I want to mention that three months ago we provided uniforms for all our inspectors and field responders. Now, when an inspector goes to a construction site, anywhere in this city, they stand out and they command the respect they deserve as safety enforcers.

VII) THE NEW NYC CONSTRUCTION CODES

Provisions of the New NYC Construction Codes enhance structural safety and fire protection, provide opportunities for more cost-effective buildings, incorporate new accessibility standards, and enable use of new industry standards and designs. The Codes facilitate online filing, embrace sustainability and green buildings, and will be a part of the city's 2030 plan for sustainability. And for the first time, we have the ability under the new Codes to *prevent* professionals from entering our professional certification program.

We have begun a citywide training initiative to provide members of the industry and the public with a working knowledge of the new NYC Construction Codes. The initiative includes training sessions focused on the differences between the new code and the current NYC Building Code, as well as operational changes resulting from their implementation.

The most recent training was held last Friday, on February 29, 2008, and over 1,000 people attended. This presentation will be made available to the public on our web site, where we have posted a library of all presentations that the codes team has given to date. In addition, we are taking a "train the trainer" approach to the outreach effort: training staff at professional organizations within the industry so that they may in turn train their own memberships. In this, the Department expects to leverage public expertise to achieve the greatest impact possible.

Our work on the Codes, however, is not yet complete. We're now working on a new code for existing buildings so that we can raise the standards to apply to renovations and alterations to existing buildings much like we have done for new construction. Once we're finished, the Existing Building Code will replace the 1914, 1916, 1938 and 1968 Codes.

As part of this ongoing effort, the Department has been working with the Mayor's Office of Sustainability and Long Term Planning for the implementation of Buildings-related initiatives in PlaNYC. Several initiatives in the plan will require ambitious new code proposals for existing buildings and new construction to address energy, water, and climate change issues that face the city.

VIII) INTEGRITY, TRANSPARENCY, & TECHNOLOGY

Transparency and integrity are key to compliant development: they discourage non-compliance and allow our staff, elected officials and community groups to act as "private attorneys general" to bring illegal and non-compliant submissions to the Department's attention. I have used new technology to work towards achieving these goals. Some of our recent major projects include:

Launch of BSCAN

The Buildings Department receives more than 300,000 pages of paper every month from customers throughout its five borough offices. We have created the virtual property folder through a highly sophisticated scanning operation that makes the great bulk of construction documents and forms available for immediate public review on BISWeb. This new application interfaces with Buildings Information System (BIS), providing automatic job verification and document recognition, once again improving the quality of filings. New York City residents and Buildings customers alike benefit from this next-generation document management system: reduced paper handling and document loss through online preservation; reduced customer visits and calls to the Buildings Department; and consistent service to customers across the five boroughs.

Launch of eFiling for Construction Applications

On February 19, we launched a major expansion of our successful eFiling system to enable the preparation of virtually all construction job application filings online. To prepare the online application, the applicant participates in our user-friendly, interview-style process to prepare the necessary forms and applications in advance. Once the system accepts the application, customers bring the signed and sealed documents to a borough office to complete the process. This phase of eFiling will affect a volume of over 80,000 filings and save both customers and the Department critical time in processing and increase quality of those filings.

Zoning Compliance

Seeded by $350,000 from Council in FY2007, the Department has continued to develop this program and plans to launch new automated zoning compliance enforcement tools during FY2009. The program will deliver end-to-end automated solutions to increase the quality of zoning district data and make it available online through BISWeb; improve the timeliness and quality of the zoning vesting process; apply zoning district and zoning parameter edit checks during the job filing process; and most importantly include an enhanced zoning diagram to support zoning enforcement in the field.

Integrity

Working closely with DOI Commissioner Gill Hearn, I am happy to say that we have continued to infuse staff and our filing community with the knowledge that corruption will never be tolerated by our Department. Our Code of Conduct was distributed to both staff and filers, and development of the 3rd edition is underway. We received the City's highest ethics award in 2007. And the transparency of our processes provided by BIS-on-the Web and B-SCAN make it all the harder for improper plans and improper documents to be approved, since the filing community knows that the public can and will be looking at their work.

IX) CONCLUSION

With the commencement of the programs I have outlined and with a continued partnership with the Council on legislative and enforcement initiatives, I trust that we are making the Buildings Department a more responsive, more transparent, and more efficient agency every day. We continue to raise the bar for our internal staff. Just last Friday the Department held its first full agency meeting in over twenty years, bringing together over 1,200 Buildings employees, to reinforce to each and every employee the importance of what they do for the City and to share our strategic vision for 2008 – 2009.

I want to thank you once again for your support, both in legislation and in the budget process, over the past several years. We have accomplished much in the last five years -- and we have more to accomplish. I look forward to working with you and answering any questions you may have.

New Housing Marketplace Units Mapping

This report is an addendum to IBO's fiscal brief, *The Mayor's New Housing Marketplace Plan: Progress to Date and Prospects for Completion* (November, 2007). This report maps and analyzes the locations of the New Housing Marketplace Plan units that have been funded from fiscal years 2004 through 2007. Attached after this brief summary are maps, citywide and by borough, showing the locations of the units, grouped by major programs. Also attached is a table showing the number of units produced by borough and by program.

The New Housing Marketplace affordable housing program has funded 61,496 units through fiscal year 2007, not including 2,912 units funded through the Extended Affordability and Downpayment Assistance programs. Most of the units have been produced in Manhattan (22,849), the Bronx (19,856), and Brooklyn (14,224) with far fewer in Queens (3,702) and Staten Island (865). The table below shows the number of units by level of affordability in each bourough. The Independent Budget Office used program level data from HPD's 2006 Affordability Study to estimate the affordability levels of the units started under the New Housing Marketplace Program. Based on the study, affordability levels citywide for New Housing Marketplace Plan units were 76 percent low income, 9 percent moderate income, and 16 percent middle income. In Manhattan, the affordability levels were 70 percent low income, 10 percent moderate income, and 20 percent middle income. In Brooklyn the split was 78/10/12 and in Staten Island 78/12/9. Affordability levels in Queens were 46 percent low income, 15 percent moderate income, and 39 percent middle income; in the Bronx affordability levels were 86 percent low income, 6 percent moderate income and 9 percent middle income.

NHMP Units by Borough and Affordability
Units Started

	Household Income*			
	Low	**Moderate**	**Middle**	**Total**
Manhattan	16,073	2,204	4,572	22,849
Bronx	17,037	1,120	1,700	19,856
Brooklyn	11,096	1,414	1,714	14,224
Queens	1,709	539	1,453	3,702
Staten Island	679	105	81	865
Total	**46,595**	**5,382**	**9,519**	**61,496**

SOURCES: IBO; Housing Preservation and Development.
NOTE: Figures extrapolated by IBO based on HPD 2006 Affordability Study. Does not include Extended Affordability Program and Downpayment Assistance Program. *See box.

New Construction and Preservation. There are significant differences among the boroughs in levels of new construction and preservation of affordable housing. In Manhattan, Brooklyn, and Staten Island, between 65 percent and 70 percent of the units have been preservation, which means either subsidies for renovation or extending affordability programs that are expiring like the Mitchell Lama program. In the Bronx, the split is roughly half and half, with 52 percent from preservation. In Queens, 61 percent of the units have been produced through new construction.

When looking at the number of units of new construction, the largest number of units has been in the Bronx (9,501) with 6,467 in Manhattan, 5,074 in Brooklyn, 2,264 in Queens, and 259 in Staten Island. Most of the units preserved were in Manhattan (16,355), with 10,355 in the Bronx, 9,150 in Brooklyn, 1,438 in Queens, and 606 in Staten Island.

The Mitchell Lama Preservation Program—the largest preservation program during this period with nearly 14,00 units—funded 8,394 units in Manhattan. The program preserved 2,718 units in the Bronx, 1,700 in Brooklyn, 462 in Queens, and 536 in Staten Island. Another major source of preservation starts was the reconstruction and privitization of City-owned residential (*in rem*) properties. During the first four years of the New Housing Marketplace Plan, the city sold off 6,430 *in rem* units, of which 2,963 were in Manhattan, 2,127 in Brooklyn, 1,271 in the Bronx, and 69 in Queens.

Income Ranges

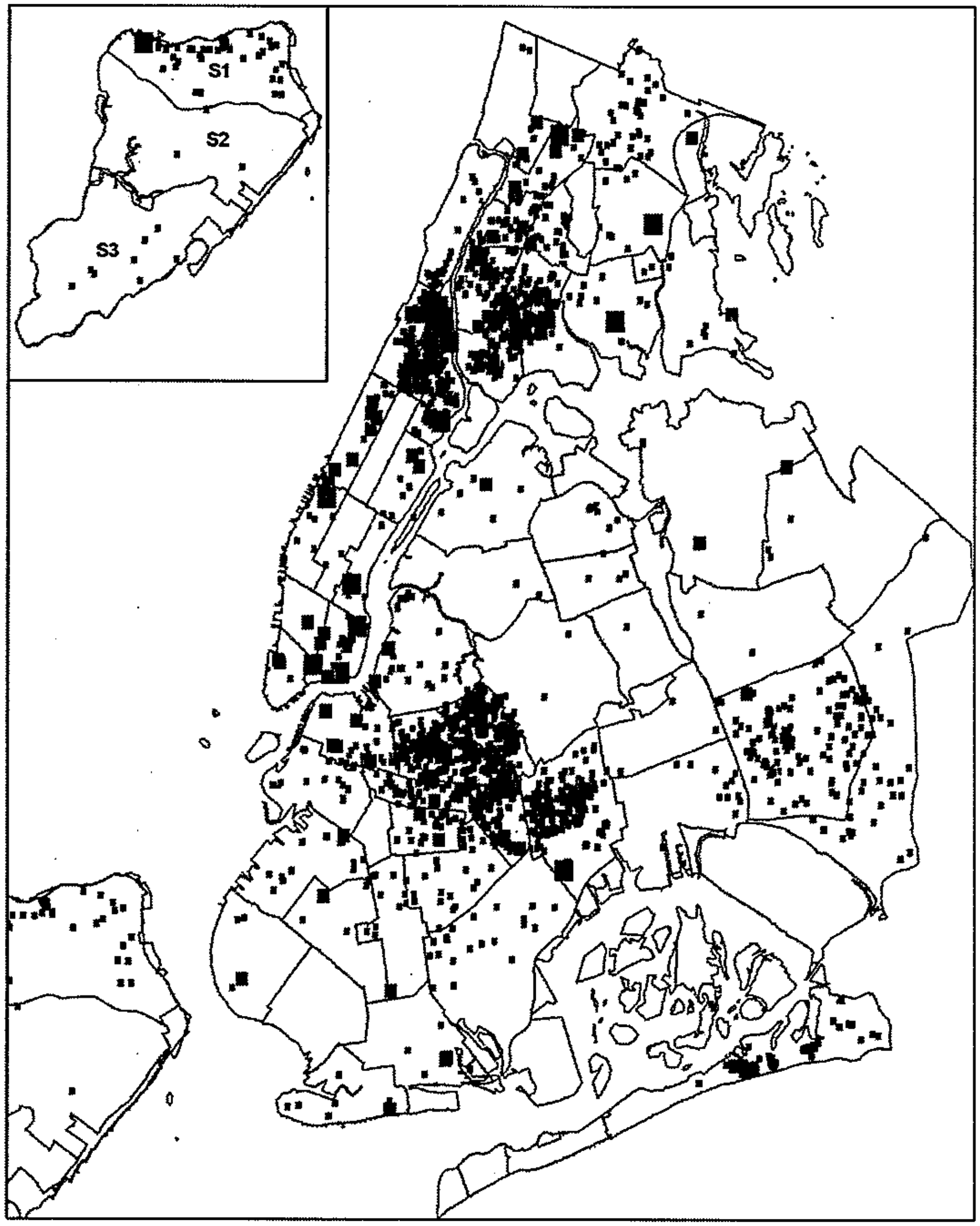
Income targets for the New Housing Marketplace Program use Area Median Income (AMI), which is $49,600 for a single person and $70,900 for a family of four. Low income is defined as 0-80 percent of AMI, Moderate Income is 80-120 percent of AMI, and Middle Income is above 120 percent of AMI, and generally not exceeding 250 percent of AMI.

Programs by Borough. In each of the boroughs, there was a slightly different mix of programs that financed the most units. In Manhattan the Mitchell Lama Preservation Program financed the most units, (8,394), followed by Cornerstone (3,408), the

Article 8A Loan Program (2,396), and privatization of *In-Rem* housing with a total of 3,045 units through programs like the Neighborhood Redevelopment Program, the Neighborhood Entrepreneurs Program, the Tenant Interim Lease Program and Third Party Transfer program. In the Bronx, the Article 8A Loan Program financed the most units (4,430), followed by Mitchell Lama Preservation Program (2,718), Low-Income Affordable Marketplace Program (LAMP) with 2,239 units, the 421a Certificate Program (1,960), and the Mixed Income Rental Program (1,479). In Brooklyn, LAMP financed the most units (2,719), followed by *in rem* privatization programs (2,097), Mitchell Lama Preservation (1,700), and Article 8A Loan Program (1,486). In Queens, Arverne financed the most units (1,099), followed by LAMP (680), the New Housing Opportunities Program (598) and Mitchell Lama Preservation (462). Finally, in Staten Island, the two programs that financed the bulk of the units were the Mitchell Lama Preservation Program (536) and the 421a Certificate Program (227).

This analysis prepared by Brendan Cheney and Ana Champeny

New Housing Marketplace Plan Units Financed, Citywide



Housing Starts

New Construction

- 100 or Fewer Units
- 101 to 400 Units
- 401 to 1,870 Units

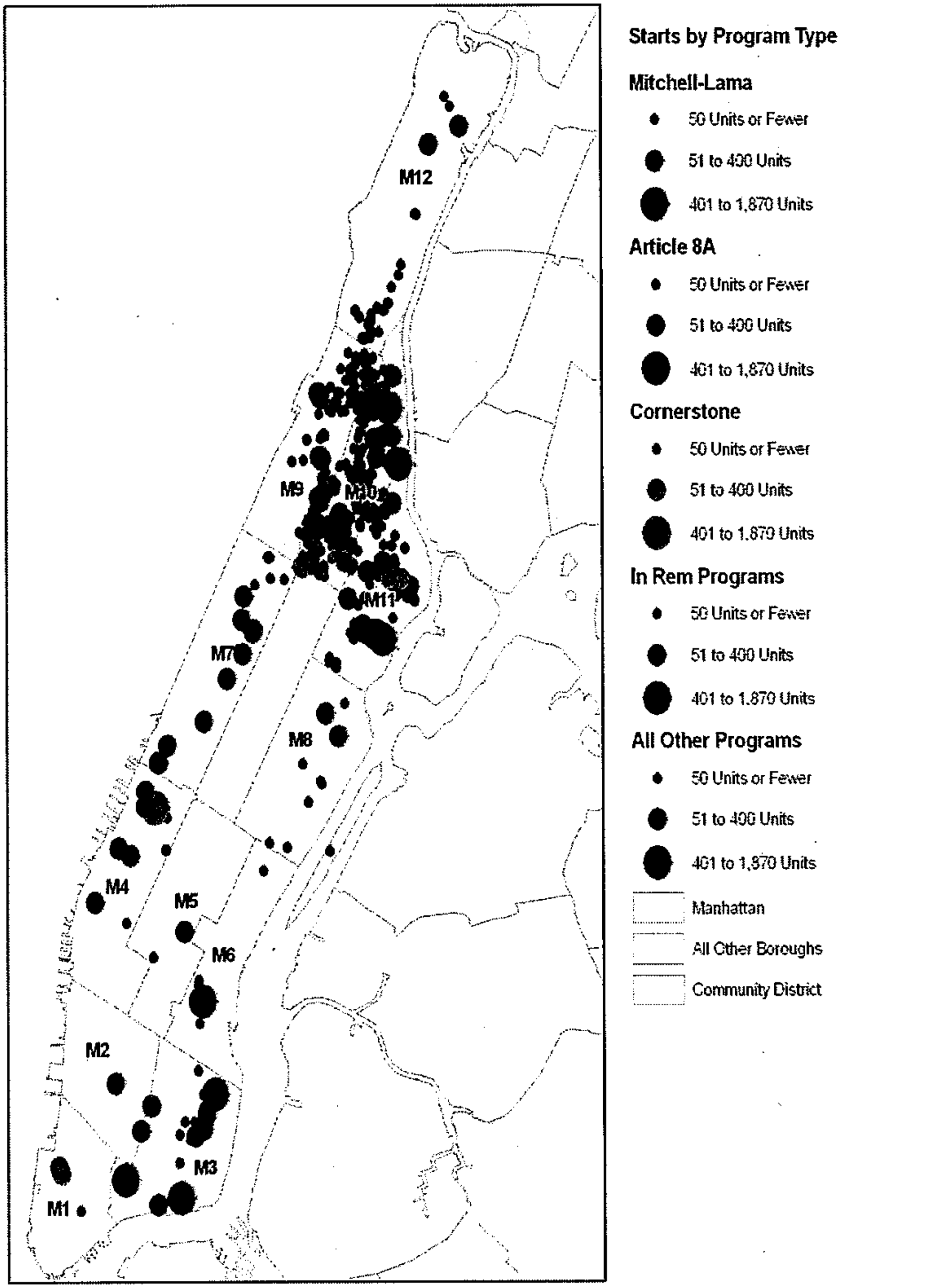
Preservation

- 100 or Fewer Units
- 101 to 400 Units
- 401 to 1,870 Units

Community District

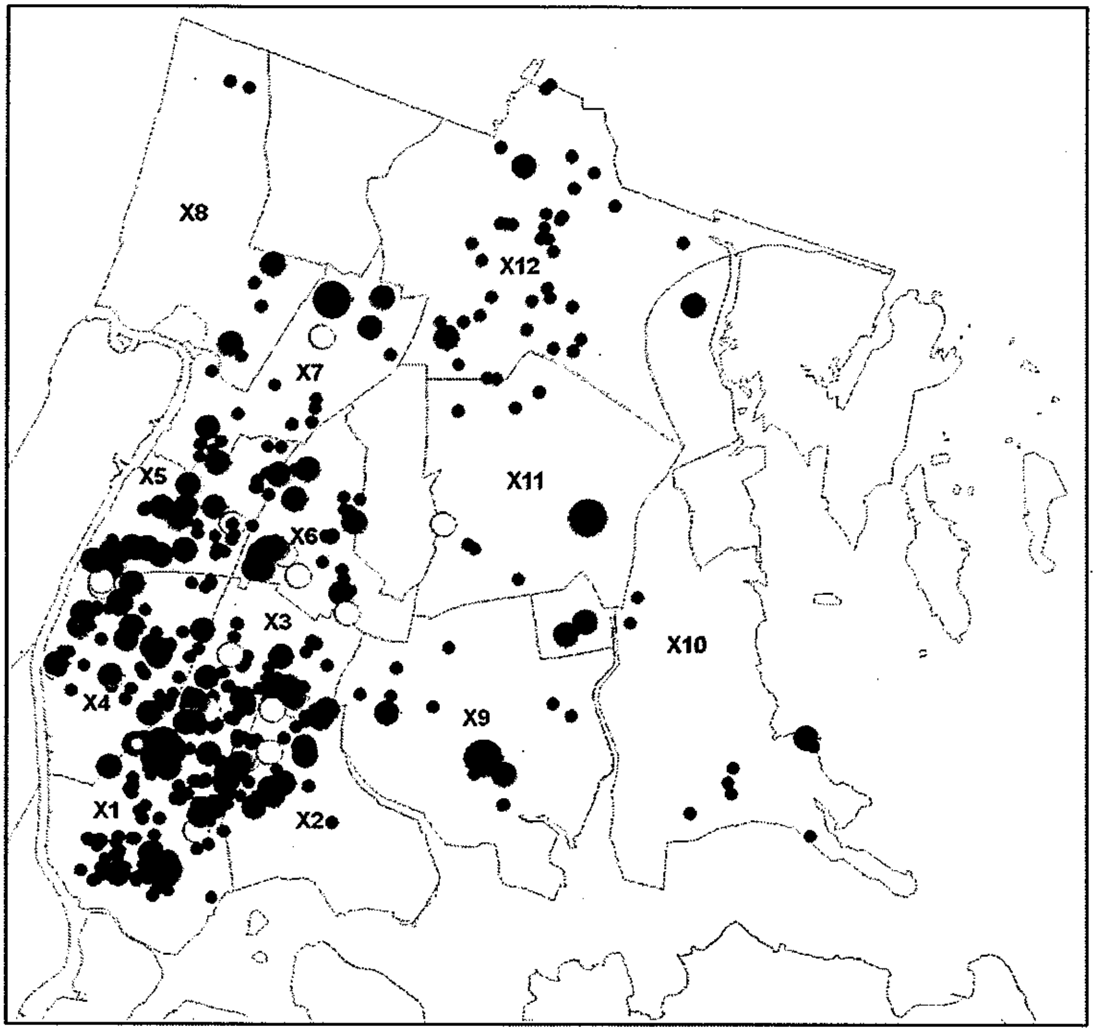
SOURCES: IBO; Housing Preservation and Development
NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

New Housing Marketplace Plan Units Financed, Manhattan



SOURCES: IBO; Housing Preservation and Development
NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

New Housing Marketplace Plan Units Financed, Bronx



Starts by Program Type

Article 8A Loan
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

Mitchell-Lama
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

LAMP
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

421A Affordable Housing
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

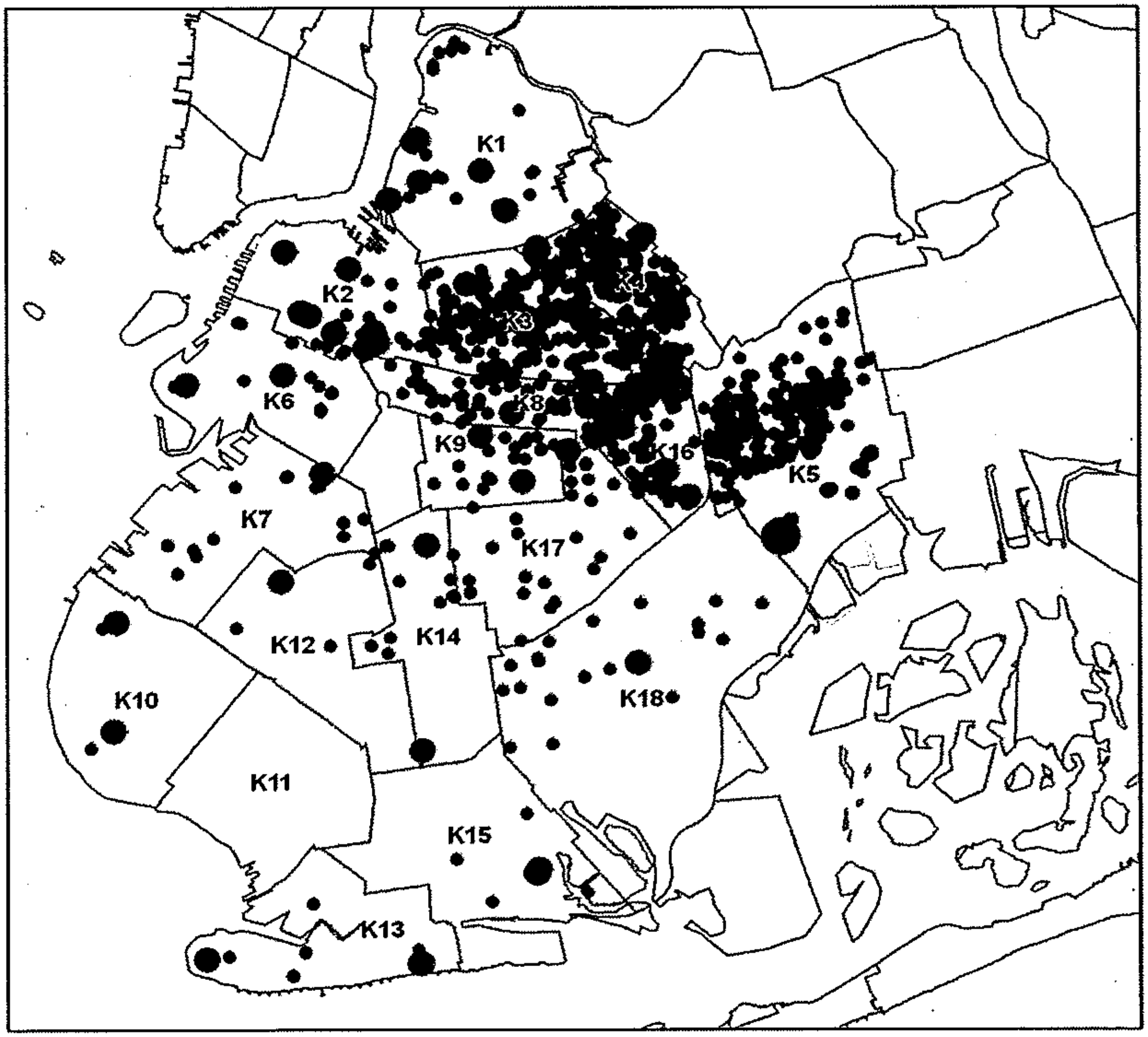
Mixed Income Rental Program
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

All Other Programs
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 1,000 Units

The Bronx
All Other Boroughs
Community District

SOURCES: IBO; Housing Preservation and Development
NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

New Housing Marketplace Plan Units Financed, Brooklyn



Starts by Program Type

LAMP
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 716 Units

In Rem
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 716 Units

Mitchell-Lama
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 716 Units

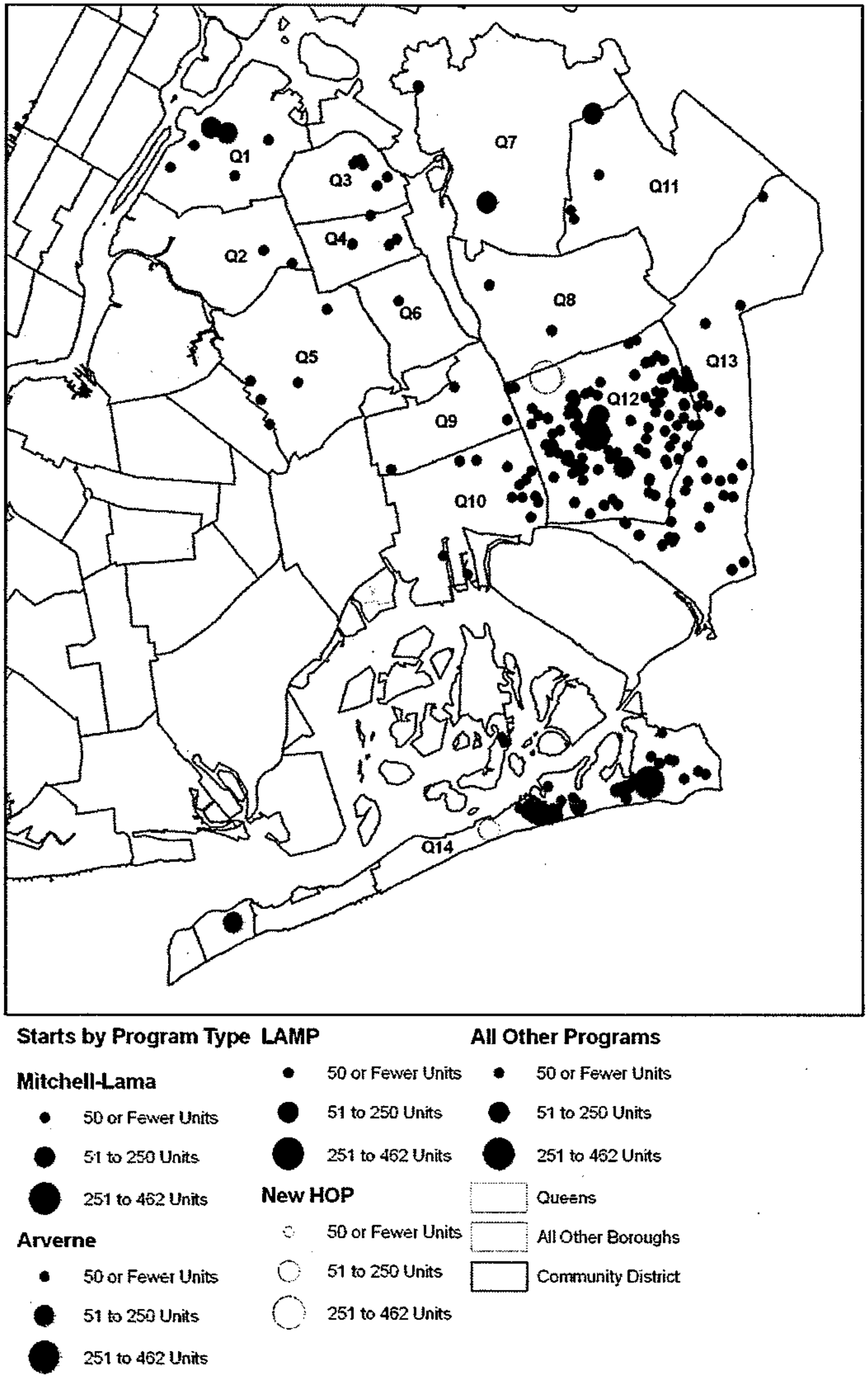
Article 8A
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 716 Units

All Other Programs
- 50 Units or Fewer
- 51 to 400 Units
- 400 to 716 Units

- Brooklyn
- All Other Boroughs
- Community District

SOURCES: IBO; Housing Preservation and Development
NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

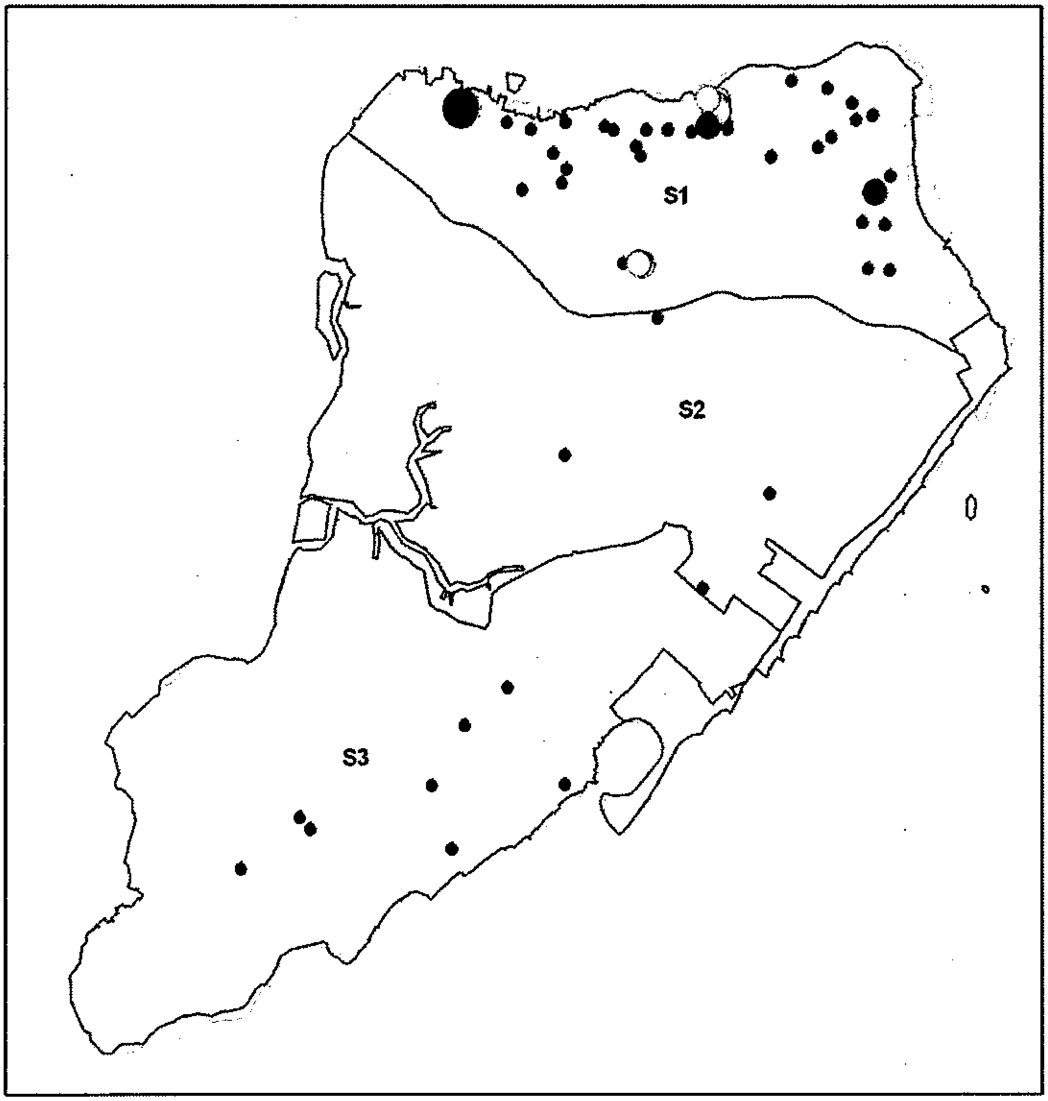
New Housing Marketplace Plan Units Financed, Queens



SOURCES: IBO; Housing Preservation and Development

NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

New Housing Marketplace Plan Units Financed, Staten Island



Starts by Program Type

Mitchell-Lama
- 10 Units or Fewer
- 11 to 20 Units
- 20 to 536 Units

421A Affordable Housing
- 10 Units or Fewer
- 11 to 20 Units
- 20 to 536 Units

All Other Programs
- 10 Units or Fewer
- 11 to 20 Units
- 20 to 536 Units

- Staten Island
- All Other Boroughs
- Community District

SOURCES: IBO; Housing Preservation and Development
NOTES: Addresses geocoded by IBO using the NYC Department of City Planning DCPLION, Release 07c and ArcGIS 9.2.

NHMP Unit Starts by Borough

Unit Starts

Program	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
203(K) PROGRAM		35	45			**80**
7A FINANCIAL ASSISTANCE	25	240	160	14	10	**449**
85/85 PROGRAM / PHHFP	42					**42**
ARTICLE 8A LOAN	4,430	1,486	2,396			**8,312**
ARVERNE				1,099		**1,099**
ASSET CONTROL AREA	10	6		8	4	**28**
CITY COUNCIL MIXED INCOME		133				**133**
CORNERSTONE	1,162	922	3,408			**5,492**
DHF/ HUD MULTI-FAMILY PROGRAM		489	447			**936**
DHF/INCLUSIONARY HOUSING PROGRAM		72	820			**892**
HABITAT		41	6	6		**53**
HIP PROGRAM	18	57		33	4	**112**
HOMELESS HOUSING ASSISTANCE PROGRAM	38		96			**134**
HOMEWORKS	2	117	32	5		**156**
HOMEWORKS_203K	11	26	19	15		**71**
HOMEWORKS_TPT		8				**8**
HOUSING TRUST FUND	870	322	293			**1,485**
LAMP	2,239	2,719	936	680	13	**6,587**
MISCELLANEOUS			22			**22**
MISCELLANEOUS SR. HOUSING				184		**184**
Mitchell-Lama	2,718	1,700	8,394	462	536	**13,810**
MIXED INCOME RENTAL PROGRAM	1,479	84	156	54		**1,773**
NEHEMIAH	18	184				**202**
NEIGHBORHOOD ENTREPRENEUR PROGRAM	654	702	812			**2,168**
NEIGHBORHOOD HOMES PROGRAM	104	611	731	11		**1,457**
NEIGHBORHOOD REDEVELOPMENT PROGRAM	303	388	700	25		**1,416**
NEW FOUNDATIONS	218	444	4	24		**690**
New HOP	225	458	324	598		**1,605**
NEW NEIGHBORS	28					**28**
NEW PARTNERS PROGRAM	16					**16**
NHS	108	76	1	84	33	**302**
NYCHA PARTNERSHIP	331		37			**368**
OFFICE OF MENTAL HEALTH		44	50			**94**
PARTICIPATION LOAN PROGRAM	1,073	384	942			**2,399**
PARTICIPATION LOAN PROGRAM NEW CONSTRUCTION	170	347				**517**
PARTICIPATION LOAN PROGRAM_TPT	203	266	163	6		**638**
PARTNERSHIP NEW HOMES	186	184	17	213		**600**
SCHAP	22	143	2	75	19	**261**
SECTION 202	495	417	213			**1,125**
SMALL BUILDINGS LOAN PROGRAM	43	64	78			**185**
SMALL HOMES PROGRAM	8	45	18			**71**
SPECIAL PROJECTS / DAMP	47	22	18			**87**
STAND ALONE TAX CREDITS		37		85		**122**
STOREWORKS	11	107		3		**121**
SUPPORTIVE HOUSING LOAN PROGRAM	450	698	699	8	19	**1,874**
TENANT INTERIM LEASE	136	55	589			**780**
TENANT INTERIM LEASE - 2		83	62			**145**
THIRD PARTY TRANSFERS	3	8		10		**21**
TIP 421-A AFFORDABLE HOUSING	1,960		100		227	**2,287**
VACANT BUILDING 2000			59			**59**
Grand Total	**19,856**	**14,224**	**22,849**	**3,702**	**865**	**61,496**

SOURCES: IBO; Housing Presevation and Development.

TESTIMONY OF THE DEPARTMENT OF HOUSING PRESERVATION & DEVELOPMENT TO THE COUNCIL'S HOUSING AND BUILDINGS COMMITTEE – FISCAL YEAR 2009 PRELIMINARY EXPENSE AND CAPITAL BUDGETS – MARCH 4, 2008, 1:00 PM

GOOD AFTERNOON CHAIRMAN DILAN AND MEMBERS OF THE HOUSING AND BUILDINGS COMMITTEE. I AM SHAUN DONOVAN, COMMISSIONER OF THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT (HPD), AND SITTING NEXT TO ME IS MOLLY WASOW PARK, ASSISTANT COMMISSIONER FOR BUDGET.

I APPRECIATE THE OPPORTUNITY TO TESTIFY TODAY ON OUR EXPENSE AND CAPITAL BUDGETS AND TO ALSO DISCUSS SOME OF THE MANY NEW INITIATIVES THAT WE HAVE IMPLEMENTED OVER THE LAST YEAR.

BEFORE DOING SO, I WOULD LIKE TO BEGIN BY THANKING BOTH SPEAKER QUINN AND CHAIRMAN DILAN FOR THEIR VISION AND SUPPORT WHICH ALLOWED HPD TO MOVE FORWARD WITH THE SAFE BUILDINGS ACT, ALSO KNOWN AS THE ALTERNATIVE ENFORCEMENT PROGRAM (AEP); COUNCIL MEMBER FIDLER FOR HIS EFFORTS ON THE CENTER FOR NEW YORK CITY NEIGHBORHOODS; COUNCILMEMBER BREWER FOR HER FOCUS ON CODE ENFORCEMENT; AND FINALLY THE $14 MILLION IN COUNCIL FUNDS THAT

WAS PROVIDED TO HPD LAST YEAR TO ASSIST WITH HUD DISTRESSED PROPERTIES. I WILL BE DISCUSSING EACH OF THESE INITIATIVES TODAY.

SINCE I LAST JOINED YOU AT THE 2007 PRELIMINARY EXPENSE AND CAPITAL BUDGET HEARING, THERE HAVE BEEN NUMEROUS ACCOMPLISHMENTS WHICH I WOULD LIKE TO SHARE.

THE MAYOR'S $7.5 BILLION PLAN TO CREATE AFFORDABLE HOUSING FOR 500,000 NEW YORKERS IS RIGHT ON SCHEDULE. 70,000 UNITS OF AFFORDABLE HOUSING HAVE BEEN STARTED UNDER THE PLAN, PUTTING THE CITY RIGHT ON TRACK TO ACHIEVING THE MAYOR'S GOAL OF CREATING AND PRESERVING 165,000 AFFORDABLE HOUSING UNITS IN TEN YEARS. THE CITY HAS FUNDED 88,386 UNITS OF AFFORDABLE HOUSING IN TOTAL SINCE MAYOR BLOOMBERG TOOK OFFICE, INCLUDING THOSE UNITS STARTED BEFORE THE MAYOR'S HOUSING PLAN BEGAN IN JULY OF 2003.

AS WE CONTINUE TO ENSURE THAT WE ARE BUILDING HOMES THAT PEOPLE CAN AFFORD, WE MUST ALSO CLOSE OUR CURRENT HOUSING SHORTAGE.

THE HOUSING GAP HAS PLACED SIGNIFICANT PRESSURE ON THE CITY'S HOUSING PRICES. IN CONJUNCTION WITH THE MAYOR'S HOUSING PLAN,

BUILDING NEW HOMES AND APARTMENTS WILL PROVIDE MUCH NEEDED ADDITIONAL SUPPLY FOR THE CITY'S HOUSING MARKET WHILE AT THE SAME TIME PREPARING THE CITY FOR THE FUTURE.

THE YEAR 2007 SAW THE HIGHEST NUMBER OF BUILDING PERMITS FOR PRIVATELY OWNED RESIDENTIAL UNITS IN NEW YORK CITY SINCE 1972, ACCORDING TO NEWLY RELEASED DATA FROM THE US CENSUS BUREAU. WITH 31,918 PERMITS APPROVED IN 2007, IT WAS THE SECOND HIGHEST NUMBER OF PERMITS ISSUED SINCE ACCURATE RECORDS WERE FIRST KEPT IN 1965. IN TWO OF THE BOROUGHS, THE NUMBERS WERE EVEN MORE IMPRESSIVE, WITH BROOKLYN AND QUEENS SEEING THEIR HIGHEST EVER TOTALS. THE YEAR 2007 WAS THE THIRD YEAR IN A ROW WITH OVER 30,000 UNITS PERMITTED, WHILE THE SIX YEARS THAT MAYOR BLOOMBERG HAS BEEN IN OFFICE REPRESENT THE HIGHEST SIX YEAR TOTAL EVER, WITH 159,370 UNITS PERMITTED. THESE NUMBERS ARE GREAT NEWS, BOTH FOR SUBSIDIZED AND NON-SUBSIDIZED HOUSING ALIKE. THIS HISTORIC RATE OF DEVELOPMENT IS HELPING TO CLOSE THE GAP BETWEEN PEOPLE LOOKING FOR HOUSING AND AVAILABLE HOUSING.

WHILE WE EXPECT THAT THE CONTINUED GROWTH IN HOUSING PRODUCTION WILL HAVE A POSTIVE IMPACT ON THE OVERALL MARKET,

WE STILL MUST PURSUE EVERY AVAILABLE OPPORTUNITY TO DEVELOP MORE AFFORDABLE HOUSING.

WE ARE OFFERING REQUESTS FOR PROPOSALS THROUGHOUT THE CITY TO MAKE THE BEST USE OF OUR REMAINING IN REM LAND. ONE SITE, KNOWN AS PUBLIC PLACE IN BROOKLYN, IS A 5.5 ACRE BROWNFIELD ALONG THE GOWANUS CANAL. LAST JULY, WE SOLICITED PROPOSALS TO BUILD A MIXED USE DEVELOPMENT CONSISTING OF COMMUNITY AND COMMERCIAL SPACE AND 400 UNITS OF MIXED INCOME HOUSING. HALF OF IT WILL BE AFFORDABLE FORLOW- TO MIDDLE-INCOME FAMILIES AND THERE WILL BE A SET ASIDE FOR LOW-INCOME SENIORS. WE EXPECT TO SELECT A DEVELOPER SOON.

ANOTHER DEVELOMENT RECENTLY COMPLETED IS JACOB'S PLACE IN THE SOUTH BRONX. JACOB'S PLACE INCORPORATES NEW HOUSING DEVELOPMENT WITH ENVIRONMENTAL SUSTAINABILITY IN AN 8-STORY, ELEVATOR BUILDING WITH 63 RENTAL UNITS. THE DEVELOPMENT ALSO INCLUDES 7 UNITS RESERVED FOR FORMERLY HOMELESS TENANTS AS WELL AS CLASSROOMS, A COMMUNITY ROOM AND A BACKYARD RECREATION AREA FOR TENANTS. SOME OF THE DEVELOPMENT'S SUSTAINABLE FEATURES INCLUDE ENERGY EFFICIENT ELEVATORS, WINDOWS WITH LOW EMITTANCE COATING TO REDUCE ENERGY COSTS, SOLVENT FREE PAINT, BAMBOO FLOORING, 5,500 SQUARE FEET OF

OUTDOOR GREEN SPACE, A GREEN ROOF AND A RAINWATER HARVESTING SYSTEM.

AS WE PROGRAM THE LAST OF OUR TAX FORECLOSED PROPERTIES, WE ARE BROADENING OUR SEARCH FOR NEW LAND BEYOND OUR OWN PORTFOLIO. WE HAVE BEEN WORKING TO INDENTIFY NEW SITES WITH CITY AND STATE AGENCIES INCLUDING DOT, NYCHA, HHC, EDC, THE MTA AND THE STATE OFFICE OF MENTAL HEALTH.

THE ADMINISTRATION IS ALSO FINDING NEW WAYS TO CREATE LAND IN PLACES NEVER BEFORE CONCEIVED OF, LIKE DECKING OVER HIGHWAYS, AND ON TRADITIONAL SITESLIKE RAIL YARDS AND RAIL LINES. WE ARE USING NEW ZONING TOOLS TO HELP US MEET OUR FUTURE HOUSING NEEDS. DURING THE BLOOMBERG ADMINISTRATION, WORKING CLOSELY WITH THE CITY COUNCIL, THERE HAVE BEEN 24 REZONINGS THROUGHOUT THE CITY, FROM HUDSON YARDS, GREENPOINT WILLIAMSBURG, AND EAST HARLEM TO MORRISANIA, PARK SLOPE, MASPETH AND THE STAPLETON WATERFRONT ON STATEN ISLAND. THREE YEARS AGO, HPD EXPANDED OUR INCLUSIONARY PROGRAM, ALLOWING THE CITY TO HARNESS THE STRENGTH OF THE HOUSING MARKET TO CREATE MORE AFFORDABLE HOUSING BY OFFERING A DENSITY BONUS IN EXCHANGE FOR THE CREATION OF AFFORDABLE HOUSING. THE CITY'S

EXPANDED INCLUSIONARY ZONING PROGRAM IS THE MOST AGGRESSIVE IN THE NATION.

THE FIRST DEVELOPMENT UNDER THE EXPANDED INCLUSIONARY ZONING PROGRAM WAS PALMER'S DOCK, A 300 UNIT BUILDING IN WILLIAMSBURG, BROOKLYN. THE DEVELOPMENT BROKE GROUND IN 2006 WITH 113 AFFORDABLE UNITS. THE DEVELOPMENT WILL BE 30% AFFORDABLE, WITH ELIGIBLE INCOMES IN THE AFFORDABLE UNITS RANGING FROM $21,300 TO $56,700. WE RECEIVED OVER 15,000 APPLICATIONS FOR THE AFFORDABLE HOUSING LOTTERY AND THE DEVELOPER IS CURRENTLY SCREENING OVER 5,000 ELIGIBLE CANDIDATES.

WHILE CONTINUED GROWTH IS ESSENTIAL TO OUR CITY, WE MUST ALSO WORK TO PRESERVE THE GAINS WE HAVE MADE.

ACCORDINGLY, WE ARE WORKING AT EVERY LEVEL TO MAKE SURE EXISTING HOUSING REMAINS AFFORDABLE AND IN GOOD CONDITION. LAST YEAR, THE COUNCIL PASSED TWO IMPORTANT BILLS, INTRO'S 525 AND 526, SPONSORED BY COUNCILMEMBER DILAN. THESE BILLS EXTENDED THE J-51 TAX BENEFIT PROGRAM UNTIL DECEMBER 2011, AND WILL HELP MAINTAIN NEW YORK CITY'S AFFORDABLE HOUSING STOCK BY SPURRING MUCH NEEDED REHABILITATION AT LOWER INTEREST

RATES THAN PRIVATE SECTOR FINANCING, WHILE KEEPING MORE DEVELOPMENTS FROM LEAVING THE MITCHELL-LAMA PROGRAM.

IN ALBANY, A MAYORAL PROGRAM BILL HAS BEEN REINTRODUCED THIS YEAR BY ASSEMBLYMAN LOPEZ AND SENATOR PADAVAN (A. 795/S. 4250) THAT PROVIDES AN INCENTIVE FOR OWNERS TO REMAIN IN THE MITCHELL-LAMA PROGRAM. THE PROPOSED LEGISLATION WOULD ALLOW THEM TO EARN DIVIDENDS OR INTEREST IN EXCESS OF 6% EQUITY AND SUBJECT THE UNITS TO ANNUAL RENT INCREASES COVERED BY RENT STABILIZATION LAWS. THE BILL ALSO PROVIDES THAT ALL MITCHELL LAMA UNITS THAT ARE OCCUPIED AFTER JANUARY 1, 1974 WILL REMAIN UNDER THE RENT STABILIZATION LAWS AND NOT BE SUBJECT TO MARKET RATE RENTS UPON BUY-OUTS. AMONG THE MANY MITCHELL-LAMA DEVELOPMENTS WHERE AFFORDABILITY WOULD BE PRESERVED IS STARRETT CITY, WHICH WE ARE WORKING TIRELESSLY TO ENSURE REMAINS AFFORDABLE.

ONE OF THE CAPSTONES OF THE ADMINISTRATION'S SUCCESS HAS BEEN RECORD HIGH HOMEOWNERSHIP. HOWEVER, MANY COMMUNITIES NOW FACE A THREAT TO THAT SUCCESS. WE MUST DO EVERYTHING WE CAN TO HELP HOMEOWNERS WHO WERE VICTIMS OF SUB-PRIME LOAN SCHEMES TO AVOID FORECLOSURE AND PROTECT OUR COMMUNITIES FOR THE FUTURE. I WANT TO TAKE THIS OPPORTUNITY TO THANK

CHAIRMAN DILAN AND COUNCILMAN FIDLER WHO ASSISTED WITH FUNDING THE CENTER FOR NEW YORK CITY NEIGHBORHOODS.

AS MOST OF YOU KNOW, LAST DECEMBER THE MAYOR AND THE SPEAKER ANNOUNCED THE FORMATION OF THE CENTER FOR NEW YORK CITY NEIGHBORHOODS (CNYCN), A NEW NOT FOR PROFIT ORGANIZATION THAT WILL ASSIST HOMEOWNERS CITYWIDE AT RISK OF MORTGAGE FORECLOSURE. IT IS AN INDEPENDENT ENTITY THAT WILL FUND A MAJOR EXPANSION AND COORDINATION OF COUNSELLING AND REFERRAL SERVICES, LEGAL ASSISTANCE, LOAN REMEDIATION, PREVENTIVE OUTREACH AND EDUCATION AROUND SUB-PRIME LENDING AND MORTGAGE FORECLOSURES.

THE FIRST AND LARGEST OF ITS KIND IN THE NATION, THE CENTER WILL ALSO ESTABLISH NATIONAL BEST PRACTICES FOR ADDRESSING THE MORTGAGE FORECLOSURE CRISIS USING A COMPREHENSIVE APPROACH. FUNDING IN THE FIRST YEAR IS ESTIMATED TO BE OVER $5 MILLION, WITH A $1 MILLION COMMITMENT FROM THE ADMINISTRATION AND $1.6 MILLION FROM THE CITY COUNCIL. IN ADDITION TO THESE SIGNIFICANT CONTRIBUTIONS, THE CNYCN IS SEEKING PRIVATE, PHILANTHROPIC AND FOUNDATION SUPPORT. THE OPEN SOCIETY INSTITUTE STEPPED UP WITH A CHALLENGE GRANT OF $1 MILLION A YEAR FOR TWO YEARS, AND, AS OF THIS DATE, WE HAVE MET AND EXCEEDED THAT CHALLENGE WITH

$2.15 MILLION IN GRANTS RAISED FROM PRIVATE FOUNDATIONS, BANKS AND LENDERS. FUNDERS INCLUDE ROBIN HOOD FOUNDATION, FREDDIE MAC, FANNIE MAE, CITI, COUNTRYWIDE, DEUTSCHE BANK, HSBC BANK USA, JP MORGAN CHASE, AND NEIGHBORWORKS AMERICA. THE CENTER'S FOCUS WILL BE TO KEEP NEW YORKERS IN THEIR HOMES AND PROTECT OUR NEIGHBORHOODS.

IN ADDITION TO OUR WORK ON SUBPRIME ISSUES, WE ARE ALSO WORKING WITH THE COUNCIL TO PROTECT NEIGHBORHOODS WHERE BUILDINGS ARE IN THE GREATEST NEED OF REPAIR. THE SAFE BUILDINGS ACT, WHICH CREATED THE ALTERNATIVE ENFORCEMENT PROGRAM (AEP), IS A LOCAL LAW WHICH GIVES HPD ADDITIONAL ENFORCEMENT AUTHORITY. AEP FOCUSES ANNUALLY ON 200 DIFFERENT MULTIPLE DWELLINGS, EACH CHOSEN BASED ON SPECIFIC CRITERIA. THE CRITERIA FOR YEAR ONE WAS MULTIPLE DWELLINGS HAVING 27 OR MORE OPEN HAZARDOUS OR IMMEDIATELY HAZARDOUS HOUSING MAINTENANCE CODE VIOLATIONS ISSUED OVER THE PAST TWO YEARS AND, DURING THE SAME TIME PERIOD, HAD A RATIO OF FIVE OR MORE HAZARDOUS OR IMMEDIATELY HAZARDOUS VIOLATIONS PER UNIT AS WELL AS AN UNPAID EMERGENCY REPAIR BALANCE OF $100 OR MORE PER UNIT.

LAST NOVEMBER, WE NOTIFIED THE FIRST 200 PROPERTY OWNERS THAT THEIR BUILDINGS WERE SUBJECT TO AEP. WITHIN FOUR MONTHS, THEY

ARE REQUIRED TO CORRECT THE VIOLATIONS IN THEIR BUILDINGS AND CONTACT HPD TO REQUEST A RE-INSPECTION. MULTIPLE DWELLINGS THAT ARE NOT DISCHARGED WITHIN THE FIRST FOUR MONTHS OF THE INITIAL HPD NOTICE WILL BE SUBJECT TO BUILDING-WIDE INSPECTIONS, FEES, AND EXTENSIVE REPAIR WORK TO CORRECT VIOLATIONS AND UNDERLYING CONDITIONS. AS WE APPROACH THE FOUR MONTH MARK, WE HAVE AWARDED EMERGENCY REPAIR WORK COSTING APPROXIMATELY $517,881 WHICH WILL BE BILLED TO THE BUILDING OWNERS ONCE REPAIRS ARE COMPLETE, AND COLLECTED $498,588 FROM OWNERS FOR PRIOR EMERGENCY REPAIR WORK THAT HPD COMPLETED AND RECEIVED 34 MULTIPLE DWELLING REGISTRATIONS. SO FAR WE HAVE RECEIVED REQUESTS FOR INSPECTION OF CORRECTED VIOLATIONS FROM 45 PROPERTIES.

SPECIFICALLY, I WOULD LIKE TO SHARE AN EXAMPLE OF HOW HPD'S LITIGATION TEAM, WORKING WITH OUR CODE ENFORCEMENT TEAM THROUGH AEP, BROUGHT JUSTICE TO RESIDENTS AT AN AEP BUILDING LOCATED AT 1055 MARTIN LUTHER KING, JR. BOULEVARD IN THE BRONX. TWO WEEKS AGO, HPD ANNOUNCED THAT THE LANDLORD, HAMID KHAN, WAS SENTENCED TO 9 DAYS IN JAIL FOR CRIMINAL CONTEMPT FOR FAILING TO REPAIR HUNDREDS OF HOUSING MAINTENANCE CODE VIOLATIONS, INCLUDING IMMEDIATELY HAZARDOUS CONDITIONS IN HIS BUILDING.

IN ADDITION, CODE ENFORCEMENT OVERSEES THE TARGETED CYCLICAL ENFORCEMENT PROPRAM (T-CEP). LAST FALL WE RELEASED THE SECOND ANNUAL T-CEP REPORT. THIS IS A JOINT COUNCIL AND HPD INITIATIVE THAT CONDUCTS BUILDING WIDE INSPECTIONS IN THREE COUNCIL DISTRICTS EVERY TWO MONTHS. WE ARE IN ROUND 11, AND THANKS TO COUNCILWOMAN BREWER, WHO SECURED $300,000 FOR HPD IN THE EXPENSE BUDGET FOR THE SECOND YEAR IN A ROW WE ARE ABLE TO WORK WITH FOUR COUNCIL MEMBERS THIS ROUND INSTEAD OF THREE. WHILE THERE HAVE BEEN POSITIVE OUTCOMES, WE ARE STILL NOT SEEING THE MOST DISTRESSED BUILDINGS IN NEIGHBORHOODS BEING ADDRESSED.

ANOTHER EFFORT TO ADDRESS DISTRESSED PROPERTIES IS OUR COLLABORATION WITH THE COUNCIL ON THEIR $14 MILLION HUD DISTRESSED PROPERTY INITIATIVE. WE WILL FINALIZE AGREEMETNS SHORTLY FOR TWO FORMER HUD PROPERTIES, SILOAM HOUSE IN BROOKLYN AND HUNTS POINT I IN THE BRONX THAT WILL RECEIVE APPROXIMATELY $5 MILLION OF THOSE RENOVATION FUNDS.

WHILE THESE PRESERVATION PROGRAMS ARE A CRITICAL COMPONENT OF OUR SUCCESS, HPD'S PRESERVATION SERVICES DIVISION ALSO PLAYS A KEY ROLE BY ENSURING COMPLIANCE WITH THE CITY'S HOUSING

MAINTENANCE CODE AND NEW YORK STATE'S MULTIPLE DWELLING LAW THROUGH CODE ENFORCEMENT AND BY RESPONDING TO CODE RELATED 311 CALLS. BECAUSE THE 311 SERVICE CENTER HAS DRAMATICALLY INCREASED THE PUBLIC'S ABILITY TO REACH CITY AGENCIES, IT HAS SIGNIFICANTLY IMPACTED THE NUMBER OF INSPECTIONS THAT WE CONDUCT. BETWEEN JULY 1, 2007 AND JANUARY 31, 2008, WE RESPONDED TO 328,806 COMPLAINTS 149,100 OF THOSE WERE HEAT AND HOT WATER COMPLAINTS, AND SPENT $2,527,490 ON LEAD EMERGENCY REPAIR WORK.

IN ORDER TO PROVIDE THE RESIDENTS OF NEW YORK CITY'S NEIGHBORHOODS WITH QUICK AND EASY ACCESS TO OUR SERVICES, WE HAVE EXPANDED OUR AFFORDABLE HOUSING HOTLINE TO SEVEN LANGUAGES FROM JUST TWO. IN ADDITION TO ENGLISH AND SPANISH, WE ADDED MANDARIN, CANTONESE, RUSSIAN, HAITIAN CREOLE AND KOREAN.

NOW THAT I HAVE SHARED MANY OF OUR PROGRAMMATIC VICTORIES, AND COUNCIL COLLABORATIONS, I WOULD LIKE TO TALK ABOUT FUNDING LEVELS FOR HPD'S BUDGET.

AT THE FEDERAL LEVEL, THE PRESIDENT'S PROPOSED BUDGET CUTS $500 MILLION FOR SECTION 8 TENANT BASED RENEWALS. THERE IS NO

QUESTION: THAT IS NOT NEARLY ENOUGH TO COVER THE NUMBER OF VOUCHERS NEEDED.

THE PRESIDENT'S BUDGET PROPOSAL ALSO SLASHES CDBG FUNDING BY $660 MILLION FROM LAST YEAR'S FUNDING LEVEL. AS YOU KNOW, HPD CURRENTLY RECEIVES JUST OVER HALF OF THE CITY'S CDBG FUNDS AND USES THE MONIES FOR HOUSING LITIGATION, CODE ENFORCEMENT INSPECTORS, NEIGHBORHOOD PRESERVATION CONSULTANTS AND TO OPERATE THE BUILDINGS THAT REMAIN IN HPD'S CENTRAL MANAGEMENT. IF THE BUDGET WERE TO PASS AS IT NOW STANDS, HPD COULD LOSE UP TO $30 MILLION, NEARLY 20% OF THE AGENCY'S ENTIRE CDBG BUDGET.

THE PRESIDENT'S PROPOSED BUDGET ALSO CUTS SECTION 811 FUNDING FOR PERSONS WITH DISABILITIES BY 48% TO $160 MILLION AND SECTION 202 FUNDING FOR VERY LOW-INCOME ELDERLY PERSONS BY $195 MILLION TO $540 MILLION. THIS BUDGET ALSO PROPOSES TO CUT THE AMERICAN DREAM DOWNPAYMENT ASSISTANCE PROGRAM BY $10 MILLION.ON THE OTHER HAND, THE PRESIDENT PROPOSED TO INCREASE HOME FORMULA GRANTS BY 17.6% FROM LAST YEAR FOR A TOTAL OF $1.916 BILLION.

IN LIGHT OF SO MANY OF THESE DRACONIAN CUTS, WE ARE ALREADY WORKING WITH OUR FEDERAL REPRESENTATIVES TO PROTECT AND RESTORE THE HOUSING FUNDS THAT NYC DESPERATELY NEEDS, AND WE WILL CONTINUE TO DO SO DURING THE BUDGET REVIEW PROCESS.
ON THE FEDERAL LEVEL, WE HAVE WORKED CLOSELY WITH SENATOR SCHUMER ON A STIMULUS PACKAGE THAT PASSED OUT OF THE FINANCE COMMITTEE ON JANUARY 30, INCLUDING $10 BILLION FOR NEW PRIVATE ACTIVITY BONDS FOR USE IN HOUSING OVER THE NEXT THREE YEARS. WE HAD EXPECTED THAT NEW YORK WOULD RECEIVE NEARLY $600 MILLION OF THESE BONDS. UNFORTUNATELY, THE FULL SENATE DISAPPROVED THE STIMULUS PACKAGE BY THE NARROW MARGIN OF TWO VOTES ON FEBRUARY 6. LAST WEEK A SECOND BILL WAS INTRODUCED BY SENATOR REID. MAYOR BLOOMBERG SENT A LETTER TO THE NEW YORK SENATE DELEGATION URGING SUPPORT FOR S. 2636, THE FORECLOSURE PREVENTION ACT OF 2008, WHICH WILL AUTHORIZE $10 BILLION FOR NEW PRIVATE ACTIVITY BONDS. UNFORTUNATELY, THIS BILL WAS ALSO BLOCKED IN THE SENATE, 12 VOTES SHORT OF THE 60 VOTES NEEDED, ON FEBRUARY 29. WE WILL BE WORKING WITH BOTH SENATOR SCHUMER AND CONGRESSMAN RANGEL TO ENSURE THAT THE ADDDITIONAL VOLUME CAP WILL BE INCLUDED IN THE NEXT STIMULUS PACKAGE.

NOW I WOULD LIKE TO DISCUSS HPD'S CITY BUDGET:

THE JANUARY PLAN EXPENSE BUDGET FOR FISCAL YEAR 2008 IS $614.8 MILLION. WE PROJECT THAT OUR FISCAL YEAR 2009 BUDGET WILL BE $606.3 MILLION ONCE WE INCLUDE THE FEDERAL FUNDING AND BATTERY PARK CITY MONEY THAT WILL BE ADDED AFTER ADOPTION. THEREFORE, THE FISCAL YEAR 2009 BUDGET WILL BE ABOUT $8.5 MILLION BELOW OUR CURRENT PLAN. SOME OF THIS REDUCTION REFLECTS TECHNICAL CHANGES IN THE TIMING OF GRANTS, AND INITIATIVES THAT ARE TRADITIONALLY FUNDED ON A YEAR BY YEAR BASIS. HOWEVER, AS I AM SURE YOU ARE AWARE, ALL CITY AGENCIES WERE ASKED TO TAKE EXPENSE BUDGET REDUCTIONS IN THE JANUARY PLAN.

AS THE INVENTORY OF CITY OWNED HOUSING AND VACANT LOTS HAS DECLINED, HPD HAS BEEN ABLE TO REDUCE SPENDING ON MAINTENANCE. IN ADDITION, WE ARE ABLE TO BETTER USE FEDERAL FUNDS TO SUPPORT EXISTING PROGRAMS. LIKE OTHER AGENCIES, OUR HEADCOUNT WAS REDUCED IN THE JANUARY PLAN, BUT BECAUSE HPD USES A VARIETY OF FEDERAL FUNDING SOURCES FOR OUR PROGRAMS, THE OVERALL HEADCOUNT CUT WAS ONLY 1% OF OUR TOTAL STAFF. AS A RESULT, WE DO NOT ANTICIPATE THAT ANY OF THE CUTS TAKEN IN JANUARY WIL HAVE AN APPRECIABLE IMPACT ON CITY SERVICES.

HPD'S CAPITAL BUDGET MAINTAINS FUNDING FOR THE CAPITAL PLAN. WE ANTICIPATE SPENDING $982 MILLION IN FY08, AND $3.1 BILLION

THROUGH THE REMAINDER OF THE HOUSING PLAN. THIS INCLUDES $370 MILLION FOR THE MIXED INCOME RENTAL PROGRAM WHICH FINANCES THE NEW CONSTRUCTION OF HOUSING FOR HOUSEHOLDS EARNING LESS THAN 80% OF AMI, AND $415 MILLION FOR SUPPORTIVE HOUSING. OTHER KEY INITIATIVES INCLUDE $379 MILLION FOR THE THIRD PARTY TRANSFER PROGRAM AND $423 MILLION TO SUPPORT THE REHABILITATION OF THE REMAINDER OF THE IN-REM HOUSING STOCK. HPD DID REALIGN THE FUNDING FOR THE TENANT INTERIM LEASE PROGRAM TO BETTER REFLECT THE TIMING OF ANTICIPATED USAGE. HPD REMAINS COMMITTED TO THE REHABILITATION OF THESE UNITS.

IN CLOSING, LET ME REITERATE THAT WHILE WE HAVE CHALLENGES AHEAD IN FINDING NEW LAND TO CREATE AND PRESERVE AFFORDABLE HOUSING, WE KNOW THAT WE HAVE GOVERNMENT PARTNERS WHO ARE COMMITTED TO WORKING WITH US TO CREATIVELY ADDRESS THESE ISSUES. WE WILL CONTINUE TALKING WITH YOU AND TRAVEL TO WASHINGTON AND ALBANY TO KEEP FIGHTING FOR MORE FUNDS AND THE FLEXIBILITY TO IMPLEMENT PROGRAMS THAT ADDRESS ALL OF OUR COMMUNITIES NEEDS.

THANK YOU AND I WILL BE HAPPY TO TAKE YOUR QUESTIONS.

TESTIMONY BY NYCHA CHAIRMAN TINO HERNANDEZ
CITY COUNCIL PRELIMINARY BUDGET HEARING
COMMITTEES ON FINANCE, HOUSING AND BUILDINGS AND SUB-COMMITTEE ON PUBLIC HOUSING
TUESDAY, MARCH 4, 2008, 3:45PM
CITY COUNCIL CHAMBERS, CITY HALL

Chair Dilán, Chair Weprin, Chair Mendez, and members of the City Council — good afternoon. I am Tino Hernandez, Chairman of the New York City Housing Authority (NYCHA). Joining me is NYCHA's Board, Vice-Chairman Earl Andrews, Jr., and Board Member Margarita López, General Manager Douglas Apple, and members of NYCHA's senior management team. We are here to provide you with an overview of NYCHA's preliminary FY2008 budget.

NYCHA'S Mission

As you know, NYCHA manages over 178,000 apartments in 343 developments throughout the five boroughs. We provide housing, community and social services for over 408,000 low- and moderate-income New Yorkers. NYCHA also administers the nation's largest Section 8 program, assisting over 85,000 families.

NYCHA remains committed to our core mission of providing affordable housing and quality services for current and future residents in New York City.

NYCHA Preliminary FY2008 Budget

On January 23, 2008, the NYCHA Board adopted an FY2008 Preliminary Operating Budget providing outlays of $2.8 billion. These operating funds support the day-to-day management and maintenance of our 2,644 residential buildings, 2,500 acres of grounds and an immense complex of systems that support our developments. Operating funds also pay for NYCHA's vast array of community and social service programs and the salaries and benefits of approximately 12,400 employees.

Chronic Federal Underfunding

Under the FY2008 budget, NYCHA projects a gap of $195.3 million for FY2008. This structural deficit is primarily the result of chronic Federal underfunding, reflecting Washington's continued disinvestment in public housing.

For the sixth year in a row, since 2002, the Federal operating subsidy for public housing has not been fully funded. NYCHA has been shortchanged by more than $611 million in Federal funding since 2001. For FY2008, the Federal subsidy NYCHA receives will again be pro-rated with HUD announcing in February that NYCHA will receive an estimated 81.7 cents on the dollar, adding to our deficit by approximately $175 million.

The deficit is exacerbated by critical components of NYCHA's operations that remain unfunded including: the cost of operating 21 State- and City-built developments at an annual cost of $93 million; an increase in non-discretionary employee benefit expenses of $40 million, and NYCHA-provided community and social services.

NYCHA Actions in Response to Federal Underfunding

The NYCHA Board has taken strong and decisive steps to manage within our means. We have made cost containment a priority, and have taken a range of actions to reduce spending.

Beginning in 2002, through the end of this past year, we have cut the size of our workforce by almost 2,000 positions. We have also implemented over a half billion dollars in budget reductions while consolidating administrative functions and streamlining services.

Last week, on February 29th, NYCHA made the difficult decision to further reduce our workforce by eliminating an additional 427 positions, including 190 layoffs. These actions, with layoffs scheduled for mid-April, will save NYCHA $30.3 million per year. This fulfills NYCHA's plan reflected in its 2007 budget to reduce headcount by 500 positions. NYCHA eliminated 73 managerial positions in October 2007. Our efforts are to protect service at the development level and consequently no development staff are affected by these reductions.

As part of this workforce reduction, 19 underutilized community centers will be consolidated into existing, nearby facilities. As I mentioned, Federal funding does not support NYCHA's network of over 500 community-based programs and at this juncture, all of NYCHA's community-based services are at risk. NYCHA is also consolidating eight management offices at developments into four locations. In addition, NYCHA will restructure its painting program to be consistent with our other specialized trades, which will reduce costs while maintaining direct service staffing levels. As part of NYCHA's overall commitment to quality services, residents will be able to call our Centralized Call Center or CCC to request an appointment for painting.

In the face of the ongoing Federal underfunding, the NYCHA Board will continue to consider further actions to reduce spending given NYCHA's fiscal condition. Let me now discuss our capital funding.

Capital Assistance

The Federal Public Housing Capital Fund is NYCHA's primary source of dollars for major capital improvements such as roof replacements and brick repairs at our developments. Federal funding for capital work continues to be reduced. In FY 2001, NYCHA received $420 million in Capital assistance. For FY 2008, the Authority anticipates an allocation of $324 million or 23% less than it received seven years previously. Considering the major increases in construction costs in New York City, plus our growing backlog of capital needs, this funding amounts to a much greater funding loss of close to 50% in real terms. Our estimated capital needs to preserve public housing for the next 15 years is over $25 billion.

Seeking Long Term Financial Stability

To ensure the long-term viability of public housing, NYCHA announced *The Plan to Preserve Public Housing* in 2006. *The Plan* was a defining time for public housing in New York City and outlined a seven point program to address our structural deficit.

Over the past year, NYCHA has achieved victories in securing new revenue sources it sought to obtain under *The Plan*. Let me provide you with an update.

The State passed the Shelter Allowance bill, which raises rental payments for public housing residents on public assistance to the same level as private landlords. This initiative will lead to an incremental increase in revenue and yield approximately $46 million in new monies once fully phased in by Fiscal Year 2010.

The Plan also included a proposal to leverage Federal Section 8 funding to subsidize the operations of 8,400 units at our 21 City- and State-built developments. This proposal was put forward because these developments do not receive operating subsidies from any government source, resulting in NYCHA diverting our limited federal dollars to operate these units.

We are pleased to inform you that we have obtained approval for our Section 8 Transition initiative from the U.S. Department of Housing and Urban Development (HUD) in Washington and are now working with the HUD Regional Office in New York City on a management and implementation plan. When all 8,400 units are fully phased in by Fiscal Year 2011, this initiative will yield an additional $75 million annually.

Last year, NYCHA also gained recognition in the State budget, receiving $3.4 million for our 15 unfunded State-built developments. This was the first allocation of State operating dollars for developments built by the State in ten years. Sadly, the allocation has not been followed up by funding in the new fiscal year. We are calling upon the State once again to renew its support of public housing.

NYCHA continues to take an innovative approach to addressing its financial and operational needs. We will bring in new revenue through the Shelter Allowance and Section 8 Transition programs over the coming years, growing to over $121 million by 2011. However, during the same period, we project that the costs of non-discretionary employee benefits (expected wage settlements, pension and health care costs) will grow by almost the same amount. It is critical that we continue to support our dedicated workforce. However, we must find ways to control these costs over the coming years as a part of our efforts to achieve long-term fiscal stability.

Mayor Bloomberg has been a strong supporter, as has the City Council, providing $120 million in 2006 and assisting again in 2007 with $100 million in new capital funding and an agreement to provide $50 million in new revenue to the Authority as a part of the NYCHA/HPD collaboration on affordable housing development. In 2008, the City will provide us with its share of the Shelter Allowance funding. Beyond these fiscal challenges, there have been important accomplishments at NYCHA that I would like to report on.

Accomplishments

Foremost in these achievements are the steps we've taken to ensure better service to our residents.

- We have worked to improve resident services by going Citywide with our most significant undertaking: the Centralized Call Center. All NYCHA residents can now call one telephone number, 24 hours a day, seven days a week to schedule repairs in their apartments.

- NYCHA continues the implementation of our four-year, capital program to preserve public housing. Most significant is the work that is underway to repair roofs and the brickwork of our buildings to maintain their integrity. NYCHA's 2007 portfolio represents 300 active construction contracts and 375 contracts that are substantially complete at a total value of $1.19 billion.

- Under Mayor Bloomberg's historic New Housing Marketplace Plan, we continue our partnership with HPD and HDC to increase affordable housing. Utilizing available NYCHA land, 6,000 new affordable dwelling units are in development or various stages of planning. This initiative will generate new revenue in the form of long-term-ground leases and disposition agreements on properties that will be used to develop new units.

- NYCHA is playing a major role in the Mayor's PlaNYC2030 which aims to reduce greenhouse gas emissions and fight against climate change. A historic partnership between NYCHA, Mayor Bloomberg, former President Bill Clinton, and HUD has been created to allow NYCHA to become a national leader in becoming green and more energy efficient. Under the partnership NYCHA will access energy-efficient and clean-energy technologies at reduced prices, freeing up money to be used for the day-to-day operations of the Authority. As part of this effort, NYCHA is replacing aging hot water tanks and boilers and installing energy-efficient light bulbs to reduce energy use.

Conclusion

NYCHA remains a critical resource to New York City's portfolio of affordable housing. This board remains committed to the preservation of public housing for current and future generations. The Mayor and so many elected officials have stated in clear and convincing terms their commitment to preserve this important resource. Despite the Authority's unparalleled response, the structural deficit we are facing continues to adversely impact our operations.

Public housing was conceived over 70 years ago as a Federal program. Washington must play a leadership role in solving this structural deficit. The NYCHA Board will continue to make the tough decisions necessary to achieve fiscal balance and ensure the preservation of public housing in New York City. At the same time, we know that these decisions will affect some of the City's most vulnerable citizens and we will make those decisions with compassion.

We urge all levels of government to support public housing so that New Yorkers in need will continue to live in decent and affordable homes.

Let me conclude my remarks and again thank the City Council for your support. I am glad to answer any questions you may have. Thank you.

Community Operations Consolidations

For FY 2008, the following 19 Community Operations Community Centers will either be consolidated or sponsored by a Community Based Organization (CBO):

Brooklyn:
9 Community Centers

7 Community Centers will be consolidated

1. 303 Vernon Avenue Community Center consolidated into Sumner Community Center
2. Brownsville Community Center consolidated into Tilden Community Center
3. Glenmore Community Center consolidated into Howard Community Center
4. Gowanus Community Center consolidated into Wyckoff Community Center
5. Gravesend Community Center consolidated into O'Dwyer Community Center
6. Weeksville Community Center consolidated into Albany Community Center
7. Whitman Community Center consolidated into Ingersoll Community Center

2 Community Centers will be considered for sponsorship by a CBO

1. Park Rock Community Center
2. Berry Community Center

Bronx:
5 Community Centers

4 Community Centers will be consolidated

1. 1162 Washington Avenue Community Center consolidated into Butler Community Center
2. Monroe Community Center consolidated into Bronxdale Community Center
3. Sackwern Community Center consolidated into Soundview Community Center
4. Betances Community Center consolidated into the Betances Education and Boxing Center

1 Community Center is being considered for sponsorship by a CBO

1. University Community Center

Queens:
3 Community Centers

1 Community Centers will be consolidated

1. Bland Community Center will be consolidated into Latimere Gardens Community Center

2 Community Centers will be considered for sponsorship by a CBO

1. Redfern Community Center
2. Baisley Park Community Center

Manhattan:
2 Community Centers

2 Community Centers will be consolidated

1. Rangel Community Center consolidated into Polo Grounds Community Center
2. ~~Wilson Community Center consolidated into East River Community Center~~

Dated February 29, 2008

Enterprise™

Testimony of Lydia Tom, Deputy Director
Enterprise Community Partners, Inc. – New York

New York City Council Fiscal 2008 – 2012
Preliminary Budget Hearing

March 4, 2008

Chairman Dilan, Thank you for the opportunity to testify today on the City's Preliminary Budget for Housing.

Enterprise is a national innovator in community revitalization and a leading provider of development capital and expertise needed to create decent, affordable homes and rebuild communities. For 25 years, Enterprise has pioneered neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations, for profit neighborhood developers and others that share our vision. In 2004, Enterprise launched its New York City Billion Dollar Promise, our commitment to invest $1 billion to develop 15,000 affordable homes by 2009.

Having a place to live is the crucial first step out of poverty. The need for affordable housing is acute across our City. Nearly 80 percent of low-income New Yorkers spend more than a third of their income on rent. Meanwhile, the number of units affordable to low-income households continues to fall as the number of affordable units available on the market diminishes. A report by New York University's Furman Center for Real Estate & Urban Policy found that 205,000 affordable units were lost between 2002 and 2005. Should this trend continue, thousands of working New Yorkers – teachers, taxi-cab drivers, firefighters and others who are integral to New York's livelihood – will be embroiled in a severe housing crisis.

We also recognize that no jurisdiction in the country comes close to the effort that New York City makes to provide affordable housing opportunities to individuals and families in need. The January 2008 Four Years City Financial Plan includes $2.2 billion in capital funds to support building and maintaining affordable housing. In addition to maintaining this funding, we need to find ways to make each dollar spent go further.

The actual costs of construction have escalated, especially after 9/11 and after Katrina. The construction boom across the U.S. and internationally has pushed up the cost of steel, for example. In 2001, the per unit cost of a typical gut rehabilitation was $103,937 per unit and in 2006, it was $155,272, more than a 49 percent increase. The per square foot cost of a typical new construction project in New York City was $129 in 2001, pre 9/11, and was $212 per square foot in 2006 – a very substantial 65 percent increase. These rising costs will impact our ability to meet growing needs.

With the widening affordability gap, all efforts to control and reduce expenses need to be explored. But capital resources also need to be increased if we are to preserve existing affordable housing and make new affordable housing available.

Enterprise has supported the Spitzer Administration's proposal to create a Housing Opportunity Fund, as included in the FY 2009 executive budget. The Fund would use proceeds from the sale of property located at the Jacob K. Javits Convention Center site to further generate $300 million in resources for affordable housing downstate. However, if there are delays in the sale of this property, the State must proactively identify other resources to supplement the Fund. The State's affordable housing needs are simply too urgent to delay.

Additionally, Enterprise encourages all efforts to protect existing affordable rental housing. For example, the rent cap of $2,000 for protection under rent stabilization has never been adjusted for inflation.

In my limited time, I would like leave you with two important thoughts:

- Preservation of existing affordable housing is significantly less expensive than building new.
- Building green reduces the cost of operating affordable housing in the long term.

Enterprise commends the City Council and Chairman Dilan for your commitment to green affordable housing development. In last year's adopted budget, the Council included a $3 million capital commitment to support efforts to rehabilitate existing affordable units using "green" technology. The benefits of this strategy are clear, and we are working to leverage these funds with additional public/private investment. In partnership with the Clinton Climate Initiative, Enterprise has issued a $30 million challenge to government partners, foundations and financial institutions toward a Green Fund intended to help fulfill our commitment to create and preserve at least 15,000 affordable green homes for New York's low-income residents. We look forward to working with the Council to continue this funding in this year's budget.

Finally, the harsh reality is that foreclosures will increase pressure on New York's affordable rental market. Enterprise supports efforts to pass legislation to amend state foreclosure law and provide additional protections to homeowners facing foreclosure. Any legislation should require lenders to verify borrower ability to repay loans, provide for debt counseling, increase the foreclosure notice period and enhance lender liability.

Conclusion

The City of New York is the national leader in addressing the crisis of affordable housing which is something you should be proud of and yet there is much to be done. Enterprise remains committed to working with affordable housing developers, elected officials and city, state and federal housing agencies to ensure that families of all incomes have the opportunity for decent, affordable housing with ready access to jobs, quality schools and services.

Thank you.

For the Record

CCC
CITIZENS' COMMITTEE for CHILDREN
OF NEW YORK INC

TESTIMONY

OF

SUSAN WIELER

SENIOR POLICY ASSOCIATE FOR

ASSET BUILDING AND COMMUNITY DEVELOPMENT

FOR

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

BEFORE THE

NEW YORK CITY COUNCIL HOUSING AND BUILDINGS COMMITTEE

REGARDING THE

NEW YORK CITY PRELIMINARY BUDGET PROPOSALS

FISCAL YEAR 2009

March 4, 2008

Citizens' Committee for Children of New York, Inc. 105 East 22nd Street New York, NY 10010
Phone: 212.673.1800 Fax: 212.979.5063 Web: www.cccnewyork.org

Good afternoon. My name is Susan Wieler and I am the Senior Policy Associate for Asset Building and Community Development at Citizens' Committee for Children of New York, Inc. (CCC). I would like to thank Council Member Dilan and all members of the New York City Council Housing and Buildings Committee for this opportunity to testify on New York City's Preliminary Budget for Fiscal Year 2009.

For 64 years, Citizens' Committee for Children of New York, Inc. (CCC) has convened, informed and mobilized New Yorkers to make New York City a better place for children. CCC's approach to child advocacy is fact-based and combines the best features of public policy advocacy with a tradition of citizen activism.

Upon careful review of the Mayor's Preliminary Budget for City Fiscal Year 2009, it is clear that great efforts have been made to identify gap closing actions that result in much needed savings by making agencies operate more efficiently. To ensure a balanced budget in CFY'09, the Preliminary Plan uses $3.8 billion in prior year resources and $1.2 billion in new actions to close the CFY'09 budget gap. Close to half of agency gap closing actions are proposed for the Department of Education and the Health, Welfare and Housing agencies.

While efforts have been made to avoid direct service reductions, it is clear that the elimination of 2,100 slots from the Summer Youth Employment Program, the elimination of 1,000 slots from preventive service programs that keep children safe and at home, and the reduction of $10 million for the lead teacher program and $4 million for summer schools will have very negative implications for the children and families in New York City.

In addition, the CFY'09 Preliminary Plan also does not fund approximately $122.5 million in City Council Initiatives that have supported a wide array of community-based services for children and families this year. These funds were part of the CFY'08 Adopted Budget, but are not included in the City's Preliminary Plan for FY' 09. (Please see attached chart for details related to these cuts.)

Finally, the CFY'09 Preliminary Plan includes many commitments made by New York State last year and does not reflect the risks to New York City included in the Governor's proposed Executive Budget for SFY'09. Should State Executive Budget proposals to shift greater costs related to preschool special education, youth detention, and public assistance programs to localities and provide less education aid and municipal aid, New York City's ability to maintain a CFY'09 budget that protects many services for children and families will be dramatically hampered.

CCC is particularly concerned about the Preliminary Plan's failure to include Council Initiatives for anti-eviction legal services and emergency grants to families at risk of eviction. These council initiatives that help prevent evictions are critical for families given the current economic and housing environments.

In addition, CCC urges the City Council and the Mayor to work together to create a renters' tax credit to provide tax relief to New York City renters. Two-thirds of NYC households are renters and nearly half pay more than 30% of their annual income on rent. Almost a third pay more than 50% of their income in rent.

In closing, CCC urges the City Council to negotiate a budget with the Mayor that protects, restores and enhances the services children and families in New York City rely on. During difficult budget times, it is more important than ever to take steps to ensure every New York City child is healthy, housed, educated and safe.

Thank you for this opportunity to testify.

The chart below only highlights CFY' 09 Preliminary Plan proposals that impact vital services for children.

DEPARTMENT FOR YOUTH AND COMMUNITY DEVELOPMENT

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Helping Involve Parents in Schools Project (HIP)			$4.3 million
Cultural After School Adventure (CASA)			$8.4 million
Runaway and Homeless Youth			$4.7 million
Institute for Student Achievement			$1.35 million
Beacons		$2.3 million	$4 million
Eliminate Bus Program		$200,000	
Street Outreach/Neighborhood Youth Alliance			$2.1 million
The After-Three Program			$3.8 million
Miscellaneous Youth Programs			$4.1 million
Virtual Ys			$900,000
Sports and Arts Foundation			$2.1 million
Summer Youth Employment Program		$3.2 million	
Out-of-School Time		$2.64 million	
Sub-Total		**$8.34 million**	**$35.75 million**

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Obesity Prevention			$3.1 million
Podiatric Screening			$1 million
Mental Health Treatment for Children Under Five			$1.65 million
Autism Awareness Initiative			$1.5 million
Dental Vans			$268,000
Infant Mortality Initiative			$4.8 million
Asthma Control Initiative			$545,000
Summer School Nurses			$1.9 million
SPARKS and Health Corps			$660,000
Sub-Total			**$15.2 million**

HEALTH AND HOSPITALS CORPORATION

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Child Health Clinics			$6 million
HHC Outpatient Pharmacies and Clinics			$2.4 million
Translation Services			$1 million
Adolescent Substance Abuse Outpatient Treatment Clinics			$1.6 million
Sub-Total			**$11 million**

HOUSING PRESERVATION AND DEVELOPMENT

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
City-Task Force on Housing Court			$550,000
Anti-Eviction Legal Services			$3 million
Community Based Consultants			$1.03 million
Sub-Total			**$4.58 million**

DEPARTMENT OF HOMELESS SERVICES

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Citywide Homeless Prevention Fund			$500,000
Sub-Total			**$500.000**

DEPARTMENT OF SOCIAL SERVICES: HUMAN RESOURCES ADMINISTRATION

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
UI/SSI Legal Assistance			$2.5 million
Emergency Food Programs			$1.5 million
Sub-Total			**$4 million**

DEPARTMENT OF EDUCATION

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Universal Pre-kindergarten (full day in ACS programs)			$5.0 million
New Century High Schools			$500,000
Teacher's Choice			$20.9 million
Dropout Prevention and Intervention			$4.2 million
Urban Advantage			$2.5 million
New Visions for Public Schools			$500,000
The Lead Teacher Program		$10 million	
Summer School		$4 million	
English Language Learners Reserve Allocation		$10 million	
Sub-Total		**$ 24 million**	**$33.6 million**

ADMINISTRATION FOR CHILDREN'S SERVICES

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Child Welfare Preventive Services Caseload Reduction Initiative			$4.2 million
CONNECT Domestic Violence program			$1.2 million
Child Care Supplies-Provider's Choice			$1.7 million
Working Parents for a Working New York			$875,000
Low Income Investment Fund (LIFF)			$200,000
Legal Services for NYC (LSNY)			$500,000
Legal Information for Families Today (LIFT)			$500,000
Increase Preventive Service Slots		$2.4 million	
Homemaking Services Underutilization		$525,000	
Child Protective Services Productivity		$2.8 million	
Improve Child Protective Investigations	$2.3 million		
Child Care Lease Savings	$3.0 million		
Sub-Total	**$5.3 million**	**$5.7 million**	**$9.2 million**

DEPARTMENT OF JUVENILE JUSTICE

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
Discharge Planning Services			$1.3 million
Sub-Total			**$1.3 million**

MISCELLANEOUS

PROGRAM	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
EITC Legal Assistance			$765,000
Legal Services for Working Poor			$1.8 million
Civil Legal Services			$3.7 million
MFY Legal Services			$200,000
Create supermarket financing program			$75,000
Expand food stamp use at Farmers' Markets			$295,500
Sub-Total			**$6.47 million**

TOTALS

Program	Proposed Expenditure Increase	Proposed Expenditure Decrease	Failure to Fund City Council Initiative*
ALL	**$5.3 million**	**$ 38.04 million**	**$122.5 million**