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The City of New York  
**Office of Management and Budget**  
255 Greenwich Street • New York, New York 10007-2146  
Telephone: (212) 788-5900

**Jacques Jiha, Ph.D.**  
*Director*

April 26, 2021

Hon. Bill de Blasio  
Mayor  
City Hall  
New York, NY 10007  
Via email: [BdeBlasio@cityhall.nyc.gov](mailto:BdeBlasio@cityhall.nyc.gov)

Hon. Andrew Cuomo  
Governor  
The Executive Chamber, Capitol  
Albany, NY 12224  
Via email: [gov.cuomo@chamber.state.ny.us](mailto:gov.cuomo@chamber.state.ny.us)

Hon. Corey Johnson  
Speaker of the Council  
City Hall  
New York, NY 10007  
Via email:  
[Corey.Johnson@council.nyc.gov](mailto:Corey.Johnson@council.nyc.gov)

Hon. Scott Stringer  
Comptroller  
Municipal Bldg., 1 Centre St.  
New York, NY 10007  
Via email: [action@comptroller.nyc.gov](mailto:action@comptroller.nyc.gov)

Hon. Thomas F. O'Mara  
Ranking Minority Member  
Senate Finance Committee  
The Capitol  
Albany, NY 12247  
Via email: [omara@nysenate.gov](mailto:omara@nysenate.gov)

Hon. Edward P. Ra  
Ranking Minority Member  
Assembly Ways & Means Committee  
The Capitol  
Albany, NY 12248  
Via email: [rae@nyassembly.gov](mailto:rae@nyassembly.gov)

Hon. Liz Krueger  
Chair, Senate Finance Committee  
428 Capitol  
Albany, NY 12248  
Via email: [lkrueger@nysenate.gov](mailto:lkrueger@nysenate.gov)

Hon. Helene Weinstein  
Chair, Assembly Ways & Means Committee  
The Capitol, LOB 923  
Albany, NY 12248  
Via email: [weinsth@nyassembly.gov](mailto:weinsth@nyassembly.gov)

Hon. Thomas P. DiNapoli  
Comptroller  
Gov. A.E. Smith Office Bldg.  
Albany, NY 12236  
Via email: [contactus@osc.ny.gov](mailto:contactus@osc.ny.gov)

Mr. Jeffrey Sommer  
Executive Director, NYS Financial Control  
Board  
80 Maiden Lane, Suite 402  
New York, NY 10038-3833  
Via Email: [nysfcb@fcb.state.ny.us](mailto:nysfcb@fcb.state.ny.us)

**Re: Statement of Debt Affordability**

Dear Sirs and Madams:

Pursuant to Chapter 16 of the Laws of 1997 of the State of New York, which includes the New York City Transitional Finance Authority Act (the "Act"), I am providing the annual statement of debt affordability. This statement does not constitute the annual declaration of need pursuant to Section 2799-ff of the Act, which will be prepared following adoption of the City of New York's (the "City's") fiscal year 2022 Budget by the City Council.

In order to finance projects within its Capital Budget, the City currently has a capital financing need of up to \$9.9 billion, \$10.3 billion, \$10.9 billion and \$11.8 billion in fiscal years 2022 through 2025, respectively. To the extent that General Obligation Bonds are issued to finance such projects, the capital financing need to be met by the issuance of future tax-secured bonds ("FTS") of the New York City Transitional Finance Authority ("TFA") would be reduced accordingly. The City currently expects to issue General Obligation Bonds to provide funding for approximately half of such four year financing program.

There is no reserve or surplus fund held by TFA as of the date of this statement and there was none as of the end of the most recently completed fiscal year. The TFA's Debt Service Fund contained and contains amounts in excess of minimum retention requirements, which amounts are applied to make debt service payments during the City's Financial Plan period.

Schedule A shows the City's and TFA's debt-incurring power, excluding Building Aid Revenue Bond financing capacity. Schedule B presents the sources of financing for the City's four-year capital program. Schedule C specifies amounts of debt service payable on City General Obligation bonds and TFA FTS bonds, amounts expected to be outstanding in each of the Financial Plan years for General Obligation and TFA FTS bonds, and various debt service and debt ratios as required by the Act. Schedule C provides a framework for assessing the affordability to the City of the debt to be issued as described on Schedule B.

In my opinion, debt affordability is a judgment made by balancing the City's need for essential capital improvements and the costs of delaying or not implementing such improvements against the impact of debt service costs arising from the financing of those capital needs on the other competing City priorities funded through the City's operating budget. The judgment is reflected in the City's Financial Plan and in its operating budget and Capital Plan as proposed by the Mayor, which has the result, in fiscal year 2025, of debt service (including the TFA FTS and lease (conduit) debt service) requiring 9.3 percent of total revenues and 13.5 percent of total tax revenues.

Sincerely,



Jacques Jiha, Ph.D.

Attachments

**Schedule A: Debt Incurring Power (\$ in Millions)**

**NYC Debt and Contract Liabilities**

	<b>FY</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b><u>As of June 30</u></b>					
Total City Debt- Incurring Power under General Debt Limit	\$	127,439	\$ 127,064	\$ 130,161	\$ 133,473
Gross Debt-Funded		40,261	43,081	46,078	49,520
Less: Excluded Debt		<u>(28)</u>	<u>(19)</u>	<u>(16)</u>	<u>(14)</u>
		40,233	43,062	46,062	49,506
Contracts and Other Liabilities, Net of Prior Financings Thereof		<u>22,435</u>	<u>27,026</u>	<u>31,400</u>	<u>35,760</u>
Total City Indebtedness		62,668	70,088	77,463	85,266
TFA Debt Outstanding above \$13.5 billion		<u>32,297</u>	<u>35,936</u>	<u>39,565</u>	<u>43,531</u>
Combined Debt-Incurring Power of NYC and TFA	\$	32,475	\$ 21,040	\$ 13,133	\$ 4,676

**Schedule B: Sources of Funds (\$ in Millions)**

	<b>FY</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
City General Obligation Bonds	\$	4,330	\$ 5,140	\$ 5,440	\$ 5,890
TFA Future Tax Secured Bonds		5,530	5,140	5,440	5,890
TFA Building Aid Revenue Bonds		-	-	-	-
Water Authority Bonds		<u>1,574</u>	<u>1,610</u>	<u>1,769</u>	<u>2,062</u>
Total	\$	<b>11,434</b>	\$ <b>11,890</b>	\$ <b>12,649</b>	\$ <b>13,842</b>

Note: includes new money bonds and notes for capital purposes and, with respect to the Water Authority, reserve amounts.

**Schedule C: Debt Outstanding & Debt Service Ratios**

<b>I. Debt Service of NYC GO, Conduit Debt &amp; TFA (\$ in millions)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
[I.1] NYC General Obligation Debt Service*	\$3,876	\$4,437	\$4,741	\$4,972
[I.2] Conduit Debt Debt Service	\$125	\$148	\$118	\$116
[I.3] Transitional Finance Authority Debt Service*	\$3,087	\$3,806	\$3,929	\$4,264
[I.4] Total Debt Service (NYC GO, Conduit Debt & TFA)= [I.1] + [I.2] + [I.3]	\$7,088	\$8,391	\$8,788	\$9,352
<b>Total Debt Service (NYC GO, Conduit Debt &amp; TFA) [I.4] as % of:</b>				
a. Total Revenue**	7.2%	8.6%	8.8%	9.3%
b. Total Taxes**	11.4%	12.8%	13.0%	13.5%
c. Total NYC Personal Income	1.0%	1.1%	1.1%	1.1%
<b>NYC General Obligation Bonds Debt Service [I.1] as % of:</b>				
d. Real Property Tax Revenue	13.2%	14.8%	15.6%	16.1%
e. Full Value of Taxable Real Estate	0.3%	0.3%	0.4%	0.4%
<b>II. Debt Outstanding: NYC GO, Conduit Debt &amp; TFA (\$ in millions) as of 6/30</b>				
[I.5] NYC General Obligation Debt Outstanding	\$40,731	\$43,403	\$46,267	\$49,560
[I.6] Conduit Debt Debt Outstanding	\$929	\$838	\$769	\$701
[I.7] Transitional Finance Authority Debt Outstanding	\$45,939	\$49,436	\$53,065	\$57,031
[I.8] Total Debt Outstanding (NYC GO, Conduit Debt & TFA ) [I.5]+[I.6]+[I.7]	\$87,599	\$93,677	\$100,101	\$107,292
<b>Total Debt Outstanding (NYC GO, Conduit Debt &amp; TFA) [I.8] as % of:</b>				
f. Total NYC Personal Income	12.1%	12.4%	12.6%	13.0%
<b>NYC General Obligation Debt Outstanding [I.5] as % of:</b>				
g. Real Property Tax Revenue	139.1%	144.5%	151.8%	160.5%
h. Five Year Average Full Value of Taxable Real Estate	3.2%	3.4%	3.6%	3.7%
<b>III. Debt Service &amp; Debt Outstanding Per Capita (\$ in thousands)</b>				
i. Debt Service Per Capita (NYC GO+Conduit Debt+TFA DS)	\$0.850	\$1.006	\$1.054	\$1.122
j. Debt Outstanding Per Capita (NYC GO+Conduit Debt+TFA)	\$10.508	\$11.237	\$12.007	\$12.870
<b>a. Total Revenue</b>	\$98,560	\$97,631	\$99,507	\$100,951
<b>b. Total Taxes</b>	\$62,356	\$65,437	\$67,564	\$69,435
<b>c. PIT Required to Support TFA DS***</b>	\$404	\$3,806	\$3,929	\$4,264
<b>d. Total NYC Personal Income</b>	\$726,800	\$755,910	\$793,370	\$826,660
<b>e. Real Property Tax Revenue</b>	\$29,280	\$30,042	\$30,471	\$30,881
<b>f. Full Value of Taxable Real Estate</b>	\$1,274,394	\$1,270,639	\$1,301,610	\$1,334,726
<b>g. Population</b>	8,336,817	8,336,817	8,336,817	8,336,817

\* Does not reflect prepayments.

\*\* Includes amount required to support TFA debt service.