



# **Five Year Operating Plan Calendar Years 2019-2023**

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December 19, 2018

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## Our Commitment to a Transparent Budget

The New York City Housing Authority (NYCHA) is committed to transparent and responsibility of their budget. NYCHA has submitted their Five-Year Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In addition, NYCHA has implemented measures to improve its Budgeting Process.

### *Government Finance Officers Association (GFOA) Award*

After adopting the FY 2018 Plan, NYCHA submitted its 2018 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In August 2018, for the fourth consecutive year, NYCHA was awarded the Distinguished Budget Presentation Award for the current fiscal year. This award is the highest form of recognition in government budgeting.



NYCHA's Department of Financial Planning & Analysis (from right to left) Assistant Director-Katherine Cruceta; Supervisor-Mia Brady, Ndubuisi Elem, Deputy Director-Sungwoo Kim, Lana Yau, Eric Bregman, Natella Zarbail, Cynthia Tang, Al Kema, Kari Sockwell, Abdullah Rana, Tihisha Newton, Carlos Diaz, Supervisor-Bismarck Villareyna, Deputy Director-Bobby Belvin, Sandip Shah, Glenn Greenfield, Director-Georgiana Okoroji, Alex Chen, Assistant Director-Victor Buonocore, Brian Kats, Kat Shing Kam, Jorel Allen, Vivian Yip, Jeremy Joseph, Supervisor-Fatimata Kattiaga, Christina Lau, Weiqing Lin, Kevin Law-Lee, Maria Reyes, Deputy Director-Hector Ramos, Supervisor Gabrielle Cassese, Supervisor-Sydney Ganesh, Assistant Director-Arlene Nieves, Delon Hope, and Deputy Director-Tracey Smith.

Created by the 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. Since FY 2015, NYCHA has received this distinguished award; therefore, it is NYCHA's goal to repeat this accomplishment for its FY 2019 budget and for all future budgets.

Please use following link to view the award presentation from GFOA to NYCHA  
[NYCHA's 2018 GFOA Award](#)

## ***Budget Process Improvements***

### **Modification of Procedures**

In 2018, through collaborative effort with Human Resources (Administration), Operations and Department of Financial Planning & Analysis (DFPA under Finance) completed publication of the amended standard procedure for Personnel Action Request (PAR). The revamped procedure provides clear guidelines to help meet the latest organizational requirements for various personnel actions while ensuring budgetary measures are in place to maintain and track expenses related to personnel service.

Furthermore, to supplement the PAR procedure and to reflect the latest budgetary policies, DFPA published amended procedures for the Budget Process. The revised procedure document provides the latest guidelines on the requirements for processing of various budgetary processes and providing clarity on overall processes as part of DFPA's continuing effort and commitment for transparency.

### **Budget Process Review (BPR)**

NYCHA continues its effort to become more effective organization both in the areas of administrative and operational concerns. Part of DFPA's key task is ensuring organizational changes will result in both operational efficiencies while these meet the budgetary constraints. In addition to regularly scheduled financial departmental reviews, DFPA conducts functional review, known as Budget Process Review (BPR), with the department to help assess and identify systematic and structural concern and provide recommendation to help with streamline processes.

## 2019-2023 Operating Plan

The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2019-2023 Operating Plan on December 19, 2018. This Five-Year Plan outlines the Authority's priorities and strategies to address the challenges it faces with its available resources.

### Overview

The 2019 Plan projects an Operating surplus of \$33 million. The Authority's \$3.5 billion budget supports two major federal programs. The Public Housing Program of \$2.4 billion supports the operations and maintenance of 170 thousand units of housing and the \$1.1 billion supports the Housing Choice Voucher (HCV) Program provides 85 thousand low income New Yorkers with affordable housing in the private sector. Shortfalls in the Federal source for the Public Housing Program are offset with \$288 million provide by the City of New York. The General Fund consists of the operating activity of NYCHA's developments along with the Central Office Cost Center (COCC). The HCVP Funds reflect the administration of the Section 8 Program. The Categorical Grant Funds reflect all other grant programs by which NYCHA receives funding from federal, state, city and private sources for the administration of a variety of community development and benefit programs.

| <b>FY19 - FY23 Operating Plan Summary</b> |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| (\$ Millions)                             | <b>FY19</b>    | <b>FY20</b>    | <b>FY21</b>    | <b>FY22</b>    | <b>FY23</b>    |
| <b><u>Revenues</u></b>                    |                |                |                |                |                |
| Federal Operating Subsidies               | \$944          | \$975          | \$986          | \$1,014        | \$1,047        |
| Section 8 Subsidy                         | 1,168          | 1,147          | 1,229          | 1,226          | 1,226          |
| Tenant Rent                               | 1,047          | 1,045          | 1,046          | 1,054          | 1,063          |
| City Funds                                | 288            | 198            | 200            | 190            | 177            |
| Others                                    | 63             | 62             | 62             | 62             | 62             |
| <b>Total Revenue</b>                      | <b>\$3,510</b> | <b>\$3,427</b> | <b>\$3,523</b> | <b>\$3,546</b> | <b>\$3,575</b> |
| <b><u>Expenditures</u></b>                |                |                |                |                |                |
| Personnel Services                        | \$1,345        | \$1,382        | \$1,412        | \$1,428        | \$1,442        |
| Section 8 HAP                             | 1,027          | 1,028          | 1,110          | 1,106          | 1,106          |
| Utilities                                 | 543            | 547            | 555            | 562            | 567            |
| Contracts                                 | 375            | 357            | 305            | 305            | 304            |
| Other                                     | 186            | 179            | 234            | 238            | 244            |
| <b>Total Expenditures</b>                 | <b>\$3,477</b> | <b>\$3,494</b> | <b>\$3,615</b> | <b>\$3,639</b> | <b>\$3,662</b> |
| <b>Surplus/ (Deficit)</b>                 | <b>\$33</b>    | <b>(\$67)</b>  | <b>(\$92)</b>  | <b>(\$92)</b>  | <b>(\$87)</b>  |

### A Path to Financial Sustainability

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

## NYCHA 2.0

On December 2018, in continuing its effort to preserve and renovate public housing, Mayor Bill de Blasio and then interim Chair and CEO Stanley Brenzenoff. launched in a new comprehensive plan “NYCHA 2.0”. This plan is to address \$24 billion in vital repairs to New York City's aging public housing and help ensure residents have the safe, decent, and affordable homes they deserve. The 10-year plan will fund essential capital repairs across the rest of NYCHA's portfolio and launch aggressive new repair strategies to tackle lead paint, mold, elevators, heat, and vermin.

### *Permanent Affordability Commitment Together (PACT)*



PACT is NYCHA’s preservation initiative, which centers on the conversion of public housing funding to Section 8 project-based vouchers and the creation of public-private partnerships to address the needs of NYCHA’s developments. Under PACT, NYCHA seeks to identify resources and opportunities to make major physical and operational improvements while preserving long-term affordability, maintaining strong resident rights, and stabilizing developments by placing them on a more solid financial footing.

PACT plays a key role as part of the NYCHA 2.0 Plan:

- Establishes a 62,000-unit program that will address roughly \$12.8 billion of capital need over 10 years using the United States Department of Housing and Urban Development (HUD) Section 8 conversion programs, including the Rental Assistance Demonstration (RAD).
- Accelerates the original 20,000-unit NextGen NYCHA (NGN) pipeline by 4 years (from 2022 to 2026).
- Leverages additional funding through Section 8 programs that will be used to complete comprehensive renovations at NYCHA developments.

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

### *PACT at Ocean Bay (Bayside)*

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 is being 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’s total development cost is \$560 million, including the FEMA-funded resiliency work. Funds are being directed to extensive capital improvements, including the installation of upgraded heating and security systems, new boilers and roofs, and updated apartment interiors that include new windows, kitchens, and bathrooms. All rehab work is

occurring with tenants-in-place; no residents are being relocated or displaced because of the project. RAD repairs were completed in 2018 and the remaining FEMA work will conclude in June 2019.

### *PACT at Scattered Sites in the Bronx and Queens*

Between October 31, 2018 and November 30, 2018, NYCHA closed on three PACT/RAD conversions as outlined below. Extensive capital improvements will be undertaken at all the sites, including upgrades to roofs, elevators, boilers, security systems, and grounds, as well as apartment interiors, including new kitchens and bathrooms. All rehab work is occurring with tenants-in-place; no residents are being relocated or displaced.

Twin Parks West in the Fordham Heights neighborhood of the Bronx: this conversion included one building with 312 apartments. 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. Total repair work for the project will be \$38 million. Repairs will be completed in 2021.

Betances Houses in the Mott Haven neighborhood of the Bronx: this conversion included 40 buildings across 10 developments with 1,088 units. 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 is being financed with conventional debt and developer equity. Total repair work for the project will be \$120 million. Repairs will be completed in 2021.

Highbridge-Franklin in the Highbridge and Claremont neighborhoods of the Bronx: this conversion included 14 buildings with 336 apartments. 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. Total repair work for the project will be \$27 million. Repairs will be completed in 2021.

In Spring 2019, NYCHA expects to close on the next PACT/RAD conversion at Hope Gardens in the Bushwick neighborhood of Brooklyn: this conversion will include 60 buildings with 1,315 apartments. NYCHA will enter into a public-private partnership with Pennrose Properties (Developer) and Acacia Network (Social Services Provider). Procida Construction will be the general contractor and Pinnacle City Living will serve as the property manager. Financing and repair scope and schedule will be finalized before closing.

### *PACT Program for LLC II/Unfunded Units*

In July 2017, NYCHA announced that it would now use PACT to protect the Authority's unfunded unit portfolio. Consisting of eight (8) conventional public housing developments known as the "LLC II developments," this portfolio currently does not receive any public housing funding. NYCHA expanded PACT to create additional public-private partnerships and actively bring the unfunded units into the Authority's Housing Choice Voucher (Section 8)



program to make significant repairs, effectively manage the developments, and strategically deploy NYCHA’s limited financial resources.

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 development partner for this conversion is MBD Community Housing Corporation (Developer and Social Services Provider), Camber Property Group (Developer), and L+M Development Partners (Developer, General Contractor, and Property Manager). The project is being financed with conventional debt. Total repair work for the project will be \$88 million. Repairs will be completed in 2020.

The resident conversions to Section 8 at Independence Towers and Williams Plaza in Brooklyn began in mid-2018. Resident engagement is ongoing at these developments and a development partner will be selected in early 2019, with closing expected in late 2019. Resident engagement began at 344 East 28<sup>th</sup> Street and Wise Towers in Manhattan in early 2019; a development partner will be selected in mid-2019 with closing expected in late 2019/early 2020. The remaining two developments – Linden and Boulevard Houses in Brooklyn – are expected to convert in 2020.

***Operate as an efficient landlord***

NYCHA is first and foremost a landlord. The Authority must provide better customer service and property management for its residents.

***Improve Residents Safety***

In conjunction with the Mayor’s Office of Criminal Justice (MOCJ), and the NYC Office of Management and Budget (OMB), NYCHA initiated a study to assess the impact of lighting on crime in NYCHA developments in March 2016. NYCHA has installed and continues to maintain 400 temporary light towers at 40 developments while submitting relevant data to the Crime Lab at the University of Chicago.

Additionally, MOCJ provided \$443 thousand for upgrades of the permanent lighting fixtures at two developments: Jefferson and Whitman. Due to the success of this pilot program, MOCJ has allocated both Operating (\$3.9 million) and Capital funding (\$44.7 million) to upgrade 42 additional developments over the next three years. Most of the selected developments are part of the light study program, where the temporary light towers will be replaced by permanent upgrades to the existing fixtures.



Ingersoll – Permanent Lighting, March 2017

***FlexOps***

On July 5, 2016, NYCHA launched FlexOps (“Flexible Operations”) at 12 consolidated developments: Chelsea, Dyckman, Forest, Glenwood, Hammel, Isaacs, Marble Hill, Mott Haven,

Murphy, Pelham, Ravenswood, and Wyckoff. The objective of this four-month pilot program was to improve customer service through an expanded service-hours schedule.

In May 2017, NYCHA launched Phase 2 of FlexOps to expand service hours at 12 developments: Dyckman, Glenwood, Hammel, Isaacs, Murphy, Ravenswood, O’Dwyer, Grant, Beach 41st Street, Queensbridge North, Sedgwick, and Carey Gardens.

The pilot program was originally scheduled to be a four-month trial through September 2017. Reflective of positive feedback from residents and staff, and input from the staff unions, NYCHA is extending the FlexOps program through January 2019. After a successful implementation of Flex Ops, the program will be transitioning to the Alternate Work Schedule (AWS) which will launch in April 2019.

### *Compliance*

EVP Compliance was created in late 2017 to help NYCHA ensure compliance with federal, state and local obligations and the accuracy of external reporting and statements. The following are five functional units under the EVP Compliance:

- Regulations and Procedures,
- Communications and Training,
- Compliance Assessment and Monitoring,
- Issue and Complaint Management and
- Compliance and Reporting.

Each unit under Compliance Department will be focused on compliance risk management, implementation of corrective actions, monitoring the compliance of the regulations and procedures, provide guidance and training to minimize lapse in compliance while ensuring the effectiveness of the operations.

### *NYCHA Cares*

NYCHA Cares launched in July 2018 as an initiative targeting three developments with the largest backlogs for specialized repairs requests: Manhattanville Houses in West Harlem, Queensbridge South Houses in Queens, and Kingsborough Houses in Brooklyn.



Executive Vice President for Operations Cathy Pennington (Center) at Baruch Houses

Before the program, there were a total of 3,900 open work order requests for skilled trades repairs at the three selected developments. After initial repair work was completed, staff

## **New York City Housing Authority**

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reassessed the apartments and created an additional 9,892 skilled trades work orders. In all, 13,428 work orders affecting 2,262 apartments were addressed and closed.

For Round 2, of NYCHA Cares addressed the backlog at Baruch Houses in Manhattan, Parkside Houses in the Bronx, and Pink Houses in Brooklyn. So far, 14,259 work order requests have been closed in 2,332 apartments at the three developments.

As part of Round 3, NYCHA Cares is now also underway at Wagner Houses in Manhattan, Castle Hill in the Bronx, and Pomonok in Queens. So far, 1,259 work order requests have been closed at the three newly targeted developments.

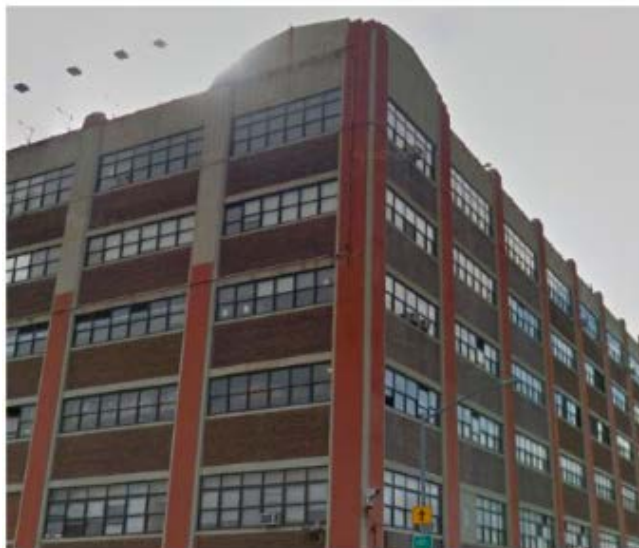
NYCHA Cares is committed to completing the 50,000-work order backlog within 24 months.

### ***Office space consolidation***

As part of NYCHA's NextGen mission to stabilize its finances, the Authority is creating significant cost savings by consolidating its central office locations, most notably by moving all staff from 250 Broadway.

Throughout 2019, staff from 250 Broadway, and a few other locations, will move into upgraded spaces at the 90 Church Street, Long Island City, and 787 Atlantic Avenue offices. In addition, Leased Housing staff currently located at 470 Vanderbilt Avenue are moving to 1 Fordham Plaza.

To accommodate the consolidation, NYCHA will occupy approximately 6,800 square feet of additional space on the ground floor of 787 Atlantic Avenue and is upgrading the existing central offices. For instance, at Long Island City, two floors will be completely reconstructed, there will be a new entrance and lobby for employees and building systems (as well as restrooms and offices) will be upgraded.



Long Island City



90 Church Street

### ***Information Technology Solutions***

NYCHA's Information Technology (IT) Department continues to make significant service improvements for both internal and external customers through the implementation of advanced technologies including mobile and self-service technologies. NYCHA continues to be recognized as a technology leader. In 2018, NYCHA was selected to win a Government



Experience Award – City Government-to-Citizen Experience. The prize was awarded for NYCHA’s MyNYCHA Portal and Mobile App.

Below are some of the highlights and status of key technology initiatives.

### *MyNycha App*

MyNYCHA, which launched in September 2015, enables residents to create, submit, track, and update maintenance service requests. Available in English and Spanish, this app improves customer service by allowing NYCHA residents to view alerts, outages, and schedule inspections at any time. The mobile app, available to residents twenty-four hours a day, seven days a week, helps reduce the need to call NYCHA’s Customer Contact Center (CCC) for questions or service requests.

In 2018, MyNYCHA reached a milestone, with over one million work tickets having been submitted via the MyNYCHA app since 2015. On average over 30% of work tickets per month are submitted via the app.

### *NYCHA’s Owner Extranet*

NYCHA’s Owner Extranet is the online platform for Section 8 Owners to transact with NYCHA, and to some extent, with residents. On the site, over 22,000 NYCHA owners can submit lease renewals and repair certifications, apply for direct deposit, access tax documents and other functions. In 2018, NYCHA launched a new version of Owner Extranet that provides an enhanced user experience to our Section 8 landlords and additional functionality such as filing of contract changes requests online.

### *Self-Service Web portal*

NYCHA’s Self-Service Portal continued its growth, with new online services added to provide our applicants, residents, and Section 8 voucher holders with better access to services and information.

- REES (Resident Economic Empowerment and Sustainability): Self-service features were implemented in 2018 to improve participation in the Family Self Sufficiency (FSS) program:
  - External providers have the ability to logon to the portal to retrieve and update the various outcomes for referrals.
  - Employers have the ability to logon to the portal to submit the job orders, Employment Verification Form (EVF), and retrieve qualified candidates for the jobs.
  - Online Annual Reviews: In addition to annual online recertification, implemented in 2016-2017, additional enhancements now allow residents to go online to submit their interim requests for family composition changes, income, and disability. Additionally, residents now can view their request status online to submit any documents required by NYCHA.



- Interactive Voice Response (IVR) - This platform allows residents to use their phones and IVR to call in service requests in English and Spanish. The following additional functionality was implemented in 2018:

- Payment Inquiry for NYCHA vendors
- Security Deposit Refund for residents
- Payroll deductions and enrollment for residents.

These IVR self-service enhancements increase efficiency by reducing call volume to the CCC call agents and improve customer experience.

### ***Reporting and Compliance***

Events in 2018 also increased the call for more transparency, spurring NYCHA IT to implement the following:

- Heating Dashboard – Implemented a single dashboard that merges data from various sources and systems (Maximo, CHAS, EFS, UMIS) into one. Key items displayed in the dashboard are:
  - Heating overview that shows Maximo outages and work orders along with CHAS boiler modes, zone valve modes, alerts and apartment temperature alerts.
  - Outages by its impact on tenants.
  - Work orders by its impact on tenants.
  - Trend and impact by the kind of repairs done and time to repair both for outages and work orders.
- Predictive Analytics – Implement predictive analytics to:
  - Predict number of work orders by heating cluster for the following seven days based on historical data.
  - Predict labor requirement for the following seven days based on historical data.

### ***Finance and Procurement***

Oracle Financials in 2018 saw initiatives around process efficiency. NYCHA implemented an electronic invoicing process for material vendors. Accounts Payable department will receive invoices electronically into Oracle instead of paper envelopes and paper invoices. Along with helping NYCHA go-green, this will reduce manual entry of invoices and cut down invoice processing times so NYCHA can take advantage of supplier discounts. Currently, 36 suppliers have been enrolled in this program and additional suppliers are being on-boarded.

In 2018, a Contracts Tracking Database was completed, replacing Bottom-line check printing software with Evergreen Systems, which provides better integration with Oracle eBusiness; and a warranty database conversion from legacy Informix platform to Oracle APEX.

### ***Electronic Invoicing***

NYCHA successfully implemented electronic invoicing which allow vendors to submit invoices (and all supporting documentation) electronically. Enhanced mechanism not only eliminated the use of paper and the need for manual data entry, there has been significant improvement to processing time and disbursement process to vendors. Accounts Payable & Utility Management

(APUM) successfully launched the new system on August 2018 and as of December 2018, over 40,000 invoices totaling \$33 million to-date have been processed.

### ***Tenant Participation Activities (TPA)***

Tenant Participation Activities (TPA) funds are governed by a federal regulation, 24 CFR 964.150, which stipulates how the funds are disbursed and used. In sum, HUD requires that every Public Housing Authority (PHA) set aside a specific portion of its federal operating subsidy for Resident Associations (RAs) to use for eligible tenant participation activities – activities that engage residents in fostering a positive living environment. TPA funds are not a separate grant, and they are subject to the same financial controls as the rest of our operating subsidy, which furthers accountability and oversight.

In 2018, Community Engagement & Partnerships Department improved the TPA funding process for residents;

- Revised the written agreement between NYCHA and RAs on the use of TPA funds based on comments from resident leaders and input from the Legal Aid Society and Brooklyn Legal Services.
- Updated the plain language guidebook that accompanies the funding agreement, which is available online.
- Introduced a commercial card, which RAs use to make approved purchases up to \$5,000, to streamline the purchasing process. For instance, RAs can buy office supplies at a local store without having to order them through NYCHA’s Procurement Department. The card can also be used for approved travel, making travel arrangements easier and faster. RAs can reconcile their spending through our online system, a process that promotes accountability and oversight.
- Created and online– tip sheets on topics such as travel, budgeting, and accessing funds to help residents make the best use of TPA funds.
- Posted online quarterly budget reports that list the TPA funds spent and available by development, so that RAs and the public have full visibility on their spending.

Facilitating the TPA funding process is just one way that we engage and support residents at NYCHA. Guided by our long-term strategic plan, NYCHA 2.0, the Community Engagement and Partnerships Department works tirelessly to empower residents and resident leadership.

In partnership with NYC Service and Capital One, our 13 Youth Leadership Councils are giving youth a voice and a role in tackling their community’s most pressing issues. Nearly 100 Senior Champion volunteers work with NYCHA and community members to engage their fellow seniors on health, safety, and educational projects. Thanks to support from the City Council and the City University of New York (CUNY), our Resident Leadership Academy is helping established and aspiring resident leaders take a more active civic role in their community, including at their resident associations, through training and the cultivation of leadership skills – while earning college credits.

### **Closing the Year**

NYCHA has ended FY 2018 with a deficit of \$25 million. While NYCHA was awarded with a favorable funding appropriation (known as proration) in all federal subsidies, both operating and

section 8 subsidies. However, the positive inflow of funding has been offset by the items listed below:

- Delayed payment of Housing grant of \$55.5 million.
- Nearly an additional \$9 million for the seasonal program, mainly for the temporary employment of skilled trade titles.
- \$30 million in Overtime expense mainly due to various initiatives as well as delayed savings measure from increase in contract capacity.
- Rising cost of utilities (\$23 million) driven by higher electricity rates and increase in consumption of heating gas.
- Other increases include Section 8 payments, leases, insurance and various other charges.

**(\$ in Millions)**

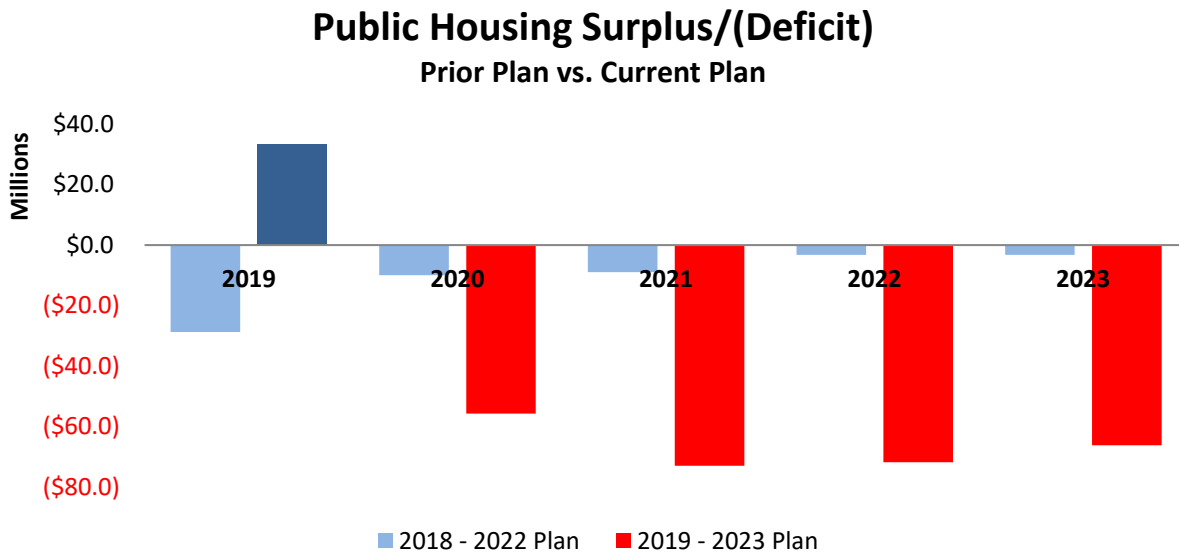
|                       |                          | 2018<br>Adopted<br>Budget | 2018<br>Year-end<br>Actuals | VARIANCE<br>Adopted vs.<br>Year-end Actuals |
|-----------------------|--------------------------|---------------------------|-----------------------------|---|
| <b>REVENUE</b>        | Tenant Rent              | \$1,074.4                 | \$1,048.0                   | (\$26.4)                                    |
|                       | Operating Subsidy        | \$885.6                   | \$936.6                     | \$51.0                                      |
|                       | Section 8 Subsidies      | \$1,122.0                 | \$1,140.7                   | \$18.8                                      |
|                       | Other Revenues           | \$256.7                   | \$181.1                     | (\$75.6)                                    |
| <b>Total Revenue</b>  |                          | <b>\$3,338.7</b>          | <b>\$3,306.4</b>            | <b>(\$32.2)</b>                             |
| <b>EXPENSE</b>        | <b>Payroll</b>           | <b>\$1,318.9</b>          | <b>\$1,301.2</b>            | <b>\$17.7</b>                               |
|                       | Leases                   | \$42.4                    | \$40.6                      | \$1.8                                       |
|                       | Supplies                 | \$66.2                    | \$78.0                      | (\$11.9)                                    |
|                       | Utilities                | \$543.7                   | \$566.5                     | (\$22.8)                                    |
|                       | Contracts                | \$305.1                   | \$269.8                     | \$35.3                                      |
|                       | Insurance                | \$24.6                    | \$25.1                      | (\$0.5)                                     |
|                       | Section 8                | \$984.4                   | \$1,007.0                   | (\$22.6)                                    |
|                       | All Others               | \$41.4                    | \$43.4                      | (\$2.0)                                     |
|                       | <b>OTPS Total</b>        | <b>\$2,007.8</b>          | <b>\$2,030.4</b>            | <b>(\$22.6)</b>                             |
| <b>Total Expenses</b> |                          | <b>\$3,326.7</b>          | <b>\$3,331.6</b>            | <b>(\$4.9)</b>                              |
|                       | <b>Surplus/(Deficit)</b> | <b>\$12.0</b>             | <b>(\$25.1)</b>             | <b>(\$37.1)</b>                             |
|                       | Headcount                | 10,684                    | 10,085                      | 599   |

While NYCHA’s long-term fiscal condition has improved significantly in recent years, it is important to note that without its ongoing effort to streamline its operations, and without continued financial support from the City, the Authority will be financially challenged in the years to come.

### ***History of NYCHA’s Funding***

Although previous plan assumed a deficit in FY 2019, with additional support from the City of New York, the current Plan forecasts the public fund to have a surplus of \$33 million in FY 2019. However, with increases in cost of benefit expenses, increases in spending in contracts

and supplies to help improve service level, the public housing fund will be in deficit by \$55.7 million, \$72.9 million, \$71.8 million, and \$66.2 million for FY 2020 – FY 2023 respectively.



Above chart illustrates Public Housing Funds (excludes funding from Section 8 program)

## Federal Operating Funding and Chronic Underfunding

NYCHA relies heavily on federal subsidies, which account for 60 percent of NYCHA’s operating budget revenues, with the balance primarily being from tenant rent. The FY 2019 adopted budget is planned to account for HUD’s historic underfunding of each of NYCHA’s programs.

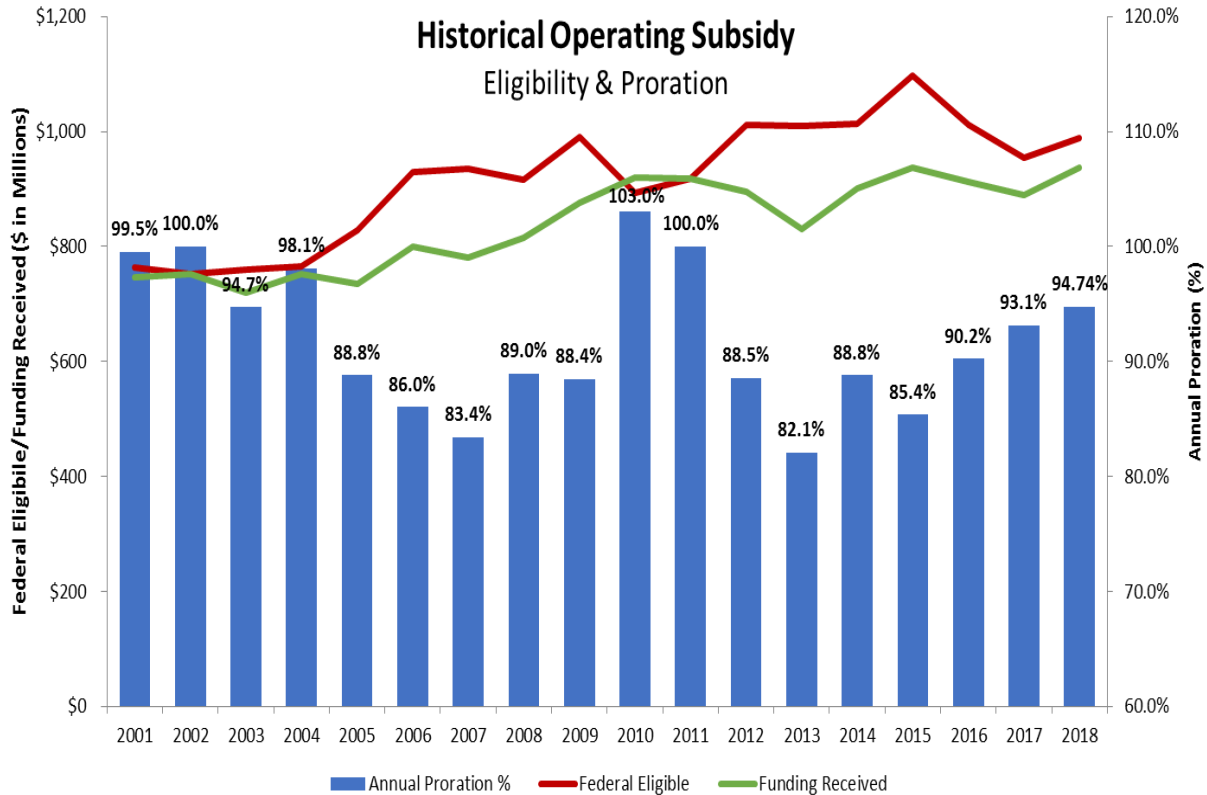
| Funding Source            | 2018 Year-end | 2019 Adopted | Historical 8-Yr Average |
|---------------------------|---------------|--------------|-------------------------|
| Operating Subsidy*        | 94.74%        | 92.50%       | 90.36%                  |
| Section 8 HAP             | 99.74%        | 97.00%       | 98.81%                  |
| Section 8 Admin           | 80.00%        | 80.00%       | 79.14%                  |
| Cap Fund (\$ in Millions) | \$528         | \$306        | \$324                   |

\* Effective Rate based on expected funding and eligibility

As discussed in NYCHA’s 2019-2023 Five Year Capital Plan, federal capital grants for infrastructure improvements and major rehabilitation have been in steady decline for a decade. The chronic capital funding gap has jeopardized the preservation of the public housing asset. Moreover, as capital needs of aging buildings remain unmet, operating costs increase for maintenance and repair, are further straining operating budgets.



HUD’s public housing operating fund provides subsidies to public housing authorities nationwide to operate and maintain public housing in local communities. Funding is based on the subsidy eligibility of all housing authorities and the annual federal appropriation. The eligibility formula is intended to capture the costs of operating public housing and, therefore, the needed operating resources. If the total national eligibility exceeds the congressional appropriation, then it has been Congress’ practice to direct HUD to prorate its allocation of subsidy (subsequently referred to as “proration”).

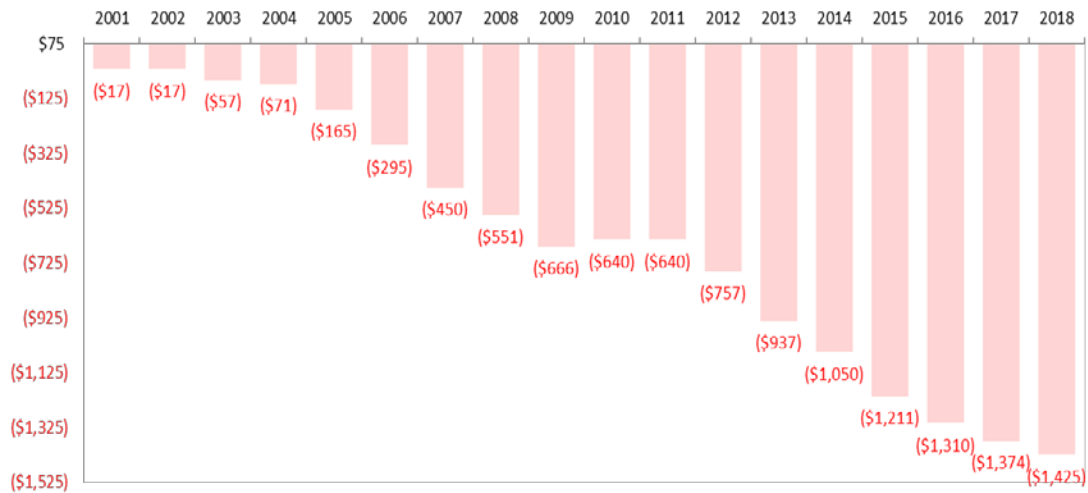


**Underfunding of Operating Subsidy**

If NYCHA was awarded at 100 percent of total eligibility, there would not be an operating deficit in the Authority’s Five-Year Plan. In fact, NYCHA would have additional resources to meet the needs of residents by supporting critically needed frontline staff, such as maintenance workers, caretakers, and skilled trade persons.

However, 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.

### Cumulative Operating Subsidy Funding Loss (\$ in Millions)



Historical data (2001 to 2018), as shown above, illustrates a cumulative operating funding loss of over \$1.425 billion because of proration.

In FY 2018, Public Housing Authorities (PHAs) nationwide were eligible to receive \$4.66 billion. However, the final appropriation was \$4.4 billion, which translates to 94.7 cents for every dollar needed (effective proration at 94.7 percent).

For 2019 plan assumes a similar funding level based on projected eligibility of previous 3 years (2016-2018), NYCHA is expected to have a loss of funding at around \$77 million.

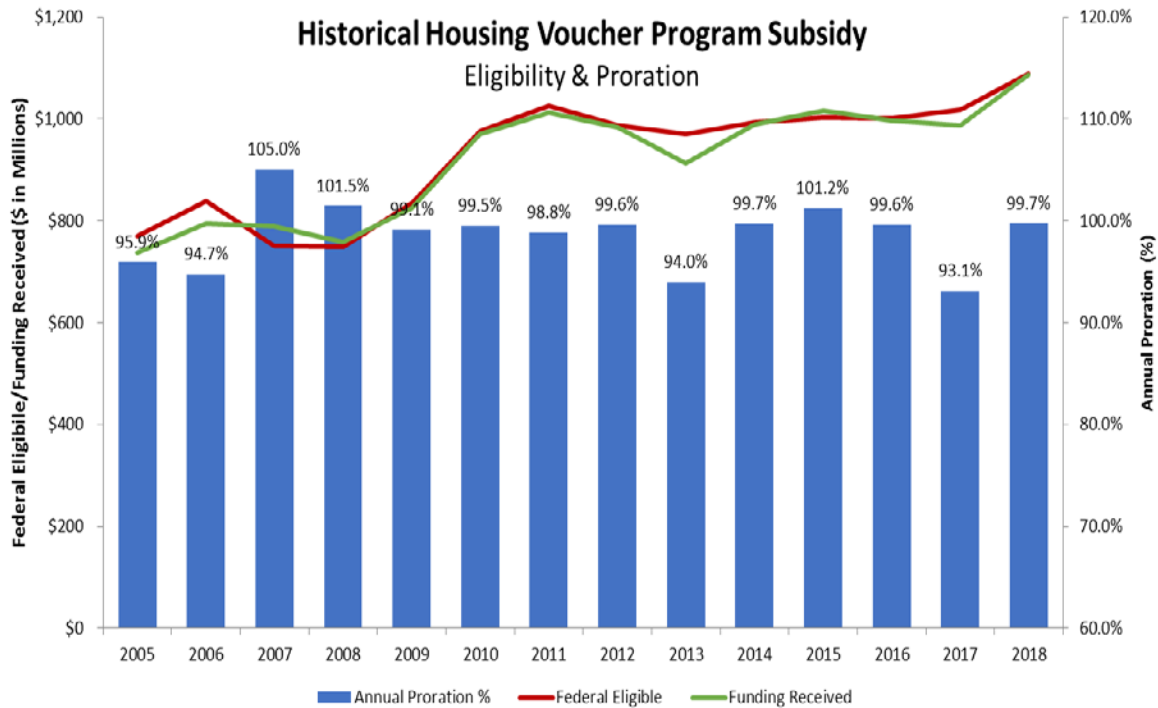
### Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, assists low-income families 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 85,619 households served through a network of over 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 or 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)***

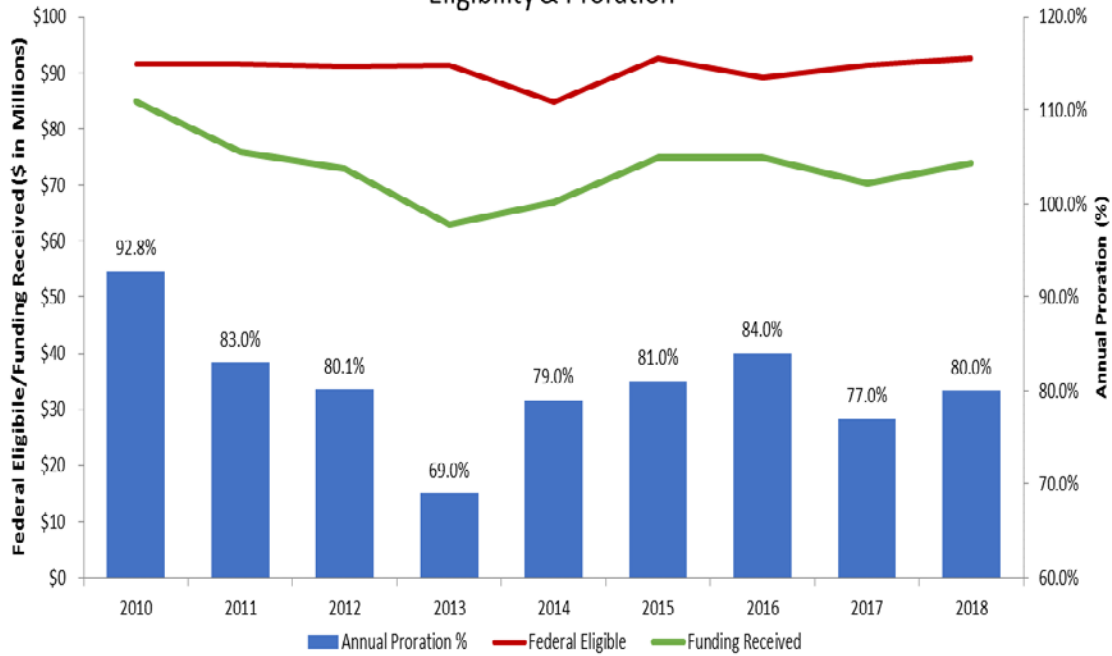
NYCHA provides rental subsidies to participating landlords on behalf of eligible participants through Housing Assistance Payments (HAP). Unused rental subsidies must be maintained in program reserves by HUD and may only be used for the issuance of additional vouchers or to offset any shortfall in annual 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 2018 HAP expenditures of \$1.057 billion, NYCHA estimates the HAP renewal funding of \$1.087 billion in 2019 to be at 97% and adjusted for inflation. However, the renewal funding may modestly decrease in 2019 consistent with national renewal funding levels.

***Administrative Fees***

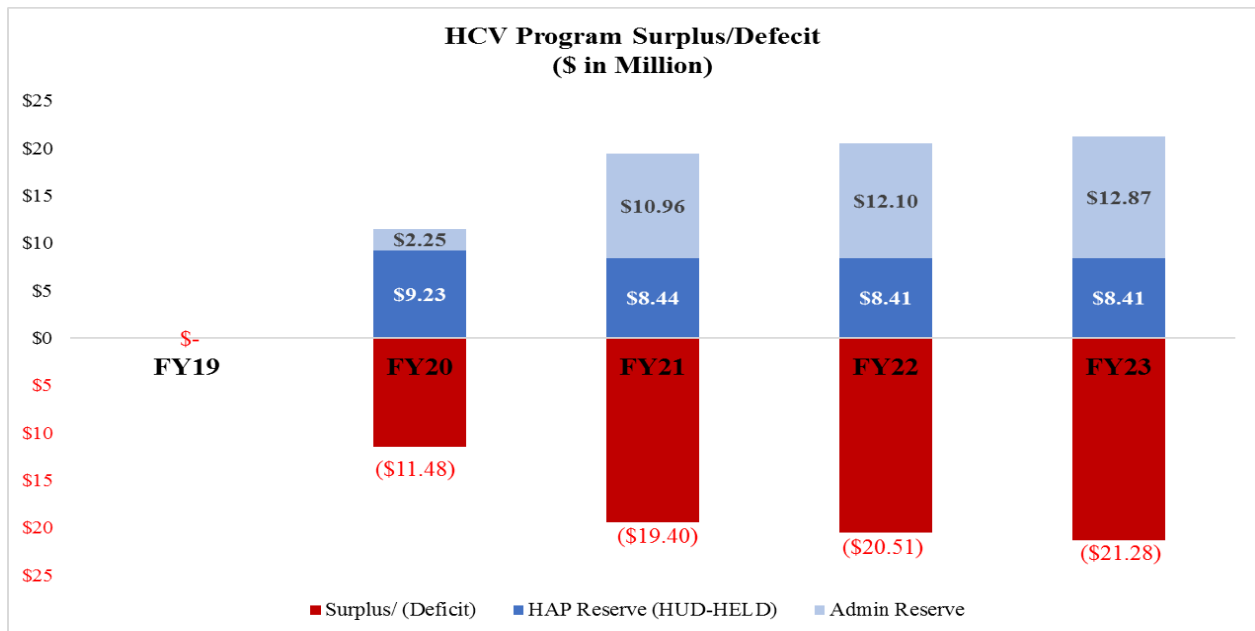
The administrative fees which are available to NYCHA for the administration of the program is subject to proration by HUD. In 2019 NYCHA expects a slight increase in administrative fees earned due to 2018 allocation.

### Historical Section 8 Administrative Subsidy Eligibility & Proration



### HCV Program Annual Surplus/ (Deficit) and Reserves

The following chart shows the projected total annual surplus/deficit of the HCV Program and year-end program reserves. The Plan assumes no deficit in 2019 and \$2.2 million deficits in 2020 to be completely supplemented by Section 8 Reserves, caused by proration and increased unit costs. However, historically the HCV Program deficits have always been fully funded by HUD.



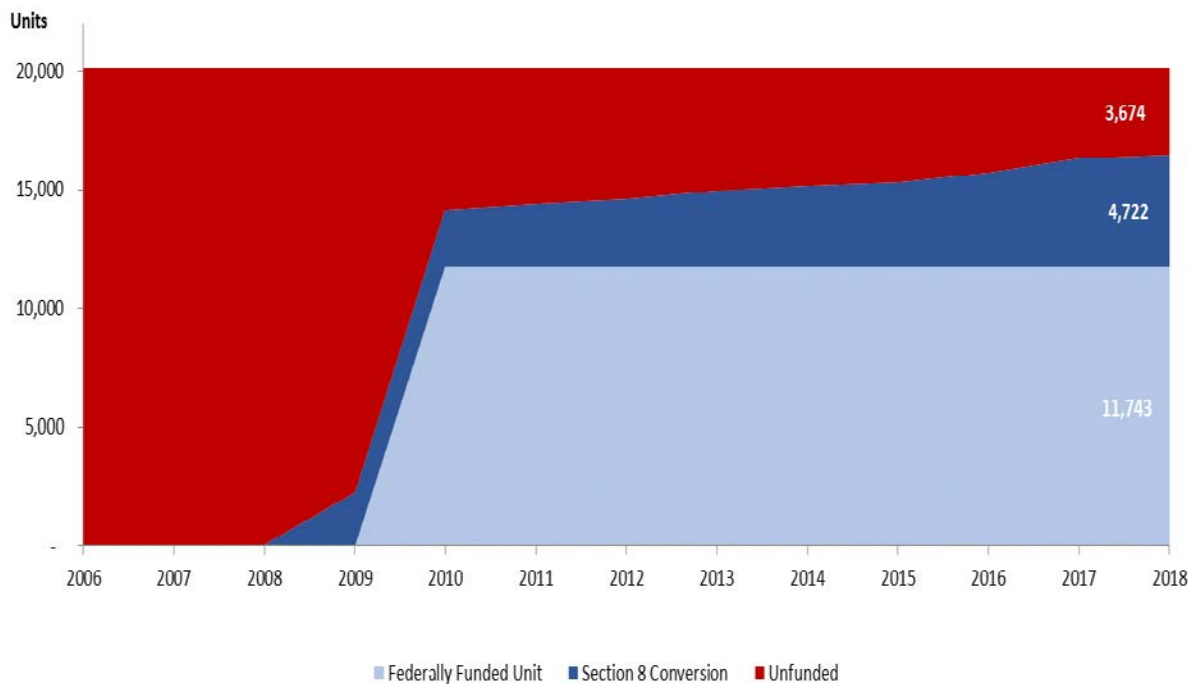
This chart reflects HAP and Administrative Fees components of the program (+ represents HAP reserve).

## Support for Unsubsidized Units

NYCHA owns and operates 21 developments originally built by the City and the State of New York (City/State Developments) with 20,139 housing units that have been historically unfunded. NYCHA secured funding for 11,743 of these units via Federalization. In addition, HUD authorized the conversion of 8,400 units, (approximately 3,918 City & 4,478 State) into Project-Based Section 8 funded units through the 2008 Voluntary Conversion Plan (VCP). Out of the 8,400 units covered by the VCP, the Financial Plan assumes 4,722 units will be converted into the Section 8 funding model at the end of 2018.

The current Plan reflects NYCHA’s continuing effort to convert the remaining 3,670 units (approximately 2,111 City & 1,563 State units) by transitioning an additional 168 units in each year from FY 2020-23, into Project-Based Section 8 units. It is expected that revenue will decrease from \$54.9 million in FY 2019 to \$53.6 million in FY 2023, as shown in the Section 8 Phased Conversion budget line.

## 2019 Outlook



With continued decline in federal funding, jeopardizing NYCHA’s long-term fiscal stability, NYCHA is constantly exploring opportunities as well as seeking partnership to help ease the financial burden caused by the chronic underfunding.

NYCHA receives both operating and capital subsidies directly from HUD, based on an eligibility formula, which is 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 about \$300 million annually for its capital program.

Based on 2019 Congressional Spending Plan, outlook on federal funding is encouraging as there will be modest increase in funding level (see chart below). However, even with improved funding outlook, all Public Housing including NYCHA will not be funded at 100% of eligibility.

It is important to note that any funding loss will have negative implications both operational as well as level of services provided to the residents, as each percentage point decrease equates to nearly \$10 million loss in funding. While revised funding level would provide much needed financial support, nevertheless, NYCHA is expected to lose approximately \$40 million in FY 2019 based on its eligibility.

| Comparison of FY18 vs. Proposed FY'19 Congress Spending Plan |   |  |   |
|--|---|--|---|
|  | Public Housing Capital Fund   | Public Housing Operating Fund*   | Section 8 Voucher Renewals                        |
| Expected National Appropriation                              | \$2.775 billion   | \$4.653 billion  | \$20.313 billion                                  |
| Changes  | 0.9% Increase<br>(from \$2.75 billion based on Final 2018 Appropriation)        | 5.4% Increase<br>(from \$4.413 billion based on Final 2018 Appropriation)      | Estimated 99% proration                           |
| Funding Impact to NYCHA (Compare to Adopted)                 | Estimated increase in funding by over \$227 million based on FY'19 Adopted Plan | Estimated increase in funding by over \$30 million based on FY'19 Adopted Plan | Estimated Increases in # of vouchers<br><br>1,338 |

## FY 2019 Initiatives and Special Programs

### *NYCHA's and HUD's Final Agreement*

Currently, NYCHA is not in compliance with several federal regulations and is working to assess the extent of noncompliance. On January 31, 2019, NYCHA and the Secretary of HUD signed an agreement to address a finding by the Secretary of a substantial default by NYCHA and to resolve claims brought by the United States. 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 information and personnel and will issue quarterly reports on NYCHA's compliance with the agreement.

### *Lead Initiative*

The City is committed to improving these conditions and is making a significant investment to address outstanding issues. To comply with HUD rules and local regulations (Local Law 1), the City is investing \$30 million of Federal CDBG funds for:

- Visual Inspection of affected areas  
Perform visual inspections of all affected areas and determine whether peeling paint is present. Phase 1 commenced in June 2018 and is to be completed annually for the duration of the Lead Abatement Program.
- XRF (X-ray fluorescence) Testing  
includes testing to determine whether lead paint exceeding legal thresholds is in fact present in each affected area. Phase 3 is expected to commence in early 2019 and to be completed by December 2020.

To ensure NYCHA meets the requirement and monitoring of the process, the Lead Hazard Control department has been assigned to perform these tasks.

### ***Mold Initiative Program***

The Office of Mold Assessment and Remediation (OMAR) has been established to focus on improving NYCHA's response. Residents' concerns regarding excessive moisture and mold as well as establishment of accountability measures to monitor effectiveness of these responses.

Below are key activities OMAR:

- Creation of performance reporting, development of quality assurance measures, and contract management to address mold remediation.
- OMAR acts as the liaison for the court appointed Special Master and plaintiffs and will be the liaison with any future court appointed experts as required by the agreement with HUD.

As NYCHA moves forward with its full scale roll out for Mold Busters, OMAR will lead in providing additional support to operationalize compliance and legal requirement.

### ***Pest Management***

Establishment of Prevention and Intervention Strategies (PAIS) department is to help plan, organize and execute solutions with a targeted approach in mitigating pest control issues. With guidance from the City Hall and other industry experts, PAIS has established clear procedures and processes for successful implementation of pest control program based on use of key facts such as infestation thresholds, life expectancy as well environmental requirements unique to geographical area.

### **New comprehensive strategy for Rat mitigation**

NYCHA has developed a comprehensive rat reduction plan Authority-wide as shown below:

- Improving the waste management operation to eliminate food source
  - installation of new bulk crushers,
  - enlarging ground floor chutes,
  - food waste disposer pilot,
- Providing on-going regular baiting (weekly for sites that have active rat activity)
- Maintenance of the grounds and eliminating overgrown vegetation
- Upgrade/Modify Structure (pest proofing) to help prevent rodents from entering the building structure. Eliminating point of entry include some of the following strategies: patching of holes, sealing cracks and crevasses, installing door sweeps.
- Burrow harassment/collapse – a strategy that stresses out the rodent population by disturbing their nest and collapse the burrow once it is eradicated)
- comprehensive unit inspection and abatement.

Utilizing above strategies and with the directional guidance provided by Department of Health and Mental Hygiene (DOHMH), in FY 2019 PAIS is targeted to reduce the rat population by up to 70% with its effort focused on heavily infested areas listed below:

- The Grand Concourse Area,
- Chinatown/East Village/Lower East Side,
- Bushwick/Bedford-Stuyvesant



- Morris I and RIIS developments in the Bronx
- Marcy Houses in Brooklyn

## **Other Initiatives**

### ***Alternative Work Schedule (AWS)***

In FY 2019, based on a successful completion from FlexOps program, to help provide better customer service, NYCHA is introducing the Alternative Work Schedule (AWS) initiative for the resident. AWS is a new customer services initiative to help improve and expand traditional 8:00 a.m. to 4:30 p.m. schedule to a new expanded service covering from 6 a.m. to 7 p.m. at our developments, 7 days a week, through 5 staggered schedules. AWS service will initially be focused on key titles which include Caretakers, Supervisors of Housing Caretakers, Supervising Housing Groundskeepers, Assistant Resident Building Superintendents, and Resident Building Superintendents. AWS launches April 1 at 13 developments: Farragut, Ingersoll, Marcy, Stuyvesant, Tompkins, and Whitman Houses in Brooklyn and Clinton, Dyckman, Harlem River, Polo Grounds Towers, Rangel, Riis, and Saint Nicholas Houses in Manhattan.

AWS allows NYCHA to better maintain our buildings and be more responsive to residents. City-wide implementation of this program is expected to be completed by 1<sup>st</sup> quarter of 2020.

### ***Inventory Management (Stockrooms)***

To become more effective in management of NYCHA's inventory concerns, the maintenance & management of appliance and storerooms was transitioned to the Material Management Department (MMD). By transitioning from development-led to centralized management process, NYCHA is expected to improve/implement the following areas:

1. Strengthen inventory control measures
2. Ensure proper distribution and allocation of critical supplies
3. Streamline the process in accordance with new processes and procedures via use of new inventory management technology
4. Assignment of additional resources to MMD to support the process (specialized caretaker "T" to address inventory issues)

### ***Maintain expanded Contract Capacity***

With the rising cost of personnel and benefit expenses and decreased financial support from the federal government as well as strict guidelines based on agreements with HUD requirements, it is increasingly difficult for NYCHA to operate effectively. To address mounting challenges, in addition to continuing support from the de Blasio administration, NYCHA has been expanding its contract capacity to confront these issues. Below are some of the contacts included in this Plan in addition to initiatives to meet agreement with HUD requirements (Lead, Mold, Pest as indicated above):

### ***\$25 million NYCHA Cares (Work Order Backlog)***

Based on positive results of the Pilot launched in 2018, NYCHA is investing \$25 million and expanding the pilot program to additional properties in FY 2019. This initiative will help develop an effective strategy to address the work order backlog going forward.

### ***\$60 million in Lead, Heating & Pest Management***

Additional increase in contract capacity to address agreement with HUD requirement

- \$30 million for Lead Testing;



- \$30 million for Heating & Pest Management

As explained as part of agreement with HUD as noted in previous statement.

### ***NYCHA's Investment***

Furthermore, the Plan makes significant investments in the following areas to address longstanding issues and to meet the needs of our residents. Below are key NYCHA investments included in the Plan:

- NYCHA Cares / Work order backlog - In this Plan, NYCHA is investing an additional \$75 million (\$25 million in FY 2019 and \$50 million in FY 2020) to further reduce the work order backlogs.
- \$6.7 million for Elevators - to address safety and to be in compliance with NYC DOB code, NYCHA will invest additional funds for the implementation of software upgrades for Elevator Door Lock Monitoring systems.
- \$4 million for Inventory Redesign Project (Inventory Control) - The Inventory Redesign Project will implement a solution to manage and maintain appropriate inventories at the development maintenance storerooms. NYCHA will reassign 137 caretakers to be dedicated for this purpose with an additional 34 positions (28 additional floaters and 6 supervisors) to streamline inventory control issues.
- \$12 million in Frontline Support - Skilled Trades – This Plan recognizes existing staffing level (106 Frontline titles) which includes 35 Elevator Mechanics and Helpers to address critical needs.

### ***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:

- The *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).
- The *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. The HCV Program also contributes revenue to the General Fund in the form of a program management fee and Housing Assistance Payments (HAP) to Section 8 units owned and managed by NYCHA (referred to as '*Section 8 Phased Conversion*').
- The *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***

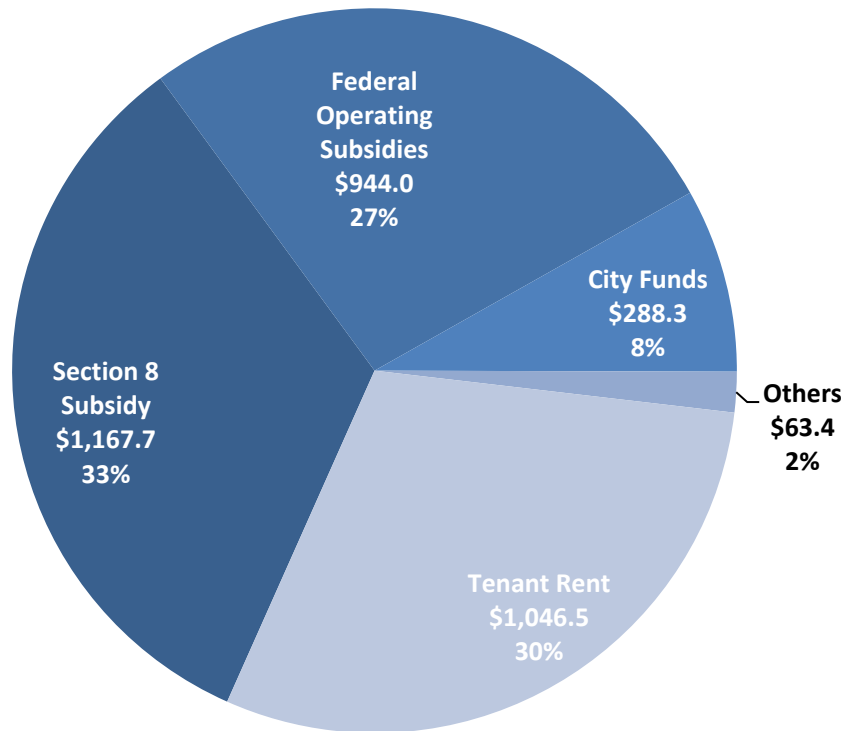
This Plan only includes projections for the “pay as you go” component of OPEB. The OPEB expense and liability are recognized in NYCHA’s audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles.

As of December 31, 2018, NYCHA faces a \$2.56 billion liability for OPEB. This liability remains unfunded.

### **Revenue Categories**

The following chart shows the \$3.51 billion in revenue in NYCHA’s 2019 operating budget, by category:

**\$ in Millions**



Tenant Rental Revenue and Federal Operating Subsidies account for nearly 57 percent of total revenues while Section 8 Subsidy for HAP and the Administrative Fees accounts for 33 percent of total revenues, as shown in the chart. The remaining 10 percent consists of many different components, but mainly Capital Fund Reimbursements and City Funds.

### ***Tenant Rental Revenue (Dwelling Rent)***

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents 30 percent of total revenues in FY 2019. 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 increase to \$1.06 billion in FY 2023, a compounded growth rate of 1 percent which is adjusted for reduction due to RAD transition.

### ***Federal Operating Subsidies***

This Plan projects the Federal Operating Subsidy to be \$0.9 billion in FY 2019 and increasing to \$1.05 billion in FY 2023. 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 90 percent for the past decade.

For FY 2019 - 2023, reflective of the observed proration trends over the past 3 years (2016-2018) averaging nearly 93 percent, the Plan assumes a proration factor of 92.5% or a loss of 7.5% in potential revenue (also known as eligibility). As a point of reference, the Authority was eligible to receive \$988 million, however, only \$937 million was received, a shortfall of \$51 million based on national proration of 94.7% proration.

### ***Section 8 Conversion at LLC properties***

NYCHA continues to convert units in the former City/State Developments to Section 8 assistance, which previously received no dedicated funding. The Plan assumes approximately 4,772 units will be converted by year-end 2018, securing an estimated \$54 million of rental subsidy. The remaining units will be converted upon vacancy.

Securing dedicated federal funding for these remaining unfunded housing units is critical to the preservation of these units. Each unfunded housing unit operates with an implied structural deficit as the tenant rent alone is insufficient to cover the operating costs. NYCHA estimates that the loss in subsidy from the unconverted units is approximately \$52 million annually.

This Plan reflects a goal to convert 168 units in FY 2019 and 120 units per year from FY 2020 to 2023 with revenue decreasing from \$54.9 million in FY 2019 to \$53.6 million in FY 2023.

### ***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 remain at nearly the same level of \$1.1 billion to \$1.2

billion over the five years 2019-2023. Although the HAP subsidy is expected to have a modest increase, the Administrative Fees is expected to decline due to reduced units. This assumes a total Unit Months Leased (UML) of 1,015,596 for a monthly average of 84,633 vouchers in 2019.

### ***Categorical Grants***

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects only grants awarded and does not reflect anticipated awards. The budget reflects a decrease in Categorical grants funding from \$2.7 million in FY 2019 to \$0.9 million in FY 2023 reflective of a decline in funding for grant programs.

### ***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 \$4.7 million in each year from FY 2019 to FY 2023.

### ***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 increase from \$10.5 million in FY 2019 to \$11.8 million in FY 2023, reflecting modest increases 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. Other Revenue from Operations is projected to remain at \$20 million. The revised projection is primarily attributed to a change in the parking program to focus on revenue generating strategy using latest market rate.

### ***City Funds***

The City is committed in supporting NYCHA's goal and mission. To address NYCHA's challenges, this administration has granted NYCHA with approximately \$288 million in 2019 to fund several initiatives.

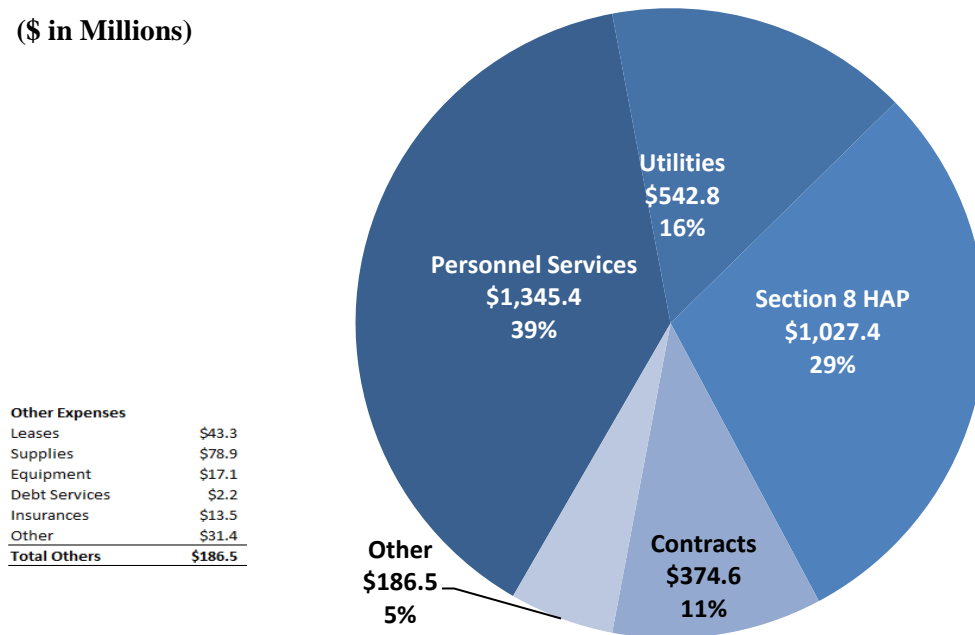
### ***Other Non-Operating Revenues***

Other Non-Operating Revenues are ancillary revenues that NYCHA generates from third parties through property assets. This category includes revenue from Section 8 properties recapitalization as well as the NextGeneration Initiative (i.e. high-value land/mixed income, 10K Affordable Housing Units), commercial storefront leases, rooftop leases, and sublease income from underutilized office space. This Plan assumes Other Non-Operating Revenues of approximately \$41 million.

## Expenditure Categories

The following chart shows, by category, the \$3.48 billion expenditures in NYCHA’s FY 2019 operating budget:

(\$ in Millions)

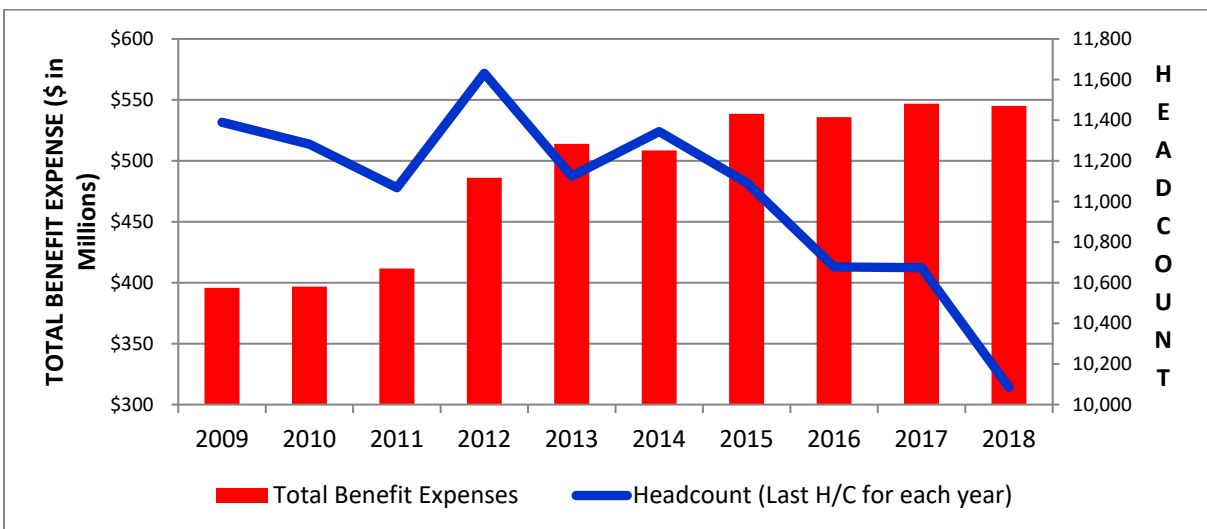


Personnel Service (Salaries and Other Benefits) accounts for 39 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 29 percent, Utilities and Contracts account for 16 percent and 11 percent, respectively, with all other expenses account for the remaining 5 percent of expenditures.

## Workforce

### Workforce and Salary

Despite the decrease in workforce, cost of benefit expenses has been rising led by the growing cost of pension and health-related expenses. In past 10 years (FY 2009 – 18), while the workforce was reduced by over thirteen hundred, benefit expenses have increased by nearly 40% in the same period.



|                               | 2009           | vs. 2018       | Change ('09 vs. '18) | % Change        |
|-------------------------------|----------------|----------------|----------------------|-----------------|
| <b>Health</b>                 | \$178.2        | \$245.6        | \$67.4               | 37.79%          |
| <b>Pension</b>                | 109.2          | 164.2          | \$54.9               | 50.31%          |
| <b>All Other</b>              | 108.3          | 135.4          | \$27.1               | 24.98%          |
| <b>Total Benefit Expenses</b> | <b>\$395.7</b> | <b>\$545.1</b> | <b>\$149.3</b>       | <b>37.74%</b>   |
| <b>Headcount</b>              | <b>11,390</b>  | <b>10,085</b>  | <b>(1,305)</b>       | <b>(11.46%)</b> |

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

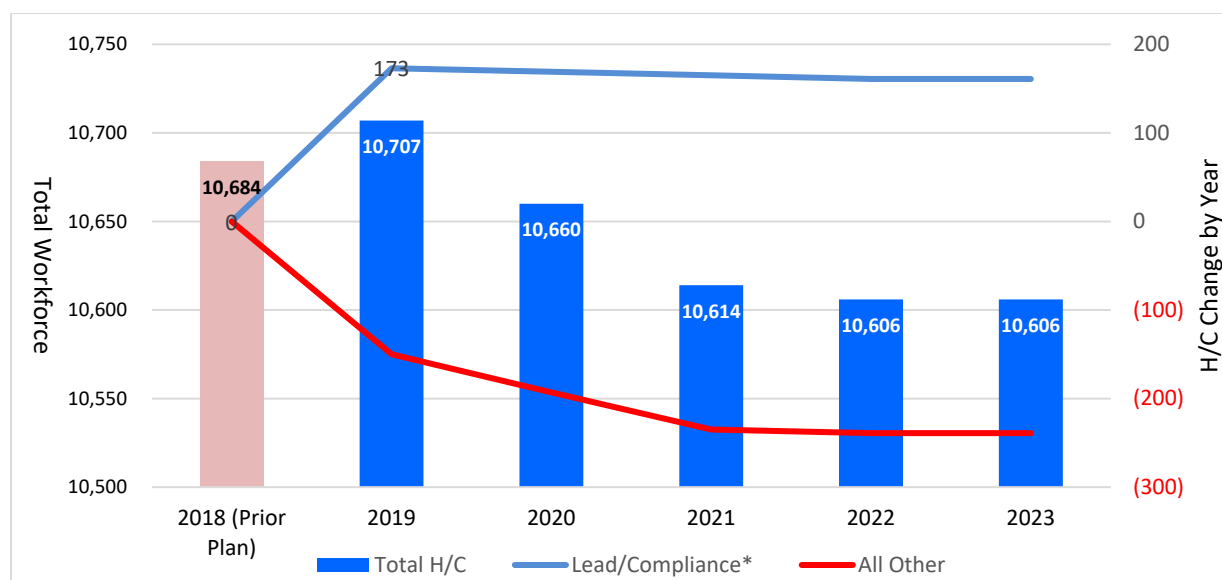
*Workforce Distribution*

The 2019 plan highlights NYCHA’s effort in addressing key health and safety concerns. Establishment of new departments will help concentrate NYCHA’s effort to mitigate these challenges:

- Department of Healthy Homes has been tasked in ensuring lead, mold as well as pest management issues are addressed timely and promptly while meeting regulatory requirements.
- Compliance & Audit department has been provided with additional resources to enforce and strengthen its process its legal, administrative and compliance requirement.

The Plan reaffirms NYCHA’s ongoing commitment to provide dependable services to its residents. To increase its service level, additional resources have been dedicated in improving its inventory process (See Inventory Management from initiative section)

Finally, FY 2019-2023 plan recognizes the repositioning of its workforce reflective of units that will transition to the Section 8 program as part of the RAD process.



Full-time Salary is budgeted from \$650 million in FY 2019, which will increase to \$685 million by FY 2023. 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 additional expense due to collective bargaining agreements which include retroactive payments starting from the end of the previous union agreements as well as general wage increases (GWI) going forward. To assist NYCHA’s the additional financial burden, the Mayor agreed to providing funding support for the cost of labor agreements.

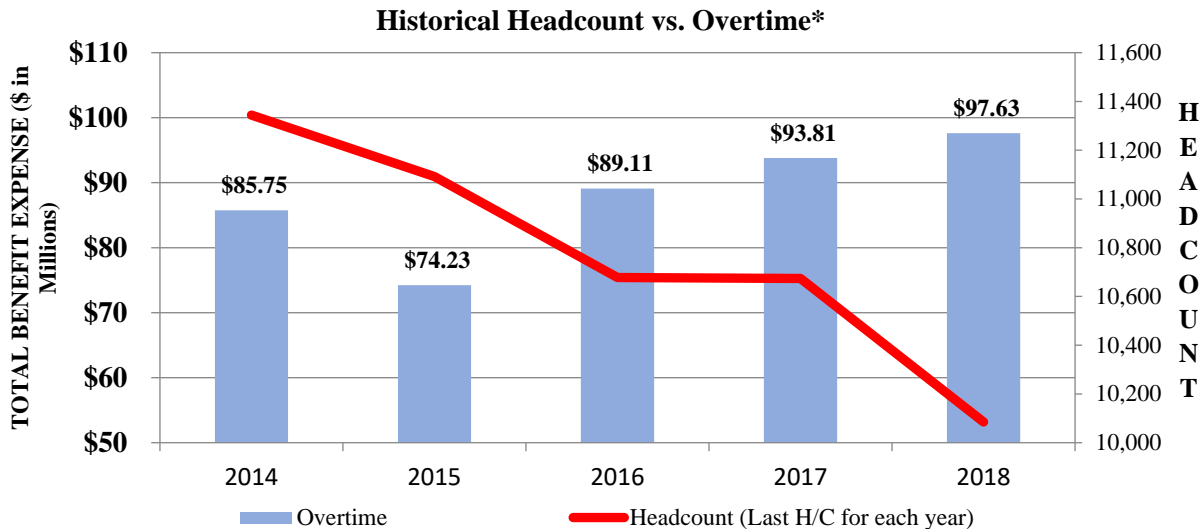
**Overtime**

In the past three years, NYCHA has maintained a ratio of Overtime to Full Time at approximately 13%. The current plan reflects proportional expenditure levels compare to Full Time resulting in an increase of nearly \$19 million compare to the prior financial plan.

**Scheduled Allocation** – Based historical expenses mainly affecting Caretakers, Maintenance Workers and Supervisory staff for weekend and holiday coverage at the developments. Elevator Mechanics, Helpers and Supervisors are also required to provide weekend coverage. Property Management performs approximately 83% of Scheduled OT in Operations. Support Services accounts for the remaining 17% of Scheduled OT, with Elevator Mechanics/Helpers/Supervisors comprising 85% of earnings. The FY 2019 plan projects \$36 million in scheduled overtime

**Unscheduled Overtime** – The most common reasons for unscheduled overtime are: Backlog, Heating/Hot Water, Utility Outages, Environmental Issues/Response, and Weather.

Historically, Support Services has accounted for 20-30% of Unscheduled OT in Operations, with the highest earning titles being Heating Plant Technicians, Maintenance Workers, Elevator Mechanics/Helpers, Plumbers/Helpers, and Electricians/Helpers. Property Management accounts for the 70-80% of Unscheduled OT with the greatest earners being Caretakers, Plumbers, Carpenters, Plasterers, Maintenance Workers and Painters. The FY 2019 plan projects \$49.5 million in unscheduled overtime.



\* Does not include accounting adjustments

**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.



## New York City Housing Authority

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 \$569 million in FY 2019 to \$631 million in FY 2023, (a compounded growth rate of 2.7 percent). As a percentage of total Personnel Service expenditures, Fringe is projected to increase from 42 percent in FY 2019 to nearly 44 percent of total personnel expenses by FY 2023. This is driven largely by continuing increase in health insurance benefit expenses.

| Components                   | FY 2019 - 2023 Financial Plan |                |                |                |                | FY'19 - '23  |
|------------------------------|-------------------------------|----------------|----------------|----------------|----------------|--------------|
|                              | 2019                          | 2020           | 2021           | 2022           | 2023           | CAGR         |
| Health Insurance             | \$218.2                       | \$229.8        | \$240.2        | \$250.1        | \$258.2        | <b>4.29%</b> |
| Pension                      | 165.0                         | 168.3          | 171.6          | 175.1          | 178.6          | <b>2.00%</b> |
| Workers Comp                 | 58.9                          | 59.9           | 62.8           | 63.4           | 64.8           | <b>2.43%</b> |
| Payroll Taxes & Annual Leave | 69.6                          | 71.3           | 72.2           | 72.3           | 71.8           | <b>0.76%</b> |
| Welfare                      | 41.0                          | 41.3           | 41.5           | 41.8           | 41.9           | <b>0.58%</b> |
| Annuity                      | 14.5                          | 14.6           | 14.6           | 14.7           | 14.7           | <b>0.40%</b> |
| Unemployment                 | 1.4                           | 1.4            | 1.4            | 1.4            | 1.4            | <b>0.00%</b> |
| <b>Total Fringe Benefits</b> | <b>\$568.6</b>                | <b>\$586.6</b> | <b>\$604.4</b> | <b>\$618.8</b> | <b>\$631.4</b> | <b>2.66%</b> |

### Seasonal

Seasonal budget provides funding support for temporary staffing to help accommodate 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 30 hours a week for an 18 weeks period.

The FY 2019, seasonal program has been extended to address various measure to supplement full-time workforces. Below are key funded initiatives:

- Traditional seasonal program - This plan includes hiring staff working 30 hours a week for 18 weeks the plan incorporates the 3 Phases achieving approximately 450 staff at its peak.
- Skilled Trades temporary staffing – Allows for flexibility to hire skilled trades/union staff title 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 RAD/PAC, Lead, Mold and Centralized Litigation.



## New York City Housing Authority

- Heating temporary staffing - Estimated at \$0.5 million covers the cost of having 16 Stationary Engineers approved for 3 months or the first quarter of 2019.
- Temporary staffing for Pest Management initiative - Estimated at \$2.0 million to cover the cost to mitigate rat issue at various site for next 6 months. Includes 70 caretakers, 12 burrow collapsing team as well as maintenance workers to address these issues.

### Leases

In addition to rental fee, NYCHA is generally responsible for operating costs which include taxes and utilities as well as rent escalation reflective of the lease agreement. The Plan projects Leases expenditures to increase from \$43.3 million in FY 2019 to \$49.5 million in FY 2023.

### 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 to \$75.9 million in FY 2023. 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 in the *Fringe* line.

### Utilities

Utility expenditures, a significant component of NYCHA's operating budget, represent approximately 16 percent of total expenditures, and more importantly 24 percent of the General Fund expenditures. Utility costs include electricity, gas, water, steam and fuel oil. NYCHA's utility spending averages approximately \$45.2 million per month.

This Plan assumes Utility expenditures to increase from \$543 million in FY 2019 to \$567 million in FY 2023 (a compounded growth rate of 1 percent). Given the substantial impact of Utility costs, NYCHA continues to work with HUD in developing mutually beneficial Energy Performance Contracts (EPCs). These EPCs will provide additional funding for energy-efficient capital projects which will result in cost savings over time.

| Commodities            | FY 2019 - 2023 Financial Plan |                |                |                |                | FY'19 - '23  |
|------------------------|-------------------------------|----------------|----------------|----------------|----------------|--------------|
|                        | 2019                          | 2020           | 2021           | 2022           | 2023           | CAGR         |
| Electricity            | \$167.7                       | \$168.5        | \$169.9        | \$171.5        | \$173.3        | 0.82%        |
| Heating Gas            | 158.5                         | 159.2          | 165.5          | 168.9          | 172.2          | 2.09%        |
| Water                  | 186.3                         | 188.2          | 187.8          | 188.7          | 188.7          | 0.33%        |
| Steam                  | 8.6                           | 9.1            | 9.5            | 9.7            | 9.9            | 3.49%        |
| Fuel                   | 13.7                          | 13.6           | 14.0           | 14.3           | 14.6           | 1.62%        |
| Cooking Gas            | 8.0                           | 8.0            | 8.3            | 8.5            | 8.7            | 2.09%        |
| <b>Total Utilities</b> | <b>\$542.8</b>                | <b>\$546.7</b> | <b>\$555.0</b> | <b>\$561.6</b> | <b>\$567.4</b> | <b>1.11%</b> |

### ***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. These are units whose funding stream has been transferred from the General Fund to Section 8. These conversions of funding help supplement the General Fund's budget. This plan projects Section 8 Payments to landlords will stay at around \$1.1 billion in all years (FY 2019-2023).

### **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 requirement, NYCHA increased its contract capacity to over \$300 million. Increase contract capacity will help address key issues which includes lead, mold, pest management, and other operational concerns.

### ***Supplies, Equipment, and OTPS Other***

*Supplies* includes: materials and supplies required for property management operations (as well as administrative functions), including paints, 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 remain relatively unchanged compared to prior plan at around \$120 million.

2019-2023 Operating Plan by Funds

All Funds

|  | 2019             | 2020             | 2021             | 2022             | 2023             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                          |                  |                  |                  |                  |                  |
| <i>Revenue from Operations:</i>          |                  |                  |                  |                  |                  |
| Tenant Rental Revenue                    | 1,046,534        | 1,044,863        | 1,045,590        | 1,054,023        | 1,062,551        |
| Other Revenue from Operations            | 20,345           | 20,161           | 20,045           | 20,045           | 20,045           |
| <b>Total Revenue from Operations</b>     | <b>1,066,879</b> | <b>1,065,025</b> | <b>1,065,635</b> | <b>1,074,068</b> | <b>1,082,595</b> |
| <i>Other Revenues</i>                    |                  |                  |                  |                  |                  |
| Federal Subsidies                        | 944,026          | 975,293          | 986,331          | 1,014,394        | 1,047,113        |
| Debt Services Subsidy                    | 230              | 180              | 131              | 81               | 40               |
| Section 8 Phased Conversion              | 54,889           | 51,516           | 52,238           | 52,926           | 53,582           |
| Section 8 Management Fees                | -                | -                | -                | -                | -                |
| Capital Fund Reimbursements              | 4,697            | 4,697            | 4,697            | 4,697            | 4,697            |
| Interest on Investments                  | 10,519           | 11,834           | 11,834           | 11,834           | 11,834           |
| Other                                    | 24,948           | 23,512           | 24,069           | 24,439           | 24,816           |
| Categorical Grants                       | 2,665            | 1,383            | 883              | 883              | 883              |
| Section 8 Subsidy                        | 1,037,497        | 1,019,251        | 1,101,347        | 1,097,872        | 1,097,217        |
| Section 8 Admin                          | 75,333           | 76,141           | 75,614           | 74,992           | 74,992           |
| City Funds                               | 288,310          | 197,992          | 199,982          | 190,153          | 177,173          |
| <b>Total Other Revenues</b>              | <b>2,443,115</b> | <b>2,361,800</b> | <b>2,457,127</b> | <b>2,472,274</b> | <b>2,492,348</b> |
| <b>Total Revenues</b>                    | <b>3,509,995</b> | <b>3,426,825</b> | <b>3,522,761</b> | <b>3,546,342</b> | <b>3,574,943</b> |
| <b>Expenditures</b>                      |                  |                  |                  |                  |                  |
| <i>Personal Service:</i>                 |                  |                  |                  |                  |                  |
| Salary F/T                               | 649,601          | 669,331          | 681,563          | 683,694          | 685,127          |
| Salary P/T                               | 1,020            | 789              | 298              | 149              | -                |
| Seasonal                                 | 26,026           | 26,026           | 26,026           | 26,026           | 26,026           |
| Overtime                                 | 85,534           | 85,042           | 84,706           | 84,705           | 84,705           |
| Shift Differential                       | 1,477            | 1,477            | 1,476            | 1,476            | 1,476            |
| Retro                                    | 286              | 286              | 286              | 286              | 286              |
| Fringe                                   | 568,552          | 586,563          | 604,364          | 618,827          | 631,380          |
| Other Salary                             | 12,882           | 12,889           | 12,827           | 12,819           | 12,819           |
| <b>Total Personal Service</b>            | <b>1,345,378</b> | <b>1,382,403</b> | <b>1,411,545</b> | <b>1,427,983</b> | <b>1,441,820</b> |
| <i>Other Than Personal Service:</i>      |                  |                  |                  |                  |                  |
| Leases                                   | 43,317           | 46,537           | 47,288           | 48,366           | 49,469           |
| Supplies                                 | 78,934           | 71,805           | 71,165           | 70,678           | 70,191           |
| Equipment                                | 17,129           | 16,401           | 15,667           | 15,871           | 16,365           |
| Utilities                                | 542,755          | 546,678          | 555,039          | 561,618          | 567,354          |
| Contracts                                | 374,591          | 357,242          | 305,160          | 304,509          | 303,802          |
| Debt Services                            | 2,205            | 6,008            | 9,852            | 9,485            | 9,137            |
| Insurance                                | 13,453           | 15,380           | 66,606           | 71,004           | 75,938           |
| OTPS Other                               | 31,438           | 23,046           | 22,974           | 22,821           | 22,669           |
| Housing Assistance Payments              | 1,027,419        | 1,028,480        | 1,109,789        | 1,106,282        | 1,105,626        |
| <b>Total Other Than Personal Service</b> | <b>2,131,241</b> | <b>2,111,577</b> | <b>2,203,539</b> | <b>2,210,635</b> | <b>2,220,551</b> |
| <b>Total Expenditures</b>                | <b>3,476,620</b> | <b>3,493,980</b> | <b>3,615,084</b> | <b>3,638,618</b> | <b>3,662,370</b> |
| <b>Surplus/(Deficit)</b>                 | <b>33,375</b>    | <b>(67,155)</b>  | <b>(92,323)</b>  | <b>(92,277)</b>  | <b>(87,427)</b>  |
| HAP Reserve (HUD-HELD)                   | -                | 9,229            | 8,441            | 8,410            | 3,371            |
| Admin Reserve                            | -                | 2,249            | 10,962           | 12,099           | 17,906           |
| Surplus from Prior year                  | -                | 33,375           | -                | -                | -                |
| <b>Surplus/(Deficit) net of Reserves</b> | <b>33,375</b>    | <b>(22,302)</b>  | <b>(72,919)</b>  | <b>(71,768)</b>  | <b>(66,150)</b>  |
| <b>HC</b>                                | <b>10,707</b>    | <b>10,660</b>    | <b>10,614</b>    | <b>10,606</b>    | <b>10,606</b>    |

General Funds

|  | 2019             | 2020             | 2021             | 2022             | 2023             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                          |                  |                  |                  |                  |                  |
| <i>Revenue from Operations:</i>          |                  |                  |                  |                  |                  |
| Tenant Rental Revenue                    | 1,046,534        | 1,044,863        | 1,045,590        | 1,054,023        | 1,062,551        |
| Other Revenue from Operations            | 20,345           | 20,161           | 20,045           | 20,045           | 20,045           |
| <b>Total Revenue from Operations</b>     | <b>1,066,879</b> | <b>1,065,025</b> | <b>1,065,635</b> | <b>1,074,068</b> | <b>1,082,595</b> |
| <i>Other Revenues</i>                    |                  |                  |                  |                  |                  |
| Federal Subsidies                        | 938,254          | 965,699          | 972,899          | 1,001,279        | 1,034,346        |
| Debt Services Subsidy                    | 230              | 180              | 131              | 81               | 40               |
| Section 8 Phased Conversion              | 54,889           | 51,516           | 52,238           | 52,926           | 53,582           |
| Section 8 Management Fees                | 20,759           | 13,239           | 20,555           | 20,227           | 20,227           |
| Capital Fund Reimbursements              | 4,697            | 4,697            | 4,697            | 4,697            | 4,697            |
| Interest on Investments                  | 10,519           | 11,834           | 11,834           | 11,834           | 11,834           |
| Other                                    | 24,148           | 22,712           | 23,269           | 23,639           | 24,016           |
| Categorical Grants                       | -                | -                | -                | -                | -                |
| Section 8 Subsidy                        | -                | -                | -                | -                | -                |
| Section 8 Admin                          | -                | -                | -                | -                | -                |
| Section 8 Admin Reserve                  | -                | -                | -                | -                | -                |
| City Funds                               | 98,708           | 115,638          | 126,592          | 126,496          | 126,496          |
| <b>Total Other Revenues</b>              | <b>1,152,205</b> | <b>1,185,516</b> | <b>1,212,216</b> | <b>1,241,181</b> | <b>1,275,240</b> |
| <b>Total Revenues</b>                    | <b>2,219,084</b> | <b>2,250,541</b> | <b>2,277,851</b> | <b>2,315,249</b> | <b>2,357,835</b> |
| <b>Expenditures</b>                      |                  |                  |                  |                  |                  |
| <i>Personal Service:</i>                 |                  |                  |                  |                  |                  |
| Salary F/T                               | 618,539          | 638,439          | 650,734          | 652,865          | 654,298          |
| Salary P/T                               | 598              | 491              | -                | -                | -                |
| Seasonal                                 | 16,016           | 26,016           | 26,016           | 26,016           | 26,016           |
| Overtime                                 | 84,859           | 84,392           | 84,055           | 84,071           | 84,087           |
| Shift Differential                       | 1,477            | 1,477            | 1,476            | 1,476            | 1,476            |
| Retro                                    | 286              | 286              | 286              | 286              | 286              |
| Fringe                                   | 543,991          | 562,416          | 579,544          | 593,518          | 605,509          |
| Other Salary                             | 12,278           | 12,285           | 12,223           | 12,215           | 12,215           |
| <b>Total Personal Service</b>            | <b>1,278,045</b> | <b>1,325,802</b> | <b>1,354,334</b> | <b>1,370,447</b> | <b>1,383,888</b> |
| <i>Other Than Personal Service:</i>      |                  |                  |                  |                  |                  |
| Leases                                   | 38,140           | 41,049           | 41,713           | 42,666           | 43,769           |
| Supplies                                 | 77,401           | 70,609           | 69,969           | 69,970           | 69,971           |
| Equipment                                | 16,583           | 15,958           | 15,298           | 15,481           | 15,922           |
| Utilities                                | 542,549          | 546,469          | 554,827          | 561,404          | 567,137          |
| Contracts                                | 329,247          | 350,634          | 298,784          | 298,784          | 298,784          |
| Debt Services                            | 216              | 166              | 116              | 67               | 67               |
| Insurance                                | 13,393           | 15,318           | 66,542           | 70,938           | 75,870           |
| Payments in Lieu of Taxes                |                  |                  |                  |                  |                  |
| NYPD Subsidy                             |                  |                  |                  |                  |                  |
| OTPS Other                               | 23,667           | 18,609           | 18,570           | 18,570           | 18,570           |
| Housing Assistance Payments              | -                | -                | -                | -                | -                |
| <b>Total Other Than Personal Service</b> | <b>1,041,197</b> | <b>1,058,811</b> | <b>1,065,818</b> | <b>1,077,880</b> | <b>1,090,089</b> |
| <b>Total Expenditures</b>                | <b>2,319,242</b> | <b>2,384,613</b> | <b>2,420,152</b> | <b>2,448,327</b> | <b>2,473,977</b> |
| <b>Surplus/(Deficit)</b>                 | <b>(100,158)</b> | <b>(134,072)</b> | <b>(142,302)</b> | <b>(133,078)</b> | <b>(116,142)</b> |
| <i>HC</i>                                | <i>10,218</i>    | <i>10,174</i>    | <i>10,129</i>    | <i>10,121</i>    | <i>10,121</i>    |

Housing Choice Housing

|  | 2019             | 2020             | 2021             | 2022             | 2023             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>                          |                  |                  |                  |                  |                  |
| <i>Revenue from Operations:</i>          |                  |                  |                  |                  |                  |
| Tenant Rental Revenue                    | -                | -                | -                | -                | -                |
| Other Revenue from Operations            | -                | -                | -                | -                | -                |
| <b>Total Revenue from Operations</b>     | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <i>Other Revenues</i>                    |                  |                  |                  |                  |                  |
| Federal Subsidies                        | -                | -                | -                | -                | -                |
| Debt Services Subsidy                    | -                | -                | -                | -                | -                |
| Section 8 Phased Conversion              | -                | -                | -                | -                | -                |
| Section 8 Management Fees                | -                | -                | -                | -                | -                |
| Capital Fund Reimbursements              | -                | -                | -                | -                | -                |
| Interest on Investments                  | -                | -                | -                | -                | -                |
| Other                                    | 800              | 800              | 800              | 800              | 800              |
| Categorical Grants                       | -                | -                | -                | -                | -                |
| Section 8 Subsidy                        | 1,092,386        | 1,070,767        | 1,153,585        | 1,150,799        | 1,150,799        |
| Section 8 Admin                          | 75,333           | 76,141           | 75,614           | 74,992           | 74,992           |
| City Funds                               | -                | -                | -                | -                | -                |
| <b>Total Other Revenues</b>              | <b>1,168,519</b> | <b>1,147,708</b> | <b>1,229,999</b> | <b>1,226,591</b> | <b>1,226,591</b> |
| <b>Total Revenues</b>                    | <b>1,168,519</b> | <b>1,147,708</b> | <b>1,229,999</b> | <b>1,226,591</b> | <b>1,226,591</b> |
| <b>Expenditures</b>                      |                  |                  |                  |                  |                  |
| <i>Personal Service:</i>                 |                  |                  |                  |                  |                  |
| Salary F/T                               | 29,855           | 29,855           | 29,855           | 29,855           | 29,855           |
| Salary P/T                               |                  |                  |                  |                  |                  |
| Seasonal                                 | 10               | 10               | 10               | 10               | 10               |
| Overtime                                 | 598              | 598              | 598              | 598              | 598              |
| Shift Differential                       |                  |                  |                  |                  |                  |
| Retro                                    |                  |                  |                  |                  |                  |
| Fringe                                   | 21,889           | 22,761           | 23,453           | 24,043           | 24,708           |
| Other Salary                             | 604              | 604              | 604              | 604              | 604              |
| <b>Total Personal Service</b>            | <b>52,956</b>    | <b>53,827</b>    | <b>54,520</b>    | <b>55,110</b>    | <b>55,774</b>    |
| <i>Other Than Personal Service:</i>      |                  |                  |                  |                  |                  |
| Leases                                   | 5,177            | 5,489            | 5,575            | 5,700            | 5,700            |
| Supplies                                 | 76               | 76               | 76               | 76               | 76               |
| Equipment                                | 546              | 443              | 369              | 390              | 443              |
| Utilities                                | 206              | 209              | 212              | 214              | 217              |
| Contracts                                | 25,013           | 17,205           | 24,681           | 24,456           | 24,503           |
| Debt Services                            |                  |                  |                  |                  |                  |
| Insurance                                | 60               | 62               | 64               | 66               | 68               |
| OTPS Other                               | 2,179            | 1,879            | 1,879            | 1,879            | 1,879            |
| Housing Assistance Payments              | 1,082,308        | 1,079,996        | 1,162,027        | 1,159,209        | 1,159,209        |
| <b>Total Other Than Personal Service</b> | <b>1,115,564</b> | <b>1,105,359</b> | <b>1,194,883</b> | <b>1,191,990</b> | <b>1,192,094</b> |
| <b>Total Expenditures</b>                | <b>1,168,519</b> | <b>1,159,186</b> | <b>1,249,403</b> | <b>1,247,100</b> | <b>1,247,868</b> |
| <b>Surplus/(Deficit) before Reserves</b> |                  | <b>(11,478)</b>  | <b>(19,404)</b>  | <b>(20,509)</b>  | <b>(21,277)</b>  |
| HAP Reserve (HUD-HELD)                   |                  | 9,229            | 8,441            | 8,410            | 3,371            |
| Admin Reserve                            |                  | 2,249            | 10,962           | 12,099           | 17,906           |
| <b>Surplus/(Deficit) net of Reserves</b> | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>HC</b>                                | <b>470</b>       | <b>470</b>       | <b>470</b>       | <b>470</b>       | <b>470</b>       |

**Categorical Grants**

|  | 2019           | 2020          | 2021          | 2022          | 2023          |
|--|----------------|---------------|---------------|---------------|---------------|
| <b>Revenues</b>                          |                |               |               |               |               |
| <i>Revenue from Operations:</i>          |                |               |               |               |               |
| Tenant Rental Revenue                    | -              | -             | -             | -             | -             |
| Other Revenue from Operations            | -              | -             | -             | -             | -             |
| <b>Total Revenue from Operations</b>     | -              | -             | -             | -             | -             |
| <i>Other Revenues</i>                    |                |               |               |               |               |
| Federal Subsidies                        | 5,772          | 9,594         | 13,432        | 13,115        | 12,767        |
| Debt Services Subsidy                    | -              | -             | -             | -             | -             |
| Section 8 Phased Conversion              | -              | -             | -             | -             | -             |
| Section 8 Management Fees                | -              | -             | -             | -             | -             |
| Capital Fund Reimbursements              | -              | -             | -             | -             | -             |
| Interest on Investments                  | -              | -             | -             | -             | -             |
| Other                                    | -              | -             | -             | -             | -             |
| Categorical Grants                       | 2,665          | 1,383         | 883           | 883           | 883           |
| Section 8 Subsidy                        | -              | -             | -             | -             | -             |
| Section 8 Admin                          | -              | -             | -             | -             | -             |
| Section 8 Admin Reserve                  | -              | -             | -             | -             | -             |
| City Funds                               | 189,602        | 82,353        | 73,390        | 63,657        | 50,676        |
| <b>Total Other Revenues</b>              | <b>198,039</b> | <b>93,331</b> | <b>87,705</b> | <b>77,655</b> | <b>64,327</b> |
| <b>Total Revenues</b>                    | <b>198,039</b> | <b>93,331</b> | <b>87,705</b> | <b>77,655</b> | <b>64,327</b> |
| <b>Expenditures</b>                      |                |               |               |               |               |
| <i>Personal Service:</i>                 |                |               |               |               |               |
| Salary F/T                               | 1,206          | 1,037         | 974           | 974           | 974           |
| Salary P/T                               | 422            | 298           | 298           | 149           | -             |
| Seasonal                                 | 10,000         | -             | -             | -             | -             |
| Overtime                                 | 78             | 52            | 52            | 36            | 20            |
| Shift Differential                       | -              | -             | -             | -             | -             |
| Retro                                    | -              | -             | -             | -             | -             |
| Fringe                                   | 2,673          | 1,386         | 1,367         | 1,266         | 1,163         |
| Other Salary                             | -              | -             | -             | -             | -             |
| <b>Total Personal Service</b>            | <b>14,379</b>  | <b>2,773</b>  | <b>2,691</b>  | <b>2,426</b>  | <b>2,157</b>  |
| <i>Other Than Personal Service:</i>      |                |               |               |               |               |
| Leases                                   | -              | -             | -             | -             | -             |
| Supplies                                 | 1,457          | 1,120         | 1,120         | 632           | 145           |
| Equipment                                | -              | -             | -             | -             | -             |
| Utilities                                | -              | -             | -             | -             | -             |
| Contracts                                | 41,091         | 2,642         | 2,250         | 1,497         | 743           |
| Debt Services                            | 1,990          | 5,842         | 9,735         | 9,418         | 9,070         |
| Insurance                                | -              | -             | -             | -             | -             |
| OTPS Other                               | 5,592          | 2,558         | 2,525         | 2,372         | 2,220         |
| Housing Assistance Payments              | -              | -             | -             | -             | -             |
| <b>Total Other Than Personal Service</b> | <b>50,129</b>  | <b>12,162</b> | <b>15,631</b> | <b>13,919</b> | <b>12,177</b> |
| <b>Total Expenditures</b>                | <b>64,508</b>  | <b>14,936</b> | <b>18,322</b> | <b>16,345</b> | <b>14,335</b> |
| <b>Surplus/(Deficit)</b>                 | <b>133,531</b> | <b>78,395</b> | <b>69,383</b> | <b>61,310</b> | <b>49,992</b> |
| <i>HC</i>                                | <i>19</i>      | <i>16</i>     | <i>15</i>     | <i>15</i>     | <i>15</i>     |