NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin
President

Subject: Proposed FY 2021 Operating Budget

Date: November 23, 2020

I am pleased to present the Corporation's proposed operating budget for Fiscal Year 2021 ("FY 2021") for the Members approval. The attached budget contains a summary of revenues and expenditures for the Corporation's general operating fund, Corporate Services. The operating budget demonstrates responsible and strategic fiscal planning in the midst of a global pandemic while still allowing HDC the flexibility to reach its goals while also containing administrative costs through operational innovations and efficient managerial controls.

This memorandum, which accompanies the proposed operating budget schedules and notes in Appendix A, provides a complete discussion of the variance from the FY 2020 budget to the projected actuals as well as the Corporation's FY 2021 expected fee and investment income and anticipated line-item expenses. Detailed explanations for each revenue and expense budget line are provided in the budget notes. Some of the budget lines this year have been affected by the coronavirus pandemic and its economic impacts, and notations have been made in those sections of the budget notes where that has occurred.

Summary of FY 2020 Budget Results and FY 2021 Proposed Budget (attached schedules in Appendix A)

The Corporation ended FY 2020 with an excess of revenues over expenses, on a cash basis, of $96.65 million, a decrease of $22.10 million over the budgeted amount of $118.75 million. This decrease was mainly due to a reduction in the surplus that was taken out of the Multifamily Housing Revenue Bonds program ("Open Resolution") in an abundance of caution at the beginning of the global pandemic, which is explained below in the *Operating Revenues* section.

The Open Resolution surplus is the Corporation's most significant revenue source and, despite the fiscal crisis caused by the pandemic, it is still expected to generate similar amounts of cash as it did in FY 2020 due to the over-collateralization of mortgages over bonds, the increased spread between underlying mortgage rates and the currently low interest rates on the variable rate debt in the Open Resolution.

As indicated on the chart below, staff projects total cash revenues to be $143.67 million for FY 2021, a decrease of 6.19% from the approved FY 2020 budget of $153.16 million and an increase of 9.94% from the 2020 actual, a variance to be explained later in this memo. At the same time, operating expenses are budgeted to increase to $34.71 million, an increase of 0.87% from the FY 2020 budget.

An excess of revenue over expenses of $108.96 million is budgeted for FY 2021. The chart following summarizes these results, which are briefly discussed in the following section and presented in greater detail in the attached schedules and notes of revenues and expenditures in Appendix A.

Summary of Revenues And Expenditures (Cash Basis)	**Adopted Budget FY 2020**	**Actual FY 2020**	**Variance FY 2020**	**Proposed Budget FY 2021**
Operating Revenues:				
Investment and Loan Income	96,290,000	71,126,483	(25,163,517)	85,080,000
Servicing Fees	34,957,000	36,772,190	1,815,190	36,127,000
Loan and Other Fees	21,914,000	22,790,310	876,310	22,467,000
Total Revenues	**153,161,000**	**130,688,983**	**(22,472,017)**	**143,674,000**
Operating Expenses:				
Salaries and Related	27,340,000	27,678,679	(338,679)	27,600,000
Contract Services	1,089,000	1,003,347	85,653	1,238,000
Other Expenses	5,981,000	5,359,423	621,577	5,872,000
Total Expenses	**34,410,000**	**34,041,449**	**368,551**	**34,710,000**
Excess of Revenues Over Expenses	**$118,751,000**	**$96,647,534**	**$(22,103,466)**	**$108,964,000**

FY 2020 Unaudited Budget Results

Operating Revenues

The Corporation's FY 2020 budget projected revenues of $153.16 million, and HDC realized revenues of $130.69 million, a variance of $22.47 million or 14.67%. This result was attributable to two main negative variances:

- The Open Resolution surplus was $26.29 million lower than anticipated. Despite the fact that the Resolution generated cash due to the over-collateralization of mortgages over bonds, as well as increased spread between underlying mortgage rates, senior management thought it was prudent to keep the May 2020 withdrawal of surplus in the Resolution to protect against any loan payment issues that may have arisen during the pandemic, which thankfully never materialized.
- Fees from loan originations and refinancings were $901,000 lower than budgeted due to a small reduction in the number of loan closings that had been originally scheduled to occur in June as the City was in the midst of a shutdown due to the pandemic.

Slightly offsetting these negative variances were three positive variances:

- Servicing fees on HDC loans were $2.21 million higher than budgeted due to an increase in mortgage participation fees during the year.
- The New York City Housing Authority Permanent Affordability Commitment Together ("NYCHA PACT") Administration fee was $1.76 million higher than budgeted due to the collection of two years' worth of fees in FY 2020. The administration fee earned by HDC during FY 2019 was not taken as there was no revenue stream at the time since the program was still in the development stages.
- Corporate owned mortgage income was $1.01 million higher than budgeted due to the participation with Citibank in a construction loan at a favorable interest rate.

The attached Revenue Summary in Appendix A provides further budget and actual details on these and other, smaller variances.

Operating Expenses

The Corporation's adopted FY 2020 operating expense budget was $34.41 million. Actual FY 2020 expenses were $34.04 million, a variance of $368,551 or 1.07%. This result was attributable to the following variances.

Four major positive variances:

- Wages – $895,249. This line item was under budget mainly due to vacancies during the year and budgeted salary increases that were put on hold due to the pandemic and ensuing City fiscal crisis.
- Fringe Benefits – $733,526. This line was under budget due to staff vacancies and lower than anticipated funds needed for hospital insurance, whose premium increases were lower than anticipated. Deferred compensation, dental, FICA and unemployment insurances were also lower than anticipated.
- Training and Conferences – $226,704. This line item was under budget mainly due to cancellations of in person group trainings for employee development and conferences, and reduction in travel due to the pandemic.
- Office Expenses – $162,939. This line item was under budget due to the pandemic and not fully spending on many office expense line items.

Offsetting these positive variances was one major negative variance:

- NYCERS – $2,000,324. This line item was over budget. Due to an excess of funds in the 2020 budget, the Corporation paid its FY 2021 NYCERS estimated appropriation to cover staff's participation in NYCERS.

The attached Expense Summary in Appendix A provides further budget and actual details on these and other, smaller variances.

FY 2021 Proposed Budget

Operating Revenues

The Corporation's revenues are budgeted at $143.67 million in FY 2021. This is a $9.49 million decrease from the FY 2020 adopted budget and a $13.0 million increase from the FY 2020 actual budget. The attached schedule shows revenue projections by line item for FY 2021.

The budget to budget decrease is largely attributable to a decrease in investment income as the staff expects interest rates to remain quite low. The decrease is slightly offset by a forecasted increase in corporate owned mortgage interest and HDC servicing fees.

The increase in the FY 2021 budget compared to the FY 2020 actual budget is attributable to the resumption of withdrawing the surplus revenues from the Open Resolution.

Each revenue source is discussed in detail in Appendix A.

Operating Expenses

The Corporation's expenses are budgeted at $34.71 million in FY 2021. This is a $300,000 or 0.87% increase from the FY 2020 adopted budget. The attached schedule shows expense projections by line item for FY 2021. The de minimis increase from the FY 2020 budgeted amounts revolves around certain budget lines decreasing or increasing from last year. The budget lines that are projected to decrease are due to the coronavirus pandemic and its effect on the staff, conferences and group training events, and travel and transportation, just to name a few. Offsetting these decreases to the expense budget were two minimal increases to the consulting and insurance budget lines.

Expense projections by line item are discussed in detail in Appendix A.

Projections for FY 2021

Despite the global pandemic and as a result, the economic downturn, the Corporation remains cautiously optimistic about its 2021 financial outlook. The Corporation's mortgage portfolio has performed well and loan repayments have returned to pre-pandemic levels. The proposed FY 2021 development pipeline is robust, with great interest in the Corporation's programs. The Corporation has throughout its history had strong financial performances even during turbulent times. It has come out strong despite long stretches of low interest rate environments, the fiscal crisis in 2008 and 2009, and federal uncertainties throughout its history. And although the Corporation cannot predict the extent or duration of the pandemic or its effect on the local or global economy, there is still an expectation of continued solid financial performance for the Corporation. Senior management will continue to monitor the loan portfolio, track any delinquencies, and review the possible impacts of forbearances on its financial condition, operations, cash flow, and take action if necessary, to mitigate any deficiencies. This budget reflects a conservative expectation of future income, balanced against the needs of supporting both the Mayor's Housing New York 2.0 Plan (the "Plan") and the NYCHA PACT Program, as well as the growing needs of the Corporation, all while operating under a global pandemic.

Action by the Members

The Members are requested to approve the Corporation's FY 2021 Operating Budget.

Appendix A

FY 2021 Proposed Budget – Notes and Schedules

Overview of Corporation Revenues and Cash Receipts

The Corporation's operating budget is presented and tracked on a cash basis. Before reviewing the details of the FY 2020 results and FY 2021 proposed budget, it will be useful to delineate the various categories of cash received by HDC in its operations.

It is important to note the distinction between Corporation revenues on a cash basis, as used in budgeting, and on a generally accepted accounting principles (GAAP) basis, as used in our financial reporting. For cash-based budgeting, revenues and expenditures are reported when received or paid, respectively. The GAAP figure matches revenues and expenses to the period to which they can be attributed, which may differ from the period in which they were received or billed. Also, income categories used for the Corporation's budget are different from the categories required under GAAP for our financial reporting.

Certain cash receipts are not considered revenues at all under GAAP and therefore are excluded entirely from the Corporation's budget, though they do figure into cash flow analyses and affect our ability to lend corporate reserves to subsidize development. These non-revenue cash receipts include (1) principal repayments of corporate loans, (2) bond sale proceeds from the placement of corporate loans in securitizations into the Open Resolution, and (3) transfers of corporate reserves between the Open Resolution and the corporate services fund.

Details of Operating Revenues

The Corporation's revenues are budgeted at $143.67 million in FY 2021. Each revenue source is discussed below.

Investment and Loan Income

Investment of Corporate Reserves and Other Funds. The Corporation currently has $5.4 billion of cash and investments under management, but HDC retains the earnings on only a portion of those funds. Earnings on bond proceeds, monies of the New York City Department of Housing Preservation and Development ("HPD"), reserves for replacement accounts, and bond revenue funds outside the Open Resolution (and in three cases, in the Open Resolution) are all returned to the related party or credited against interest payments due. The Corporation keeps the earnings on its corporate funds and on most of the loan-related escrows it maintains. (The Corporation also keeps most of the earnings on Open Resolution bond revenue deposits, but those earnings are covered below in "Open Resolution Surplus"). Earnings are affected by the level of interest rates, the term of investments and the funds available for investment. In FY 2020, the Corporation realized $38.6 million on investments of corporate reserves and other funds, which was slightly over budget due to more funds under management in a declining interest rate environment. Staff forecasts investment earnings in FY 2021 to be $26.3 million, a significant decrease from the 2020 budget due to declining interest rates and slightly less funds under management. The Corporation's Investment Committee has sought to prudently maximize the rates of return on investments in the current markets. Although, the Corporation will make lower investment income than projected, it will also pay lower interest costs on its floating rate debt that may reduce the income difference or spread. In the near term most of the Corporation's spread income on bond deals closed over the last several years are locked in for a period of time and will continue to be a source of income for the Corporation irrespective of interest rates in the next year.

Corporate-Owned Mortgage Interest. The Corporation has used over $3.19 billion total of corporate reserves to make subsidy loans since 2004 and the Corporation currently has a $317 million portfolio of loans as corporate owned mortgages. This lower amount is due to securitizations that have yielded around $934 million in proceeds and $1.52 billion of loans have been transferred into the Open Resolution and Federal Financing Bank ("FFB") program. The loans have varying repayment terms, often with deferred amortization or balloon mortgages, and most are at very low interest rates. Interest payments on the corporate-owned loans totaled $3.6 million in FY 2020, an increase from the budgeted amount due to the participation with Citibank in a construction loan at a favorable interest rate. Current portfolio loan schedules indicate $3.6 million interest revenue in FY 2021, an increase from the FY 2020 budget due to the participation in the aforementioned construction loan.

Open Resolution Surplus. The Corporation's highly rated Open Resolution is the mainstay of its affordable housing production. Because the Resolution pools a wide range of credits and cash flows, individual risks are mitigated and surplus cash flows from some loans provide needed coverage for the pool as a whole. The amount of surplus fluctuates depending on interest rates, varying mortgage and bond payment schedules, the redemption of bonds, and the unpredictable prepayment of mortgages after the designated lockout period. Asset/liability ratios and debt service coverage are monitored closely by the ratings agencies and are modeled in-house by the Corporation's staff using cfX software. A full cash flow demonstrating capacity to pay scheduled debt service is prepared each time the Corporation issues bonds under the Open Resolution.

The Open Resolution cash surplus is generated by (a) the spread between mortgage rates that HDC charges its borrowers and bond rates paid to HDC's investors, which varies widely depending on the bond series and, for some series, the level of variable interest rates; and (b) interest earnings on monies held under the resolution, including debt service reserve funds, principal and interest monies held prior to debt service payment, and mortgage prepayment funds held prior to bond call. A few series may temporarily run at a small deficit, typically when the underlying loans have stayed in construction longer than scheduled and so have not started making principal amortization payments.

Based on the cash flow model, and adjusted upward as discussed above, $55.18 million of Open Resolution surplus is included in the FY 2021 budget. Interest rate caps and swaps, approved by the Members, in addition to the Corporation's large short-term investment portfolio, are hedges should interest rates rise greatly. The FY 2020 cash surplus withdrawal from the Open Resolution was $28.9 million, a significant decrease from the budgeted amount of $55.19 million. When the global pandemic hit in early 2020 senior management of the Corporation thought it was prudent to leave all surplus revenues in the Resolution as staff gauged how the ensuing crisis would affect loan payments. As a result, the semi-annual withdrawal in May 2020 was not taken and thus the negative variance in the operating budget, and subsequently used such funds to prepay certain higher rate bonds and reduce financial pressure in the Open Resolution. Senior management has continued to monitor loan payments and throughout the pandemic, to date, loan delinquency has been at or below 1%. Therefore, the Corporation is forecasting to resume withdrawing the surplus revenues as per the FY 2021 budgeted amount should the rate of loan payments continue at its current pace.

Servicing Fees

The Corporation earns servicing fees from three major areas of work: (1) servicing HDC loans (originated or purchased by HDC); (2) tax credit monitoring fees; (3) and servicing HPD construction and permanent loans.

HDC Loan Servicing. Most loan servicing fees range from 0.11% to 0.25%. Servicing fees for many variable rate projects in recent years have been set on a sliding scale to vary inversely with the interest rate on the bonds. Loan servicing fee income is projected to slightly increase from the FY 2020 budget of $27.4 million to about $28.7 million due to more loans converting after construction completion to permanent status (when servicing fees become due on a monthly basis), as well as an increase in collections on the servicing fees in the Open Resolution bond programs. Additionally, this line includes income from servicing fees associated with the Corporation's Preservation Lending Program, mortgage satisfaction fees, and regulatory and compliance monitoring fees.

The FY 2020 actual collection of HDC servicing fees was $29.6 million, which was $2.2 million over the budgeted amount. This variance was due to more loans converting to permanent than anticipated as well as an increase in mortgage participation fees.

Tax Credit Monitoring Fees. Pursuant to a memorandum of understanding ("MOU") with HPD, HDC is responsible for monitoring low income housing tax credit compliance in accordance with Section 42 of the IRS code for properties financed by HDC that have allocations of 4% tax credits from HPD. Currently, the Corporation is monitoring over 365 HDC financed developments. In total, HDC is responsible for tax credit monitoring for developments containing approximately 64,000 units as of FY 2020.

The FY 2020 actual collection of tax credit monitoring fees came in on budget. The FY 2021 budgeted amount is based on projections related to the FY 2020 actuals.

HPD Financed Loans. HPD servicing fees are paid solely from investment earnings on funds under administration or, for permanent loans, debt service collections. As most construction loan fees are payable only out of investment income on associated HPD funds, fee income can vary widely depending on the level of HPD funds on hand, as loans are drawn down and new loan funds are sent over to be administered. Fee income is also affected by the overall level of interest rates. The FY 2021 budgeted amount of $4.38 million is slightly lower than the FY 2020 budgeted amount due to an anticipated slight decrease in the conversion of loans from construction to permanent as well as a decrease in investment earnings, as reflected in the FY 2020 actuals.

The FY 2020 actual collection of HPD servicing fees was $4.37 million, which was $390,146 under the budgeted amount due to a decrease in the conversion of loans, and the decrease in investment earnings allowing for the collection of servicing fees previously accrued on the construction loans.

Other Fees

Credit Enhancement Fee. In 2018 the Corporation issued its Multi-Family Housing Revenue Bonds, 2018 Series B-1 and 2018 Series B-2, a securitization of a participation interest in pools of HPD loans previously purchased by the Corporation. HDC also agreed to continue to provide credit support for a debt service reserve fund for such bonds. The Corporation secures its pledge with a set-aside of corporate funds, currently $11.4 million. To compensate for this pledge, as well as its general enhancement of the 2018 Series B bonds, HDC earns a fee of 1.25% of the outstanding bonds. In FY 2021 the Corporation is projecting to collect $1.9 million as a credit enhancement fee.

Loan Origination and Refinancing Fees. The Corporation's commitment fees range from 0.75% to 1.0% for its loans. In FY 2020, total fees collected in this category were $17.10 million, which was $901,140 lower than budgeted due to slightly fewer loan closings than expected under the Plan due to the pandemic and ensuing "New York Pause" for a period of time in the Spring. The proposed FY 2021 budget amount is $18.0 million to reflect the anticipated pipeline for the Plan for FY 2021, and some anticipated refinancing fees.

REMIC Administration Fee. The Corporation is paid a fee by its subsidiary, the New York City Residential Mortgage Insurance Corporation ("REMIC"), to cover the cost of staffing and overhead. The REMIC administration fee for FY 2021 is $572,000. The fee is comprised of the direct cost of salary and fringe related to the REMIC staff members, plus a percentage of operating expenses based on headcount of REMIC staff versus total headcount in the Corporation. REMIC revenues consist of investment income on its principal plus income from insurance premiums and fees. It uses a small portion of this revenue to pay the administration fee to HDC.

CDBG-DR Funds. The Corporation is participating in the New York City Build It Back program funded through the Federal Community Development Block Grant – Disaster Relief ("CDBG-DR") Build It Back Multifamily Repair Program. The program was established to assist homeowners, landlords, and tenants in the five boroughs whose homes and properties were damaged by Superstorm Sandy. HPD is the Grantee of these funds and HDC is a Sub-Recipient engaged to assist HPD in utilizing these funds. HDC's participation is limited to projects in HDC's portfolio or projects expecting to refinance with HDC. The Build It Back program provides forgivable loans or grants for repairs and resiliency improvements to buildings with five or more units that sustained damage during Superstorm Sandy. The Corporation projected that the expenditures related to staff time and such for FY 2020 to be $110,000. Actual costs for reimbursement totaled almost $108,000 for FY 2020. This year as the resiliency work is winding down, the Corporation is budgeting $80,000.

NYCHA PACT Administration Fee. HDC is using its lending strength, capital markets capacity and staff to assist NYCHA to help preserve and finance the rehabilitation of housing developments in the NYCHA portfolio to provide safe, decent, and affordable housing to New Yorkers. Debt issuance through HDC finances extensive capital improvements which are essential to preserve, modernize and improve the developments and to ensure their viability for current and future generations of NYCHA residents while also still protecting such tenants' rights. As a result of this initiative, HDC created a Public Housing Finance unit within its Development department to develop and lead this undertaking. In addition to this new unit, HDC has also dedicated current staff throughout the Corporation to arrange financing, asset manage, and ensure compliance.

The Corporation is paid a fee related to this work. The fee is comprised of the direct cost of HDC staff's salary and fringe allocated to their work on the transactions related to the NYCHA financing portfolio, plus a percentage of operating expenses based on headcount (similar to the REMIC fee discussed above). The Corporation generates fee revenue from originating loans, loan servicing and credit enhancement fees as well as spread raised in the bond resolution. The Corporation will use the related portion of this revenue to pay the administration fee to HDC. Corporation revenues related to the lending program in excess of the related fee are expected to stay with the Corporation in a reserve to support the NYCHA lending program and may be used for future lending or related credit enhancement. The actual administration fees collected in FY 2020 were almost $2.9 million due to the collection of both FY 2019 and FY 2020's related fees. The administration fee earned by HDC during FY 2019 was not taken as there was no revenue stream at the time since the program was still in the development stages.

Details of Operating Expenses

The Corporation's expenses are budgeted at $34.71 million in FY 2021. Each expense line item is discussed below.

Salaries and Related Expenses

The Corporation's dedicated and hardworking staff remains the foundation of our success. Careful attention will continue to be paid to ensure that hiring meets the strategic needs of the Corporation for today, and for the future. During the last few years, HDC has maintained a steady headcount based on attrition and increased efficiencies in technology, which has been reflected in its financial results. This year's budget continues that same approach across the Corporation while also balancing the demands of the Mayor's Housing Plan and the NYCHA PACT Program, as well as an organization whose success has led to increased demands placed upon it throughout many departments within the Corporation.

Wages. This budget line provides for 200 staff positions, including the four staff participating in the HPD/HDC Fellowship program. The headcount for this year's budget includes an increase of three positions. This small increase continues a pattern of targeted hiring to reinforce core functions and to increase efficiencies. The Corporation over the years has strategically had small increases in headcount as a result of a pattern of targeted hiring to reinforce core functions and to increase efficiencies. The Corporation regularly evaluates staff hires throughout the year as some staff members leave or retire during the year. The assessments sometimes resulted in some instances where the replacement of that same position wasn't immediately necessary due to the expected implementation of technologies that could result in increased efficiencies. There are other instances where an open position in one department was reallocated to another department based on need, mostly relating to the increase in the size of the loan portfolio and the demands of reporting on that portfolio. As a result of this year's assessment, senior management felt that three positions that were vacant either thru a staff departure or retirement could be cut from the headcount resulting in a savings of close to $400,000 including fringe benefits.

The budgeted hires include two positions in the Legal department and one position in the Asset Management department. The first position being requested in the Legal department is for a real estate attorney and is directly related to the increase in workload from the addition of the NYCHA PACT program, as well as the increase in legislative and policy work that has developed as a result of the expansion of the policy and analytics team in the Corporation. The second position being requested is for a bond attorney and is directly related to vacancies and promotions within the department. Along with filling a current bond attorney vacancy, another bond attorney is needed to right-size the department after its one remaining dedicated bond attorney was promoted to Deputy General Counsel. This new position would align the department division of labor more closely with the long-standing practice of having two dedicated bond attorneys – a junior bond attorney and a more senior bond attorney, which has been the practice even before the significant increase in bond work that came with the NYCHA PACT program.

The Asset Management department will require one position in its Portfolio Analysis area to assist in restructuring loans on troubled properties and to manage the portfolio of securitized loans purchased from the City.

Similar to last year, the proposed budget does not include any specific line amount for staff raises. However, there is a small amount of money available for discretionary promotions, and possibly some merit increases, including senior staff, subject to approval from the HDC Governance Committee. In trying to find a balance between maintaining a high level of performance for a dedicated, highly skilled staff versus the challenge of fiscal responsibility at all levels of government, the Corporation's senior management believes that a discretionary amount used for specific promotions and increases again this year is a prudent, necessary approach. Due to the pandemic the Corporation postponed staff raises in 2020 except for a handful of preplanned promotions.

Actual wage expenses came in under budget for FY 2020 due to staff vacancies during the year, delayed hirings of two budgeted hires, and the postponement of staff raises.

<u>Fringe Benefits</u>. Included in this category are sufficient funds to cover Health, Life, Dental, Disability and Vision benefits. This budget line also includes funds for HDC's matching contributions to the employees' Tax Sheltered Annuity (403(b) Retirement) Plan ("TSA"). Also budgeted in this category are funds to cover the employer's share of payroll taxes, Workmen's Compensation Insurance, Unemployment Insurance, etc.

An ongoing challenge for most American companies is the escalating expense related to health care costs, and HDC is no exception; such expenses have been built into our expectations for FY 2021 although the Corporation has made other efforts to reduce costs in the areas that it can control.

The fringe benefit line shows a decrease of almost 2% over last year's budget. The decrease is mainly attributable to a lower than expected increase to the health insurance premiums compared to last year's expected increases. The Corporation participates in the New York State Health Insurance Plan ("NYSHIP") and therefore benefits from the group rates and although much less costlier than other health insurance plans, there is a potential increase of between 6% and 8% this year. Last year there was an expectation of an increase of 8% and the increase was actually 3.4% on average. Disability and life insurance increase their premiums every two years and they have informed us of a potentially large increase for this year. All other insurance carriers have informed us that the rates will remain stable for 2021. Every year the Corporation's senior managers diligently monitor its fringe benefit budget and look to reduce costs where possible, including obtaining bids from different insurance carriers through a broker. The Corporation will continue to look for ways to contain costs related to fringe benefits in the upcoming year and beyond.

Although staff did its best to estimate the areas of increases for 2021 stated above, the actual costs of these line items, as well as the NYCERS appropriation amount described next in this memo, could possibly be higher than budgeted.

Actual expenditures for this line item, in total, were under budget in FY 2020 due to savings in all the detailed line items due to vacancies, especially in health insurance, TSA expenses and dental. Additionally, there were lower than expected increases to insurance premiums at the beginning of the calendar year.

<u>New York City Employees' Retirement System ("NYCERS").</u> This line provides funds for the required employer contribution for its employees who are enrolled in NYCERS. This line is over budget this year due to the Corporation paying its 2021 NYCERS estimated appropriation due in December 2020 with the excess of funds available in last year's budget. The 2021 budget includes funds to pay any additional amount due when the City's actuary finalizes the appropriation at City fiscal year end.

<u>Metropolitan Commuter Transportation Mobility Tax ("MCTM Tax").</u> The Metropolitan Commuter Transportation Mobility Tax ("MCTM Tax") is a tax that was imposed beginning March 1, 2009 on certain employers engaged in business within the metropolitan commuter transportation district. The tax is 0.34% of the payroll expense for employees. This year the tax is budgeted at $68,700.

Actual expenditures for this line item for FY 2020 were slightly under budget due to staff vacancies.

<u>Temporary Staff</u>. This budget line has decreased 50% from last year's budget. This line item includes funds for vacation coverage in targeted positions and for potential coverage that may be needed due to unanticipated turnover or employee leave. For this year the decrease is attributable to the ongoing pandemic and the expectation of limiting outside personnel into the office space

through at least the first half of 2021. This budget line also includes $20,000 for the summer intern program.

Actual expenditures for this line item were under budget in FY 2020. The variance is mainly attributable to the hiring of an open position sooner than forecasted as well as the closing of the physical office space during quarantine and work from home orders.

Contract Services

Auditing and Accounting. The figure of $258,000 represents a contracted amount for auditing services from Ernst & Young for the annual financial audit of the Corporation. There is an increase of $7,000 from last year based on the contractual amount.

Actual expenditures for this line item for FY 2020 were on budget.

Legal Consultants. This line item provides funds for potential fees from outside counsels for the upcoming year. Those include Hawkins, Delafield and Wood, for general advice; Epstein, Becker & Green as employee benefits counsel; Seyfarth & Shaw for advice on the Corporation's TSA 403b Plan; and NYC Corporation Counsel for labor litigation. This year's line item is being held steady from last year's budget.

The FY 2020 actual expenditures were slightly under budget due to lower than anticipated funds needed for advice on all areas mentioned above.

Annual Report. This budget line provides funds for the design and production of the annual report. This year the budget line has remained steady from last year's budgeted amount. The Corporation continues to keep costs low in this budget line as part of its "going green" efforts and publishing on-line on the Corporation's website as opposed to printing hard copies.

The FY 2020 actual expenditures were under budget for the year due to the timing of payments.

Other Consultants. This budget line provides for any special studies or services which cannot be performed efficiently by staff or are short-term in nature and better suited to outside consultants. The consulting budget line has increased almost 19% from last year's budget mainly due to an increase in two of the consulting lines. The first is related to assisting the Communications department in messaging about HDC's role in the NYCHA PACT Program. Funds are budgeted at $190,000 for this service. The second increase is attributable to consulting services to work with the Corporation and provide advisory services on best ways to engage government leaders to implement federal policies and funding strategies that will enable HDC to strategically support the preservation of New York's public and assisted housing stock. Funds are budgeted at $150,000 for this service.

This budget line also includes funds for HDC's involvement in the new "Partners in Preservation" program as part of the City's affordable housing plan. HDC is working in partnership with HPD and Enterprise Community Partners on the implementation of this program, which funds community-based organizations to develop and coordinate anti-displacement strategies with local stakeholders, tenants, and government partners in select New York City neighborhoods. First proposed as part of the Plan, the Partners in Preservation pilot kicked off last year in the recently rezoned neighborhoods of East Harlem, Inwood, and the Jerome Avenue area of the Bronx.

The goals of this pilot program are to preserve affordable housing in targeted neighborhoods, prevent the loss of rent-regulated apartments, and proactively protect tenants from landlord harassment and displacement. The Corporation is obligated to pay for these consulting services over an 18-month period and funds were budgeted last year for the first round of payments. This year's budget includes $344,000 to complete our obligation to the program.

The budget line this year also includes funds to continue work with a cybersecurity consultant which was started in 2019 as part of one of the recommendations of an IT assessment. The goal has been to assess HDC's current cybersecurity efforts, create key policies, establish a risk management process, ensure that HDC is meeting regulatory compliance, and adopt a security framework. This consulting role is forecasted to last another four to six-months at which time it is anticipated that the continued assessment of HDC's cybersecurity can be handled by in-house staff. The Corporation may require additional services on an as-needed basis from year to year to advise the CIO and executive leadership on upcoming regulations, best practices and threats.

This budget line also includes $37,500 to provide funds to perform actuarial services for the Other Post Employment Benefits ("OPEB") liability as required by the Governmental Accounting Standards Board ("GASB"). This year's valuation will be performed under the new GASB Statement #75 which requires all governmental agencies to have their OPEB valuations performed every two years instead of three years. The budget also includes $50,000 for potential outsourcing of internal audits that require more technical expertise than our in-house auditors can provide. This was postponed from last year due to the COVID-19 crisis.

Similar to last year, this line also includes $35,000 to fund the Corporation's participation in the Christo Rey High School student job-share program, an educational intern program whose student participants provide clerical help to HDC staff. This budget line also includes $17,000 for the yearly fee for our insurance consultant.

The actual expenditures for FY 2020 came in under budget mainly due to the cybersecurity consulting funds not being fully spent.

Other Expenses

<u>Rent and Utilities</u>. This line, representing 7.09% of the budget, primarily reflects rental payments, including escalations, for the Corporation's space at 110 William Street. Base rent, operating costs and real estate taxes on the current space on the 9^{th} and 10^{th} floors total $194,500 per month. Funds, forecasted at $35,000, are also included in this budget line to cover estimated escalation costs, which are adjusted annually. The total amount requested also includes $75,130 for electricity for the year, which has decreased from last year as the savings from switching over to LED lighting throughout the office space continues to lead to savings and energy conservation.

Additionally, $15,000 of the total amount requested for this budget line provides for rent payments and document retrieval costs related to off-site storage space. This line has been kept steady for a few years and reflects the continued efforts to reduce the number of old boxes sitting in storage that can be destroyed in accordance with records retention laws. This effort will continue again this year so that offsite storage costs can continue to be reduced or kept steady in the future, and as the Corporation moves to electronic document storage.

The actual expenditures for FY 2020 came in on budget for the year.

Office Expenses. This budget line provides funds for office supplies, printing, postage, working meals, telephone and wireless services, office repairs and cleaning services, and petty cash. Overall this line has decreased by 7% this year due to the pandemic. Due to an expected reduction in staff occupancy in the office space for at least the first six months of the budget year, there is a corelated expected decrease in related spending for office supplies, printing, meals and office repairs. Office cleaning is one line that was increased within this budget category to accommodate additional cleaning of the office space and common areas to mitigate the spread of coronavirus. The Corporation performs a comprehensive review of office expenses each year and, as a result, continues to look for ways to reduce costs and decreases line items where it can.

The actual expenditures for FY 2020 came in significantly under budget for the year due to the coronavirus pandemic.

Equipment and Maintenance. The Corporation is fully focused on modernizing its IT infrastructure and tightening up our cybersecurity defenses. The Corporation also remains attentive on productivity and technical enhancements for its employees to ensure they have the tools needed to accomplish their work and the Corporation has the capacity to effectively manage its complex balance sheet. With all of this in mind, the Equipment and Maintenance budget includes important investments in technologies to migrate to the cloud, fortify our cybersecurity systems and continue to enhance our information systems capabilities and efficiencies, as well as its resiliency, in years to come.

Overall, this line represents 6.15% of the budget, and has decreased 3.01% from last year's budget. The majority of this line item is related to IT equipment and maintenance, which amounts to $1,971,500 this year, and has decreased by 2.91% from last year. There are two major areas within the IT budget line that make up this line and warrant further description which include the following: (1) new investments in technology; and (2) renewals of ongoing IT maintenance agreements.

The investments in new technology and upgrades for FY 2021 total $700,000, a decrease of $157,000 from last year. With the staff's heavy reliance on information systems to assist them in managing a large portfolio it is imperative that technology and information systems are the most up to date, most secure, and most efficient across the Corporation. The following paragraphs touch upon the proposed new initiatives planned for FY 2021, however some projects could be substituted for other initiatives depending on planning or other needs that may occur during the fiscal year.

About $210,000 of the new technology funds will be used to continue the migration of the Corporation over to the cloud for its hardware and backup solutions. HDC is modernizing its IT infrastructure and enabling new capabilities by securely adopting cloud services. This project was started during 2020. The “cloud” is not a physical entity but a vast network of remote servers. The remote servers are designed to either store and manage data, run applications, or deliver content. Instead of accessing files from a local or personal computer, or servers that are physically located in HDC’s Data Center on the 9th floor of the office space, users are accessing them online or from the cloud.

There are three main types of cloud services: (1) Software as a Service (SaaS) which is software that is accessed online and sold as a subscription. The vendor handles all the management, patching and upgrades; (2) Platform as a Service (PaaS) which is an online development platform or collection of services that is used to create and run software. The vendor manages the underlying components while the developer manages the application; and (3) Infrastructure as a Service (IaaS) which is a virtual data center. The customer is responsible for managing most aspects, except for the physical hardware, using tools provided by the cloud vendor. HDC will be using all three types of cloud services, as appropriate, to minimize operational costs and securely leverage new technologies. This will enable the IT team to shift their time from largely maintaining legacy software to focusing on optimizing business processes and modernizing HDC's applications.

The budgeted amount includes the costs of cloud computing, licenses, storage and technical assistance. It also includes a small amount to decommission servers and hardware from the HDC datacenter, along with proper disposal of such hardware.

About $275,000 of the new technology funds have been budgeted for the licensing and development of an application that will automate the development pipeline and underwriting process for the Development department. Currently, the Development department is tracking new and potential projects using spreadsheets, rather than using a software system to track and share data with other HDC departments as a new project moves through the development pipeline. The IT Project Management Office has been working closely with the Development department and is in the process of evaluating several RFP proposals. The choice of technology, overall approach, and vendor has not yet been decided but the Corporation expects to finalize these plans soon and make significant progress on this project in FY 2021.

About $130,000 has been budgeted for a new software for the Asset Management department that will help the staff more efficiently evaluate and review the compliance of properties in the portfolio as well as expand its portfolio management database. This is a two-year plan to implement a replacement for the current system. The main phases planned for FY 2021 include a secure file exchange system with managing agents and development of a central data repository.

And finally, $85,000 of the new technology funds have been budgeted for other initiatives such as an overhaul of HDC’s data warehouse to update legacy reports, make key data more accessible to staff, and introduce modern data analytics and data visualization tools. There is also a small amount of funds set aside for the purchase of one new network switch to use as a standby backup, since a number of switches in the office will no longer be eligible for maintenance and support. Longer term, all network switches will be replaced once a decision has been made with respect to the new office space lease, to be explained later.

The last major IT budget area pertains to renewals of current softwares and hardwares. The bulk of the costs, $1,166,500, relates to ongoing software licensing, maintenance agreements and equipment repairs on current management information systems and internet related services, including disaster recovery services. An additional $105,000 has been provided to upgrade hardware such as PCs, printers, laptops, parts and accessories, phones and mobile devices, fax machines, and network security to maintain efficiencies.

Over the years, the Corporation has systemically invested in its hardware and software. With the vast amount of data that accompanies the management of a growing portfolio (relating to debt outstanding, asset management and compliance, as well as all other activities), and the high demands of reporting on that data, as well as the risk of cyber threats in the world today, the Corporation must continually improve its information technology systems. These investments enable the Corporation to continue strengthening our systems, improve our defenses against cybersecurity threats, promote efficiencies, and report on the data.

With respect to other services in this budget line item not related to IT, $146,500 has been budgeted for maintenance agreements on office equipment and copiers, user licenses on the Tradeweb software that allows the Cash Management department to manage the Corporation's investments, and lease payments for eight cars, as well as parking, gas and tolls for such cars. Finally, this line item includes $15,000 for replacement of portable HVACs, water pumps and condenser units in the computer server room and various computer utility rooms throughout the office to prevent overheating of the equipment.

FY 2020 expenditures came in under budget as there was savings in all the individual lines covered in this budget line including the IT area, office and automobile maintenances, and copier and auto leasing.

<u>Insurance</u>. This line item includes premiums on policies for Property, Liability, Errors & Omissions, Umbrella Liability, Crime and Automobile. Beginning in FY 2020 this line item also covers funds for cyber insurance. The budget line item increased more than 50% this year with the addition of the cyber insurance policy. HDC's CIO has worked with our cybersecurity consultant in evaluating HDC's cybersecurity measures and what insurance coverages are needed. Cyber insurance covers HDC in the event of a cyber-incident such as hacking incidents, viruses, worms and malware, just to name a few. Any of these examples could result in HDC needing to respond internally in the form of data reconstruction, or the need to require external forensic specialists to determine the cause and to help reconstruct data and systems. If outside assistance is needed cyber insurance can cover these costs.

FY 2020 actual expenditures came in over budget due to the new cyber insurance policy that the Corporation obtained in July 2020.

<u>Books and Publications</u>. This line item ensures that the staff maintains updated resources and continues to stay current on industry trends. This budget line has increased about 2.5% from last

year's budget to reflect FY 2020 actuals with some anticipated increases from publishers. Over the years the Corporation has, where practical, switched over to electronic subscriptions to save money.

The actual expenditures for FY 2020 came in slightly over budget due to the timing of a subscription's payment at the end of the budget year.

Transportation. This budget line covers travel to site visits and project inspections, as well as in-town conferences and seminars. This line also includes funds for car service within the five boroughs for employees who work late. This line item has decreased almost 32% from last year's budget due to the pandemic. Although project inspections have resumed, there is an expected reduction in staff attendance in the office on a full-time basis for at least the first six months of the budget year. Thus, there will be a reduction in transportation needs as well as reduced overtime as staff works from home on an intermittent basis throughout the year until "normalcy" returns.

The actual expenditures for FY 2020 came in significantly under budget due to the pandemic and reduction in travel as explained above.

Training and Conferences. This budget line, representing 0.72% of the total budget, provides funds for continued staff training and costs associated with the National Association of Local Housing Finance Agencies ("NALHFA") and National Council of State Housing Agencies ("NCSHA") conferences, as well as other conferences and seminars. Also included in this line item is $5,000 for legislative travel to Washington D.C. for the President, Executive Vice Presidents, and other specific staff members. HDC senior staff will continue to pay particular attention to legislative and programmatic matters in Washington with the new administration.

This line also includes $140,000 for HDC's employee development program to assist the staff in their professional growth. This includes funds for tuition reimbursements and professional credit requirements, as well as funds for employee and technical skills development through classes both virtually and on- and off-site. This line allows for specific on-site and virtual departmental wide training in financial statement analysis and tax credit training, as well as corporate wide training in broad areas such as communications, management and leadership, and EEO, just to name a few. HDC's external auditors have highly recommended further investment in staff development through continuing professional education. In total this budget line has decreased over 23% this year due to the pandemic. Employee development, conferences and legislative travel have all been reduced this year as there is no expectation of travel or group gatherings for at least the first six months of the budget year.

FY 2020 expenditures were significantly under budget due to the pandemic and related travel restrictions.

Memberships. This budget line provides funds for annual membership fees for NCSHA, NALHFA, National Low Income Housing Coalition, National Leased Housing Association, the National Low Income Housing Coalition, the National Association of Affordable Housing Lenders, the Citizens Housing and Planning Council, the New York Housing Conference, and various other organizations to assist the staff in their professional growth, and maintain HDC's position in the policy discussions surrounding affordable housing.

FY 2020 expenditures came in under budget mainly due to the timing of some membership payments with the end of the fiscal year.

Employment Agency Fees/Ads. This line provides funds needed to fill positions through trade journal and on-line internet postings. Last year the Corporation added an on-line subscription recruiting service to its toolbox to assist and expand the universe of employee recruiting. Funds were added last year for this service and the budget line has decreased this year due to pricing for the service coming in lower than expected.

Furniture. This line provides funds for filing cabinets, bookcases, chairs or some smaller miscellaneous furniture throughout the entire office space.

FY 2020 expenditures for this line item were under budget as the funds were not used. As HDC nears the end of its operating lease, to be explained below, the need for renovations and furniture has greatly diminished until a decision is made regarding future office space needs.

Leasehold Improvements. This budget line provides funds for smaller renovations throughout the office space during the year to maximize space when needed or to make any major repairs to the infrastructure. This budget line has decreased significantly over the past two years as we wind down on the current lease at 110 William Street and therefore the need for renovations has been suspended unless it is absolutely necessary. The small amount of budgeted funds for FY 2021 is expected to be used for those unexpected repairs to the infrastructure. Last year the Corporation retained a broker to work with the staff to analyze options for the next operating lease, whether at its current location or a nearby location. Assuming the pandemic lessens in the Spring of 2021, senior management expects to begin looking at options for future office space.

FY 2020 actual expenditures came in under budget as funds weren't needed for any repairs or renovations.

Interagency Expenses. The New York City Department of Investigation ("DOI") has agreed to provide investigative services for the Corporation pursuant to a Memorandum of Understanding. This line provides funds for the anticipated cost of those services which are billed annually.

FY 2020 actual expenditures came in on budget.

Marketing. This budget line provides funds for the printing of brochures, site signs and banners, and miscellaneous marketing costs associated with promoting HDC, and for public events. The site signs, banners, and other marketing items are used to promote the Corporation and its mission of providing affordable housing as part of the Plan.

The FY 2020 actual expenditures came in under budget last year due to the postponement of purchasing site signs and banners.

Corporate Events. This year's request has decreased over 17% from last year's budget. The decrease is attributable to last year's budget including funds for HDC to host the annual NALHFA conference in New York City. The decrease is also due to the anticipation of some events being postponed in the first half of 2021 due to the pandemic.

This budget line includes $10,000 in funds to accommodate some ancillary expenses for our collaborative work with HPD. Some of these expenses include orientation costs for HPD/HDC Fellows, training, attendance at housing functions, and other HPD staff appreciation events. This line is also used to fund HDC sponsored events such as the annual holiday party, which has been canceled this year, and the annual summer outing. Additionally, a total of $31,000 is budgeted for other items such as bus tours to project sites, staff attendance at housing related events, token recognitions of appreciation for retiring employees, flu shots, Take Our Daughters and Sons to Work day, and flowers and donations in connection with employee hospitalizations and bereavements.

The FY 2020 actual expenditures came in under budget due to the postponement of many events due to the pandemic.

Bank and Other Service Charges. This budget line item provides funds for payroll charges, as well as the potential for some electronic banking products that work with the Corporation's current systems and could help to increase efficiencies. This budget line also includes funds for the outsourcing of the flex spending account program ("FSA") offered to HDC employees as well as funds for background checks conducted on potential employees who are offered positions in the Corporation.

FY 2020 expenditures came in under budget due to less than expected payroll charges and background fees.

Appendix A Schedules

New York City Housing Development Corporation
Requested Budget Summary
Fiscal Year 2020/2021

	Adopted Budget FY 2020	Projected Actual FY 2020	Variance FY 2020	Requested Budget FY 2021
REVENUES				
Fees	$ 56,871,000	$ 59,562,500	$ 2,691,500	$ 58,594,000
Investment and Loan Income	96,290,000	71,126,483	(25,163,517)	85,080,000
TOTAL REVENUES	**$ 153,161,000**	**$ 130,688,983**	**$ (22,472,017)**	**$ 143,674,000**
EXPENSES				
Salaries and Related Expenses	$ 27,340,000	$ 27,678,679	$ (338,679)	$ 27,600,000
Contract Services	1,089,000	1,003,347	85,653	1,238,000
Other Expenses	5,981,000	5,359,423	621,577	5,872,000
TOTAL EXPENSES	**$ 34,410,000**	**$ 34,041,449**	**$ 368,551**	**$ 34,710,000**
EXCESS OF REVENUES OVER EXPENSES	**$ 118,751,000**	**$ 96,647,534**	**$ (22,103,466)**	**$ 108,964,000**

New York City Housing Development Corporation
Revenue Budget Summary
Fiscal Year 2020/2021

Revenues				
Fee Income	**Adopted Budget FY 2020**	**Actual FY 2020**	**Variance FY 2020**	**Requested Budget FY 2021**
Servicing Fees				
HDC Financed Mortgage Loans	$ 27,392,000	$ 29,603,977	$ 2,211,977	$ 28,732,000
Tax Credit Monitoring Fees	2,805,000	2,798,359	(6,641)	3,020,000
HPD Financed Loans	4,760,000	4,369,854	(390,146)	4,375,000
Sub-total Servicing Fees	34,957,000	36,772,190	1,815,190	36,127,000
Other Fees				
Credit Enhancement Fees	2,102,000	2,119,375	17,375	1,915,000
Loan Originations & Refinancings	18,000,000	17,098,860	(901,140)	18,000,000
REMIC Administration Fee	572,000	572,000	0	572,000
CDBG-DR Funds	110,000	107,937	(2,063)	80,000
NYCHA PACT Admin Fee	1,130,000	2,892,138	1,762,138	1,900,000
Sub-total Other Fees	21,914,000	22,790,310	876,310	22,467,000
Total Fees	**$ 56,871,000**	**$ 59,562,500**	**$ 2,691,500**	**$ 58,594,000**
Investment and Loan Income				
Investment of Corporate Reserves	$ 38,500,000	$ 38,610,141	$ 110,141	$ 26,300,000
Corporate Owned Mortgages	2,600,000	3,613,185	1,013,185	3,600,000
Open Resolution Surplus, net of expenses	55,190,000	28,903,157	(26,286,843)	55,180,000
Total Investment and Loan Income	**$ 96,290,000**	**$ 71,126,483**	**$ (25,163,517)**	**$ 85,080,000**
TOTAL REVENUES	**$ 153,161,000**	**$ 130,688,983**	**$ (22,472,017)**	**$ 143,674,000**

New York City Housing Development Corporation
Expense Budget Summary
Fiscal Year 2020/2021

	Adopted Budget FY 2020	Actual FY 2020	Variance FY 2020	Requested Budget FY 2021
SALARIES & RELATED EXPENSES				
WAGES	19,826,500	18,931,251	895,249	20,255,300
FRINGE BENEFITS	6,976,000	6,242,474	733,526	6,841,000
NYCERS	400,000	2,400,324	(2,000,324)	400,000
MCTM TAX	67,500	63,342	4,158	68,700
TEMPORARY STAFF	70,000	41,288	28,712	35,000
SUBTOTAL	27,340,000	27,678,679	(338,679)	27,600,000
CONTRACT SERVICES				
AUDITING & ACCOUNTING	249,000	249,000	-	258,000
LEGAL CONSULTANTS	60,000	55,709	4,291	60,000
ANNUAL REPORT	30,000	18,000	12,000	30,000
OTHER CONSULTANTS	750,000	680,638	69,362	890,000
SUBTOTAL	1,089,000	1,003,347	85,653	1,238,000
OTHER EXPENSES				
RENT & UTILITIES	2,424,000	2,425,454	(1,454)	2,460,000
OFFICE EXPENSES	321,640	158,701	162,939	299,000
EQUIPMENT & MAINTENANCE	2,199,100	2,068,889	130,211	2,133,000
INSURANCE	90,000	136,226	(46,226)	141,000
BOOKS & PUBLICATIONS	54,560	59,250	(4,690)	55,900
TRANSPORTATION	22,000	2,255	19,745	15,000
TRAINING & CONFERENCE	327,700	100,996	226,704	251,000
MEMBERSHIPS	84,000	69,185	14,815	86,000
EMPLOYMENT AGENCY FEES/ADS	30,000	15,929	14,071	18,100
FURNITURE	5,000	-	5,000	5,000
LEASEHOLD IMPROVEMENTS	10,000	-	10,000	10,000
INTERAGENCY EXPENSES	250,000	250,000	-	250,000
MARKETING	12,000	3,753	8,248	12,000
CORPORATE EVENTS	75,000	22,710	52,290	62,000
BANK & OTHER SERVICE FEES	76,000	46,076	29,924	74,000
SUBTOTAL	5,981,000	5,359,423	621,577	5,872,000
TOTAL OPERATING EXPENSES	34,410,000	34,041,449	368,551	34,710,000

"MCTM Tax" = Metropolitan Commuter Transportation Mobility Tax