

# REAL ESTATE WEEKLY

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## Construction & Design

# de Blasio earmarks \$42B for infrastructure

According to a Building Congress analysis of its Fiscal Year 2016 Executive Budget, the de Blasio administration commits \$42 billion to new infrastructure investments over the next four years, a significant increase over recent capital plans.

The budget reflects administration priorities in housing and neighborhood development, as well as strong investment in core functions including transportation, education, and the water and sewer system.

The Budget sets out a schedule of “commitments,” contracts that are officially registered with the Comptroller and ready to proceed to construction.

The schedule of commitments provides a broad picture of the types of projects that will get underway in the future.

The Budget also lays out a sched-

ule of “expenditures,” a forecast of the value of actual City spending for construction services during a given year.

The \$42 billion commitment plan is 16 percent, or almost \$7 billion, greater than last year’s Executive Budget commitment plan.

Expenditures dip slightly through 2017 as agencies were unable to finalize more than \$2.2 billion in commitments this year, meaning fewer projects will actually get underway in the short term. However, the City’s \$37.2 billion spending plan through 2019 is larger than last year’s four-year forecast by nearly \$1 billion.

The de Blasio Administration proposal addresses core capital priorities in 2016-2019:

- The School Construction Authority receives \$10.6 billion in com-

mitments in the coming four years, 2016-2019, and adds \$900 million in new commitments in 2015-2018.

- Housing Preservation and Development receives \$2.9 billion in 2016-2019, part of a ten-year, \$7.5 billion planned investment.

- The New York City Housing Authority budget swells to \$809 million in 2016-2019, a significant increase from \$43 million last year.

- The City commits \$6.6 billion to the Department of Transportation in the coming four years, focusing on resurfacing and reconstruction of City streets, enhancing funding for the Mayor’s Vision Zero program, and other major projects.

- Department of Environmental Protection (DEP) commitments increase to \$7.7 billion (adding \$1.2 billion between FYs 2015-2018 over last year’s budget).

- DEP will commit \$2 billion to sewers in the coming four years, much of which is dedicated to improving the sewer system in Southeast Queens and implementation of green infrastructure initiatives.

- The City also increases funding for the MTA to \$883 million over five years. Last year’s Executive Budget called for \$530 million in commitments over five years.

The City is continuing efforts to adopt more realistic agency capital planning.

In the past, commitments and spending have been weighted toward the first year or two, with declining investments appearing in later years of the budget. Many of the projects slated for years one and two do not actually get committed and are then “rolled” into the next year’s program.

More accurate forecasting of when projects will actually get committed will improve understanding of the City’s actual construction and spending needs.

The City also released a revised biennial Ten-Year Capital Strategy for 2016-2025.

The ten-year plan has grown substantially since the preliminary version released in February: up \$16 billion, or 24%, to \$83.8 billion, the Strategy fully reflects the Mayor’s priorities and new initiatives.

The increase is front-loaded, with three-quarters of the increase (\$12.2 billion) coming in the first five years of the plan (2016 through 2020).

Richard T. Anderson, President of the New York Building Congress, said, “This Capital budget clearly reflects de Blasio Administration

signature priorities like affordable housing and neighborhood reinvestment.

“But this budget also demonstrates the Mayor’s commitment to investing in other key priorities like the water and sewer system, schools, and transportation. This is an encouraging proposal and we hope it is fully implemented.”