



MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin 
President

Date: November 13, 2025

Re: Fiscal Year 2026 Proposed Operating Budget

I am pleased to present the Corporation's proposed operating budget for Fiscal Year 2026 (FY 2026) for the Members' approval. The attached budget contains a summary of revenues and expenses for the Corporation's general operating fund, known as the Corporate Services Fund. Amid economic uncertainties stemming from historically high but gradually decreasing inflation, as well as political matters outside the Corporation's control, this proposed operating budget demonstrates HDC's prudent and strategic fiscal planning. By containing administrative costs through operational innovations and efficient management controls, HDC will maintain flexibility and improve productivity.

This memorandum, which accompanies the proposed operating budget schedules and notes in Appendix A, provides a thorough discussion of variances between the approved budget for Fiscal Year 2025 (FY 2025) and year-end actuals, as well as the Corporation's FY 2026 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 2025 with an excess of revenues over expenses, on a cash basis, of \$197.68 million, which was \$57.87 million above the budgeted amount of \$139.81 million. This was primarily due to higher-than-expected investment earnings and servicing fees, along with continued strong performance in the Multi-Family 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 2025 due to the overcollateralization of mortgages relative to 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 2026 are projected to reach \$215.04 million, reflecting an increase of 12.4% from the prior-year projection of \$191.36 million. Total expenses are expected to increase to \$58.36 million, up 13.2% from \$51.55 million last year. The resulting excess of revenues over expenses is projected at \$156.68 million.

	FY 2025 Approved	FY 2025 Actual	FY 2025 Variance	FY 2026 Proposed
<u>Operating Revenues</u>				
Investment & Loan Income	\$ 112,474,000	155,377,032	42,903,032	\$ 130,871,000
Servicing Fees	51,093,000	65,763,599	14,670,599	58,360,000
Other Fees	27,793,400	28,088,670	295,270	25,812,000
Total Revenues	191,360,400	249,229,301	57,868,901	215,043,000
<u>Operating Expenses</u>				
Salaries & Related Expenses	43,430,000	44,008,525	(578,525)	46,300,000
Contract Services	3,140,000	2,268,251	871,749	2,240,000
Other Expenses	4,980,000	5,270,561	(290,561)	9,820,000
Total Expenses	51,550,000	51,547,337	2,663	58,360,000
Excess of Revenues Over Expenses	\$ 139,810,400	\$ 197,681,964	\$ 57,871,564	\$ 156,683,000

FY 2025 Unaudited Budget Results

Actual Operating Revenues

The Corporation's FY 2025 approved budget projected revenues of \$191.36 million. Realized revenues totaled \$249.23 million, resulting in a positive variance of \$57.87 million, or 30.2%, above budget. This outcome was primarily due to three positive variances:

- Investment income from corporate reserves was \$36.13 million above budget due to higher-than-expected short-term interest rates and funds under management.
- Fee revenue from HDC-financed loans was \$15.02 million above budget due to higher-than-expected servicing fees, resulting from more loans converting to permanent financing than assumed and higher receipts from credit enhancement, consent, and mortgage participation fees.
- Surplus from the Open Resolution was \$5.02 million above budget due to mortgage overcollateralization and the spread between bonds and underlying mortgage rates.

Offsetting a portion of these positive variances were three notable negative variances:

- Fee revenue from loan originations and refinancing was \$943,793 below budget due to a portion of earned Bond Financing Cost excess transferred to the Open Resolution to fund the Debt Service Reserve account.
- Fee revenue from HPD-financed loans was \$258,504 below budget due to lower-than-expected construction and permanent servicing fees, a result of fewer loans converting to permanent financing than assumed and a decreased amount of unadvanced construction loan funding available for investment.
- Fee revenue from tax credit monitoring was \$88,241 below budget due to the timing of receipts collected after the reporting period.

Actual Operating Expenses

The Corporation's FY 2025 approved budget projected expenses of \$51.55 million. Actual expenses were \$2,663 under budget, a variance of less than 0.01%. This outcome was primarily due to three positive variances:

- Fringe Benefits was \$945,385 under budget due to a lower-than-expected increase in health insurance premiums and underspending on employer payroll taxes and 403(b) Tax Sheltered Annuity (TSA) retirement plan contributions.

- Wages was \$806,221 under budget due to attrition and higher-than-expected vacancies.
- Other Consultants was \$766,523 under budget due to the timing of reimbursements to the New York City Economic Development Corporation (NYCEDC) for City Housing Activation Task Force (CHAT) consulting costs.

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

- New York City Employees' Retirement System (NYCERS) was \$2,531,306 over budget due to a partial prepayment of the estimated FY 2026 employer contribution.
- Rent & Utilities was \$440,434 over budget due to prepayment of November 2025 rent, as well as monthly operating expense (OpEx) escalations that began earlier than expected.
- Furniture was \$128,693 over budget due to prepayment of invoices for workstations and other office furniture for anticipated new hires.
- Interagency Expenses was \$82,350 over budget due to higher-than-expected reimbursement to the New York City Department of Investigation (DOI) for expenses incurred by the Office of the Inspector General.

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

FY 2026 Proposed Budget

Overview

The FY 2026 proposed budget reflects recent economic trends that influence capital markets and borrowing costs, shaping the Corporation's efforts to increase the city's supply of affordable housing.

By most measures, the U.S. economy has continued to move toward a soft landing, with performance remaining reasonably strong and relatively resilient despite frequent shifts in federal policy over the past year. Inflation has eased but remains somewhat above the Federal Reserve's 2% long-term goal, the labor market has cooled gradually, and overall growth has slowed to a moderate pace. Financial conditions have improved slightly since mid-year but remain tighter than before the pandemic.

Continuing with its rate-cutting cycle, the Federal Open Market Committee (FOMC) reduced the target range for the federal funds rate by 25 basis points at both its September and October meetings, signaling continued easing. The Committee also announced that balance sheet runoff will conclude on December 1, with agency mortgage-backed securities continuing to roll off and reinvestments directed to Treasury bills. Subsequent rate decreases are expected in 2026 and are included in the assumptions for proposed operating revenues, although the economic and policy environment remains very fluid.

The Corporation had a successful year in the market with \$2.6 billion in bond issuances. However, borrowing costs to fund the growing pipeline remained high relative to pre-pandemic levels and will continue to present a near-term challenge to HDC'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 1% subsidy loans. HDC committed \$166 million in corporate reserves for new construction subsidy loans closed during the prior fiscal year, with \$4.2 billion provided in total since 2003.

The Corporation's mortgage portfolio continues to perform well. Staff remain vigilant in monitoring performance, and Asset Management works with the limited number of developments experiencing financial difficulties to provide refinancing options with manageable monthly payments to help keep loans current.

The Corporation's balance sheet remains strong. In FY 2025, total assets in the Enterprise Fund were \$33 billion, an increase of \$4.2 billion, or 14.6%, from the prior year. This increase was primarily due to a \$2.8 billion increase in the mortgage portfolio and a \$1.2 billion increase in the investment portfolio. Additionally, net assets increased to \$5.6 billion.

As HDC continues to strengthen its status as one of the nation's leading multi-family housing finance agencies, the city's housing crisis has increased the demands it faces in furthering its affordable housing mission. Most significant 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 benefiting New York City's public housing stock. To date, PACT has delivered repairs and upgrades to 28,575 homes, supported by \$3.85 billion in HDC financing. In addition to assembling financing, HDC joins NYCHA in providing asset management for PACT transactions to ensure ongoing physical and financial health. The PACT initiative has had the largest impact on the Corporation's workload and has been a key driver of increased headcount.

The Corporation also continues its longstanding partnership with the New York City Department of Housing Preservation and Development (HPD), supporting efforts to increase production, bring new projects into the portfolio, expand loan servicing, and simplify procedures to help applicants and shelter residents move into affordable homes more quickly.

The City recently committed additional near-term funding to accelerate production: an added \$1.8 billion in FY 2026—\$1.5 billion to HPD and \$300 million for NYCHA Section 8 conversions—expected to expedite the creation and rehabilitation of nearly 6,500 homes across more than ten projects.

At the federal level, newly enacted legislation will help expand affordable housing production in New York City by permanently lowering the private activity bond financing threshold—also known as the “50 Percent Test”—from 50% to 25% and permanently increasing the annual allocation of 9% Housing Credits by 12%.

HDC looks forward to working with its agency partners and the incoming mayoral administration to leverage these new resources and further combat the city's unprecedented housing shortage.

Over the years, the Corporation has implemented small increases in headcount through targeted hiring to strengthen core functions, while leveraging new technology to improve efficiency. The FY 2026 budget continues this trend by proposing a modest increase in headcount—smaller than last year—to meet current demands and prepare for near-term growth. It also includes new investments in AI tools designed to support staff capacity and streamline internal operations.

With a new mayoral administration, it is critical that HDC maintain its highly skilled workforce and strategically position itself to continue performing at the high standards of professionalism that uphold its reputation and warrant its AA credit rating.

The proposed budget reflects a balanced and measured response to this challenge, and the Corporation remains very optimistic about its 2026 financial outlook.

Proposed Operating Revenues

The Corporation's revenues are projected to be \$215.04 million in FY 2026, a \$23.7 million, or 12.4%, increase from the FY 2025 approved budget. Despite the year-over-year revenue budget increase, investment income is projected to grow at a slower rate, as short-term interest rates are expected to decrease. Servicing fees on HDC-financed loans are expected to grow due to an increase in the number of projects converting to permanent financing and prior-year changes to the Corporation's servicing fee structure.

Proposed Operating Expenses

The Corporation's expenses are projected to be \$58.36 million in FY 2026, a \$6.81 million, or 13.2%, increase from the FY 2025 approved budget. The year-over-year expense budget increase is largely attributable to the expiration of the Fixed Free Rent Period under the Corporation's office lease, along with an increased salary budget baseline, new headcount and associated fringe expenses, expected increases in health insurance premiums, and higher renewal costs for software and ongoing maintenance and support agreements.

Excluding the additional rent payments taking effect in FY 2026, operating expenses are projected to increase by \$2.65 million, or 5.1%.

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 2026 Operating Budget.

Appendix A

FY 2026 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 2025 approved budget results and FY 2026 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 expenses 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 2026 projected operating revenues total \$215.04 million. A description of each revenue category group—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—is discussed in further detail below.

Investment and Loan Income

Investment of Corporate Reserves & Other Funds

\$65,000,000 | 30.2%

The Corporation currently has \$8.28 billion of cash and investments under management at FY 2025 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 2025, the Corporation realized \$85.13 million on investments of corporate reserves and other funds, which was \$36.13 million above budget due to higher-than-projected investment income and funds under management. This was driven by higher short-term interest rates, reflecting smaller reductions in the federal funds target range, and an increase of \$1.27 billion in funds under management. The average investment return on corporate reserves was 3.26% in FY 2025 compared to 3.08% in FY 2024.

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, 51.5% of the total funds under management are invested in demand deposits whose weighted average rate of return was 3.97% in FY 2025 compared to 4.69% in FY 2024.

Investment income for FY 2026 is projected to be \$65 million. The Corporation's Investment Committee has worked to prudently maximize returns on investments in the current market. Despite a projected year-over-year increase in investment income, further interest rate decreases are expected in FY 2026.

Corporate-Owned Mortgage Interest

\$3,700,000 | 1.7%

The Corporation has used over \$4.2 billion in corporate reserves to make subsidy loans since 2003, currently holding a \$406 million portfolio of corporate-owned mortgage loans. This lower amount is due to securitizations that have yielded around \$1.26 billion in proceeds, and \$1.7 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 \$5.06 million in FY 2025, which was \$1.76 million above budget due to fewer subsidy loans transferred from the Corporate Services Fund for securitization. Current loan schedules indicate \$3.7 million in mortgage interest revenue for FY 2026, an increase from the prior year.

Open Resolution Surplus

\$62,171,000 | 28.9%

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, the FY 2026 budget includes \$62.17 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 2025 cash surplus withdrawal from the Open Resolution was \$65.19 million, which was \$5.02 million above budget due to strong performance.

Servicing Fees

HDC-Financed Loans

\$51,150,000 | 23.8%

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 2025 budget of \$43.57 million to \$51.15 million in FY 2026 due to more loans converting after construction completion to permanent financing, when servicing fees become due monthly, and prior-year changes to the Corporation's servicing fee structure.

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, among others.

FY 2025 actual collection of HDC servicing fees was \$58.58 million, which was \$15.02 million above budget due to a higher-than-expected rate of projects converting to permanent financing, as well as higher-than-expected receipt of credit enhancement, consent, mortgage participation, and Federal Housing Administration (FHA) Risk-Share premium fees.

Tax Credit Monitoring Fees

\$3,590,000 | 1.7%

Pursuant to a memorandum of understanding (MOU) 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 323 HDC-financed developments containing 64,100 units. In total, including developments in their Extended Use period, HDC is responsible for tax credit monitoring for 522 developments containing approximately 84,300 units.

FY 2025 actual collection of tax credit monitoring fees was \$3.44 million, which was \$88,241 below budget due to the timing of receipts collected after the reporting period. The FY 2026 budgeted amount, \$3.59 million, is based on projections related to prior-year actuals.

HPD-Financed Loans

\$3,620,000 | 1.7%

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 2026 budgeted amount of \$3.62 million was lowered slightly due to a projected decrease in investment income, as short-term interest rates are expected to decrease, along with a projected decrease in the number of HPD-financed loans that are serviced during construction.

FY 2025 actual collection of HPD-financed loan servicing fees was \$3.74 million, which was \$258,504 below budget due to lower-than-expected construction and permanent servicing fees, a result of fewer loans converting to permanent financing than assumed and a decrease in the amount of unadvanced construction loan funding available for investment.

Other Fees

Credit Enhancement Fees

\$297,000 | 0.1%

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 \$8.8 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 2026, the Corporation is projecting to collect \$297,000 as a credit enhancement fee, a decrease from the FY 2025 budgeted amount of \$338,000, as additional bonds will continue to be redeemed.

Loan Origination & Refinancing Fees

\$20,000,000 | 9.3%

The Corporation's loan commitment fees have historically ranged from 0.75% to 1.0%. In recent years, 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 FY 2026 budget continues to reflect this 25-basis-point increase to the commitment fee rate. However, the \$20 million proposed amount for Loan Origination and Refinancing Fees is less than the prior year, due to an anticipated transfer of Bond Financing Cost excess to the Open Resolution to fund the Debt Service Reserve account.

FY 2025 actual collection of loan origination and refinancing fees was \$22.06 million, which was \$943,793 below budget due to a higher-than-expected amount of Bond Financing Cost excess that was transferred to the Open Resolution to fund the Debt Service Reserve account.

REMIC Administration Fee

\$715,000 | 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 2026 is \$715,000. 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 Sandy Fund

\$0 | 0%

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 the funds. HDC's participation was limited to projects in HDC's portfolio or projects expecting to refinance with HDC. FY 2025 actuals were below budget, as the program was closed out and no reimbursements were collected.

NYCHA PACT Administration Fee

\$4,800,000 | 2.2%

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 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 2025 were \$5.04 million and are expected to be similar in FY 2026.

Explanation of Operating Expenses

The Corporation's FY 2026 projected operating expenses total \$58.36 million. A description of each expense category group—including the amount allocated, its percentage of the total expense budget, the year-over-year change, and an explanation of prior-year variances—is discussed in further detail below.

Salaries & Related Expenses

Wages

\$32,240,000 | 55.2%

This budget line provides funds for salary and overtime expenses to support 269 positions, including the NYC Housing and Planning Fellowship.

The Corporation's budgeted headcount will increase by six 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 other departments based on need.

Strengthen Capital Markets and Credit Governance

Two new positions in Capital Markets and Credit Risk will enhance the Corporation's balance sheet management and credit oversight as transaction volume and complexity continue to grow. The Capital Markets role will support capital markets operations, including analysis of bond call strategies, refundings, cash flows, and new debt structures tied to NYCHA PACT, the Preservation Trust, and other HDC-related financings. The Credit Risk role will develop and review credit policies and underwriting standards, lead risk assessments, and make recommendations on loan proposals to HDC's Credit Committee, ensuring consistent credit oversight. Together, these positions will strengthen the Corporation's ability to fund a growing portfolio of new affordable housing opportunities.

Protect Investments in Affordable Housing

Two new positions in Asset Management will strengthen HDC's capacity to proactively steward a growing and aging portfolio. These roles on the Architecture & Engineering team will conduct design and cost reviews, address annual physical inspection findings, and analyze building conditions—including energy efficiency and resiliency—to identify issues early and drive timely remediation. Together, these positions will ensure the physical integrity of HDC's portfolio and safeguard long-term asset performance.

Support People and Technology

Two new positions in Human Resources (HR) and Information Technology (IT) will continue to build the internal capacity that enables the Corporation to scale responsibly. The HR role will support the implementation of an updated compensation structure, benefits program evaluation, and career-path metrics that promote employee development and retention. The IT role will advance HDC's modernization by replacing spreadsheet-based workflows with durable software solutions for compliance, leasing, insurance, and portfolio analysis. Together, these positions will streamline operations, reduce risk, and improve service to all departments.

Using surplus year-end funds available in the wages line due to vacancies in FY 2025, 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 sector 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 expenses were under budget due to underspending resulting from vacancies and attrition.

Fringe Benefits

\$12,430,000 | 21.3%

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) and Metropolitan Commuter Transportation Mobility Tax (MCTMT), workers' compensation insurance, and reimbursements to the New York State Unemployment Insurance Trust based on actual claims.

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 (NYSHIP) and benefits from lower group rates, health insurance premiums are expected to rise between 8.5% and 9.5% this year, depending on the plan. Last year, premiums increased between 4.3% and 6.0% for the EmblemHealth HIP HMO option, while rates for the PPO option were not increased. To manage rising costs, the Corporation actively monitors fringe benefit

expenses, seeks competitive bids through an insurance broker, and implements cost-containment strategies where possible.

This line increased due to additional headcount, anticipated rate increases, and a change to the maximum employee wellness reimbursement amount. Actual expenses were under budget due to lower-than-expected increases to health, dental, and vision insurance premiums, as well as underspending resulting from vacancies and attrition, particularly for health insurance, FICA, and TSA expenses.

New York City Employees' Retirement System (NYCERS)

\$1,000,000 | 1.7%

This budget line provides funds for required employer contributions for employees enrolled as members of NYCERS. HDC makes an estimated payment at the end of each year, with any additional balance 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 pension, and to cover any final balance owed. Actual expenses were over budget due to a partial prepayment of the \$3.33 million employer contribution estimated for FY 2026.

Temporary Staff

\$630,000 | 1.1%

This budget line provides funds for temporary staffing services.

This line allocates \$218,315 for up to five temporary staff in HPD's Homeless Placement Services (HPS) 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 final extension of the HPS MOU, which expires on June 30, 2026.

Additionally, \$187,500 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 in recent years. 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.

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.

The balance of funds is allocated for vacation coverage in targeted positions across the Corporation, as well as potential support for unanticipated turnover or long-term leave.

This line decreased due to the anticipated expiration of the HPS MOU. Actual expenses were under budget due to lower-than-expected reimbursement to HPD for temporary staff expenses.

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 was unchanged, reflecting the contractual amount. Actual expenses were under budget, as a deposit for the 2025 annual report was made from the FY 2024 budget.

Auditing & Accounting

\$314,000 | 0.5%

This budget line provides funds for auditing services from Ernst & Young for the Corporation's annual financial audit.

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

Legal

\$185,000 | 0.3%

This budget line 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 office space at 120 Broadway. Additionally, it provides funds for services rendered by the New York City Law Department.

This line increased due to an anticipated amendment to the Corporation's 403(b) TSA retirement plan document related to Roth contribution provisions in the SECURE 2.0 Act. Actual expenses were under budget due to a lower-than-expected need for outside legal counsel.

Other Consultants

\$1,691,000 | 2.9%

This budget line provides funds for special studies or services that cannot be performed in-house or are short-term and better suited for outside consultants. The consulting line, which represents just under 3% of the budget, has decreased significantly from last year due to the completion of several projects and the partial carryforward of available reimbursements to the New York City Economic Development Corporation (NYCEDC) for City Housing Activation Task Force (CHAT) consulting costs.

These consulting projects are new for FY 2026:

Artificial Intelligence (AI) Project Advisory: \$25,000

The IT department will engage a consultant to advise on the first application of AI to one of the Corporation's business processes, with the potential for automation. This project represents the Corporation's first formal step into solution development with AI enablement. In 2025, HDC released its first AI Policy, establishing governance and ethical standards for responsible use. Building on that foundation, this initiative will engage a specialized consultant to advise on the first practical application to one of the Corporation's business processes. The work will explore automation, data retrieval, and process efficiency opportunities across multiple functions.

Construction Monitoring Services RFP: \$74,000

To keep pace with the expected preservation pipeline growth, including increased oversight of PACT projects, the Asset Management department will engage a qualified construction consulting firm to perform construction monitoring for an initial cohort of HDC-financed rehabilitation projects expected to close in Q4 2025 and Q1 2026. Services will include pre-development plan and cost review, construction monitoring, and site inspections. This approach will create additional capacity and flexibility for the Engineering & Architecture team to focus internal resources on projects with more complex scopes of work.

Insurance Consulting RFP: \$27,400

For this initiative, the Asset Management department will engage an insurance consultant to supplement services not available in-house, which will provide additional insight into market conditions and emerging practices, including the growing use of captive structures. This work will help HDC refine premium increase assumptions for specific projects and develop projected insurance costs for inclusion in pro forma income and expense calculations. The consultant will also benchmark HDC's insurance requirements against multi-family industry standards to identify practical updates.

Oracle Bank Reconciliation: \$200,000

The Accounting & Budget department is leading an initiative to move from a manual bank reconciliation process, covering more than 900 reconciliations across programs and funds, to an automated process within Oracle's Enterprise Performance Management (EPM) platform. As the number of reconciliations continues to grow with new bond issuances, this manual process has become increasingly demanding on staff resources. Oracle's automation will allow bank data to flow into the Corporation's current accounting system, automatically match transactions to the general ledger using defined rules, and flag only exceptions for review. The project scope includes configuring the Oracle EPM module for automated data ingestion, reconciliation and exception management; integration with existing Oracle financial systems and bank feeds; developing audit-ready reconciliation dashboards and reporting; and implementing secure access controls and workflow routing. This project is expected to save more than 3,000 staff hours annually by reducing processing time, improving accuracy, and maintaining audit readiness through clear, traceable documentation.

Other IT Cybersecurity Consulting: \$35,000

The IT department requested funds for as-needed consulting to support the Corporation's cybersecurity program. This allocation ensures continuity and capacity for unanticipated needs that may arise during the year.

Senior Federal Housing Consultant: \$200,000

HDC plans to engage a consultant with significant experience in federal housing policy to support the Corporation's efforts to research and develop proposals for new and innovative solutions to advance the creation and preservation of affordable and public housing. As the nation's affordable housing crisis deepens, HDC is seeking a consultant with proven expertise in programs administered by key federal agencies that impact housing finance and development and familiarity with New York's state and local housing ecosystem to consider new approaches or reforms to modernize existing programs to address key policy objectives, including but not limited to: stabilizing the existing affordable housing stock; accelerating the preservation of public housing; spurring production of new housing; and expanding the availability of rental assistance.

These consulting projects were budgeted in the prior fiscal year and will continue into FY 2026:

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.

City Housing Activation Task Force: \$674,000

As part of Mayor Adams' "Get Stuff Built" plan to address New York City's housing crisis, this contract, held by NYCEDC and funded by HDC via an MOU, supports 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—and is key to the mayor's moonshot goal of adding 500,000 new homes over the next decade. This effort 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.

Consultant work began last year on zoning and development feasibility analyses, environmental reviews, cost estimates for agency relocations, and pre-development work on potential housing sites. The FY 2026 budgeted amount reflects the remaining reimbursement to NYCEDC under the MOU.

Dynamics: \$100,000

In FY 2024, the Corporation began implementing Microsoft Dynamics, a configurable suite of business applications for customer relationship management, case management, and process automation. The IT department purchased an initial set of licenses and completed Phase 1 of the Asset Management re-rental leasing application, which enhanced 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. For FY 2026 these funds will support additional enhancements as part of Phase 2 for the re-rental leasing application. Due to the success of this application, HDC is also expanding the use of Dynamics to related projects in Asset Management, including the implementation of a new portal for collecting data from managing agents in the Corporation's housing project portfolio, along with the processing of that data into performance reports to better track the effectiveness of each managing agent.

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 Asset Management and other departments.

Federal Strategic Policy: \$150,000

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.

Housing Connect: \$113,000

This initiative focuses on improving Housing Connect 2.0, the city's affordable housing application portal. Previous enhancements had improved the public-facing experience for New Yorkers seeking affordable housing opportunities, but critical issues still affected functionality used by marketing agents and housing agency staff. With HPD's new maintenance contract in place, work on this initiative began in January 2025, tackling a backlog of system fixes to streamline the application process, improve communication with applicants, and support timely project lease-ups. The Corporation will continue to fund HPD's engagement of technical consultants to assist with these improvements. The FY 2026 budgeted amount reflects the remaining reimbursement to HPD under the MOU.

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.

The balance of funds is allocated to EEO compliance and employee benefits consulting, and for as-needed legal support.

Overall, the Other Consultants line decreased due to the completion of several prior-year projects. Actual expenses were under budget due to a delay in the timeline for the Dynamics consulting project, as well as lower-than-expected reimbursement to NYCEDC for CHAT consultant costs.

Other Expenses

Bank & Other Service Charges

\$138,500 | 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, and other miscellaneous bank service charges.

This line increased due to additional headcount and planned payroll system enhancements to allow data transfers with NYCERS. Actual expenses were over budget due to higher-than-

expected costs for payroll system enhancements related to compliance with the SECURE 2.0 Act and the timing of invoices paid for background investigation fees and other bank service charges incurred in the prior year.

Books & Publications

\$72,000 | 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 expenses were under budget due to the timing of some subscription renewals near the end of the fiscal year.

Corporate Events

\$106,000 | 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 \$41,000 to cover ancillary expenses for activities such as Administrative Professionals' Day, bus tours to development project sites, corporate donation drives, an employee flu shot event, Take Your Kids 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 and those with milestone years of service to HDC, as well as flowers and donations in cases of employee hospitalizations and bereavements.

This line increased due to additional headcount and general price inflation. Actual expenses were under budget due to fewer employee events.

Employment Recruitment & Advertising

\$64,500 | 0.1%

This budget 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, \$4,000 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 increased due to higher subscription renewal costs, as new functionality was added to manage employee job descriptions tied to performance evaluations. Actual expenses were under budget due to lower recruitment event costs.

Equipment & Maintenance

\$2,751,000 | 4.7%

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 \$2,571,200, this includes new investments in technology as well as ongoing IT support contracts. 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 agreements and software renewals.

Investments in new technology and upgrades total \$160,000, compared to \$256,000 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 for FY 2026, with flexibility for adjustments based on evolving needs:

- **Asset Management Flood Insurance Software:** Provides scheduled, automated scans of the portfolio against current flood maps to flag when flood-coverage requirements should be adjusted or expanded at renewal, improving regulatory compliance and managing financial risk.
- **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.

- Copilot and ChatGPT Licenses for AI: Supports an expansion of the previous pilot within Office 365 to include additional Microsoft Copilot licenses and new ChatGPT Enterprise licenses, which will allow select staff across departments to safely pilot and evaluate AI tools within HDC's secure environment.
- Oracle Bank Reconciliation: Provides EPM licenses and annual maintenance to run the automated bank reconciliation process, supporting secure bank-data integration, rules-based matching to the general ledger, and exception workflows. Covers ongoing subscription and support costs following the initial implementation.

Renewals of ongoing IT maintenance and support agreements total \$2,411,200, compared to \$2,064,500 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, \$179,800 is allocated for monthly lease, operating, and maintenance costs for the Corporation's vehicle fleet, as well as for HVAC maintenance.

Overall, the Equipment & Maintenance line increased due to higher software renewal and maintenance agreement costs. Actual expenses were under budget due to fewer computer equipment purchases and lower-than-expected software licensing costs.

Furniture

\$25,000 | < 0.1%

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

This line increased to cover additional furniture purchases due to increased headcount, as well as any replacement needs. Actual expenses were over budget due to prepayment of invoices for workstations and other office furniture for new hires.

Insurance

\$295,000 | 0.5%

This budget line provides funds for premiums on policies for automobile, crime, cyber liability, errors and omissions, general liability, property, and umbrella liability insurance.

This line increased slightly due to an anticipated increase in automobile insurance premiums resulting from lease renewals for vehicles in the Corporation's fleet. Actual expenses were under budget due to a decrease in cyber liability insurance premiums.

Interagency Expenses

\$340,000 | 0.6%

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 an MOU.

This line increased to align with prior-year expenses. Actual expenses were over budget due to higher-than-expected reimbursement for personal services costs incurred by the Office of the Inspector General.

Leasehold Improvements

\$100,000 | 0.2%

This budget line provides funds for modifications to the Corporation's office space.

This line was unchanged as no significant new improvements are planned. Actual expenses were over budget due to prepayment of invoices to complete the hallway lighting project.

Marketing

\$22,000 | < 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 slightly due to increased headcount and general price inflation. Actual expenses were under budget due to lower-than-expected costs for items with the Corporation's new branding scheme.

Memberships

\$100,000 | 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 increased due to new departmental requests and a general rise in membership renewal rates. Actual expenses were under budget due to the timing of some membership

renewals near the end of the fiscal year and lower-than-expected reimbursements to employees for attorney registration fees and bar association dues.

Office Expenses

\$327,000 | 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 increased due to increased headcount and general price inflation. Actual expenses were under budget due to a reduced need for office cleaning services and office repairs and maintenance, which were managed in-house; savings on wireless services and postage meter contracts; and lower-than-expected spending on working meals and employee device reimbursements resulting from vacancies and attrition.

Rent & Utilities

\$5,005,000 | 8.6%

This budget line provides funds for office and off-site storage rent payments, lease operating expense (OpEx) escalations, and electric and cable utility services.

The Corporation signed a lease for new office space, encompassing the second and third floors at 120 Broadway, in July 2022, with the official move completed on June 16, 2023. During lease negotiations, the Corporation secured a Fixed Free Rent Period extending until October 2025. For FY 2026, \$4.8 million is allocated for office rent and OpEx costs.

Additionally, \$27,000 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.

This line was increased to reflect a full year of office rent payments and anticipated utility rate increases. Actual expenses were over budget due to a prepayment of November 2025 rent, as well as monthly OpEx escalations that began earlier than budgeted.

Training & Conferences

\$462,000 | 0.8%

This budget line provides funds for attendance at training conferences and seminars, including those organized by NALHFA and NCSHA.

Additionally, \$11,000 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.

This line also allocates \$214,000 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 affordable housing underwriting, AI, financial statement analysis, housing tax credit compliance, inspection skills, leadership, and risk management. Corporate-wide training is planned in broad areas including DEI and EEO, new manager training, 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 and general price inflation. Actual expenses were under budget due to lower-than-expected utilization of employee professional 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 late-night car service.

This line was unchanged as the Corporation continues to make efficient use of the existing vehicle fleet, reducing the need for travel reimbursements, and fewer employees work late as remote work options allow for more flexibility. Actual expenses were under budget due to reduced local travel and overtime.

New York City Housing Development Corporation

Fiscal Year 2026 Proposed Operating Budget

Summary of Revenues and Expenses

	FY 2025 Approved	FY 2025 Actual	FY 2025 Variance	FY 2026 Proposed
<u>Revenues</u>				
Investment & Loan Income	\$ 112,474,000	\$ 155,377,032	\$ 42,903,032	\$ 130,871,000
Fees	78,886,400	93,852,269	14,965,869	84,172,000
Total Revenues	191,360,400	249,229,301	57,868,901	215,043,000
<u>Expenses</u>				
Salaries & Related Expenses	43,430,000	44,008,525	(578,525)	46,300,000
Contract Services	3,140,000	2,268,251	871,749	2,240,000
Other Expenses	4,980,000	5,270,561	(290,561)	9,820,000
Total Expenses	51,550,000	51,547,337	2,663	58,360,000
Excess of Revenues Over Expenses	\$ 139,810,400	\$ 197,681,964	\$ 57,871,564	\$ 156,683,000

New York City Housing Development Corporation

Fiscal Year 2026 Proposed Operating Budget

Revenue Line Item Detail

	FY 2025 Approved	FY 2025 Actual	FY 2025 Variance	FY 2026 Proposed
<u>Investment & Loan Income</u>				
Investment of Corporate Reserves	\$ 49,000,000	\$ 85,127,171	\$ 36,127,171	\$ 65,000,000
Corporate-Owned Mortgages	3,300,000	5,057,090	1,757,090	3,700,000
Open Resolution Surplus	60,174,000	65,192,771	5,018,771	62,171,000
Subtotal	112,474,000	155,377,032	42,903,032	130,871,000
<u>Servicing Fees</u>				
HDC-Financed Loans	43,566,000	58,583,344	15,017,344	51,150,000
Tax Credit Monitoring Fees	3,527,000	3,438,759	(88,241)	3,590,000
HPD-Financed Loans	4,000,000	3,741,496	(258,504)	3,620,000
Subtotal	51,093,000	65,763,599	14,670,599	58,360,000
<u>Other Fees</u>				
Credit Enhancement Fees	338,000	344,063	6,063	297,000
Loan Originations & Refinancing	23,000,000	22,056,207	(943,793)	20,000,000
REMIC Insurance Administration	648,400	648,400	-	715,000
CDBG Sandy Fund	7,000	-	(7,000)	-
NYCHA PACT Admin Fee	3,800,000	5,040,000	1,240,000	4,800,000
Subtotal	27,793,400	28,088,670	295,270	25,812,000
Total Operating Revenues	\$ 191,360,400	\$ 249,229,301	\$ 57,868,901	\$ 215,043,000

New York City Housing Development Corporation

Fiscal Year 2026 Proposed Operating Budget

Expense Line Item Detail

	FY 2025 Approved	FY 2025 Actual	FY 2025 Variance	FY 2026 Proposed
<u>Salaries & Related Expenses</u>				
Wages	\$ 30,370,000	\$ 29,563,779	\$ 806,221	\$ 32,240,000
Fringe Benefits	\$ 11,535,000	\$ 10,589,615	\$ 945,385	\$ 12,430,000
NYCERS	\$ 800,000	\$ 3,331,306	\$ (2,531,306)	\$ 1,000,000
Temporary Staff	\$ 725,000	\$ 523,825	\$ 201,175	\$ 630,000
Subtotal	\$ 43,430,000	\$ 44,008,525	\$ (578,525)	\$ 46,300,000
<u>Contract Services</u>				
Annual Report	\$ 50,000	\$ 47,340	\$ 2,660	\$ 50,000
Auditing & Accounting	\$ 301,400	\$ 301,400	\$ -	\$ 314,000
Legal	\$ 175,000	\$ 72,434	\$ 102,566	\$ 185,000
Other Consultants	\$ 2,613,600	\$ 1,847,077	\$ 766,523	\$ 1,691,000
Subtotal	\$ 3,140,000	\$ 2,268,251	\$ 871,749	\$ 2,240,000
<u>Other Expenses</u>				
Bank & Other Service Fees	\$ 112,000	\$ 119,633	\$ (7,633)	\$ 138,500
Books & Publications	\$ 70,000	\$ 55,530	\$ 14,470	\$ 72,000
Corporate Events	\$ 98,500	\$ 69,934	\$ 28,566	\$ 106,000
Employment Agency Fees/Ads	\$ 52,000	\$ 47,565	\$ 4,435	\$ 64,500
Equipment & Maintenance	\$ 2,504,000	\$ 2,495,567	\$ 8,433	\$ 2,751,000
Furniture	\$ 20,000	\$ 148,693	\$ (128,693)	\$ 25,000
Insurance	\$ 287,000	\$ 266,760	\$ 20,240	\$ 295,000
Interagency Expenses	\$ 240,000	\$ 322,350	\$ (82,350)	\$ 340,000
Leasehold Improvements	\$ 100,000	\$ 114,686	\$ (14,686)	\$ 100,000
Marketing	\$ 21,500	\$ 14,754	\$ 6,746	\$ 22,000
Memberships	\$ 95,000	\$ 80,661	\$ 14,339	\$ 100,000
Office Expenses	\$ 305,000	\$ 219,811	\$ 85,189	\$ 327,000
Rent & Utilities	\$ 630,000	\$ 1,070,434	\$ (440,434)	\$ 5,005,000
Training & Conferences	\$ 433,000	\$ 242,845	\$ 190,155	\$ 462,000
Transportation	\$ 12,000	\$ 1,338	\$ 10,662	\$ 12,000
Subtotal	\$ 4,980,000	\$ 5,270,561	\$ (290,561)	\$ 9,820,000
Total Operating Expenses	\$ 51,550,000	\$ 51,547,337	\$ 2,663	\$ 58,360,000