

March 2015

Capital Funds Added to Finance Mayor’s Housing Plan

The de Blasio Administration has budgeted nearly \$7.2 billion for the capital program of the Department of Housing Preservation and Development (HPD), the agency charged with administering the Mayor’s Housing New York initiative to build or preserve 200,000 units of affordable housing over the next decade. The spending, which is planned over 10 years from fiscal year 2015 through the end of the Mayor’s housing plan in fiscal year 2024, is more than twice the \$3.5 billion the Bloomberg Administration actually committed for housing capital projects during its last decade in office.

The current funding reflects an increase of \$3.1 billion, or 76 percent, over the level previously budgeted for HPD’s capital program. All of the \$3.1 billion in new funding was added to the last six years of the housing plan, fiscal years 2019 through 2024, according to the Mayor’s Preliminary 10-Year Strategy, which accompanied the release of the Preliminary Budget for 2016. The Mayor had previously added \$1.2 billion for more near-term Housing New York projects—planned in fiscal years 2015 and 2018—in his Executive Capital Commitment Plan released last May.

Nearly all of the \$7.2 billion budgeted for HPD capital projects from fiscal year 2015 through 2024 are planned for the Housing New York initiative, with a small share of funds earmarked for demolition of unsafe buildings, technology upgrades, and other similar projects. The total includes \$6.6 billion in city capital and \$587 million in federal funds. It is about \$365 million less than the \$7.5 billion the Mayor originally calculated would come from city and federal capital sources, according to the budget released with the Mayor’s housing plan last May. However, some additional city capital funds—known as Resolution A funds, which are allocated by the City Council and other elected officials—are expected to be added over the life

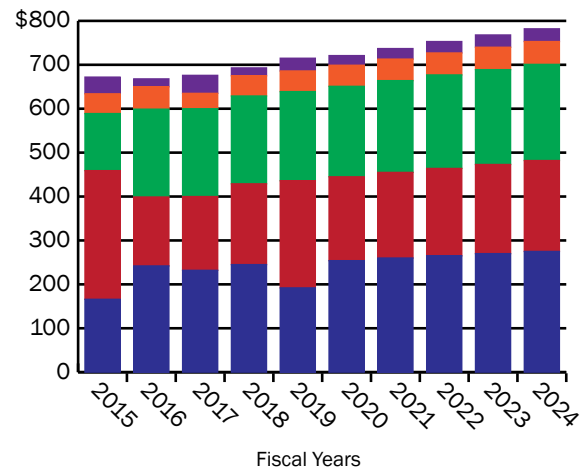
of the plan, bringing the total back closer to the original amount. Also, while the Housing New York budget spanned fiscal years 2015 through 2024, during the second half of fiscal year 2014 HPD committed \$219 million in capital funds for projects it is counting toward the Mayor’s affordable housing goals.

An average of \$718 million in commitments is planned annually over the next 10 years, with the amount gradually increasing each year to keep pace with inflation. Slightly over \$672 million is planned to be committed in fiscal year 2015 with planned commitments increasing by about 2

Highest Share of Housing Preservation and Development Capital Funds Planned for Housing Preservation

- Preservation
- New Housing Construction
- Special Needs Housing
- Occupied In-Rem Rehab
- Other Housing Support Investment

Dollars in millions



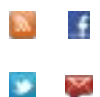
SOURCES: Fiscal Year 2016 Capital Commitment Plan; Preliminary 10-Year Capital Strategy Fiscal Years 2016-2025
New York City Independent Budget Office



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percent a year, reaching \$783 million in fiscal year 2024. This is a considerable increase over HPD's past annual capital commitments, which averaged \$355 million over the last decade.

While the goals of the Mayor's housing plan are set in terms of the number of units newly constructed (80,000) and those for which existing affordability is preserved (120,000), HPD's capital funding is divided into five categories. These are new housing construction; preservation; special needs housing, which can include both newly constructed and preserved units for special populations; occupied in-rem rehab, which includes the rehabilitation and disposition of the city-owned housing stock, units that are likely to be classified as preserved; and other housing support investment, which can include a range of project types.

Over the next 10 years, the highest share of HPD capital funds—a third—is planned for preservation projects (\$2.4 billion), closely followed by new housing construction and special needs housing, with each making up 28 percent of the planned total (at \$2.0 billion each). Fewer capital funds are allocated for occupied in-rem rehab projects (7 percent at \$474 million) and other housing support investment (4 percent at \$263 million).

While the capital funds planned for the Mayor's housing plan are an increase over past spending levels, they represent only a fraction of the total affordable housing plan's \$41.0 billion budget. In addition to the mix of city and federal capital funding for HPD, the overall spending plan for Housing New York also includes significant financing from private sources (\$30.0 billion), funding from state and other federal programs (\$2.2 billion), as well as funding from city sources other than capital dollars, such as the Housing Development Corporation (\$1.4 billion).

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