

DIVISION OF HOUSING AND COMMUNITY RENEWAL

MISSION

The Division of Housing and Community Renewal (DHCR) is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including:

- Oversight and regulation of the State's public and publicly assisted rental housing;
- Administration of the State's rent regulations; and
- Administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing.

ORGANIZATION AND STAFFING

Headed by a Commissioner, the Division maintains three main offices and nine regional offices. Main offices in Albany and Manhattan are responsible for agency-wide administrative functions and the development and execution of the Division of Housing and Community Renewal's policies for its Community Development and Housing programs. The Division's Rent Administration program is administered through the main office in Queens and local offices in rent regulated communities.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$374.5 million All Funds** (\$68.8 million General Fund; \$305.7 million Other Funds) for the Division of Housing and Community Renewal. This is a decrease of **\$61.7 million** (\$26 million decrease for General Fund; \$35.7 million decrease for Other Funds) from the 2008-09 budget. This net change primarily reflects the elimination of one-time capital funding, an anticipated increase of Federal Weatherization funds, and various program reductions. The Executive Budget recommends a staffing level of **923 FTEs** for the Division of Housing and Community Renewal, a 17 position reduction from the 2008-09 budget.

Major budget actions include:

- **Reduce Neighborhood Preservation and Rural Preservation Program Funding:** The 2009-10 budget recommends funding of \$11.7 million for these programs, an \$8.5 million decrease from the \$20.2 million originally enacted for these programs in 2008-09. This reduction includes recurring savings of \$623,400 enacted during the August Special Session. These programs provide funding to 222 not for profit community based housing corporations that provide housing related services across the state.
- **Close Rent Administration Offices:** DHCR's Office of Rent Administration operates five offices in New York City (Brooklyn, Staten Island, Queens and two in Manhattan) and three in Nassau (Hempstead), Rockland (Spring Valley) and Westchester (White Plains) counties. The increased use of automation in processing complaints and rent increase applications has significantly reduced customer traffic at these offices and it is no longer

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efficient to operate all eight offices. The Executive Budget proposes to save \$450,000 by closing the Nassau, Rockland and Staten Island offices. Legislation is required to close the offices and is submitted as part of the Executive Budget. This proposal includes the elimination of seven positions.

- **Reduce Rural Rental Assistance Program (RRAP):** RRAP provides rental subsidies to landlords for housing projects financed with mortgages from the United States Department of Agriculture Rural Housing Services “515 Program”. RRAP serves projects that provide housing for the elderly and low income populations of Upstate New York. In addition to \$696,000 in recurring savings enacted during the August Special Session, the Executive Budget proposes to achieve \$2 million of savings by: eliminating subsidies for 75 new units scheduled to come on line in 2009-10; reducing subsidies for existing units to reflect a lowering of the capital reserves landlords are required to maintain; and, transferring 394 units scheduled to expire from the program to Federal HUD (Housing and Urban Development) Housing Choice Vouchers. These actions will not impact individuals currently being served by this program.
- **Various Operational Efficiencies:** Consistent with administrative actions taken by other agencies in 2008-09, DHCR reduced its operational costs by 10.35 percent. These actions generate recurring savings of \$3.3 million that are reflected in the 2009-10 Executive Budget. Additional operational efficiencies recommended in the Executive Budget include shifting \$3 million of General Fund costs to other funds and \$500,000 savings from attrition during 2009-10.
- **State Low Income Housing Tax Credit:** The 2009-10 budget recommends \$4 million for the State Low-Income Housing Tax Credit Program which will result in nearly \$40 million in new funding for affordable housing over the next ten years.

The Division’s fee revenues come from the following sources: 1) mortgage servicing fees; 2) application and monitoring fees collected from developers of housing projects that are partially financed by Federal low-income tax credits; 3) payments by New York City to finance a portion of the Division’s rent regulation activities; and 4) fees collected from the U.S. Department of Housing and Urban Development in connection with State administration of the Federal Section 8 rental subsidy program.

PROGRAM HIGHLIGHTS

COMMUNITY DEVELOPMENT

Community Development staff provide support to the Housing Trust Fund Corporation, a public benefit corporation that provides State-funded loans and grants to for-profit and not-for-profit entities to develop housing for low-income families, tenants with special needs and the low-income elderly.

Community Development staff also administer the allocation of low-income housing tax credits across the State. These tax credits promote the production of low-income rental housing projects by reducing the tax liability of investors who finance the acquisition and construction of these projects.

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SMALL CITIES

The Small Cities Community Development Block Grant Program administers approximately \$58 million in annual funding from the U.S. Department of Housing and Urban Development (HUD). The Small Cities program supports projects in communities with populations of less than 50,000 or non-urban counties with populations of less than 200,000 for housing rehabilitation, job creation or retention, infrastructure repair or replacement, micro-enterprise programs and homeownership assistance.

HOUSING OVERSIGHT

The Housing Program oversees the management of State-assisted housing projects. On a project-by-project basis, Housing Program staff periodically review the financial and physical condition of:

- 176 housing developments constructed between 1957 and 1974 under the State's Mitchell-Lama housing laws and financed with State-guaranteed debt. These projects provide more than 83,380 dwelling units to low- and moderate-income families;
- 74 public housing projects constructed between 1941 and 1973 and financed with State General Obligation bonds that provide more than 20,000 apartments for low-income families; and
- Approximately 1,100 low-income apartment projects partially financed by State or Federal capital funds.

In addition to its regulatory functions, the Housing Program is responsible for the administration of over 38,000 HUD Housing Choice vouchers in New York State. These vouchers provide rental assistance to low-income families in 50 local program areas in New York State.

RENT ADMINISTRATION

The Omnibus Housing Act of 1983 mandated the consolidation of all rent regulation under the DHCR in order to ensure that the State's rent laws are administered in a manner that recognizes the concerns of both landlords and tenants. The Office of Rent Administration has been recognized for its outstanding efforts to make the program more responsive to its customers. By streamlining the administrative process, the amount of time necessary to close a rent overcharge case has been reduced significantly.

HOUSING CAPITAL PROGRAMS

In 2008-09, \$100 million in one-time capital funding was provided for housing development projects. The 2009-10 Executive Budget reflects the reappropriation of these funds and the continuation of recurring capital funding levels. There are two primary low- and moderate-income housing construction programs supported by State appropriations: the Housing Trust Fund Program and the Affordable Housing Corporation Program. This budget includes a \$29 million appropriation and \$148 million in reappropriations for the Housing Trust Fund Program, which provides grants to finance construction or rehabilitation of low-income apartment buildings. The Affordable Housing Corporation will receive \$25 million in new funds and \$84.5 million

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in reappropriations to stimulate local economic growth and stabilize distressed communities across the State by providing grants of up to \$35,000 per unit or \$40,000 per unit in designated high cost areas.

To support municipal housing authorities, this budget also recommends that \$12.8 million in new funding and \$69 million in reappropriations be provided to continue repairs and renovations to the State's existing public housing stock.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2008-09	Appropriations Recommended 2009-10	Change	Reappropriations Recommended 2009-10
State Operations	108,026,000	106,206,000	(1,820,000)	48,792,000
Aid To Localities	160,560,546	163,132,000	2,571,454	151,623,000
Capital Projects	167,700,000	105,200,000	(62,500,000)	430,057,000
Total	436,286,546	374,538,000	(61,748,546)	630,472,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2008-09 Estimated FTEs 03/31/09	2009-10 Estimated FTEs 03/31/10	FTE Change
Administration			
General Fund	55	51	(4)
Community Development			
General Fund	45	31	(14)
Special Revenue Funds - Federal	60	60	0
Special Revenue Funds - Other	12	16	4
Housing			
General Fund	29	19	(10)
Special Revenue Funds - Federal	71	76	5
Special Revenue Funds - Other	78	79	1
Housing Development Fund Program			
Special Revenue Funds - Other	0	10	10
Housing Information Systems			
General Fund	76	72	(4)
New Facilities			
Capital Projects Funds - Federal	37	43	6
Rent Administration			
General Fund	153	135	(18)
Special Revenue Funds - Other	324	331	7
Total	940	923	(17)

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2008-09</u>	<u>Recommended 2009-10</u>	<u>Change</u>
General Fund	36,087,000	28,604,000	(7,483,000)
Special Revenue Funds - Federal	14,352,000	17,007,000	2,655,000
Special Revenue Funds - Other	57,587,000	60,595,000	3,008,000
Total	<u>108,026,000</u>	<u>106,206,000</u>	<u>(1,820,000)</u>

Adjustments:

Transfer(s) From			
Special Pay Bill			
General Fund	(1,954,000)		
Special Revenue Funds - Federal	(640,000)		
Special Revenue Funds - Other	(3,655,000)		
Appropriated 2008-09	<u>101,777,000</u>		

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2008-09</u>	<u>Recommended 2009-10</u>	<u>Change</u>
Administration			
General Fund	15,195,000	13,008,000	(2,187,000)
Special Revenue Funds - Other	2,911,000	2,911,000	0
Community Development			
General Fund	3,484,000	2,051,000	(1,433,000)
Special Revenue Funds - Federal	3,254,000	5,909,000	2,655,000
Special Revenue Funds - Other	1,646,000	1,968,000	322,000
Housing			
General Fund	3,717,000	1,416,000	(2,301,000)
Special Revenue Funds - Federal	11,098,000	11,098,000	0
Special Revenue Funds - Other	9,390,000	8,841,000	(549,000)
Housing Development Fund Program			
Special Revenue Funds - Other	0	1,371,000	1,371,000
Housing Information Systems			
General Fund	10,164,000	9,464,000	(700,000)
Rent Administration			
General Fund	3,527,000	2,665,000	(862,000)
Special Revenue Funds - Other	43,640,000	45,504,000	1,864,000
Total	<u>108,026,000</u>	<u>106,206,000</u>	<u>(1,820,000)</u>

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STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,880,000	(618,000)	3,855,000	(618,000)
Community Development	1,979,000	(1,336,000)	1,954,000	(1,336,000)
Housing	1,348,000	(2,302,000)	1,343,000	(2,302,000)
Housing Information Systems	4,295,000	(189,000)	4,275,000	(189,000)
Rent Administration	2,145,000	(832,000)	2,140,000	(832,000)
Total	<u>13,647,000</u>	<u>(5,277,000)</u>	<u>13,567,000</u>	<u>(5,277,000)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay	
	Amount	Change	Amount	Change
Administration	25,000	0	0	0
Community Development	25,000	25,000	0	(25,000)
Housing	0	0	5,000	0
Housing Information Systems	0	0	20,000	0
Rent Administration	0	0	5,000	0
Total	<u>50,000</u>	<u>25,000</u>	<u>30,000</u>	<u>(25,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	9,128,000	(1,569,000)	299,000	(51,000)
Community Development	72,000	(97,000)	7,000	(10,000)
Housing	68,000	1,000	2,000	0
Housing Information Systems	5,169,000	(511,000)	27,000	(3,000)
Rent Administration	520,000	(30,000)	43,000	(2,000)
Total	<u>14,957,000</u>	<u>(2,206,000)</u>	<u>378,000</u>	<u>(66,000)</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	256,000	(44,000)	7,993,000	(1,404,000)
Community Development	36,000	(49,000)	18,000	(24,000)
Housing	46,000	1,000	15,000	0
Housing Information Systems	46,000	(4,000)	3,976,000	(393,000)
Rent Administration	5,000	0	378,000	(22,000)
Total	<u>389,000</u>	<u>(96,000)</u>	<u>12,380,000</u>	<u>(1,843,000)</u>

Program	Equipment	
	Amount	Change
Administration	580,000	(70,000)
Community Development	11,000	(14,000)
Housing	5,000	0
Housing Information Systems	1,120,000	(111,000)
Rent Administration	94,000	(6,000)
Total	<u>1,810,000</u>	<u>(201,000)</u>

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STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,911,000	0	660,000	0
Community Development	7,877,000	2,977,000	4,052,000	1,137,000
Housing	19,939,000	(549,000)	12,054,000	(148,000)
Housing Development Fund Program	1,371,000	1,371,000	925,000	925,000
Rent Administration	45,504,000	1,864,000	28,155,000	1,843,000
Total	<u>77,602,000</u>	<u>5,663,000</u>	<u>45,846,000</u>	<u>3,757,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	2,251,000	0	0	0
Community Development	3,825,000	1,840,000	0	0
Housing	6,384,000	(401,000)	1,501,000	0
Housing Development Fund Program	446,000	446,000	0	0
Rent Administration	17,349,000	21,000	0	0
Total	<u>30,255,000</u>	<u>1,906,000</u>	<u>1,501,000</u>	<u>0</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	58,769,444	40,191,000	(18,578,444)
Special Revenue Funds - Federal	92,450,000	113,600,000	21,150,000
Special Revenue Funds - Other	9,341,102	9,341,000	(102)
Total	<u>160,560,546</u>	<u>163,132,000</u>	<u>2,571,454</u>

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2008-09	Recommended 2009-10	Change
Downtown Heritage Restoration Program			
General Fund	564,000	0	(564,000)
Housing Development Fund Program			
Special Revenue Funds - Other	9,341,102	9,341,000	(102)
HUD Section 8 New Construction			
Special Revenue Funds - Federal	13,100,000	13,100,000	0
Lead Poisoning Prevention Program			
General Fund	188,000	0	(188,000)
Low Income Weatherization			
Special Revenue Funds - Federal	21,350,000	42,500,000	21,150,000
Neighborhood Preservation			
General Fund	13,474,886	8,153,000	(5,321,886)
New York City Housing Authority Tenant Pilot Program			
General Fund	928,220	0	(928,220)
Periodic Subsidies - Local Areas			
General Fund	15,429,321	12,430,000	(2,999,321)
Rural Preservation			
General Fund	6,097,735	3,548,000	(2,549,735)
Rural Rental Assistance			
General Fund	18,730,752	16,060,000	(2,670,752)
Small Cities Community Development			
Block Grant			
Special Revenue Funds - Federal	58,000,000	58,000,000	0
Urban Homeownership Assistance Program			
General Fund	916,500	0	(916,500)
Community Projects			
General Fund	2,440,030	0	(2,440,030)
Total	<u>160,560,546</u>	<u>163,132,000</u>	<u>2,571,454</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2008-09	Recommended 2009-10	Change	Reappropriations 2009-10
Affordable Housing Corporation				
Housing Program Fund	45,000,000	25,000,000	(20,000,000)	84,450,000
Housing Assistance Fund				
Housing Assistance Fund	0	31,000,000	31,000,000	11,386,000
Low Income Housing Trust Fund				
Housing Program Fund	60,000,000	29,000,000	(31,000,000)	148,000,000
Maintenance and Improvements of Existing Facilities				
Housing Program Fund	0	0	0	2,139,000
Housing Opportunity Program For Elderly				
Housing Program Fund	4,400,000	400,000	(4,000,000)	4,400,000
Housing Program Capital Improvement				
Capital Projects Fund	0	0	0	19,720,000
Main Street Program				
Housing Program Fund	5,000,000	0	(5,000,000)	5,000,000
New Facilities				
Capital Projects Fund	0	0	0	122,000
Federal Capital Projects Fund	0	0	0	27,615,000
Housing Program Fund	9,000,000	0	(9,000,000)	9,000,000
Public Housing Modernization Program				
Housing Program Fund	17,800,000	12,800,000	(5,000,000)	69,000,000
Rural Revitalization Program				
Housing Program Fund	6,000,000	0	(6,000,000)	7,700,000
Urban Initiatives Program				
Housing Program Fund	3,500,000	0	(3,500,000)	4,325,000
Homes for Working Families Program				
Housing Program Fund	17,000,000	7,000,000	(10,000,000)	37,200,000
Total	<u>167,700,000</u>	<u>105,200,000</u>	<u>(62,500,000)</u>	<u>430,057,000</u>