NEW YORK CITY COMPTROLLER
BRAD LANDER

Annual Report on Capital Debt and Obligations

Fiscal Year 2025

BUREAU OF PUBLIC FINANCE

November 29, 2024

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THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

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November 29, 2024

Dear New Yorkers,

I am pleased to release my office's Annual Report on Capital Debt and Obligations for Fiscal Year 2025, part of our commitment to help ensure New York City's long-term thriving is focusing on the soundness of our infrastructure and our finances.

City capital dollars build the school buildings where our kids are educated, the tunnels that bring us clean water, our public parks, libraries and hospitals, affordable housing for families, the space and technology needed for our municipal government and courts, and the roads and bridges that New Yorkers rely on every day.

The vast majority of the funding of capital assets comes through the City of New York's municipal bond program administered by the Comptroller's Office and the Mayor's Office of Management and Budget, but a share of our capital funding also comes from the State and Federal governments.

Earlier this month, my office published a first assessment of the risks posed to New York City by the Trump Administration. These include potential cuts to federal funding for housing, transportation, infrastructure, and climate protection. While the City may not be able to fill all the funding gaps with its own debt, it is now more crucial than ever that the capital program is managed to provide the capacity and the flexibility to address the most pressing priorities.

Since the release of last year's report the New York State budget for Fiscal Year 2025, which was enacted in April 2024, amended the Transitional Finance Authority (TFA) Act to increase the amount of Future Tax Secured (FTS) bonds not subject to the City's constitutional debt limit by $8.0 billion beginning on July 1, 2024, and by an additional $6.0 billion beginning on July 1, 2025, for a total of $14.0 billion of additional debt-incurring capacity. In the lead up to the passage of the amendment, my office published a Debt Affordability Study and evaluated the increase in debt-incurring capacity against the City's capital needs, and debt affordability. Our analysis found that the increase in the City's constitutional debt limit was adequate to accommodate planned capital investments without breaching affordability thresholds.

This year's report examines and evaluates how much debt is outstanding, how much borrowing capacity remains available, how the City compares to other U.S. cities, and the affordability of debt service. Some of its key findings are:

- The City had $41.0 billion of debt-incurring power as of July 1, 2024. Despite the $14.0 billion increase in borrowing capacity, debt-incurring power is projected to drop to $33.2 billion by July 1, 2027.
- Debt service as a percentage of City tax revenues was 10.6 percent in Fiscal year 2024, essentially unchanged from the previous year and well below the 15.0 percent ceiling that the City uses to evaluate debt affordability. Under conservative assumptions, future capital spending is expected to push debt service closer to the policy ceiling without exceeding it.
- The City's credit rating remains strong. NYC's debt burden is relatively high compared to U.S. peer cities, but not unreasonably so when viewed in context. Rating agencies have maintained NYC's General Obligation bond rating at Aa2 (Moody's), AA (S&P and Fitch), and AA+ (Kroll). The rating agencies continue to cite the City's large and diverse economy, strong financial management, and liquidity among positive credit attributes that support GO ratings. Changes to rating criteria over the last year can be found in my office's economic newsletters published in March, September, and October of this year.

Though the coming year is not free of risks, especially those stemming from policy changes enacted by the incoming Federal Administration, I am proud to report that our City capital budget and debt obligations are on sound fiscal footing and put us in a strong position to face the challenges ahead.

Brad

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I. Executive Summary

The City of New York (the "City") utilizes long-term debt to finance capital projects including its schools, water supply and sewers, affordable housing, transportation, public safety and justice facilities, parks, libraries, technology, and other infrastructure projects. The City can incur debt, subject to certain exclusions, only up to a limit that is set in the New York State Constitution. In accordance with Section 232 of the City Charter, the City Comptroller is required to report the amount of debt the City may incur within the limit during the current Fiscal Year and each of the three succeeding Fiscal Years.[1] As in previous years, this report provides a comprehensive overview of the City's debt, of its debt-incurring capacity, and affordability indicators, both over time and compared with a group of other U.S. cities.

Key Findings

- As of the start of Fiscal Year 2025, the amount of outstanding City debt counted against the Constitutional limit[2] was $41.0 billion below the limit of $136.8 billion (i.e., debt-incurring capacity of approximately 29.9 percent of the limit). Even though the City's indebtedness is projected to grow faster than the debt limit, a combination of the new Transitional Finance Authority (TFA) Act statutory exemption and growth in the General Debt Limit results in the City's projected remaining debt-incurring power to be $33.2 billion as of July 1, 2027. Table 1 below, drafted in accordance with Section 232 of the City Charter, provides the full projection.

- The analysis of historical capital commitments included in this report suggests that the City could meet and exceed the targets set by the September Capital Commitment Plan, an improvement in the City's efforts to accurately project and achieve Capital Commitment Plan targets.

- The share of tax revenues dedicated to debt service fell slightly from 10.7 percent in Fiscal Year 2023 to 10.6 percent in Fiscal Year 2024, well below the 15.0 percent ceiling used to

[1] The City may issue long-term debt only for capital purposes (assets with useful lives of at least three years for certain technology purposes or five years or greater for other purposes, and a value equal to or greater than $50,000, as established in Comptroller's Office Directive #10, to finance certain pollution remediation costs pursuant to a 2010 amendment to the Financial Emergency Act, and to provide capital grants to other entities such as the Metropolitan Transportation Authority (MTA). A minimum useful life of three years for certain information technology projects became effective July 1, 2019. On July 1, 2020, the minimum cost of a capital-eligible project rose to $50,000 from $35,000.

[2] New York City's statutory debt limit is set by the New York State Constitution. The City is permitted to incur indebtedness up to a maximum tied by the State Constitution to a fraction of the value of the real estate in New York City. Indebtedness is incurred at the time encumbrances are made against contracts for capital assets registered by the Office of the Comptroller, without regard to their future financing through the issuance of bonds. Certain entities aside from the City issue debt to finance capital programs for the City. While the City may pay a certain portion of these debts, they are not counted towards the City's statutory debt limit.

evaluate affordability as articulated in the City's Debt Management Policy. Based on budget assumptions from the Fiscal Year 2025 Adopted Budget released in June 2024, the Office of the Comptroller's tax revenue projections published in August, and using conservative interest rate assumption for future debt issuance, the share is projected to reach approximately 13.9 percent by Fiscal Year 2034.

- New York City's debt burden is relatively high compared to U.S. peer cities, but not unreasonably so when viewed in context. While debt per capita and relative to taxable value is well above those of the City's peer group, debt outstanding as a percentage of personal income and debt burden as a percent of revenues is much closer to the average. The City should also be viewed as an essential leader of the global economy with economic strengths that flourish in a high-density environment, which drives the need for greater infrastructure and debt financing.

- The City's credit ratings remain strong. In Fiscal Year 2024, Moody's Investors Service maintained the City's General Obligation (GO) bond rating at Aa2. Standard and Poor's Global Ratings (S&P) maintained its rating of the City's GO bonds at AA. Fitch Ratings (Fitch) maintained its rating of GO bonds to AA. Kroll Bond Rating Agency (Kroll) rated the City's GO bonds AA+.

- The report analyzes the City's remaining debt-incurring power and debt affordability metrics using the Office of the Comptroller's debt limit (which is calculated via a formula based on the value of the city's real property), revenue, and borrowing projections through Fiscal Year 2033. The "achievement scenarios" used in the analysis are based on additional commitments beyond those set forth in the Fiscal Year 2025 September Capital Commitment Plan (September Capital Commitment Plan). The analysis shows:
    - The City's remaining debt-incurring power is expected to reach a low point of $8.3 billion in Fiscal Year 2031 before increasing slightly in subsequent years to $11.1 billion at the end of Fiscal Year 2034. While there is some cushion to absorb additional commitments, if actual commitments outperform projections by 10 percent on average, the City could breach the debt limit in Fiscal Year 2031.
    - Debt service as a share of tax revenues is projected to reach a maximum of 14.3 percent in Fiscal Year 2034. However, if actual commitments exceed planned targets by more than 10 percent, or if tax revenues beyond Fiscal Year 2028 grow at 2.75 percent versus the assumed 4.0 percent, debt service as a share of tax revenues could breach the City's 15.0 percent policy threshold as early as Fiscal Year 2032.

Table 1. Projected NYC Debt-Incurring Power as of July 1st

Date	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Fiscal Year ($ in billions)	**2025**	**2026**	**2027**	**2028**
Gross Statutory Debt-Incurring Power [a]	**$136.8**	**$140.0**	**$148.0**	**$153.2**
General Obligation (GO) Bonds Outstanding as of July 1, 2024 plus projected bond issuance (net) [b]	$41.6	$45.7	$49.0	$52.9
Less: Appropriations for GO Principal	($2.4)	($2.4)	($2.4)	($2.5)
Less: Excluded Debt	($0.0)	($0.0)	($0.0)	($0.0)
Plus: Incremental TFA Bonds Outstanding Above Statutory Exemption [c]	$28.2	$26.5	$30.4	$34.7
Net Funded Debt Against the Limit	**$67.3**	**$69.7**	**$76.9**	**$85.1**
Plus: Contract and Other Liability	**$28.5**	**$29.7**	**$33.1**	**$34.9**
Total Projected Indebtedness Against the Limit	**$95.8**	**$99.4**	**$110.1**	**$120.0**
Remaining Debt-Incurring Power within General Limit	**$41.0**	**$40.5**	**$38.0**	**$33.2**
Remaining Debt-Incurring Power (%)	**29.9%**	**29.0%**	**25.7%**	**21.7%**

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget.

Note: The Statement of Debt Affordability published by OMB in April 2024 presents data for the last day of each Fiscal Year which is June 30th instead. The City's Statement of Debt Affordability Statement forecasts remaining debt-incurring power is projected to be $27.96 billion at the end of Fiscal Year 2025.

a New York City Office of the Comptroller's projections as of the Fiscal Year 2025 Adopted Budget

b Net adjusted for Original Issue Discount, GO bonds issued for the water and sewer system and Business Improvement District debt.

c In April 2024, the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit from $13.5 billion to $21.5 billion beginning on July 1, 2024, and $27.5 billion beginning on July 1, 2025.

This report is organized as follows:

Section II contains an overview of the debt issued directly by the City or on behalf of the City through public benefit corporations or authorities.

Section III provides a description of the City's general debt limit and estimates of its remaining debt-incurring power. Particular attention is given to the projection of Special Equalization Ratios, which are crucial parameters calculated by the New York State Office of Property Tax Services (ORPTS) that the Office of the Comptroller has studied extensively. This section provides estimates of debt-incurring power at the beginning of the Fiscal Year through 2028 and at the end of the Fiscal Year through 2033.

Section IV presents a description of the City's Fiscal Year 2025 September Capital Commitment Plan and provides a projection based on historical trends of the variance between target and actual commitments. The projected variance provides the basis for the achievement rate analysis that follows in Section V.

Section V presents measures and scenarios to assess the size of the City's debt burden and its affordability. Several debt affordability measures are summarized and a comparison of New York City to other selected jurisdictions is provided.

II. Profile of New York City Debt

Debt to support New York City's capital program is issued directly by the City, or on its behalf, through several different debt-issuing entities. This debt (Gross NYC debt) is used to finance the City's capital projects and includes the City's General Obligation (GO) bonds, NYC Transitional Finance Authority (TFA) Future Tax Secured bonds (TFA FTS) and TFA Building Aid Revenue Bonds (TFA BARBs), TSASC Inc. bonds, and other conduit issuers included in the Capital Lease Obligations and Other category (see Table 2). While New York City Municipal Water Finance Authority (NYW) bonds also fund City capital projects, they are not included in Gross NYC debt as they are paid for through charges for water and sewer service set and billed by the NYC Water Board.

In the 1980s, Gross NYC debt grew at an average annual rate of 4.5 percent. During the 1990s, it increased by 6.4 percent annually. The substantial increase during the 1990s resulted mainly from the rehabilitation of facilities that were neglected during the 1970s fiscal crisis. Gross debt outstanding grew at a rate of 4.0 percent per year from Fiscal Year 2000 to Fiscal Year 2024. The Fiscal Year 2025 Adopted Budget and Financial Plan show average annual growth of approximately 6.9 percent through Fiscal Year 2028. Growth rates are expected to change as more detailed information about funding needs becomes available and the Financial Plan gets updated throughout the Fiscal Year.

Composition of Debt

The City issues debt to finance or refinance its capital program primarily through GO and TFA FTS bonds which accounted for 40.1 percent and 48.0 percent of total debt outstanding, respectively at the end of Fiscal Year 2024 (Table 2). Although the City did not issue TFA BARBs for new capital projects in Fiscal Year 2024, TFA BARBs accounted for 7.4 percent of total debt outstanding at the end of Fiscal Year 2024.

Each of the City's credits are secured by sources of revenue to pay debt service, with residual amounts being remitted to the City's General fund. GO debt service is backed by the full faith and credit of the City and is paid with Property Tax revenues from the General Debt Service Fund before remittance of the residual to the General Fund. TFA FTS debt service is paid from Personal Income Tax and, if insufficient, Sales Tax before remittance of the residual to the General Fund. To date, Sales Tax transfers have never been required to pay debt service. TFA BARBs debt service is paid from State Building Aid which is appropriated annually and paid by New York State to the TFA before being available to be remitted to the General Fund.

Tax-exempt debt accounted for approximately 81.2 percent of the Gross NYC debt outstanding at the end of Fiscal Year 2024. Taxable debt is issued for projects that have a public purpose but are ineligible for Federal tax exemption, such as housing loan programs, and represents 18.8 percent of Gross NYC debt outstanding at the end of Fiscal Year 2024.

At the end of Fiscal Year 2024 fixed rate debt accounted for approximately $96.6 billion, which represents approximately 92.8 percent of Gross NYC debt outstanding. To diversify interest rate risk and to broaden the investor base, New York City periodically issues variable rate debt. At the end of Fiscal Year 2024, variable debt accounted for $7.5 billion, which represents approximately 7.2 percent of Gross NYC bonds outstanding. Most Gross NYC bonds outstanding are in the form of GO and TFA FTS bonds.

GO bonds and TFA FTS bonds outstanding above $13.5 billion (as of the end of Fiscal year 2024) are the largest components of indebtedness under the general debt limit. In April 2024, the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit to $21.5 billion beginning on July 1, 2024, and to $27.5 billion beginning on July 1, 2025. TFA BARBs, TSASC Inc. debt, and GASB 87 capital lease obligations and lease-purchase/conduit debt are not subject to the general debt limit.

Table 2. Gross NYC Bonds Outstanding as of June 30, 2024

($ in millions)	GO Bonds	TFA FTS	TFA BARBs	TSASC Inc.	Conduit Debt Issuers[a]	Gross Debt Outstanding	GASB 87 Capital Lease Obligations[b]
Tax-Exempt							
Fixed Rate	$29,038	$36,468	$6,952	$909	$3,602	$76,972	$0
Variable	4,509[c]	2,762[c]	0	0	233[c]	7,504	0
Subtotal	$33,548	$39,230	$6,952	$909	$3,834	$84,476	$0
Taxable							
Fixed Rate	$8,153[d]	$10,716[d]	$720[d]	$0	$0	$19,589	$12,734
Variable Rate	0	0	0	0	0	0	0
Subtotal	$8,153	$10,716	$720	$0	$0	$19,589	$12,734
Total	$41,701	$49,946	$7,672	$909	$3,834	$104,063	$12,734
Percent of Total	40.1%	48.0%	7.4%	0.9%	3.7%	100.0%	N/A

Source: Annual Comprehensive Financial Report of the Comptroller for the Fiscal Year Ended June 30, 2024.

[a] Includes $2.552 billion of Hudson Yards Infrastructure Corporation (HYIC) bonds, $541 million of DASNY bonds related to court facilities, health facilities and community college facilities, $408 million Health and Hospital bonds, $282 million of ECF bonds, $47 million IDA bonds and $4 million of tax lien securities.

[b] Includes GASB 87 capital lease obligations of $12.7 billion that are reflected in the table to comply with accounting reporting requirements. There are no bonds associated with the figure shown above.

[c] Interest rates on variable rate debt are reset on a daily, weekly, or other periodic basis.

[d] NYC GO taxable bond debt includes Build America Bonds (BABs). The TFA FTS and TFA BARBs taxable fixed rate debt includes BABs and Qualified School Construction Bonds (QSCBs). BABs and QSCBs are taxable bonds that were created under the American Recovery and Reinvestment Act of 2009 where the City of TFA receive cash subsidy from the United States Treasury to pay bond interest. These subsidies fluctuate each year due to changes in the amount of bonds outstanding and changes to the discounted rate from federal budget sequestration.

General Obligation Debt

The use of General Obligation debt, which is backed by the faith and credit of the City of New York, increased slightly in Fiscal Year 2024 from Fiscal Year 2023. As of June 30, 2024, GO debt totaled $41.7 billion and accounted for 40.1 percent of Gross NYC debt outstanding, relatively unchanged from its share of total debt outstanding at the conclusion of Fiscal Year 2023.

Debt service for GO bonds is paid from real property taxes which are deposited with and retained by the State Comptroller into the General Debt Service Fund under a statutory formula for the payment of debt service. This "lock-box" mechanism assures that debt service obligations are satisfied before property tax revenues are released to the City's General Fund.

During Fiscal Year 2024, the City issued $4.4 billion of GO bonds, of which $4.2 billion were issued to raise proceeds for the City's capital needs and $180 million were refunding bonds that generated savings over the life of the bonds. In addition, $551 million of GO bonds were converted from variable-rate to the fixed-rate interest mode.

A total of $2.5 billion of GO bonds matured during Fiscal Year 2024. GO debt outstanding was approximately $1.6 billion higher at the end of Fiscal Year 2024 than at the end of Fiscal Year 2023.[3]

Transitional Finance Authority Debt

The Transitional Finance Authority (TFA) was created as a public benefit corporation in 1997 with the power and authorization to issue bonds up to an initial limit of $7.5 billion, but after several legislative changes the limit was increased to $13.5 billion. This borrowing does not count against the City's general debt limit. The City exhausted the $13.5 billion limit in Fiscal Year 2007. In July 2009, the State Legislature authorized TFA to issue FTS bonds beyond the $13.5 billion limit, with the additional borrowing subject to the City's general debt limit. Thus, the incremental TFA debt issued in Fiscal Year 2010 and beyond, to the extent the amount outstanding exceeds $13.5 billion, has been combined with City GO debt when calculating the City's indebtedness within the debt limit.

In April 2024 the TFA Act was again amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's general debt limit to $21.5 billion beginning on July 1, 2024, and $27.5 billion on July 1, 2025. Starting July 1, 2024, these new thresholds are considered when calculating the City's indebtedness within the debt limit.

The TFA issues two different types of debt — Future Tax Secured (FTS) bonds, which are payable from Tax Revenues, which consist of Personal Income Tax Revenues and Sales Tax Revenues (if necessary), and Building Aid Revenue Bonds (BARBs), which are paid by State Building Aid, which is appropriated annually and paid by New York State.

At the close of Fiscal Year 2024, TFA FTS and TFA BARBs debt totaled approximately $57.6 billion, comprised of approximately $49.9 billion of FTS debt and approximately $7.7 billion of BARBs debt, an increase of more than 7.5 percent from the close of the prior Fiscal Year. The total share of TFA debt as a percentage of Gross NYC debt outstanding increased from 54.6 percent at the end of Fiscal Year 2023 to 55.4 percent at the end of Fiscal Year 2024.

During Fiscal Year 2024, the TFA issued $7.6 billion of TFA FTS bonds, of which $6.1 billion were issued to raise proceeds for the City's capital needs and $1.4 billion were refunding bonds that generated savings over the life of the bonds. In addition, $75 million of TFA FTS bonds were converted between modes. The TFA did not have any TFA BARBs financing activity during Fiscal Year 2024. During Fiscal Year 2024 a total of $1.9 billion TFA bonds matured consisting of $1.7 billion TFA FTS bonds and $207 million of TFA BARBs. Total TFA debt outstanding was

[3] Source: Annual Comprehensive Financial Report of the Office of the Comptroller for the Fiscal Year Ended June 30, 2024

approximately $4.1 billion higher at the end of Fiscal Year 2024 than at the end of Fiscal Year 2023.[4]

Debt Not Subject to the General Debt Limit

TFA BARBs

In April 2006, the State Legislature authorized the TFA to issue up to $9.4 billion of outstanding BARBs. This debt is used to finance a portion of the City's five-year educational facilities capital plan and is excluded from the calculation of the City's debt counted against the debt limit.

There was no TFA BARBs financing activity in Fiscal Year 2024 and as of June 30, 2024, TFA BARBs debt outstanding totaled $7.7 billion. There are currently no plans for future issuance of TFA BARBs to raise proceeds for new capital needs. The Mayor, in concert with the New York City Comptroller's Office, retains discretion with regard to the specific amount of annual TFA BARBs borrowing subject to statutory and indenture limitations.

TSASC Inc.

TSASC Inc. is a local development corporation created under and subject to the provisions of the Not-for-Profit Corporation Law of the State of New York. TSASC Inc. bonds are secured by tobacco settlement revenues (TSR) as described in the Master Settlement Agreement among 46 states, six jurisdictions, and the major tobacco companies. In January 2017, TSASC Inc. refinanced all bonds issued under the Amended and Restated 2006 Indenture. The refunding bond structure continues to allow the TSRs to flow to both TSASC Inc. and the City, with 37.4 percent of the TSRs pledged (Pledged TSRs) to TSASC bondholders, and the remainder (Unpledged TSRs) going into the City's General Fund. TSASC Inc. debt is excluded from the calculation of the City's debt counted against the debt limit.

According to a voluntary Electronic Municipal Market Access (EMMA) filing dated April 30, 2024, TSASC Inc. stated that based on Pledged TSRs received TSASC Inc. projects it will be required to draw upon its Subordinate Liquidity Reserve Account to make debt service payments due on December 1, 2024. Based on projections in its adopted Fiscal Year 2025 Budget, TSASC Inc. projects it will be unable to support its subordinate debt service requirements starting June 1, 2025. On November 14, 2024, TSASC, Inc.'s Board of Directors authorized TSASC, Inc. to enter into a Security Agreement, which authorizes Unpledged TSRs to provide additional credit support for debt service payments.

There was no TSASC Inc. financing activity in Fiscal Year 2024 and as of June 30, 2024, TSASC Inc. debt outstanding totaled $909 million, which represent a $29 million decrease from the end of

[4] TFA Fiscal Year 2024 Financial Statements

Fiscal Year 2023. There currently are no plans for future issuance of TSASC Inc. bonds to raise proceeds for new capital needs.

GASB 87 Capital Lease and Other Obligations

Capital Lease and Other Obligations totaled $16.6 billion as of June 30, 2024. The GASB 87 capital lease component of this total is $12.7 billion and other amounts included in the total are as follows: $541 million of DASNY bonds related to court facilities, health facilities and community college facilities, $408 million NYC Health and Hospital bonds, $282 million of ECF bonds, $47 million IDA bonds, $4 million of tax lien securities and $2.6 billion of Hudson Yards Infrastructure Corporation bonds.

Hudson Yards Infrastructure Corporation

The Hudson Yards Infrastructure Corporation (HYIC) is a not-for-profit local development corporation formed in July 2004 to finance development in the Hudson Yards district of Manhattan — primarily the extension of the Number 7 subway line westward to 11th Avenue and 34th Street, which began operations in September 2015. No Interest Support Payments were made by the City to HYIC in Fiscal Year 2024 nor are any planned for in the future. In August 2018, however, the City Council passed a resolution authorizing the issuance of up to $500 million in additional HYIC debt to fund Phase 2 of the Hudson Boulevard expansion and related park and infrastructure improvements from West 36th Street to West 39th Street in the Hudson Yards Financing district.

As of June 30, 2024, HYIC had $2.55 billion in debt outstanding which consists of $2.46 billion of fixed rate bonds and $90 million which has been drawn upon from a loan facility agreement, which provides $380 million of financing capacity.

Other Issuing Entities

In addition to the financing mechanisms cited above, several independent entities issue bonds to finance infrastructure projects in the City and throughout the metropolitan area. The two largest issuers are NYC Municipal Water Finance Authority (NYW) and the New York State Metropolitan Transportation Authority (MTA). Bond proceeds from these entities are used to support capital projects that serve NYC residents. The outstanding indebtedness of these two authorities is summarized in Tables 3 and 4.

New York City Municipal Water Finance Authority

Created by State law in 1984, NYW's purpose is to finance the capital needs and provide funding for the City's water and sewer system which is operated by the New York City Department of Environmental Protection (DEP). Examples of such projects are the construction, maintenance and repair of sewers, water mains, and water pollution control plants. Avoiding the need to build water filtration plants for upstate watersheds continues to be a high priority for DEP. Land acquisition strategies along with conservation-focused local development help the goal of preserving water quality.

Capital commitments, and by extension, projected borrowing continues to be a driver of water and sewer rate increases over the Financial Plan period. Based on the Fiscal Year 2025 September Capital Commitment Plan, DEP's Fiscal Year 2025 though fiscal 2028 Four-Year Capital Program assumes an average annual cash funding need of approximately $2.7 billion planned average annual authorized City-funds commitment level is approximately $3.0 billion over the same period.

Additionally, the recent re-introduction of the Base Rental Payment will impact water and sewer rates for the foreseeable future. In Fiscal Year 2024, the City requested a base rental payment of $145 million, which represents approximately one half of the maximum annual rental payment. The City's Fiscal Year 2025 Adopted Budget and June Financial Plan reflects the intent to request the annual base rental payment. Projected base rental payments in Fiscal Year 2025 through 2028 are $295 million, $313 million, $325 million and $369 million, respectively. Base rental payments are subordinate to required daily deposits for Authority expenses, NYW debt service payments, Water Board expenses, and the City's water and sewer system's operation and maintenance expenses.

As shown in Table 3, NYW had $32.6 billion in debt outstanding as of June 30, 2024, an increase of $322 million, or approximately 1.0 percent, from Fiscal Year 2023. Debt issued by NYW is supported by fees and charges for the use of services provided by the system.

Table 3. NYW Debt Outstanding as of June 30, 2024

($ in millions)	Tax Exempt and Taxable
Fixed Rate	$28,703
Variable Rate	3,861
Bond Anticipation Notes	11
Total	$32,575

Source: NYW Fiscal Year 2024 Financial Statements

The Metropolitan Transportation Authority

The MTA, a State controlled authority, is composed of six major agencies providing transportation throughout the metropolitan area. The MTA is responsible for the maintenance and operation of the New York City Transit bus and subway system as well as the Long Island and Metro-North Railroads and various bridges and tunnels.

Debt issued to fund the MTA's capital program is secured by several revenue sources: revenues from system operations, surplus MTA Bridges and Tunnels revenue, State and local government funding, and certain taxes imposed in the metropolitan commuter transportation mobility tax district, which includes the counties of New York, Bronx, Kings, Queens, Richmond, Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester.

In September 2024 the MTA adopted its 2025-2029 Capital Plan which totals $68.4 billion over the next five years. In 2019, the State enacted the MTA Reform and Traffic Mobility Act, which states that the MTA's Triborough Bridge and Tunnel Authority needs to design, develop, build, and run the Central Business District (CBD) Tolling Program (also known as Congestion Pricing). The CBD Tolling Program along with the 2019 Real Estate Transfer Tax and Internet Sales Taxes aim to provide a stable and recurring source of support to finance the MTA's capital program needs. These initiatives were expected to fund approximately $25.0 billion of capital projects over the 2020-2024 Capital Plan period and subsequent capital programs, including the 2025-2029 Capital Plan.

The implementation of the CBD Tolling Program, which is projected to generate revenue to support $15.0 billion of funding for the MTA Capital Program, was paused in early June, just weeks before it was scheduled to go into effect on June 30, 2024. On November 14, the New York State Governor announced a plan to start the CBD Tolling Program on January 5, 2025. The plan was approved by the MTA board on November 18, 2024, and by the Federal Highway Administration on November 22, 2024.

As shown in Table 4, on September 13, 2024, just prior to the release of the 2025-2029 Capital Plan, the MTA had $47.8 billion of debt outstanding.

Table 4. MTA Debt Outstanding as of September 13, 2024

($ in millions)	Tax Exempt and Taxable
Fixed Rate	**$45,099**
Variable Rate [a]	**2,726**
Total	**$47,825**

Source: Metropolitan Transportation Authority "Summary of Debt Outstanding" dated September 13, 2024
(a) Variable rate included $1.90 billion of synthetic fixed rate bonds

New York City Health and Hospitals Corporation

New York City Health and Hospitals Corporation (NYCHH) has issued its own debt to fund capital improvements. These include the construction, renovation, improvement, and reconfiguration of NYCHH facilities and the acquisition and installation of machinery and equipment at NYCHH facilities. NYCHH debt is generally secured by all revenues, income, and receipts received by NYCHH, its providers, or HHC Capital with respect to the operation of the health system. A substantial portion of such monies are derived from Medicaid payments due to its providers. Of particular note, NYCHH bonds are secured by a reserve fund which, if unable to be replenished subsequent to a draw on NYCHH revenues, is to be replenished by City monies as certified by

NYCHH to the City, subject to City appropriation. To date, the City has not been called upon to make such a payment. As of June 30, 2024, NYCHH had $408 million of bonds outstanding.

Analysis of Principal and Interest among the Major NYC Issuers

The two major types of debt that finance City capital projects outside the water and sewer system are NYC GO and TFA FTS bonds. TSASC Inc. bonds and TFA BARBs are smaller components of debt outstanding and there are no plans for future issuance of either credit to raise proceeds for capital needs. As a result, any debt for new capital needs is expected to be a mix of GO and TFA FTS bonds. Combined debt outstanding for GO, TFA and TSASC Inc., by Fiscal Year, is shown in Table 5:

Table 5. Projected Combined NYC Debt Outstanding Fiscal Years 2024 through 2034

Projected Combined NYC Debt Outstanding for GO, TFA, and TSASC Inc., Fiscal Year 2024 – Fiscal Year 2034 ($ in millions)						
Fiscal Year End	GO	TFA-FTS	TFA-BARB	TSASC Inc.	Total	Percent Change
2024	$41,701	$49,946	$7,672	$909	$100,228	6.0%
2025	$45,750	$54,293	$7,456	$879	$108,377	8.1%
2026	$49,070	$58,227	$7,232	$854	$115,383	6.5%
2027	$53,002	$62,351	$6,821	$827	$123,001	6.6%
2028	$57,043	$66,475	$6,479	$800	$130,797	6.3%
2029	$61,351	$70,974	$6,134	$773	$139,232	6.5%
2030	$65,720	$75,260	$5,771	$744	$147,496	6.0%
2031	$69,548	$78,944	$5,290	$716	$154,499	4.8%
2032	$72,365	$81,811	$4,856	$689	$159,721	3.4%
2033	$74,511	$83,671	$4,403	$662	$163,246	2.2%
2034	$75,621	$84,498	$3,925	$635	$164,679	0.9%

Source: New York City Office of the Comptroller based on future borrowing assumptions from Fiscal Year 2025 Adopted Budget

Based on NYC Office of Management and Budget (OMB) forecasts, the debt outstanding is expected to grow at an annual average rate of 5.2 percent between Fiscal Year 2024 to Fiscal Year 2034, as shown in Table 5. Projected average annual growth rate in the first half of this Financial Plan period (Fiscal Year 2024 through Fiscal Year 2028) is approximately 6.7 percent and average annual growth beyond the Financial Plan period is approximately 3.9 percent. This bifurcation in growth is primarily due to relative uncertainty of capital project specifics in the later years. Projected rates of growth are likely to change as more detailed plans are formulated in the future.

Borrowing is projected to average $11.9 billion annually according to OMB's Fiscal Year 2025 to Fiscal Year 2034 capital cash flow estimates. This represents an increase of approximately $400 million annually from the Fiscal Year 2024 to Fiscal Year 2033 capital cash flow estimates projected in the Fiscal Year 2025 Adopted Budget.

The combined principal and interest composition for GO, TFA FTS, TFA BARBs and TSASC debt service is shown in Table 6:

Table 6. Estimated Principal and Interest Payments for GO, TFA FTS, TFA BARBs and TSASC Inc. as of June 30, 2024

($ in millions)	Estimated Principal					Estimated Interest					Estimated Total	Principal as Percent of Total
Fiscal Year	GO	TFA FTS	TFA BARBs	TSASC Inc.	Total Principal	GO	TFA FTS	TFA BARBs	TSASC Inc.	Total Interest	Debt Service	
2025	$2,452	$1,691	$216	$30	$4,389	$1,991	$2,330	$357	$45	$4,724	$9,114	48.2%
2026	$2,440	$1,864	$231	$25	$4,569	$2,245	$2,561	$349	$44	$5,198	$9,747	46.7%
2027	$2,428	$2,024	$318	$27	$4,796	$2,480	$2,814	$335	$43	$5,671	$10,468	45.8%
2028	$2,539	$2,329	$357	$27	$5,252	$2,741	$3,067	$317	$41	$6,167	$11,419	46.0%

Source: New York City Office of the Comptroller based on future borrowing assumptions from Fiscal Year 2025 Adopted Budget

Based on existing debt outstanding and projected borrowing assumptions in the Fiscal Year 2025 Adopted Budget, estimated principal payments in Fiscal Years 2025, 2026, 2027 and 2028 are $4.4 billion, $4.6 billion, $4.8 billion and $5.3 billion, respectively. Principal is estimated to be a 48.2 percent, 46.7 percent, 45.8 percent, and 46.0 percent share of debt service in Fiscal Years 2025, 2026, 2027 and 2028, respectively.

Fiscal Year 2024 Issuance

In Fiscal Year 2024, the City issued a combined nine GO and TFA FTS new money transactions, totaling $10.3 billion, which raised more than $11.1 billion for new money purposes to finance capital projects. The City also issued two refunding transactions that generated $179 million of debt service savings over the life of the bonds.

Finally, the City converted $551 million of GO bonds between variable and fixed rate interest modes and the TFA converted $75 million of TFA-FTS bonds between modes. The conversion did not generate proceeds for new capital projects and did not produce any savings or dissavings over the life of the bonds.

There was no TFA BARBs or TSASC Inc. financing activity in Fiscal Year 2024.

Fiscal Year 2024 Principal Outstanding and Amortization

GO debt outstanding totaled $41.7 billion at the end of Fiscal Year 2024. Of the debt outstanding, $20.8 billion, or approximately 50.0 percent, will mature over the next ten years.

TFA FTS and TFA BARBs debt outstanding totaled $57.3 billion in at the end of Fiscal Year 2024. Of the TFA debt currently outstanding, $23.9 billion, or approximately 41.7 percent, will mature over the next ten years.

Overall, $44.7 billion, or approximately 45.2 percent, of GO and TFA debt outstanding at the end of Fiscal Year 2024 is scheduled to amortize between Fiscal Year 2025 through and including Fiscal Year 2034, as shown in Table 7:

Table 7. Amortization of Principal GO, TFA and TSASC Inc. as of June 30, 2024 ($ in millions)

Fiscal Years	GO	TFA FTS	TFA BARBs	GO and TFA	Percent of Total	TSASC Inc.	Grand Total
2025-2034	$20,836	$20,205	$3,661	$44,701	45.2%	$274	$44,975
2035-2044	$14,232	$22,084	$3,474	$39,790	40.2%	$185	$39,975
2045 and after	$6,633	$7,387	$451	$14,471	14.6%	$450	$14,921
Total	**$41,701**	**$49,675**	**$7,586**	**$98,962**	**100.0%**	**$909**	**$99,871**

Source: Annual Comprehensive Financial Report of the Comptroller for the Fiscal Year Ended June 30, 2024, TFA Fiscal Year 2024 Financial Statements and TSASC Inc. Fiscal Year 2024 Financial Statements

III. Debt-Incurring Power

This section of the report provides a description of the City's general debt limit and estimates of its remaining debt-incurring power after the subtractions of indebtedness through Fiscal Year 2028. Pursuant to Section 135 of the NYS Local Finance Law, in general terms, indebtedness is defined as the sum of GO bonds, TFA Future Tax Secured bonds outstanding in excess of $21.5 billion (as of July 1, 2024), set to increase to $27.5 billion on July 1, 2025, and capital commitments entered into but not financed with bond proceeds.[5]

In conformance with Section 232 of the NYC Charter, the Comptroller's Office prepares a table (Table 1 in the Executive Summary and Table 9 below) detailing the City's debt- incurring power using the prescribed beginning-of-fiscal-year method. Within a Fiscal Year, this method results in the highest amount of debt-incurring power because it coincides with the timing of the appropriation of GO principal. For this reason, this section also provides estimates of debt-incurring power at the end of the fiscal Year, which generally marks the annual low point of debt-incurring power. The section also includes a projection of the City's remaining debt-incurring power margin through Fiscal Year 2033.

The General Debt Limit

The New York State Constitution, Article VIII, sets limits to the amount of indebtedness of local governments (counties, cities, towns, villages, and school districts). Because, unlike New York City, local governments generally rely on the property tax as their main source of tax revenue, the value of the real estate within their jurisdictions represents a measure of the capacity to repay debt. Debt limits are set as a percentage of the five-year rolling average of the "full valuation of taxable real estate" (FV). In New York City, FV is derived from two sources: the City's Department of Finance (DOF) Taxable Billable Assessed Value (TBAV) and the New York State Office of Real Property Tax Services (ORPTS) special equalization ratio. The formula is:

$$Full\ Valuation\ of\ Taxable\ Real\ Estate = \frac{Taxable\ Billable\ Assessed\ Value}{Special\ Equalization\ Ratio}$$

New York City's general debt limit (also referred to here as debt-incurring power) equals 10 percent of the five-year rolling average of FV. Because FV is an underestimate of the value of New York City real estate and because it disregards the City's diversified tax revenue structure, the

[5] In July 2009, the State Legislature authorized the issuance of TFA Future Tax Secured bonds above the $13.5 billion authorization, with the condition that this debt would be counted against the general debt limit. This was later statutorily increased to $21.5 billion and then $27.5 billion.

Constitutional debt limit does not fully reflect the City's ability to assume and service debt to finance capital assets.

The New York City Council determines ("fixes") the annual property tax rates upon approval of the City's budget, pursuant to section 1516 of the City Charter. The so-called "tax fixing" resolution contains the calculations for the debt limit effective in the upcoming Fiscal Year. Table 8 contains the data for Fiscal Year 2025.

Table 8. Calculation of the Fiscal Year 2025 General Debt Limit

Fiscal Year	Assessed Valuation of Taxable Real Property	Special Equalization Ratio	Full Valuation of Taxable Real Estate
2021	$271,688,749,747	0.2308	$1,177,160,960,776
2022	$257,560,316,555	0.2026	$1,271,275,007,675
2023	$275,614,595,502	0.2044	$1,348,408,001,478
2024	$287,719,502,079	0.1979	$1,453,863,072,658
2025	$300,109,002,061	0.1891	$1,587,038,614,812
5-Year Average Value			**$1,367,549,131,480**
10 Percent of the 5-Year Average			**$136,754,913,148**

Source: New York City Council Tax Fixing Resolution for FY 2025 p.5

Taxable Billable Assessed Value and Special Equalization Ratio

The Taxable Billable Assessed Value (TBAV) is determined by the City's Department of Finance (DOF) through the annual assessment process, which follows several steps, as determined by statute and outlined below:[6]

1. Classification of property into one of four classes.
2. Estimation of DOF market value.
3. Derivation of assessed values using assessment ratios.
4. Derivation of TBAV by applying assessed value caps, phase-ins, and exemptions.

[6] For an overview of the steps involved in the calculation process, see the Preliminary Report from the NYC Advisory Commission on Property Tax Reform.

NYC's DOF publishes a preliminary estimate of assessed values ("tentative assessment roll") for the following Fiscal Year in January and a final estimate ("final assessment roll") in May. In this report, the forecast of TBAV is based on the Fiscal Year 2025 final assessment roll and is consistent with the property tax revenue estimate published in Comments in NYC's FY 2025 Adopted Budget. A description of the methodology is included in the Appendix.

Under NYS Real Property Tax Law Article 12-A (sections 1250 through 1254), a special equalization ratio is required for cities with a population of 125,000 or more. As shown in Table 8, each year ORPTS publishes five ratios for the calculation of the debt limit. The ratios are based on the last completed assessment roll (e.g., for the Fiscal Year 2025 limit, this is the Fiscal Year 2024 assessment roll which was finalized in May 2023). This office has published an in-depth analysis of special equalization ratios, detailing how they are constructed and the resulting undervaluation of New York City taxable real estate.

The forecast of the debt limit relies on a forecast of TBAV and special equalization ratios and is described in the Appendix.

Remaining Debt-Incurring Power as of July 1st

Table 9 summarizes the projected change in the City's debt-incurring power, as of the beginning of Fiscal Years 2025 through 2028, as required by the City Charter. Based on the Office of the Comptroller's projections as of the Fiscal Year 2025 Adopted Budget, the City's Fiscal Year 2025 general debt-incurring power of $136.8 billion is projected to increase to $140.0 billion in Fiscal Year 2026, $148.0 billion in Fiscal Year 2027 and $153.2 billion in Fiscal Year 2028.

The City's indebtedness counted against the statutory debt limit is projected to grow from $95.8 billion at the beginning of Fiscal Year 2025 to $120.0 billion by the beginning of Fiscal Year 2028. In April 2024 the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit to $21.5 billion beginning on July 1, 2024, and $27.5 billion on July 1, 2025. Giving effect to the new TFA statutory exemptions the Office of the Comptroller projects remaining debt-incurring power of $33.2 billion on July 1, 2027.

Table 9. Projected NYC Debt-Incurring Power as of July 1st

Date	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Fiscal Year ($ in billions)	**2025**	**2026**	**2027**	**2028**
Gross Statutory Debt-Incurring Power [a]	**$136.8**	**$140.0**	**$148.0**	**$153.2**
General Obligations (GO) Bonds Outstanding as of July 1, 2024 plus projected bond issuance (net) [b]	$41.6	$45.7	$49.0	$52.9
Less: Appropriations for GO Principal	($2.4)	($2.4)	($2.4)	($2.5)
Less: Excluded Debt	($0.0)	($0.0)	($0.0)	($0.0)
Plus: Incremental TFA Bonds Outstanding Above Statutory Exemption [c]	$28.2	$26.5	$30.4	$34.7
Net Funded Debt Against the Limit	**$67.3**	**$69.7**	**$76.9**	**$85.1**
Plus: Contract and Other Liability	**$28.5**	**$29.7**	**$33.1**	**$34.9**
Total Projected Indebtedness Against the Limit	**$95.8**	**$99.4**	**$110.1**	**$120.0**
Remaining Debt-Incurring Power within General Limit	**$41.0**	**$40.5**	**$38.0**	**$33.2**
Remaining Debt-Incurring Power (%)	**29.9%**	**29.0%**	**25.7%**	**21.7%**

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget

a New York City Office of the Comptroller's projections as of the Fiscal Year 2025 Adopted Budget

b Net adjusted for Original Issue Discount, GO bonds issued for the water and sewer system and Business Improvement District debt.

c In April 2024 the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit from $13.5 billion to $21.5 billion beginning on July 1, 2024, and $27.5 billion beginning on July 1, 2025.

The City's remaining debt-incurring power, the difference between indebtedness (both contractual and funded by bond issuance) and the debt limit, is projected to decrease from $41.0 billion at the beginning of Fiscal Year 2025 to $33.2 billion at the beginning of Fiscal Year 2028. Remaining debt-incurring power as a percent of the debt limit is 29.9 percent on July 1, 2024, and is projected to decrease to 21.7 percent by July 1, 2027. Over this period, the debt limit is projected to grow at an average annual growth rate of 3.9 percent, while total indebtedness against the limit is projected to grow at an annual rate of 7.8 percent.

Remaining Debt-Incurring Power as of June 30th

At the beginning of a Fiscal Year, the remaining debt-incurring power reflects both changes in the debt limit and appropriations for GO principal. Over the course of the year, as capital contracts are entered into, the remaining debt-incurring power declines and reaches its minimum at the end of the Fiscal Year. Absent a decline in the debt limit, the remaining debt-incurring power increases at the beginning of the following year. Table 10 shows the projected debt-incurring power as of the end of the Fiscal Year through Fiscal Year 2028.

Using Office of the Comptroller's projections as of the Fiscal Year 2025 Adopted Budget, projected remaining debt-incurring margin is expected to decline to $20.7 billion by Fiscal Year 2028, or approximately 13.5 percent of the projected general debt limit. Again, the amount of debt-incurring power is buoyed by the increase of the TFA statutory exemption, which increases by $6.0 billion, to $27.5 billion on July 1, 2025.

Table 10. Projected NYC Debt-Incurring Power as of June 30th

Date	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028
Fiscal Year ($ in billions)	**2025**	**2026**	**2027**	**2028**
General Debt Limit[a] (a)	$136.8	$140.0	$148.0	$153.2
Net GO Bonds Outstanding[b]	$45.7	$49.0	$52.9	$57.0
Plus: TFA Bonds above Statutory Exemption[c]	$32.5	$30.4	$34.7	$39.0
Less: Excluded Debt	($0.0)	($0.0)	($0.0)	($0.0)
Debt Applicable to the Limit (b)	$78.1	$79.3	$87.6	$95.9
Contractual liability, land, and other liabilities (c)	$29.7	$33.1	$34.9	$36.6
Total Indebtedness (d) = (b) + (c)	$107.9	$112.5	$122.5	$132.5
Remaining Debt- Incurring Power (a) - (d)	$28.9	$27.5	$25.5	$20.7
As a % of the General Debt Limit	21.1%	19.6%	17.2%	13.5%

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget

a New York City Office of the Comptroller's projections as of the Fiscal Year 2025 Adopted Budget

b Net adjusted for Original Issue Discount, GO bonds issued for the water and sewer system and Business Improvement District debt.

c In April 2024 the TFA Act was amended to increase the total amount of TFA FTS bonds authorized to be outstanding above the City's debt limit from $13.5 billion to $21.5 billion beginning on July 1, 2024, and $27.5 billion beginning on July 1, 2025.

Debt-Incurring Power: June 30th and July 1st Comparison

Table 11 combines beginning- and end-of-Fiscal Year estimates to show how the remaining debt-incurring margin is depleted through the year by the issuance of debt and new contractual commitments that remain unfunded. For instance, in Fiscal Year 2025 the remaining debt-incurring power started at $41.0 billion and is projected to decline to $28.9 billion by June 30, 2025.

Additional debt-incurring power is created at the beginning of Fiscal Year 2026 by i) the increase of the debt limit from $136.8 billion to $140.0 billion, ii) by the appropriation of funds for the reimbursement of GO principal (the full amount of the appropriation, $2.5 billion in this case, reduces outstanding debt on July 1st , and iii) an additional $6.0 billion of TFA statutory exemption, per the amendment of the TFA Act. After July 1, 2025, there is no additional TFA statutory exemption granted to the City, therefore future debt-incurring power moving from June 30th to July 1st is a result of the increase of the debt limit and appropriation of funds for reimbursement of GO principal.

The Office of the Comptroller projects the increases in debt-incurring power at the beginning of the Fiscal Years are smaller than the additional indebtedness within each year. Therefore, the remaining debt-incurring power drops from Fiscal Year 2025 to Fiscal Year 2028.

Table 11. Comparison of Beginning-and End of Fiscal Year Estimates

Fiscal Year	2025			2026			2027			2028		
($ in billions)	Beg.	End	Change	Beg.	End	Change	Beg.	End	Change	Beg.	End	Change
Debt limit	$136.8	$136.8	$0.0	$140.0	$140.0	$0.0	$148.0	$148.0	$0.0	$153.2	$153.2	$0.0
Debt	$67.3	$78.1	$10.8	$69.7	$79.3	$9.7	$76.9	$87.6	$10.7	$85.1	$95.9	$10.8
Contracts not funded	$28.5	$29.7	$1.3	$29.7	$33.1	$3.4	$33.1	$34.9	$1.8	$34.9	$36.6	$1.7
Total Indebtedness	$95.8	$107.9	$12.1	$99.4	$112.5	$13.0	$110.1	$122.5	$12.5	$120.0	$132.5	$12.5
Remaining debt-incurring power	**$41.0**	**$28.9**	**($12.1)**	**$40.5**	**$27.5**	**($13.0)**	**$38.0**	**$25.5**	**($12.5)**	**$33.2**	**$20.7**	**($12.5)**

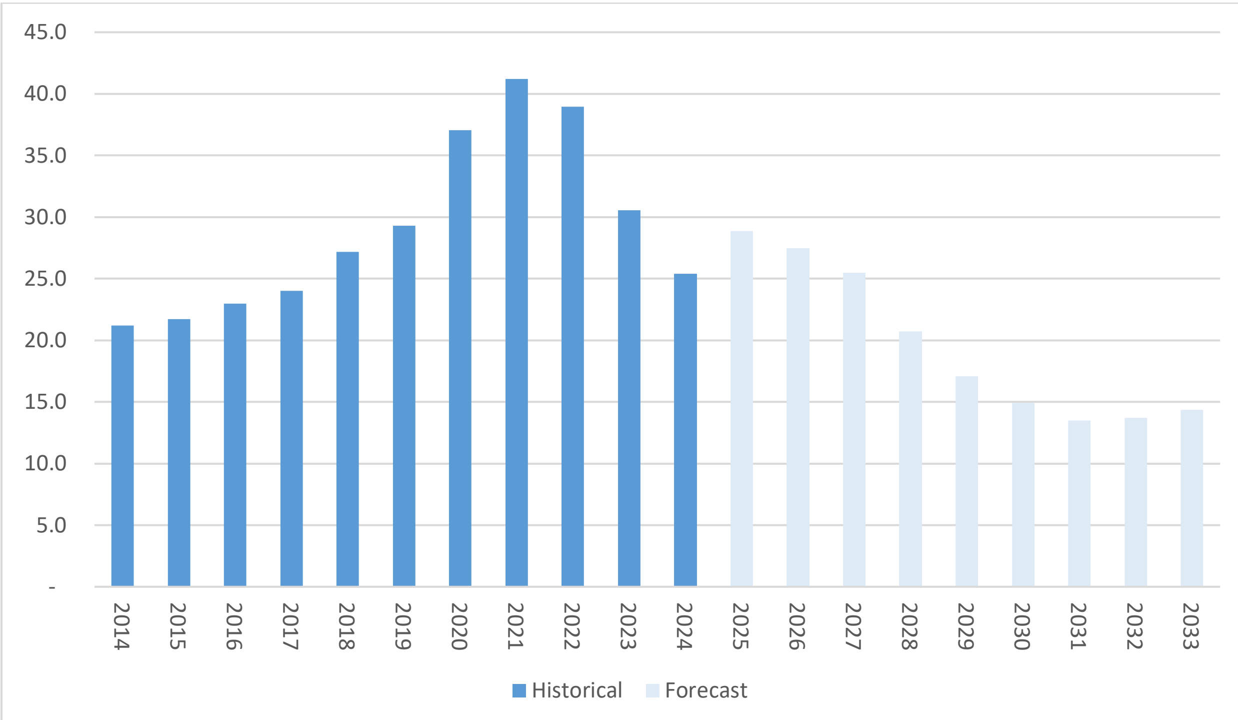
Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget

Chart 1 shows the Office of the Comptroller's projection of Fiscal Year-end debt-incurring margin through the end of Fiscal Year 2033. From the end of Fiscal Year 2024 the debt limit is projected to grow at an annual average rate of 3.7 percent through the end of Fiscal Year 2033. This rate is below the average annual growth rate of 5.2 percent observed between Fiscal Year 2014 and Fiscal Year 2024, and slightly above the annual growth rate of 3.1 percent observed since Fiscal Year 2020.

Assuming target commitments from the Fiscal Year 2025 Executive Capital Commitment Plan and debt issuance assumptions from the Fiscal Year 2025 Adopted Budget, remaining debt-incurring margin is projected to reach a low point of $13.5 billion at the end of Fiscal Year 2031 before slightly increasing the next two Fiscal Years to $14.4 billion at the end of Fiscal Year 2033. The estimates do not factor in offsets from the issuance of premium bonds nor the City's capacity to issue debt that is not counted toward the limit through various entities, both of which alleviate the erosion of the remaining debt-incurring power.

Chart 1. Historical and Projected Debt-Incurring Power as of June 30th

($ in billions)



Source: New York City Office of the Comptroller and select Capital Plan information from the Fiscal Year 2025 Adopted Budget released on June 30, 2024.

IV. Capital Commitments

Background

The Capital Commitment Plan published by NYC Office of Management and Budget is a compilation of estimated future contract registrations for all the City's new construction, physical improvements and equipment purchases that meet capital eligibility requirements. Capital commitments derive from awarded contracts registered with the Office of the Comptroller. Commitments increase indebtedness irrespective of whether expenditures are incurred, or bonds are issued to fund capital projects. This planning document serves as the foundation for the registration of contracts from which future capital expenditures occur. The City's Capital Commitment Plan is updated three times a year. The Adopted Capital Commitment Plan is typically released in September (referred to as the September Plan) with updates included with the Preliminary Budget (typically released in January) and the Executive Budget (typically released in April).

A capital commitment refers to a contract registration and does not represent a capital expenditure. Capital expenditures occur after a contract is registered, and the related spending against that contract can last several years. Capital expenditures are initially paid out of the General Fund and financing of capital projects takes place after spending occurs to reimburse the City's General Fund. The City does not finance individual projects in isolation, but rather finances portions of multiple projects simultaneously with each bond issuance.

Fiscal Year 2025 September Capital Commitment Plan

On September 30, 2024, the City released the Fiscal Year 2025 September Capital Commitment Plan that sets forth projected capital investments for the current and future Fiscal Years. The City-funded share of the Fiscal Year 2025 September Commitment Plan's authorized commitments over Fiscal Year 2025 through Fiscal Year 2028 totals $83.0 billion. This is a $8.5 billion increase from the Fiscal Year 2024 September Capital Commitment Plan. Non-City funding comes from state, federal, and private grants and accounts for only 4.2 percent of the total capital plan.

Five (of 10) programmatic areas comprise 69.0 percent of the City-funded plan, as shown below in Table 12. Education/CUNY related capital projects comprise 21.0 percent of the four-year plan, followed by Housing and Economic Development at 17.7 percent, Environmental Protection at 16.4 percent. Combined, these five areas account for $65.7 billion of the $83.0 billion authorized City-funded plan.

Table 12. September Capital Commitment Plan: Authorized City-Funded Capital Commitments, Fiscal Years 2025-2028

Categories	Total Committed ($ in millions)	Percent of Total
Education/CUNY	$17,406	21.0%
Housing & Economic Development	$14,712	17.7%
Environmental Protection*	$13,658	16.4%
Admin. Of Justice	$11,487	13.8%
DOT & Mass Transit	$8,469	10.2%
Other City Operations	$6,755	8.1%
Citywide Equipment	$4,967	6.0%
Parks	$3,230	3.9%
Hospitals	$1,877	2.3%
Computer Equipment	$481	0.6%
Total	$83,042	100.0%

Source: NYC Office of Management and Budget, Fiscal Year 2025 September Capital Commitment Plan.

Note: Projects that are funded through NYW and do not count towards the City's indebtedness.

Table 13 shows City-funded authorized commitments in the last four adopted plans, net of DEP commitments, which are funded through the City's Water Authority and therefore do not count against the City's indebtedness. Table 13 shows that in the current plan total authorized commitments, net of DEP, increased by $6.7 billion to $69.4 billion compared with the one year ago, a 10.0 percent increase. This marks a shift from the previous flat year-over-year trend in authorized commitments. Authorized commitments net of DEP, increased by just 1.0 percent between the Fiscal Year 2022 and Fiscal Year 2023 four-year plans and decreased by 4.0 percent between the Fiscal Year 2023 and Fiscal Year 2024 plans.

Table 13. Authorized Commitments, Net of DEP

September Capital Commitment Plan	Authorized Commitments ($ in billions)							
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
FY 2022-2025	$17.8	$17.5	$15.3	$13.9				$64.5
FY 2023-2026		$18.6	$18.8	$15.3	$12.3			$65.0
FY 2024-2027			$18.7	$16.8	$13.7	$13.5		$62.7
FY 2025-2028				$22.7	$17.0	$14.5	$15.2	$69.4

Source: NYC Office of Management and Budget

Note: Excludes non-city funded planned commitments.

In each year of the plan, the City sets a "reserve for unattained commitments," which assumes that projects will move more slowly than reflected in the plan, and therefore some authorized commitments will be pushed outside the plan's four-year window. These are known as "target commitments." City-funded commitments, after adjusting for the reserve for unattained commitments of $9.8 billion, total $73.2 billion from fiscal 2025 through Fiscal Year 2028 in the September Capital Commitment Plan.

Net of DEP, target City-funded commitments in the current plan total $61.2 billion, an increase of $5.9 billion from the previous adopted plan, as shown in Table 14. Net of DEP, the September Capital Commitment Plan projects an average of $18.3 billion per year in City-funded target commitments Fiscal Year 2025 through Fiscal Year 2028. This represents an increase of over $1.9 billion from the annual average in last year's September City-funds Plan of $16.4 billion. The City-funded portion of the Commitment Plan forecast, after the reserve for unattained capital commitments, is not front-loaded, with 24.6 percent of the commitments of the current four-year Plan scheduled in Fiscal Year 2025.[7]

[7] Plan number after Reserve for Unattained Commitments was used to derive this percentage.

Table 14. Target Commitments, Net of DEP

September Capital Commitment Plan	Target Commitments ($ in billions)							
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
FY 2022-2025	$11.6	$15.4	$15.4	$14.4				$56.8
FY 2023-2026		$12.1	$16.5	$15.7	$13.5			$57.7
FY 2024-2027			$12.1	$15.2	$14.2	$13.8		$55.3
FY 2025-2028				$14.8	$16.2	$15.1	$15.1	$61.2

Source: NYC Office of Management and Budget

Note: Excludes non-city funded planned commitments.

Table 15 shows the Office of the Comptroller's projected gross additions to indebtedness based on the September Capital Commitment Plan.[8] Gross additions are target commitments plus other minor components (inter-fund agreements and the cost of bond issuance) as estimated by OMB, with Office of the Comptroller estimated adjustments to account for greater bond premiums and the Office's higher capital commitment estimates.

Projected variance of actual commitments is the difference between the Office of the Comptroller's target commitment estimations and OMB's target commitments. Based on the growth trend of historical commitments, it is estimated that the City could commit $6.3 billion more than the OMB estimated target, which represents an average 110 percent commitment achievement rate over the Plan Years. The "NYC Debt Affordability Analysis" that appears in Section V of this report provides greater detail on how sustained variance between actual commitments and forecasted commitments (called achievement rate) impacts debt incurring power and debt affordability through to Fiscal Year 2034.

The City generally sells premium coupon bonds, meaning the purchase price is greater than par due to the bond's coupon being higher than current market interest rates. The premium generated from bond sales is an offset to indebtedness that is also not included in the estimate of remaining debt-incurring power. As shown in Table 15, an assumed average issue premium of 5.0 percent could lessen the impact of projected debt issuance on debt-incurring power by $2.5 billion by Fiscal Year 2028.

[8] The projections of indebtedness in this report do not include an estimate of lapsed contractual obligations, which would reduce indebtedness. This is because between FY 2014 and FY 2024 the lapsed amount was both relatively small (average of $49.6 million) and volatile (range of $9.8-$181.9 million).

Table 15. Projected Gross Additions to Indebtedness Fiscal Year 2025 to Fiscal Year 2028, as of September Capital Plan

($ in billions)	FY 2025	FY 2026	FY 2027	FY 2028	Total
Target commitment (a)	$14.8	$16.2	$15.1	$15.1	$61.2
Inter-fund agreements and cost of bond issuance (b)	$0.4	$0.5	$0.5	$0.5	$1.9
Gross additions to indebtedness (c) = (a) + (b)	$15.2	$16.7	$15.6	$15.6	$63.1
Projected variance of actual commitments (d)	$0.8	$0.2	$2.2	$3.1	$6.3
Assumed bond premium offset (e)	-$0.6	-$0.6	-$0.6	$-0.7	-$2.5
Restated gross additions to indebtedness (c) + (d)	$15.3	$16.3	$17.2	$18.0	$66.9

Source: New York City Office of the Comptroller, NYC Office of Management and Budget

V. Debt Burden and Affordability of NYC Debt

This section presents measures to assess the size of the City's debt burden and its affordability. No single measure completely captures debt affordability; hence the Office of the Comptroller employs several measures that can be used to assess a locality's debt burden. The first portion of this section provides several measures: outstanding debt as a percent of personal income, debt service as a percent of local tax revenues, and debt service as a percent of total revenues. The Office of the Comptroller then presents a comparison of key debt affordably measures for three of these measures and comparisons with a peer group of other jurisdictions. The section concludes with an analysis of how various capital commitment achievement rates (or the percent of target commitments actually committed) applied to the Fiscal Year 2025 September Capital Commitment Plan and projected borrowing related could impact remaining debt-incurring power and overall debt affordability.

Upon release of the Fiscal Year 2025 Adopted Budget, the City, through its GO and TFA FTS credits, was projected to borrow an average $12.5 billion annually between Fiscal Year 2025 through Fiscal Year 2028, with the greatest estimated borrowing of $13.2 billion expected to occur in Fiscal Year 2028[9]. The Fiscal Year 2025 September Capital Commitment Plan increased capital commitments in Fiscal Years 2025 through 2028, which the Office of the Comptroller projects will also increase the amount of debt issuance over the same period.

This level of borrowing, if fully executed, may put increased pressure on the operating budget in the event tax revenues are lower and do not meet the Financial Plan's expectations. In addition, there may be cautionary pressure on the City's remaining debt-incurring power after Fiscal Year 2028 when capacity is projected to be lower than during the Financial Plan period.

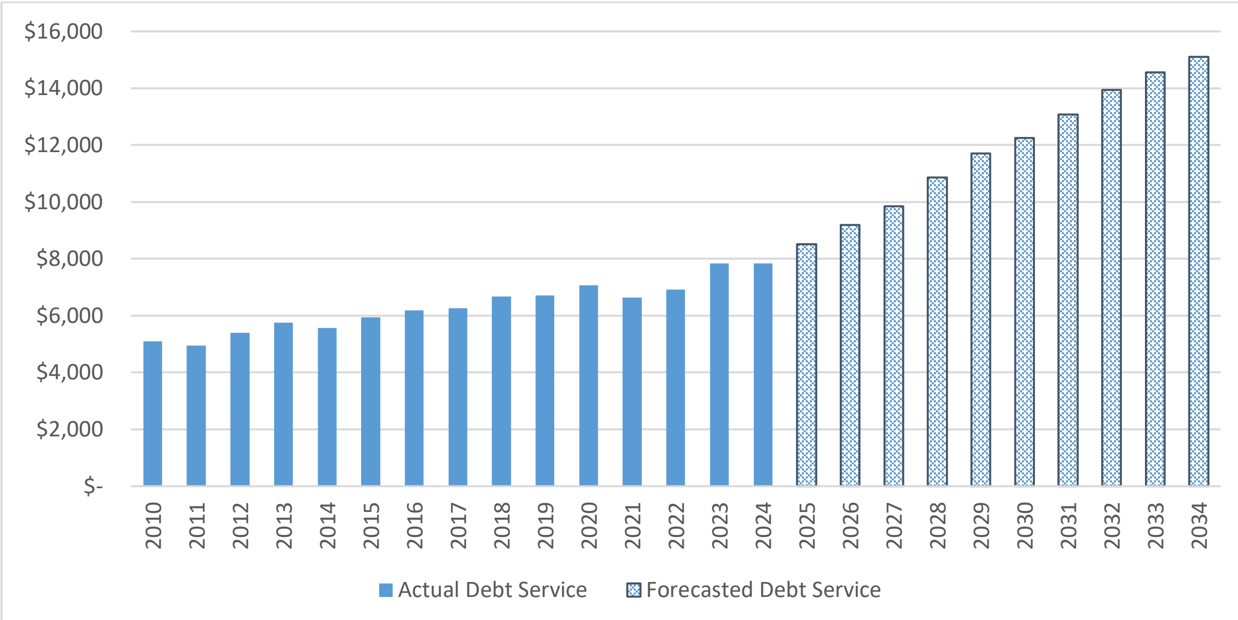
Using updated commitment projections from the Fiscal Year 2025 September Capital Commitment Plan, the Office of the Comptroller's projects debt service on GO and TFA FTS bonds grows at a compounded annual rate of 6.6 percent from Fiscal Year 2025 to Fiscal Year 2034, to $15.1 billion by Fiscal Year 2034, as illustrated in Chart 2.

It is worth noting, the rate of growth will likely be lower as the projection incorporates conservative long-term bond interest rate assumptions and does not consider the likelihood of refunding issues and/or lower than projected capital commitment (contract registration) rates. However, as discussed later in the report, should some combination of future capital commitments increase, commitments are incurred at a rate greater than projected or actual disbursements relative to the expected timeline accelerate, debt service could grow faster than currently projected.

[9] Estimated GO and TFA FTS debt issuance is derived using select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget.

Chart 2. Debt Service, Fiscal Year 2010 – Fiscal Year 2034

($ in millions)



Source: Annual Comprehensive Financial Reports of the New York City Office of the Comptroller, Fiscal Years 2010 through 2024. In this measure of debt service, the New York City Office of the Comptroller includes servicing for GO, TFA FTS, Lease Purchase, and Net-Equity Contribution Adjustments. These are adjusted for prepayment. Note: Fiscal Years 2010 – 2024 are actuals. Fiscal Years 2025– 2034 are forecasts.

Debt Burden

NYC debt outstanding has increased from $69.5 billion to $104.1 billion, or 49.7 percent, from Fiscal Year 2010 through Fiscal Year 2024.[10] Over this same period, NYC personal income grew by 78.2 percent, NYC local tax revenues by 99.4 percent, and total revenues (including state and federal contributions) by 58.9 percent.[11] [12]

Debt Outstanding as a Percent of Personal Income, Fiscal Year 2010 – Fiscal Year 2028

One measure of debt affordability is debt outstanding as a percent of personal income. Chart 3 illustrates the historical and projected trend of gross debt outstanding as a percentage of

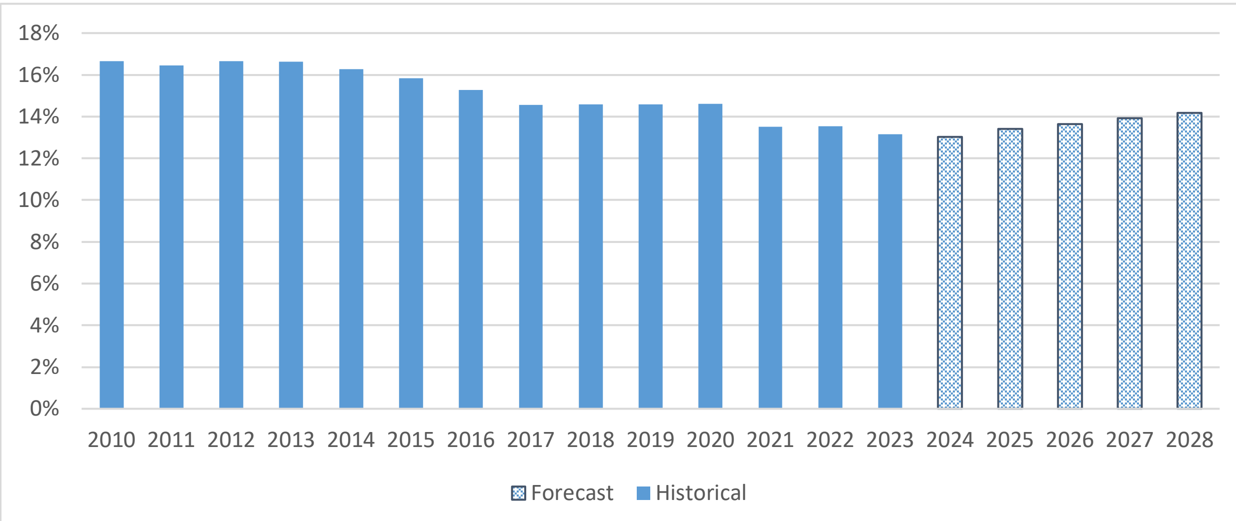
[10] The debt outstanding figures are from the Annual Comprehensive Financial Report Fiscal Years 2010 through 2024.

[11] Calculation for Personal Income uses data from the calendar year ending during the respective fiscal year, Bureau of Economic Analysis, U.S. Department of Commerce.

[12] Due to a one-year lag in collecting data on personal income, personal income for Fiscal Year 2024 is an New York City Office of the Comptroller forecast. Additionally, debt outstanding figures do not include the debt of the NYW and the MTA.

personal income from Fiscal Year 2010 to Fiscal Year 2028. [13] This ratio has remained relatively steady over the historical period, ranging from a high of 16.6 percent in 2012 to a low of 13.0 percent projected in Fiscal Year 2024. The 1.1 percentage point drop between Fiscal Year 2020 and 2021 stems from a 7.1 percent increase in personal income combined with a 0.9 percent decrease in debt outstanding.

Chart 3. NYC Gross Debt as a Percent of Personal Income, Fiscal Year 2010 – Fiscal Year 2028



Source: Bureau of Economic Analysis, US Department of Commerce, Fiscal Years 2010 through 2023; Office of the Comptroller's Debt Service and Tax Revenue Forecasts

Note: Fiscal Years 2010 - 2023 are actuals. Fiscal Years 2024 - 2034 are projected.

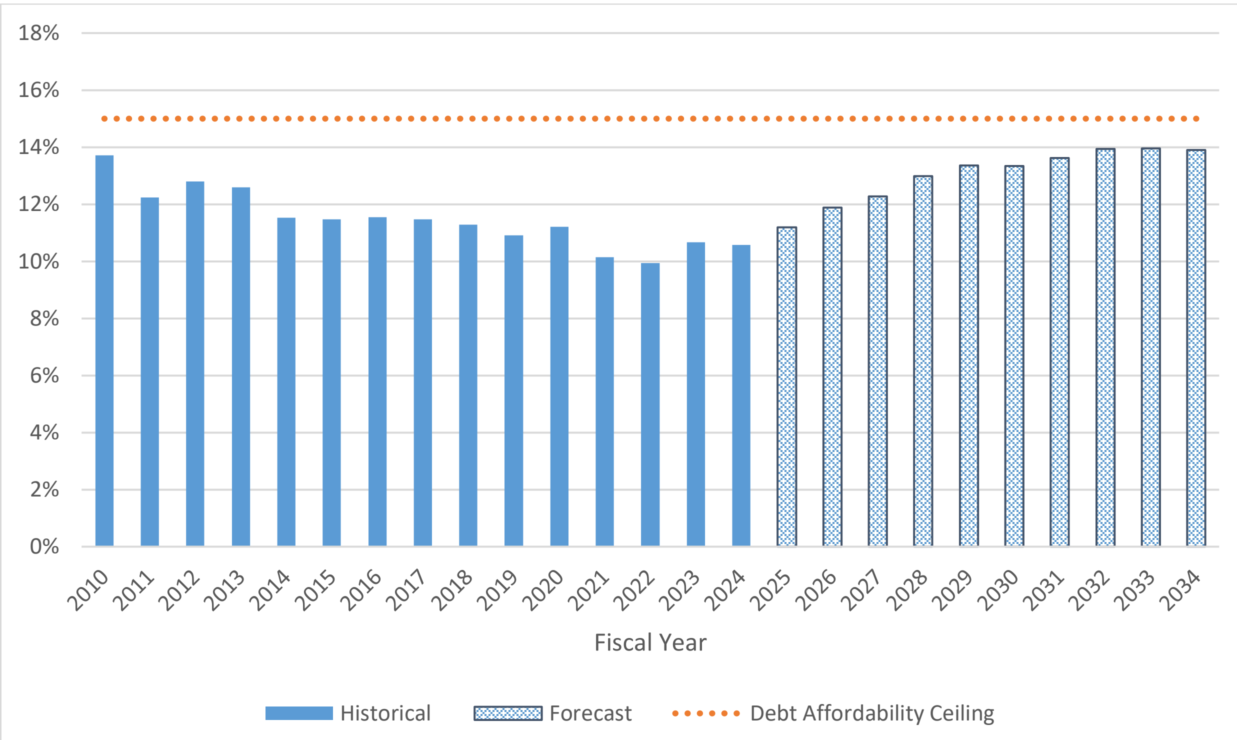
NYC Debt Service as a Percent of Tax Revenues

Another measure of debt affordability is annual debt service expressed as a percent of annual local tax revenues. This measure shows the pressure that debt service exerts on a municipality's locally generated revenues. Oversight entities consider debt unaffordable once it exceeds 15 percent of tax revenue. New York City has not breached this measure of affordability since 2002. Chart 4 shows debt services as a percent of tax revenues since 2010, when debt service was 13.7 percent of tax revenue, this measure has since generally trended downwards, reaching a low of 9.9 percent in Fiscal Year 2022, before increasing slightly to 10.6 percent in Fiscal Year 2024. In this measure of debt service, the Office of the Comptroller includes funding for GO, TFA FTS, Lease Purchase, and Net-Equity Contribution Adjustments. These are adjusted for prepayment.

[13] NYC Debt outstanding figures used here are at par value, excluding the impact of premiums/discounts.

Debt service as a percentage of tax revenues is projected to climb over the four-year Fiscal Year 2025 to Fiscal Year 2028, reaching 13.0 percent in Fiscal Year 2028. Debt service as a percentage of tax revenues is projected to continue rising to 14.0 percent by the end of Fiscal Year 2033 before dropping to 13.9 percent in Fiscal Year 2034. This is driven by estimated 6.2 percent compounded annual growth of debt service growth from Fiscal Year 2025 to Fiscal Year 2028 compared to 3.6 percent compounded annual growth of local tax revenues over the same period.[14]

Chart 4. NYC Debt Service as a Percent of Tax Revenues



Source: Annual Comprehensive Financial Reports of the New York City Office of the Comptroller, Fiscal Years 2010 through 2024; Office of the Comptroller's tax revenue forecast as of the June 2024 Financial Plan and Comptroller's debt service forecast as of the September 2024 Capital Commitment Plan; and NYC Office of Management and Budget Debt Service Documentation

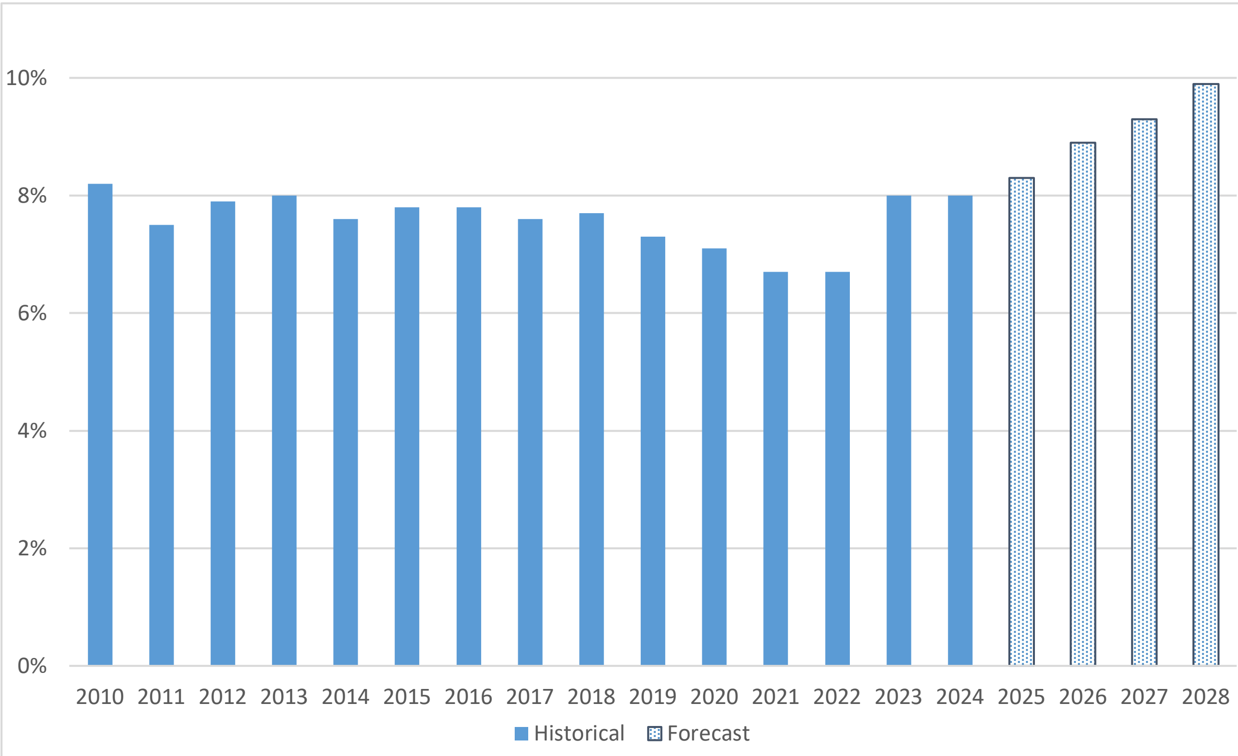
Note: Fiscal Years 2010 - 2024 are actuals. Fiscal Years 2025 - 2034 are projected.

Debt service as a percent of total revenues ranges from 6.7 percent to 8.2 percent over Fiscal Year 2010 through Fiscal Year 2024, as shown in Chart 5. Debt service in this measure differs from Chart 4 in that debt service associated with TFA BARBs (secured by New York State Building Aid) and TSASC Inc. debt (secured by tobacco settlement revenues) are included in addition to the other types of debt service. All are adjusted for prepayment. Over this period, this ratio averaged 7.6 percent. The ratio is forecast to reach 9.9 percent in FY 2028 due to a projected average

[14] As of OMB's Fiscal Year 2025 Adopted Budget and June 2024 Financial Plan.

annual growth rate of debt service exceeding the estimated average annual growth rate of total revenues by a margin of over 6.0 percentage points, 8.5 percent versus 2.5 percent, respectively, from Fiscal Year 2025 to Fiscal Year 2028.[15]

Chart 5. NYC Debt Service as a Percent of Total Revenues



Source: Annual Comprehensive Financial Reports of the New York City Office of the Comptroller, Fiscal Years 2010 through 2024; Office of the Comptroller's revenue forecast as of the June 2024 Financial Plan and Comptroller's debt service forecast as of the September 2024 Capital Commitment Plan; and NYC Office of Management and Budget Debt Service Documentation

Note: Fiscal Years 2010 - 2024 are actuals. Fiscal Years 2025 - 2028 are projected.

While New York City has a large amount of outstanding debt, its credit rating remains strong, as shown in Table 16. The rating agencies continue to cite the City's large and diverse economy, strong financial management, and liquidity among positive credit attributes that support GO ratings. High TFA and NYW ratings reflect their strong legal frameworks and debt service coverage by pledged revenues.

Table 16. Ratings of Major New York City Debt Issuers

Rating Agency	GO	TFA FTS Subordinate[a]	TFA BARBs	NYW First Resolution	NYW Second Resolution

[15] Total Revenues used here are from the General Fund Revenues page in the NYC ACFR.

S&P	AA	AAA	AA	AAA	AA+
Moody's	Aa2	Aa1	Aa2	Aa1	Aa1
Fitch	AA	AAA	AA	AA+	AA+
Kroll	AA+	Not Rated	Not Rated	Not Rated	Not Rated

a There are currently no TFA FTS Senior Bonds outstanding

Comparison with Selected Municipalities[16]

New York City is the largest city in the U.S., with a population over twice as large as that of second ranked Los Angeles, and a complex, varied, and aging infrastructure. The city has more school buildings, firehouses, health facilities, community colleges, roads and bridges, libraries, and police precincts than any other city in the nation. Moreover, NYC has broader responsibilities than the majority of other large cities in the U.S. These responsibilities include city, county, and school district functions and, as a result, NYC has similarities to many county governments. Responsibilities for various functions in other large U.S. cities generally are distributed broadly to state, county, school districts, public improvement districts, and public authority governmental units. NYC has responsibility for all of these functions.

Selection of the Peer Group

NYC has important features that pose challenges when attempting to identify peers among other U.S. cities and in drawing useful comparisons. One of these is its sheer scale and density, including population, infrastructure, and economic activity relative to other large U.S. cities. The other feature to consider is NYC government's broad scope of responsibilities, an important difference that distinguishes itself from virtually all of its potential peers. Therefore, when selecting an appropriate peer group for the City, it is important to consider both scale and governance. Differences in scale and governance can be partially mitigated with ratio analysis, similar to the efforts of rating agencies, and by using, where appropriate, Direct and Overlapping Debt, in order to address differences in governance structure, when measuring debt burden and debt affordability. As discussed in more detail below, Direct and Overlapping debt includes not only the debt of the peer city, but also other debt (for example, issued by school districts) supported by taxpayers in that jurisdiction.

The Peer Group includes the top 10 most populous U.S. cities, representing different regions and a variety of infrastructure life cycles, and then expanded by adding cities that were both highly ranked in population (that is, ranking at least among the top 25 nationally) which also assumed city and county functions along with direct responsibility for funding and financing their schools.

While NYC may have more in common with other international financial and commercial centers, such as London, Paris, Shanghai, Seoul, Tokyo and others in terms of population and level of

[16] This section was authored by Acacia Financial Group, Inc. This section includes input from the New York City Office of the Comptroller.

business and cultural vibrancy, these were not considered for inclusion in the Peer Group because of the lack of direct comparability in terms of legal structure, funding sources, budgeting, accounting and financing practices.

The Peer Group is shown in Table 17, along with each city's credit ratings, population, and governing functions and responsibilities.

Table 17. New York City Peer Group Identified for Comparisons

City	Moody's	S&P	Fitch	Kroll	Population		City & County Functions	GO School Funding & Borrowing
					Total	National Rank		
New York City	**Aa2**	**AA**	**AA**	**AA+**	**8,335,897**	**1**	**Yes**	**Yes**
Los Angeles	Aa2	AA	AAA	AA+	3,802,725	2	No	No
Chicago	Baa3	BBB+	A-	A	2,746,388	3	No	No
Houston	Aa3	AA	AA	-	2,288,250	4	No	No
Phoenix	Aa1	AA+	AAA	-	1,657,035	5	No	No
Philadelphia	A1	A	A+	-	1,567,258	6	Yes	No
San Antonio	Aaa	AAA	AA+	-	1,481,496	7	No	No
San Diego	Aa2	AA	AA+	-	1,374,790	8	No	No
Dallas	A1	AA-	AA	AA+	1,300,239	9	No	No
Austin	Aa1	AAA	AA+	-	981,610	10	No	No
San Francisco	Aa1	AAA	AAA	-	808,437	17	Yes	No
Nashville	Aa2	AA+	-	AA+	708,144	21	Yes	Yes
Washington DC	Aaa	AA+	AA+	-	670,949	23	Yes	Yes
Boston	Aaa	AAA	-	-	650,706	25	Yes*	Yes

* Formerly consolidated with Suffolk County, MA; county government abolished in 1999.

Source: Population as of 2022; derived from Fiscal Year 2023 ACFRs of each city. Ratings sourced from publicly available credit reports as of October 24, 2024.

Metrics Selected for Comparison between NYC and the Peer Group

The Peer Group metrics provided herein utilize data and calculations from each Peer Group member's Annual Comprehensive Financial Report (ACFR). Although some of the nuances specific to each city are difficult to conform, the ACFRs provide the most comparable and readily available data. Additionally, when comparing debt metrics between jurisdictions it is important to obtain the data from uniform sources wherever possible. Using the table of Direct and Overlapping Debt from each Peer Group member's ACFR ensures greater comparability because this table provides the total amount of GO and other property tax levy supported debt obligations that are imposed upon the taxpayers of each Peer Group member, regardless of governance structure. For example, if the Peer Group comparisons utilized Direct Debt rather than Direct and Overlapping Debt, the Chicago Board of Education's debt would be excluded from Chicago's calculations since it is a separate entity from City of Chicago and finances its own capital program. As a result, comparability between Chicago and NYC would be reduced because NYC directly finances the capital program for NYC Public Schools, the largest school district in the nation, which is an integral part of the City's reporting entity and included in its Direct Debt.

At the same time, ACFR indicators and concepts may not correspond with indicators commonly used by the City or by the Peer Group members. This is most evident for debt service, which in the ACFRs includes the payment of refunded bond principal (which is actually paid with refunding bond proceeds) as well as the amortization of principal and the payment of interest. For the City, debt service as presented in the ACFR is greater than the amount of principal and interest paid from the debt service fund on GO, TFA FTS, and City-related subject-to-appropriation debt, which, as a percent of general fund tax revenues, is the City's measure of debt affordability per its Debt Management Policy (the metric is shown in Chart 8 of this report). Similarly, revenues in this section of the report are Total Governmental Funds (TGF) tax and total revenues before other financing sources, which are different from General Fund revenues (used in Charts 8 and 9 of this report). For these reasons, the debt service ratios in this section are referred to as ACFR debt service as a percentage of TGF tax and TGF total revenues.

The key ratios selected for Peer Group comparisons are focused on debt burden and debt affordability. They include the following which are described in greater detail below:

- Debt per Capita
- Debt as a Percent of the Full Value of Taxable Property
- Debt as a Percent of Personal Income
- ACFR Debt Service as a Percent of TGF Tax Revenues
- ACFR Debt Service as a Percent of TGF Total Revenues

Comparison Metrics: Debt per Capita

Table 18 compares NYC's Direct and Overlapping Debt per Capita with the Peer Group members. Debt per capita is a widely used metric that measures the debt burden on a city's residents without considering other demographic indicators which measure income and wealth.

Table 18. Debt Per Capita for NYC and Peer Group (FY 2023)

City	Population	Direct and Overlapping Debt Outstanding ($000)	Debt Per Capita
Washington DC	670,949	$13,590,804	$20,256
New York City	8,335,897	105,127,000	12,611
San Francisco	808,437	8,228,813	10,179
San Antonio	1,481,496	11,250,336	7,594
San Diego	1,374,790	9,636,665	7,010
Chicago	2,665,064	18,544,880	6,959
Austin	981,610	6,353,082	6,472
Dallas	1,374,790	9,636,665	5,818
Nashville	708,144	3,854,531	5,443
Houston	2,288,250	12,302,032	5,376
Philadelphia	1,567,258	7,575,000	4,833
Los Angeles	3,802,725	17,082,993	4,492
Boston	650,706	2,027,799	3,116
Phoenix	1,657,035	3,012,642	1,818

Source: Fiscal Year 2023 ACFRs: 2022 for population figures; Fiscal Year 2023 for direct and overlapping debt

Note: Based on data extracted from each city's "Direct and Overlapping Debt Outstanding" exhibit included in that city's ACFR and population reported by each city in the statistical section of its respective ACFR. While the individual exhibits are similar in format, there is no assurance that the components of the data published in those exhibits are comparable. Debt figures include bond premiums and discounts. New York City figures exclude GASB 87 lease liabilities but include $576 million in capital leases.

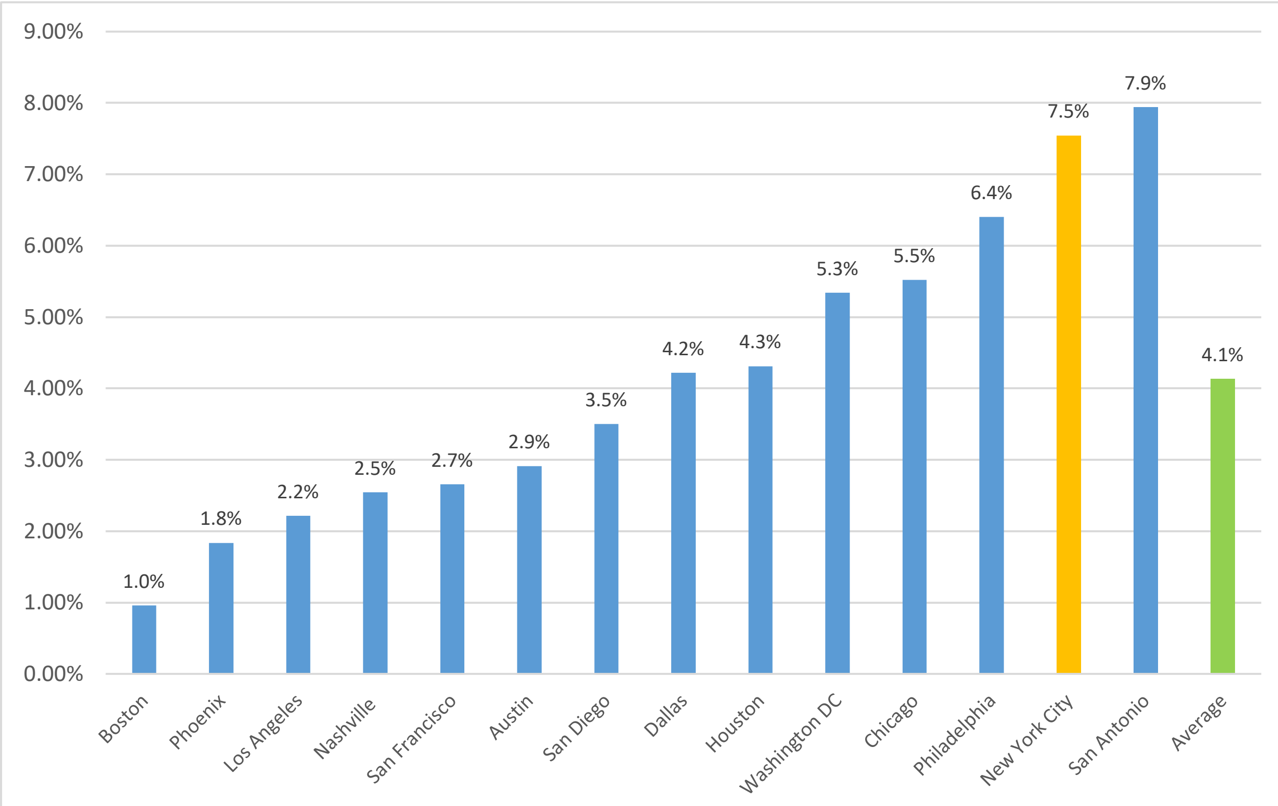
As shown in Table 18, in FY 2023, debt per capita for NYC was ranked second highest among the Peer Group with Washington, D.C. almost twice as high and closely followed by San Francisco. Washington, D.C., San Francisco, and San Antonio have much lower populations and report a much lower total amount of Direct and Overlapping Debt. At the time this report was prepared, all three are more highly rated than NYC with at least one "AAA" rating which tends to indicate that debt per capita is not a critical rating driver when evaluated separately.[17]

Comparison Metrics: Debt as a Percent of the Full Value of Taxable Property

Another way to examine a city's debt burden is to measure its debt relative to its taxable base. One commonly used measure of this relationship is shown in Chart 6. The rationale behind the use of this metric is that the taxable asset base provides a substantial revenue source for debt payment and that there is generally some reasonable limit on the amount of debt that can be borrowed against it, particularly with regards to taxation of real property. Unlike NYC, which does not impose taxes on personal property such as cars or jewelry, there are certain jurisdictions within the Peer Group (for example, Boston) that do impose personal property taxes in addition to taxation on real property. For those localities, the full value of taxable property also includes personal property in order to more accurately reflect the size of the taxable asset base.

[17] As the rating agencies have continued to adjust and refine their methodologies, each agency has also established its own set of metrics. S&P and Kroll each define their metrics differently, but the source data for each is readily available, generally from each municipality's respective ACFR. Moody's, and to a somewhat lesser degree Fitch, make adjustments to certain data elements found in each municipality's ACFR to produce their own customized set of metrics that can be difficult to replicate.

Chart 6. Debt Outstanding as a Percent of the Full Value of Taxable Property, FY 2023



Source: Each city's ACFR for Fiscal Year 2023

Note: Debt Outstanding and Full Value of Taxable Property are based on data extracted from each city's "Direct and Overlapping Debt Outstanding" and "Assessed Value and Estimated Actual Value of Taxable Property" exhibits included its ACFR. While the individual exhibits are similar in format, there is no assurance that the components of the data published in those exhibits are comparable. See the note to Table 19 for the definitions of outstanding debt.

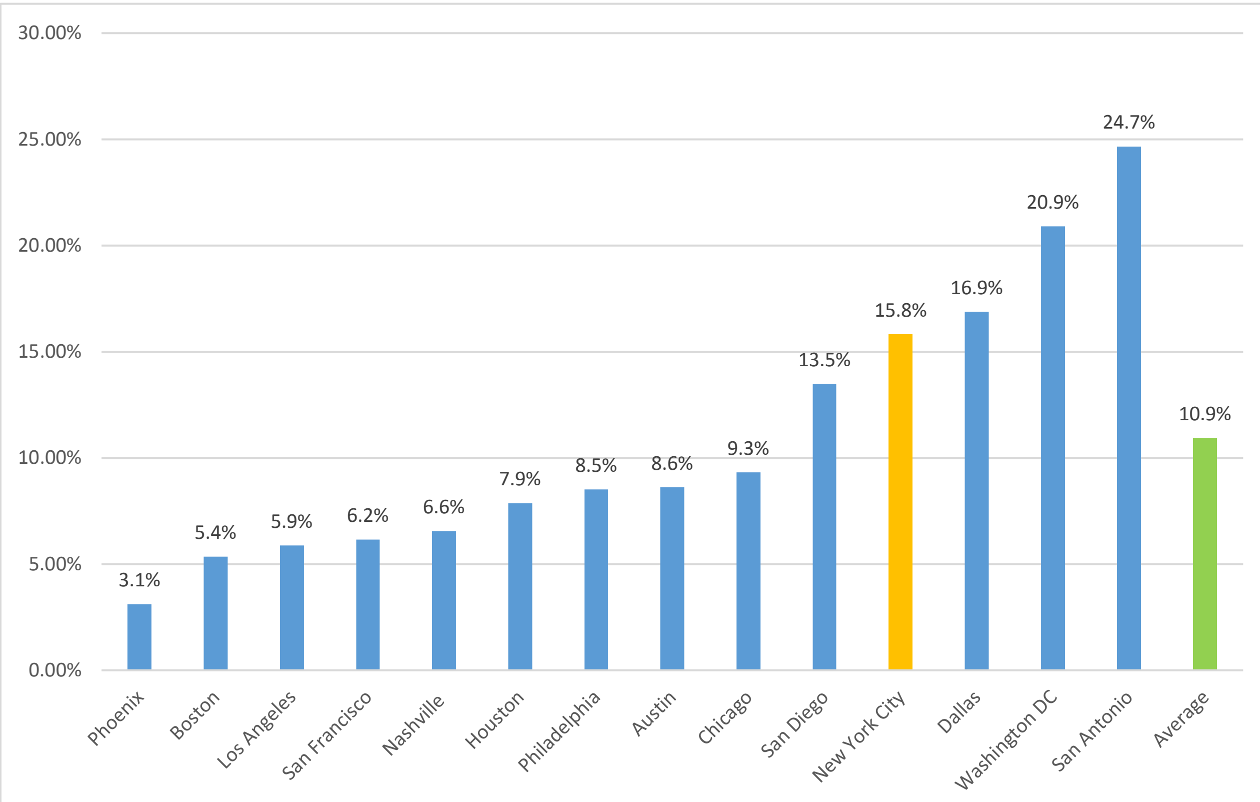
New York City's ratio of debt as a percent of full value of taxable property was 7.5 percent in Fiscal Year 2023. The comparison with other cities as presented in Chart 6, shows that the average among the Peer Group members is 4.1 percent. Its nearest Peers are San Antonio at 7.9 percent with two "AAA" ratings and Philadelphia at 6.4 percent with all "A" category ratings, which is a big divergence and may show that this also is not a primary rating driver, although it is useful information to consider for credit analysis in the context of affordability and tax burden.

It should be noted that TFA FTS debt is secured by Personal Income Tax and Sales Tax revenues, and that the property tax represents less than half of the City's tax revenues. Diversification of revenue is an important credit strength for the City. Therefore, the value of real estate is only a portion of the City's capacity to levy taxes and repay debt. the full valuation measure is an underestimate of the true value of real estate in NYC, and therefore the ratio shown in Chart 6 is an overestimate of debt burden.

Comparison Metrics: Debt as a Percent of Personal Income

The debt to personal income ratio is conceptually related to the ability of the underlying population to repay the outstanding debt, whether or not a given municipality has a Personal Income Tax.

Chart 7. Debt Outstanding as a Percent of Personal Income, FY 2023



Source: Fiscal Year 2023 ACFRs of each city

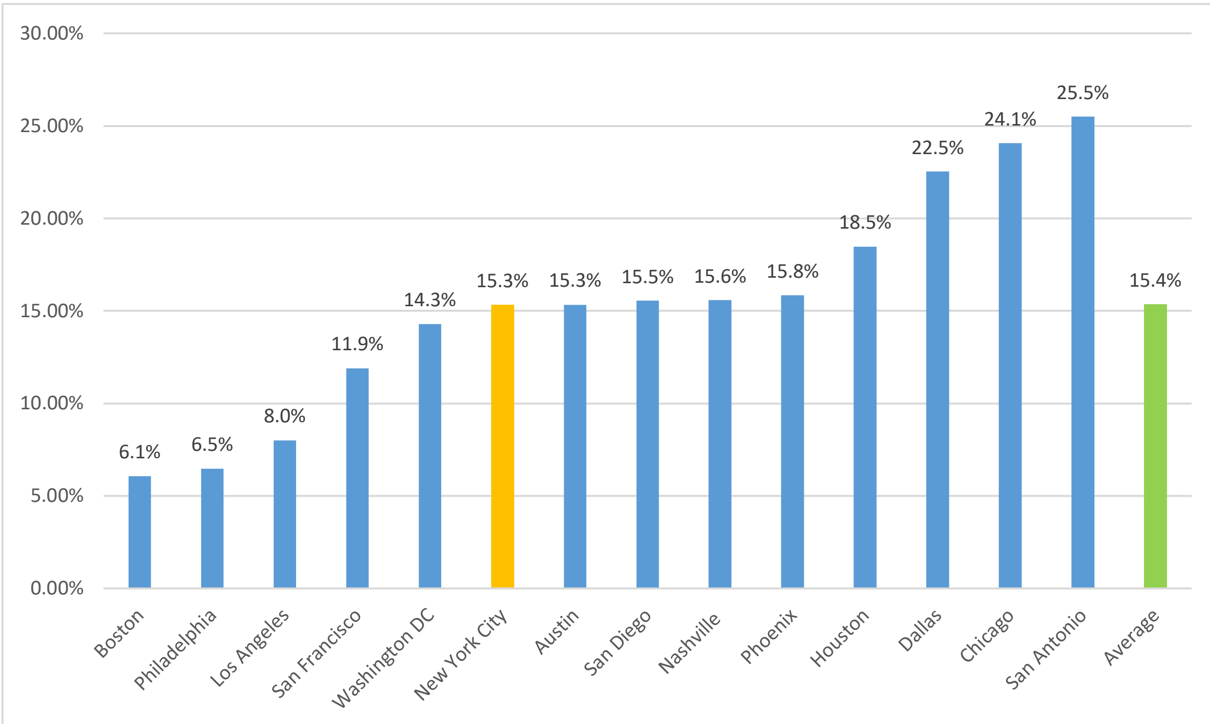
Note: Debt Outstanding is based on data extracted from each city's Direct and Overlapping Debt Outstanding exhibits included in each city's ACFR. While the individual exhibits are similar in form, there is no assurance that the components of the data published in those exhibits are comparable. See the note to Table 19 for the definitions of outstanding debt. 2022 Personal Income was used as this is the most recent year for which there is widely available data and is based on self-reporting by each individual city (not the MSA) within the Statistical Section of its ACFR, and where unavailable, extrapolated based on data published by the U.S. Census Bureau in its American Community Survey (ACS) in addition to data from the U.S. Bureau of Economic Analysis (BEA, as published in November 2023).

Looking at Chart 7, New York City's ratio of 15.8 percent in Fiscal Year 2023 was the fourth highest among the peer cities behind San Antonio at 24.7 percent, Washington, D.C. at 20.9 percent, and Dallas at 16.9 percent. Three of the Peers with a higher ratio of Direct and Overlapping Debt as a percentage of personal income are rated the same as or higher than NYC, with only Houston rated below the City, so a higher ratio is not an obstacle to a higher rating, when considering other factors. Overall, NYC's Direct and Overlapping Debt as a percentage of personal income is about 1.4 times the 10.9 percent average of the 13 members of the Peer Group. This measure of the population's ability to repay debt is not a primary rating driver, although it is useful information to consider for credit analysis in the context of debt burden and debt affordability.

Comparison Metrics: ACFR Debt Service as a Percent of Tax Revenues and Total Revenues

Another way to examine the debt burden of a city is to measure its debt service as a percentage of tax revenues. All references to "ACFR Debt Service" include payments of principal, interest, and issuance costs as itemized in the Statement of Revenues, Expenses, and changes in Fund Balances for Governmental Funds. This metric serves as a broad measure of affordability for the City and the Peer Group, with the caveat that ACFR debt service includes the value of bond redemptions, even if the debt is refinanced. This results in an overstated value for debt service because refunded principal is not paid with current revenues but rather refunding bond proceeds or perhaps some Peers defeased cash on hand. As such, refunded principal, included in the accounting total below, is not a burden on governmental revenues. Because redemptions can be volatile, the measure is an average of the last three available Fiscal Years for the Peer Group cities. The metrics presented below are intended to present the Peers on a comparable basis, whereas each value may be overstated due to the inclusion of refunded principal.

Chart 8. ACFR Debt Service as a Percent of TGF Tax Revenues, Fiscal Year 2023



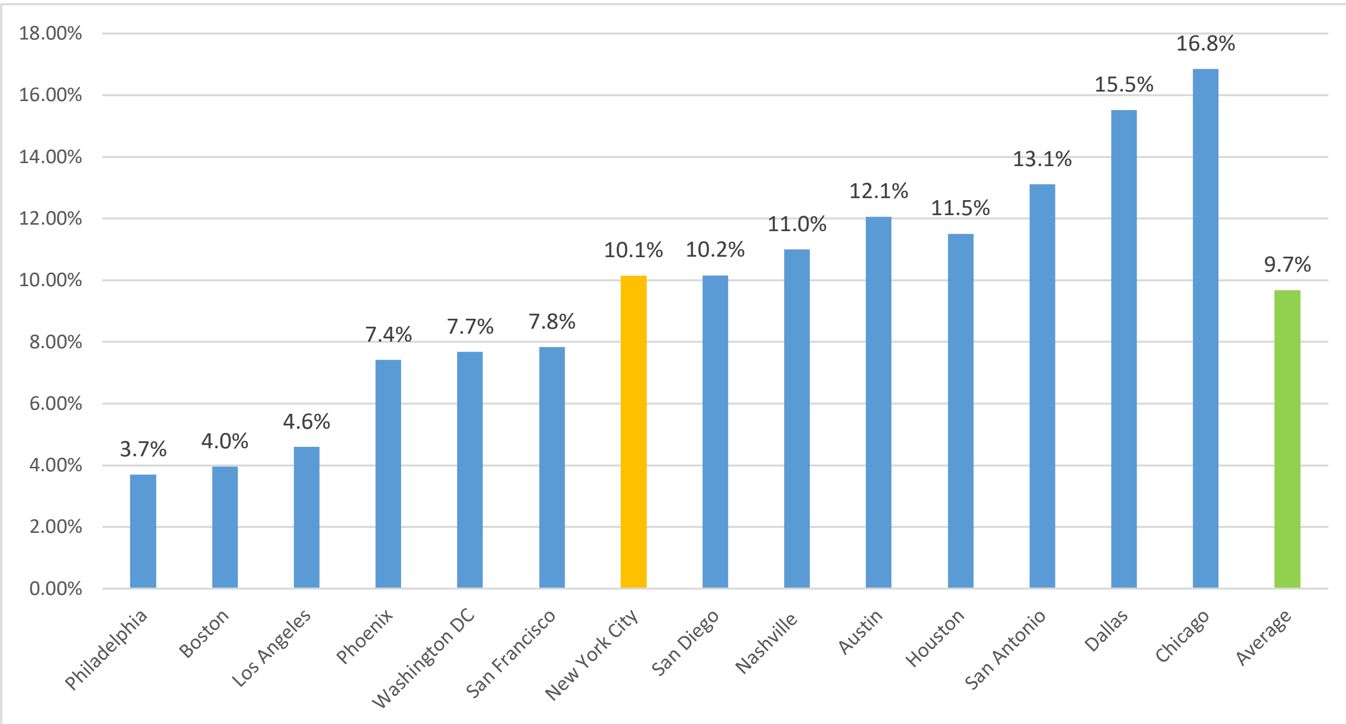
Source: Fiscal Year 2023 ACFRs of each city

Debt Service and Tax Revenue are based on data extracted from each city's "Statement of Revenues, Expenditures, and Changes in Fund Balances" exhibits included in that city's ACFR. While the individual exhibits are similar in form, there is no assurance that the components of the data published in those exhibits are comparable.

As can be seen in Chart 8, NYC's ratio was 15.3 percent in Fiscal Year 2023, slightly below the average of 15.4 percent for the cities in the Peer Group.

Another way to examine the debt burden of a city is to measure its ACFR debt service as a percentage of total revenues. As described above, in this section total revenues are defined as Total Governmental Funds (TGF) revenues. This metric provides a more comprehensive view of a city's ability to meet debt payments as it considers a more diverse revenue base and may not solely reflect the burden placed on taxpayers.

Chart 9. ACFR Debt Service as a Percent of TGF Total Revenues, Fiscal Year 2023



Source: Fiscal Year 2023 ACFR of each city

Debt Service and Total Revenue are based on data extracted from each city's Statement of Revenues, Expenditures, and Changes in Fund Balances exhibits included in that city's ACFR. While the individual exhibits are similar in form, there is no assurance that the components of the data published in those exhibits are comparable.

As shown in Chart 9, NYC's ratio was 10.1 percent in Fiscal Years 2020 - 2022, also slightly higher than the average of 9.7 percent for the Peer Group. Although consummate comparability cannot be assured, in terms of ACFR debt service, the City is close to the average of the comparison cities despite its higher amount of debt outstanding, reflecting strong revenue diversity and sharply higher ACFR Debt Service as a percent of TGF tax revenues for San Antonio, Dallas and Chicago which skews the overall average upwards.

Conclusion to Peer Group Analysis of Debt Burden and Debt Affordability

New York City's Debt Burden and Affordability are relatively high compared to the Peer Group, but not unreasonably so when viewed in context and across metrics. As shown in Table 18 and Table 19, NYC's population and its Direct and Overlapping Debt are both well above the Peer Group; however, as shown in Charts 7, 8, and 9, NYC is much closer to the average for debt outstanding as a percentage of personal income, or debt burden as a percent of city revenues. NYC should also be viewed as an essential leader of the global economy with economic strengths that flourish in a high-density environment, which drives the need for greater infrastructure and debt financing. The City's capital assets for governmental activities net of depreciation and leases were valued at $65.6 billion in the FY 2023 ACFR. This is comparable to the combined capital assets of 11 of the 13 Peer Group cities.

To put the City's rating in context, Table 19 divides the Peer Group cities into quartiles with darker coloring indicating a higher debt burden (a credit negative) relative to the average for each of the indicators. Table 19 also ranks the Peer Group from highest to lowest overall rating using a Credit Quality Index which assigns values to ratings notches on a scale from 1 to 10, with 1 being equivalent to a BBB-/Baa3 rating and a 10 being equivalent to a AAA/Aaa rating and averages these across the major rating agencies.

Table 19. Credit Ratings and Affordability Indicators Relative to Peer Group Mean

City	Credit Quality Index	Direct & Overlapping Debt Per Capita	Total Direct & Overlapping Debt as % of Estimated Full Value	Total Direct & Overlapping Debt as % of Personal Income	ACFR Debt Service as % of TGF Tax Revenues	ACFR Debt Service as % of TGF Total Revenues
Boston	10.0	$3,116	1.0%	5.4%	6.1%	4.0%
San Antonio	9.7	$7,594	7.9%	24.7%	25.5%	13.1%
San Francisco	9.7	$10,179	2.7%	6.2%	11.9%	7.8%
Phoenix	9.3	$1,818	1.8%	3.1%	15.8%	7.4%
Austin	9.3	$6,472	2.9%	7.8%	15.3%	12.1%
Washington DC	9.3	$20,256	5.3%	20.9%	14.3%	7.7%
Los Angeles	8.8	$4,492	2.2%	1.7%	8.0%	4.6%
Nashville	8.7	$5,443	2.5%	6.6%	15.6%	11.0%
San Diego	8.3	$7,010	3.5%	13.5%	15.5%	10.2%
NYC	**8.3**	**$12,611**	**7.5%**	**15.8%**	**15.3%**	**10.1%**
Houston	7.7	$5,376	4.3%	2.6%	18.5%	11.5%
Dallas	7.5	$5,818	4.2%	16.9%	22.5%	15.5%
Philadelphia	5.7	$4,833	6.4%	8.5%	6.5%	3.7%
Chicago	3.3	$6,959	5.5%	9.3%	24.1%	16.8%

Key: = Top Quartile (High Burden) = Third Quartile = Second Quartile = Bottom Quartile (Low Burden)

Source: Fiscal Year 2023 ACFR of each city. "Credit Quality Index" represents the average rating assigned to each city by the major credit rating agencies based on an ascending scale ranging in value from 1 (BBB-/Baa3) to 10 (AAA/Aaa)

There is not a direct relationship between the indicators and credit ratings. This is clearly shown in Table 19 where the shading of quartiles are not predictive of the assigned rating. For example, the City has two indicators in the second quartile (debt as a percentage of revenues), one indicator in the third quartile of the distribution (debt as a percentage of personal income) and two in the top quartile (debt per capita and debt as a percentage of estimated full value). Boston and Phoenix are the cities with more indicators in the lowest debt burden quartile and receive the highest average rating. Los Angeles has all indicators in the bottom quartile but an average credit quality index. Conversely, both San Antonio and Washington DC have more indicators in the highest debt burden quartile than the City and receive a higher rating. This demonstrates that each city's rating is a combination of the rating agency's metrics and their subjective view of their overall creditworthiness.

NYC's GO ratings of Aa2/AA/AA/AA+ (Moody's/S&P/Fitch/Kroll) all have a stable outlook. While each of the rating agencies uses its own methodology and metrics, the common overriding themes include the City's global dominance as a business and cultural center supported by strong transportation access, population size and resiliency of its economy, strong labor pool and educational opportunities, strong financial and management controls, reserve balances, diversity of revenues and access to world-class health care. Offsetting factors often cited include the exposure to economic cyclicality and real estate fluctuations, increasing vulnerability from weather events, and unfunded OPEB liabilities. NYC's debt is currently regarded by the rating agencies as manageable, albeit somewhat elevated in some cases, and appropriate given the scale of the City's responsibilities.

Remaining Debt-Incurring Power and Debt Affordability Stress Tests

Section II of this report details estimates of remaining-debt-incurring power using a complete and consistent set of projections for capital commitments, debt service, and bond issuance and amortization from the April 2024 Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget and Financial Plan.

This section updates the projections using the Fiscal Year 2025 September Capital Commitment Plan and its estimated financing amounts. Because the City has in recent years been able to meet and exceed the target commitment amounts in the September commitment plans, this section also formulates potential scenarios where actual future commitments exceed targets by between 5.0 percent and 15.0 percent. An analysis of recent trends in actual and target commitments is available in the appendix and it suggests that the City could exceed the September plan commitment targets by 10.0 percent. For each scenario, this section also provides a projection of debt affordability using the Office of the Comptroller's tax forecast from its Comments on the Fiscal Year 2025 Adopted Budget, extended using a long-term growth rate of 4.0 percent.

Table 20 shows projected remaining debt-incurring power updated for the September commitment targets and projected financing. Target commitments total $61.2 billion from Fiscal Year 2025 to Fiscal Year 2028 to $131.8 billion from Fiscal Year 2025 to Fiscal Year 2034, excluding Department of Environmental Protection investments that are financed by the City's Water Authority. Because the targets in the September plan are higher than in April, the estimate of remaining debt-incurring power drops, at its low point, to $8.3 billion in Fiscal Year 2031, $5.3 billion less than projections as of the Fiscal Year 2025 Adopted Budget.

Table 20. Projected Remaining Debt-Incurring Power as of Fiscal Year-End

($ in billions) Fiscal Year	General Debt Limit (a)	Debt Applicable to the Limit (b)	Contractual liability, land, and other liabilities (c)	Total Indebtedness (d) = (b) + (c)	Remaining Debt-Incurring Power (a) - (d)	FY 2025 Adopted Budget Remaining Debt-Incurring Power[a]	Difference
2025	$136.8	$77.0	$32.3	$109.3	$27.5	$28.9	($1.4)
2026	$140.0	$79.1	$36.6	$115.7	$24.3	$27.5	($3.2)
2027	$148.0	$88.5	$38.3	$126.9	$21.2	$25.5	($4.3)
2028	$153.2	$97.9	$39.7	$137.7	$15.6	$20.7	($5.1)
2029	$160.4	$107.5	$41.1	$148.7	$11.7	$17.1	($5.4)
2030	$165.9	$116.8	$39.6	$156.4	$9.4	$14.9	($5.5)
2031	$171.4	$124.8	$38.3	$163.1	$8.3	$13.5	($5.1)
2032	$177.0	$130.5	$37.5	$168.0	$9.1	$13.7	($4.6)
2033	$182.7	$134.6	$38.1	$172.7	$9.9	$14.4	($4.4)
2034	$188.5	$136.6	$40.9	$177.4	$11.1	N/A	N/A

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 Adopted Budget and Fiscal Year 2025 September Capital Commitment Plan

a New York City Office of the Comptroller and select Capital Plan information from the Fiscal Year 2025 Adopted Budget released on June 30, 2024. Note: Capital commitment projections were not available for fiscal year 2034 at time of the Fiscal Year 2025 Adopted Budget, so a comparison is not available.

As shown in the Appendix, the City has in recent years been able to meet and exceed commitment targets. Therefore, Table 21 shows the remaining debt-incurring power under the assumption that actual commitments exceed targets by between 5.0 percent and 15.0 percent. The results show that should the City be able to exceed targets by 10.0 percent in each year of the plan, it would run out of borrowing capacity in Fiscal Year 2031. An analysis of recent trends available in the Appendix (see Chart A6) and incorporated in Table 15 of this report, suggests that a 10.0 percent excess achievement could be a reasonable assumption, at least for the length of the current plan. It should be noted that the estimates in Tables 20 and 21 are conservative because they don't include potential offsets from the issuance of premium bonds. As shown in Table 15, premia earned on new bond issuances could generate $2.6 billion in additional borrowing capacity already by Fiscal Year 2028.

Table 21. Projected Remaining Debt-Incurring Power Scenario Summary

Achievement Scenario ($ in billions)	Fiscal Year									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
100% Achievement	27.5	24.3	21.2	15.6	11.7	9.4	8.3	9.1	9.9	11.1
105% Achievement	26.7	22.7	18.9	12.5	7.9	5.0	3.4	3.7	4.1	4.8
110% Achievement	26.0	21.2	16.6	9.5	4.1	0.6	(1.6)	(1.8)	(1.8)	(1.6)
115% Achievement	25.2	19.6	14.3	6.4	0.2	(3.8)	(6.5)	(7.2)	(7.7)	(7.9)

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 September Capital Commitment Plan released on September 30, 2024.

Table 22 shows debt service as a percentage of tax revenue under the same scenarios, with an additional case ("revenue growth slowdown") that uses a long-run tax revenue growth rate of 2.75 percent rather than 4.0 percent starting in Fiscal Year 2029. Using conservative (given current market conditions) interest rate assumptions on projected borrowing, the City's debt affordability policy threshold could be breached in Fiscal Year 2032 if actual commitments exceed September 2024 targets by 15.0 percent or in Fiscal Year 2033 in the revenue growth slowdown scenario.

Table 22. Projected Debt Service as a Percentage of Tax Revenues Scenario Summary

Achievement Scenario ($ in billions)	Fiscal Year									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current	11.0%	11.7%	12.2%	13.0%	13.5%	13.5%	13.9%	14.2%	14.3%	14.3%
105% Achievement	11.0%	11.8%	12.2%	13.1%	13.6%	13.7%	14.1%	14.5%	14.6%	14.6%
110% Achievement	11.0%	11.8%	12.3%	13.1%	13.7%	13.9%	14.3%	14.7%	14.9%	14.9%
115% Achievement	11.0%	11.8%	12.3%	13.2%	13.8%	14.0%	14.5%	15.0%	15.2%	15.2%
Revenue Growth Slowdown	11.0%	11.7%	12.2%	13.0%	13.6%	13.9%	14.4%	14.9%	15.2%	15.3%

Source: New York City Office of the Comptroller and select information from the Fiscal Year 2025 September Capital Commitment Plan released on September 30, 2024.

Despite an established 15.0 percent policy benchmark, the City currently does not have a binding mechanism to implement measures in the event the benchmark is projected to be or is, in fact, breached. As discussed in the "How Much is Enough?" report, the Comptroller proposes to adopt into the City's Debt Management Policy the use of the City's Capital Stabilization Reserve to lower future-year debt service, should it be forecasted to exceed the threshold, to make sure that the City's debt service expense remains affordable. This is one of the building blocks of the proposals to strengthen the City's fiscal framework published earlier this year.

VI. Appendix—Debt-Incurring Power: Estimation Methodology

Estimation of the General Debt Limit

The TBAV forecast is a component of the overall property tax forecast produced by this office. The methodology is specific to each of the four property classes, as outlined below.

Class 1: the NYC Department of Finance (DOF) values Class 1 properties uses comparable sales. In this approach, Class 1 properties' observed sale price are estimated using a hedonic regression model and applied to the properties that did not transact. In FY 2023, one-family homes represented 48.2 percent of total Class 1 market value[18] and, therefore, their value drives the market value estimate for the whole class. The Office of the Comptroller's forecast of Class 1 DOF market value is based on the changes in the median price for one-family homes sold outside of Manhattan, where few one-family homes are located. The forecasting equation is $\Delta Price_t = \alpha + \beta_1 \Delta Price_{t-1} + \beta_2 trend_t + u_t$ where $\Delta Price$ is the change in median price of one-family homes sold outside Manhattan, $trend$ is a time trend, and $u_t = w_t + \theta_1 w_{t-1}$ is a moving average error process. Assessed values (which are generally capped within the class) are projected using their historical relationship with DOF market values. Total exemptions are forecasted based on their historical relationship with assessed values. The difference between projected assessed values and the exemptions is the projection of billable assessed values.

Class 2 properties are subdivided into the components listed below. The billable assessed values are forecasted separately and combined to get the total billable assessed value for Class 2.

- Manhattan rentals with more than 10 units: the forecast is based on the average DOF market value (MV) per apartment unit (MV Per Apt). The equation is: $logMV\_Apt_t = \alpha + \beta_1 logMV\_Apt_{t-1} + \beta_2 Dummy2008 + u_t$, where $logMV\_Apt_t$ is the log of MV Per Apt and $Dummy2008$ is a dummy variable equal to 1 in Fiscal Year 2008. The forecasted change in DOF market value per apartment unit is then applied to the final total DOF market value of the current Fiscal Year. The DOF market value forecast is used to project actual assessed values (45 percent of market values) and transitional assessed values (changes to the value of Class 2 properties with eleven units or more that derive from market conditions are phased into transitional assessed values over five years). Total exemptions are forecasted based on the historical relationship between transitional assessed values and the total exemptions. The difference between the estimated transitional assessed value and exemptions is the projection of billable assessed values.

[18] See NYC DOF (2023) *Annual Report of the New York City Real Property Tax*.

- Manhattan co-ops with more than 10 units: the methodology follows the same steps outlined for rentals, but the equation is changed to $MV\_Apt_t = \alpha + \beta_1 MV\_Apt_{t-1} + \beta_2 trend_t + \beta_3 Dummy2008 + u_t$.

- Manhattan condominiums with more than 10 units: the methodology follows the same steps outlined for rentals, but the equation is changed to $logMV\_Apt_t = \alpha + \beta_1 logMV\_Apt_{t-1} + \beta_2 Dummy2007 + \beta_3 Dummy2014 + u_t$, where $u_t = w_t + \theta_1 w_{t-1}$.

- Brooklyn rentals, co-ops, and condominiums with more than 10 units: DOF market values are projected using the average annual growth rate of market values per apartment in the past six years.

- Other Class 2 properties: DOF market values are projected using the average annual growth rate of market values per apartment in the past four years. Adjustments are made to account for assessed value caps in Classes 2A, 2B and 2C in this category.

Class 3: changes in actual assessed values (AV) are forecasted by using the equation: $logAV_t = \alpha + \beta_1 logAV_{t-1} + \beta_2 Dummy2008 + \beta_3 trend_t + u_t$. The most recent Fiscal Year total exemption for Class 3 is used as a proxy for the total exemption in the forecast years. The difference between estimated transitional assessed values and exemptions is the projection of billable assessed values.

Class 4 properties are subdivided into Manhattan offices and all other properties. Billable assessed values are forecasted separately and combined to obtain totals for the class.

- Manhattan offices: the forecast is based on total actual assessed value minus exemptions (AVTX) using the equation: $\Delta AVTX_t = \alpha + \beta_1 \Delta AVTX_{t-1} + \beta_2 trend_t + \beta_3 dummy2011 + \beta_4 dummy2009 + u_t$. Projected changes in AVTX are phased into billable assessed values over five years.

- Other Class 4: the methodology follows the same steps outlined for Manhattan offices, but the equation is changed to: $\Delta AVTX_t = \alpha + \beta_1 \Delta AVTX_{t-1} + \beta_2 trend_t + \beta_3 dummy2011 + u_t$.

Table A1. DOF Market Value Forecast, June 2024

($ in billions)	FY 2025	FY 2026	FY 2027	FY 2028
Class 1	$738.5	$783.0	$821.7	$861.6
Class 2	$369.5	$404.3	$416.7	$438.2
Class 3	$59.0	$61.3	$65.8	$70.6
Class 4	$326.9	$330.6	$332.1	$344.3
Total	**$1,493.9**	**$1,579.1**	**$1,636.3**	**$1,714.7**

Source: New York City Department of Finance and New York City Office of the Comptroller

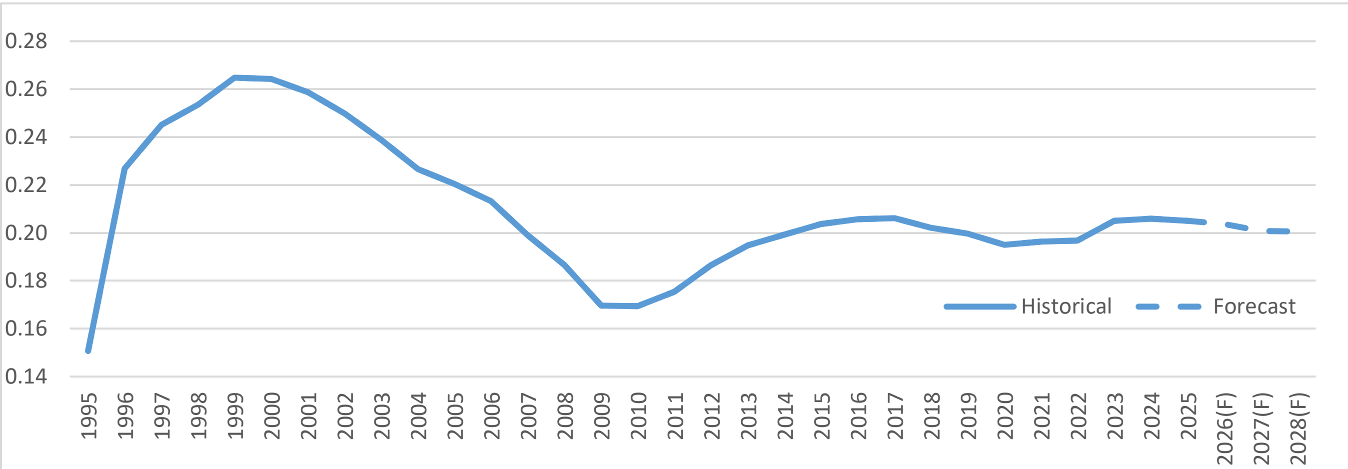
Table A2. TBAV Forecast, June 2024

($ in billions)	FY 2025	FY 2026	FY 2027	FY 2028
Class 1	$26.3	$27.3	$28.3	$29.3
Class 2	$115.4	$116.0	$120.3	$124.1
Class 3	$26.4	$27.4	$29.4	$31.6
Class 4	$132.0	$132.0	$137.2	$141.1
Total	**$300.1**	**$302.7**	**$315.2**	**$326.1**

Source: New York City Department of Finance and New York City Office of the Comptroller. Note: TBAV is gross of STAR exemptions, consistent with the debt limit calculations in the tax fixing resolution. The tax expenditure deriving from STAR exemptions is reimbursed by NY State to the City

Chart A1 shows the five-year average of equalization ratios starting in Fiscal Year (FY) 1995. Ratios fluctuated significantly in the past and their sharp increase in the mid-1990s necessitated the creation of additional financing capacity through the Transitional Finance Authority (TFA). However, since FY 2013 the 5-year average remained in a relatively narrow range between 0.1947 and 0.2060. The forecast calls for the average to gradually fall from 0.2050 in FY 2025 to 0.2005 in FY 2028.

Chart A1. Average Equalization Ratios



Source: NYS ORPTS, NYC Council Tax Fixing Resolutions, New York City Department of Finance, New York City Office of the Comptroller.

The methodology for the forecast of special equalization ratios follows the calculations outlined in the report published in March 2024. There are three main inputs in the forecast:

1. The equalization ratios derived from DOF's FY 2025 final assessment roll and the forecast in Tables A1 and A2.
2. The 5-year average percentage difference between ORTPS' market value ratio and the equalization ratio derived from DOF's final assessment rolls. For FY 2020 to FY 2024, the average was 9.4 percent. This parameter remained relatively stable over the five years.
3. The 5-year average percentage point difference between ORTPS' change in level factors and DOF's annual growth rate of TBAV (before STAR exemption). For FY 2020 to FY 2024 the average was 1.5 percentage points. The difference has grown from approximately zero in the first two years of the average to 3.1 percentage points in the last. Should the difference remain high in the future and other things equal, the 5-year average used in the estimates would result in an overestimate of the equalization ratios.

The equalization ratios are shown in Table A3.

Table A3. Projected Special Equalization Ratios

Fiscal Year	Five-year Window								Five-year Average
	2021	2022	2023	2024	2025	2026	2027	2028	
2025	0.2308	0.2026	0.2044	0.1979	0.1891				0.2050
2026(f)		0.2027	0.2044	0.2090	0.2054	0.1964			0.2036
2027(f)			0.2045	0.2091	0.2064	0.1961	0.1876		0.2007
2028(f)				0.2090	0.2065	0.2009	0.1973	0.1888	0.2005

Source: NYS ORPTS, NYC Council Tax Fixing Resolution, New York City Office of the Comptroller.

Table A4 compares the Office of the Comptroller's estimates the general debt limit with those from OMB.

Table A4. Comparison of Debt Limit Estimates

Fiscal Year	Debt Limit Estimates ($ in billions)				
	Comptroller 2024	Comptroller 2023	OMB*	Difference Comptroller 2023-2024	Difference Comptroller 2024 - OMB
2025	$136.8	$136.4	$136.7	-$0.4	$0.1
2026	$140.0	$143.6	$144.0	-$3.6	-$4.0
2027	$148.0	$152.5	$150.4	-$4.5	-$2.4
2028	$153.2	$n/a	$156.4	$n/a	-$3.2

* Available from the April 2024 Debt Affordability Statement. Source: NYC Office of Management and Budget, New York City Office of the Comptroller.

The forecast of the debt limit from FY 2029 to FY 2034 is based on a trend analysis. Specifically, the FY 2029 limit is based on the FY 2028 forecasts in tables A1 and A2, plus an estimate of FY 2029 TBAV based on the five-year average growth rate between FY 2024 and FY 2028. The debt limit forecast for FY 2030 to FY 2034 is based on its historical annual growth trend estimated between FY 2002 and FY 2021, the last assessment roll completed before the pandemic. The resulting annual average growth rate of the debt limit from FY 2030 to FY 2024 is 3.3%.

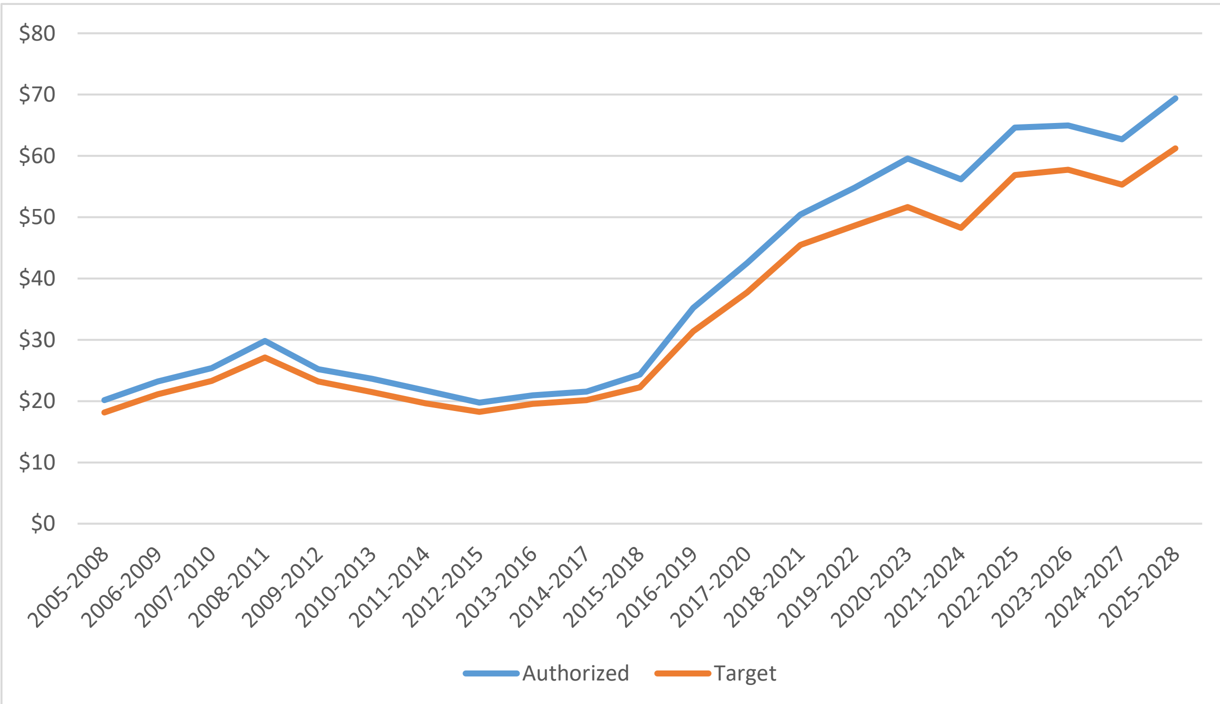
Analysis of September Capital Commitment Plans from FY 2005-2008 to FY 2025-2028

Traditionally, this report used City-funded target commitments (excluding DEP) from the most recent Capital Commitment Plan as the main component of the gross additions to indebtedness. In this report, the Comptroller's Offices uses data from the Executive Fiscal Year 2025 Capital Commitment Plan (released in April 2024) because the borrowing schedule included with the City's Adopted Budget reflects this plan. However, as the September Capital Commitment Plans are the plans that most recently precede the publication of this annual report, and that the most recent is used in the Office of the Comptroller's Capital Commitment Achievement Rate Analysis, the following analysis uses data from the September Capital Commitment Plans.

The aim of this analysis is to help provide a sense of how well the City plans capital project spending. It indicates that the City has become better at more equally distributing target commitments across the plan years, and that it more accurately projects target commitments over the four-year plan period. At the same time the gap between authorized and target commitments—or the reserve for unattained capital commitments—continues to increase.

Chart A2 shows the total size of authorized and target commitments in each four-year September Capital Plans from the Fiscal Year 2005 to 2008 Plan through the current Fiscal Year 2025 to 2028 Plan. Authorized and target commitments have grown significantly since the Fiscal Year 2016 to 2019 Plan. Over the same period, the gap between authorized and target commitments grew (from 8.2 percent of authorized commitments to 11.8. percent).

Chart A2. Authorized and Target Commitments, Excluding DEP ($ in billions)

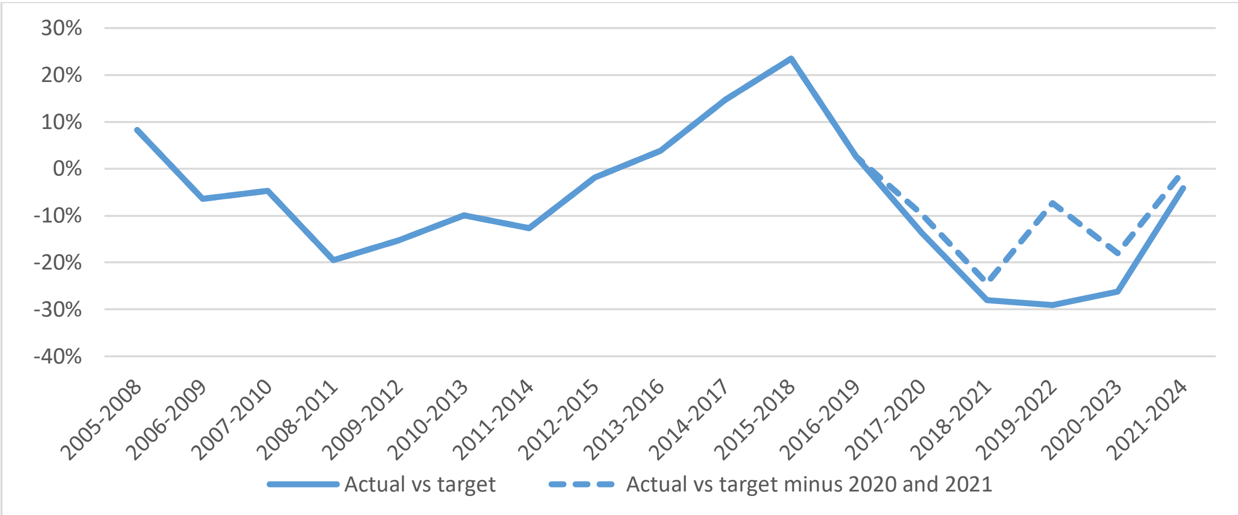


Source: NYC Office of Management and Budget, New York City Office of the Comptroller

Chart A3 shows City-funded actual commitments as a percentage of target commitments over the four-year plan terms. The last adopted plan with complete data on actuals is Fiscal Year 2021 to Fiscal Year 2024 Plan. Because Fiscal Year 2020 and Fiscal Year 2021 significantly underperformed planned amounts set before the start of the pandemic, the data are also shown excluding those years.

Given the influence of economic conditions and management choices, actual City-funded commitments during and in the aftermath of the Great Recession (starting in the Fiscal Year 2008 - Fiscal Year 2011 plan) generally underperformed targets. However, they were above targets during periods of economic expansions peaking in Fiscal Year 2015 to Fiscal Year 2018 Plan. As authorized and target commitments started growing rapidly after Fiscal Year 2015, the percentage of actual commitments relative to the targets dropped. In the most recent plan with complete actuals data, actuals have much more closely aligned with targets. Higher construction costs combined with a slight decline total targets contributed to the near 100 percent achievement of the total targeted amount for Fiscal Year 2021 to Fiscal Year 2024 Plan.

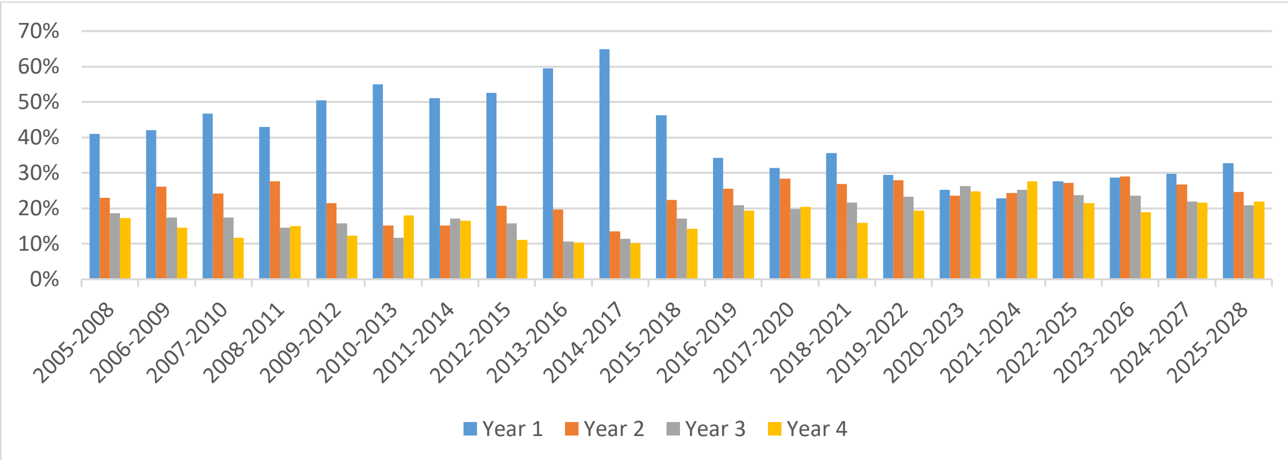
Chart A3. Actual Commitments v. Target Commitments by Four-Year Plan, Excluding DEP



Source: NYC Office of Management and Budget, New York City Office of the Comptroller

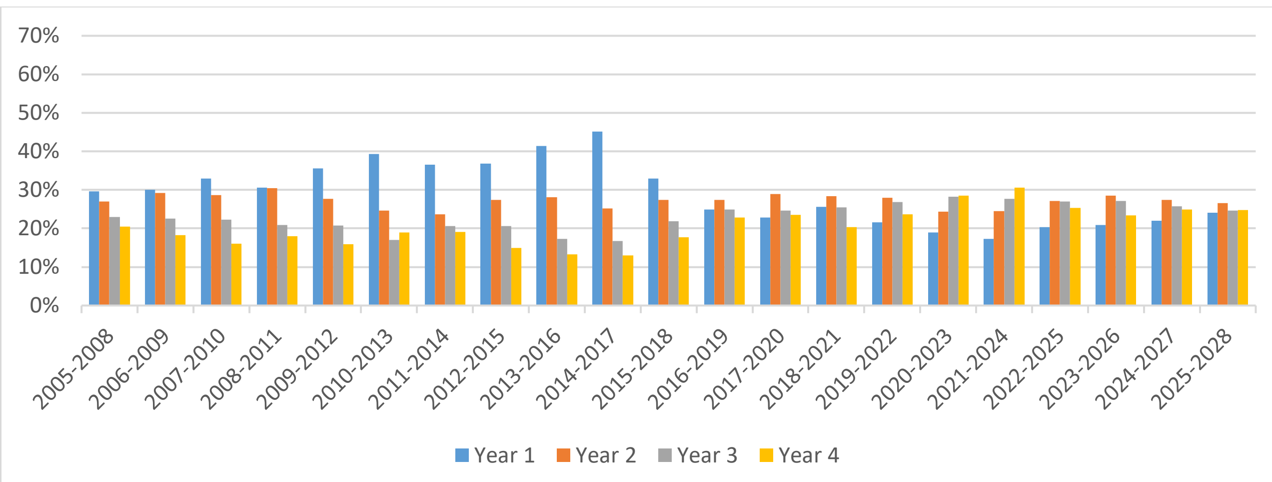
Charts A4 and A5 show that since the Fiscal Year 2013 to Fiscal Year 2016 Plan, commitments have generally become more equally distributed over the plan years. More specifically, the percent of authorized and target commitments in the Fiscal Year 2013 to Fiscal Year 2016 Plan dropped from 65 percent and 45 percent to 33 percent and 24 percent, respectively, in the most recent plan. That said, authorized commitments in the Fiscal Year 2025 to Fiscal Year 2028 Plan are more front-loaded than in previous plans. However, as shown in Chart A4, target commitments for the current Fiscal Year 2025 to FY 2028 Plan are more evenly distributed.

Chart A4. Distribution of Authorized Commitments by Plan



Source: NYC Office of Management and Budget, New York City Office of the Comptroller

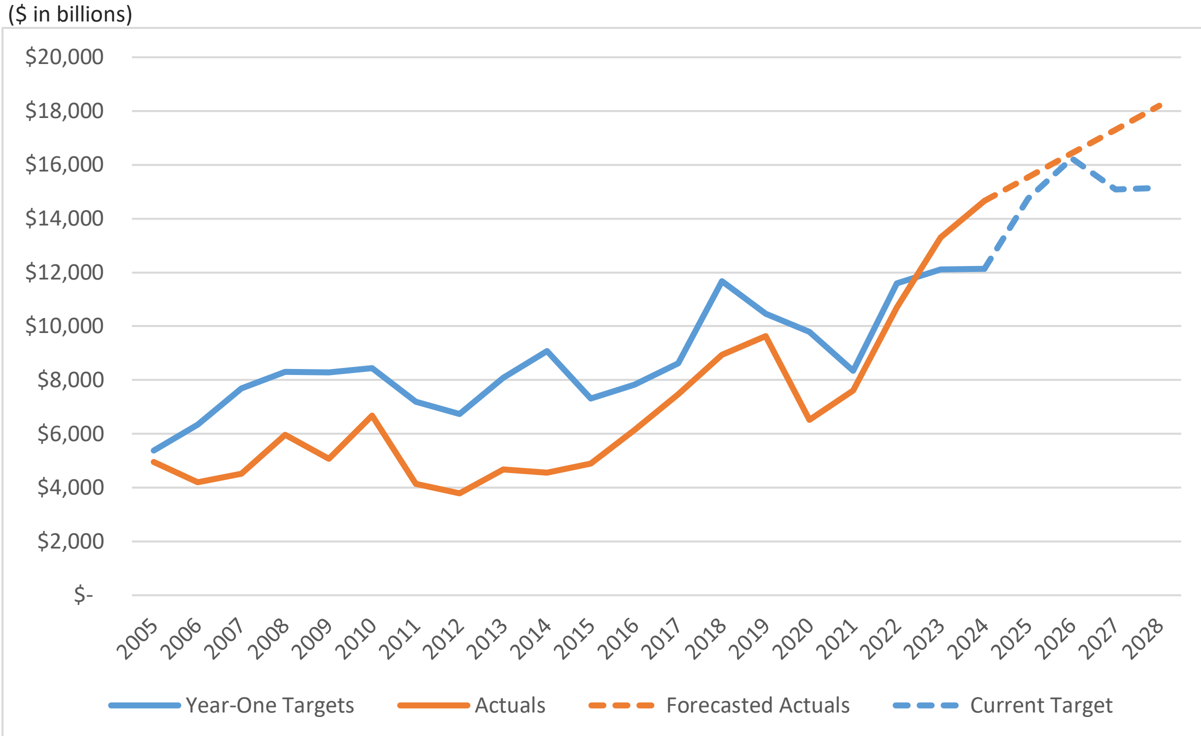
Chart A5. Distribution of Target Commitments by Plan



Source: NYC Office of Management and Budget, New York City Office of the Comptroller

In addition to comparing how each four-year plan actual commitments compared with its targets as described above, Chart A6 shows how annual actual commitments compared with the target included in the corresponding Fiscal Year's September Capital Commitment Plan (first year target). For many years, actual commitments were well under the target. However, actual commitments increased sharply in Fiscal Year 2022 and Fiscal Year 2023, partly to cover ground lost in the previous two years and because of inflation. In Fiscal Year 2022, actuals were 7.7 percent shy of the first year-target while in FY 2023 actuals exceeded first-year targets by 9.8 percent. In Fiscal Year 2024, commitments continued to exceed the target, this time by an even larger 20.8 percent. The projection of actual commitments in Chart A6 assumes that actual commitments will continue the growth trend established between Fiscal Year 2016 and FY 2024. In this projection, actual commitments over the FY 2025-2028 plan period could exceed total targets by $6.3 billion.

Chart A6. Current Targets and Projected Actual Commitments, Excluding DEP



Other inputs and assumptions

Bonds Premium and Debt Limit Offsets

The City generally sells premium coupon bonds, meaning the purchase price is greater than par due to the bond's coupon being higher than current market interest rates. The premium generated from bond sales is an offset to indebtedness that is also not included in the estimate of remaining debt-incurring power.

For bonds issued to raise proceeds for the City's capital needs, the net premium is the difference between proceeds net of underwriting costs. In refinancing issues, the net premium is the difference between the par refunded and the face value of refunding bonds. The premium generated from new issue and refinancing issuances is an offset to the increase in indebtedness because proceeds reduce unfunded commitments by more than the par amount.

Table A7 shows the amount of premium earned on GO and TFA new and refinancing issuances from Fiscal Year 2020 through Fiscal Year 2024. Over this period, $5.4 billion of premium has been generated, on $51.7 billion of bonds issued for new capital projects and refunding purposes, an average of 10.4%. The amount of premium generated generally changes with market conditions, moving inversely with interest rates, but coupon selection and the proportion of taxable bonds (which are generally issued at par) influence the final amount.

In the projection of future indebtedness in Table 15, the Office of the Comptroller assumes that the City will conservatively generate 5.0 percent premium annually on new issuance as forecasted based on select information from the Fiscal Year 2025 Executive Capital Commitment Plan and the Fiscal Year 2025 Adopted Budget. Future refinancing issues, though not explicitly modeled in the estimate of the debt-incurring margin, are also expected to generate additional debt limit offsets.

Table A7. Bond Premium and Debt Limit Offsets: Fiscal Year 2020 through Fiscal Year 2024

Fiscal Year ($ in billions)	New Money Issuance			Refunding issuance		
	Par issued	Debt Limit Offset	Offset %	Par issued	Debt Limit Offset	Offset %
2020	$7.36	$0.85	11.49%	$1.50	$0.23	15.09%
2021	$5.17	$0.76	14.63%	$5.74	$0.68	11.82%
2022	$6.10	$0.74	12.09%	$3.03	$0.50	16.64%
2023	$7.72	$0.38	4.94%	$2.82	$0.32	11.41%
2024	$10.65	$0.75	7.08%	$1.62	$0.21	13.24%
Total	**$37.00**	**$3.48**	**9.39%**	**$14.71**	**$1.95**	**13.22%**

Source: New York City Office of the Comptroller.

As of October 31, 2024, there has been $7.2 billion of bonds issued to raise proceeds for the City's capital needs and $3.6 billion of refunding bonds issued. Combined issuance has generated approximately $0.85 billion of Debt Limit Offset

NYC Conduit Issuers

Conduit debt issuers are agencies created by or under State law to finance and operate projects within New York City. While these agencies do not constitute debt of the City, the City makes annual appropriations from its General Fund for agreements with other entities that issue debt to build or maintain facilities on behalf of the City that have a similar budgetary effect. Table A8 shows the amount of debt outstanding through for certain New York City conduit issuers through Fiscal Year 2034.

Table A8. Combined Debt Outstanding for NYC Conduit Issuers, Fiscal Year 2024 – Fiscal Year 2034

Combined Debt Outstanding for NYC Conduit Issuers, Fiscal Year 2024 – Fiscal Year 2034 ($ in millions)							
Fiscal Year End	HYIC	DASNY Hospitals	DASNY Courts	CUCF	ECF	IDA Stock Exchange	Total
2024	$2,552	$312	$212	$16	$282	$47	$3,422
2025	$2,503	$272	$202	$10	$273	$42	$3,302
2026	$2,444	$231	$191	$6	$264	$37	$3,173
2027	$2,293	$188	$180	$4	$253	$31	$2,949
2028	$2,224	$143	$168	$3	$242	$30	$2,810
2029	$2,149	$95	$156	$2	$231	$26	$2,661
2030	$2,072	$66	$143	$1	$219	$20	$2,521
2031	$1,990	$35	$130	$0	$207	$14	$2,375
2032	$1,904	$3	$116	$0	$194	$7	$2,223
2033	$1,813	$2	$101	$0	$180	$0	$2,097
2034	$1,719	$1	$86	$0	$166	$0	$1,972

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