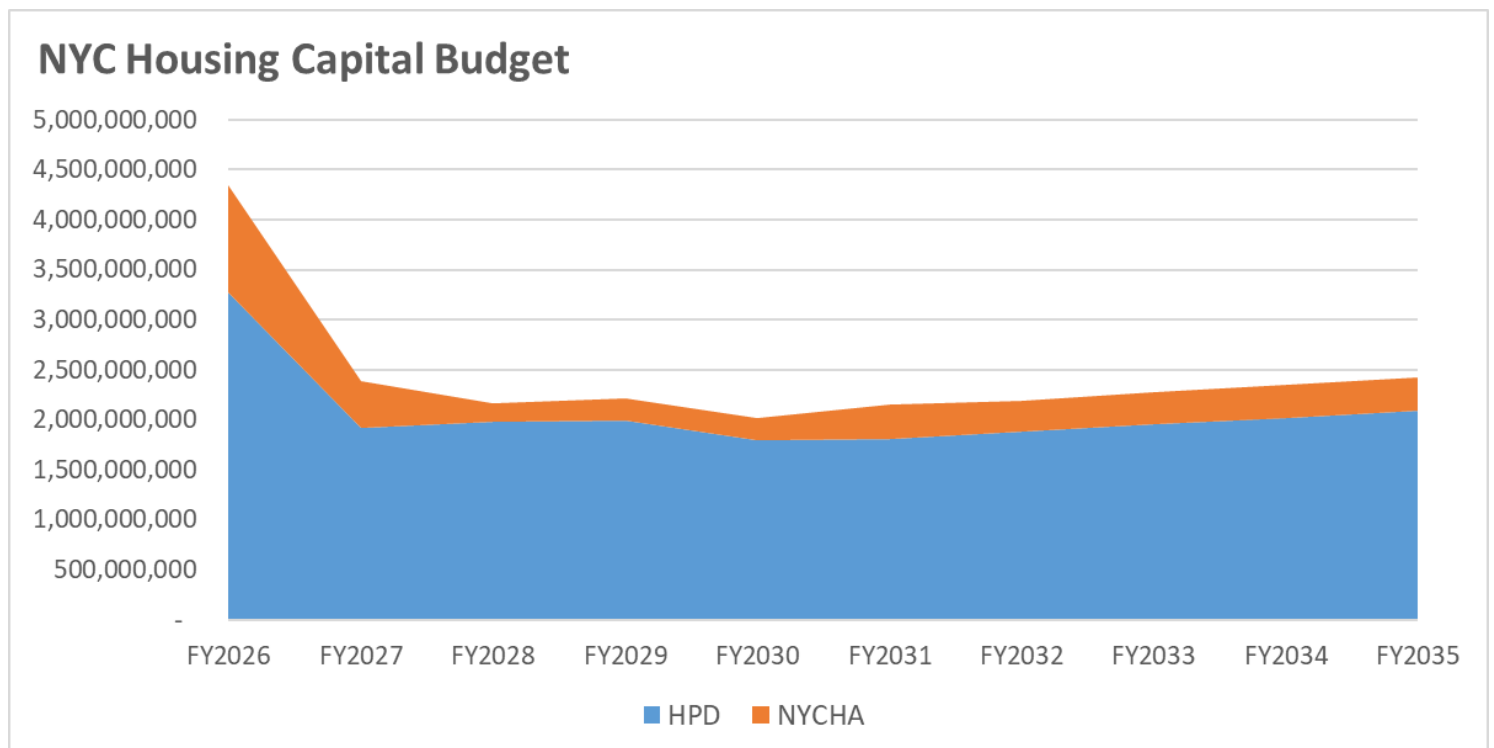


# Housing Capital Budget Cliff

New York City's housing capital budget, which includes City funding for the Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA), decreases dramatically in FY2027. It drops from \$4.5 billion in the current fiscal year (FY2025) and \$4.3 billion in the next (FY2026) to \$2.4 billion in FY2027, averaging \$2.2 billion throughout the following eight years. NYHC analyzed the City's [Preliminary Ten-Year Capital Plan](#), updated every two years. The City will update the plan with the Executive Budget in April and adopt it in the fall.

The current housing capital funding includes \$1 billion of City of Yes housing funding for HPD and NYCHA over the next four years as part of the City for All agreement by the Mayor and the City Council. Even with the additional funding – which comes out to more than \$825 million for HPD and \$175 million for NYCHA – housing capital decreases dramatically after FY2026. New York State is also expected to approve another \$1 billion in housing capital for the City of Yes. These funds are not included in the chart but are expected to add \$200 million over the next five years, according to the Governor's Executive Budget. The intent of the City of Yes capital funding was to be additive but without a baseline funding level of \$4 billion for housing capital, this funding will plug budget holes rather than support additional needs.

Under the current capital plan, NYHC estimates that HPD would produce 1,750 fewer affordable new construction units per year, compared to average production in recent years. In the Ten-Year Capital Plan, HPD will produce 15,750 fewer units of new construction affordable housing. Over that same time, NYCHA will have 72% less city funding to repair traditional public housing, and PACT and the Public Housing Preservation Trust are at risk with zero capital funds allocated after FY2026.



## Background

New York City capital funding supports long-term infrastructure like roads, schools and parks and subsidizes the construction and preservation of affordable housing. Current year capital funding is paid for with new City General Obligation bonds (backed by the full faith and credit of the City) and Transitional Finance Authority bonds (backed by City income tax), and it is paid back in the operating budget through debt service payments over 30 years.

Housing capital funding from HPD has supported the construction and preservation of roughly 20,000 units each year on average over the past five years (another 5,000–6,000 units are produced through the 421-a tax abatement). Last year, HPD committed \$2.7 billion for housing capital. Spending and funding have increased to meet the needs of providing deeper affordability and rising construction costs. Less money in future years will mean the city will be able to develop less affordable housing, while our housing crisis worsens.

## Program Impact

The Ten-Year Capital Plan for HPD and NYCHA cuts funding dramatically starting in FY2027. Capital funding decreases from \$4.5 billion in the current fiscal year (FY2025) and \$4.3 billion in the next (FY2026) to \$2.4 billion in FY2027 – a 45% decrease. It then averages \$2.2 billion over the following eight years.

City Housing Capital Funding FY 2026 - 2035										
HPD	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
NYCHA Preservation Programs	874,841,000	0	0	0	0	0	0	0	0	0
New Housing Construction	1,120,801,000	702,039,000	782,788,000	817,630,000	736,821,000	726,841,000	761,938,000	782,047,000	808,154,000	835,118,000
Other Housing Support Investment	70,934,000	81,661,000	64,039,000	34,297,000	24,491,000	25,110,000	25,673,000	26,255,000	26,824,000	27,413,000
Occupied In Rem Rehabilitation	124,454,000	83,309,000	86,561,000	90,478,000	78,339,000	76,182,000	78,527,000	19,431,000	92,113,000	95,154,000
Preservation	491,365,000	584,483,000	608,783,000	643,763,000	533,697,000	560,874,000	580,815,000	671,194,000	621,301,000	641,804,000
Special Needs Housing	585,473,000	468,873,000	440,405,000	412,101,000	422,297,000	423,580,000	437,478,000	460,079,000	473,941,000	488,261,000
<b>HPD - Total</b>	<b>3,267,868,000</b>	<b>1,920,365,000</b>	<b>1,982,576,000</b>	<b>1,998,269,000</b>	<b>1,795,645,000</b>	<b>1,812,587,000</b>	<b>1,884,431,000</b>	<b>1,959,006,000</b>	<b>2,022,333,000</b>	<b>2,087,750,000</b>
NYCHA	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
NYCHA Repair and Rehab	1,074,909,000	466,866,000	180,019,000	215,422,000	218,062,000	341,621,000	304,299,000	314,235,000	324,605,000	335,317,000
<b>Housing Total</b>	<b>4,342,777,000</b>	<b>2,387,231,000</b>	<b>2,162,595,000</b>	<b>2,213,691,000</b>	<b>2,013,707,000</b>	<b>2,154,208,000</b>	<b>2,188,730,000</b>	<b>2,273,241,000</b>	<b>2,346,938,000</b>	<b>2,423,067,000</b>

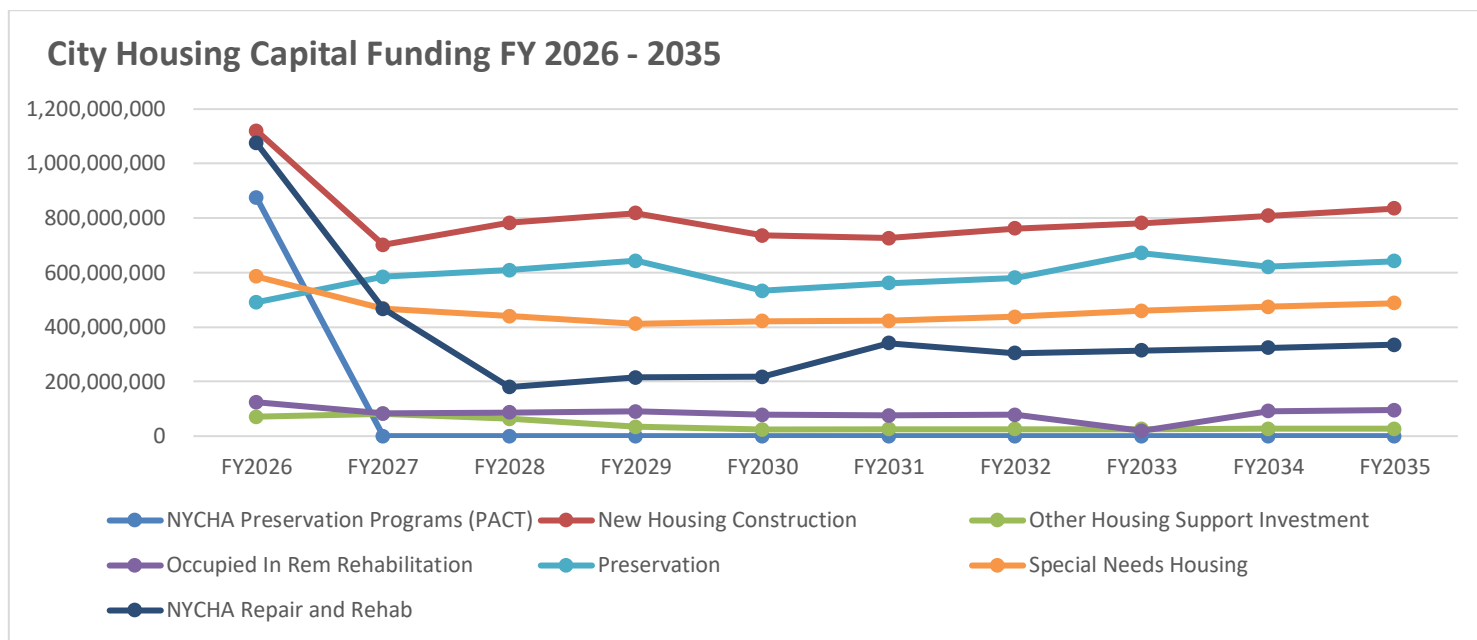
Source: NYC OMB Preliminary Ten-Year Capital Strategy Fiscal Years 2026-2035

Capital funding for HPD decreases from \$3.6 billion and \$3.3 billion this and next fiscal year respectively to \$2 billion or less per year from FY2027-2035. This represents a 41% decrease in capital funding for HPD.

HPD's capital spending supports several types of programs, including: new construction of affordable housing; special needs housing, including supportive and senior housing; preservation of affordable housing; funding for occupied in-rem housing (housing the City foreclosed on for tax delinquency); and NYCHA preservation, which provides gap funding for public housing preservation through the PACT and Preservation Trust programs.

Funding changes vary among uses. Funding for new construction decreases by 31%, while special needs housing funding decreases by 24%. HPD funding for NYCHA preservation zeroes out after FY2026, dropping from \$875 million, even though NYCHA's preservation programs like PACT and the Preservation Trust will continue to need this level of City capital funding or more in future years. Housing capital funding for preservation increases over time, growing from \$491 million to an average of \$600 million in the outyears.

Decreasing funding is particularly troubling given rising construction costs. Over the past five years, construction costs have increased by 42% nationwide.<sup>i</sup>



### NYCHA Focus

NYCHA’s Preservation Programs capital funding is intended to support PACT and the Public Housing Preservation Trust. PACT is slated to convert 62,000 apartments; 24,584 apartments have already converted since the program’s inception. Out of the remaining 37,416 apartments, 14,082 apartments at 48 developments are in active planning and are slated for comprehensive repairs and upgrades in the upcoming months and years. This successful preservation strategy is at risk after FY2026 funds are spent, with zero capital allocated in FY2027-2035. The Preservation Trust is authorized to convert 25,000 apartments, and 3 developments have already voted to participate in it. Without a steady capital allocation, NYCHA cannot reasonably plan a pipeline for either preservation strategy.

City capital funding for NYCHA Repair and Rehab directly supports repairs of NYCHA’s traditional Section 9 public housing. This includes repairs to roofs, facades, elevators, heating plants, and security systems, as well as lead and mold remediation and apartment upgrades. City capital funding for NYCHA decreases from roughly \$1 billion this and next fiscal year to \$467 million in FY2027 and an average of \$280 million from FY2028-2035. This is a 57% decrease in FY2027 and an 83% decrease on average from FY2028-2035. Decreased funding will inhibit the number of units and buildings NYCHA can repair.

As part of an agreement with the U.S. Attorney’s Office and the Department of Housing and Urban Development (HUD), NYCHA is under federal monitorship to make essential reforms to improve housing conditions for its residents. The City agreed to spend \$2.2 billion over 10 years, with \$1 billion spread over the first four years and \$200 million per year for the following six, starting in January 2019. According to the monitor’s December 2024 report, the City has provided \$1.4 billion in capital to support compliance with the agreement, having spent \$300 million and entered into contracts for \$1.1 billion.

NYCHA’s 2026 accumulated capital includes prior unspent funds that have rolled over. NYCHA also receives capital funding from the state and federal government to help address ongoing needs. However, capital funding from all levels of

government is woefully inadequate compared to NYCHA's capital needs. NYCHA's capital needs over the next five years total \$60.3 billion,<sup>ii</sup> but NYCHA's five-year capital budget from all sources is just \$7.8 billion.<sup>iii</sup>

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<sup>i</sup> Producer Price Index by Commodity: Intermediate Demand by Commodity Type: Materials and Components for Construction (WPSID612), Jan. 2020 – Jan. 2025.

<sup>ii</sup> NYCHA 2023 Physical Needs Assessment, <https://www.nyc.gov/assets/nycha/downloads/pdf/2023-PNA-Report-Physical-Needs-Assessment-NYCHA.pdf>

<sup>iii</sup> NYCHA Capital Plan, 2024 – 2028: <https://www.nyc.gov/assets/nycha/downloads/pdf/2024-2028-Capital-Plan-Narrative.pdf>