



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

110 William Street, 14th Floor
New York, New York 10038

www.ibo.nyc.gov • iboenews@ibo.nyc.ny.us

Testimony of Sarita Subramanian, Senior Research & Strategy Officer

To The New York City Council Committee on Land Use

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Good afternoon, Chair Salamanca and members of the Land Use Committee. My name is Sarita Subramanian and I am a Senior Research & Strategy Officer at the New York City Independent Budget Office. Thank you for the opportunity to testify at this hearing to discuss IBO's recent [report](#) on Capital Pledges for Recent Neighborhood Rezoning—written by Zach Herman and Sarah Internicola. We thank Council Member Nantasha Williams for requesting this research. In my testimony, I will first explain the neighborhood rezoning process and key terms to understand. Then, I will discuss both the capital dollars pledged as a result of eight recent neighborhood rezonings and the progress on those pledges. Finally, I will discuss the status of centrally dedicated funds related to neighborhood rezonings.

Under Mayor Bill de Blasio, the City aimed to increase housing through neighborhood rezonings. Separate from changes to the zoning code, an important part of the neighborhood rezoning process is a negotiation between the City and representatives from the neighborhood, often the City Council Member. The negotiations result in a Points of Agreement document (POA), wherein the City agrees to provide various investments and services to the rezoned neighborhood. We refer to these investments and services as “pledges.”

It is key to understand that there are three types of pledges in a POA. The first two are “capital pledges,” relating to capital projects and investments, and “expense pledges,” relating to day-to-day operations. Both capital and expense pledges have dollar amounts stipulated in the POA, with estimated amounts that need to be added to the capital or expense budgets, respectively, to fulfill the pledge. The third type is a “policy pledge,” which can include a wide range of projects and initiatives but, importantly, does not have any specific funding stipulated.

All pledges without stipulated funding—even those that may sound like they relate to a capital or expense project—are considered policy pledges, and therefore the administration expects to fulfill them without adding funding to the budget. One informative example of a policy pledge was the subject of a separate recent IBO publication. In the 2017 East Harlem POA, a pledge states “DSNY will immediately begin *planning* for a permanent, long-term facility to serve District 11 sanitation needs.” The pledge for a sanitation garage did not include a funding stipulation because the pledge specifies that funding for the garage itself is contingent on identifying a suitable site, which has not been identified to date. As a result, there has been no funding added to the capital budget for this garage. (For more, see [IBO's analysis](#) of the East Harlem POA pledge regarding a new sanitation garage.)



IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.

IBO reviewed the eight neighborhoods rezoned from 2014 through 2021 to better understand the capital pledges made in recent POAs, and to what degree those pledges have been fulfilled to date. The neighborhoods studied include East New York, Downtown Far Rockaway, East Harlem, Jerome Avenue, Inwood, Bay Street, Gowanus, and SoHo/NoHo.

Of the eight neighborhood rezonings studied, IBO found that seven of the resulting POAs contained between \$253 million and \$623 million in capital pledges. All eight rezoned areas have had at least 70% of their pledged dollars spent or budgeted to date, with the remaining pledges not yet reflected in the budget.

Figure 1
Most Rezoned Neighborhoods Received at Least \$250 million in Capital Pledges
Dollars in Millions

Rezoned Neighborhood (Year Rezoned)	Number of Stipulated Capital POA Pledges	Capital Funding Pledged in POA	Capital Funding Budgeted (Committed + Planned)	Over / (Under) POA Pledge	Percent of POA Pledge Budgeted
East New York (2016)	19	\$265	\$439	\$174	166%
Downtown Far Rockaway (2017)	8	\$287	\$238	(\$49)	83%
East Harlem (2017)	12	\$253	\$242	(\$10)	96%
Jerome Avenue (2018)	13	\$310	\$465	\$155	150%
Inwood (2018)	23	\$449	\$418	(\$31)	93%
Bay Street (2019)	15	\$623	\$537	(\$87)	86%
Gowanus (2021)	10	\$449	\$325	(\$124)	72%
SoHo/NoHo (2021)	2	\$34	\$38	\$4	112%

SOURCES: IBO analysis of the [Rezoning Commitments Tracker](#) maintained by the Mayor’s Office of Operations, and Office of Management and Budget Fiscal Year 2024 September Capital Commitment Plan data
 NOTE: The capital budget only includes lump sums for School Construction Authority (SCA) projects rather than project-level detail; therefore, IBO may not have captured all budgeted amounts for SCA-related pledges.

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Finally, IBO analyzed the Neighborhood Development Fund (NDF). Most of the infrastructure funding for neighborhood rezonings and POAs is in the capital budgets of City agencies. To supplement this agency funding, the de Blasio Administration created the NDF in 2015. The neighborhood-specific allotment of the NDF funded about a quarter of all capital POA spending for the rezoned neighborhoods in this analysis. As a result, almost all of the initial \$703 million neighborhood-specific allotment has been used or earmarked for past rezonings, and the remaining \$13 million is an unlikely source of funds for upcoming rezonings.

The Adams administration has introduced the Strategy for Equity and Economic Development (SEED), an initiative intended to support the infrastructure and equity needs of the administration’s five in-process rezonings. To date there is no SEED funding related to the upcoming neighborhood rezonings, but IBO is tracking this initiative closely.

Thank you for the opportunity to testify and I am happy to answer any questions.

