

# HPD Staffing Shortage

## Detailed Causes and Recommendations for Change

New York Housing Conference [has previously reported](#) on the dire staffing shortage at the Department of Housing Preservation and Development (HPD). In this policy brief we will look at what factors are causing the staffing shortage and what changes can be made to alleviate the shortage and retain staff. Mayor Eric Adams’s Administration has said that getting HPD staffed up is a priority and we hope the recommendations in this brief will help HPD and partners find more ways to add and retain staff.

HPD’s staffing shortage started when the City implemented a hiring freeze, and then restricted hiring, during the COVID-19 pandemic and ensuing economic recession. But even as the City has allowed for more hiring again to replace staff that left, HPD and many other City agencies remained severely understaffed, unable to hire staff quickly enough to get back to full capacity.

While City policies are preventing speedy hiring, broader labor market trends also factor in. On average there are far more job openings than there are unemployed people in the U.S., with 11.5 million job openings<sup>i</sup> in March and 5.9 million unemployed people.<sup>ii</sup> Roughly 4 million people have been leaving their jobs every month for the past year, the greatest number of quits since at least 2000.<sup>iii</sup> In March 4.5 million people left their jobs, 23 percent more than the same time last year.<sup>iv</sup>

As of March 2022, HPD had a headcount of 2,244, a shrinking of their headcount by 7 percent since before the pandemic and 16 percent less than they are allowed under the budget this year. The problem is particularly severe in the development offices, where the agency reviews and completes affordable housing production. Staffing in those offices is down 12 percent since the pandemic began and 24 percent less than allowed under the budget. There are also major shortages in the Office of Housing Preservation, which includes the agency’s code enforcement staff.

<b>HPD Staffing Shortage</b>							
HPD is understaffed, having lost significant staffing since the pandemic							
Unit of Appropriation	Actual Headcount		Budgeted	Budgeted	Staffing loss during the pandemic (Jan. 2020 - Mar. 2021)	Staffing shortage compared to budget	
	Jan. 2020	March 2022	Headcount FY 2022	Headcount FY 2023			
001 Office of Administration	483	467	551	573	-3%	-18%	
002 Office of Development	386	341	443	448	-12%	-24%	
003 Rental Subsidy Programs	-	320	313	325	N/A	-2%	
004 Office of Housing Preservation	943	881	1055	1072	-7%	-18%	
006 Housing Maintenance and Sales	598	235	278	280	N/A	-16%	
<b>Total</b>	<b>2,410</b>	<b>2,244</b>	<b>2,640</b>	<b>2,698</b>	<b>-7%</b>	<b>-16%</b>	

Source: Actual Headcount from NYC IBO; Budgeted headcount from NYC OMB Supporting Schedules.  
N/A: Some positions were reorganized from Housing Maintenance to Rental Subsidy in 2021, therefore we do not calculate staffing loss in those offices.

Since we [last reported on staffing at the agency](#) with numbers from December, the problem has gotten worse; the agency has seen their headcount shrink another 2 percent under Mayor Eric Adams in his first three months.

HPD leadership has stated that rebuilding the agency is a top priority and they have taken early steps to address the staffing crisis and use strategies to allow agency work to continue during the crisis. For example, the agency is using

**contracts for legal services while they work to hire attorneys to fill vacancies and, as we will discuss later, hiring housing inspectors on a provisional basis until the next civil service test is given. However, the agency faces many challenges outside of its control.**

Developers are reporting that a shortage of project managers – staff that review and move affordable housing projects through the agency to get financing and approvals – are causing particular problems and data shows a decrease in those job titles. HPD uses three civil service titles for project managers which include: City Planner, Housing Development Specialist, and Community Coordinator. **In March of 2020, just as the pandemic was beginning and just before lockdowns began, HPD had 176 project managers in those three titles. In April of 2022, there were just 143 people in those titles – 19 percent less than two years ago.**

We are also concerned about shortages in code enforcement, including housing inspectors. The agency has a budget for 470 inspectors but has 140 vacancies.<sup>v</sup> Code enforcement is mostly federally funded, so staff vacancies do not save City spending. If the agency does not have enough housing inspectors, they will not be able to enforce the housing code and continue their important work to ensure everyone has safe and healthy housing.

Mayor Eric Adams has called for making government more efficient and to find cost savings. The understaffing at HPD and related agencies is inefficient and costing the City money – it is slowing projects, costing the City and developers money and it is slowing affordable housing production and leaving complete units empty at a time of growing need. HPD Commissioner Adolfo Carrión said in budget testimony this month that they project HPD will produce just 16,000 units of affordable housing this year, down from an average of 25,000 units per year in past years.<sup>vi</sup>

The staffing shortages, especially among project managers, are slowing affordable housing production, making the production more costly to the City and the developers as they pay real estate taxes and interest on loans waiting for deals to close. The understaffing is also affecting new projects being planned and added to the pipeline of new affordable housing as developers are reporting that they are not getting project managers assigned in a timely fashion.

Staffing shortages at HPD and DSS are also slowing down housing services that assist with lease-up and filling vacancies of affordable housing. It is now taking 371 days on average to lease up all units in a new affordable housing lottery even though the units are ready for occupancy<sup>vii</sup> and 10 percent of supportive housing units are vacant waiting for people to move in.<sup>viii</sup> This is costing the City and providers money and delaying people getting much-needed affordable housing, where on average 314 people apply for each affordable housing unit created by HPD.<sup>ix</sup>

Without quick action, the problem will only get worse. As staffing has shrunk at HPD, the remaining staff have had to pick up the load. This has reportedly decreased morale at the agency and may be fueling further exits from the agency. The longer this goes on, the more burdensome it is for current staff and more probable that even more people will leave the agency.

And as we will see, the understaffing is in part caused by inefficiencies, including unnecessary bureaucracy, uncompetitive salaries, lack of workplace flexibility, and slow hiring and promotions.

## **Staffing Shortage Causes**

### **Civil Service Rules**

The City's civil service rules, required under the State Constitution, are meant to ensure government hiring is done according to merit and fitness, which should be determined as often as possible through competitive examinations.<sup>x</sup> While this can help ensure fairness and prevent patronage hires that plagued American government over 100 years ago, it also restricts and slows City hiring. In the midst of a national employee shortage, it is adding yet another barrier. The City should be easing all rules they can in order to be competitive and add critical staff.

Most positions in City government are competitive positions where competitive examination is practicable and required to determine merit and fitness, and a list is created sorted by score on the exam.<sup>xi</sup> (Exceptions are labor positions with no minimum level of skill or education, exempt positions like political leadership, and noncompetitive positions.) Exams can either be actual tests or an evaluation and score of your education and experience submitted during the application exam time period. Competitive positions must be filled by permanent employees chosen from the civil service list of candidates that took the competitive exam. Often, only the top three scorers on the list are allowed to be interviewed for a position.

By requiring the agency to hire from the civil service exam list, agencies are restricted in who they can hire. Candidates that scored well may not be a good fit for the position, and there may be people that have not taken an exam that are better qualified. The exam scores reflect knowledge of the testing material, but the test may be more general to represent similar positions across agencies and may not show whether they have agency-specific work experience, management ability, temperament and other qualities.

Even when tests for civil service positions are based on education and experience instead of a test, like some of the housing project manager titles are, they present challenges for the agency and prevent the agency from finding people that are the right fit. The top three names on a list might not have experience in the particular department that is hiring where an open process would allow the agency to find someone whose experience is a better fit with experience in that field.

Civil service lists can last for four years and scoring a test and creating the list can take up to 2 years. This creates a hiring pool that is stale. For example, for Housing Development Specialist title, which is used for project managers at HPD, people had to apply in November of 2020 (it is not a written test but an exam that scores applicants experience) and the list was published in August of 2021. So hiring for Housing Development Specialists now means looking at a list of candidates that expressed interest over 18 months ago without being able to consider candidates that were interested more recently.

HPD has a shortage of housing inspectors and the City is offering a new exam for housing inspectors in 2022. The application period was in April, the written exam will be in July and the list will be published likely in one year.

<b>Most Recent Application Period for Certain HPD Titles</b>		
	From	To
Housing Development Specialist	11/4/2020	11/24/2020
City Planner	8/5/2020	8/25/2020
Inspector (Housing)	4/6/2022	4/26/2022
Source: DCAS Open Competitive Exam Notice Archive; Housing Development Specialist and City Planner titles are used for project managers; Inspector (Housing) title is for HPD code enforcement inspectors.		

Using civil service lists also prevents new candidates that cannot wait for months or years to take a test and get hired from entering the candidate pool, including people new to the industry like recent graduates. It also is a barrier to fostering industry-specific skills and talent. In the midst of a tight labor market, requiring agencies to hire from a list that is two years or more old puts them at a significant disadvantage.

Former mayor Michael Bloomberg’s administration was sued for trying to get around the civil service system. His administration was accused of excessively using provisional hires, where you can fill a competitive position with someone not on an exam list for at most nine months when there is no eligible list available until a selection can be made after competitive exam. In 2007 there were almost 37,000 provisional employees, 19 percent of competitive positions, many of whom had been on the payroll for years.<sup>xii</sup>

The City was sued and required to dramatically decrease the number of provisional hires<sup>xiii</sup> and has effectively stopped hiring provisional employees from a wide pool of candidates that have not taken an exam; instead permanent placements are made from exam lists.

The lawsuits and extra scrutiny have required the City to strictly follow the civil service rules. In this environment, the City should look for ways to increase flexibility within the civil service system if possible. We are encouraged that HPD is already exploring options to increase flexibility. They recently began hiring housing inspectors on a provisional basis until they take the exam when it is offered this summer. After taking the exam they can become permanent hires.

### Limits on Hiring and Promotions

Although agencies are allowed to hire staff, there remain limits in place on how many empty positions can be filled. As we mentioned, there was a hiring freeze early in the pandemic when the City’s finances and revenues were unclear. But with federal assistance and rebounding tax revenue, the hiring freeze was lifted, however at first agencies were only allowed to hire one person for every three vacancies at HPD this perpetuated the staffing shortage.

Currently for many positions, HPD is only allowed to hire one person for every two vacancies. This hiring limit does not apply to positions funded with federal money (most code enforcement) or grants and does not apply to positions that produce affordable housing (development and legal offices), recognizing the importance of housing development and code enforcement. However, the limit applies to positions in a way that still affects development, including technology, contracting, human resources, asset management and marketing, budget and finance. Rehiring fewer people in asset management extends the time it takes for new completed developments to lease up while rehiring fewer people in human resources slows down hiring in development positions.

Given the severity of the crisis and the need to replace staff, a 1:2 hiring ratio anywhere in the agency is unacceptable and will prevent HPD from having the staffing they need. There is also a 10 percent cap on raises, which is preventing HPD from giving raises as appropriate to keep staff. In order to address the staffing shortage, HPD needs to retain staff as it also looks to fill positions, and promotions and raises are effective ways to keep talented staff.

### Staff Pay Far Behind Private Sector

Salaries for housing staff at HPD is far lower than for comparable jobs in the private sector. The agency is required to hire most employees new to City service at the bottom of the pay scale for the particular position. A Housing Development Specialist – which is one of the titles for project managers that manage affordable housing projects has a pay range of \$65,640 - \$98,689. Similarly, the City Planner title, also used for project managers, has a salary range from \$65,208 to \$118,657 while the Community Coordinator position ranges from \$54,100 to \$82,400. Because HPD is required to hire at the bottom of the pay scale, all new project managers must start at \$54,100 or at best \$65,640.

While there are situations where the agency can seek salaries higher than the minimum, it adds another layer of bureaucracy and extends the time it takes to get the candidate approved and hired. Meanwhile, salaries in the private sector for affordable housing project managers with several years of experience can range from \$70,000 to \$125,000, depending on the employer, according to industry experts.

Similarly, the salary range for Agency Attorneys is \$63,228 - \$129,766 and must start at \$63,766 if hired from the outside. Meanwhile, affordable housing attorneys would start at roughly \$85,000 at a small firm or as an in-house counsel and can make over \$100,000 if they have experience according to industry experts.

By requiring the agency to hire at the bottom of the pay scale, HPD is denied flexibility to pay new employees based on their experience and abilities and makes it difficult to compete with the private sector to hire and retain staff. For both development specialists and attorneys, this means that the agency is uncompetitive in attracting outside talent except in the most senior agency leadership roles where the pay is much more generous.

### Office of Management and Budget Oversight

The Office of Management and Budget (OMB) is the chief financial agency of the City. The agency assembles and oversees the expense and capital budget and evaluates the efficiency and cost-effectiveness of City programs and proposals. This is a very important and valuable role that should be used to aid agencies to be effective and carry out their missions. OMB has an opportunity to make agencies more competitive by modifying citywide policies in response to this difficult hiring environment.

However, OMB has instituted additional oversight over hiring and promotions that are negatively affecting staffing levels at HPD. OMB currently reviews and approves all new hires and approves all internal promotions at HPD.

Requiring OMB staff to review all personnel moves slows down the hiring process. Delayed hiring can cause candidates to withdraw consideration from a position and delayed promotions can cause good employees to leave the agency. This extra oversight also increases unpredictability. If existing staff are offered a new job, HPD can offer a raise to match the other offer conditional on OMB approval, but they cannot say how long OMB approval will take, which has led to avoidable employee resignations.

While oversight is important, agency discretion over the employees they choose is likely appropriate in most situations and flexibility and speed are especially important now facing such extreme staffing shortages and a tough national hiring environment. OMB should work with the agency to achieve flexibility. Now is a good time to change policies in way that maintains some OMB oversight with cooperation between the agencies, to ensure faster hiring and staff retention.

### Work Location Flexibility

During the pandemic, HPD and other City agencies allowed employees to work remotely. HPD staff worked effectively while remote during the pandemic, even finding new efficiencies such as moving from hard copies to digital for rental assistance applications, design review and legal documents.

As we transition to life that is less affected by the pandemic, many private employers are embracing flexibility and allowing some remote work long term. However, New York City ended remote work in September 2021 during the spread of the Delta variant and continued requiring work in person even during the wave of infections driven by the Omicron variant. Many employees spoke out against the policy and called for remote work options.<sup>xiv</sup> It may have affected staff retention and caused staff to leave at HPD and other agencies.

Even after the pandemic when it is fully and continuously safe to return to work five days a week, the City will find that it is less competitive if they do not offer flexibility for work location for jobs where remote work is possible with technology. This may be a particular concern for personnel with pre-existing health conditions, or parents of young children.

### Recommendations

HPD and the rest of the City (including OMB, DCAS, and City Hall) must work quickly to hire staff to fill vacancies in order to avoid further slow-downs and cost increases in the production of affordable housing and implement policies to retain staff. There are several things the City can do.

1. **Give managers discretion to hire *within* a pay scale:**
  - a. Do not require new hires to start at the bottom of the pay scale and allow HPD to hire according to qualifications and experience. In order to be competitive with the private sector, the agency must have competitive pay for new and existing staff.
  - b. Look into increasing pay scales for positions that are not competitive with the private sector.
2. **Reduce OMB review of hires to random audits:**
  - a. End OMB approval of each new hire applicant and each internal promotion. Deferring to the agency managers in individual staffing matters should be the norm. It eliminates redundant reviews and saves time. It will allow the agency to hire staff faster and promote qualified staff faster to retain experienced workers.
3. **End OMB restrictions on hiring and promotions:**
  - a. Allow 1:1 rehiring for all positions so HPD and other agencies with housing staff can fill every vacancy.
  - b. Allow HPD managers to manage their budget and personnel. Managers must be able to promote and give merit raises as needed to retain talented staff.
4. **Get creative with hiring:**
  - a. Use consultants and temp agencies where appropriate to ensure work continues while the continue staffing up. HPD is currently using contracts for legal services while they have a staffing shortage of attorneys. This strategy should be expanded and replicated.

- b. Explore shifting staffing responsibilities for some programs or functions to NYC Housing Development Corporation (HDC). Outside of civil service rules, HDC has budget resources and flexibility to hire staff quickly without bureaucratic rules.
5. **Increase work flexibility:** HPD should allow for remote work options and workplace flexibility to retain staff and compete with the private sector that is more often offering flexibility.
6. **Civil Service Flexibility:** The City should find flexibility within the civil service system.
  - a. Allow HPD to fill some project manager positions through the non-competitive title positions as an emergency measure.
  - b. Allow attorneys to be noncompetitive positions and have an open hiring process.
  - c. Create a noncompetitive entry-level position for project managers akin to an internship with testing required for competitive positions.
7. **Improve recruitment:** HPD should establish relationships with local universities and inform students about necessary exams and applications according to exam requirements to be good candidates for HPD positions.
  - a. HDC should launch a specialized fellowship program to train graduate students as project managers to recruit future workers. Rather than a floating program, where fellows experience a variety of roles, focus on building expertise in specific areas of development with a pathway to promotion.

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<sup>i</sup> Job Openings and Labor Turnover Summary, Economic News Release, February 2022. U.S. Bureau of Labor Statistics.

<https://www.bls.gov/news.release/jolts.nr0.htm>

<sup>ii</sup> The Employment Situation, March 2022, News Release, U.S. Bureau of Labor Statistics

<https://www.bls.gov/news.release/pdf/empsit.pdf>

<sup>iii</sup> Quits, Total Nonfarm, Feb. 2022. St. Louis Federal Reserve, FRED Economic Data. <https://fred.stlouisfed.org/series/JTSQUL> Accessed Apr. 1, 2022.

<sup>iv</sup> Table 4. Quits levels and rates by industry and region, seasonally adjusted, Economic News Release, Feb. 2022 preliminary. U.S. Bureau of Labor Statistics. <https://www.bls.gov/news.release/jolts.t04.htm>

<sup>v</sup> What Will Eric Adams Do About New York City's Rent Crisis?, Mihir Zaveri and Dana Rubinstein. New York Times, May 24, 2022.

<https://www.nytimes.com/2022/05/24/nyregion/nyc-housing-adams.html>

<sup>vi</sup> New York City Council Committee on Housing and Buildings, Executive Budget Hearing, May 9, 2022.

<https://legistar.council.nyc.gov/MeetingDetail.aspx?ID=958717&GUID=F0FF4CCC-869B-46F9-8D76-34511C4E3D0A&Search=>

<sup>vii</sup> Brutal Bureaucracy, Citizens Housing and Planning Council. November 2021. <https://chpcny.org/brutal-bureaucracy-nyc-housing-connect-analysis/>

<sup>viii</sup> Opinion: A Focus on 'Efficiency' Will Keep Thousands of New Yorkers Needlessly Homeless, by Laura Mascuch. Feb. 4, 2022.

<https://citylimits.org/2022/02/04/opinion-a-focus-on-efficiency-will-keep-thousands-of-new-yorkers-needlessly-homeless/>

<sup>ix</sup> Affordable Housing Lottery Odds Worst for Those Who Can Afford the Least, by Rachel Holliday Smith, Ann Choi And Will Welch. The City, Jun. 28, 2020. <https://www.thecity.nyc/2020/6/28/21306383/affordable-housing-lottery-chances-worst-low-income>

<sup>x</sup> New York State Constitution. [https://www.nysenate.gov/sites/default/files/ckeditor/Oct-21/ny\\_state\\_constitution\\_2021.pdf](https://www.nysenate.gov/sites/default/files/ckeditor/Oct-21/ny_state_constitution_2021.pdf).

Accessed April 1, 2022.

<sup>xi</sup> NYC DCAS Civil Service System. <https://www1.nyc.gov/site/dcas/employment/civil-service-system.page>. Accessed April 1, 2022.

<sup>xii</sup> Brain drain looms for de Blasio, Crain's New York Business. Oct. 5, 2014.

<https://www.craigslist.com/article/20141005/POLITICS/141009915/brain-drain-looms-for-de-blasio>

<sup>xiii</sup> IBID

<sup>xiv</sup> New York City employees say they fear working from their offices as Covid-19 cases rise, by Amanda Eisenberg. Politico, Dec. 17, 2021. <https://www.politico.com/states/new-york/city-hall/story/2021/12/17/city-employees-say-they-fear-working-from-their-offices-as-covid-19-cases-rise-1400706>