



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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December 7, 2000

Mr. Adrian DiLollo
Director, Neighborhood Organizing and Advocacy Initiative
Association for Neighborhood & Housing Development, Inc.
305 Seventh Avenue
Suite 2001
New York, NY 10001-6008

Dear Mr. DiLollo:

I am responding to your request of October 26, 2000, regarding capital commitments by the New York City Department of Housing Preservation and Development (HPD) on its Building Blocks! programs, including the Tenant Interim Lease Program (TIL), TIL Pilot, the Neighborhood Redevelopment Program (NRP), and the Neighborhood Entrepreneurs Program (NEP).

Attached to this letter you will find two tables that lay out HPD's capital commitments by fiscal year for the four programs. Capital commitments represent registered contracts between the city and private vendors. Since projects may take several months or even years to complete, actual spending—cash disbursements—will lag commitments. All the capital budget amounts in this letter and attachments are capital commitments.

Table 1 provides historical commitments for city fiscal years 1993 through 2000, and planned commitments through 2002 for the in-rem disposition programs, based on data provided by HPD. There are two sources of funds for HPD's in-rem disposition programs: city capital funds (derived from the issuance of city general obligation bonds), and federal HOME grant funds. From 1993 to 2000, the city committed some \$749 million for occupied in-rem disposition, including \$369 million in city funds and \$380 million in federal funds. According to HPD's data, this resulted in the rehabilitation and transfer of nearly 1,000 buildings and 16,000 units. Also shown in Table 1 are:

- the number of buildings and units transferred to private ownership in each fiscal year. Please note that, for NEP and NRP, HPD informs us that funds are committed and buildings are sold in the same fiscal year. In the case of TIL, however, this direct relationship may not necessarily exist, as most of the rehabilitation work is done prior to the building's sale—that is, the funds may be spent in a fiscal year prior to the building's actual transfer of ownership.

- for TIL and NRP, annual Community Development Block Grant-funded expense (operating) budget expenditures for tenant training, emergency repairs, fuel and utilities costs, and construction management costs. Since these are ongoing expenditures, there is no direct relationship between them and the capital costs or the number of buildings sold in the same fiscal year.

As you know, the city plans to have completely disposed of the existing in-rem stock by the end of fiscal year 2007. The city's latest Capital Commitment Plan (September 2000) provides projected city funding levels for the Building Blocks! programs through 2007, and federal HOME funds through 2004. This data is displayed in Table 2. The city projects spending roughly \$1.4 billion over the next seven fiscal years to completely dispose of the remaining occupied in-rem properties, including \$294 million in federal funds. (Note, however, that since no projections of federal funding are provided past the 4-year plan period, a larger share of the total is likely ultimately to derive from federal funds, and a smaller share from city funds.)

No information is available on the number of buildings expected to be sold in each program in future years; however, by comparing average expenditures per unit based on the data in Tab 1, it would appear that the funds are allocated so as to fund roughly equal numbers of units in each program (except TIL Pilot). It would also appear that there are considerably more funds in the plan than will be necessary to dispose of the remaining in-rem stock at current rates of spending. Of course, actual spending will be at least partially determined by decisions of tenants and HPD on a building-by-building basis, and the current projected allocations may change.

Please feel free to contact me should you have any questions on this or any other topic.

Sincerely yours,

Preston Niblack
Deputy Director (Infrastructure, Environment, and Uniformed Services)

Attachments as noted

C. Deborah Boatright

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Table 1										
Occupied In-Rem Disposition Programs: Capital Commitments, 1993-2002										
<i>(thousands of dollars)</i>										
	Actual							Planned		
	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02
Tenant Interim Lease Pgm										
City Capital	2,929	16,393	16,866	28,763	18,000	14,000	11,925	14,059	18,098	79,185
HOME Funds	<u>17,571</u>	-	-	-	<u>2,000</u>	<u>6,000</u>	<u>5,975</u>	<u>5,830</u>	<u>5,626</u>	-
Subtotal, TIL	20,500	16,393	16,866	28,763	20,000	20,000	17,900	19,889	23,724	79,185
Buildings/Units	62/1,127	35/655	55/1,054	70/1,183	53/967	48/920	29/630	21/386	18/301	28/615
CDBG expenditures	\$7,430	\$7,430	\$7,430	\$9,900	\$9,890	\$10,030	\$10,030	\$10,030	\$10,030	\$10,030
TIL Pilot										
City Capital						6,719	2,931	-	6,288	12,719
HOME Funds						<u>1,920</u>	<u>3,765</u>	-	-	-
Subtotal, TIL Pilot	-	-	-	-	-	6,719	2,931	-	6,288	12,719
Buildings/Units							9/113			
Neighborhood Entrepreneurs Program										
City Capital			31,926	26,383	32,726	1,796	29,498	42,269	12,161	25,923
HOME Funds			<u>21,474</u>	<u>32,412</u>	<u>24,318</u>	<u>9,098</u>	<u>47,917</u>	<u>37,409</u>	<u>40,028</u>	<u>36,641</u>
Subtotal, NEP	-	-	53,400	58,795	57,044	10,894	77,415	79,678	52,189	62,564
Buildings/Units				89/1,078	94/1,194	65/551	48/1,041	34/607	120/1,318	69/855
Neighborhood Redevelopment Program										
City Capital			6,519	10,143	15,711	9,628	15,332	14,181	24,592	28,381
HOME Funds			<u>23,144</u>	<u>29,027</u>	<u>28,834</u>	<u>26,059</u>	<u>28,311</u>	<u>29,332</u>	<u>36,567</u>	<u>36,074</u>
Subtotal, NRP	-	-	29,663	39,170	44,545	35,687	43,643	43,513	61,159	64,455
Buildings/Units			12/243	67/868	48/931	46/650	46/778	39/691	66/742	65/916
CDBG Expenditures			\$2,205	\$7,191	\$2,902	\$3,300	\$971	\$971	\$1,686	\$1,686
TOTAL, Occupied In-Rem Privatization										
City Capital	2,929	16,393	55,311	65,289	66,437	32,143	59,686	70,509	61,139	146,208
HOME Funds	<u>17,571</u>	-	<u>44,618</u>	<u>61,439</u>	<u>55,152</u>	<u>43,077</u>	<u>85,968</u>	<u>72,571</u>	<u>82,221</u>	<u>72,715</u>
TOTAL	20,500	16,393	99,929	126,728	121,589	75,220	145,654	143,080	143,360	218,923
Total Buildings	62	35	67	226	195	159	132	94	204	162
Total Units	1,127	655	1,297	3,129	3,092	2,121	2,562	1,684	2,361	2,386

SOURCE: HPD

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Table 2								
Occupied In-Rem Disposition Programs in the September 2000 Capital Commitment Plan								
<i>(thousands of dollars)</i>								
	FY01	FY02	FY03	FY04	FY05	FY06	FY07	Total 01-07
Tenant Interim Lease Pgm								
City	19,053	79,185	27,420	28,822	33,366	34,892	36,488	259,226
Non-City	<u>5,883</u>	<u>-</u>	<u>3,046</u>	<u>3,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,975</u>
Subtotal, TIL	24,936	79,185	30,466	31,868	33,366	34,892	36,488	271,201
TIL Pilot								
City	6,288	12,719	13,189	13,717	14,265	18,545	19,287	98,010
Non-City	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal, TIL Pilot	6,288	12,719	13,189	13,717	14,265	18,545	19,287	98,010
NEP								
City	12,161	25,923	31,373	38,511	87,139	103,585	102,432	401,124
Non-City	<u>40,028</u>	<u>36,641</u>	<u>31,903</u>	<u>25,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,882</u>
Subtotal, NEP	52,189	62,564	63,276	63,821	87,139	103,585	102,432	535,006
NRP								
City	24,592	28,381	27,942	27,702	72,828	77,832	74,407	333,684
Non-City	<u>36,567</u>	<u>36,074</u>	<u>37,881</u>	<u>37,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,403</u>
Subtotal, NRP	61,159	64,455	65,823	65,583	72,828	77,832	74,407	482,087
TOTAL, Occupied In-Rem Privatization								
City	62,094	146,208	99,924	108,752	207,598	234,854	232,614	1,092,044
Non-City	<u>82,478</u>	<u>72,715</u>	<u>72,830</u>	<u>66,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,260</u>
TOTAL	144,572	218,923	172,754	174,989	207,598	234,854	232,614	1,386,304
SOURCE:	September 2000 Capital Commitment Plan							
NOTE:	Non-city funds are only reported for the plan period (2001-2004); absence of data in subsequent years does not indicate that no federal funds will be available.							