



The City of New York
Office of Management and Budget
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April 26, 2022

Hon. Eric L. Adams
Mayor
City Hall
New York, NY 10007

Hon. Kathy Hochul
Governor
The Executive Chamber, Capitol
Albany, NY 12224

Hon. Adrienne Adams
Speaker of the Council
City Hall
New York, NY 10007

Hon. Brad Lander
Comptroller
Municipal Bldg., 1 Centre St.
New York, NY 10007

Hon. Thomas F. O'Mara
Ranking Minority Member
Senate Finance Committee
The Capitol
Albany, NY 12247

Hon. Edward P. Ra
Ranking Minority Member
Assembly Ways & Means Committee
The Capitol
Albany, NY 12248

Hon. Liz Krueger
Chair, Senate Finance Committee
428 Capitol
Albany, NY 12248

Hon. Helene Weinstein
Chair, Assembly Ways & Means Committee
The Capitol, LOB 923
Albany, NY 12248

Hon. Thomas P. DiNapoli
Comptroller
Gov. A.E. Smith Office Bldg.
Albany, NY 12236

Michelle McManus
NYS Financial Control Board
80 Maiden Lane, Suite 402
New York, NY 10038-3833

Re: Statement of Debt Affordability

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 2023 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 \$9.1 billion, \$10.2 billion, \$11.6 billion and \$12.0 billion in fiscal years 2023 through 2026, 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 2026, of debt service (including the TFA FTS and lease (conduit) debt service) requiring 9.2 percent of total revenues and 13.2 percent of total tax revenues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Jiha', with a stylized flourish extending to the right.

Jacques Jiha, Ph.D.

Attachments

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

NYC Debt and Contract Liabilities

	FY	2023	2024	2025	2026
<u>As of June 30</u>					
Total City Debt- Incurring Power under General Debt Limit	\$	127,402	\$ 132,749	\$ 138,069	\$ 146,190
Gross Debt-Funded		41,904	44,458	47,708	51,114
Less: Excluded Debt		<u>(22)</u>	<u>(19)</u>	<u>(17)</u>	<u>(14)</u>
		41,882	44,438	47,691	51,100
Contracts and Other Liabilities, Net of Prior Financings Thereof		<u>25,697</u>	<u>32,196</u>	<u>36,721</u>	<u>39,119</u>
Total City Indebtedness		67,579	76,634	84,412	90,219
TFA Debt Outstanding above \$13.5 billion		<u>32,447</u>	<u>35,821</u>	<u>39,894</u>	<u>43,918</u>
Combined Debt-Incurring Power of NYC and TFA	\$	27,376	\$ 20,294	\$ 13,763	\$ 12,053

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

	FY	2023	2024	2025	2026
City General Obligation Bonds	\$	5,300	\$ 5,080	\$ 5,800	\$ 5,980
TFA Future Tax Secured Bonds		3,825	5,080	5,800	5,980
TFA Building Aid Revenue Bonds		-	-	-	-
Water Authority Bonds		<u>1,338</u>	<u>1,746</u>	<u>1,962</u>	<u>2,116</u>
Total	\$	10,463	\$ 11,906	\$ 13,562	\$ 14,076

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

<u>I. Debt Service of NYC GO, Conduit Debt & TFA (\$ in millions)</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
[1.1] NYC General Obligation Debt Service*	\$4,288	\$4,575	\$4,792	\$5,052
[1.2] Conduit Debt Debt Service	\$147	\$118	\$117	\$116
[1.3] Transitional Finance Authority Debt Service*	<u>\$3,381</u>	<u>\$3,426</u>	<u>\$3,721</u>	<u>\$4,239</u>
[1.4] Total Debt Service (NYC GO, Conduit Debt & TFA)= [1.1] + [1.2] + [1.3]	\$7,816	\$8,119	\$8,630	\$9,407
Total Debt Service (NYC GO, Conduit Debt & TFA) [1.4] as % of:				
a. Total Revenue**	7.8%	8.1%	8.5%	9.2%
b. Total Taxes**	11.8%	12.0%	12.4%	13.2%
c. Total NYC Personal Income	1.1%	1.1%	1.1%	1.1%
NYC General Obligation Bonds Debt Service [1.1] as % of:				
d. Real Property Tax Revenue	13.7%	14.4%	15.1%	15.9%
e. Full Value of Taxable Real Estate	0.3%	0.3%	0.3%	0.3%
<u>II. Debt Outstanding: NYC GO, Conduit Debt & TFA (\$ in millions) as of 6/30</u>				
[1.5] NYC General Obligation Debt Outstanding	\$41,865	\$44,422	\$47,679	\$51,086
[1.6] Conduit Debt Debt Outstanding	931	863	794	726
[1.7] Transitional Finance Authority Debt Outstanding	<u>\$45,947</u>	<u>\$49,321</u>	<u>\$53,394</u>	<u>\$57,418</u>
[1.8] Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [1.5]+[1.6]+[1.7]	\$88,744	\$94,605	\$101,868	\$109,229
Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [1.8] as % of:				
f. Total NYC Personal Income	12.1%	12.3%	12.6%	12.8%
NYC General Obligation Debt Outstanding [1.5] as % of:				
g. Real Property Tax Revenue	134.2%	140.2%	150%	160%
h. Five Year Average Full Value of Taxable Real Estate	3.3%	3.3%	3.5%	3.5%
<u>III. Debt Service & Debt Outstanding Per Capita (\$ in thousands)</u>				
i. Debt Service Per Capita (NYC GO+Conduit Debt+TFA DS)	\$0.923	\$0.959	\$1.019	\$1.111
j. Debt Outstanding Per Capita (NYC GO+Conduit Debt+TFA)	\$10.481	\$11.173	\$12.030	\$12.900
a. Total Revenue	\$99,653	\$100,556	\$101,822	\$102,338
b. Total Taxes	\$66,265	\$67,937	\$69,662	\$71,090
c. PIT Required to Support TFA DS***	\$1,416	\$3,426	\$3,721	\$4,239
d. Total NYC Personal Income	\$733,780	\$769,970	\$809,650	\$850,420
e. Real Property Tax Revenue	\$31,200	\$31,692	\$31,826	\$31,836
f. Full Value of Taxable Real Estate	\$1,274,023	\$1,327,489	\$1,380,691	\$1,461,903
g. Population	8,467,513	8,467,513	8,467,513	8,467,513

* Does not reflect prepayments.

** Includes amount required to support TFA debt service.

*** Reflects prepayment in FY 2022 for FY 2023 TFA Debt Service.