



**Testimony of the New York City Department of Housing Preservation and Development to
the New York City Council**

Committee on Housing and Buildings and Committee on Finance

FY2022 Executive Budget Hearing

May 14, 2021

Good morning, Chair Cornegy, Chair Dromm, and members of the New York City Council Committees on Housing and Buildings and on Finance. I am Louise Carroll, Commissioner of the New York City Department of Housing Preservation and Development (HPD), and today, I am joined by our Executive Deputy Commissioner Baaba Halm, Associate Commissioner for Financial Management Rich Johns, and members of HPD's senior leadership team.

As you know, on May 3rd, the remainder of our agency workforce began their return to the office. While many of our frontline staff, like our enforcement team, were out in the field and in our offices every day to make sure our essential services never let up through the pandemic, teleworking HPD staff continued to carry out our mission to provide safe, quality, affordable housing while sheltering at home. Now that rigorous safety and social distancing measures are in place, we are thrilled to begin safely working together again across our offices. And, thanks to a strong Executive Budget, our agency received critical funding to help us achieve our goals and work towards an equitable recovery for all New Yorkers.

Thank you for the opportunity to testify today on HPD's Fiscal Year 2022 Executive Budget. I will first provide a brief overview of HPD's budget before describing some of the agency's key priorities in the coming year. I am then happy to answer any questions you may have.

FY 2022 Budget Overview

HPD's budget relies on significant investment from the City and federal governments. HPD's Fiscal Year 2022 Executive Budget is just under \$1.1 billion [*actual: \$1.085 billion*]. However, this includes about \$275 million in pass-through funding for NYCHA. Setting aside this pass-through funding, HPD's budget for programs and operations is about \$811 million for FY2022.

Of this \$811 million total, \$132 million comes from City funds and about \$673 million comes from federal funds. That means 83% of HPD's expense budget is federally funded. A big city like New York has dynamic and diverse housing needs on a scale that requires a deeply

invested federal partner. We are excited about The American Rescue Plan, signed by President Biden in March, as it will help with the shortage of resources for certain subsets of our affordable housing work – homeownership, senior housing, Section 8, tax incentives, and supportive housing, to name a few. However, as you know from previous testimony, this huge proportion of federal versus City funding in the agency’s budget means many of our programs are restricted by federal requirements. City funding, especially the City’s Tax Levy, is critical for flexibility and strengthening areas not otherwise eligible for federal grant funds.

Our Priorities in Fiscal Year 2022

Back in 2014, at the start of this administration, HPD inherited an impressive public-private engine capable of building and protecting 15,000 affordable homes per year. Over the next four years, with new funding and new tools, the City increased that capacity to 20,000 affordable homes per year. Finally, since 2018, HPD has met and exceeded our most ambitious goal of creating or preserving 25,000 affordable homes per year—a rate the City has never achieved before—to fulfil the Mayor’s *YOUR Home NYC* promise of 300,000 affordable homes by 2026. We are thrilled that the FY2022 Executive Budget has added \$1.9 billion to fully fund the remainder of our housing plan, ensuring that we can continue to generate much needed affordable housing over the next five years.

We are also acutely aware of how critical our investments are for the most vulnerable New Yorkers in this time of recovery. New Yorkers at the lowest income levels have been a priority since the outset of the Mayor’s housing plan, and last year, we changed our term sheets to ensure that at least 50% of all of our newly financed units would be for families of three earning less than \$52,000.

And, at the start of the pandemic, the City urgently sought out new solutions to support New Yorkers experiencing homelessness, appealing to our affordable housing partners to dedicate a portion of new apartments to homeless families in addition to existing set asides. As a result, in addition to the more than 2,000 affordable apartments we set aside for homeless New Yorkers last year, we have identified another 1,900 apartments currently in the lease up process that can be used to place a homeless family. We are grateful that this Executive Budget allows us to hire more staff and expand the capacity of our homeless placements division to meet this increased volume and provides us with critical funds to maintain our revamped Housing Connect system, which makes it easier for New Yorkers to find and apply for affordable housing.

The NYC 15/15 Rental Assistance program was also realigned in this budget to ensure that Mayor de Blasio’s commitment to creating 15,000 units of supportive housing by 2030 stays on track. We know that supportive housing is one of the best tools for meaningfully addressing the needs of people in shelter who suffer from mental illness, substance use disorder, and HIV/AIDs, so we look forward to continuing our work with our sister agency Human Resources Administration (HRA) to create more affordable housing with supportive services to make sure New Yorkers have the support they need.

HPD is also working closely with HRA on the rollout plans for emergency rent relief. Both the City and State of New York received direct allocations through the Emergency Rental Assistance Program created by Congress, and much thanks goes to the Council for your

advocacy on this front. In New York State, the Office of Temporary and Disability Assistance (OTDA) will oversee administration, and in the City, the DSS/HRA will oversee implementation in coordination with OTDA. HPD is consulting with our partners across agencies to support efforts to make sure struggling New Yorkers receive the \$2.4 billion available Statewide for emergency rental relief.

Both renters and homeowners are experiencing the financial burden caused by the COVID-19 pandemic. Most renters should be protected by the eviction moratorium now in place through August. And we are wasting no time reaching out to struggling homeowners, especially in communities of color which have been disproportionately affected by the pandemic. This month, we completed repairs on the first HomeFix project, helping a low-income senior homeowner in Canarsie complete critical improvements to her roof, stoop, and windows with a nearly \$50,000 no-interest, forgivable loan. The HomeFix program is expected to support more than 100 homeowners every year, and several more projects have already closed this month, providing small homeowners with not only financial assistance, but also counseling, technical assistance, and other forms of individualized assistance to help them achieve long-term stability.

This effort goes hand in hand with our recently expanded Homeowner Help Desk, which kicks off tomorrow in the Bed-Stuy neighborhood of Council Member Cornegy's district. Volunteers, community groups, City workers, and leaders will fan out across the neighborhood to post flyers and speak with residents to raise awareness about deed theft, scams, and the help available for struggling homeowners. Homeowners across New York City can contact the Help Desk for one-on-one housing counseling, financial assistance, legal services, and more, but the Help Desk will be focusing its outreach on priority neighborhoods identified by the Mayor's Taskforce on Racial Inclusion and Equity according to equity burdens and the impact of COVID-19 over the past year.

The pandemic has exacerbated long-standing housing, economic, and racial disparities in New York City and across the country. This unprecedented crisis emphasizes the need to explore new tools to address these disparities. One way we're doing that is by using what we learned in developing our Where We Live NYC fair housing plan to make equitable investments that address the neighborhood-based legacy of discrimination, segregation, and concentrated poverty.

In March, we released our Shared Equity Request For Information (RFI) to help our agency explore shared equity models that enable low- to moderate-income households and households of color build wealth through collective ownership of neighborhoods assets – like homes, businesses, land, and others – while keeping these assets affordable for their communities in the long-term. With the information gather from the RFI, we expect to release a subsequent Request for Proposals or Expressions of Interest soon.

HPD strives to advance and incorporate racial inclusion and equity in every aspect of our work because we know that it is central to our mission to promote the quality and affordability of the city's housing and the strength and diversity of its many neighborhoods. Last month, we released our second RFP issued exclusively for M/WBE developers as a part of this administration's commitment to creating opportunities and addressing disparities for minority- and women-owned developers. This RFP will create nearly 180 affordable homes on two City-

owned sites, including one dedicated to seniors in Prospect Heights, Brooklyn. Making sure M/WBE firms can participate and benefit from the City's work to build affordable, inclusive, and integrated neighborhoods is critical to ensuring an equitable recovery for all New Yorkers.

Conclusion

In conclusion, the important work I've outlined reflects the urgency of the needs on the ground, and a vision for the kind of city we want to be. I want to thank the City Council for the leadership and collaboration that has allowed us to achieve the far-reaching policies and progress that we've secured to date. More can and must be done, and I look forward to continuing to work together. Thank you again for the opportunity to discuss HPD's budget and our priorities in the coming year. This concludes my testimony and I am happy to answer any questions you may have.