



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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July 10, 2000

Mr. Justin Foley, Esq.
Chair, Northwest Bronx Community Clergy Coalition Housing Committee
103 East 196th Street
Bronx, New York 10468

Dear Mr. Foley:

On February 15 of this year you sent a request to the Independent Budget Office (IBO) on behalf of the Northwest Bronx Community Clergy Coalition in the form of a series of questions regarding the resources and level of effort devoted by the New York City Department of Housing Preservation and Development (HPD) to housing code enforcement. In response, we have prepared the attached set of replies. To briefly summarize some of the main findings:

- HPD's fiscal year 2001 budget for code enforcement related activities is \$50.3 million, which will fund 553 full-time personnel, including 311 housing code inspectors. This amount also includes \$26.0 million for non-personnel services.
- HPD currently employs 283 inspectors, including 42 supervisory inspectors. This is the highest level since 1992.
- Code enforcement is funded by both city funds and federal Community Development Block Grant (CDBG) funds. The latter are projected to cover 92 percent of the total FY 01 budget for code enforcement, or \$46.3 million.
- The 2001 budget for the Housing Litigation Division (HLD), which combines the formerly separate Housing Litigation and Tenant Landlord Litigation Bureaus, is \$5.3 million. This will fund a full time staff level of 122, including 62 attorneys.
- HPD anticipates that HLD will initiate 600 comprehensive code compliance cases and 70 Section 7A cases in FY 01.

We conveyed your questions and a draft of our replies to HPD staff, who reviewed them carefully and provided a thorough response and additional information. Much of what is included in the attachment is taken directly from the material provided by HPD.

I hope this information is useful. As we agreed, IBO will be making this material publicly available. Please feel free to call Preston Niblack, Task Force Leader for Housing and Infrastructure, if you have any questions.

Sincerely,

Ronnie Lowenstein
Deputy Director

Enclosure

C: Richard T. Roberts
The Hon. Archie Spigner

HPD CODE ENFORCEMENT: RESOURCES AND LEVEL OF EFFORT

- **What is the HPD budget for code enforcement?**

The FY 2001 budget for the HPD code enforcement related activities is **\$50.3 million**. Spending is broken down between Personal Services (PS; \$24.3 million), and Other than Personal Services (OTPS; \$26.0 million). OTPS includes contracts for emergency repairs (including lead paint abatement), in-rem maintenance and repair costs, heat, light, and fuel oil orders, and community consultant contracts. A further breakdown of spending, based on an anticipated personnel level of 553, is shown in the following table. For comparison purposes, the current FY 2000 full time active headcount is included.

	<i>FY 2000</i>	<i>Budgeted Positions</i>	<i>FY 2001</i>		<i>Total</i>
	<i>Actual Positions¹</i>		<i>PS</i>	<i>OTPS</i>	
Central Complaints Bureau	15	15	\$2.264	\$0	\$2.264
Code Enforcement	372	393	16.512	0	16.512
ESB/ERP ² (Non-Lead)	37	37	2.001	7.573	9.575
Lead	94	108	5.743	18.453	24.196
Total	519	553	\$24.256	\$26.027	\$50.283

SOURCE: HPD.
NOTES: ¹For FY 2000, actual positions are as of the end of May. ²ESB/ERP: Emergency Services Bureau / Emergency Repair Program.

The distribution of personnel and budget for code enforcement borough operations in 2001 is broken down as shown in Table 2 on the following page. For 2001, the budget includes a baseline amount similar to the 2000 budget, including funding for 369 positions, plus 24 additional personnel hired specifically to implement provisions of Local Law 38 of 1999, which addresses the remediation of lead-based paint hazards in housing.

- **What is the current level of CDBG funding for code enforcement inspections?**

Code Enforcement funding is split between city funds and federal Community Development Block Grant (CDBG) funds. The cost allocation is based upon actual inspection time spent at sites in CDBG eligible and non-CDBG eligible census tracts. The allocation is adjusted monthly based on tracking reports, then applied to actual expenditures. The CDBG eligible rate as of December 1999 was 82.4 percent (or approximately \$13.6 million of the \$16.5 million code enforcement budget).

Funding for the Central Complaint Bureau is also split between city funds and CDBG. The cost allocation is based upon the number of emergency versus non-emergency calls received and the cost allocation rate for Code Enforcement.

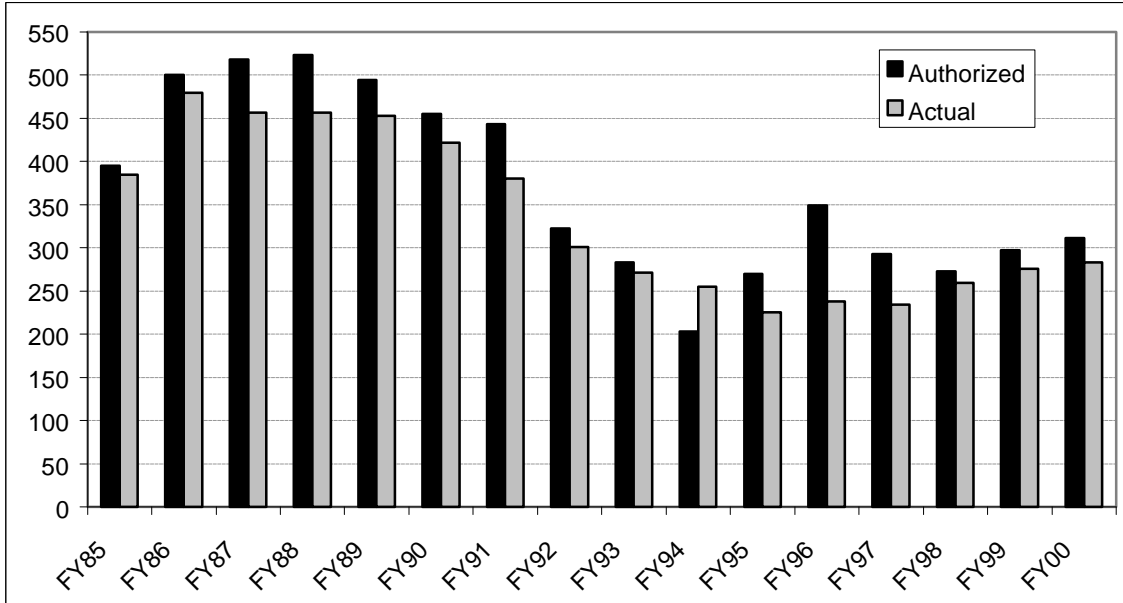
The emergency repair program is entirely CDBG-funded except for funding from the City Council for the Code Enhancement Initiative. The Lead budget is entirely CDBG-funded in FY 2001.

	<i>Inspectors & apprentices</i>	<i>Inspector supervisors</i>	<i>Other F/T staff</i>	<i>Total F/T staff</i>	<i>Budget</i>
FY 2000 Actual¹					
Manhattan/Staten Island	37	8	21	66	\$2.763
Bronx	42	6	21	69	2.716
Brooklyn	75	11	22	108	4.415
Queens	34	6	14	54	2.216
Citywide Tour	48	4	0	52	2.100
Central Operations	5	7	11	23	1.160
<i>Total Active</i>	<i>241</i>	<i>42</i>	<i>89</i>	<i>372</i>	<i>\$15.370</i>
FY 2001 Adopted Budget					
Baseline	240	37	92	369	
Lead LL#38	22	2	0	24	
<i>Total, FY 01</i>	<i>262</i>	<i>39</i>	<i>92</i>	<i>393</i>	<i>\$16.512</i>

SOURCE: HPD
NOTE: ¹For FY 2000, actual positions are as of the end of May.

- How many inspectors does HPD currently have and what is an inspector’s average salary?**
 The number of housing inspectors is currently 241, out of 267 positions funded. The Department also currently employs 42 inspectors at the associate (or supervisory) level. Including vacant associate inspector positions, the total number of funded positions is 311.
 The average salary of inspectors, not including fringe benefits and pension contributions, is approximately \$38,200. The average salary of associate inspectors is \$46,900.
- Are the inspectors divided up into different assignments? If so, what are they?**
 An inspection is performed for one of 3 reasons: in response to a tenant complaint; as a result of a dismissal request from a landlord; and in support of the Housing Litigation Bureau and Housing Court. Personnel in borough offices are assigned to one of these specific functions. Personnel on citywide duty are assigned to either SRO compliance or to the emergency repair bureau. The numbers assigned to any particular office or activity vary to reflect workload.
- How do these numbers compare with the amount before the withdrawal of state funding?**
 Chart 1 shows the number of authorized housing inspector positions (including associate inspectors), and the number actually employed at year-end, for fiscal years 1985 through 2000 (as of the end of May). The number of authorized inspectors peaked in 1988 at 523 positions. State funding ended in state fiscal year 1992, and as the chart shows, the number of positions decreased dramatically, falling to a low of 181 inspectors and 44 associates at the end of 1995. Since then the number of inspectors has slowly grown to its current level.

Chart 1—Authorized and Actual Housing Inspectors, 1985-2000



SOURCE: IBO.

NOTE: Includes associate inspectors.

Housing Litigation Bureau

- **How many comprehensive cases did the HLB initiate in fiscal year 1999? How many does it plan or anticipate having initiated by the end of 2000? 2001?**

HPD reported that it initiated 384 comprehensive cases—legal action against a building owner to correct a large number of outstanding violations—in fiscal year 1999. It projects that 500 cases will have been initiated by the end of fiscal year 2000, and 600 cases for fiscal year 2001.

- **How many Article 7A cases for the same years?**

Buildings that have been effectively abandoned by their owners may, on order of the Court, have a court-appointed administrator take over building management. HPD reports 46 Article 7A cases in fiscal year 1999, and projects 60 cases in 2000 and 70 in 2001.

- **Are monetary penalties typically levied against owners in a comprehensive case? If so, what were the fines levied in 1999? To date in 2000? What percentage of penalties go uncollected?**

According to information provided by HPD, HLD's comprehensive litigation always includes a request for an Order to Correct covering outstanding violations, but not necessarily a request for a monetary (civil) penalty. Generally, civil penalties are sought in the first instance only where owners have poor records with the Litigation Division, or where HLD is aware of particularly egregious owner activity. If re-inspection reveals that the terms of the Order to Correct have not been met, then HLD may also seek civil penalties even in those cases where a penalty was not sought in the first instance. As a result, in the majority of cases—roughly 80 to 90 percent—a penalty is sought.

The penalty for a single violation may range from \$10 to \$250. The actual fines levied by the court may vary from the amounts requested by HLD.

In 1999, \$1,838,329 in fines were levied by the court in connection with comprehensive litigation; through February 2000, \$1,748,080 in fines were levied in comprehensive cases. HPD stated in its response to our questions that it is difficult for them to determine what percentage of penalties are uncollected, since judgments are valid for 20 years and HLD may collect fines at any time during that period. IBO has not been able to estimate the collection rate.

- **How many HLB staff are assigned to each of the borough offices, and to the SRO and Judgment Enforcement offices?**

Unit	Total Staff
Manhattan	10
Bronx	8
Brooklyn	9
Queens	8
SRO	2
Judgment Enforcement	11
Additional Litigation Functions (7A, Lead, Investigations)	14
Total	62

SOURCE: HPD.
NOTE: As of May 2000.

The Housing Litigation Bureau recently merged with the Landlord Tenant Legal Division to form the Housing Litigation Division (HLD). The total number of staff for the division, including Landlord Tenant Legal and other HLB staff, is 118. In HPD’s view, the merger will enable the combined division to operate more efficiently and continue to increase attorney productivity through more centralization of case processing and other administrative functions and sharing of common resources. Moreover, as the number of *in rem* units decreases, the LTLB workload should decrease commensurately. The Department did not indicate whether it plans to maintain the same staffing level in the future, shifting staff resources from the landlord-tenant unit to the litigation division.

- **What is the Housing Litigation Division budget?**

The FY 2001 Housing Litigation Division (HLD) budget is \$5.3 million, including \$1.1 million in city funds and \$4.2 million in CDBG funds (Table 4). This reflects an intended staffing level of 122 positions, including 86 fulltime code compliance positions in the Housing Litigation Bureau (HLB), 23 Landlord-Tenant Litigation Bureau (LTLB) personnel, and 13 HLD administrative positions. Five of the HLB positions will be dedicated to Lead. As of the end of May, the active fulltime headcount included 82 fulltime positions in the HLB, 23 in LTLB, and 13 administrators. HLD also has OTPS funding of \$742,000 for marshal fees and process servers.

Table 4—Housing Litigation Division PS Budget and Personnel for FY 2001

Dollars in millions

	<i>Budgeted Positions</i>	<i>Total PS Budget</i>	<i>CDBG-funded</i>	<i>City Funds</i>
Housing Litigation Bureau	81	\$3.714	\$2.786	\$0.929
HLB Lead	5	0.230	0.230	-
HLD Administration	13	0.637	0.478	0.159
Landlord Tenant Litigation	<u>23</u>	<u>0.746</u>	<u>0.746</u>	<u>-</u>
TOTAL	122	\$5.328	\$4.240	\$1.088

SOURCE: HPD.

Penalties and Fines against Landlords

- **What type of fines are levied after a comprehensive case?**

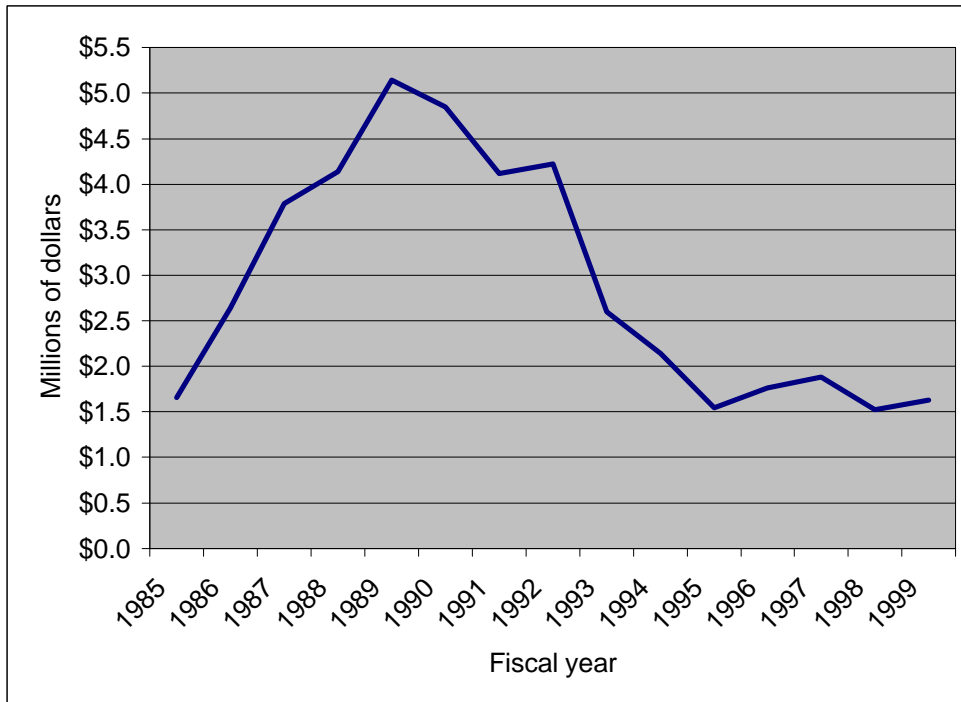
See the response above concerning monetary penalties.

- **How much money does the City make on HPD fines?**

Chart 2 depicts total Housing Court fine revenues between 1985 and 1999, as reported in the Comptroller’s annual financial report. After reaching a peak in 1989 of over \$5.1 million, fine revenues have declined to about \$1.5 to \$1.7 million annually since 1995, and are projected to remain at that level for the financial plan period.

Chart 2—Housing Court Fine Revenues

Dollars in millions



SOURCE: New York City Comptroller, *Comprehensive Annual Financial Report*, various years.

- **How much money goes uncollected?**

As noted above, HPD stated in its response to our question concerning the percentage of fines collected that “it is particularly difficult to determine what goes uncollected ..” IBO has been unable to independently estimate total fines and collections.

Public Information

- **Does HPD have any plans or money to put housing violations on line?**

Two organizations that provide anti-eviction and other legal services under contract to HPD—Legal Services for New York City and Legal Aid—have computer terminals that provide access to HPD’s on-line code enforcement database. The city has recently put a new database into service that should make access more reliable and is planning to make the information available on HPD’s web site, www.ci.nyc.ny.us/html/hpd/home.html

Housing violation data is also available at city information kiosks. A list of kiosk locations is available on HPD’s website.

- **Does Department of Finance have any plans or money to put building ownership information on line?**

The Finance Department’s Real Property Assessment Database lists the name and address of the owner of record for each borough/block/lot. The database is public information and can be accessed through DOF’s NYCProperty website, at <http://nycserv.nyclink.org/nycproperty/nynav/jsp/choseassess.jsp>

- **Does DOB have any plans or money to put permit/violation information on line?**

DoB’s borough offices have computer terminals that provide access to information on building code violations. In addition, the Department has a dial-in fax service, which allows callers to obtain a faxed copy of violation information on a property.

Third Party Transfer

- **What resources does HPD have for the Third Party Transfer process?**

HPD does not budget separately for Third Party Transfer. Financing packages for rehabilitation of transferred properties are developed through HPD’s existing loan programs and financed through those budgets. Third Party Transfers are made through the *in rem* foreclosure process, and it is not possible to identify in advance the number of properties transferred or their final rehabilitation costs until after financing packages are developed and the properties are transferred.

In the first round of Third Party Transfers (FY 2000), forty-six properties were transferred, with total development costs of \$21 million. This amount includes operating costs for Neighborhood Restore, a not-for-profit corporation to which the properties were transferred on an interim basis. The total development costs are broken down as follows:

- \$11.8 million in HPD capital budget funds;
- \$2.0 million for Neighborhood Restore;
- \$2.3 million in Housing Development Corporation permanent financing;
- the balance of \$4.9 million includes owners’ equity, private bank financing, and low-income housing tax credit equity.