MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin
President

Date: November 18, 2024

Re: Fiscal Year 2025 Proposed Operating Budget

I am pleased to present the Corporation's proposed operating budget for Fiscal Year 2025 (FY 2025) for the Members' approval. The attached budget contains a summary of revenues and expenditures for the Corporation's general operating fund, Corporate Services. Amid economic uncertainties stemming from historically high but gradually decreasing inflation, as well as political matters far outside of our control, this proposed operating budget demonstrates HDC's prudent and strategic fiscal planning. By containing administrative costs through operational innovations and efficient managerial controls, HDC will maintain its flexibility as we reach our goals of increased productivity.

This memorandum, which accompanies the proposed operating budget schedules and notes in Appendix A, provides a thorough discussion of variances from the approved budget for Fiscal Year 2024 (FY 2024) to the year-end actuals, as well as the Corporation's FY 2025 projected fee and investment income and expense line items. Detailed explanations for each revenue and expense budget line are provided in the budget notes.

The Corporation ended FY 2024 with an excess of revenues over expenses, on a cash basis, of $172.03 million, an increase of $41.25 million over the budgeted amount of $130.79 million. This increase was primarily due to higher-than-expected investment earnings and servicing fees, along with continued strong performance in the Multifamily Housing Revenue Bonds program (Open Resolution) surplus.

The Open Resolution surplus remains the Corporation's most significant revenue source. Mortgage repayments have remained strong, and the Open Resolution is expected to generate cash flow similar to FY 2024 due to the over-collateralization of mortgages over bonds. Additionally, decreasing interest rates on variable-rate debt may ease the cost of new borrowing.

As shown in the chart below, total revenues for FY 2025 are projected to reach $191.36 million, reflecting an increase of 8.4% from the prior-year projection of $176.56 million. Total expenses are expected to rise to $51.55 million, up 12.6% from $45.77 million last year. The resulting excess of revenues over expenses are projected at $139.81 million.

	FY 2024 Approved	FY 2024 Actual	FY 2024 Variance	FY 2025 Proposed
Operating Revenues				
Investment & Loan Income	$ 103,244,000	132,046,880	28,802,880	$ 112,474,000
Servicing Fees	45,931,000	56,536,334	10,605,334	51,093,000
Other Fees	27,381,000	29,093,825	1,712,825	27,793,400
Total Revenues	**176,556,000**	**217,677,039**	**41,121,039**	**191,360,400**
Operating Expenses				
Salaries & Related Expenses	39,576,000	40,313,698	(737,698)	43,430,000
Contract Services	1,781,900	1,315,713	466,187	3,140,000
Other Expenses	4,412,100	4,016,041	396,059	4,980,000
Total Expenses	**45,770,000**	**45,645,452**	**124,548**	**51,550,000**
Excess of Revenues Over Expenses	**$ 130,786,000**	**$ 172,031,587**	**$ 41,245,587**	**$ 139,810,400**

FY 2024 Unaudited Budget Results

Actual Operating Revenues

The Corporation’s FY 2024 approved budget projected revenues of $176.56 million. Realized revenues totaled $217.68 million, resulting in a variance of $41.12 million or 23.3%. This outcome was primarily due to three positive variances:

- Investment income from corporate reserves was $27.24 million above budget due to higher-than-expected short-term interest rates, as the Federal Reserve held the federal funds target range constant for most of the fiscal year.
- Servicing fees on HDC loans were $10.73 million above budget due to an increase in the number of loans in the pipeline that converted to permanent financing and an increase in other HDC servicing fees received during the year.
- The Open Resolution surplus was $1.41 million above budget due to mortgage over-collateralization and the spread between bonds and underlying mortgage rates.

Actual Operating Expenses

The Corporation’s FY 2024 approved budget projected expenses of $45.77 million. Actual expenses totaled $45.65 million, resulting in a variance of $124,548 or 0.3%. This outcome was primarily due to three positive variances:

- Wages were $504,686 under budget due to higher-than-expected vacancies.
- Fringe Benefits were $845,710 under budget due to vacancies, along with lower-than-expected rate increases on dental, vision, and life insurance premiums.
- Other Consultants expenses were $344,420 under budget due to delays in larger projects and reduced spending on several smaller initiatives.

Offsetting a portion of these positive variances were four negative variances:

- NYCERS expenses were $2,300,689 over budget due to a prepayment of the FY 2025 estimated appropriation using excess year-end funds.
- Equipment & Maintenance was $101,379 over budget due to a prepayment on several IT subscriptions and maintenance agreement renewals using excess year-end funds.
- Leasehold Improvements were $49,902 over budget due to the timing of the final payment for office space buildout at 120 Broadway.
- Rent & Utilities were $42,519 over budget due to higher-than-expected electric rates.

The attached explanation of operating revenues and expenses in Appendix A provides further budget, actual, and variance details.

FY 2025 Proposed Budget

Overview

The economy showed remarkable resilience despite the Federal Reserve's continued effort to combat inflation through a sustained high-interest rate environment for most of the prior fiscal year. The "soft landing" strategy appeared to be effective as labor markets cooled and inflation edged closer toward the 2% long-term target. In response to moderating inflation, the Federal Reserve lowered the federal funds target range by 50 basis points in September and 25 basis points in November, signaling a continued readjustment away from high borrowing costs. Subsequent rate decreases, expected again in the coming months, are included in the assumptions for FY 2025 investment returns—however, the results of the 2024 presidential election, and proposed policies of the incoming administration, may muddle this outlook.

The Corporation had a successful year in the market with $1.8 billion in bond issuances. However, the cost of borrowing capital to fund HDC's ever-increasing pipeline remained high relative to pre-pandemic levels and will continue to present a near-term challenge to the Corporation's ability to provide low-interest mortgages for affordable housing.

In addition to providing loans that reflect the higher cost of borrowing, the Corporation continues to assist borrowers by providing additional subsidy loans at a rate of 1%. HDC committed $206 million in subsidy for new construction loans closed during the prior fiscal year, with $4.0 billion in total subsidy provided over the past 20 years.

The Corporation's mortgage portfolio also continues to perform well. The delinquency rate has been within the 3% range, and staff remain vigilant in monitoring the portfolio. For the limited number of developments experiencing financial difficulties, HDC's Asset Management department continues to work with the borrowers, providing refinancing opportunities with manageable monthly payments to keep them current.

The Corporation's balance sheet remains strong. In FY 2024, total assets in the Enterprise Fund were $28.8 billion, an increase of $4.3 billion, or 17.6%, from the prior year. This increase was primarily due to a $3.0 billion increase in the mortgage portfolio and a $1.3 billion increase in the investment portfolio. Additionally, net assets increased to $4.8 billion.

As HDC continues to solidify its status as one of the nation's leading multi-family housing finance agencies, the city's housing crisis has also had an impact on the numerous demands the Corporation faces to further its affordable housing mission. Most prevalent is the Corporation's role as the key financing partner under the NYCHA 2.0 Permanent Affordability Commitment Together (PACT) program, a ten-year plan to rehabilitate and preserve 62,000 units in the New York City Housing Authority (NYCHA) portfolio.

In January 2020, HDC launched the Housing Impact Bond Resolution, which was created exclusively to finance loans for the benefit of New York City's public housing stock. To date, HDC has contributed $3.13 billion in financing, supporting repairs and upgrades for 18,859 homes under the PACT program. In addition to assembling financing, HDC joins NYCHA in providing asset management for PACT transactions to ensure ongoing physical and financial health. This initiative has had the largest impact on the Corporation's workload over the past several years and is a key driver of the increase in headcount in the FY 2025 proposed budget.

The Corporation also continues its longstanding partnership with the New York City Department of Housing Preservation and Development (HPD) including bringing additional debt and properties into the portfolio, increased loan servicing, and working on streamlining procedures and processes to enable applicants and shelter residents to move into their new, affordable homes more quickly. Joint efforts in underwriting for workouts have also increased, which is no easy task during this period of rising operating expenses and historically high interest rates.

Additionally, the Corporation continues to assist with improving Housing Connect 2.0, and those efforts are expected to increase in the upcoming year. Housing Connect is a critical resource for a large and growing number of New Yorkers looking to secure affordable housing financed by HPD and HDC. There are numerous issues regarding the functionality of Housing Connect that impact application processing, communication with applicants, and project lease-up in a timely and efficient manner. It is critical that HDC continue to work with HPD to address the backlog of fixes needed to improve the efficiency and transparency of the Housing Connect system.

These great partnerships and concerted efforts by the city's housing agencies to revitalize neighborhoods and increase the supply of affordable housing come with increased workloads for staff and other associated costs. Over the years, the Corporation has strategically implemented small increases in headcount through targeted hiring to reinforce core functions and leverage efficiency through technology. The low employee attrition rate has also contributed to smaller increases in headcount over the past few years. Although the increase in budgeted headcount this fiscal year is smaller than last year, it is needed to meet the aforementioned demands and prepare for the anticipated workload in the near future. It is critical that the Corporation maintain its highly skilled workforce to continue performing to the high standards and professionalism that uphold its reputation and warrant the AA credit rating. It is also critical that the Corporation continues to prepare for succession planning for key personnel and strategically position itself for the future.

The Corporation will continue to pay close attention to cost management, balancing expenses while maintaining efficiencies, keeping pace with the expanding portfolio its staff are required to oversee, and maximizing its contribution to the mayor's housing goals. The proposed budget reflects a balanced and measured response to this challenge, along with a conservative expectation of revenues, all while operating under uncertain economic times. Nevertheless, the Corporation remains very optimistic about its 2025 financial outlook.

Proposed Operating Revenues

The Corporation's revenues are projected to be $191.36 million in FY 2025, a $14.8 million increase from the FY 2024 approved budget. Despite the year-over-year revenue budget increase, investment income is projected to grow at a slower rate as the Federal Reserve is expected to lower the federal funds target range again in the first half of the fiscal year. However, servicing fees on HDC-financed loans are expected to grow due to an increase in the number of projects converting to permanent financing.

Proposed Operating Expenses

The Corporation's expenses are projected to be $51.55 million in FY 2025, a $5.78 million or 12.6% increase from the FY 2024 approved budget. The year-over-year expense budget increase is largely attributable to increased headcount and associated fringe expenses, consultant costs for the City Housing Activation Task Force, and end of the Fixed Free Rent Period on the Corporation's new office lease.

Revenue and expense projections by line item are discussed in detail in Appendix A.

Action by the Members

The Members are requested to approve the Corporation's FY 2025 Operating Budget.

Appendix A

FY 2025 Proposed Operating Budget Schedules & Notes

Overview of Corporation Revenues and Cash Receipts

The Corporation's operating budget is presented and tracked on a cash basis. Before reviewing the FY 2024 approved budget results and FY 2025 proposed budget, it is useful to delineate the various categories of cash received by HDC in its operations.

It is important to note the distinction between Corporation revenues on a cash basis, as used in budgeting, and on a Generally Accepted Accounting Principles (GAAP) basis, as used in the Corporation's financial statements. For cash-based budgeting, revenues and expenditures are reported when received or paid, respectively. GAAP matches revenues and expenses to the period in which they can be attributed, which may differ from the period in which they were received or paid. Additionally, income categories used for the Corporation's budget are different from categories required by GAAP for financial reporting.

Certain cash receipts are not considered revenues under GAAP and therefore are excluded entirely from the Corporation's operating budget, though they do figure into cash flow analyses and affect the ability to lend corporate reserves to subsidize developments. These non-revenue cash receipts include (1) principal repayments of corporate loans; (2) bond sale proceeds from the placement of corporate loans in securitizations into the Open Resolution; and (3) transfers of corporate reserves between the Open Resolution and the Corporate Services Fund.

Explanation of Operating Revenues

The Corporation's FY 2025 projected operating revenues are $191.36 million. A description of each revenue line item, including the amount expected to be realized, its percentage of the total revenue budget, the year-over-year change, and an explanation of prior-year variances are discussed in further detail below.

Investment and Loan Income

Investment of Corporate Reserves and Other Funds

$49,000,000 | 25.6%

The Corporation currently has $7.1 billion of cash and investments under management at fiscal year-end but retains the earnings on only a portion of those funds. Earnings on bond proceeds, monies of HPD, reserves for replacement accounts, and bond revenue funds outside the Open Resolution—and in three cases, in the Open Resolution—are all returned to the related party or credited against interest payments due. The Corporation keeps the earnings on its corporate funds and on most loan-related escrows it maintains. The Corporation also keeps most of the earnings on Open Resolution bond revenue deposits, but those earnings are covered below in the Open Resolution Surplus section. Earnings are affected by interest rates, investment term, and funds availability.

In FY 2024, the Corporation realized $65.24 million on investments of corporate reserves and other funds, which was $27.24 million over budget due to higher-than-projected investment income from the sustained high-interest rate environment. There was also an increase of $1.2 billion in funds under management. In FY 2024, the average rate of return on corporate reserve investments was 3.08% compared to 2.65% in FY 2023.

Although some corporate reserve funds are invested in long-term securities intended to be held to maturity, corporate reserves are also invested in demand deposit accounts, which currently earn higher interest income. Due to liquidity needs, more than 48.4% of the total funds under management are invested in demand deposits whose weighted average rate of return was 4.69% compared to 5.15% in FY 2023.

Investment income for FY 2025 is projected to be $49 million, a significant increase, but more aligned with prior-year actuals. The Corporation's Investment Committee has worked to prudently maximize returns on investments in the current market, although further interest rate decreases are expected in early FY 2025. Despite a projected increase in investment income year-over-year, continued high interest costs on variable-rate debt may impact net investment earnings.

Corporate-Owned Mortgage Interest

$3,300,000 | 1.7%

The Corporation has used over $4.0 billion in corporate reserves to make subsidy loans since 2004, currently holding a $422 million portfolio of corporate-owned mortgage loans. This lower amount is due to securitizations that have yielded around $1.24 billion in proceeds, and $1.6 billion in loans have been transferred into the Open Resolution and the Federal Financing Bank program. The loans have varying repayment terms, often with deferred amortization or balloon mortgages, and most with very low interest rates. Interest payments on corporate-owned loans totaled $3.45 million in FY 2024, an increase from the budgeted amount of $3.3 million. Current loan schedules indicate $3.3 million in interest revenue for FY 2025, the same as the prior year.

Open Resolution Surplus

$60,174,000 | 31.4%

The Corporation's highly rated Open Resolution is the mainstay of its affordable housing production. By pooling a diverse range of credits and cash flows, the Open Resolution mitigates individual risks, while surplus cash flows from certain loans offer essential coverage for the entire pool. The surplus amount fluctuates based on interest rates, varying mortgage and bond payment schedules, bond redemptions, and the unpredictable prepayment of mortgages after the designated lockout period. Asset-to-liability ratios and debt service coverage are monitored closely by the ratings agencies and are modeled in-house by the Corporation using cfX software. A full cash flow demonstrating capacity to pay scheduled debt service is prepared each time the Corporation issues bonds under the Open Resolution.

The Open Resolution cash surplus is generated by (a) the spread between mortgage rates that HDC charges its borrowers and bond rates paid to HDC's investors, which varies widely depending on the bond series and, for some series, the level of variable interest rates; and (b) interest earnings on monies held under the resolution, including debt service reserve funds, principal and interest monies held prior to debt service payment, and mortgage prepayment funds held prior to bond call. Some series may temporarily operate at a small deficit, usually when the underlying loans remain in construction longer than expected and have yet to begin principal amortization payments.

Based on the cash flow model, adjusted upward as discussed above, the FY 2025 budget includes $60.17 million of Open Resolution surplus. This results from ongoing financing activities in the Open Resolution and an anticipated increase in investment income. Interest rate caps and swaps, approved by the Members, along with the Corporation's sizable short-term investment portfolio, act as hedges against significant interest rate increases. Higher rates on variable-rate debt will be offset by payments from interest rate swap counterparties, generating additional cash surplus in the Open Resolution. The FY 2024 cash surplus withdrawal from the Open Resolution was $63.36 million, a $1.41 million increase from the budgeted amount of $61.94 million, due to its strong performance.

Servicing Fees

HDC-Financed Loans

$43,566,000 | 22.8%

Most loan servicing fees range from 0.11% to 0.25%. Servicing fees for many variable-rate projects in recent years have been set on a sliding scale to vary inversely with the interest rate on the bonds. Loan servicing fee income is projected to increase from the FY 2024 budget of $38.24 million to about $43.57 million due to more loans converting after construction completion to permanent financing, when servicing fees become due monthly. As part of its ongoing financing of the NYCHA PACT program, the Corporation collects servicing and credit enhancement fees immediately upon closing for loans that are fully funded. Additionally, this budget line includes income from servicing fees associated with the Corporation's preservation lending program, mortgage satisfaction fees, and regulatory and compliance monitoring fees.

FY 2024 actual collection of HDC servicing fees was $48.98 million, which was $10.73 million over budget due to a higher-than-expected rate of projects converting to permanent financing, as well as an increase in standby letter of credit fees, mortgage participation fees, and Federal Housing Administration Risk-Share premiums.

HPD-Financed Loans

$4,000,000 | 2.1%

HPD servicing fees are paid solely from investment earnings on funds under administration or debt service collections for permanent loans. As most construction loan fees are payable only from investment income on associated HPD funds, fee income can vary widely depending on the level of HPD funds on hand, as loans are drawn down and new loan funds are transferred to HDC for administration. Fee income is also affected by interest rates. The FY 2025 budgeted amount of $4 million was lowered slightly due to a projected decrease in investment income, as interest rates are expected to decrease, along with a projected decrease in the number of HPD-financed loans that are serviced during construction.

FY 2024 actual collection of HPD-financed loan servicing fees was $4.10 million, which was $129,249 under budget due to a decrease in investment earnings on the unadvanced funds held for construction loan advances.

Tax Credit Monitoring Fees

$3,527,000 | 1.8%

Pursuant to a memorandum of understanding with HPD, the Corporation is responsible for monitoring Low-Income Housing Tax Credit (LIHTC) compliance, for properties financed by HDC with 4% LIHTC allocations from HPD, during the 15-year regulatory period in accordance with Section 42 of the Internal Revenue Code. Currently, the Corporation collects fees for 334 HDC-financed developments containing 64,100 units. In total, including developments in their Extended Use period, HDC is responsible for tax credit monitoring for 510 developments containing approximately 81,800 units.

FY 2024 actual collection of tax credit monitoring fees was $3,458,325, which was $325 over budget. The FY 2025 budgeted amount, $3,527,000, is based on projections related to prior-year actuals.

Other Fees

Loan Origination and Refinancing Fees

$23,000,000 | 12.0%

The Corporation's loan commitment fees have historically ranged from 0.75% to 1.0%. In FY 2024, total fees collected in this category were $23.95 million, which was $947,097 more than budgeted due to an increase in bond financing fees collected to cover debt issuance costs. Last year, the Corporation began charging a 1.0% commitment fee on its loans, except for commitment fees on loans originated in the PACT portfolio, which remain at 0.75%. The proposed budget amount is $23 million, unchanged from the prior year, and continues to reflect this 25-basis-points increase on the development pipeline.

Credit Enhancement Fees

$338,000 | 0.2%

In 2018 the Corporation issued its Multi-Family Housing Revenue Bonds, 2018 Series B-1 and 2018 Series B-2, a securitization of a participation interest in pools of HPD loans previously purchased by the Corporation. HDC also agreed to continue to provide credit support for a debt service reserve fund for such bonds. The Corporation secures its pledge with corporate funds set-aside, currently $9.2 million. To compensate for this pledge, as well as its general enhancement of the 2018 Series B bonds, HDC earns a fee of 1.25% of the outstanding bonds. For FY 2025, the Corporation is projecting to collect $338,000 as a credit enhancement fee, a decrease from the FY 2024 budgeted amount of $430,000, as additional bonds will continue to be redeemed.

NYCHA PACT Administration Fee

$3,800,000 | 2.0%

HDC leverages its lending capacity, capital markets expertise, and dedicated staff to help NYCHA finance the rehabilitation of public housing developments, providing safe, quality, and affordable housing for thousands of New Yorkers. Debt issued through HDC funds essential improvements to modernize and sustain these developments, ensuring viability for current and future NYCHA residents while protecting tenants' rights. To support this initiative, HDC established a public housing finance team within its Development department and dedicated staff across the Corporation to arrange financing, manage assets, and ensure compliance.

The Corporation receives a fee for this work to cover staff salaries and fringe costs proportional to the time spent on NYCHA transactions, along with a percentage of operating expenses based on headcount. The Corporation generates fee revenue from loan origination, servicing, and credit enhancement, as well as revenue raised in the bond resolution. The associated portion of this revenue is used to pay the administration fee to HDC. Revenues related to the lending program in excess of the fee, but net of the credit enhancement and servicing fees, are expected to stay with the Corporation in a reserve to support the NYCHA lending program and may be used to cover future administration fees, lending, or related credit enhancement. Actual administration fees collected in FY 2024 were $3.99 million and are expected to be similar in FY 2025.

REMIC Administration Fee

$648,400 | 0.3%

The Corporation is paid a fee by its subsidiary, the New York City Residential Mortgage Insurance Corporation (REMIC), to cover the cost of staffing and overhead. The REMIC administration fee for FY 2025 is $648,400. The fee is comprised of allocated salary and fringe costs related to REMIC staff, plus a percentage of operating expenses based on headcount. REMIC revenues consist of investment income on its principal plus income from insurance premiums and fees. It uses a small portion of this revenue to pay the administration fee to HDC.

CDBG-DR Funds

$7,000 | <0.1%

The Corporation participated in the New York City Build-It-Back Multifamily Repair Program, which was funded using federal Community Development Block Grant Disaster Relief (CDBG-DR) funds. The program was established to assist homeowners, landlords, and tenants in the five boroughs whose homes and properties were damaged by Superstorm Sandy. HPD was the CDBG-DR grantee and HDC was a sub-recipient engaged to assist HPD in utilizing these funds. HDC's participation was limited to projects in HDC's portfolio or projects expecting to refinance with HDC. The Corporation continues to work toward closing out its activities as a sub-recipient. Actual reimbursement of expenditures related to staff time totaled $10,259, under the budgeted amount due to the timing of reimbursement payments. The FY 2025 budgeted amount is $7,000.

Explanation of Operating Expenses

The Corporation's FY 2025 projected operating expenses are $51.55 million. A description of each line item including the amount allocated, its percentage of the total expense budget, the year-over-year change, and an explanation of prior-year variances are discussed in further detail below.

Salaries & Related Expenses

Wages

$30,370,000 | 58.9%

This budget line provides funds for salary and overtime expenses to support 263 positions, including nine for the NYC Housing and Planning Fellowship.

The Corporation's budgeted headcount will increase by 11 positions, continuing a pattern of incremental, targeted hiring to address increased workloads, strengthen core functions, and improve operational efficiencies and outcomes. The Corporation regularly evaluates staffing needs throughout the year as employees leave or retire. In some cases, increased technological efficiencies have reduced the need for immediate replacement, while in others, open positions have been reallocated to different departments based on need.

Advance the Growing Project Pipeline
Four new positions across the Accounting, Development, and Cash Management departments will support HDC's expanding development pipeline, including NYCHA PACT. These roles will enhance HDC's capacity to originate, underwrite, and manage project financing, as well as provide increased support for capital markets operations, financial analysis, and reporting. Together, these positions will strengthen the Corporation's ability to fund a growing portfolio of new affordable housing opportunities.

Protect Existing Investments in Affordable Housing
Four new positions in Asset Management will ensure HDC can continue to safeguard its prior investments in affordable housing. These roles will strengthen HDC's capacity to oversee construction loans, conduct design and cost review, address annual physical inspection findings, support compliance for the Mitchell-Lama portfolio, and provide subject matter expertise on insurance terms and due diligence efforts. Together, these positions will provide essential oversight to meet the evolving needs of HDC's preservation portfolio.

Build Data and Analytics Capacity
To support HDC's strategic operations and data-driven decision-making, three new positions in the Asset Management department and the President's Office will continue to build out the Corporation's data and portfolio analysis capabilities. These roles will allow HDC to better leverage existing data for economic and financial analysis, portfolio tracking, and operational support, while also facilitating the implementation of new initiatives and building partnerships that further enhance work across departments. Together, these positions will enable the Corporation to create a more robust data infrastructure, draw insights from trends, and inform policy for future affordable housing initiatives.

Using excess year-end funds available in the wages line due to vacancies in FY 2024, some salary increases were provided to employees who either performed exceptionally well or required compensation adjustments for pay parity with recent hires. These increases were an important retention tool. The proposed budget includes a nominal amount for promotions and inflation-related wage adjustments, balancing public fiscal responsibility with the Corporation's ability to support high performance among its dedicated and highly-skilled staff. Any changes to senior management salaries require approval from the HDC Governance Committee and adoption by the Members.

This line increased due to additional headcount and prior-year increases to baseline salaries. Actual expenditures were under budget due to savings from vacancies and attrition.

Fringe Benefits
$11,535,000 | 22.4%
This budget line provides funds for comprehensive employee benefits, including health, dental, vision, life, and disability insurance, along with child and dependent care credits, and tuition and employee wellness reimbursements. Also included are the Corporation's matching contributions to the 403(b) Tax Sheltered Annuity (TSA) retirement plan, employer payroll tax contributions required

under the Federal Insurance Contributions Act (FICA), workers' compensation insurance, and reimbursements to the New York State Unemployment Insurance Trust based on actual claims. Additionally, the Metropolitan Commuter Transportation Mobility Tax, which is 0.60% of payroll expenses and applies to employers within the metropolitan commuter transportation district, is now reported within the Fringe Benefits budget line. Expenses related to administration of the commuter benefits program are now reported in the Banking and Other Service Fees budget line.

Healthcare costs have been steadily rising, presenting a financial challenge for many employers, including HDC, and this year's budget accounts for anticipated rate hikes. While the Corporation participates in the New York State Health Insurance Plan and benefits from lower group rates, health insurance premiums are expected to rise between 6.5% and 9% this year, depending on the plan. Last year, plan premiums increased between 7.5% and 16.4%, which was slightly higher than expected. To manage these rising costs, the Corporation actively monitors fringe benefit expenses, seeks competitive bids through an insurance broker, and implements cost-containment strategies where possible. As an example, a change in providers this past January resulted in 16.7% savings on life insurance rates.

This line increased due to additional headcount and inflationary cost increases. Actual expenditures were under budget due to savings from vacancies and attrition, particularly for health insurance, FICA, and TSA expenses, as well as lower-than-expected rate increases on dental, vision, and life insurance premiums.

New York City Employees' Retirement System (NYCERS)
$800,000 | 1.6%
This budget line provides funds for required employer contributions to NYCERS for enrolled employees. HDC makes an estimated payment at the end of each year, with any additional amount due to NYCERS once the New York City Office of the Actuary completes the final appropriation calculation.

This line increased due to additional headcount, increased employee participation in the city's pension, and to cover any final balance owed. Actual expenditures were over budget due to a prepayment of the Corporation's 2025 NYCERS estimated appropriation using excess year-end funds.

Temporary Staff
$725,000 | 1.4%
This budget line item provides funds for temporary staffing services, including vacation coverage in targeted positions across the Corporation, as well as potential support for unanticipated turnover or employee long-term leave.

This line allocates $374,000 for five temporary staff in HPD's Homeless Placement Services unit under an MOU between HDC and HPD. In 2021, HPD requested that HDC take over the placement process for homeless set-aside units financed by the Corporation. After considering alternatives—

including creating a new HDC division, contracting with a third-party vendor, or increasing HPD's staffing capacity—it was determined that funding temporary staff at HPD was the most cost-effective solution. This budget covers a third one-year extension of the MOU, which expires on December 1, 2024.

Additionally, $191,470 is allocated for the Corporation's internship program, which now covers the fall and spring semesters in addition to the summer program. To advance the Corporation's Diversity, Equity, and Inclusion (DEI) goals, particularly in recruitment and retention, HDC expanded its internship recruitment efforts last year. The Human Resources department worked closely with teams across HDC to create meaningful opportunities for local New York City undergraduate, graduate, and law students, introducing them to careers in government and building a potential pool of future hires. This effort continues to be successful, with another former intern who was hired full-time this past year.

Lastly, $50,000 is allocated to cover the Corporation's participation in the Cristo Rey High School student job-share program, an educational internship program whose student participants provide clerical help to HDC staff.

This line increased due to additional departmental requests for interns and anticipated coverage needs for employees on long-term leave. Actual expenditures were under budget due to lower-than-expected participation in the Corporation's internship program.

Contract Services

Annual Report
$50,000 / 0.1%
This budget line provides funds for the design and production of the annual report, which the Corporation continues to keep cost-effective by publishing in digital format on its website.

This line remains unchanged, reflecting the contractual amount. Actual expenditures were under budget, as a deposit for the 2024 annual report was made from the FY 2023 budget.

Auditing & Accounting
$301,400 | 0.6%
This budget line provides funds for auditing services from Ernst & Young for the Corporation's annual financial audit.

This line was increased to reflect the contractual amount. Actual expenditures were within budget.

Legal Consultants
$175,000 | 0.3%

This line item provides funds for outside legal counsel fees including services from Hawkins Delafield & Wood LLP for general legal advice, Epstein Becker & Green PC for employment and labor law advice, Seyfarth Shaw LLP for 403(b) TSA plan advice, and Venable LLP as leasing counsel for the new office space, as well as services rendered by the New York City Law Department.

This line was decreased due to a reduced need for leasing counsel services, as the Corporation closed on the condominium leasehold transaction for the office space at 120 Broadway. Actual expenditures were under budget due to lower-than-expected spending on outside legal counsel.

Other Consultants

$2,613,600 | 5.1%

This budget line provides funds for special studies or services that cannot be performed in-house or are short-term in nature, making them better suited for outside consultants. The consulting line, which represents just over 5% of the budget, has increased significantly from last year, primarily due to new initiatives focused on employee compensation transparency, support for the City Housing Activation Task Force, expanded data management capabilities, and legal contingency planning.

These consulting projects are new for FY 2025:

<u>All-in Benefits: $25,000</u>

The Human Resources department will engage a consultant to calculate each employee's all-in benefits—*i.e.*, their total compensation package including salary and the Corporation's contribution toward health benefits, retirement, paid leave, and other fringe benefits. The consultant will prepare personalized letters, which aim to improve transparency, reinforce the Corporation's investment in its workforce, and support retention by helping employees understand the full value of their benefits. This initiative will also aid in recruitment by positioning the Corporation as a competitive and supportive employer in the job market.

<u>City Housing Activation Task Force: $2,000,000</u>

As part of Mayor Adams' "Get Stuff Built" plan to address New York City's housing crisis, this contract, held by the New York City Economic Development Corporation and funded by HDC via a memorandum of understanding, will support the "Build Everywhere" objective, which focuses on leveraging public land and zoning opportunities to increase housing supply across the city. The initiative focuses on identifying and unlocking city-owned land for housing development, with a target of creating 25,000 new units on underutilized city-owned sites.

The consultant team will provide essential services such as zoning and development feasibility analyses, environmental reviews, cost estimates for agency relocations, and pre-development work on potential housing sites. This work will allow the city to assess public land use and pinpoint sites suitable for mixed-income housing, leveraging public resources and income from market-rate units to fund deeper affordability and any necessary relocations. This initiative is key to the mayor's moonshot goal of adding 500,000 new homes over the next decade.

Dynamics: $100,000

Last year, the Corporation began implementing Microsoft Dynamics, a configurable suite of business applications for customer relationship management, case management, and process automation. The Information Technology department purchased an initial set of licenses and began work on Phase 1 of the Asset Management re-rental leasing application. This project will enhance the Corporation's leasing, marketing, and compliance functions by providing a case management solution for tenant re-rentals. It includes a web portal that allows managing agents and the Asset Management compliance team to submit, assign, review, and approve tenant applications, streamlining existing processes and improving collaboration. The pilot for Phase 1 is currently in progress with a small group of managing agents.

HDC will engage a consultant to provide advisory services and technical support for the broader expansion of Dynamics. Initially, the consultant will focus on implementing best practices and designing the next phase of the re-rentals project. This consulting engagement supports a long-term plan to develop additional applications on the Dynamics platform for other departments.

Legal Capacity Support: $40,000

The Legal department has requested funds to retain outside legal counsel, as needed, to support the Corporation's in-house team. This allocation ensures continuity and capacity for unanticipated needs that may arise during the year.

These consulting projects were budgeted in the prior year and will continue into FY 2025:

Affirmative Action Plan: $1,500

The Human Resources department will continue to engage a consultant to support the Corporation's Affirmative Action Plan by reviewing Equal Employment Opportunity (EEO) practices and statistics. This ongoing contract provides strategic insights to ensure compliance with affirmative action goals and assists in identifying areas for improvement in workforce diversity and inclusion.

Chief Information Security Officer as a Service: $10,000

HDC will continue working with a cybersecurity consultant to provide advisory support as needed throughout the year. The consultant will assist in addressing cybersecurity challenges, ensuring HDC remains compliant with regulatory standards, and will work closely with HDC's cybersecurity analyst. The consultant will also be available to advise the Corporation's Chief Information Officer and senior management on emerging regulations, best practices, and potential threats, with additional services available on an as-needed basis.

Compensation Strategy: $25,000

For this initiative, HDC will engage a compensation strategy consultant to strengthen DEI strategies around pay equity and transparency. With expert guidance, HDC aims to make compensation a central pillar of both talent management and business strategy. The Human Resources department will evaluate necessary changes to ensure that the Corporation's pay practices remain competitive, sustainable, and fair for its workforce.

<u>Data Governance: $60,500</u>

HDC is committed to advancing its corporate-wide Data Governance Initiative to ensure effective data management that supports its strategic goals. Led by the IT department and Policy & Analytics team, this initiative has made significant progress, including staffing, drafting data policies and standards, and preparing standardized, high-quality data sets.

To support the next phase, HDC recently engaged a consultant who began kickoff meetings with key stakeholders to conduct a maturity assessment of the current data governance program. This assessment phase, anticipated to be completed by early 2025, will evaluate the program's progress and provide recommendations to advance it to the next level. The engagement also includes developing a data governance roadmap with input on data architecture, data cataloging, and departmental dashboards. This strategic assessment will equip HDC's data governance team with the tools and guidance needed to further institutionalize high-quality, standardized data practices.

<u>Diversity, Equity, and Inclusion: $20,000</u>

A DEI consultant continues to assist the Corporation with its ongoing DEI initiatives. Given HDC's mission directly impacts New Yorkers, it is essential to foster a workforce that reflects the community served. In 2020, HDC gathered feedback from staff through Employee Voice Sessions, DEI training, and pulse surveys to capture insights on workplace diversity, equity, and inclusion. The DEI consultant continues to collaborate with HDC senior management and the DEI Council to develop a roadmap for embedding DEI principles and best practices into HDC's culture, policies, and operations.

<u>Federal Strategic Policy: $150,000</u>

The Corporation will continue to engage a consultant to advise on strategies for working with government leaders to implement federal policies and fund initiatives that enable HDC to support the preservation of the city's public and affordable housing stock.

<u>Housing Connect: $113,000</u>

This initiative, initially planned for 2024, will now begin in January 2025 and will focus on improving Housing Connect 2.0, the city's affordable housing application portal. Previous enhancements have improved the public-facing portal for New Yorkers seeking affordable housing opportunities, but critical issues still affect the functionality used by marketing agents and housing agency staff.

With a new maintenance contract in place with HPD, the initiative will tackle a backlog of system fixes to streamline the application process, improve communication with applicants, and support timely project lease-ups. The Corporation will provide funding to support HPD's engagement of technical consultants to assist with these improvements, pending a memorandum of understanding between the two agencies.

Oracle Data Migration and Business Intelligence Upgrade: $57,000
This initiative focuses on continuing the modernization and migration of critical data flows within the Business Intelligence (BI) and Data Warehouse environment to a new Oracle cloud tool. The goal is to establish a BI infrastructure that includes Single Sign-On access, migration of data workflows from Informatica to Oracle Data Integrator, and the transition of the Oracle Analytics server and other BI components to the latest cloud versions.

Progress to date includes successful implementation of Single Sign-On between Azure and Oracle cloud infrastructure, completion of 21 out of 25 contracted workflows with Oracle's assistance, and migration of 7 workflows by the IT department.

As the project continues into 2025, priorities include completing the remaining contracted workflows. Additionally, Oracle will take on an additional 24 workflows to address a resource shortage on the HDC IT team and accelerate project completion. The ongoing migration of data workflows and cloud setup for Oracle Analytics will help align the BI environment with the latest tools and infrastructure.

Other Post Employment Benefits Analysis: $10,000
A consultant will provide actuarial services to assess the Corporation's Other Post Employment Benefits (OPEB) liability. The valuation follows Governmental Accounting Standards Board Statement No. 75, which requires governmental agencies to conduct OPEB valuations every two years. Only a roll forward of the valuation is required this year, so budgeted costs are lower compared to last year, when a full-scale valuation was performed.

Overall, this line was increased due to the City Housing Activation Task Force consultant contract. Actual expenditures were under budget due to the Asset Management Reorganization project, which did not move forward, a delay in the timeline for the Housing Connect consulting project, as well as lower-than-expected spending on several smaller consulting projects.

Other Expenses

Bank & Other Service Charges

$112,000 | 0.2%
This budget line provides funds for payroll processing expenses, background checks for potential employees offered positions with the Corporation, administrative fees related to the outsourcing of the Flexible Spending Arrangement for healthcare, dependent care, and commuter benefits offered to HDC employees, and other miscellaneous bank service charges.

This line increased due to additional headcount and inflationary cost increases. Actual expenditures were under budget due to lower-than-expected spending on background investigation fees and other bank service charges.

Books & Publications

$70,000 | 0.1%

This budget line provides funds for publications and subscriptions to ensure that employees have access to reliable, up-to-date information resources and stay current on industry trends. Over the years, the Corporation has transitioned almost entirely to digital subscriptions to reduce costs. Specific departmental requests include subscriptions to news outlets, legal research tools, credit ratings and research, market data platforms, engineering and building codes, and trade journals.

This line increased slightly due to rising subscription rates for certain publications. Actual expenditures were under budget due to the timing of some subscription renewals near the end of the fiscal year.

Corporate Events

$98,500 | 0.2%

This budget line provides funds for HDC-sponsored office events, such as the annual social and year-end celebration, along with in-office programming for employees hosted by HDC's DEI Council. Additionally, $10,000 is allocated for collaborative work with HPD, including agency attendance at housing-related functions. This line also allocates $36,600 to cover ancillary expenses for activities such as bus tours to development project sites, flu shots, Bring a Kid to Work Day, a wellness and benefits fair, and a Volunteer Day event. It also includes small tokens of recognition and appreciation for retiring employees, as well as flowers and donations in cases of employee hospitalizations and bereavements.

This line increased slightly due to additional headcount and inflationary cost increases. Actual expenditures were under budget due to fewer-than-planned employee events.

Employment Recruitment & Advertising

$52,000 | 0.1%

This line provides funds for attracting a talented and diverse workforce. Over time, the Corporation has transitioned almost entirely to online recruitment platforms, which are more cost-efficient and reach a broader pool of candidates. However, $5,000 is allocated for in-person recruitment at career fairs and related employment events, as well as DEI-related recruitment and partner engagement.

In prior years, new funds were added for a subscription to research salary comparisons and a new candidate applicant tracking platform. These tools continue to assist the Human Resources department in supporting HDC's DEI initiatives, as well as strengthening recruitment and retention efforts.

This line decreased, as temporary agency recruitment fees are now billed as part of the hourly rate and accounted for in the Temporary Staff budget line. Actual expenditures were under budget due to the timing of some recruitment subscription renewals near the end of the fiscal year.

Equipment & Maintenance
$2,504,000 | 4.9%
This budget line provides funds for automobile leasing and maintenance, computer equipment and supplies, equipment repairs, and software subscriptions. These investments ensure employees have the tools to work efficiently and support the Corporation's capacity to manage its complex balance sheet. They also strengthen information systems, enhance cybersecurity, and build long-term resiliency.

Most of the Equipment & Maintenance budget line is related to the IT department. Totaling $2,320,500, this includes new investments in technology as well as renewals of ongoing IT maintenance and support agreements. Although the number and cost of new projects have decreased this year, the budget reflects a net increase due to higher costs for ongoing maintenance and renewals.

Investments in new technology and upgrades total $256,000, compared to $322,000 last year. Given heavy reliance on information systems to manage a large portfolio, it is crucial that the Corporation's technology remains up-to-date, secure, and efficient. The following new initiatives are planned, with flexibility for adjustments based on evolving needs.

<u>End-of-Life Software and Hardware: $157,000</u>
These upgrades ensure continuity of essential software and hardware, addressing products reaching end-of-life to maintain organizational productivity and support.

- Adobe Acrobat Upgrade: Ensures that all departments can continue using supported PDF software as Adobe transitions to a subscription model and discontinues support for perpetual licenses in 2025.

- Computer Hardware Replacement: Swaps outdated equipment with 50 new desktops and 30 new laptops as part of the regular hardware refresh cycle, and in part due to the recent Windows 11 upgrade project, supporting both existing staff and new hires.

<u>Productivity Enhancement: $45,000</u>
These initiatives focus on enhancing efficiency and productivity across departments, with targeted upgrades to software tools and systems.

- Builders Patch Professional Services: Improves software integral to managing the affordable housing development pipeline, from project intake to underwriting and credit approval. This funding covers additional customizations and professional services, beyond the SaaS agreement, based on user feedback. Planned improvements include enhanced functionalities for credit memo creation, pipeline management, and conversion tracking, further streamlining HDC Development's end-to-end project processes.

- Human Resources Job Description Management Software: Provides HR and managers with a tool for collaboratively managing job descriptions, aligning roles with performance expectations, and enhancing the appraisal process.

- Engineering Construction Pricing Software: Enhances the Asset Management department engineering team's ability to review design plans, assess rehabilitation costs, and perform detailed construction pricing evaluations.

<u>Leveraging Artificial Intelligence: $54,000</u>
These initiatives explore how artificial intelligence (AI) can enhance document management and overall productivity while guiding responsible adoption.

- Microsoft Copilot Licenses for AI: Supports an initial AI pilot within Office 365 to evaluate productivity gains and guide responsible implementation of AI tools across the organization through the AI Working Group.

- KnowledgeLake AI Add-on: Integrates AI for automatic document classification and data extraction, enhancing data accuracy and efficiency in document management across departments.

Renewals of ongoing IT maintenance and support agreements total $2,064,500, compared to $1,827,900 last year. The bulk of these costs are for software licensing, maintenance agreements, and equipment repairs for current systems, including cloud computing. Over the years, the Corporation has systematically invested in hardware and software to support the growing demands of managing a complex portfolio. With extensive data requirements for tracking debt, asset management, compliance, and reporting, as well as increasing cybersecurity risks, continuous enhancements to information technology are essential. These renewals help maintain robust systems, strengthen defenses against cyber threats, promote efficiencies, and uphold high standards for data reporting.

With respect to other items not related to IT, $183,500 is allocated for HVAC maintenance, as well as monthly lease payments, maintenance, and operating costs for 11 vehicles.

This line item increased due to higher software renewal and maintenance agreement costs, along with the planned lease of an additional vehicle to support field inspections by the Asset Management engineering team. Actual expenditures were over budget due to a prepayment of several IT subscription renewals using excess year-end funds.

Furniture

$20,000 | <0.1%

This budget line provides funds for office furniture. Most of the new furniture purchases related to the move to the new office space at 120 Broadway were completed in 2023.

This line was decreased to cover only ancillary furniture needs. Actual expenditures were under budget, as the Corporation made no additional furniture purchases.

Insurance

$287,000 | 0.6%

This budget line provides funds for premiums on policies for automobile, crime, cyber liability, errors & omissions, general liability, property, and umbrella liability insurance. Automobile insurance premiums are expected to increase as the Corporation plans to lease an additional vehicle to support a growing engineering team. Cyber liability insurance premiums are expected to remain steady, reflecting a stabilized market, as well as the Corporation's ongoing cybersecurity efforts, including comprehensive staff training.

This line was decreased overall to reflect slower anticipated growth in cyber liability insurance premiums. Actual expenditures were under budget due to savings on cyber liability insurance premiums and a delayed leasing timeline for two new vehicles.

Interagency Expenses

$240,000 | 0.5%

This budget line provides funds for the anticipated cost of investigative services provided for the Corporation by the New York City Department of Investigation (DOI) pursuant to a memorandum of understanding.

This line was decreased to align with prior-year expenses. Actual expenditures were under budget and reimbursed DOI for its cost of services provided.

Leasehold Improvements

$100,000 | 0.2%

This budget line provides funds for modifications to office space. No significant new improvements are planned.

This line was unchanged, as funds are still needed to complete the office signage project and to replace the flex duct in the 2nd floor Main Distribution Frame room, which serves as the hub of the Corporation's IT network. Actual expenditures were over budget due to the timing of the final payment on the balance owed for the initial buildout of the new office space at 120 Broadway.

Marketing
$21,500 | <0.1%
This budget line provides funds for HDC-branded materials and miscellaneous marketing costs associated with promoting the Corporation and its mission of providing affordable housing throughout the City of New York.

This line increased nominally, as the Corporation finishes roll-out of a new logo and updated branding scheme released last year, aligning with the move into the new office space. Actual expenditures were under budget due to a longer-than-expected timeline for rolling-out the new branding scheme.

Memberships
$95,000 | 0.2%
This budget line provides funds for annual memberships, including the National Council of State Housing Agencies (NCSHA), National Association of Local Housing Finance Agencies (NALHFA), National Low Income Housing Coalition, National Association of Affordable Housing Lenders, attorney registration and bar associations, as well as various other organizations that support HDC employees' professional growth and maintain the Corporation's involvement in affordable housing policy discussions.

This line decreased due to fewer departmental requests for memberships. Actual expenditures were under budget due to the timing of some membership renewals near the end of the fiscal year.

Office Expenses
$305,000 | 0.6%
This budget line provides funds for office supplies, printing, postage, working meals, telephone and wireless services, employee device reimbursements, office cleaning, office maintenance and minor repairs, and petty cash. Each year, the Corporation performs a comprehensive review of office expenses as part of the budgeting process, continually seeking opportunities to contain and cut costs where possible.

This line decreased due to anticipated reductions in office cleaning services and repair needs following the move to the new office space at 120 Broadway. Actual expenditures were under budget due to reduced need for office cleaning services and repairs and maintenance, as well as lower-than-expected spending on working meals and employee device reimbursements associated with new employee hires.

Rent & Utilities
$630,000 | 1.2%
This budget line provides funds for rent payments, true-up of actual operating expenditures, and electric and cable utility services. The Corporation signed a lease for new office space, encompassing the entirety of the 2nd and 3rd floors at 120 Broadway, in July 2022, with the official move completed on June 16, 2023. During the lease negotiations, the Corporation secured a Fixed

Free Rent Period extending until October 2025. As such, $415,000 is allocated for the first rent payment and any OpEx true-ups.

Additionally, $19,000 is allocated for rent payments and document retrieval costs for off-site storage space. These costs have remained steady over recent years, reflecting efforts to reduce the number of stored boxes eligible for destruction under records retention laws. This effort will continue as the Corporation transitions to electronic document management. The Corporation anticipates a rent increase with the renewal of its off-site storage contract, which expires in December 2024.

This line was increased due to anticipated rent payments and higher utility rates. Actual expenditures were over budget due to higher-than-expected electric utility costs because of the move to the new office space.

Training & Conferences
$433,000 | 0.8%
This budget line provides funds for attendance at training conferences and seminars, including those organized by NALHFA and NCSHA.

Additionally, $10,000 is allocated for legislative travel to Washington, D.C., for HDC's President, Executive Vice Presidents, and other key government affairs staff. The Corporation's senior management is closely engaged with legislative and programmatic matters in Washington and will continue to do so with the incoming presidential administration and Congress.

This line also allocates $200,000 for employee professional development including continuing education required for licensure and skill development through virtual, on-site, and off-site classes. Specific departmental requests include training in areas such as financial statement analysis, housing tax credit compliance, inspection skills, tax-exempt bond accounting, property casualty insurance, and affordable housing underwriting. Corporate-wide training is planned in broad areas including communications, Microsoft Excel, management and leadership, DEI and EEO, as well as an executive team retreat. HDC's external auditors have highly recommended further investment in staff development through continuing professional education.

This line was increased due to additional headcount, inflationary cost increases, and the continued return of in-person conferences and training across the industry. Actual expenditures were under budget due to lower-than-expected spending on employee development and reduced attendance at conferences and seminars.

Transportation
$12,000 | <0.1%
This budget line provides funds for travel related to project site visits and inspections, local conferences and seminars, and car service for employees working late.

This line was decreased due to more efficient use of the Corporation's existing vehicle fleet, reducing the need for travel reimbursements, and fewer employees working late as remote work options allow for more flexibility. Actual expenditures were under budget, primarily due to reduced travel and overtime during the year.

New York City Housing Development Corporation

Fiscal Year 2025 Proposed Operating Budget

Summary of Revenues and Expenses

	FY 2024 Approved	FY 2024 Actual	FY 2024 Variance	FY 2025 Proposed
Revenues				
Investment & Loan Income	$ 103,244,000	$ 132,046,880	$ 28,802,880	$ 112,474,000
Fees	73,312,000	85,630,159	12,318,159	78,886,400
Total Revenues	**176,556,000**	**217,677,039**	**41,121,039**	**191,360,400**
Expenses				
Salaries & Related Expenses	39,576,000	40,313,698	(737,698)	43,430,000
Contract Services	1,781,900	1,315,713	466,187	3,140,000
Other Expenses	4,412,100	4,016,041	396,059	4,980,000
Total Expenses	**45,770,000**	**45,645,452**	**124,548**	**51,550,000**
Excess of Revenues Over Expenses	**$ 130,786,000**	**$ 172,031,587**	**$ 41,245,587**	**$ 139,810,400**

New York City Housing Development Corporation

Fiscal Year 2025 Proposed Operating Budget

Revenue Line Item Detail

	FY 2024 Approved	FY 2024 Actual	FY 2024 Variance	FY 2025 Proposed
Investment & Loan Income				
Investment of Corporate Reserves	$ 38,000,000	$ 65,237,167	$ 27,237,167	$ 49,000,000
Corporate-Owned Mortgages	3,300,000	3,451,939	151,939	3,300,000
Open Resolution Net Surplus	61,944,000	63,357,774	1,413,774	60,174,000
Subtotal	**103,244,000**	**132,046,880**	**28,802,880**	**112,474,000**
Servicing Fees				
HDC-Financed Loans	38,243,000	48,977,258	10,734,258	43,566,000
HPD-Financed Loans	4,230,000	4,100,751	(129,249)	4,000,000
Tax Credit Monitoring Fees	3,458,000	3,458,325	325	3,527,000
Subtotal	**45,931,000**	**56,536,334**	**10,605,334**	**51,093,000**
Other Fees				
Loan Originations & Refinancing	23,000,000	23,947,097	947,097	23,000,000
Credit Enhancement Fees	430,000	448,969	18,969	338,000
NYCHA PACT Admin Fee	3,242,500	3,994,000	751,500	3,800,000
REMIC Insurance Administration	693,500	693,500	-	648,400
CDBG-DR Funds	15,000	10,259	(4,741)	7,000
Subtotal	**27,381,000**	**29,093,825**	**1,712,825**	**27,793,400**
Total Operating Revenues	**$ 176,556,000**	**$ 217,677,039**	**$ 41,121,039**	**$ 191,360,400**

New York City Housing Development Corporation

Fiscal Year 2025 Proposed Operating Budget

Expense Line Item Detail

	FY 2024 Approved	FY 2024 Actual	FY 2024 Variance	FY 2025 Proposed
Salaries & Related Expenses				
Wages	$ 28,076,600	$ 27,571,914	$ 504,686	$ 30,370,000
Fringe Benefits	10,266,500	9,420,790	845,710	11,535,000
NYCERS	600,000	2,900,689	(2,300,689)	800,000
Temporary Staff	632,900	420,305	212,595	725,000
Subtotal	**39,576,000**	**40,313,698**	**(737,698)**	**43,430,000**
Contract Services				
Annual Report	50,000	43,543	6,457	50,000
Auditing & Accounting	289,800	289,800	-	301,400
Legal Consultants	235,000	119,690	115,310	175,000
Other Consultants	1,207,100	862,680	344,420	2,613,600
Subtotal	**1,781,900**	**1,315,713**	**466,187**	**3,140,000**
Other Expenses				
Bank & Other Service Fees	101,000	94,364	6,636	112,000
Books & Publications	68,500	54,252	14,248	70,000
Corporate Events	91,500	47,055	44,445	98,500
Employment Agency Fees/Ads	78,800	55,399	23,401	52,000
Equipment & Maintenance	2,341,900	2,443,279	(101,379)	2,504,000
Furniture	50,000	-	50,000	20,000
Insurance	300,000	264,799	35,201	287,000
Interagency Expenses	260,000	191,828	68,172	240,000
Leasehold Improvements	100,000	149,902	(49,902)	100,000
Marketing	21,300	15,860	5,440	21,500
Memberships	105,000	75,736	29,264	95,000
Office Expenses	317,500	203,407	114,093	305,000
Rent & Utilities	190,000	232,519	(42,519)	630,000
Training & Conferences	370,000	187,321	182,679	433,000
Transportation	16,600	320	16,280	12,000
Subtotal	**4,412,100**	**4,016,041**	**396,059**	**4,980,000**
Total Operating Expenses	**$ 45,770,000**	**$ 45,645,452**	**$ 124,548**	**$ 51,550,000**