NEW YORK HOUSING CONFERENCE

NYC Council Committee on Housing and Buildings Hearing on FY2026 Preliminary Budget
New York Housing Conference Testimony

March 25, 2025

New York Housing Conference is a nonprofit affordable housing policy and advocacy organization. As a broad-based coalition, our mission is to advance City, State and Federal policies and funding to support the development and preservation of decent and affordable housing for *all* New Yorkers.

We thank the Committee for the opportunity to submit testimony which will focus on three issues. First, we are concerned about a significant decrease in housing capital funding after FY 2026 proposed in the preliminary budget and recommend continuing a baseline funding level of $4 billion in housing capital. 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. Second, we released a policy brief highlighting the problems with the city's Housing Connect lottery process for re-rentals, which are causing financial strain on affordable housing providers. We understand that HPD is prepared to adopt changes to their marketing requirements, but we want to reiterate the need for significant reform. Finally, we are extremely concerned about the impacts of federal housing policy and funding.

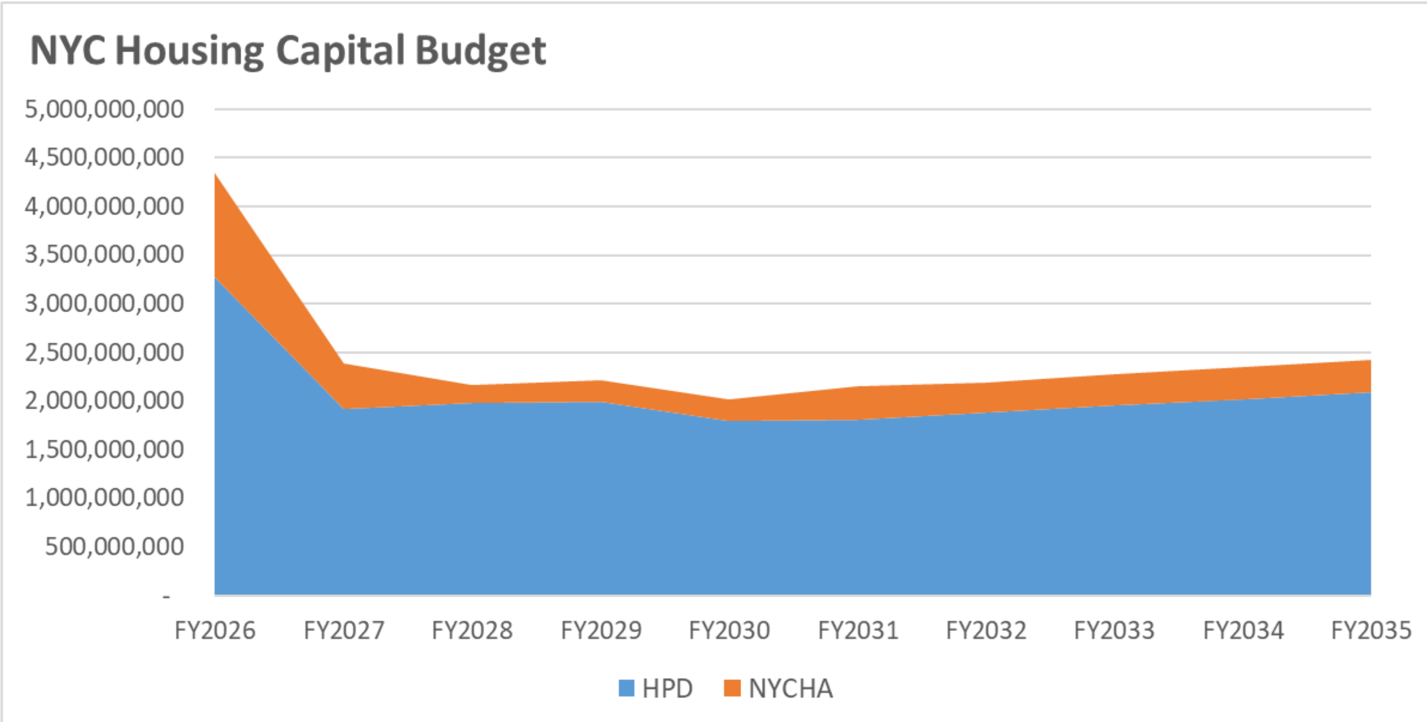
Housing Capital

NYHC is grateful for this City Council's advocacy for funding for affordable housing. Speaker Adams, Chairs Sanchez and Brannan, and so many others have been champions to increase capital funds to meet the need. Your support for City of Yes and negotiation for City for All's $5 billion of funding will improve housing affordability in New York City. We are tracking the city's budget to ensure that all of the funding the city and state committed are allocated.

While we have robust funding for housing capital in FY 2025 and 2026, we are extremely concerned about the preliminary capital plan funding in 2027 and beyond. New York City's housing capital budget, which includes city funding for the New York City Housing Authority and the Department of Housing Preservation and Development, decreases dramatically in FY 2027 – dropping from $4.5 billion in the current fiscal year (FY2025) and $4.3 billion next year (FY2026) to $2.4 billion in FY2027 and averaging $2.2 billion in the following eight years. $4 billion in housing capital must be considered baseline funding to maintain current production levels.

The current housing capital funding includes $1 billion of additional housing funding added to HPD and NYCHA over the next four years as part of the City of Yes and City for All zoning changes agreed to 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 over 5 years. These funds are not included in the chart but if allocated evenly would add $200 million each year over the next 5 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.



Capital funding for HPD decreases from $3.6 billion and $3.3 billion this year and next year to $2 billion or less per year from FY 2027 – FY2035. This represents a 41% decrease in capital funding for HPD.

HPD's capital spending goes to several different categories including: New construction of affordable housing; special needs housing, including supportive and senior housing; preservation of affordable housing; funding for occupied in-rem housing which is 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 are different among the different categories. Funding for new construction decreases by 31% and special needs housing funding decreases by 24%. Housing capital funding for preservation actually increases over time, growing from $491 million to an average of $600 million in the outyears. However, the growing need for preservation financing is significant. Many properties are facing financial difficulties and some also are experiencing physical deterioration while in the lengthy queue for preservation financing.

HPD funding for NYCHA preservation is zeroed out after 2026, dropping from $875 million. 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 years 2027 through 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 their Section 9 public housing units, including repairs to roofs and facades, elevators and heating plants, remediating lead and mold, security systems, and apartment upgrades. Decreased funding means fewer units and buildings get repaired. City capital funding for NYCHA decreases from roughly $1 billion this year and next year to $467 million in FY 2027 and an average of $280 million from 2028-2035. This is a 57 percent decrease in FY2027 and an 83 percent decrease on average from 2028-2035.

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
HPD - Total	**3,267,868,000**	**1,920,365,000**	**1,982,576,000**	**1,998,269,000**	**1,795,645,000**	**1,812,587,000**	**1,884,431,000**	**1,959,006,000**	**2,022,333,000**	**2,087,750,000**
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**
Housing Total	**4,342,777,000**	**2,387,231,000**	**2,162,595,000**	**2,213,691,000**	**2,013,707,000**	**2,154,208,000**	**2,188,730,000**	**2,273,241,000**	**2,346,938,000**	**2,423,067,000**

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

Housing Lottery Re-rentals

NYHC also remains concerned about a housing lottery process for re-rentals that leaves desperately needed units vacant for months and sometimes longer than a year. The Housing Connect lottery was designed to provide fair access to subsidized housing for all New Yorkers. However, units in existing affordable housing being re-rented through the lottery are not advertised for the public to apply. Instead, people using the Housing Connect lottery can sign-up to be eligible for all re-rental options. This means re-rental lotteries include “applicants” that did not apply to live in the vacant unit but must be processed in a numerical lottery system, wasting time and resources. The roadblocks to renting are costing affordable housing developments significant revenue losses, while depriving New Yorkers of available units of affordable housing in a tight housing market.

The City must prioritize re-renting affordable housing as quickly and efficiently as possible. This will prevent affordable housing providers from unnecessarily losing income and decrease wait times for renters in need of affordable housing. The City must also improve functionality of the Housing Connect portal so that New Yorkers can view affordable housing vacancies. HPD has conveyed to us their intent to adopt reforms but we are still awaiting details of official policy change.

Federal Funding and Policy Concerns

Finally, cuts to housing programs and staff proposed at the federal level, both from DOGE and in Congressional budgets, would have serious consequences on housing programs in New York City. We are already hearing concerns from lenders and investors in affordable housing about uncertainty in project funding and approvals. Housing organizations are being directly impacted with impounded funds and terminated contracts for the Green Retrofit and Resiliency program for HUD assisted housing, Section 4 technical assistance contracts and fair housing contracts. We remained concerned about overdue homeless grants and contract terms for renewal and the fate of CDFIs. The early funding termination notice for Emergency Housing Vouchers under the Section 8 program will impact thousands of New Yorkers who experienced homelessness during the pandemic.

We expect this is just the beginning of sweeping changes that will impact federal housing policy, funding and potentially even the finance system backed by Fannie Mae and Freddie Mac with significant impacts to affordable housing preservation and development in New York City.