

CONSTRUCTION OUTLOOK UPDATE

# NYC FY 2022 ADOPTED CAPITAL BUDGET



**NY**  
**BC**  
NEW YORK  
BUILDING  
CONGRESS

**100 YEARS**

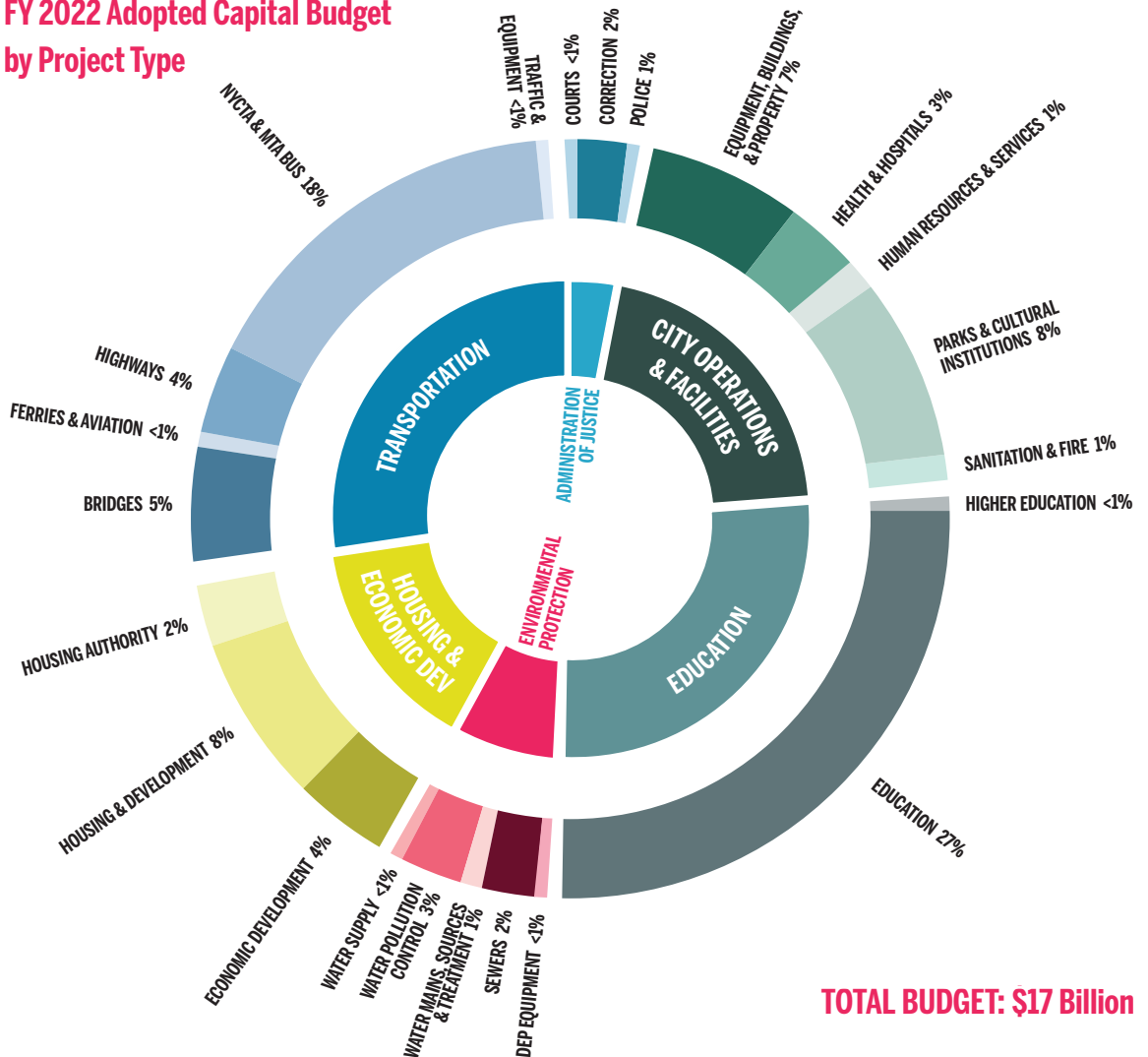
SEPTEMBER 2021

# BUDGET BREAKDOWN

While the long-term impact of the pandemic is still unknown, the New York City Council adopted an optimistic capital budget of \$67.1 billion for Fiscal Years 2022 to 2025. Allocations for construction and renovation projects along with the acquisition of land, buildings and equipment are expected to start strong at \$17 billion in the first fiscal year, then dip to \$15 billion before rising to \$16.3 billion and \$18.7 billion. This is starkly contrasted with last year's budget of \$57.1 billion, which was passed during the first wave of COVID-19 and included \$11.8 billion in FY 2021.

Contributing to the overall increase, the NYC Transit Authority's funding skyrocketed from \$59.4 million in FY 2021 to \$3 billion in FY 2022. The agency's total budget over the following three years, however, is anticipated to increase a more modest \$447.5 million. The NYC Department of Education also experienced substantial growth of \$2 billion in the first fiscal year but will decline by \$858.1 million in FYs 2023-25 compared to last year's. FY 2022-24 forecast.

## FY 2022 Adopted Capital Budget by Project Type





# PROJECTS IN THE PIPELINE



**\$576.4 MILLION**  
FOR AFFORDABLE  
HOUSING PROGRAMS

Atlantic Chestnut in East New York, Credit: Dattner Architects

In FY 2022, the City set aside \$576.4 million for **affordable housing programs** targeting the lowest-income New Yorkers. Through these initiatives, the NYC Department of Housing, Preservation and Development supports the new construction of rental projects in which at least 80 percent of units are available for residents earning 80 percent Area Median Income, equivalent to \$85,920 for a household of three in 2021. Over the next four years, this funding is expected to total over \$2 billion, a 48 percent increase from last year’s capital budget.



**\$1.2 BILLION**  
FOR CITYWIDE HOSPITAL  
IMPROVEMENTS

Ruth Bader Ginsburg Hospital in South Brooklyn, Credit: NYC Health + Hospitals

NYC Health and Hospital’s budget for **citywide hospital improvements** totaled \$97.3 million for FY 2022. The same line item was \$812.2 million following the onset of COVID-19 a year ago and supported by \$425 million in expected federal aid. In the long-term, however, the City plans for \$1.2 billion of improvements, which is only 13 percent less than the previous four-year total. The agency, which is responsible for delivering healthcare to the justice-involved population, is also anticipated to receive \$424 million for correctional health service improvements, nearly six-fold what was in last year’s budget.





**\$715.4 MILLION**

FOR THE BROOKLYN-  
QUEENS EXPRESSWAY

Cars on the Brooklyn-Queens Expressway, Credit: Sujatha Vempaty

Over the next four years, the City allocated \$715.4 million to the NYC Department of Transportation for the triple-cantilever section of **Brooklyn-Queens Expressway** that extends from Sands Street to Atlantic Avenue. The bulk of these funds are expected in the near-term with federal aid in FYs 2022 and 2023, which will support the City's recently released plan to preserve the structure for another 20 years, complete immediate and ongoing maintenance, expand monitoring and develop a long-term vision for the entire corridor.



**\$8.9 BILLION**

FOR THE DEPARTMENT OF  
EDUCATION'S FY 2020-24  
CAPITAL PLAN

69-02 Queens Boulevard with PS Q340 in Woodside,  
Credit: Madison Realty Capital

Unlike other agencies, most of the funding for the NYC **Department of Education's Five-Year Capital Plan** is included in a single budget line – \$4.3 billion in FY 2022, totaling \$13.8 billion between FYs 2022-25. The FY 2020-24 Capital Plan proposes the City's largest new capacity program in its history, \$8.9 billion, including the construction of over 57,000 new seats, as well as \$6.7 billion for capital investments, such as technology and accessibility enhancements, and \$3.6 billion for mandated programs, ranging from boiler conversions to building code compliance.



**“ I thank the New York Building Congress for its report, which correctly notes that the City is taking important steps forward by increasing its infrastructure investments and addressing some of the needs that the pandemic has exposed in our hospitals. Investments in housing and our transit system are also greatly needed going forward. My hope is that the City’s renewed commitment, along with passage of the infrastructure bill, will provide a solid foundation for New York’s growth in the years to come.”**



*Councilmember Helen Rosenthal  
Chair, Capital Budget Subcommittee  
District 6, Manhattan*



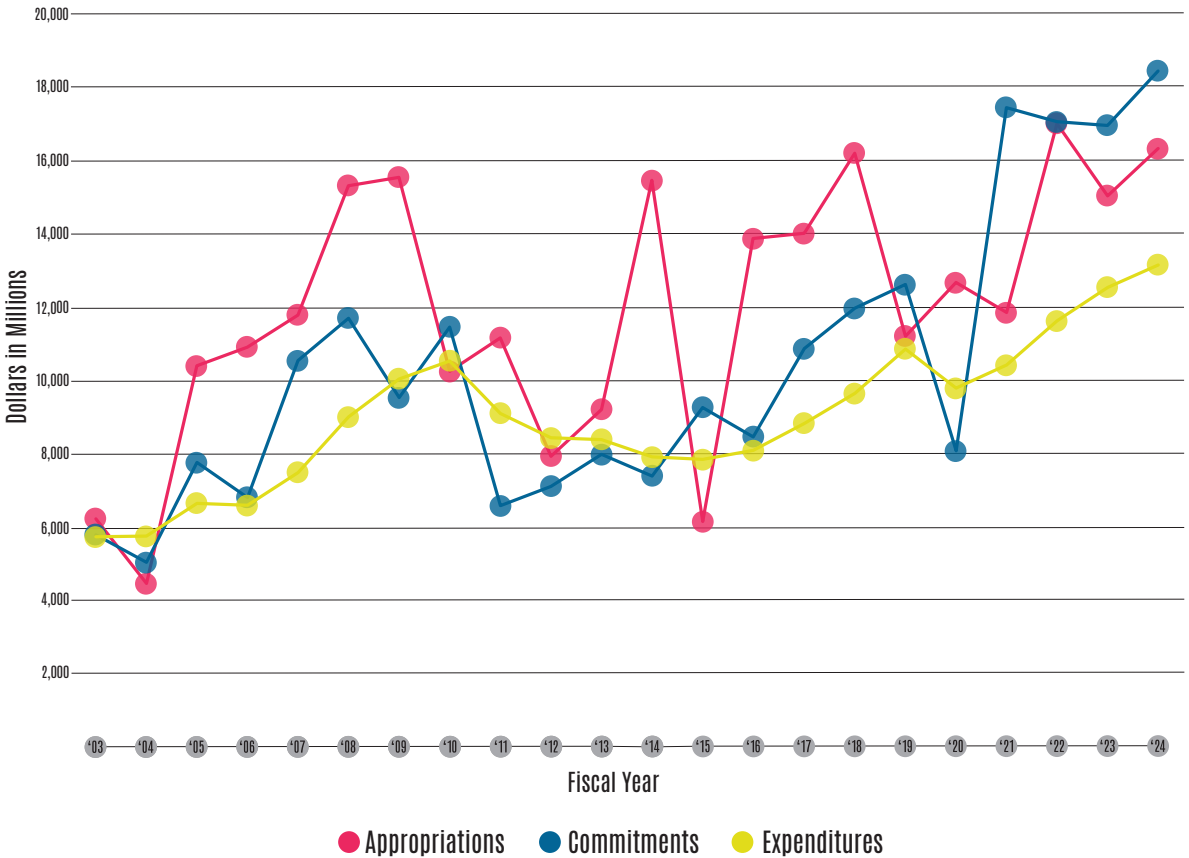


# CAPITAL SPENDING

While the budget proposes a level of funding for a collection of projects, the amount presented and actually spent on individual works is typically less. Between FY 2003 and FY 2020, on average 84 percent of appropriations have been committed and 80 percent have been expended.

The most recently available data for capital commitments and expenditures lags behind the current budget. For that reason, appropriations for FYs 2022-24 are less than the commitments for the same period, which were established during last year’s budgeting process.

## Capital Spending Over Time



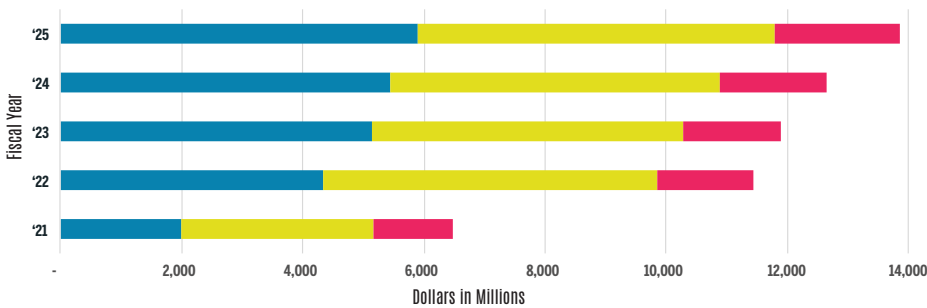
# DEBT SERVICE INDICATORS

The City finances its capital program almost entirely by issuing bonds, which are paid for through the Expense Budget in the form of debt service payments. As of May, the Mayor’s Office of Management and Budget expects the City’s annual borrowing to average \$9 billion and peak in FY 2025 at \$10.9 billion. This represents an average annual growth rate of 24 percent compared to debt outstanding and annual debt

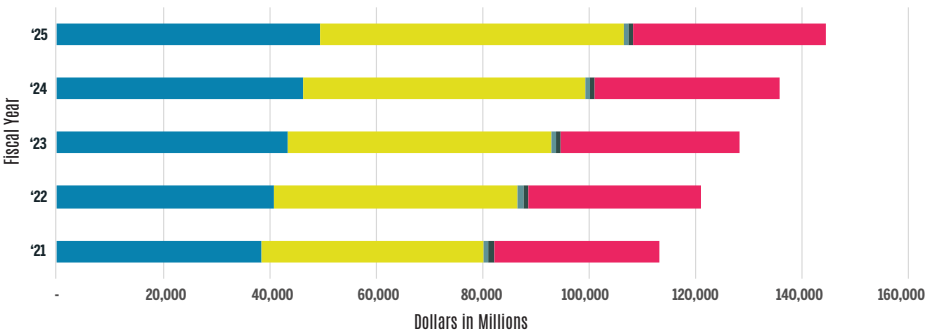
service costs’ respective growth rates of 7 and 10 percent.<sup>1</sup>

Measuring affordability, debt service<sup>2</sup> is forecasted to average 8 percent of total revenue and 12 percent of total tax revenue between FYs 2021-25, which is well below the 10 and 15 percent thresholds of fiscal stress.

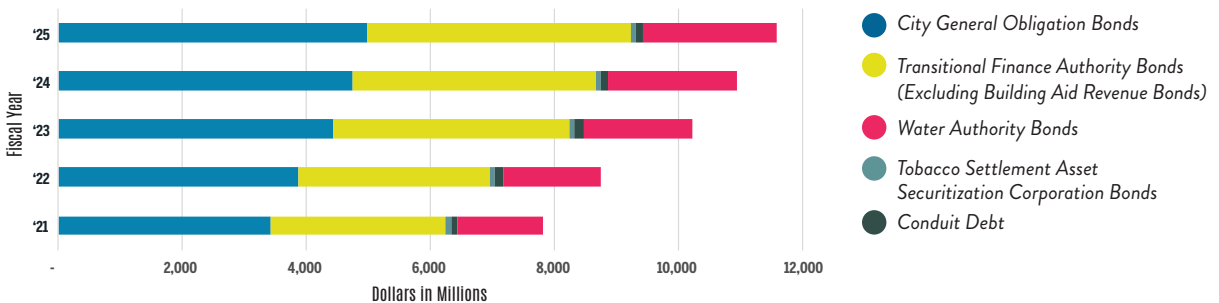
**FINANCING PROGRAM**



**DEBT OUTSTANDING AT YEAR END**



**ANNUAL DEBT SERVICE COSTS BEFORE PREPAYMENTS**



<sup>1</sup> Bond issuance, debt service and debt outstanding include General Obligation (GO) and Transitional Finance Authority Future Tax Secured (TFA FTS) Bonds. Building Aid Revenue Bonds (BARBs), Tobacco Settlement Asset Securitization Corporation (TSASC) Bonds and conduit debt are not subject to the general debt limit. New York City Municipal Water Finance Authority (NYW) Bonds fund the Department of Environmental Protection’s capital projects, but are not included in gross debt and are supported by water and sewer user fees.

<sup>2</sup> Debt service includes GO Bonds, TFA FTS Bonds and conduit debt. While not subject to the general debt limit, conduit debt is included in the City’s gross debt.



# 100 YEARS

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*The New York Building Congress, a broad-based membership association celebrating its 100th year, is committed to promoting the growth and success of the construction industry in New York City and its environs.*

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