

# “Yes” to Housing Funding Policy Brief: FY25 Capital Budget Shortfall & Impact on Affordable Housing Production

Mayor Adams’ Executive Budget reduces affordable housing capital funding by 20% from \$2.6B in FY24 to \$2.1B in FY25. HPD’s housing finance programs for New Construction and Special Needs Housing will see cuts to current funding levels. While funding for Preservation Finance Programs increases, it is not enough to keep pace with rising costs as construction costs have [increased 26%](#) since 2020. NYHC estimates that the number of affordable housing units financed with capital subsidy will drop by 32% next year, financing half the number of new construction and special needs housing compared to recent years.

The Adams Administration’s moonshot goal of adding 500,000 new housing units in NYC recognizes the scale of the housing crisis and the urgent need to increase housing supply. And the Mayor’s City of Yes for Housing Opportunity zoning text amendment will allow for more housing in every neighborhood. But saying “Yes” to housing must also mean saying “Yes” to housing funding to maintain a robust affordable housing production program. Mayor Adams’s budget risks decreasing affordable housing production when we need it most.

FY 2025 Executive Capital Commitment Plan - HPD					
HPD Capital (City Funds)	FY 2024 Plan	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget
New Construction	\$ 861,119,000	\$ 378,250,000	\$ 666,645,000	\$ 614,465,000	\$ 716,901,000
Other Housing Support	\$ 66,941,000	\$ 90,934,000	\$ 29,991,000	\$ 68,064,000	\$ 42,158,000
Disposition	\$ 89,423,000	\$ 123,090,000	\$ 81,649,000	\$ 66,309,000	\$ 68,561,000
Preservation	\$ 703,609,000	\$ 767,566,000	\$ 506,941,000	\$ 492,483,000	\$ 506,664,000
Special Needs	\$ 487,216,000	\$ 322,621,000	\$ 362,044,000	\$ 383,207,000	\$ 352,456,000
NYCHA Preservation Program	\$ 440,370,000	\$ 429,445,000	\$ 544,841,000	\$-	\$ -
	\$ 2,648,678,000	\$ 2,111,906,000	\$ 2,192,111,000	\$ 1,624,528,000	\$ 1,686,740,000

Source: FY 2025 Executive Budget, Mayor's Message

## Program Impact

The impact of a capital shortfall in FY25 will result in 32% fewer subsidized units through HPD’s affordable housing development and preservation programs. Affordable housing units financed by New Construction Programs will be reduced by half (-52%), including new construction programs made available through Housing Connect and Special Needs Housing Programs, which finance permanent supportive housing for people who were formerly homeless and affordable housing for low-income and homeless seniors. Preservation projects, which utilize capital subsidies to replace building systems and make necessary upgrades, will see 15% fewer units financed. HPD production that solely relies on tax abatements like Article XI for preservation or extended affordability and new construction under 421-a and the new 485-x will not be impacted.

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Average Annual HPD Capital Subsidy Units (2018-2023)		FY25 Projected Units	FY25 Units Compared to Average	Percent Change
New Construction & Special Needs Housing	6,500	3,088	(3,412)	-52%
Preservation	8,200	6,978	(1,222)	-15%
Total	14,700	10,066	(4,634)	-32%

Source: NYC Open Data

Pipeline Impact

HPD Commissioner Adolfo Carrion testified on March 11<sup>th</sup> at the City Council Preliminary budget hearing that the agency has 750 affordable housing projects in its pipeline awaiting processing and funding. This includes 300 new construction projects and 450 existing projects in need of preservation through capital subsidies to fund upgrades and repairs and/or to extend affordability in a tax abatement. The preservation pipeline grew significantly during the staffing shortage crisis exacerbated by the pandemic. The new construction pipeline is constrained in part due to processing delays but more so due to limited annual federal funding through Low Income Housing Tax Credit programs.

With a steep decline in production slated for FY25, HPD’s pipeline and development backlog will worsen, and many projects can expect their multiyear waits for financing to be extended another year. Multiyear pipeline delays increase project costs and delay construction of affordable housing.

It is also likely that without additional capital funding, the City will not fully utilize available federal Low Income Housing Tax Credits in FY2025. Federal tax credits are paired with City subsidy in affordable New Construction and Special Needs Housing Programs to finance construction and subsidize affordable rents. Given the scale of the housing crisis, we cannot afford to leave federal funding unused.

Recommendations

New York Housing Conference recommends increasing HPD’s capital budget by \$1 billion in FY25 to both maintain historical affordable housing production and to increase production to advance the substantial pipeline backlog. We estimate that \$812.563 million is needed to maintain current production levels and fully utilize federal resources. This includes \$480.75 million for New Construction Programs like ELLA and Mix and Match; \$197.379 million for Special Needs Housing programs like Supportive Housing and SARA, and \$134.434 million for subsidized Preservation Finance Programs. In addition, \$187.437 million should be invested to relieve the significant pipeline backlog and to accelerate housing production by financing an additional 417 units of new construction.