



MARK LEVINE
NEW YORK CITY COMPTROLLER

NEW YORK BY THE NUMBERS

Monthly Economic and Fiscal Outlook

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A Message from the Comptroller

Dear New Yorkers,

Stop me if you've heard this one before: rents in New York City have hit an all-time high. Housing affordability remains a major challenge across the country, and nowhere is that more evident than here in New York City. Constrained housing production and rising costs have created a perfect storm, pushing the City's affordability crisis to new extremes.



In this month's New York by the Numbers, we see an economy that has hit the summer doldrums, with little movement across most major indicators—except housing. June 2026 rents were up nearly 6% compared to last year, which was itself a historic high, and are now roughly 35% above pre-pandemic levels. Prospective buyers may appear to have some leverage, with sales prices largely flat across the city over the past year, but high interest rates continue to keep many would-be homeowners on the sidelines.

My office looked at the role of community development financial institutions ([CDFIs](#)) in New York City's home mortgage market. CDFIs play an important role in expanding access to credit among individuals and communities underserved by conventional financial institutions — particularly lower-income borrowers and Black, Hispanic, and Asian American and Pacific Islander (AAPI) New Yorkers. This spotlight examines how successful CDFIs are at reaching those borrowers and neighborhoods, and whether their lending and approval patterns differ meaningfully from non-certified institutions.

Compared to conventional financial institutions, the city's CDFIs loan to a greater proportion of Hispanic/Latino and AAPI homebuyers, though the proportion of lending to Black homebuyers has declined. They also lend to a greater share of low-to-moderate-income borrowers and appear to be more likely to lend in disadvantaged neighborhoods compared to conventional institutions, an important characteristic as homeownership tends to have positive spillover effects on nearby [property values](#) and [neighborhood stability](#).

CDFIs have a great deal of room to expand their reach and impact, but they have not been immune to the challenges facing the wider housing market since the onset of the COVID-19 pandemic. Even so, the results of the report highlight the importance of CDFIs' role in addressing New York City's affordability crisis.

Despite the city's affordability challenges, recent housing production data provide some reason for optimism. New completions were increasingly strong in 2025, and developers filed plans for nearly 17,000 housing units in the first quarter of 2026 alone. While bringing those units online will take time, expanding the City's housing supply remains one of the most important long-term strategies for improving affordability.

How city and state policymakers should respond to this moment may be a matter of debate, but what is not up for debate is inaction. We need to push harder on every front to address our housing shortage.

We will continue to track the trends shaping NYC's economy—and what they mean for New Yorkers.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Levine", written in a cursive style.

Mark D. Levine
New York City Comptroller

Highlights

- The U.S. unemployment rate edged down to 4.2% in June, driven by a drop in labor force participation (rather than more people working). Private-sector payroll employment rose by a scant 49K in June, and gains in earlier months were revised down. Both in June and over the past year, there has been almost no job growth outside Health & Social Assistance.
- In NYC, as well as nationwide, initial weekly jobless claims have remained subdued in recent weeks.
- Inflation receded in June, with the 12-month change falling from 5.1% to 4.1% locally, and falling from 4.2% to 3.5% nationwide. Energy prices, which had risen sharply during the spring, pulled back in June but were still up substantially from a year earlier.
- Consumer confidence in NY State retreated sharply in June, based on the Conference Board's survey; but for the 2nd quarter overall, it continued to run well above the nationwide average.
- Manhattan's office market has continued to improve, reflecting both solid demand and a gradual reduction in the supply of lower-end properties. Weekday office attendance picked up in June and continues to run well above the nationwide average.
- While home selling prices have remained essentially flat, market rents have continued to escalate—up 5-6% since mid-2025 and 35% higher than before the pandemic. New housing construction continued to strengthen in the first quarter of 2026.
- Tourism has picked up somewhat since the start of the World Cup rounds in early June, though hotel bookings for the summer have not lived up to expectations. Hotel room rates are up from a year earlier, but occupancy rates are roughly on par with 2025 levels.
- Preliminary FY 2026 tax receipts (through June) are 7.3% higher than the prior year.
- The City Council adopted a \$125.8 billion budget for FY 2027 on June 30.
- The Charter Revision Commission is expected to release its final report and any ballot proposals in the coming weeks. The Comptroller [testified](#) in support of creating a formal framework for the Rainy Day Fund, including a target balance and clearer rules for deposits and withdrawals.

Spotlight

Community Development Financial Institutions and the NYC Home Mortgage Market

This month's spotlight examines the role of community development financial institutions (CDFIs) in New York City's home mortgage market, with particular focus on their ability to reach historically underserved demographics.

Read more at:

comptroller.nyc.gov/spotlight

comptroller.nyc.gov/reports/community-development-financial-institutions-and-the-nyc-home-mortgage-market/

The U.S. Economy

- National GDP grew at an annualized rate of 2.1% in Q1 2026, higher than the earlier estimate of 1.6%. The upward revision was driven partly by a downward revision to imports which grew by 11.8% and only a slight upward revision to exports which grew by 10.9%.
- Private sector employment grew by only 49K last month - lower than what was generally expected in June. April and May payroll numbers were revised down by 74K, bringing the three-month average to 99K. While employment grew in sectors such as Healthcare and Social Assistance and Professional & Business Services, it unexpectedly fell by 61K in Leisure & Hospitality in a major tourist month.
- The U.S. unemployment rate edged down to 4.2%, but labor force participation reached a low of 61.5% as people left the labor force in large numbers. The employment-population ratio also reached a low of 59.0%. The “low-hire, low-fire” economy saga continues—as both weekly jobless claims and continuing claims remain low nationwide.
- Consumer confidence was little changed in June in The Conference Board Index. After a drop in May, near-term expectations for income and business edged up in June. The University of Michigan’s sentiment index also improved in June, likely reflecting the temporary lull in the conflict with Iran and a corresponding dip in gas prices.
- The Purchasing Manager’s (PMI) indices through June point towards moderate growth in both the manufacturing and service sectors.
- Inflation receded substantially in June, as the CPI (Consumer Price Index) declined 0.4% from May, driven by a drop in energy prices. Over the 12 months ending in June, the U.S. CPI is up 3.5% (versus 4.2% in May), as energy prices remain elevated despite the recent dip. Core inflation (excluding food & energy) has remained fairly tame but still slightly above the Fed’s target, with that price measure unchanged in June and up 2.6% over the past 12 months.

New York City Economy

Payroll Employment Trends

- As shown in Table 1, private-sector employment rose by more than 15K in May, by 9k over the past three months, and by 40K since May 2025.
- The sectors growing most consistently have been Professional & Business Services, up 7K over the month and 14K over the year; and Healthcare & Social Assistance, up 5.4K over the month and 22.3K over the year. Job counts in Financial Activities and Securities are up from last year but essentially stalled over the past month.

Table 1 Seasonally Adjusted NYC Employment, by Industry

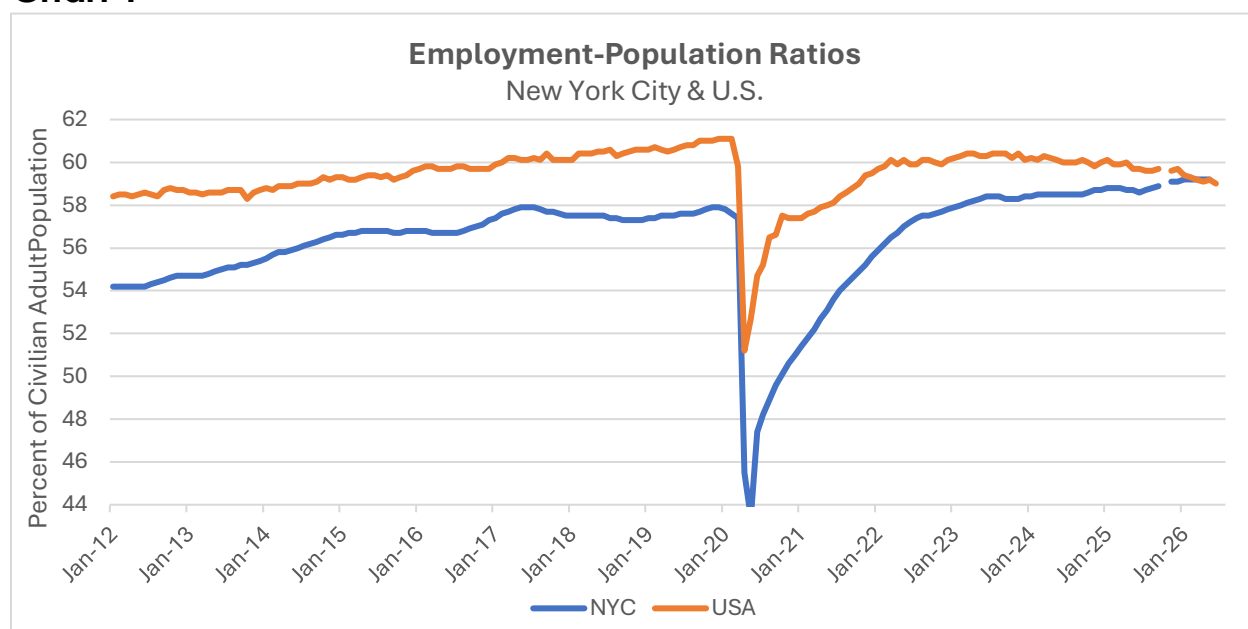
(1,000s)	Seasonally Adjusted NYC Employment					May 2026 Change over		
Industry:	May '25	Feb. '26	Mar. '26	Apr. '26	May '26	12 Months	3 Months	1 Month
Total Non-farm	4804.78	4842.89	4844.80	4838.09	4853.89	49.10	10.99	15.80
Total Private	4191.67	4223.35	4222.40	4216.72	4232.00	40.33	8.65	15.28
Government	613.11	619.55	622.40	621.37	621.89	8.78	2.34	0.52
Financial Activities	512.82	521.69	519.98	521.15	520.64	7.82	(1.05)	(0.51)
Securities	206.45	211.43	212.09	212.90	212.81	6.36	1.38	(0.09)
Information	218.61	222.45	222.08	220.10	221.00	2.38	(1.45)	0.90
Prof. and Bus. Services	792.31	800.84	801.17	799.31	806.30	13.99	5.46	6.99
Educational Services	264.46	272.37	268.67	267.95	267.88	3.42	(4.49)	(0.07)
Health & Social Assist.	1000.96	1016.48	1021.13	1017.81	1023.22	22.26	6.75	5.42
Leisure and Hospitality	451.90	448.35	447.95	449.74	449.81	(2.09)	1.46	0.07
Arts, Ent., and Rec.	91.20	88.74	88.78	88.65	89.07	(2.14)	0.33	0.42
Accomm. & Food Svc.	360.70	359.61	359.18	361.09	360.74	0.04	1.13	(0.36)
Retail Trade	299.24	298.37	298.16	298.71	298.73	(0.51)	0.35	0.01
Wholesale Trade	132.67	131.33	131.15	132.17	130.87	(1.79)	(0.46)	(1.29)
Trans. & Warehousing	134.52	133.40	133.51	130.08	133.29	(1.24)	(0.11)	3.21
Construction	137.77	136.64	138.34	137.73	137.38	(0.39)	0.74	(0.35)
Manufacturing	52.67	50.70	50.15	50.94	50.63	(2.04)	(0.06)	(0.30)

Sources: NYC Office of Management & Budget; U.S. Bureau of Labor Statistics; NY State Department of Labor

Labor Market Indicators

- Based on the monthly household survey, which is based on place of residence, NYC's unemployment rate fell 0.2 points to a 10-month low of 5.4% in May (the latest month available).
- The decline was due to a dip in labor force participation rather than a rise in employment. Still, at 62.6%, NYC's labor force participation rate remains near a record high, even as the U.S. rate has fallen to a 5-year low.
- The employment-population ratio held steady at a record high of 59.2% in May as shown in Chart 1 below. This metric also contrasts starkly with the nationwide rate, which fell to a multi-year low of 59.0% in June. Prior to 2020, NYC's ratio had never exceeded the nation's.

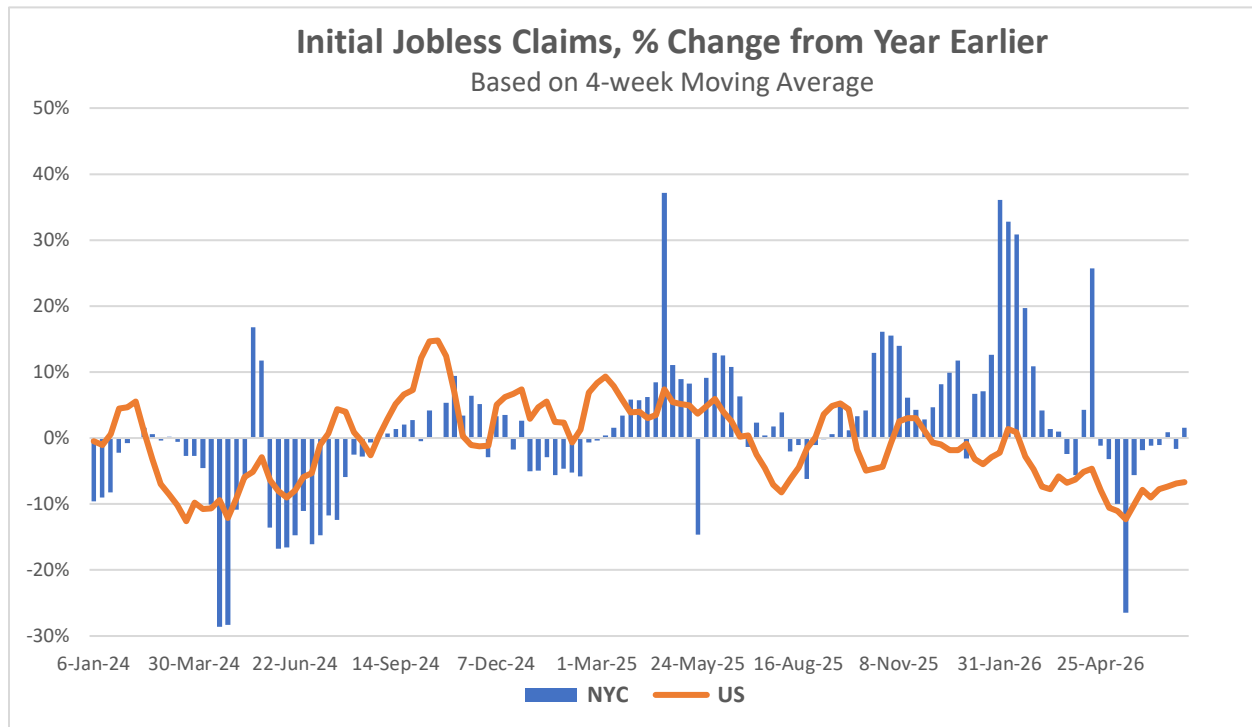
Chart 1



Sources: U.S. Bureau of Labor Statistics; NY Department of Labor; Moody's economy.com

- Weekly initial jobless claims have remained roughly on par with year-earlier levels in New York City, and well below a year earlier nationwide.
- The persistently low level of jobless claims during a period of lethargic net job creation is illustrative of the “low-hire, low-fire” economy.

Chart 2



Sources: U.S. Bureau of Labor Statistics; NY Department of Labor

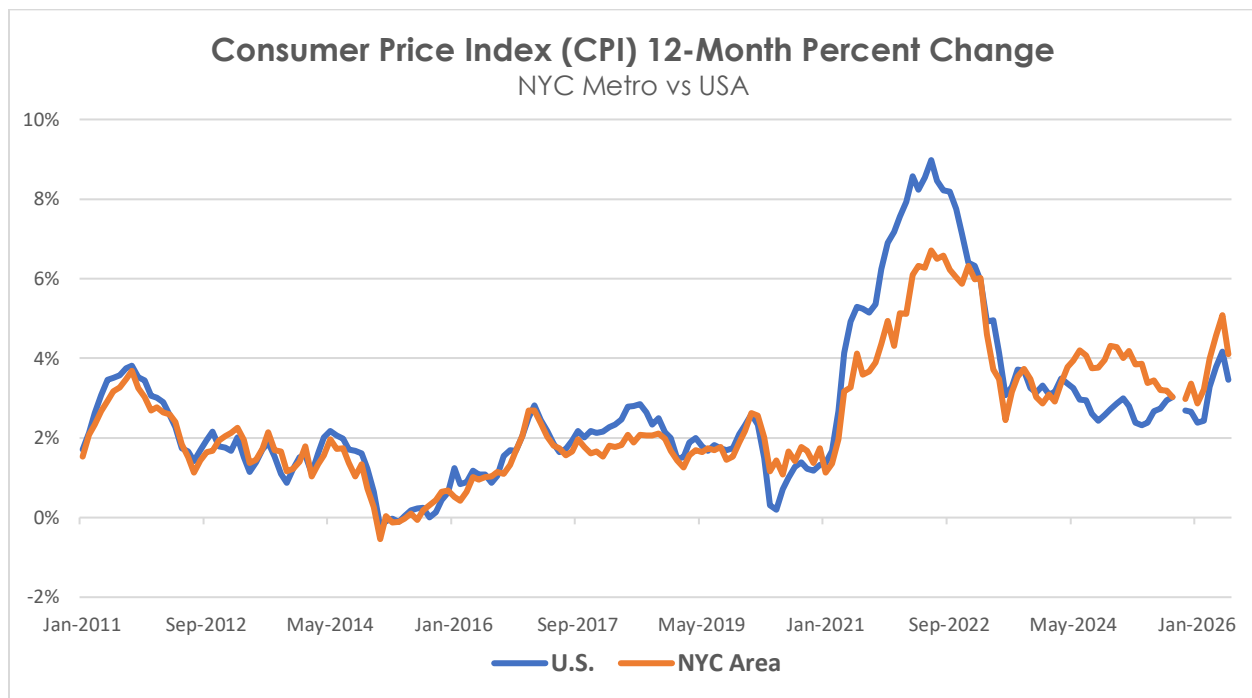
Big Banks' Earnings in Q2 2026

- Wall Street firms (NY Stock Exchange member firms dealing with the public) posted [profits of \\$21.1 billion in the first quarter of 2026](#) (37.1% growth year-over-year). If the earnings of big banks are any indication, second quarter profits could continue on the same trajectory.
- Investment banking pretax earnings at the five big banks headquartered in NYC (Bank of America, Citigroup, Goldman Sachs, JP Morgan Chase, and Morgan Stanley) were \$42.5 billion, growth of 12.6% over the first quarter and 50.9% year over year. Pretax earnings in the first half of 2026 were 35.7% higher than in 2025.
- Equity trading was the standout, surging 71.2% year-over-year to \$25.7 billion, while investment banking fees rose 45.9% to \$12.7 billion on stronger M&A and underwriting activity. Fixed Income, Currency, and Commodities (FICC) revenues grew a more modest 12.5%.

Inflation

- Consumer prices in the New York metro area unexpectedly declined in June, following three months of steep increases. Overall, local inflation has averaged 4.1% over the past 12 months, a full point less than for the 12 months ending in May but still above the U.S. rate of 3.5%, as shown in Chart 3 below.
- The deceleration in inflation last month, both locally and nationwide, was entirely due to a pullback in energy prices, which had previously been surging. Despite the dip, energy prices are still up roughly 16% from a year ago, both locally and nationally. Electricity prices (no longer reported for metro areas) have decelerated sharply across the Northeast: over the 12 months ending in June they are up just 4.6%—down from a 12-month rise of 9.4% in May and only slightly above the nationwide rise of 4.0%.

Chart 3

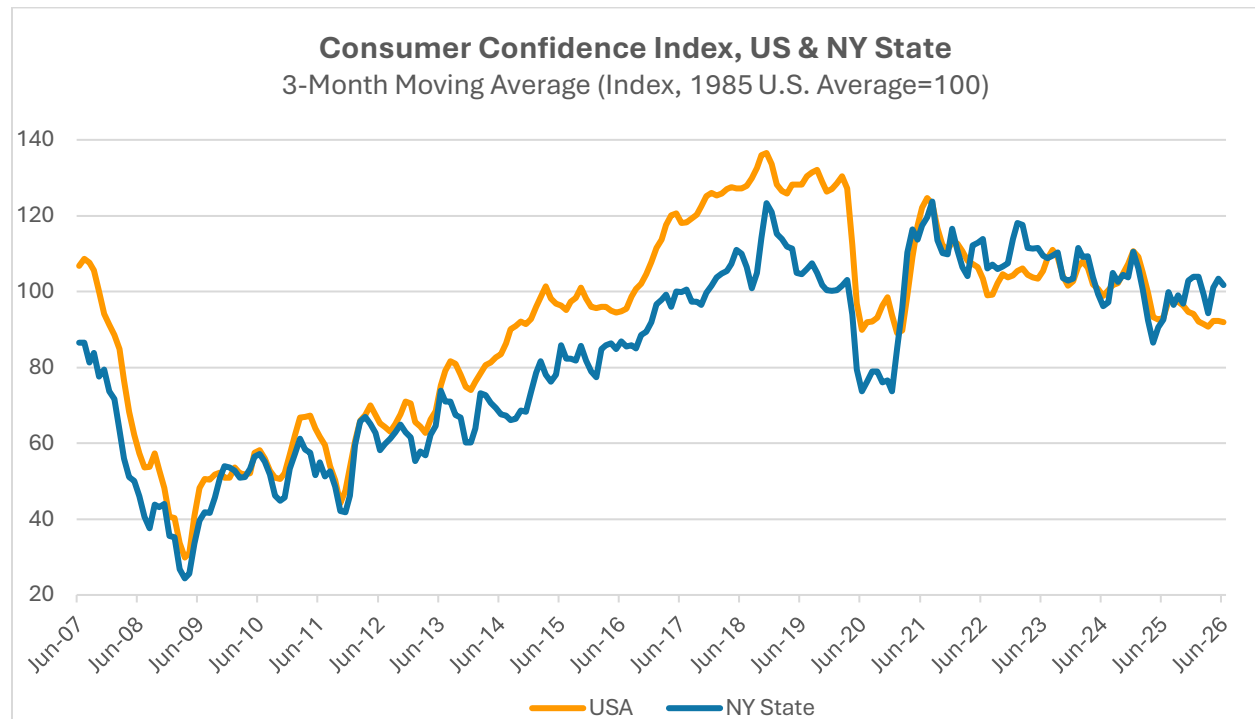


Sources: U.S. Bureau of Labor Statistics; Moody's economy.com

Consumer Surveys

- The Conference Board’s measure of consumer confidence for New York State retreated in June, after reaching solid levels in the spring. Still, for the 2nd quarter overall, confidence continued to run about 10 points higher in NY State than nationally—a rare occurrence—as shown in Chart 4 below.

Chart 4



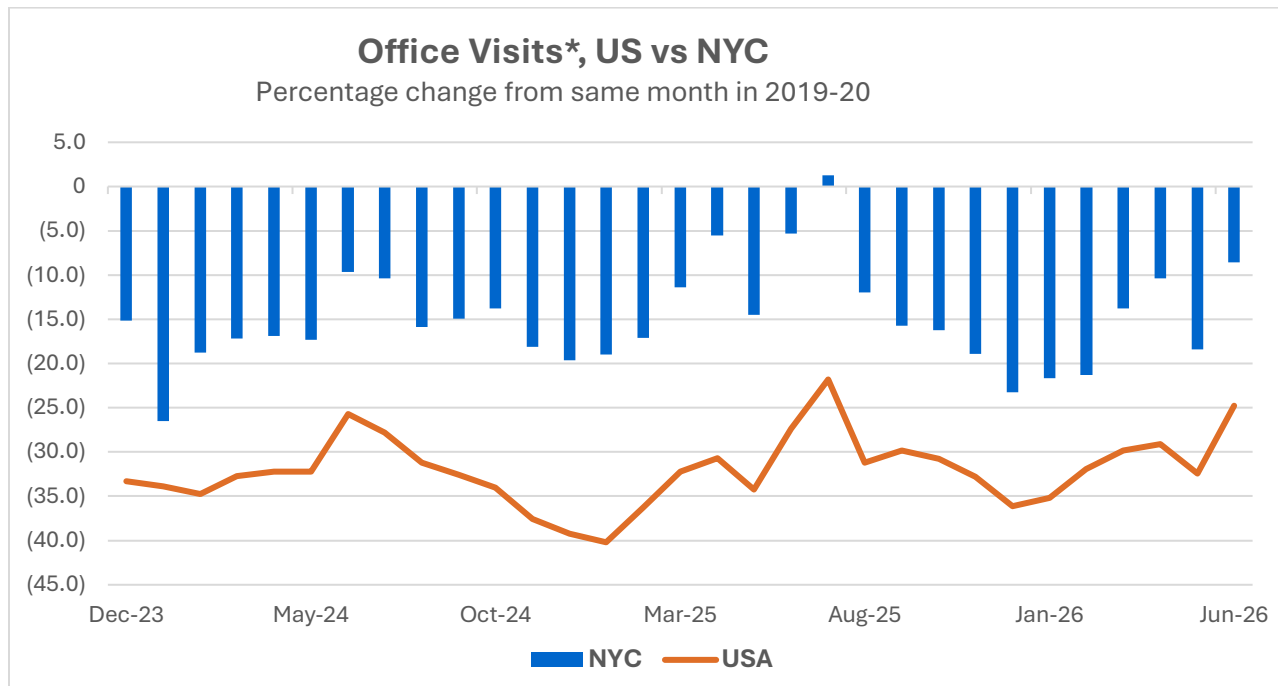
Sources: The Conference Board; Moody's economy.com

Office Market & Attendance

- New York City’s office market continued to strengthen in the 2nd quarter, as the overall vacancy rate fell to a 4-year low, and the availability rate reached a 6-year low. On the demand side, the improvement has been driven by [robust leasing activity](#), particularly from legal and [AI firms](#). On the supply side, renovations and conversions of lower-tier office buildings to residential use have gradually whittled away some of the slack.
- NYC office attendance continues to run well above the nationwide average, based on Placer AI’s data. June was also a standout month for office recovery, as office visits (adjusted for working days), as seen in Chart 5 below, were only 8.6% below

pre-pandemic levels. The nationwide figure tells a similar story, running roughly 25% below pre-pandemic levels, the strongest reading for 2026.

Chart 5



Sources: placer.ai; Office of the NYC Comptroller

*Adjusted for the number of working days (as opposed to weekends and holidays)

Housing

- StreetEasy estimates that sales prices for homes across the city have been essentially flat over the past year, except in Queens where prices were up 3.5% from a year earlier in June. Moreover, average home prices are barely above pre-pandemic levels.
- In contrast, market rents are estimated to be roughly 35% above pre-pandemic levels, as of June, and up 5-6% from 2025 levels, with the steepest increases in Manhattan.
- Three recent housing supply reports published by the New York Housing Conference (NYHC), the Real Estate Board of New York (REBNY), and the New York City Rent Guidelines Board (RGB) have shed new light on recent trends in New York City's housing supply.
- The New York Housing Conference's recently-published annual Housing Tracker report shows that, in 2025, the city added 43,800 new housing units citywide.

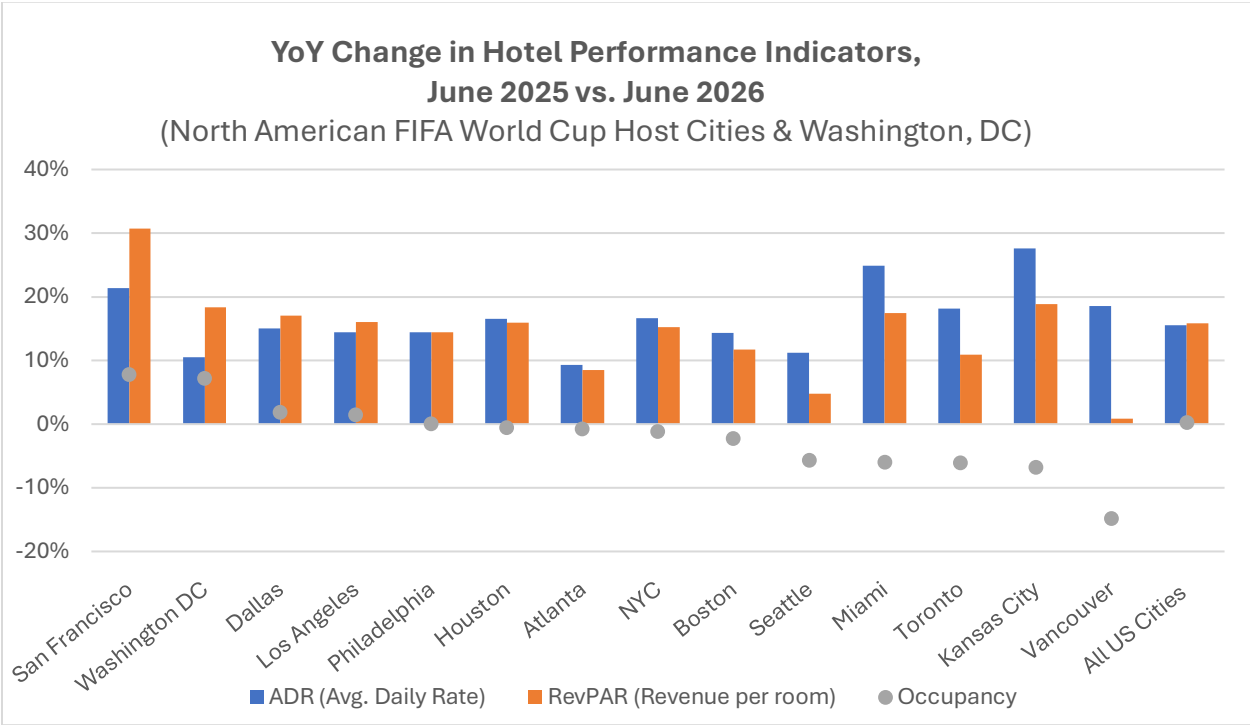
Council District 35—comprising most of Crown Heights, Prospect Heights, Fort Greene, and Clinton Hill in Brooklyn—accounted for the largest share of new housing with a net increase of more than 5,200 units. Citywide, affordable housing production accounted for 13,605 housing units in 2025, and approximately 16,000 additional units were preserved.

- In addition to solid trends in new completions, the pipeline for future supply appears increasingly strong. REBNY reports that, in the first quarter of 2026, there were 281 residential filings for new multifamily buildings, comprising nearly 17,000 units—a multi-year high. Yet only 25 of those buildings are planned to include more than 99 housing units; the total housing units in the 92 buildings with a planned size of 50-99 units exceeded the historical average dating back to 2008 by 420 percent.
- This trend towards smaller buildings, widely attributed to policy changes, underscores how New York City’s current pipeline is being driven by small- and mid-sized development vs. larger towers that maximize the utility of the city’s finite land supply.
- According to the RGB’s most recent Housing Supply Report, three years after 421-a expired, nearly 29,000 units vested under this program received final 421-a certificates in 2025; meanwhile, only 316 units were certified under the new 485-x program, as certification comes only after construction is completed.

Tourism

- Tourism picked up modestly starting in the 2nd week of June, as local World Cup matches got underway. Hotel occupancy rates rose slightly mid-June in NYC but were still down from the robust levels in June 2025. Many FIFA host cities, as seen in Chart 6, did not see gains in occupancy from their last year’s benchmark.
- Despite lower demand than expected, hotel revenues were strong in NYC, driven by higher room rates. The average daily room rate for June in NYC was around \$ 378, 17% higher than last year’s levels.

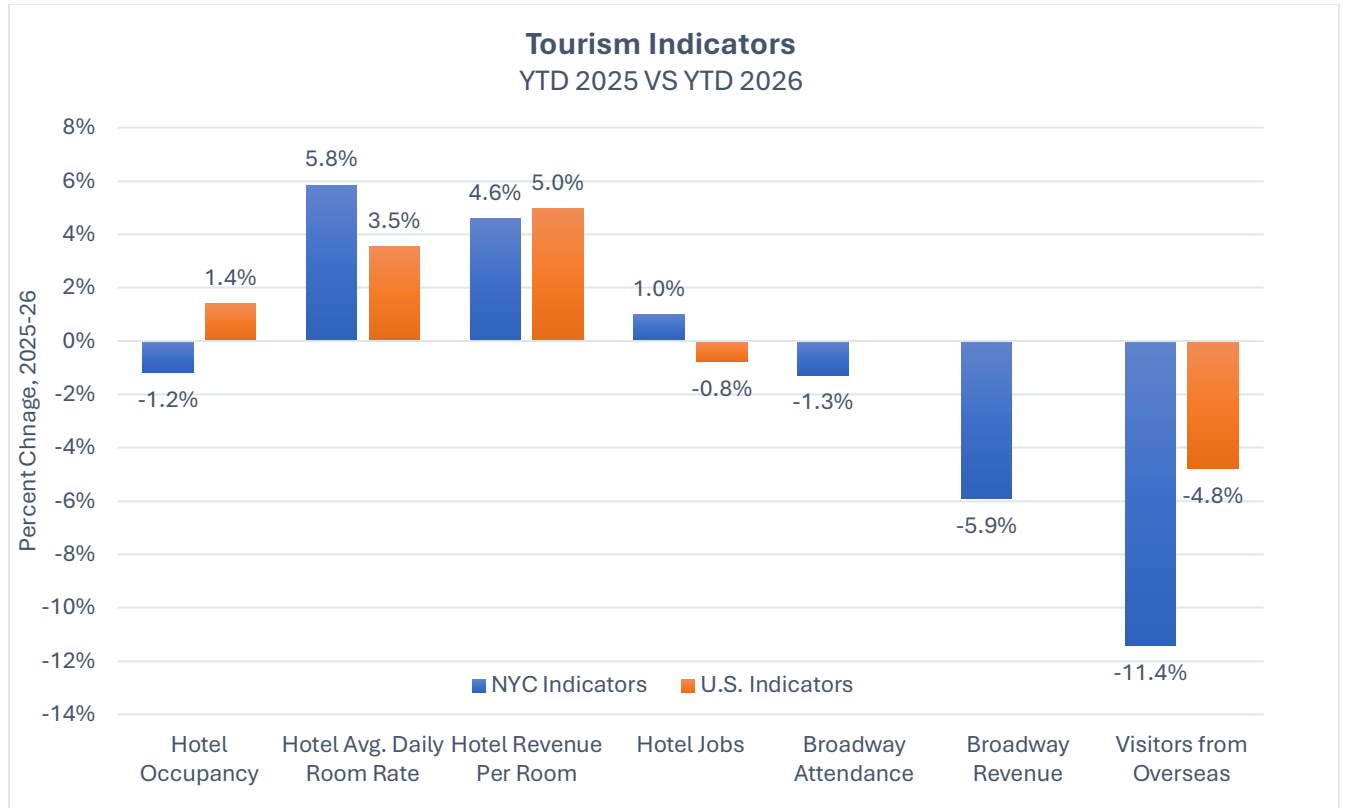
Chart 6



Sources: Costar; Office of the NYC Comptroller
Data cover the period June 1 – July 4 in both years.

- Broadway theatre attendance and revenues have been steady at moderate levels through June. Year-to-date, attendance has been down slightly from comparable 2025 levels, while revenues were down nearly 6% as shown in Chart 7 below. Declines in June were steeper—4% and 9%, respectively—though it should be noted that 2025 was an exceptionally strong year.
- In the first five months of 2026—prior to the World Cup matches—international arrivals through NYC airports were running well below 2025 levels, as shown in Chart 7. Preliminary data for June 2026 point to some pickup in international air traffic but not substantial improvement from last year despite the start of the FIFA World Cup matches.

Chart 7

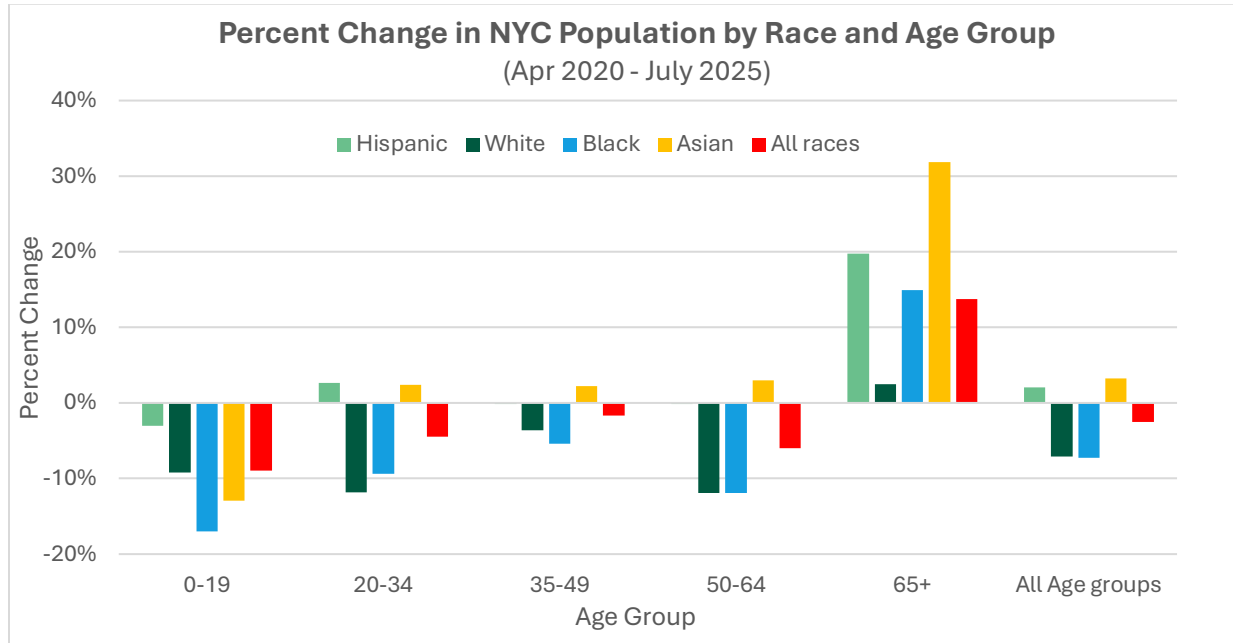


Sources: Costar; Broadway League; International Trade Administration; Office of the NYC Comptroller

Demographics

- NYC's population mix is aging according to the Census Bureau's Vintage 2025 estimates. Chart 8 shows the 65+ population increasing by 13.8% between 2020 and 2025, with the under-20 age band decreasing by 9%.
- The Black and White populations saw the largest declines in NYC, both falling by nearly 7%.
- The Black population fell 17% in the 0–19 age band and declined across working-age groups, down 9% in the 20–34 age band and 12% in the 50–64 band.
- The White population declined the most in the 20–34 and 50–64 age bands, each down by roughly 12%.

Chart 8



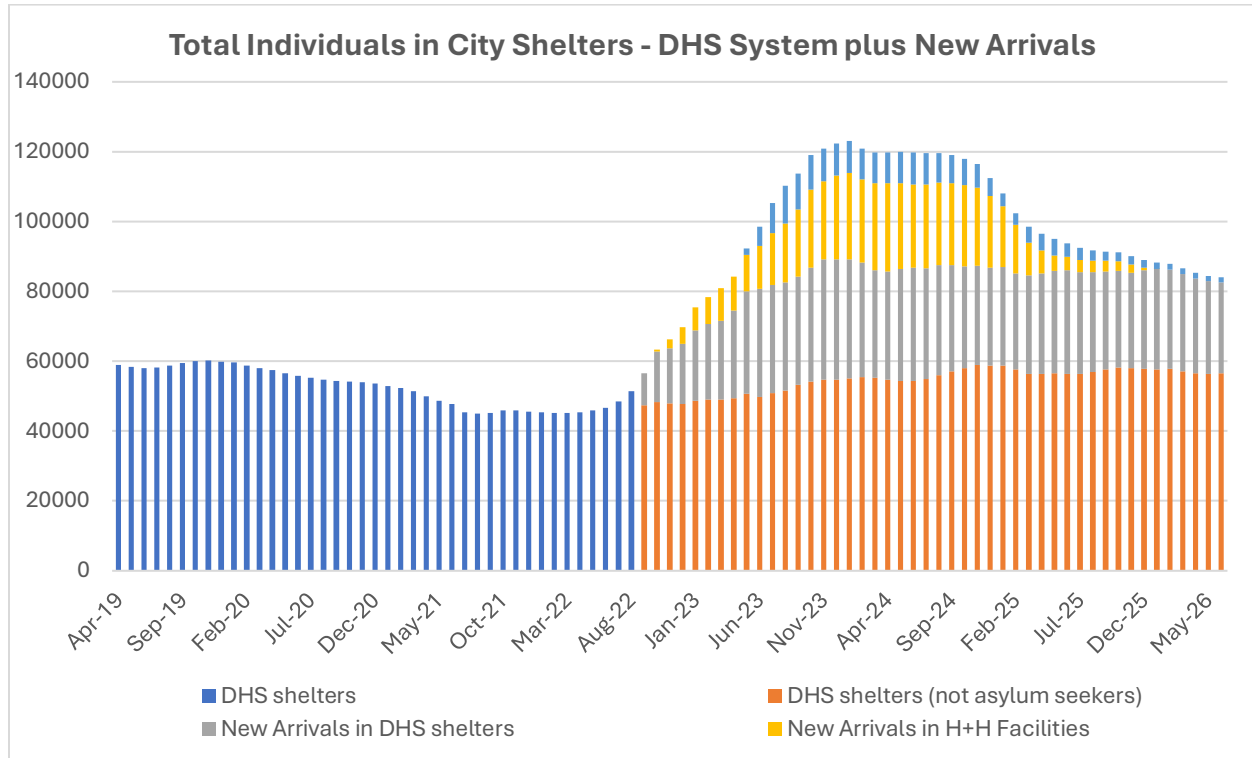
Source: US Census Bureau (Vintage 2025 estimates)

Homelessness & Asylum Seekers

- Chart 9 shows the monthly average number of people in City shelters through June 28, 2026. The shelter census rose sharply following the influx of asylum seekers, reached a peak in early 2024, and has since declined. Even so, the census remains 49% higher than in September 2022 (82,610 compared with roughly 56,600 individuals). Asylum seekers now account for 33% of the total shelter population, down from a peak of 55% in January 2024.
- In June, the average number of asylum seekers in City shelters was approximately 27,450, marking a decrease of 680 individuals from May 2026.
- Over the past 12 months, from June 2025 through June 2026, the average asylum seeker shelter census decreased by more than 9,910 individuals, or 27 percent. The non-asylum-seeking population has increased by approximately 210 individuals or less than one percent over the same period.
- The Temporary Protected Status (TPS) designations for Haiti and Syria have been the subject of ongoing litigation. On June 25, 2026, the Supreme Court issued a decision permitting the federal government to proceed with ending TPS for both countries. Following that decision, USCIS issued guidance that established end dates in July 2026 but are subject to change until lower courts align with the

decision.^{1 2} This change will impact anyone in City shelters under these designations.

Chart 9



Sources: NYC DHS Daily Report; NYC Mayor’s Office; NYC Council

Note: Figures shown are monthly averages, June 2026 has data through June 28, 2026. Data on the asylum seeker population within DHS shelters are not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

¹ <https://www.uscis.gov/save/current-user-agencies/news-alerts/update-on-termination-of-temporary-protected-status-for-haiti-release-july-10-2026>

²<https://www.uscis.gov/i-9-central/form-i-9-related-news/update-on-termination-of-temporary-protected-status-for-syria-release-july-10-2026>

City Finances

Business Income Taxes Update

- **A strong June has lifted year-to-date collections.** Business Income Tax (BIT) collections, which include taxes on corporate and unincorporated business profits, were up just 0.7% through May, but a very strong preliminary June collection (up 46.1% over June FY2025) brought cumulative BIT for the fiscal year so far to about 9.0% above the same point last year.
- **Corporate taxes drove the turnaround.** Corporate taxes were down 4.7% through May, reflecting the drag from the One Big Beautiful Bill Act (OBBBA), the 2025 federal tax law that reduced the federal taxable income flowing into the City's corporate tax base. A strong June (up 64% year over year, though measured from an unusually weak collections in June 2025) turned cumulative corporate tax growth in FY 2026 to +7.6%.
 - Because the City conforms to parts of the federal code, OBBBA's changes had flowed automatically into the corporate base. The City decoupled from the base-narrowing OBBBA provisions in legislation accompanying the recently enacted State budget. Therefore, it is possible that the tax law changes have already increased June estimated payments on the tax year 2026 liability.
 - The decoupling is expected to recover much of the revenues foregone in FY 2026 as it applies retroactively to tax year 2025. The catch-up is expected to take place over time and the ultimate gain will depend on how quickly businesses file amended final returns for tax year 2025. The New York State Department of Taxation and Finance published [guidance](#) regarding filing amended returns for state taxes. The City's Department of Finance has yet to provide corresponding guidance for the City's taxes.
 - Wall Street profitability is also an obvious driver of June's strength. NY Stock Exchange member firms reported \$21.1 billion in profits in the first quarter of 2026, a 37.1% increase from the first quarter of 2025. As a signal of continued strength, big banks' earnings in the second quarter [were very strong](#), as also discussed earlier in this newsletter,
- **The Unincorporated Business Tax (UBT) continued a steady, broad-based climb.** UBT rose 11.6% through May and 12.4% in June, bringing growth to about 11.8% in

FY 2026. The gains reflect sustained strength in securities and commodities partnerships and in legal services.

Table 2: Business Income Tax Collections, Fiscal Year 2026, \$ Millions

Tax (\$ millions)	YTD May	YTD growth thru May	June (preliminary)	YoY June growth	YTD June	YTD growth thru June
Corporation Taxes	5,277	-4.7%	1,971.9	+63.9%	7,249	+7.6%
Unincorporated Business Tax (UBT)	3,015	+11.6%	715	+12.4%	3,730	+11.8%
Total Business Income Tax (BIT)	8,292	+0.7%	2,677	+46.1%	10,979	+9.0%

Source: NYC Office of Management and Budget and Office of the NYC Comptroller

Note: June collections are preliminary and can shift as payments are finalized.

June Personal Income Tax Update

- June 15 is a deadline for Personal Income Tax (PIT) and Pass-Through Entity Tax (PTET) estimated tax installment payments, applied to the current tax year. When rising, such payments generally represent higher expected tax liability on income not subject to tax withholding including capital gains, interest, dividends, partnership income, passed-through business profits, rents and royalties, and sole proprietor net income.
- June 2026 PIT and PTET estimated payments were roughly \$900 million, an increase of \$180 million (25%) above June of the prior year. This largely unanticipated gain was responsible for June PIT and PTET collections outpacing both OMB's and Comptroller's expectations. The rapid revenue growth comes on top of what was already a strong growth rate of 15% in June 2025, for a cumulative 2024-2026 growth of 43%.
- Strength in estimated tax collections is likely reflecting the continuing accumulation of capital gains and other capital-related income amidst equity market valuations that have grown by roughly 70% over the past three years.

FY 2026 Preliminary Tax Receipts

- Fiscal Year 2026 tax revenue through June, including audits, reached \$85.4 billion in FY2026, up 7.3% over the prior year.
- Property tax was the largest single revenue source at \$35.4 billion, growing a modest 2.2% over FY2025's \$34.7 billion.
- Growth in Personal Income Tax (PIT) and the closely related Pass-Through Entity Tax (PTET) continued to stand out. Combined tax revenues rose 13.4% to \$20.8 billion from \$18.3 billion in FY 2025 through June.
- Business Income Taxes reversed course in the last quarter of the fiscal year, reaching \$10.9 billion through June (YTD growth of 9.5%)—a notable turnaround from the year-to-date decline reported through the end of the third quarter.
- Audit collections were strong, with the fiscal year \$277 million above the FY2025 level. Audit revenue is often driven by the completion of large corporations and, increasingly, unincorporated businesses and are therefore difficult to predict.

Table 3: FY 2026 Tax Receipts (Preliminary), \$ Millions

	FY2026	FY2025	Y/Y Growth
Property	35,429	34,656	2.2%
Total Non-Property:	48,917	44,139	10.8%
PIT & PTET	20,781	18,324	13.4%
Business Income Taxes	10,927	10,270	9.5%
Sales Tax	10,927	10,270	6.4%
RE Transaction Taxes	2,516	2,005	25.5%
Other Taxes	3,638	3,433	6.0%
Total Excluding Audits	84,241	78,688	7.1%
Audits	1,126	849	32.6%
Total Including Audits	85,367	79,537	7.3%

Sources: NYC Office of Management & Budget; NYC Office of the Comptroller

FY 2027 Adopted Budget

- On June 30, the City Council adopted the City's FY 2027 Budget. At \$125.84 billion, it is an increase of \$1.14 billion over the Mayor's Executive Budget proposal released in May.
- Just over a quarter of the increase came from higher projections of tax revenues—\$300 million more than forecast by the Mayor's Office of Management and Budget

(OMB) in the Executive Budget. Another \$490 million results from rolling unrestricted State aid included in the New York State FY 2027 Enacted Budget from FY 2026 into FY 2027. State categorical aid increased by \$228 million. Budgeted Federal aid for FY 2027 increased by \$93 million.

- The prepayment of FY 2027 expenses in FY 2026 totals \$1.96 billion, an \$896 million increase over the Executive Budget. The increase is largely the result of higher FY 2026 business income tax revenue than previously budgeted. The prepayment is less than last year's prepayment of \$3.79 billion, however. By this measure the City is projecting that *expenditures for FY 2026 will exceed revenues by approximately \$1.83 billion* (final numbers will be available in October when our Office publishes the City's financial statements).
- The \$1.96 billion FY 2026 surplus used to prepay FY 2027 expenses is largely attributable to \$1.71 billion in write-downs of prior-year accrued expense: costs that the City recorded as owed in the past (but were not paid out) and are considered no longer owed. Of the \$1.71 billion, \$1.21 billion is from an FY 2023 accrual to the labor reserve that was intended to pay for then-current and previous collective bargaining rounds. The remaining \$500 million remains to be identified.
- Some of the additions to City-funded expenditures include: \$383 million in hold harmless funding for schools that would otherwise have seen budget cuts because of reduced enrollment; \$133 million for Department of Education custodial costs that this Office has routinely identified as underbudgeted; \$139 million for legal services to immigrants (including \$75 million provided through City Council funded initiatives), and \$54 million for the expansion of the Fair Fares program.
- The most discussed addition to the budget, however, is a new rental assistance program—the City Housing Assistance Program (CHAP). Its creation is part of a [settlement](#) between the Mamdani administration, the Legal Aid Society, and the City Council over the expansion of the CityFHEPS program, which was legislated by the Council in 2023, yet was never implemented by the Adams administration.
- The new rental assistance program has a budget of \$175 million in FY 2027, falling to \$125 million for the full year in FY 2028 and the outyears. According to the [legislation](#) that created the program, the number of households who receive rental assistance is limited by the amount of funding appropriated. When depleted, the City may place eligible households on a waiting list. The decline in funding as currently budgeted may be problematic given that rental assistance to households is expected to be ongoing; although the legislation creating the program states that the application process for the program must begin in six months with eligibility determinations beginning no later than eight months from enactment.

- The drop-off may well mean that program funding could be a sticking point in next year's budget adoption too. The fact that funding of CHAP is going to be a recurring part of future budget negotiations is underscored by the legislation itself, which states: "Each year, during the budget adoption process for the next fiscal year, the mayor and the council shall consider whether eligibility for the rental assistance voucher program established pursuant to this chapter shall be expanded to additional categories of households."
- The new program is more targeted than the previously enacted expansion, focusing on assisting households who are not currently eligible for CityFHEPS. Like the earlier legislation, CHAP has a higher eligibility threshold than CityFHEPS—50% of the Area Median Income (currently \$76,350 for a three-person household), versus 200% of the Federal Poverty Level for CityFHEPS (\$54,640 for a three-person household). Households also do not need to meet work requirements as they do under CityFHEPS. However, the new program is available only to tenants that are a named party in an eviction case for non-payment of rent and who live in rent-stabilized units. The previously legislated expansion had wider eligibility criteria for households at risk of eviction. Lastly, unlike CityFHEPS, the new voucher program will also be accessible to clients in the City's emergency shelters beyond those run by the Department of Homeless Services.
- The June Plan did not include a deposit into the City's rainy day fund for FY 2026, although it did increase the amount budgeted in FY 2027 for the general reserve by \$350 million. The increase comes after the administration raided budgeted reserves in its Preliminary Budget – lowering the general reserve from \$1.20 billion to the statutory limit of \$100 million and removing all \$250 million in the capital stabilization reserve. As of the Adopted Budget, there is now \$450 million in budgeted reserves for unforeseen costs, well-below the \$1.45 billion with which the City typically begins the fiscal year.
- The Council also adopted the City's FY 2027 Capital Budget, which totals \$29.10 billion, an increase of \$1.29 billion compared to the FY 2027 Executive Capital Budget. Of the increase, \$291 million was added for cultural institutions, \$272 million for the School Construction Authority (SCA), and \$212 million for the parks department. The City's Adopted Capital Commitment Plan, typically released in September, will provide additional details on planned capital spending.
- Our Office will be releasing a detailed analysis of the City's Adopted Budget in the coming weeks, along with its own expenditure and revenue estimates.

Charter Revision Commission and the Rainy Day Fund

- On May 28, the Mayor [announced](#) the creation of a Charter Revision Commission, which was dubbed “Commission on Government Efficiency” or COGE. As part of its mandate, the commission was tasked with “modernizing government to improve efficiency and saving, reserve and budget practices.”
- On June 17, the Comptroller and the Mayor released a [joint statement](#) supporting “the serious consideration by the Charter Revision Commission on Government Efficiency to amend the Charter to give the Rainy Day Fund a formal funding structure, including considering a clear target, and responsible rules for when reserves can be used.”
- The Comptroller submitted two testimonies to COGE on the design of the Rainy Day Fund, which can be found [here](#) and [here](#). Previous work from this office is available in [Strengthening the City’s Rainy Day Fund](#) (April 2026), [Preparing for the Next Fiscal Storm](#) (May 2022), [Spotlight: When Should the City Tap Its Rainy-Day Funds?](#) (November 2022) and [A Stronger Fiscal Framework for New York City](#) (June 2024).
- The commission also heard on this topic from the Citizens Budget Commission (testimonies available [here](#) and [here](#)) and from a panel of academics at its [June 23 hearing](#). The CBC testimonies are generally supportive of a governance structure of the kind advocated by this Office. On the other hand, the testimonies delivered at the hearing were generally skeptical of a rules-based approach to counter-cyclical fiscal policy. Those comments emphasized the possibility that overly stringent withdrawal rules may be counterproductive.
- COGE published a [preliminary report](#) stating that the commission may consider formalizing a target for the fund and rules-based deposits, although in the absence of “other immediate fiscal needs that should take precedence over reserve contributions.” The report was also skeptical about constraining withdrawals beyond what [State legislation](#) allows. Currently, the Mayor can withdraw up to 50% of the fund at their discretion (as proposed in the February 2026 Preliminary Budget and subsequently scrapped after receiving intense backlash), or more than 50% in case of a “compelling fiscal need which may be based on circumstances including, but not limited to, a national or regional recession, a reduction in total revenues from the preceding fiscal year as projected in the financial plan of the City of New York, a natural or other disaster, or a declared state of emergency in the City of New York or the State of New York.”
- In our reading and as [testified](#) by the Comptroller, the commission may be inclined to preserve substantial areas of discretion as it pertains to both deposits and withdrawals. Weak controls on either would seem to run counter to the stated objective of improving reserve and budget practices. Furthermore, the mechanism to establish a target and deposit formula is not discussed, although the preliminary report indicates a possible target of 10% of City tax revenues.

- COGE will issue a final report and proposals to bring before voters in just a few weeks.

“Pied-à-Terre Tax” Update

- The City’s Department of Finance (DOF) [published on June 5 proposed rules](#) for the surcharge on certain non-primary residences (colloquially known as the “pied-à-terre tax”). The proposed rules add a new chapter 62 to Title 19 of the Rules of the City of New York (RCNY).
- The comments on the rule are summarized in Hollingsworth E. (2026) [“NYC Brokers, Attorneys Ask for Clarity on Pied-à-Terre Tax Rules,”](#) *Tax Notes*, July. The comment period has now closed and DOF will finalize the rules in time for the issuance by August 30 of the FY 2027 notices of surcharge. Within 30 days of that notice, owners may appeal the primary-residence determination to DOF by submitting the required documentary proof.
- For a summary of the surcharge legislation, see our [report on the FY 2027 Executive Budget](#) and Noonan T.P., Austin L.E., Chase N.S. (2026) [“Second Home, New Tax: Navigating NYC’s Pied-à-Terre Surcharge,”](#) *Tax Notes*, July.
- The rules **address administrative-process questions**: they set out the initial primary-residence presumption criteria (PIT-return matching for FY2028 onward, qualifying property tax exemptions), the documentary proof requirements for appeals (state or federal PIT return, or other documents from a specified set), the definition of an arm’s-length lease transaction, the sale date for the sponsor-inventory exclusion, the multi-unit primary-residence rule (one qualifying unit exempts 2- and 3-family homes; each coop unit stands alone), and the audit window, hearing procedures, and penalty structure.
- The rules **add one substantively restrictive provision**: to receive a primary residence exemption, corporations, LLCs, or partnerships must hold an undivided fee interest in the property or the entirety of shares of a cooperative corporation representing a dwelling unit. A majority-interest holder in an entity that owns only a fractional share of a property is not a “covered owner” and cannot therefore receive a primary residence exemption.
- The rules **leave a few questions open**: (i) multi-tier entity look-through and treatment of disregarded entities; (ii) the meaning of “majority of days” of occupancy in the prior calendar year to establish primary residency; (iii) the treatment of statutory residents who are subject to the City’s PIT because they spend 183 days in New York City (but are by definition non-residents); (iv) midyear sales, proration, and lien allocation between buyer and seller; (v) whether the extended FY2027 appeal window covers challenges to final primary-residence determinations or only market value; (vi) what “reasonable possibility” of avoidance means in the arm’s-length lease transaction definition; (vii) the family-member exemption when the ownership entity has no natural person as a majority-interest holder; and (viii) whether a sub-lessee occupying a Class 1 home can exempt the property from the surcharge.

- The most substantive topic that is left for future development is the methodology to estimate sales-based market value of condominium and cooperative dwelling units, which will apply in phase two of the surcharge (FY 2029 onward).

Federal Funding Update

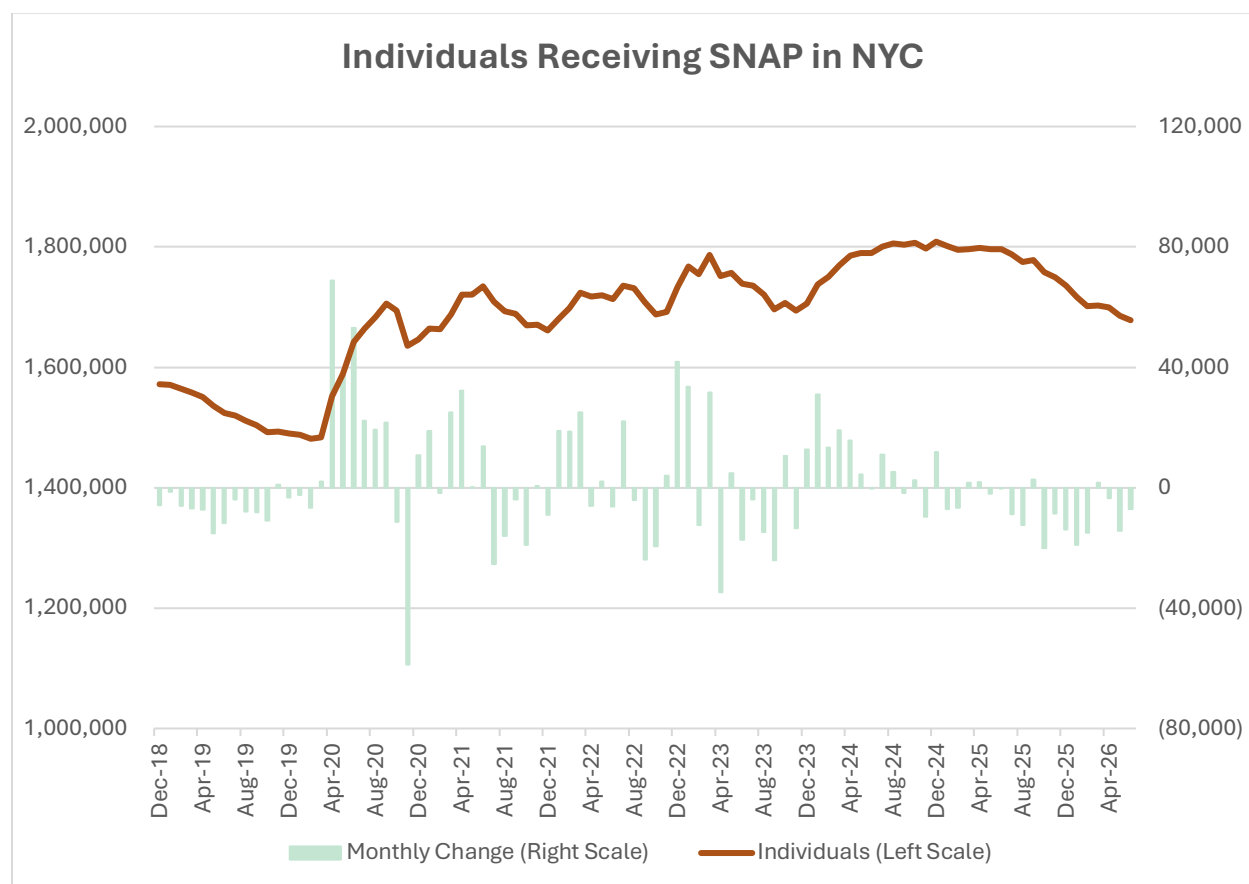
Essential Plan Coverage

- As previously discussed in this newsletter, beginning July 1, 2026, New Yorkers with household incomes between 200% and 250% of the federal poverty level are no longer eligible for Essential Plan coverage. See this guidance from the Attorney General's Office for more details.
- As reported here last month, approximately 435,000 New Yorkers statewide, including nearly 215,000 New York City residents, were anticipated to lose access to this no-cost coverage this month.

Supplemental Nutrition Assistance Program

- Chart 10 shows monthly SNAP recipients in New York City from January 2019 through June 2026. Enrollment rose sharply during the pandemic, growing by more than 180,000 recipients between February 2020 and February 2021, then remained relatively stable between 1.7 and 1.8 million, before beginning a gradual decline in spring 2025. Over the past year, the number of recipients has fallen by approximately 118,000 (6.6 percent), dropping back below 1.7 million in spring 2026.
- H.R.1, enacted on July 4, 2025, made significant changes affecting the program, including the expansion of work requirements for certain SNAP recipients. In New York City, the new Able-Bodied Adults Without Dependents (ABAWD) work requirements took effect in March 2026. Following a three-month grace period, ABAWD SNAP recipients that failed to meet the new rules in March through May became subject to benefit termination beginning in June. For more details on changes to the SNAP program, see the Comptroller's [Comments on NYC's FY 2026 Adopted Budget](#) and the [Annual State of the City's Economy and Finances 2025](#).

Chart 10



Source: NYC Department of Social Services

Road to Housing Bill

- The bipartisan 21st Century ROAD to Housing Act became law, without President Trump's signature, on July 11th. The law is intended to increase housing supply and improve affordability through a combination of regulatory reforms and targeted investments.
- The legislation includes provisions intended to support additional housing production, including streamlining certain federal environmental reviews, modernizing programs such as HOME and Community Development Block Grants, expanding manufactured housing opportunities, and increasing the capacity of banks to invest in affordable housing.
- For a full summary of the extensive legislation, see the Bipartisan Policy Center's [issue brief](#).

Proposed Federal Funding Rule

- As reported in last month's [newsletter](#), the U.S. Office of Management and Budget (OMB) proposed sweeping revisions to the federal grant rules that govern most federal funding awarded to states, local governments, and nonprofit organizations. The [proposed rule](#) politicizes Federal funding and could severely impact Federal grants to private entities, including universities and nonprofits, and New York City. For a more detailed overview, see "[OMB Proposed Revisions to the Uniform Guidance: Key Takeaways](#)" by law firm Ropes & Gray.
- This Office joined with other local governments and the Public Rights Project in filing a [comment letter](#) opposing this proposed rule.

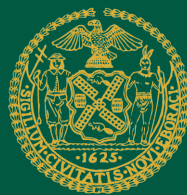
New York City's Cash Balances

- Fiscal year 2026 ended with a cash balance of \$16.171 billion, \$3.9 billion higher than last year's ending balance of \$12.229 billion.
- The Comptroller's Office's review of the City's cash position during the third quarter of FY 2026 and projections through September 30, 2026 are available [here](#). A new projection incorporating the City's Adopted Budget and other adjustments will be released later this week.

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