



Five Year Operating Plan Calendar Years 2023-2027

December 21, 2022

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2023-2027 Operating Plan

The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2023-2027 Operating Plan on December 21, 2022. This Five-Year Plan outlines the Authority’s priorities and strategies to address the challenges it faces with its available resources.

Overview

The 2023 Plan projects an operating deficit of \$35 million. The Authority’s \$4.4 billion budget supports two major federal programs. The \$2.8 billion Public Housing Program provides funding for operations and maintenance of over 160 thousand units of housing while the \$1.6 billion supports the Housing Choice Voucher (HCV) Program which provides 87 thousand low-income New Yorkers with affordable housing in the private sector. Part of the Public Housing Program is funded with \$232 million provided by the City of New York.

FY23 - FY27 Operating Plan Summary					
(\$ Millions)	FY23	FY24	FY25	FY26	FY27
<i>Revenues</i>					
Tenant Rental Revenue	\$850	\$826	\$773	\$696	\$681
Federal Operating Subsidies	1,209	1,251	1,327	1,316	1,239
Section 8 Subsidies	1,629	1,926	2,245	2,643	2,988
City funds	232	231	217	215	215
Other Revenues	458	350	350	319	303
Total Revenue	\$4,378	\$4,584	\$4,912	\$5,189	\$5,425
<i>Expenditures</i>					
Salaries	896	905	891	876	832
Fringes	628	637	645	657	680
Contracts	463	378	360	341	337
Utilities	604	602	602	579	579
Housing Assistance Payment	1,455	1,747	2,104	2,419	2,731
Other OTPS Expenses	367	355	337	328	322
Total Expenditures	\$4,413	\$4,624	\$4,938	\$5,200	\$5,481
Surplus/ (Deficit)	(\$35)	(\$40)	(\$26)	(\$11)	(\$56)

Our Commitment to Financial Transparency

NYCHA remains committed to financial transparency and effective budgeting. Toward that end, the Authority submitted its Five-Year Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). Furthermore, NYCHA expanded its training program to include all Property Managers to help improve the planning process, while creating an engaging and comprehensive budgeting environment to help achieve its core mission of serving its residents.

Government Finance Officers Association (GFOA) Award

Created by GFOA in 1984, the Distinguished Budget Presentation Award program recognizes state and local governments that prepare budget documents of the highest quality as established by the National Advisory Council on State and Local Budgeting. Any type of government agency across the country can apply. This honorable award is for the transparency and accountability of the budget.

As part of its commitment in providing financial transparency, NYCHA submitted its 2022 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In July 2022, for the eighth consecutive year, NYCHA was awarded the Distinguished Budget Presentation Award, the highest form of recognition in government budgeting.



Picture of DFPA Team

Property Based Budgeting Training

The Department of Financial Planning and Analysis (DFPA) has implemented training enhancements to ensure property managers and central office departments are involved in the budget process. DFPA has provided a series of ongoing training sessions each year from 2020 to 2022 focused on basic training including general budget principles, budget submission processes, budget revisions, understanding the General Ledger account structure, personnel action request, navigation of budget web portal and accessing budget financial and headcount reports.

For 2023, DFPA will provide advance training courses to development staff by strengthening cost allocation and fee-for-service model and improve the financial statements, updating the budget web portal to revise existing reports, eliminate underutilized reports, and creating new reports to improve customer service and host property manager budget trainings on operational expenditures, and income and expense statements.

Financial Measures

With financial challenges driven by large tenant rent arrears, increasing utility costs, and increasing HUD/SDNY Agreement expenses, NYCHA is taking the following proactive measures in the 2023 Proposed Budget.



CONSISTENT PILLAR & PROPERTY FUNDING

Prioritized stable funding for property management contracts and staffing, and increase for pillar areas



CUTTING CENTRAL OFFICE POSITIONS

Removed all nonessential contract spending in the central office departments



REDUCING CENTRAL OFFICE POSITIONS

Eliminated ~50% of the vacant budgeted positions in the central office, excluding the pillar areas and compliance departments



APPEALING THE OPERATING SUBSIDY

Submitting an operating subsidy appeal to HUD to fund mandated HUD/SDNY Agreement environmental expenses

HUD Agreement and Pillar Areas

On January 31, 2019, the U.S. Department of Housing and Urban Development (“HUD”), the New York City Housing Authority (“NYCHA”), and New York City (“the City”) signed an agreement (the “HUD Agreement”) to remedy the deficient physical conditions in NYCHA developments, ensure that NYCHA complies with its obligations under federal law, reform the management structure of NYCHA, and facilitate cooperation and coordination among HUD, NYCHA, and the City during the term of this Agreement. The agreement establishes a framework by which NYCHA will continue to evaluate and progress towards compliance with federal requirements. During the term of the agreement, an independent monitor will be in place with access to NYCHA’s resources and personnel and will issue quarterly reports on NYCHA’s compliance with the agreement.

Below provides major updated accomplishments in the year 2022 for each of pillar areas.

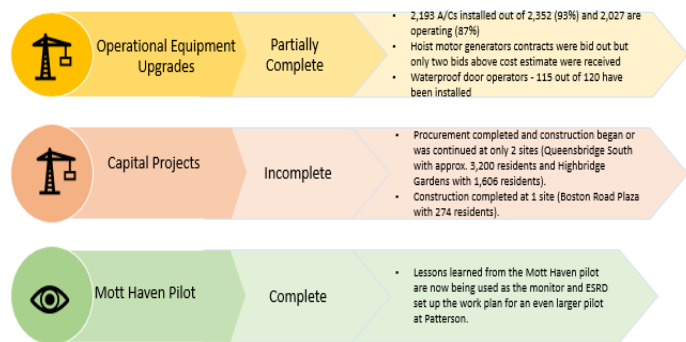
Elevator Services and Repairs Department (ESRD)

Updates

As a result of concerted effort made by the Elevator Services and Repairs Department, there were significant reduction in number of outages across the Authority. The improvements were attributed to preventive maintenance, particularly in the Mott Haven and Patterson Houses pilots.

- There were fewer outages; from 1/1/22 - 9/30/22, there were 26,964 outages across the portfolio, ~14% lower than the 31,347 outages in the same timeframe in 2021.
- The average outage duration from 1/1/22 – 9/30/22 was 11.30 hours, an improvement from 12.54 hours for the same period the previous year; the outage duration decreased to 1366 hours from 7359 hours the previous year. The average response time was also better, 6.43 hours, compared to the previous year’s 6.55 hours.
- ESRD has reduced number of deficiencies over the year; there has been a 78.9% reduction from October 2021 to October 2022.

Elevators - Priorities

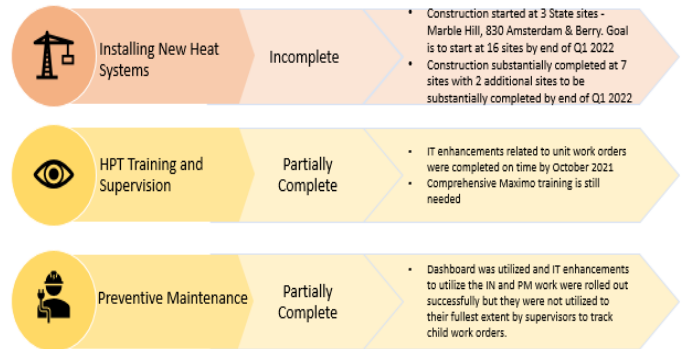


Heating Management Services Department (HMSD)

Updates

- The 2021-2022 heating season reported a greater number of unplanned heating outages than in two previous heating seasons; increase in outages lasting over 12 hours; outages occurred in more developments, so more residents were affected; outages due to boiler breakdowns.
- The Monitor attributes this to HMSD not completing the summer maintenance program in 2021; heating equipment was not prepared; Monitor provided an assessment of the breakdowns and NYCHA has since made significant upgrades to its overall heating program, which led to an effective maintenance program this past summer 2022.
- Environmental Health & Safety and Monitor team recommendations include improved training so that staff provides better, more accurate descriptions to work orders. The lack of quality data in Maximo limits the identification of maintenance work root causes
- HMSD executed the Neighborhood Model Re-Org, which aims to move decision making closer to the point of delivery. These neighborhoods are drawn like the Neighborhood Administrator (NA) model to account for the city’s context and history, and to distribute workload evenly, with each containing 4-7 consolidations. With less consolidations to manage, each Heating Neighborhood Administrator (HMA) and deputy are expected to increase accountability and efficiencies. Increased supervisory staff and chain of command will enable more hands-on management, quicker resolutions to issues and increased productivity.
- IT Improvements – Capitalizing in IT solutions to support the Heating Operations 2021 / 2022
 - Uploaded Centralized storeroom inventory in Maximo
 - Created a Heating Dashboard report that captures heat/no hot water work orders created in an area affected by an outage after an outage is closed
 - Created a Heat Dashboard report that captures work orders closed with no work done
 - Created a report that compares the last 3-years heat and hot water outages

Heat - Priorities



In Progress

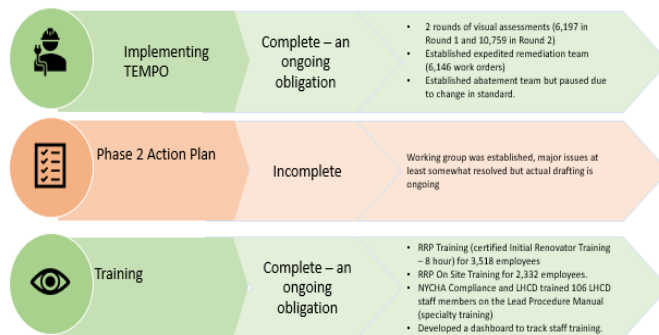
- Updating the Boiler room daily inspection work order to include fuel details.
- Create a report that captures how heat and hot water work orders are being closed that includes a link to the picture attachment, employee name & identification.
- Create a report that captures HMSD’s entire back log of work orders.
- Reduce the number of Heating owner groups.
- Add the development name to boiler room daily and twice weekly inspection notification emails.
- Review current outage causes and repairs, add new repair and cause and remove and that do not capture this data accurately.
- Allow HMSD Management staff the ability to create QR Codes.
- Unlock the feature that allows front line staff to scan QR Codes using their handheld devices (NYCHA assigned phone).

Lead Hazard Control Department (LHCD)

Updates

- NYCHA’s Lead Hazard Control Department (LHCD) conducted 28,754 XRF inspections.
- The visual assessment team completed 26,616 inspections during the first round of visual assessments and 26,266 inspections during the second round of visual assessments.
- The risk assessment team performed assessments in 5,749 units, 2,517 common area locations and 1,359 exterior locations.
- The EBLL team conducted 392 CU6 Risk Assessments and 176 CU6 remediations. The team also conducted risk assessments in 41 public spaces and 37 remediations at the public spaces. In addition, 33 abatements and 11 dust Court Order to Abate (COTA) cleanings were completed. In total, LHCD performed 1,671 lead abatements.
- Between PACT and TEMPO, NYCHA transitioned from XRF testing to abatement in 2022.

Lead-Based Paint: Priorities

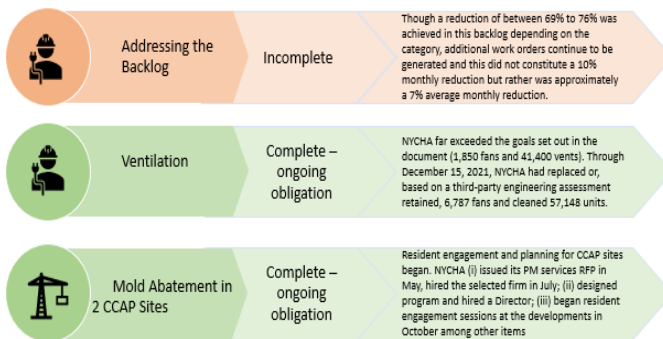


In Progress

NYCHA’s LHCD will continue its efforts with regards to XRF inspections, annual visual assessments, any cases of EBLLs referred by NYC DOHMH and lead abatements. As risk assessments are performed biennially, 2024 will be the next reevaluation period.

Office of Mold Assessment and Remediation (OMAR)

Mold: Priorities



Updates

- From October 2021 through June 2022, verified mold complaints dropped as ventilation project progressed, but as of August 2022, there are continued areas of improvement.
 - Enhanced Oversight Program (“EOP”) launched in July 2022 at six sites, mold inspectors and staff addressed fan cleanings, engaged

skilled trades admins to prioritize work; OMAR led weekly check-ins with each consolidation; the Independent Mold Analyst (“IMA”) identified root causes. Round II began in October 2022 and continued through December 2022.

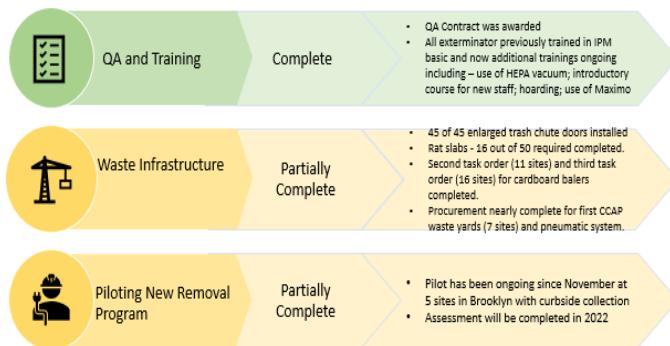
- In partnership with the Ombudsperson Call Center (“OCC”), OMAR conducts onsite outreach events at each consolidation to spread awareness about mold and leak resources.
- Pilot for maintenance workers to conduct mold inspections was conducted from September 2021 through May 2022; OMAR observed decrease in open initial mold inspections, and the average days to inspect declined.
- Mold Inspection Initiative launched in January 2022 and utilized Property manager supervisors to reduce backlog; they reached their goal of 1,000 mold inspections by November 2022.
- Operation Mold Cleanup launched in May 2022 and prioritized cleanup and prevention. Caretaker X staff and painters were assigned paint WOs. Phase I – 9,254 WOs were closed (47%); Phase II to focus on remaining WOs.
- Mold Cleaning Initiative launched in May 2022 (targeted mold cleaning WOs assigned to Caretaker X staff and painters), and as of November 2022, closed 1,486 WOs.
- Building Line Initiative (“BLI”) aims to address root causes, i.e. aging infrastructure. As of November 2022, NYCHA was working on finishing plumbing renovations and electrical work.
- 6,000 new roof fans were installed; vents in 66,145 units were cleaned.

In Progress

- Complex repairs - definition that all work can be performed by within 15 days and done by skilled trades staff. Currently NYCHA is meeting this obligation in 4.67% of the cases where a mold complaint is verified.

Office of Pest & Waste Management

Pests and Waste: Priorities



Update – Pest Management

- NYCHA has made progress in improving response time (but we haven't reached Agreement-required reductions yet).
- Monitor team finds the exterminators proficient.
- Problems with vendor work may be alleviated by restructuring Property Management Department (PMD) so that all exterminators report to them (Note that this went

into effect at the end of January 2023 and has been going well).

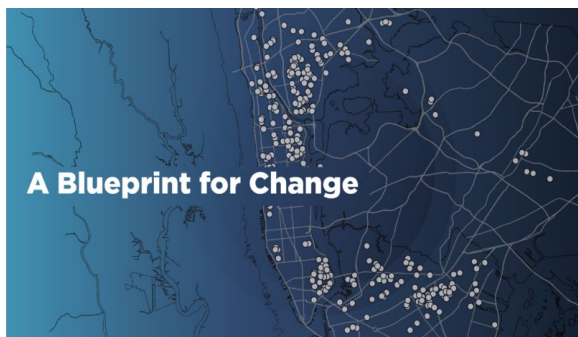
- Monitor and PMD have teamed up for the Resident Ambassador Program pilot (Notes that previous pilots were ineffective, but a new pilot launched in February 2023).

Update – Waste Management

- Waste Management Measurement App (WAMMA). an effective tool that NYCHA has been using to increase accountability among staff and drive improvements. Onsite inspections reveal significant improvements in trash collection and maintenance.
- NYCHA augmented garbage pickup in Brooklyn with a pilot program at seven developments; another successful pilot is the installation of automatic cardboard compactors, reducing amount of labor and allowing for increased storage of waste in compactors and containers.

A Path to Financial Sustainability - The Blueprint for Change

In the face of continued financial challenges, NYCHA will seek to diversify its portfolio while continuing to focus on providing safe and affordable public housing to address the needs of its residents. With support from the City of New York and with an emphasis on safety and service levels, the Financial Plan will focus on the following:



In 2020, NYCHA embarked on ambitious and innovative plan with introduction of A Blueprint for Change. This set of ideas outlines potential pathways for the Authority's reorganization and

investment of capital to stabilize and improve its properties, with additional impacts that could drive jobs and recovery strategies.

Together, the Public Trust and the existing Permanent Affordability Commitment Together (PACT) initiative can bring the billions of dollars in investment that NYCHA's buildings desperately need.



Permanent Affordability Commitment Together (PACT)

PACT leverages the federally funded Project- Based Section 8 program and public-private partnerships to unlock funding to complete comprehensive repairs at public housing developments. Residents in PACT developments benefit from much needed renovations, enhanced property management and social services, while maintaining the same basic rights they possess in the public housing. Residents will only pay 30 percent of their household income towards rent, their household will not be re-screened as the property converts to Section 8, and authorized family members will continue to have succession rights.

Through PACT, NYCHA plans to provide comprehensive renovations to 62,000 apartments – a third of the Authority's stock and home to approximately 140,000 New Yorkers. All 62,000 apartments converted to Section 8 funding will remain permanently affordable. The Project-Based Section 8 program provides a more stable flow of federal subsidy and allows NYCHA and its partners to raise external financing to address a development's capital repair needs. Once developments are converted, new professional property managers are responsible for maintaining and operating the buildings. Non-profit community organizations are brought on-site to provide enhanced services and programs to all residents.

Since 2016, the PACT program has generated more than \$3.6 billion in capital funding for comprehensive apartment renovations and building infrastructure improvements for nearly

16,000 households. Approximately \$1 billion in renovations have already been completed, and \$2.5 billion in major upgrades are underway with more starting this year. An additional 20,120 households are part of active development projects in the process of resident engagement or pre-development. In sum, NYCHA has more than 36,100 apartments completed, in construction, or in a stage of resident engagement or pre-development.

Below are the latest updates on NYCHA's commitment to this initiative:

Ocean Bay (Bayside), Queens

In December 2016, NYCHA closed its first RAD transaction at Ocean Bay (Bayside) in the Rockaways neighborhood of Queens, converting 1,395 apartments in 24 elevator buildings from public housing to Section 8. NYCHA entered into a public-private partnership with MDG Construction + Design (developer), The Wavecrest Management Team (property manager), Catholic Charities of Brooklyn and Queens (social services provider), and Ocean Bay Community Development Corporation (resident outreach and engagement). The project was financed with Superstorm Sandy recovery funds from FEMA, along with New York State Housing Finance Agency tax-exempt bonds and equity generated from federal 4% Low Income Housing Tax Credits. The project provided \$317 million in comprehensive repairs that were completed in 2019.

Twin Parks West, Bronx

This conversion is providing \$46 million for comprehensive repairs to 312 apartments in the Fordham Heights neighborhood of the Bronx. NYCHA entered into a public-private partnership with Gilbane Development Company (developer), Dantes Partners (developer), Apex Building Group (general contractor), and Kraus Management, Inc. (property manager). Social services are being provided by BronxWorks. The project is being financed with conventional debt. Phase I repairs are now complete and phase II repairs will be completed in 2023.

Highbridge-Franklin, Bronx

This conversion is providing \$38 million for comprehensive repairs to 336 apartments across 14 buildings in the Highbridge and Claremont neighborhoods of the Bronx. NYCHA entered into a public-private partnership with Gilbane Development Company (developer), Dantes Partners (developer), Apex Building Group (general contractor), and The Kraus Organization (property manager). Social services are being provided by BronxWorks. The project is being financed with conventional debt and a subsidy loan from the New York City Department of Housing Preservation and Development. Phase I repairs are now complete and phase II repairs will be completed in 2023.

Betances, Bronx

This conversion provided \$145 million for comprehensive repairs to 1,088 apartments across 40 buildings in the Mott Haven neighborhood of the Bronx. NYCHA entered into a public-private

partnership with MDG Design + Construction (developer), The Wavecrest Management Team (property manager), and Catholic Charities Community Services, Archdiocese of New York (social services provider). The project was financed with conventional debt and developer equity. Repairs were completed in 2022.

Baychester/Murphy, Bronx

In December 2018, NYCHA closed on 722 units across 14 developments at Baychester and Murphy Houses in the Bronx, thus completing the PACT conversion of these two developments. The partner for this conversion is MBD Community Housing Corporation (developer and social services provider), Camber Property Group (developer), and L+M Partners (developer, general contractor, and property manager). The project is being financed with conventional debt. Total repair work for the project totaled \$116 million. Repairs were completed in 2022.

Hope Gardens, Brooklyn

This conversion will provide \$280 million for comprehensive repairs to 1,321 apartments across 60 buildings in the Bushwick neighborhood of Brooklyn. NYCHA entered a public-private partnership with Pennrose Properties (developer), Procida Construction (general contractor), Pinnacle City Living (property manager), and Acacia Network (social services provider). Repairs are expected to be completed in the spring of 2023.

Brooklyn Mega Bundle II

This conversion will provide \$434 million for comprehensive repairs to 2,625 apartments across 38 buildings at these developments: 72 Warren Street, Armstrong I, Armstrong II, Berry Street-South 9th Street, Independence, Marcy Avenue-Greene Avenue Site A, Marcy Avenue-Greene Avenue Site B, Weeksville Gardens, Williams Plaza. NYCHA entered a public-private partnership with the Arker Companies, Omni NY LLC, Dabar Partners, and Bedford Stuyvesant Restoration Corporation (developer joint venture), Chateau GC and Renewal Construction Services LLC (general contractor), Progressive Management (property manager), and Bedford Stuyvesant Restoration (social services provider). Repairs began in 2020 and were completed in 2022.

PACT Manhattan Bundle

This conversion will provide \$383 million for comprehensive repairs to 1,718 units across 16 developments in Manhattan: 335 East 111th Street, Park Avenue-East 122nd, 123rd Streets, Manhattanville Rehab (Group 2), Manhattanville Rehab (Group 3), Public School 139 (Conversion), Samuel (MHOP) I, Samuel (MHOP) II, Samuel (MHOP) III, Fort Washington Avenue Rehab, Grampion, Washington Heights Rehab (Groups 1&2), Washington Heights Rehab Phase III, Washington Heights Rehab Phase IV (C), Washington Heights Rehab Phase IV (D), Wise Towers, 344 East 28th Street. The development team is a joint venture between Monadnock Development LLC, Community Preservation Corporation, Community

Development Trust, Kalel Holdings, Lemor Development Group, and Community League of the Heights (social service provider). Repairs began in 2020 and will be completed in late 2023.

Boulevard, Belmont-Sutter Area, and Fiorentino Plaza, Brooklyn

Boulevard, Belmont-Sutter Area, and Fiorentino Plaza Houses will receive more than \$483 million in comprehensive renovations for the 1,673 apartments and 29 residential buildings across the three properties. The PACT partners are led by Hudson Companies, Property Resources Corporation, and Duvernay + Brooks. Rehabilitation work will be performed by Broadway Builders LLC and Melcara Corporation. Property management is now being provided by Property Resources Corporation and Lisa Management, Inc. On-site social services are being provided by CAMBA. Repairs began in 2022 and anticipated for completion by 2025.

Linden and Penn-Wortman, Brooklyn

Linden Houses and Penn-Wortman will receive more than \$430 million in comprehensive renovations for the 1,922 apartments and 22 residential buildings across the two properties. The PACT partners for Linden and Penn-Wortman Houses are led by Douglaston Development, L+M Partners, Dantes Partners, and SMJ Development. Rehabilitation work will be performed by Levine Builders and L&M Builders Group. Property management and upkeep of the buildings and grounds are being provided by C&C Apartment Management. On-site social services are being led by University Settlement, in addition to existing services from CAMBA and Millennium Club, which are both located at the Penn-Wortman Community Center. Repairs began in 2022 and anticipated for completion by 2025.

Williamsburg, Brooklyn

Williamsburg Houses will receive \$490 million in comprehensive renovations to the 1,621 apartments and 20 residential buildings at the property. The PACT partners at Williamsburg are led by MDG Design and Construction and Wavecrest Management. MDG Design and Construction will perform the rehabilitation work. Wavecrest Management is now responsible for the day-to-day management and operation of the property. Social services are being provided by non-profit partners St. Nicks Alliance and Grand Street Settlement, which both have deep experience serving Williamsburg residents. Repairs began in 2022 and are anticipated for completion by 2025.

Harlem River I & II, Manhattan

Harlem River I and Harlem River II receive \$236 million in comprehensive renovations to the 693 apartments and 2 developments at the property. The PACT partners at Harlem River are led by Settlement Housing Fund and West Harlem Group Assistance. L+M Builders Group will perform the rehabilitation work. C&C Apartment Management LLC is now responsible for the day-to-day management and operation of the property. Social services are being provided by the

C&C Social Service division, which has extensive experience providing residents with case management support. Repairs began in 2022 and anticipated for completion by 2025.

Audubon, Bethune Gardens and Marshall Plaza, Manhattan

Audubon, Bethune Gardens and Marshall Plaza will receive \$137.6 million in comprehensive renovations to the 557 apartments and 3 developments within the project. The PACT partners at Audubon, Bethune Gardens and Marshall Plaza are led by Dantes Partners. Apex Building Group and Pyramid ETC Companies will perform the rehabilitation work. Faria Management is now responsible for the day-to-day management and operation of the property. Social services are being provided by non-profit partners Mosholu Montefiore Community Center (MMCC), which has experience serving residents at the three developments. Repairs began in 2023 and anticipated for completion by 2026.

Build to Preserve (BTP)

With the "Build to Preserve" program, NYCHA will redevelop underused land to raise funding for building rehabilitation. Build to Preserve is expected to fund approximately \$2 billion in capital repairs.

New residential buildings will be subject to Mandatory Inclusionary Housing (MIH) levels of affordability and increase the permanently affordable housing stock. 100% of the funds generated by new construction will first be used to fully renovate the adjacent development, and any remaining proceeds will go to repairs at other developments in the same neighborhood. NYCHA will ground lease—not sell—the land and will create plans with community input for comprehensive campus improvements. Renovations at existing NYCHA public housing apartments are performed at the same time as new buildings are constructed.

BTP at Sites in Chelsea, Manhattan

NYCHA released an RFP in April 2021 to implement a community-driven preservation and investment strategy at Fulton, Chelsea, Chelsea Addition, and Elliott Houses in the Chelsea neighborhood of Manhattan. In developing the RFP, NYCHA and resident leaders worked to incorporate the recommendations of the Chelsea Working Group. NYCHA created a Resident Review Committee (RRC) to review developer proposals, interview candidates, and work with NYCHA to select the finalist team. At the end of 2021, NYCHA and resident leaders for Elliott-Chelsea and Fulton Houses announced the selection of Essence Development and The Related Companies as the development team that will deliver comprehensive building and apartment upgrades for nearly 4,500 residents. Construction is anticipated to begin in 2023.

Transfer to Preserve

NYCHA continues to tap into its extensive unused development rights, known as "air rights," in order to raise revenue for the Authority. By transferring a portion of the Authority's approximately 80 million square feet of air rights, NYCHA expects to generate \$1 billion in

capital repairs for adjacent apartments. The sale of unused transferable development rights to owners of privately owned sites, has already generated \$55M in revenue to pay for capital repairs at NYCHA developments. In 2020, NYCHA completed two air rights transfers, one at Ingersoll Houses in Brooklyn for nearly \$25 million and another at Hobbs Court in Manhattan for \$2.6 million. In 2022, NYCHA completed another sale at Manhattanville for \$27 million.

100% Affordable Housing and Seniors First

NYCHA will contribute resources to Housing New York, the Mayor's plan to secure 300,000 affordable apartments by 2026. All new development activities will include a transparent resident engagement process and will bring improved amenities for existing residents, as well as opportunities for new affordable housing, including for seniors. The plan to create affordable senior and family housing on underused NYCHA property was the outcome of an extensive and meaningful planning process with hundreds of residents and community advocates. NYCHA intends to retain rights to the land developed through a long-term ground lease and provide critical oversight to the project. NYCHA also stipulated that the developers are to train, hire, and engage NYCHA residents on a regular basis as the project progresses and give preference to residents for 25 percent of the units.

Below are the latest updates on NYCHA's commitment to this initiative:

Mill Brook Terrace, Bronx

In 2017, NYCHA leased a parcel with approximately 126,055 square feet of development rights for the construction of a 159-unit senior housing development. Construction was completed, and the new building opened in 2019.

Stonewall House, Brooklyn

In 2017, NYCHA leased a parcel with approximately 124,000 square feet of development rights for the construction of a 146-unit senior housing development. The project known as Stonewall House opened in 2019 as the City's first LGBT-friendly senior development for persons aged 62 or older.

Van Dyke III, Brooklyn

In 2018, NYCHA leased a parcel with approximately 191,500 square feet of residential development rights for the construction of a 180-unit family housing development. Construction was completed, and the new building opened in 2021.

East 165th Street – Bryant Ave, Bronx

In 2019, NYCHA leased a parcel of approximately 11,000 square feet on Block 2750, Lot 32, for the construction of a 62-unit supportive housing development. Construction was completed, and the new building opened in 2021.

Halletts Point Building 7, Queens

In 2019, NYCHA sold a parcel for the development of a 163-unit affordable development in Astoria, Queens. Construction is complete and the building is currently leasing up.

Betances V, Bronx

In 2019, NYCHA leased a parcel of approximately 12,600 square feet on Block 2287, Lot 26, for construction of a 152-unit senior housing development. Construction is complete and the building opened in 2022.

Soundview III Homeownership, Bronx

In 2020, NYCHA leased a parcel of approximately 39,000 square feet on Block 3315, Lot 20, for the construction of 72 apartments for cooperative homeownership. Construction is complete and homeownership opportunities are currently being marketed.

Melrose North, Bronx

In 2020, NYCHA leased a parcel of approximately 21,200 square feet on Block 2409, Lot 98, for construction of a 171-unit family housing development. Construction is underway.

Twin Parks Terrace, Bronx

In 2020, NYCHA leased a parcel of approximately 16,500 square feet on Block 3143, Lots 234, 236, and 240, for construction of a 182-unit family housing development. Construction is underway.

The Atrium, Brooklyn

In 2021, NYCHA leased a parcel of approximately 24,200 square feet on Block 1580, Lot 1, for the construction of a 190-unit senior housing development. Construction is underway.

Casa Celina, Bronx

In 2021, NYCHA leased a parcel of approximately 9,400 square feet on Block 3730, Lot 1, for the construction of a 205-unit senior housing development. Construction is underway.

Betances VI, Bronx

In 2021, NYCHA leased a parcel of approximately 9,800 square feet on Block 2291, Lot 1, for the construction of a 101-unit family housing development. Construction is underway.

Bushwick II CDA (Group E), Brooklyn

In 2019, NYCHA leased a parcel of approximately 15,500 square feet on Block 3325, Lot 1, for the construction of a senior housing development. NYCHA, in collaboration with HPD, issued an RFP in 2017 and construction is underway.

Morris Senior, Bronx

In 2022, NYCHA leased a parcel of approximately 13,000 square feet on Block 2902, Lot 36, for construction of senior affordable housing development with approximately 150-200 units. NYCHA issued an RFP in collaboration with HPD in 2019 and construction is underway.

Kingsborough Senior, Brooklyn

NYCHA intends to lease a parcel of approximately 18,000 square feet on Block 1344, Lots 1 and 175 for construction of senior affordable housing development with approximately 150-200 units. NYCHA issued an RFP in collaboration with HPD in 2019 and anticipates designating a developer in 2023.

Closing the Year

2022 has been another challenging year for the nation as the world recovers from an historical pandemic and it has been another difficult year for NYCHA’s low-income families. There was a significant reduction in revenue from tenant rent, an increase in contract expense to meet HUD/SDNY guidelines. However, with a favorable increase from federal subsidy, NYCHA managed to balance the budget for the year.

(\$ in Millions)

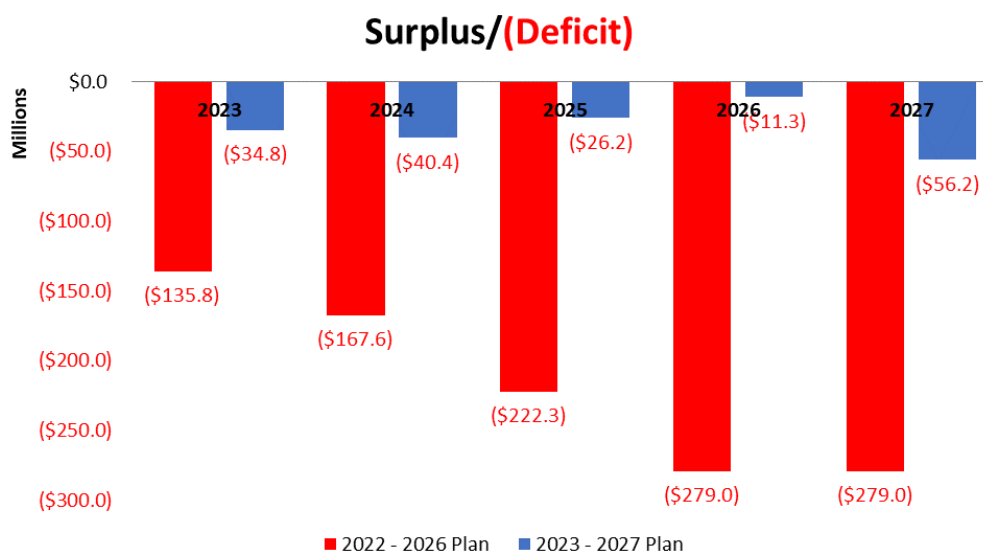
Sources	Adopted Budget	Q3 Yearend Reforecast	Variance (Adopted Less Reforecast)
Tenant Rental Revenue	\$867	\$851	\$(16)
Operating Subsidy	\$1,023	\$1,211	\$188
Section 8 Subsidy	\$1,448	\$1,593	\$145
Capital Transfer/Mgmt. Fee	\$245	\$248	\$3
City Funds	\$276	\$247	\$(29)
All Others	\$184	\$194	\$9
Withdraw from Reserves	\$100	\$100	\$0
Total Sources	\$4,144	\$4,445	\$300
Uses			
Personal Services (PS)			
Salaries	\$795	\$752	\$43
Overtime	\$99	\$174	\$(75)
Fringe	\$624	\$617	\$7
All Other Salaries	\$17	\$29	\$(12)
Total PS	\$1,535	\$1,572	\$(37)
Other than Personal Services (OTPS)			
Supplies	\$108	\$98	\$10
Contracts	\$524	\$627	\$(103)
Utilities	\$489	\$530	\$(42)
Section 8 HAP	\$1,293	\$1,290	\$3
Other OTPS	\$231	\$328	\$(96)
Total OTPS	\$2,644	\$2,872	\$(228)
Total Uses (PS & OTPS)	\$4,179	\$4,444	\$(265)
Surplus/(Deficit)	\$(35)	\$0	\$35

NYCHA has been making significant efforts to control its expenses, however, given its aging housing stock, reduction in rental revenue due to the pandemic, as well as regulatory obligations (HUD Agreement), the Authority will continue to be financially challenged without ongoing efforts to streamline its operations, and without continued financial support from HUD, the City, and the State.

History of NYCHA’s Funding

Deficits are mainly due to the increasing cost of employee benefits as well as increasing expenditures for contracts and supplies to ensure compliance with the HUD/SDNY Agreement.

While the cost to maintain the public housing program continues to rise, with the additional support from City of New York and an increase in Federal funding, the Authority is expected to reduce the gap for next 5 years. While NYCHA’s Plan includes significant efforts to reduce the deficit, even with additional support the Authority is anticipated to have a deficit of nearly \$35 million in 2023, \$40.4 million, \$26.2 million, \$11.3 million, and 56.2 million in 2024, 2025, 2026 and 2027 respectively.



Above chart compares prior Adopted Plan to Current Adopted Plan

Historical Federal Funding

NYCHA heavily relies on federal subsidies, which account for approximately 60 percent of NYCHA’s operating budget revenues. The 2023 adopted budget is planned to account for HUD’s historical funding of each of NYCHA’s programs.

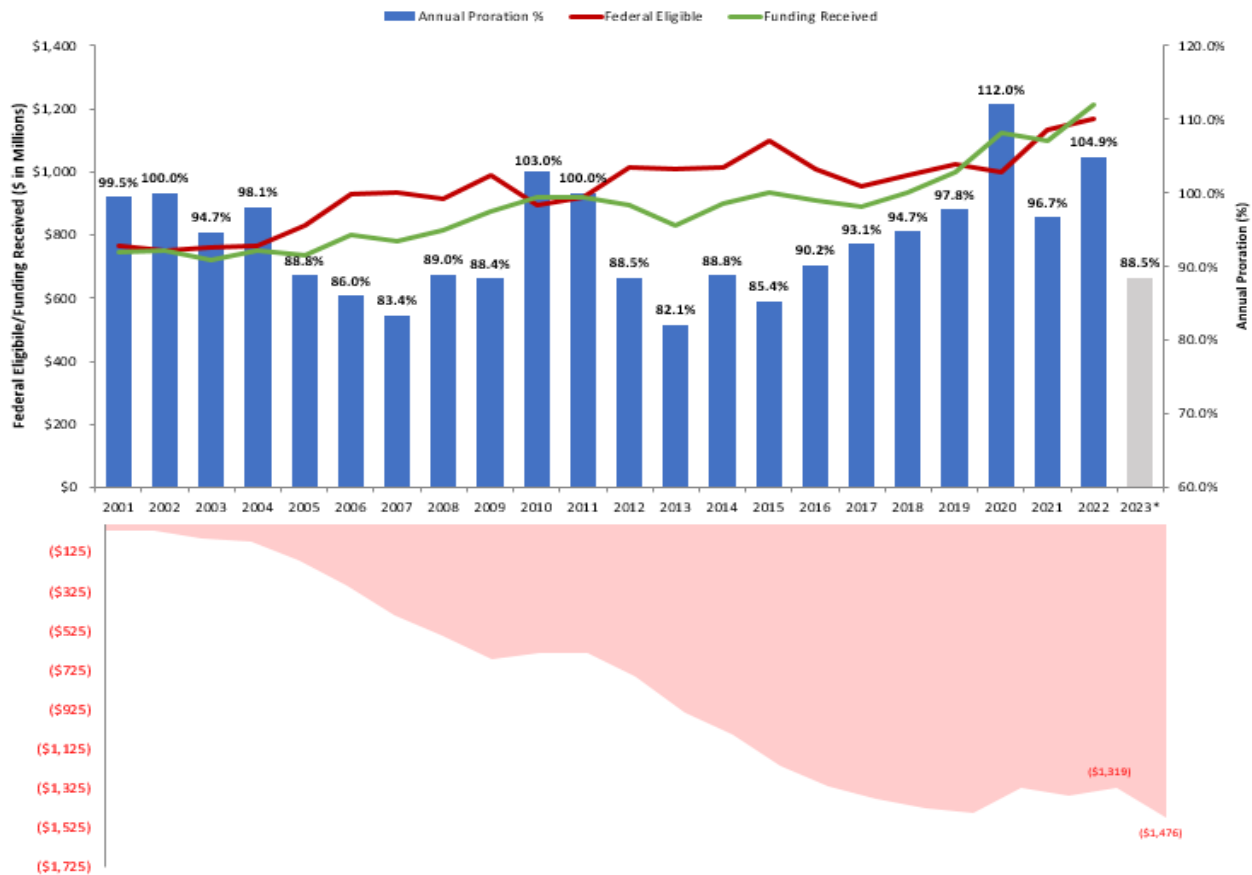
Funding Source	2022 Year-end	2023 Adopted	Historical 8-Yr Average (2015 - 2022)
Operating Subsidy*	104.93%	88.50%	96.85%
Section 8 HAP	100.00%	100.00%	99.25%
Section 8 Admin	85.80%	89.55%	82.30%
Cap Fund (\$ in Millions)	\$709	\$709	\$493

2023 based on Adopted Plan based on projected funding and eligibility

Federal Operating Subsidy

Funding for the operating subsidy is based on congressional appropriation. While there has been funding increase in recent years in support of the national crisis due to the pandemic, historically, national appropriations have been inadequate in meeting the needs of housing authorities.

Historically, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD’s eligibility formula. Additionally, while HUD’s formula takes location into account, NYCHA has long advocated that the system is inequitable when one considers the city’s uniquely high construction costs as well as higher employment costs in comparison to housing authorities across the US. This funding inequity directly impacts NYCHA’s residents in the form of a reduction in services, as NYCHA will not be able to supplement critically needed frontline staff, such as Maintenance Workers, Caretakers, and skilled trade persons.



Note: 2023 represent Adopted budget based on anticipated funding level.

Historical data (2001 to 2022), as shown above, illustrates a cumulative operating funding loss of over \$1.3 billion and estimated additional funding loss of nearly \$160M in 2023 based on anticipated funding levels, totaling a cumulative loss of nearly \$1.5 billion over the past two decades.

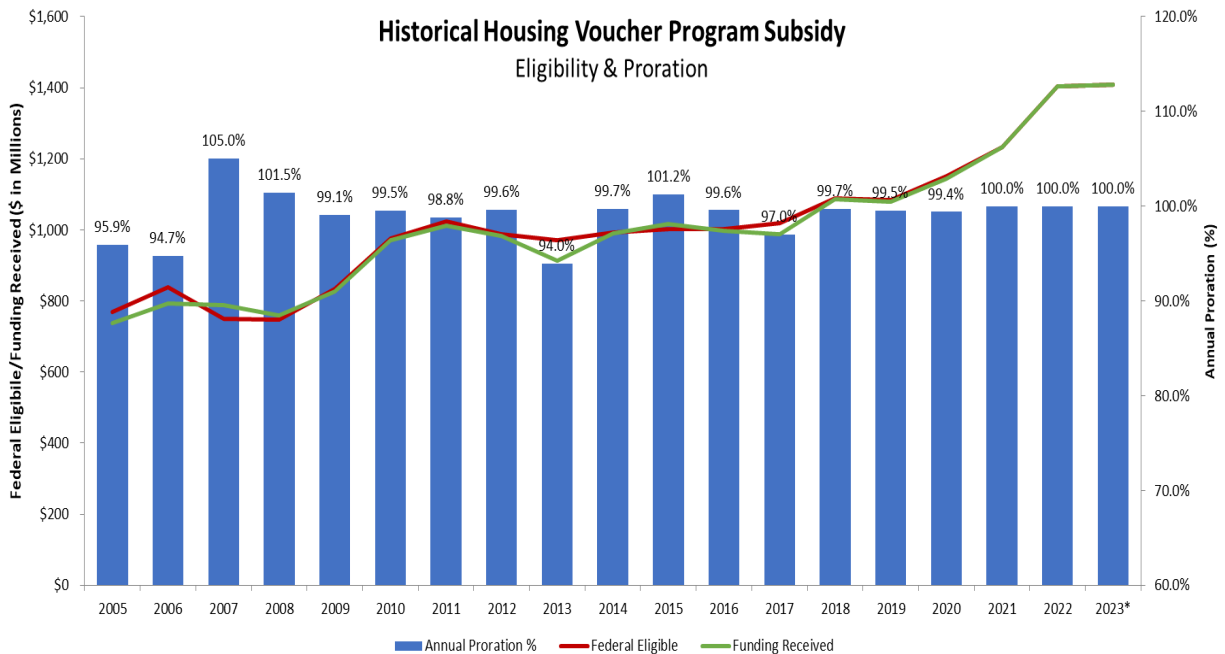
Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, is designed to assist low-income families, the elderly, and individuals with disabilities in obtaining safe, decent, and affordable housing in the private market by providing rental subsidy. NYCHA administers the largest Section 8 Program in the nation with over 92,000 households served through a network of nearly 25,000 participating landlords.

NYCHA administers the program by providing rental subsidies to participating landlords on behalf of eligible tenants. Program participants pay rent directly to the landlord equal to about 30 percent of family income. NYCHA pays the landlord the difference between the tenant’s rent and the approved contract rent on the apartment. These payments are referred to as Housing Assistance Payments (HAP). NYCHA earns a fee from HUD for administering the program.

HUD establishes the total number of authorized vouchers for a Public Housing Authority (PHA). The annual renewal funding to the PHA is based on the total of the Housing Assistance Payments made the previous year, adjusted for HUD’s published inflation for the local market and congressional appropriations. Rental subsidy payments are primarily influenced by changes in local housing market costs and family income. Additionally, while HUD permits programs to maintain positive reserves balances, it may recapture these balances.

Therefore, the number of vouchers that NYCHA can prospectively administer depends on the current year’s allocation and funding availability, per-unit costs, availability of affordable housing stock and changes in family incomes. Program administration costs are primarily determined by labor costs and mandated program compliance activities including annual eligibility recertification of participants and housing quality standard inspections of landlord apartments.



Housing Assistance Payments (HAP)

NYCHA provides rental subsidies to participating landlords on behalf of eligible participants through Housing Assistance Payments (HAP). Unused rental subsidies must be maintained in program reserves by HUD and may only be used for the issuance of additional vouchers or to offset any shortfall in annual renewal funding. Because of fluctuations in annual renewal funding, HAP reserves are at minimal levels. Therefore, the number of families NYCHA can serve is primarily determined by national funding appropriations by Congress, and prorated HUD allocations.

Based on estimated 2022's actual HAP expenditures of \$1.3 billion, NYCHA estimates the HAP renewal funding to be \$1.4 billion in 2023 funded at 100% proration and adjusted for inflation. Final funding amount may be revised after end of year reconciliations and national guidelines.

Administrative Fees

The administrative fees which are available to NYCHA for the administration of the program is subject to proration by HUD.

In 2023, NYCHA expects a small decrease in administrative fees which reflects 2022 receiving additional funds after 2021 final reconciliations.

Federal Capital Funding

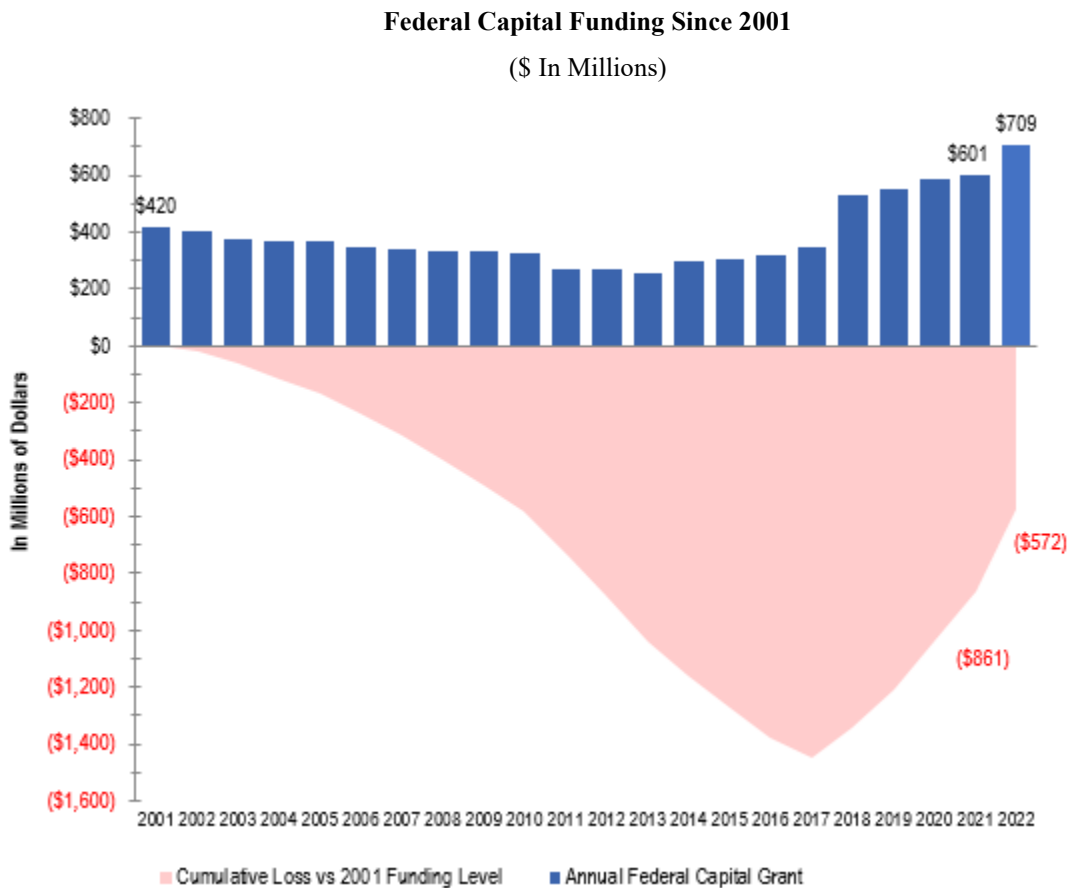
NYCHA's aging housing stock requires far more capital investment than has been available from Federal, State, and City grants. The 2017 Physical Needs Assessment (PNA) estimates over \$31.8 billion dollars in capital needs in the first five years. The capital needs are projected to grow anywhere from \$42.7 billion to \$68.6 billion over the next ten years depending on the estimated rate of deterioration.

Funding available to NYCHA for capital improvements has failed to keep pace with growing needs and has historically declined. From 2001 to 2017, average annual federal capital grants have declined at nearly \$85 million, or 20%, when compared to 2021 funding level at \$0.4 billion.

Historically, NYCHA has experienced a cumulative federal capital grant funding loss of nearly \$0.6 billion since 2001. Beginning in 2018 and continuing through 2022, federal capital funding has increased substantially and in fact, for past two years, NYCHA was awarded \$0.6 billion and \$0.7 billion in 2021 and 2022, respectively.

While federal capital fund allocation has been increasing in recent years (since 2018, funding level has been above 2001 level), funding shortfalls meant that only \$3 billion has been invested in capital improvements during the last five years (2018-2022), not adequate to meet the rising cost of NYCHA’s aging infrastructure.

Despite the increase in appropriations to the Capital Fund program, rising costs of administrating capital projects/program result in very real cuts to the program. This chronic funding gap has severely restricted NYCHA’s ability to make necessary repairs and upgrades to brickwork, roofs, elevators, building systems (such as heating and plumbing systems), and apartment interiors.



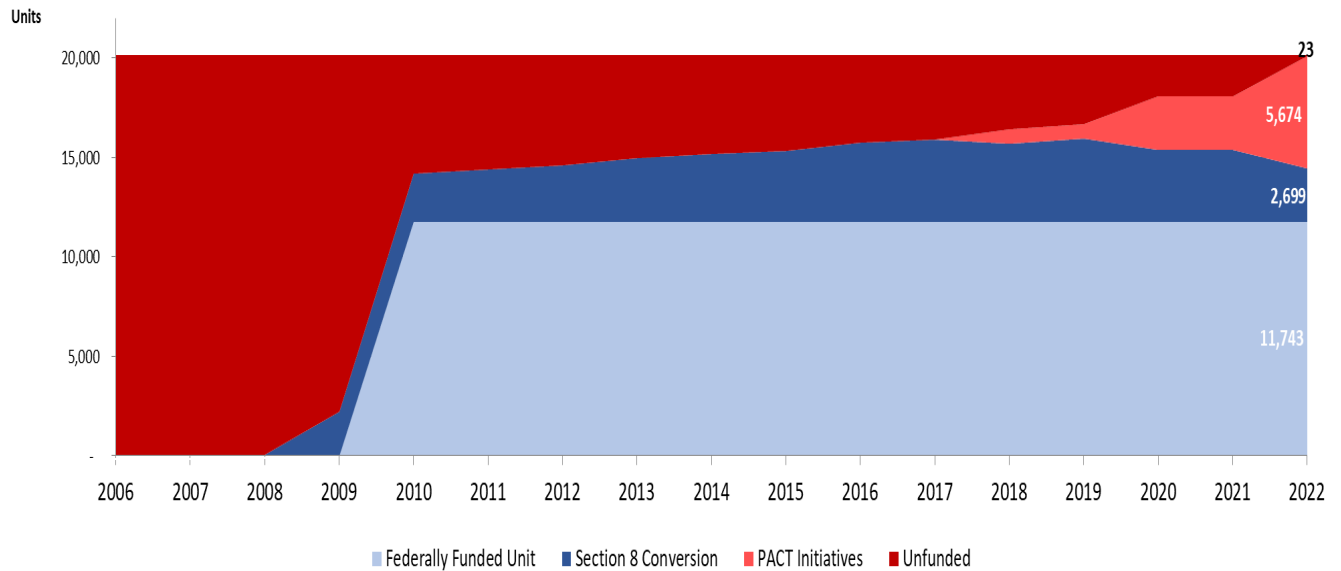
Securing funding for Unsubsidized/Unfunded Units

NYCHA owns and operates 21 developments originally built by the City and the State of New York with 20,139 housing units that have been historically unfunded.

In 2008, NYCHA was able to secure funding for 11,743 out of 20,139 units through Federalization. Additionally, HUD, as part of the agreement, authorized the conversion of 8,396 units, (approximately 3,923 City & 4,473 State) into Project-Based Section 8 funded units through the 2008 Voluntary Conversion Plan (VCP).

Since 2008, NYCHA has been making transition of these unfunded units via VCP and recently through Rental Assistance Demonstration/Permanent Affordability Commitment Together (RAD/PACT) initiative*. In fact, it is the RAD/PACT process that dramatically improved the transition schedule and as a result of successful implementation of the plan (except for 23 State units which should be converted to Section 8 funding model upon vacancy), NYCHA has nearly completed the plan to secure funding for its unfunded units.

History of Transition : Unsubsidized/Unfunded Unit



* Unfunded units are being transition to Section 8 program via RAD/PACT and/or Project-Based Section 8.

** 2022 represents conversions as of September 1st, 2022.

2023 Outlook

NYCHA receives both operating and capital subsidies directly from HUD, based on formulas, which are subject to congressional appropriation. NYCHA generally receives about \$2 billion in operating funding from the federal government for its public housing and Section 8 programs, and over \$0.6 billion annually (based on average funding for past three years) for its capital program.

While the outlook on federal funding seems encouraging as there likely to be some increase in funding levels partly in recognition of current economic environment as well as aftermath of unprecedented pandemic affecting livelihood of NYCHA residents, however, NYCHA is still facing significant challenges. Provided below are some of key risk factors as well as discuss NYCHA's strategy to help improve and stabilize of Nation's largest public housing.

2023 Financial Risk

While NYCHA is making significant effort to streamline its operational processes & procedures while finding efficient measures to utilize its limited financial resources, however, NYCHA faces considerable huddle and challenges as it struggles to meet obligatory requirement (i.e. HUD/SDNY Agreement). Below are some of key challenges:

- Delayed Rental Support from State in Tenant Rental income.
\$120 million in Emergency Rental Assistance (ERAP) funding is unlikely while households with pending ERAP applications amass \$250+ million in arrears.
- Depleting Reserve to meet obligatory requirement and other payment needs.
 - Heavy reliance on one-time unrestricted developer fees to cover ongoing increased operating expenses from the HUD/SDNY Agreement.
 - All capital projects are funded on a reimbursement basis so NYCHA must have enough cash on hand to fund the work.
 - Months with three payrolls require at least \$140 million of cash on hand, in addition to all other vendor payments.

Use of reserve to fund these needs, reduces our cash position making it difficult to respond to unanticipated issues, prefund capital projects, and mitigate unexpected delays or reductions in grant funding.

2023 Initiatives and Special Programs

Blueprint for Change's Transformation Plan

In response to the HUD Agreement, the Transformation Plan is NYCHA's vision for a more effective and responsive organization, driven by ideas and feedback received through numerous stakeholder engagement sessions throughout 2019 and 2020. It is part of "A Blueprint for Change," a comprehensive set of ideas to transform and stabilize the Authority that was introduced in July 2020.

As part of the Transformation Plan, developments that were previously managed by Mixed-Finance Asset Management and Next Generation Operations One departments, are now managed by their geographic borough Vice President. NYCHA developments have been grouped into neighborhoods, each overseen by a Neighborhood Administrator, and skilled trades employees have been allocated to each neighborhood, rather than borough wide.

Neighborhood Model

The Authority's vast size poses a significant challenge for the organization. The goal of the Neighborhood Model is to improve oversight and provide increased attention to NYCHA developments by creating smaller management portfolios. The implementation of the Neighborhood Model is a return of decision-making and control to the development level. This model empowers local managers to make decisions in the best interest of their sites, with minimal central office interference.

These changes will provide a deeper understanding of developments' needs and challenges and allows for tailored solutions and appropriate allocation of resources. Furthermore, this approach will streamline the decision-making process closer to the front lines which will provide a mechanism to tackle challenges quicker. Over time, this model will increase connectivity among developments, residents, and existing neighborhoods and community networks.

Property Janitorial Reform



Janitorial Reform is adding accountability to the agency’s maintenance of common areas, changing shift, and building schedules to enable performance measurement at the development and individual level. To accommodate the janitorial reform, the development staffing model was revised. Whereas the previous model used dwelling units and property acreage to allocate staff, the new model groups developments into categories based on size and property layout, and then applies a time in motion estimate to determine the staffing levels.

An additional 146 Caretakers were funded at the developments in 2022 and an additional 28 Supervisors (Caretakers and Grounds) were added to properties.

HUD/SDNY Agreement Investments

Since the agreement, NYCHA has continue to increase annual investments to the HUD Agreement pillar areas by nearly \$90 million (2019 to 2022) and over \$673 million in capital investment.

Below is the summary of NYCHA’s continuing its commitment to meet agreement made with its stakeholder (HUD/SDNY) but more importantly to keep our promise to our residents.

Investment Detail

Investment since inception (FY 2019 - FY 2022)			
HC	Operating	Capital	Total
202	\$ 94,999,219	\$ 673,095,920	\$ 768,095,139

Future Investment : 5 Years (FY 2023 - FY 2027)						
Funding	HC	FY23	FY24	FY25	FY26	FY27
Operating	524	\$ 105,123,116	\$ 101,241,283	\$ 113,615,403	\$ 120,641,510	\$ 117,041,604
Capital	-	\$ 439,034,357	\$ -	\$ 19,200,000	\$ 10,742,072	\$ 35,239,500
Total	524	\$ 544,157,472	\$ 101,241,283	\$ 132,815,403	\$ 131,383,582	\$ 152,281,104

Funding for capital needs related to the pillar areas is also provided in the proposed capital budget.

In line with the HUD Agreement, the Transformation Plan proposes significant organizational changes at NYCHA.

Transformation Plan - NYC Public Housing Preservation Trust

A key part of the plan includes creation of NYC Public Housing Preservation Trust (Preservation Trust) which will be a new State-created public entity like the School Construction Authority. The Trust will keep rents capped at 30% of income, preserve all resident rights and protections, fix residents' homes through capital repairs, and maintain a public workforce. Resident voices are a critical part of the Trust – from resident representation on the publicly appointed nine-member board to resident partnership during renovation projects.

In June 2022, the State legislature passed a bill establishing the New York City Public Housing Preservation Trust and it was signed into law which will go into effect 60 days after Governor Hochul signed it into law.



NYCHA will continue to own and manage the properties, entering into a long-term ground lease with the Trust.



NYCHA must include resident opt-in voting procedures to incorporating appropriate feedback from residents.

Following illustrates key facts of the bill:

To dramatically improve residents' quality of life through comprehensive building renovations while preserving all their rights and protections (including permanently affordable rent) and providing economic opportunities, NYCHA will transfer an initial 25,000 apartments to the Trust.

NYCHA will continue to own and manage the properties, entering a long-term ground lease with the Trust to secure Tenant Protection Vouchers, a subsidy worth double NYCHA's current federal subsidy. Similar to how other government entities raise revenue for capital improvements, the Trust will issue bonds that fund comprehensive building renovations (with input and partnership from residents at the development), including the latest sustainable technologies. And the Trust can hire better vendors who can complete high-quality work, faster.

Additionally, NYCHA must now meet certain obligations, such as publishing the draft resident opt-in voting procedures for public comment and incorporating appropriate feedback from residents into the final version of the voting procedures. The board members must also be appointed to conduct the Trust's business (which will include NYCHA residents).

In fact, transfers to the Trust will not happen without extensive resident engagement, including a vote by residents at properties proposed for transfer on whether they want the transfer to occur. Future Annual Plans and Significant Amendments will include more detailed information on the Trust and on proposed leasehold transfers to the Trust.

Emergency Housing Voucher (EHV) Subsidies and Administrative Fee

The EHV program was established in 2021 as part of the American Rescue Plan Act (ARPA) to help address homelessness and other social issues as well as to help assist families with a high risk of housing instability. In July 2021, of the 70,000 housing choice vouchers allocated to local Public Housing Authorities (PHAs), NYCHA was awarded 5,738. NYCHA entered a memorandum with our Continuum of Care (CoC) including the Housing Preservation Development (HPD) to establish a partnership for the administration of EHV's. Our CoC has agreed to assist in the leasing of 70% or 4,016 of our 5,738 awarded vouchers. HUD obligated NYCHA \$102.7M in Housing Assistant Payments (HAP) and \$33M in fees to administer the program. Since the inception of the EHV program, NYCHA along with its CoC partners has issued over 8K vouchers and were able to assist over 2K families to find and lease units. The program faces some challenges, but NYCHA expects to have over 70% of its allocated vouchers leased in 2023.

Budget Line-Item Discussion

This section provides an explanation and analysis of the Plan, by budget line item, as presented in the budget tables appended to this narrative.

Basis of Presentation

Budgetary Funds

The Plan consists of three component funds:

- *General Fund* reflects activities of frontline operations, central office, and field support functions for NYCHA-owned and/or privately managed housing, (as well as all public housing activities).
- *Housing Choice Voucher (HCV) Program Fund* reflects activities and administration of the Section 8 Programs, including Housing Choice Voucher (HCV), Veterans Affairs Supportive Housing (VASH), and Five-Year Mainstream.
- *Categorical Grants Fund* reflects all other grant programs by which NYCHA receives funding from federal, state, city, or private sources for operating and/or administering a variety of community development and benefits programs.

The *All-Funds* presentation of the Plan reflects the consolidation of these three component funding sources with the appropriate elimination of inter-fund transactions and activities.

The Plan is developed on a modified accrual basis and thereby combines elements of accrual-basis with cash-basis budgeting. The Plan does not include provisions for non-cash expenditures such as depreciation, amortization, and the non-cash costs of Other Post-Employment Benefits (OPEB).

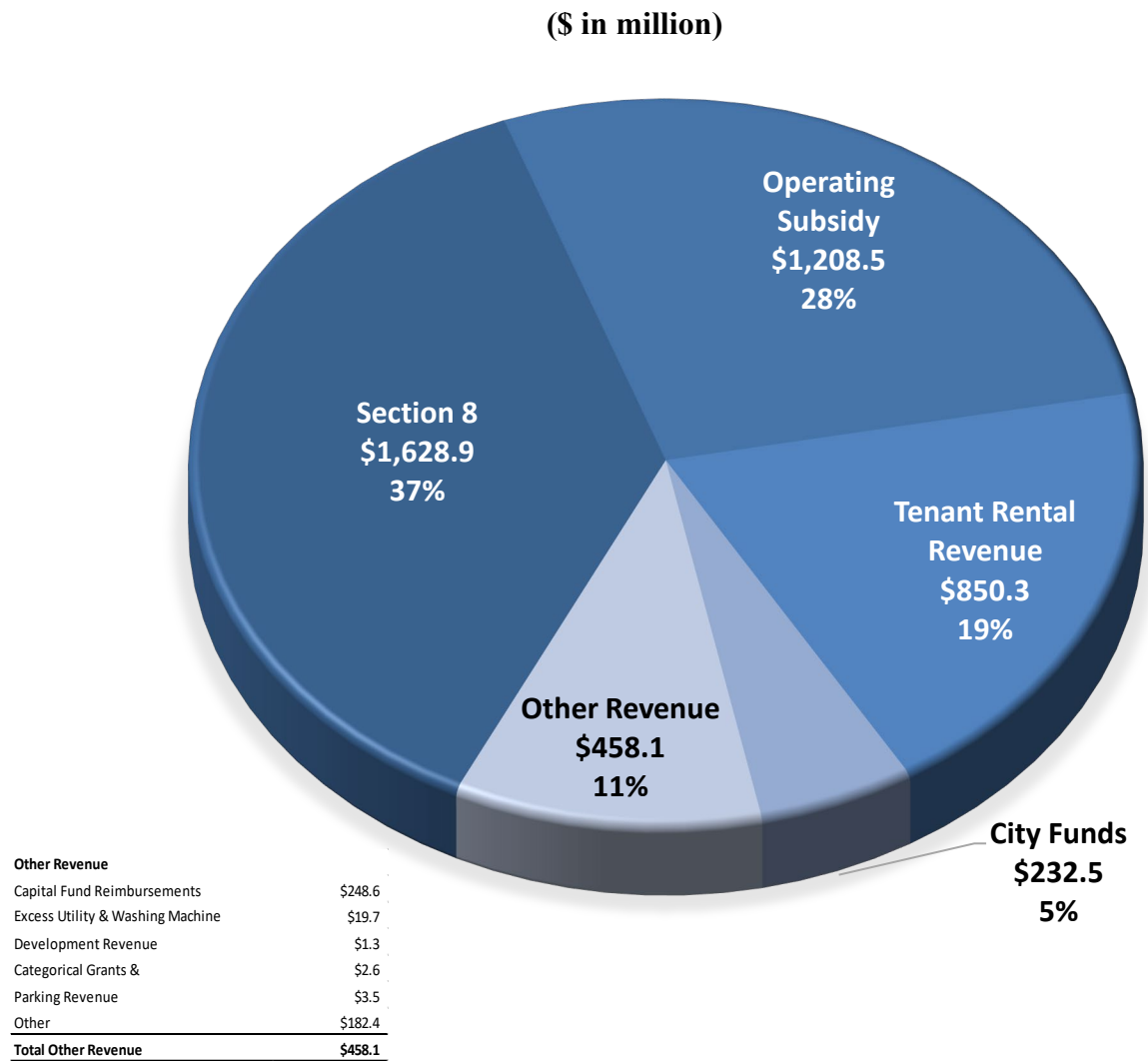
OPEB Disclosure

This Plan only includes projections for the “pay as you go” component of OPEB. The OPEB expense and liability are recognized in NYCHA’s audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles.

The OPEB liability as of December 31, 2022, is still being evaluated by NYCHA and its auditors, and amounts will be disclosed once evaluation has been completed.

Sources (Revenue Categories)

The following chart shows the \$4.4 billion in revenue in NYCHA’s 2023 operating budget, by category:



Tenant Rental Revenue and Federal Operating Subsidies account for nearly 47 percent of total revenues while Section 8 Subsidy for HAP and the Administrative Fees accounts for 37 percent of total revenues, as shown in the chart. The remaining 16 percent consists of many different components, which includes Capital Fund Reimbursements and City Funds.

Tenant Rental Revenue (Dwelling Rent)

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents 19 percent of total revenues in 2023. Rent projections are modeled at the property level based on data that includes the number of occupied units, tenants' rent, and collection losses. It is important to note that Tenant Rental Revenue contributes less than half of the total revenues used to cover the Authority's public housing expenditures reflected in the General Fund.

This Plan projects Tenant Rental Revenue to decrease from \$0.9 billion to \$0.7 billion mainly attributed to ongoing impacts of the pandemic (COVID19) and efforts to transition from public housing to Section 8 to help attract financial resources. Separately, projection includes a compounded growth rate of 1 percent for remaining public housing units.

Federal Operating Subsidies

This Plan projects the Federal Operating Subsidy to increase from \$1.02 billion in 2022 to \$1.19 billion in 2023. The assessment used to determine anticipated Operating Subsidy revenue is based on many factors including the number of eligible units, projected expense levels, utility expense levels, and formula income, which in turn, is based on Tenant Rental Revenue. While this assessment determines the eligibility level, additional assumptions must be made to determine future appropriations and proration levels, which averaged nearly 95 percent for the past decade (2013 to 2022).

Given the significant deviation in funding variables reflective current state of economy (i.e., utility expense level, income level, etc.), this plan assumes NYCHA's proportional funding level compared to national appropriation. Historically, average level of NYCHA's proportional funding when compared to national appropriation for the past 5 years (2018-2022) was approximately 22%. Using this ratio and estimated using anticipated appropriation for 2023, estimated proration for 2023 is approximately 88.5% of projected eligibility or 1.2 billion.

Section 8 Conversion at LLC properties

NYCHA received no dedicated federal funding for 8,396 units under the LLC I (2,722) & LLC II (5,674) Developments. These developments are properties once owned by the City and the State of New York. Each unfunded unit continues to burden the Authority as tenants rent from these properties is inadequate to support the ever-increasing operating costs. Over the years to secure funding NYCHA converted the unfunded units to Section 8.

NYCHA has since been working diligently to convert these unfunded units to the section 8 program and as a result of such effort, NYCHA has successfully converted all but remaining 23 unit as of January 2022 (LLC I units were converted in December 2021 AND LLC II were converted in January 2022). Plan assume that remaining 23 unfunded units will be converted upon vacancy.

Section 8 Subsidy and Administrative Fees

Section 8 Subsidy represents the total of the Housing Assistance Payments (HAP) and the Administrative Fees subsidy in the Housing Choice Voucher (HCV) Program Fund.

The projected subsidy reflects the expected number of vouchers in service in the HCV Program five-year rental plan. This considers the interplay of the following: program attrition, restorations, per-unit costs, inflation factors applied by HUD, increases permitted to building owners under New York rent regulations, changes to the fair market rent and payment standards, and funding proration.

The Plan assumes Section 8 Subsidy to increase from \$1.4 billion to over \$2 billion within the next five years 2023-2027. The Administrative Fees is expected to increase from what was received in 2022 attributed to the projected increase in units. This assumes a total Unit Months Leased (UML) of 1,134,506 for a monthly average of 94,542 vouchers in 2023.

Categorical Grants

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects funding awarded and does not reflect anticipated funding. The budget reflects categorical grants in the amount of \$2.6 million (down from \$5.3 million in 2022), later rising to \$4.6 million in 2027.

Capital Fund Reimbursements

Capital Fund Reimbursements (CFRs) are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget. The CFRs are for replacement reserves of NYCHA's mixed-finance portfolios. These reimbursements are projected to be \$248.6 million in 2023 reflective of increase in capital funding allocation.

Interest on Investments

Interest on Investments represents expected earnings on cash and investments but excludes expected returns on self-insurance funds since these earnings are netted against insurance costs. This revenue is projected to decrease from \$8.3 million in 2023 to \$6 million in 2027, reflecting expected decreases in interest yields over the plan period.

Other Revenue from Operations

Other Revenue from Operations consists of ancillary fees, primarily from residents, including sales and services charges, parking fees, and appliance surcharges intended to defer a portion of the cost of excess utility consumption. Also include commercial tenant portfolio of storefront leases, rooftop leases, and sublease income from underutilized office space. Other Revenue from Operations is projected to decrease from \$35.4 million in 2023 to \$25.2 million in 2027 primarily attributed PACT developments transitioning from the public housing portfolio.

City Funds

The City of New York and its administration is committed in supporting NYCHA's goals and mission. To address NYCHA's challenges, this administration has granted NYCHA with approximately \$232.5 million in 2023 to fund various initiatives and programs in support of public housing program. The budgeted amount for 2023 is \$232 million which primarily composes of \$145.2 million for the reimbursement of general wage increases, \$50.7 million for the Vacant Unit Readiness Program, \$31.5 million via CDBG programs, and \$5.2 million for other city funded initiatives.

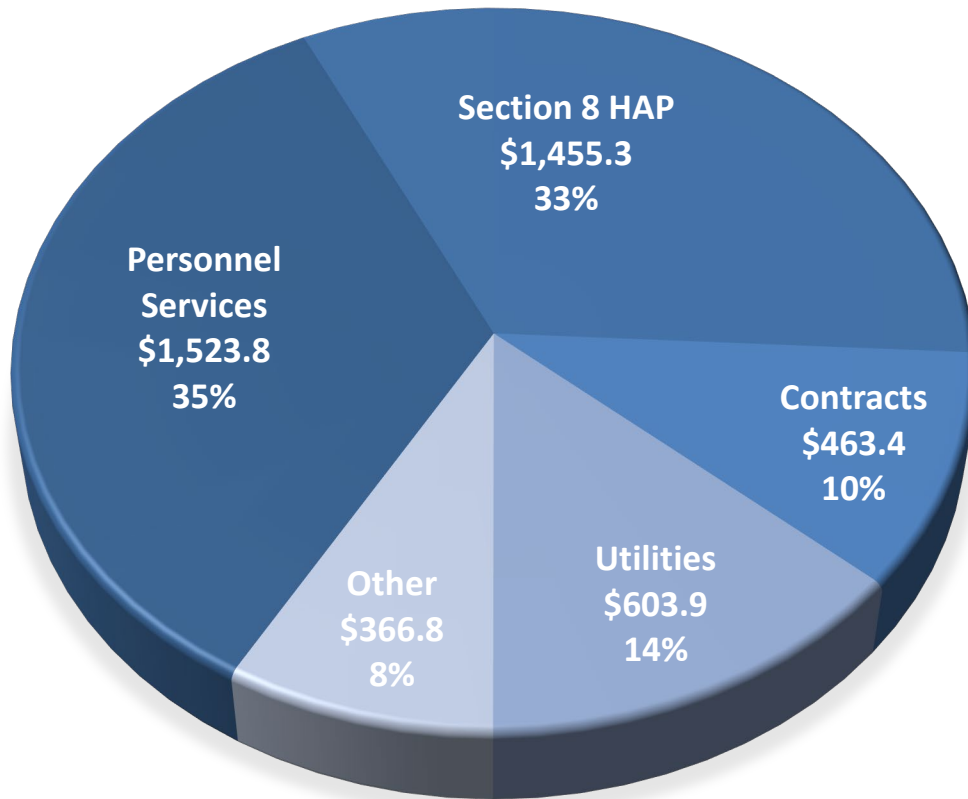
Other Non-Operating Revenues

Other Non-Operating Revenues are ancillary revenues that NYCHA generates from third parties through property assets. This category includes revenue from fee associated with Section 8 properties recapitalization as well as other preservation initiative, commercial storefront leases, rooftop leases, and sublease income from underutilized office space.

Uses (Expenditure Categories)

The following chart shows, by category, the \$4.4 billion expenditures in NYCHA's 2023 operating budget:

(\$ in million)



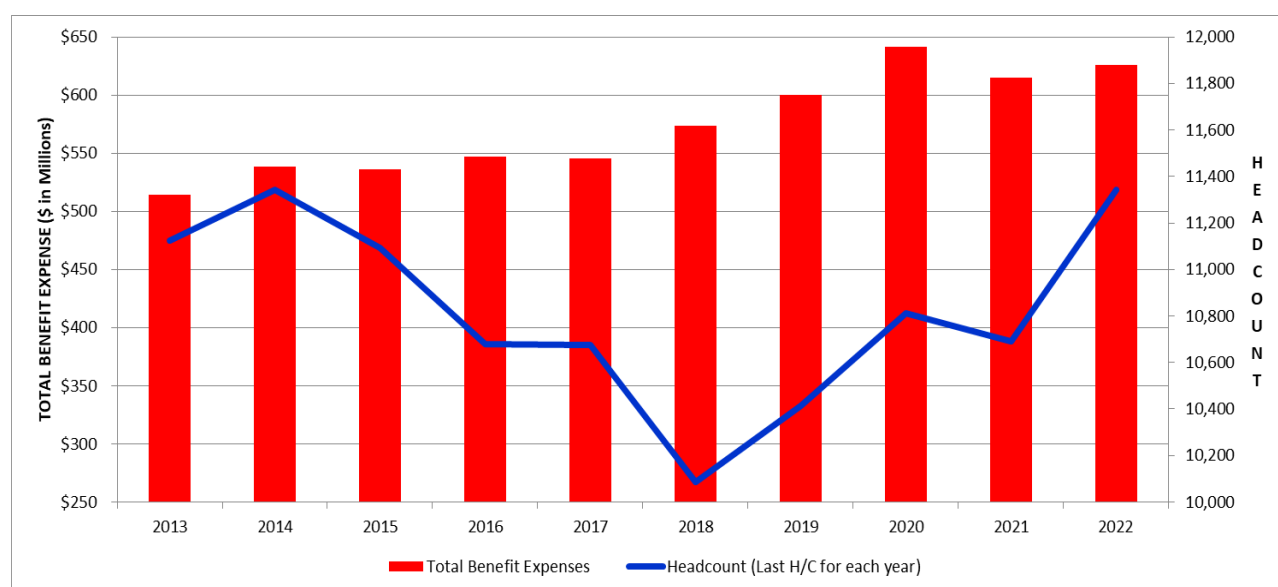
Personnel Service (Salaries and Other Benefits) accounts for 35 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 33 percent, Utilities and Contracts account for 14 percent and 10 percent, respectively, and all other expenses account for the remaining 8 percent of expenditures.

Workforce

Workforce and Salary

In recent years, NYCHA has been steadily increasing staffing level to address HUD/ SDNY agreement. While the workforce level has been modestly improving, fringe expenses have been steadily increasing due to rising cost of health benefit expenses and other benefit related costs. In fact, in the past 10 years (2013 – 2022), while workforce levels have improved by under 2 percent, overall fringe expenses have increased by nearly 22 percent in the same period.

Historical Benefit Expenses vs. Workforce

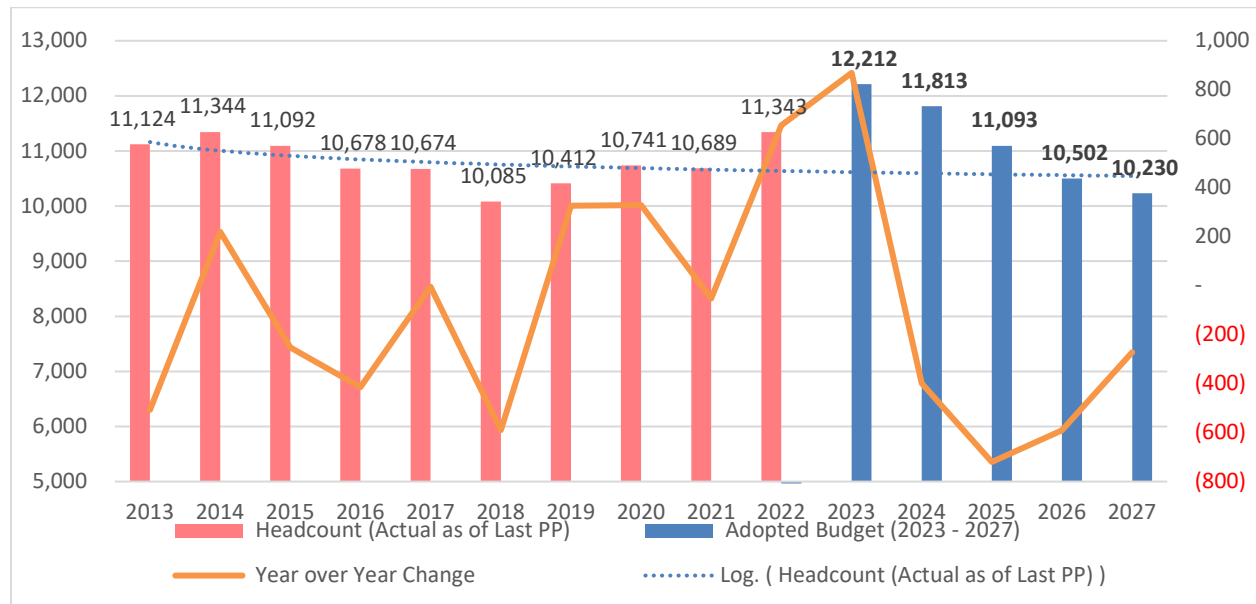


Comparison of Benefit expense growth

	2013		2022	Change	%Change
Health	\$222.6		\$294.4	\$71.8	32.3%
Pension	155.5		157.1	\$1.6	1.02%
All Other	135.8		174.1	\$38.3	28.2%
Total Fringe Benefit	\$513.9		\$625.6	\$111.7	21.7%
Headcount	11,124		11,343	219	1.97%

With the continued reduction in revenues and increases in labor costs (e.g., fringe expenses), NYCHA faces difficulty and challenges in ensuring the continuation of its core functions and the delivery of essential services to its residents.

Historical staffing level (2013 – Current) vs. 2023 – 2027 Financial Plan



NYCHA’s 2023 Budget provides total budgeted position of 12,212 or an increase of nearly 900 staff over 2022 yearend staffing levels. Much of the staffing increases are associated with improving NYCHA’s frontline performance and increasing services to residents. Although, staffing levels increased in 2022 when compare to previous year, total number of position are expected to decline over the next 5 years as a result of PACT conversions.

Workforce Distribution

The 2023 plan provides workforce level to help address key health and safety concerns in-line with HUD/SDNY Agreement.

5-Year Workforce Plan by Funding Source (2023 – 2027)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
General Funds	11,410	11,194	10,475	9,886	9,615
Section 8	586	586	586	586	586
Grants	216	32	31	29	29
Total	12,212	11,813	11,093	10,502	10,230

Salaries

Full-time Salary is budgeted from \$762 million in 2023, which will decrease to \$694 million by 2027. Part-time Salary represents expenditures associated with part-time and temporary staff positions. Seasonal Salary expenditures are associated with the Authority's seasonal hiring program as well as temporary employment programs. Other Salary is an aggregation of assignment differentials, license differentials, increment payments, meal allowances and other miscellaneous pay adjustments.

This Plan includes general wage increases (GWI) due to settled collective bargaining agreements (CBA) for the affected unions/titles. To support NYCHA's financial burden as a result of CBA, the City of New York agreed to provide funding for the cost of labor agreements.

Fringe

Fringe includes legally mandated benefits which include Social Security, Unemployment Insurance, and Workers' Compensation, as well as contractually mandated benefits including Health Insurance, Pension, Welfare, and Annuity for Active and Retired employees.

NYCHA maintains a self-insurance program for workers' compensation. Expenditures include contributions to the self-insurance fund for estimated losses, premiums for the procurement of excess insurance, and assessments paid to the State of New York Workers' Compensation Board. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, third-party administrators, and risk management consultants. This is a cost-effective approach to managing a unique workforce, which allows the Authority to take immediate action in both the processing of claims and the promotion of safety programs to reduce job-related risks.

Fringe is projected to increase from \$628 million in 2023 to \$680 million in 2027. As a percentage of total Personnel Service expenditures, Fringe is projected to increase from under 41 percent in 2023 to 45 percent of total personnel expenses by 2027. This is driven largely by the projected increases in health insurance benefit expenses.

Overtime

The cost of overtime has been rising in recent years in part due to a decrease in workforce as well as various planned initiatives. For 2023, to address property needs, the Plan assumes a net increase in workforce by 129, mainly in operational frontline staff.

With improved staffing levels and efficiency in work assignments, and to reflect RAD transition, the Plan assumes overtime levels will remain similar in 2023 at \$100M.

Seasonal

The budget for Seasonal personnel services provides funding support for temporary staffing to help accommodate the seasonal needs of Operations. Historically, this line has been used to onboard temporary staff during the summer at the properties, which is known as “The Seasonal Program”. The staff work for 40 hours a week for a 26-week period.

The 2023 seasonal budget has been expanded to address various measures to supplement full-time workforces. Below are some key funded initiatives:

- \$10.5M in Skilled Trades staffing – Allows for flexibility to hire skilled trades/union staff titles for a temporary period to address short-term initiatives. Funding provides for temporary staff to help reduce the work order backlog as well as special initiatives to address Lead, Mold and Centralized Litigation. Programs include TEMPO (\$2.3M), Moveout initiative (\$7.5M), and Playground Inspection (\$650K).
- \$4.4M in the traditional Seasonal Program - This plan includes hiring staff working 40 hours a week for 26 weeks. The plan incorporates 3 hiring phases achieving approximately 400 staff at its peak.
- \$2M in temporary staffing for Pest Management initiative - To cover the cost to mitigate the rat issue at various sites for the next 6 months. Includes 70 Caretakers, 12 burrow-collapsing teams, and Maintenance workers to address these issues.
- \$1.3M for on-the-job training program of 30 “HPT trainees” as caretaker Hs. These caretakers will split their week at heating sites in the properties and NYCHAs training locations.
- \$2.5 M in temporary staffing for Lead Abatement. The program hires Community Services Aides (CSA), Community Coordinators serve as CSA’s Supervisors play an essential part of the Visual Assessment Program. The program assists to be in compliant with HUD Agreement and approved actions.
- \$2.5M for Mold Remediation to be in compliant with Mold HUD Action Plan The program hires 25 seasonal staff for Mold response Unit (MRU) and 22 seasonal cleaning Initiative (MCI). MRU helps to facilitate the case management of escalated mold and leak complaints to the independent court appointed. They also manage cases by the court-established Ombudsperson Call Center and other external referrals. Mold Clean Initiative (MCI) team works on addressing the backlog of mold cleaning and is responsible to individually place high-quality computer printed labels onto newly replaced roof fans to facilitate roof fan inspections.

Leases

In addition to rental fees, NYCHA is generally responsible for operating costs which include taxes and utilities as well as rent escalation reflective of the lease agreement. The Plan forecast Leases expenditures of \$60.2 million in 2022 to \$63.3 million in 2026, which is aligned with the successful implementation of the relocation plan.

Insurance

Insurance expenditures include contributions to NYCHA’s general liability self-insurance fund for retained estimated losses, and premiums for the procurement of liability, boiler and machinery, and property insurance. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, and risk management consultants. The Plan projects expenditures to increase from \$103 million in 2023 to \$115 million in 2027. These increases are driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. Costs associated with NYCHA’s workers’ compensation self-insurance fund are budgeted as part of the Fringe expenses.

Utilities

Utility expenditures are a significant component of NYCHA’s operating budget, representing approximately 12.6 percent of total expenditures. Included are costs associated with electricity, gas, water, steam, and fuel oil.

(\$ In millions)

Commodities	FY 2023 - 2027 Financial Plan					FY'23 - '27 CAGR
	2023	2024	2025	2026	2027	
Water	\$214	\$202	\$194	\$181	\$181	(4.11%)
Electricity	180	195	200	205	205	3.34%
Heating Gas	176	167	174	164	164	(1.67%)
Steam	5	5	1	1	1	(29.12%)
Fuel	22	26	26	22	22	(0.21%)
Cooking Gas	8	7	6	6	6	(6.70%)
Total Utilities	\$604	\$602	\$602	\$579	\$579	(1.04%)

Although 2023 plan has been adjusted to reflect recent rise in energy prices, however, 5-year to decrease from \$604 million in 2023 to \$579 million in 2027. Given the substantial impact of Utility costs, NYCHA continues to work with HUD in developing mutually beneficial Energy Performance Contracts (EPCs) and other energy conservation measures to continue to monitor

and help meet city's conservation goal. These EPCs will provide additional funding for energy-efficient capital projects which will result in cost savings over time.

Section 8 Payments

Expenditures for Section 8 Housing Assistance Payments (HAP) are projected based on the rental plan administered through the leased housing program.

While most Section 8 Payments are disbursed to landlords participating in this program, it also includes disbursement for Phased Conversion Units as well as transition to RAD. Funding for these units has been transition from the Operating Subsidy (Section 9) to Section 8. These conversions of funding help to reduce deficit in General Fund. This plan projects Section 8 Payments to landlords to increase from \$1.45 billion in 2023 to \$2.7 billion by 2027.

Contracts

Contracts includes third-party service payments for the following: painting, floor tiling, elevator maintenance, fire safety, environmental services, Marshall fees, security services, energy contracts, carting fees, automotive services, office equipment rentals and services, information technology software and hardware services, telecommunications services, lockbox fees, professional services, and others. To improve residential services and to address compliance requirements, NYCHA has been increasing its contract capacity in recent years. Increased contract capacity will help address key issues in the area targeted to address lead, mold, pest management, heating management, elevator as well as other operational concerns. Contract expense decreases from \$463 million in 2023 to \$337 million by 2027 reflective of PACT conversions.

Supplies, Equipment, and OTPS Other

Supplies includes materials and supplies required for property management operations (as well as administrative functions), including paint, tiles, carpentry supplies, electrical and plumbing supplies, auto repair shop supplies, uniforms, office supplies, and others.

Equipment includes ranges, refrigerators, telecommunications, automotive, machinery, computer hardware, grounds, and tools, (all of which must be above NYCHA's capitalization threshold). Although funded in the Operating Plan, these are categorized as assets.

Debt Service provides interest payment for NYCHA's EPC (Energy Performance Contract) based on approval from HUD.

OTPS Other includes operating budget funding of the capital replacement reserves for NYCHA's mixed-finance portfolios, athletic and recreational activities, postage, petty cash reimbursements, training, and other miscellaneous expenditure categories. Overall, budget for Supplies, Equipment, Debt Service, and OTPS Other show decreases from \$191 million in 2023 to \$132 million by 2027 reflective of PACT conversions.

2023-2027 Operating Plan by Funds

All Funds

(\$ in thousand)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	850,292	825,768	772,938	695,762	680,909
Other Revenue from Operations	37,137	33,664	31,009	27,993	26,906
Total Revenue from Operations	887,429	859,432	803,948	723,755	707,815
Other Revenues					
Federal Subsidies	1,208,530	1,250,629	1,326,958	1,315,546	1,238,790
Debt Services Subsidy	40	8			
Section 8 Phased Conversion	32,493	30,917	30,056	25,962	24,209
Section 8 Management Fees					
Capital Fund Reimbursements	248,614	248,614	248,614	248,614	248,614
Interest on Investments	9,548	7,492	7,448	7,433	7,328
Other	94,700	54,973	57,869	30,561	15,152
Categorical Grants	2,604	5,306	5,306	4,649	4,649
Section 8 Subsidy	1,475,966	1,755,412	2,053,367	2,433,686	2,755,980
Section 8 Admin	120,475	139,753	161,220	183,768	207,507
City Funds	232,500	231,049	217,399	214,997	214,997
Withdrawal From Reserves	65,451				
Total Other Revenues	3,490,921	3,724,151	4,108,236	4,465,216	4,717,225
Total Revenues	4,378,349	4,583,583	4,912,184	5,188,971	5,425,040
Expenditures					
Personal Service:					
Salary F/T	762,188	757,169	746,587	735,831	693,631
Salary P/T	92	92	92	92	92
Seasonal	20,456	20,456	20,456	20,456	20,456
Overtime	100,000	114,045	110,959	106,794	105,589
Shift Differential	2,013	2,013	2,013	2,013	2,013
Retro	233	233	233	233	233
Fringe	627,672	636,897	644,974	657,141	679,853
Other Salary	11,105	10,780	10,554	10,216	10,106
Total Personal Service	1,523,759	1,541,685	1,535,869	1,532,776	1,511,973
Other Than Personal Service:					
Leases	62,708	63,089	65,028	65,060	66,372
Supplies	110,401	101,956	96,468	88,318	86,184
Equipment	45,546	35,543	30,300	28,808	24,209
Utilities	603,913	602,002	601,510	579,199	579,199
Contracts	463,429	378,368	359,946	340,963	336,543
Debt Services	9,933	9,539	9,113	8,657	8,190
Insurance	103,363	110,314	113,361	115,472	115,472
OTPS Other	34,857	34,501	22,323	21,785	21,730
Housing Assistance Payments	1,455,263	1,746,940	2,104,493	2,419,257	2,731,363
Total Other Than Personal Service	2,889,412	3,082,252	3,402,542	3,667,521	3,969,262
Total Expenditures	4,413,171	4,623,937	4,938,410	5,200,297	5,481,235
Surplus/(Deficit)	(34,822)	(40,354)	(26,227)	(11,326)	(56,194)

General Funds

(\$ in thousand)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	850,292	825,768	772,938	695,762	680,909
Other Revenue from Operations	37,137	33,664	31,009	27,993	26,906
Total Revenue from Operations	887,429	859,432	803,948	723,755	707,815
Other Revenues					
Federal Subsidies	1,194,780	1,237,334	1,314,291	1,303,627	1,227,638
Debt Services Subsidy	40	8			
Section 8 Phased Conversion	32,493	30,917	30,056	25,962	24,209
Section 8 Management Fees	31,637	36,840	42,386	48,148	54,151
Capital Fund Reimbursements	248,614	248,614	248,614	248,614	248,614
Interest on Investments	9,465	7,462	7,448	7,433	7,328
Other	92,720	53,443	56,300	28,964	13,555
Categorical Grants					
Section 8 Subsidy					
Section 8 Admin					
City Funds	146,469	148,055	147,789	147,789	147,789
Withdrawal From Reserves	65,451				
Total Other Revenues	1,821,669	1,762,672	1,846,884	1,810,537	1,723,284
Total Revenues	2,709,097	2,622,104	2,650,831	2,534,292	2,431,099
Expenditures					
Personal Service:					
Salary F/T	703,024	715,309	704,790	694,193	652,041
Salary P/T	92	92	92	92	92
Seasonal	20,181	20,181	20,181	20,181	20,181
Overtime	95,255	109,300	106,215	102,050	100,845
Shift Differential	2,013	2,013	2,013	2,013	2,013
Retro	233	233	233	233	233
Fringe	587,887	606,440	612,257	622,487	643,283
Other Salary	10,492	10,167	9,941	9,603	9,493
Total Personal Service	1,419,177	1,463,736	1,455,722	1,450,851	1,428,180
Other Than Personal Service:					
Leases	55,287	55,340	57,026	57,060	58,219
Supplies	106,832	98,340	92,856	84,787	82,652
Equipment	30,654	24,052	22,951	21,731	21,442
Utilities	603,290	601,341	600,831	578,501	578,501
Contracts	403,806	313,013	294,966	278,236	273,815
Debt Services	67	67	67	67	67
Insurance	103,099	110,042	113,080	115,183	115,183
OTPS Other	24,730	19,702	17,683	17,447	17,386
Housing Assistance Payments					
Total Other Than Personal Service	1,327,764	1,221,897	1,199,460	1,153,011	1,147,266
Total Expenditures	2,746,942	2,685,633	2,655,181	2,603,862	2,575,446
Surplus/(Deficit)	(37,844)	(63,529)	(4,350)	(69,570)	(144,347)

Housing Choice Vouchers

(\$ in thousand)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations					
Other Revenues					
Federal Subsidies					
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments					
Other	659	659	659	659	659
Categorical Grants					
Section 8 Subsidy	1,508,459	1,786,329	2,083,423	2,459,649	2,780,188
Section 8 Admin	120,475	139,753	161,220	183,768	207,507
City Funds					
Withdrawal From Reserves					
Total Other Revenues	1,629,593	1,926,740	2,245,302	2,644,076	2,988,354
Total Revenues	1,629,593	1,926,740	2,245,302	2,644,076	2,988,354
Expenditures					
Personal Service:					
Salary F/T	39,275	39,275	39,275	39,275	39,275
Salary P/T					
Seasonal	49	49	49	49	49
Overtime	4,745	4,745	4,745	4,745	4,745
Shift Differential					
Retro					
Fringe	27,661	28,708	30,880	32,818	34,665
Other Salary	606	606	606	606	606
Total Personal Service	72,336	73,383	75,555	77,493	79,340
Other Than Personal Service:					
Leases	7,421	7,749	8,002	8,000	8,153
Supplies	101	101	101	101	101
Equipment	14,891	11,492	7,349	7,077	2,767
Utilities	623	661	679	698	698
Contracts	38,496	42,854	48,409	54,181	60,184
Debt Services					
Insurance	265	272	281	289	289
OTPS Other	7,704	12,373	2,336	2,342	2,347
Housing Assistance Payments	1,487,756	1,777,857	2,134,549	2,445,219	2,755,572
Total Other Than Personal Service	1,557,257	1,853,357	2,201,706	2,517,907	2,830,111
Total Expenditures	1,629,593	1,926,740	2,277,261	2,595,400	2,909,452
Surplus/(Deficit)			(31,959)	48,675	78,903

Categorical Grants

(\$ in thousand)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations					
Other Revenues					
Federal Subsidies	13,750	13,295	12,666	11,919	11,152
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments	83	30			
Other	1,321	871	910	938	938
Categorical Grants	2,604	5,306	5,306	4,649	4,649
Section 8 Subsidy					
Section 8 Admin					
City Funds	86,031	82,994	69,610	67,208	67,208
Withdrawal From Reserves					
Total Other Revenues	103,788	102,495	88,492	84,714	83,947
Total Revenues	103,788	102,495	88,492	84,714	83,947
Expenditures					
Personal Service:					
Salary F/T	19,889	2,584	2,521	2,363	2,315
Salary P/T					
Seasonal	226	226	226	226	226
Overtime					
Shift Differential					
Retro					
Fringe	12,123	1,749	1,837	1,836	1,904
Other Salary	7	7	7	7	7
Total Personal Service	32,246	4,566	4,592	4,433	4,452
Other Than Personal Service:					
Leases					
Supplies	3,468	3,515	3,511	3,430	3,430
Equipment					
Utilities					
Contracts	52,764	59,342	58,958	56,695	56,695
Debt Services	9,866	9,472	9,047	8,591	8,123
Insurance					
OTPS Other	2,423	2,426	2,303	1,997	1,997
Housing Assistance Payments					
Total Other Than Personal Service	68,521	74,755	73,818	70,712	70,245
Total Expenditures	100,766	79,321	78,410	75,145	74,697
Surplus/(Deficit)	3,022	23,175	10,082	9,569	9,250