

NEW YORK CITY HOUSING AUTHORITY

NEW YORK, NEW YORK



A Component Unit of The City of New York

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE
YEARS ENDED
DECEMBER 31, 2021 AND 2020**



Gregory Russ
Chair & Chief Executive Officer



Daniel Sherrod
Chief Operating Officer



Annika Lescott-Martinez
Executive Vice-President
& Chief Financial Officer



Jeffrey Lesnoy
Vice-President
and Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

New York City Housing Authority
New York

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

New York City Housing Authority

New York, New York

Annual Comprehensive Financial Report

For the Years Ended December 31, 2021 and 2020

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Baruch Houses, Manhattan



Marble Hill Houses, Bronx



Kingsborough Houses, Brooklyn



Pomonok Houses, Queens



RIIS Houses, Manhattan



South Beach, Staten Island



GREGORY RUSS
CHAIR & CHIEF EXECUTIVE OFFICER

June 30, 2022

Board Members of the Authority
New York City Housing Authority
90 Church Street – 10th Floor
New York, New York 10007

The Real Estate Assessment Center (“REAC”) of the U.S. Department of Housing and Urban Development (“HUD”) requires that all public housing authorities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* by a firm of independent certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (“ACFR”) of the New York City Housing Authority (the “Authority” or “NYCHA”) for the year ended December 31, 2021. The Audit and Finance Committee of the Authority’s board reviewed and approved the statements on June 16, 2022.

This ACFR consists of management’s representations concerning the finances of the Authority. Management is responsible for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that to the best of our knowledge and belief, this ACFR is complete and reliable in all material respects.

The Authority’s 2021 financial statements have been audited by independent public accountants, Deloitte & Touche LLP. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Authority present fairly, in all material respects, the financial position and results of operations of the Authority.

The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors issued an unmodified opinion on the Authority's financial statements for the years ended December 31, 2021 and December 31, 2020, indicating that they were fairly presented, in all material respects, in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this ACFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the independent auditor's report.

Profile of the Authority

The Authority, created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority is a component unit of The City of New York.

The Authority provides affordable housing to approximately 339,900 low- and moderate-income New York City residents in 279 housing developments with approximately 163,000 apartments in the five boroughs. Through the Section 8 Housing Choice Voucher Program, the Authority assists approximately 92,600 families in locating and renting housing in privately owned buildings, housing approximately 201,938 residents.

The Authority's basic financial statements consist of a single enterprise fund, which includes the following programs:

- Low Rent Housing Program
- Public Housing Capital Fund Program
- Section 8 Housing Choice Voucher Program
- Section 8 Rental New Construction Program
- Other Grant Programs

Refer to Note 1 to the financial statements for a description of the Authority's programs. For further analysis, we have also included supplemental statistical schedules which can be found following the required supplementary information.

The Authority's basic financial statements also include the following blended component units:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Please refer to Notes 16 and 18 to the financial statements for a description and financial information relating to these component units.

HUD Agreement and Pollution Remediation

HUD found NYCHA in “substantial default” of the U.S. Housing Act on January 31, 2019 following a federal lawsuit. HUD found that NYCHA failed to follow laws and regulations concerning lead-based paint; failed to provide decent, safe and sanitary conditions; and engaged in deceptive practices to hide the condition of NYCHA properties. As a result, NYCHA signed an agreement with HUD, the United States Attorney’s Office for the Southern District of New York (“SDNY”), and The City of New York effective January 31, 2019 (the “Agreement”) to remedy the physical deficiencies at NYCHA properties, ensure the Authority’s compliance with federal law, and reform NYCHA’s management structure. The obligations of this Agreement apply to apartment units, common areas, residential buildings, and building sites consisting of public housing owned or operated by NYCHA and receiving funding through Section 9 of the Housing Act. The Agreement appointed a federal Monitor to oversee the Authority’s compliance and to approve Action Plans that NYCHA has submitted to achieve all the requirements of the Agreement for the six pillar areas: lead, mold, heat, elevators, Public Housing Assessment System (“PHAS”) inspections, and pests.

NYCHA agreed to perform lead-based paint interim controls, follow lead-safe work practices mandated by HUD and the U.S. Environmental Protection Agency (“EPA”), and perform specified lead-based paint abatement activities. These requirements include all apartments and interior common areas that contain lead-based paint in the same building as those units, in addition to all exterior common areas. Timelines are subject to a phased approach over the 20-year term of the Agreement.

Effective December 1, 2021, New York City implemented a new standard for defining the presence of lead in paint, in accordance with Local Law 66 of 2019. This new standard defines lead-based paint as having 0.5 milligrams (mg) of lead per square centimeter (cm) or more, which is stricter than the prior New York City and current federal standard of 1.0mg/cm. Under the new standard, NYCHA will be required to test substantially all apartments at move-out and has initiated a program to aggressively test all apartments (approximately 32,000, as of January 2022) with children under 6 (CU6) years of age by January 2023. Thereafter, NYCHA will establish an annual testing program to test any newly identified CU6 apartment.

Based on its current evaluation, NYCHA has reflected \$3.1 billion and \$2.6 billion of pollution remediation liability (lead-based paint) in 2021 and 2020 respectively. Test results at the new 0.5mg/cm level are insufficient to reliably estimate lead paint findings. Likewise, comprehensive cost estimates to abate apartment units and common space at the 0.5mg/cm level are not reasonably estimable at this time. As a result, estimates used within the Pollution Remediation Obligation incorporate costs to abate at the 1.0 mg level.

While work streams and cash outlays will occur over the 20-year term of the Agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation. Total costs are subject to variations in testing, timing of when remediation and abatement can be executed, variation in contractor costs, and other factors.

As part of the Agreement, The City of New York committed to provide \$2.2 billion in capital funds over ten years to assist NYCHA in meeting its various obligations in the Agreement, of which \$772 million has been allocated to lead abatement as per the Action Plan approved by the Federal Monitor. Such funding will be treated as a voluntary nonexchange transaction and revenues will be recognized on a cost reimbursement basis.

NYCHA is not yet in full compliance with the requirements of the Agreement and lead-based paint regulations but continues to work with the Monitor to improve its compliance.

Financial Results

The Authority's *Loss before Special Item and Capital Contributions* for 2021 was \$240 million, compared to a loss of \$505 million for 2020. The decrease in the loss for 2020 consisted primarily of a \$399 million increase in subsidies, partially offset by a \$46 million decrease in tenant revenues and a \$66 million increase in operating expenses. The \$399 million increase in Subsidies largely includes a \$125 million increase from the Public Housing program, \$128 million increase in Section 8 Housing assistant payments, a \$102 million increase from The City of New York, a \$93 million increase from Federal capital funds used for operating purposes, partially offset by \$73 million reduction of CARES Act revenue (Public housing and Section 8 combined). The \$66 million increase in operating expenses primarily includes \$95 million increase in maintenance and operations (primarily salaries), \$66 million increase in rent for leased dwellings, \$34 million increase in utilities, \$19 million increase in depreciation costs, net of expense reduction in both pension and OPEB.

While the Federalization of the State and City-built developments has helped to reduce the Authority's historical budget deficits, ongoing structural operating deficits are projected to continue, primarily attributable to federal underfunding of public housing, decreased tenant rent revenues, and increased employee entitlement costs.

In 2021, the Authority recorded *Special item* costs relating to pollution remediation (lead-based paint) totaling \$649 million representing an increase of expected costs largely due to the requirement to re-test apartment units under the new Local Law 66 standards and to include apartments previously exempted under the former New York City lead standard, partially offset by PACT transactions which closed in 2021 which reduced the number of apartment units in the Authority's portfolio. In 2020, the Authority recorded *Special item* cost reversals relating to pollution remediation totaling \$201 million representing reduction of expected costs largely as a result of decrease of positive lead tests in apartments and due to PACT transactions closed in 2020 which reduced the number of apartment units in the Authority's portfolio. Loss before Capital Contributions was \$888 million and \$304 million for 2021 and 2020 respectively.

Factors Affecting Financial Condition

To assess the Authority's overall financial condition, the following information contained within the Authority's financial statements should be considered in connection with an understanding of the following major factors affecting its financial condition:

Congressional Budget and HUD Policy. As a public housing authority ("PHA"), the Authority's primary source of funding is HUD. The amount of funding received from HUD is affected by Congressional housing legislation and the federal budget. The Authority continually monitors changes and trends in the Congressional Budget and HUD policy and adjusts its strategy and financial planning accordingly.

Public Housing Subsidies - Operating Fund Program. HUD's Public Housing Operating Fund provides subsidies to PHAs nationwide to operate and maintain public housing in local communities. HUD calculates each PHA's eligibility for operating subsidy based on the PHA's expense levels less their formula income. However, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD's

eligibility formula. It is also important to note that while HUD's formula takes location into account, New York City has long advocated that the system is inequitable when one considers its uniquely high construction and employment costs in comparison to authorities across the US. In 2021, PHAs nationwide were eligible to receive \$4.9 billion in operating subsidies. The final appropriation was \$4.8 billion at 96.7 percent proration, which translates to nearly \$0.97 dollars for every dollar PHAs were eligible for based on the operating formula. (The 2021 appropriations decreased over the 112 percent from 2020 and 97.8 percent in 2019.) This resulted in the Authority being awarded \$1.098 billion of operating subsidy during the fiscal year (excluding CARES Act subsidy), a \$125 million increase from 2020.

The 2022 budget assumes an operating subsidy of \$1.023 billion. Thus far, 2022 appropriations are anticipated to be higher than projected, mainly due to higher Congressional appropriations for the Public Housing program as compared to the prior year.

Public Housing Subsidies - Capital Fund Program. The Capital Fund Program provides financial assistance in the form of grants to public housing authorities to carry out capital and management activities, including those listed in Section 9(d)(l) of the United States Housing Act of 1937. Congress provides Capital Funds through annual appropriations. The Capital Fund formula factors modernization backlog (existing modernization needs) and accrual needs in the calculation. The Capital Fund Rule went into effect on November 25, 2013 and combined the existing Capital Fund and development regulations into a consolidated regulation. The Authority received \$709 million in funding from HUD for the Public Housing Capital Fund Program in 2022. The Authority's 2021 Capital Fund allocation was \$601 million.

Section 8 Housing Choice Voucher Program. The Housing Choice Voucher (HCV) Program is a federally funded program that provides rental assistance to eligible low-income families to fund affordable housing in the private rental market. The Authority's HCV program is the largest in the United States. Nearly 25,000 property owners currently participate in the program. During 2021, the Authority received \$1.350 billion in subsidies from HUD for the Section 8 Housing Voucher Programs, representing a \$88 million increase over 2020.

CARES Act Funding. The CARES Act (Public Law 116-36) provides critical supplemental resources and waiver flexibilities for Public Housing Authorities to prevent, prepare for, and respond to the coronavirus, including maintenance of normal operations. As a result of the CARES Act, the Authority was allocated \$150 million of additional Public Housing operating funds from HUD, of which \$120 million was drawn in 2020 and \$30 million was drawn in 2021. Availability of funds was extended through December 31, 2021. Pursuant to the Office of Public and Indian Housing ("PIH") Notice 2020-07, the supplemental operating funds can be used without prior HUD approval for eligible Capital Fund and Operating Fund activities under Section 9(d) and Section 9(e) of the 1937 Act respectively, and other expenses related to coronavirus response. In 2020, the Authority received \$37 million of Section 8 administrative fee supplemental funding from HUD to be spent by December 31, 2021 on eligible programmatic needs and COVID 19 response activities, of which \$10 million was spent in 2020 and \$27 million was spent in 2021.

Federalization of New York State and The City of New York Developments. Subsidy funding for 21 developments originally built by the State of New York and The City of New York was eliminated by the State in 1998 and by The City in 2003. A first step in addressing the funding shortfall for these 21 State- and City-built developments was taken on September 21, 2008, when the Authority received approval of its management plan for its Section 8 Voluntary Conversion Program. Through the end of 2017, the Authority converted 4,700 units in the State- and City-built developments to Section 8 funding. The American Recovery and Reinvestment Act of 2009 (ARRA) presented PHAs

across the country with an opportunity to re-invest in and develop public housing units. NYCHA capitalized on this opportunity to seek funding for the 21 State- and City- built developments. NYCHA became eligible to receive approximately \$65 million in recurring annual operating and capital subsidies for nearly 12,000 units at these developments. During 2021 and 2020, the Authority received \$67 million and \$70 million respectively, in operating subsidies for these units.

Five-Year Operating Plan. NYCHA's 2022-2026 Operating Plan includes initiatives to increase revenue, contain costs, and operate as a more efficient landlord. At the same time, however, NYCHA's portfolio presently requires more than \$40 billion to bring its buildings to a state of good repair and provide residents with the quality of life they deserve. To address the immense capital needs and reduce the operational costs of aging buildings that have not received the continual investment they need, the Authority is pursuing two significant and groundbreaking initiatives: Permanent Affordability Commitment Together (PACT) and the Public Housing Preservation Trust.

PACT. In 2018, NYCHA committed to using the PACT program to rehabilitate and preserve over 62,000 apartments in its portfolio over 10 years. PACT transitions a development's funding to Project-Based Section 8 and enables the completion of long overdue major repairs and upgrades, providing residents with safe, fully renovated homes; professional property management; and enhanced services and programming – while NYCHA remains the permanent owner of the buildings and land, residents retain their rights, and residents' rent remains permanently affordable. To date, PACT has generated more than \$3.4 billion in capital funding for comprehensive apartment renovations and building infrastructure improvements for nearly 15,500 households.

Public Housing Preservation Trust. The Public Housing Preservation Trust, a State-created public agency, will also enable NYCHA to comprehensively modernize a large segment of its portfolio – 25,000 apartments initially. Authorized by the State legislature in June 2022, the Trust will improve residents' homes through billions of dollars of capital investments while protecting residents' rights (including affordable rent), keeping the properties fully public, and preserving a public workforce. The Trust will transform residents' homes by expediting massive levels of rehabilitation through improved procurement processes, and the properties will receive more funding through a switch to the more reliable and valuable Tenant Protection Vouchers, a project-based Section 8 subsidy. Residents' feedback, ideas, and recommendations were incorporated in the updated State legislation authorizing the Trust, and residents will continue to be engaged as partners in the creation of the Trust.

Both PACT and the Public Housing Preservation Trust will address all compliance elements of the HUD Agreement as well as basic housing quality standards, improving the quality of life for today's residents and the generations to come.

Physical Needs Assessment. In 2016, NYCHA engaged a consulting firm to perform a Physical Needs Assessment (“PNA”) of the complete NYCHA portfolio of buildings. The goal was to get a sound and thorough understanding of the existing conditions of NYCHA buildings and grounds. The PNA concluded that the total projected cost of all needs - repair and replacement - over the next five years is \$31.8 billion. This amount continues to grow with inflationary and construction escalation factors. The bulk of this need is due to the aging NYCHA portfolio; the average age of a NYCHA building is roughly 60 years, and 70 percent of the portfolio was built prior to 1970. Under current accounting rules, there is no requirement to record or disclose the costs of such deferred maintenance within the financial statements.

General Economic conditions in New York City. The COVID-19 pandemic resulted in the closure of all non-essential businesses within New York State in addition to social distancing and other

restrictive measures beginning March 2020. While many, but not all, of such restrictions were gradually lifted during the second half of 2020, the pandemic caused a substantial and disproportionate impact on the local New York City economy with the service, hospitality and tourism sectors especially hard hit. The New York City seasonally adjusted unemployment rate in December 2019 was 3.7%, peaking at 21.0% in May 2020. Unemployment rates steadily improved over time, dropping to 13.0% in December 2020, 7.4% in December 2021 and 6.4% in April 2022 as the local economy largely re-opened. However, the New York City economy has not yet returned to the pre-pandemic levels.

Specific Economic conditions in New York City impacting Rental Revenue. Rent provides a significant portion of the Authority's income. After review of the household composition, income, assets, and expenses, the Authority sets a household's rent at either 30 percent of the household's adjusted gross income or the flat rent, whichever is lower. Adjusted gross income is the household's gross income plus the cash value of assets minus any exclusions and allowable deductions. In comparison, flat rent is set at 80 percent of Fair Market Rent (FMR) and is based on rent charged for similar units in the private, non-subsidized rental market. The COVID-19 pandemic had a direct impact on tenant's ability to pay rent, disproportionately affecting low-income families. While unemployment rates have greatly improved since the pandemic peak, unemployment rates in December 2021 were still twice as high as the rates before the pandemic. 2021 rental revenue, net of \$142 million provision for bad debts, was \$897 million. 2020 rental revenue, net of \$97 million provision for bad debts, was \$943 million. This compares to baseline 2019 where rental revenue, net of \$29 million provision for bad debts, was \$1.033 billion. The reduction in 2021 rental revenue was primarily a result of the full year economic impact of the COVID-19 pandemic on tenants, a moratorium on evictions mandated by federal and local governmental agencies and due to closed PACT transactions.

On January 15, 2022, the eviction moratorium was lifted, and the Authority re-started certain collection activities, which were previously placed on hold. The Authority updated and revised certain procedures (such as payment plans, interim recertification requirements, centralizing certain legal functions in the Law Department) in order to improve and accelerate the collection activities. In addition, NYCHA has prioritized the arrear cases which will be pursued for collections through the legal process including but not limited to chronic rent delinquencies and large arrear amounts pre-dating the pandemic.

GFOA. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Authority for its Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended December 31, 2020. This was the eighteenth consecutive year that the Authority achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR that demonstrates a constructive "spirit of full disclosure." This report must satisfy both generally accepted accounting principles and applicable legal requirements. A copy of the 2020 *Certificate of Achievement for Excellence in Financial Reporting* can be found at the front of this ACFR.

The Authority completed its financial statements for the year ended December 31, 2021, and its auditors expressed an unmodified opinion in accordance with Generally Accepted Auditing Standards established by the AICPA and Government Auditing Standards, subject to Board approval on July 27, 2022. The Single Audit will be issued within the deadlines established by the Uniform Guidance issued by the Office of Management and Budget. The timely and quality issuance of its audited financial statements has once again afforded the Authority the opportunity to compete for the Government Finance Officers Association's *Certificate of Achievement for Excellence in*

Financial Reporting. We believe that the current ACFR continues to meet the Certificate of Achievement Program's rigorous requirements. NYCHA has requested GFOA to provide an extension until July 31 to allow for Board approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A Lescott".

Annika Lescott-Martinez
Executive Vice President and Chief Financial Officer



Wagner Houses, Manhattan



Eastchester Gardens, Bronx



Castle Hill Houses, Bronx



Douglas Houses, Manhattan

NEW YORK CITY HOUSING AUTHORITY
LIST OF PRINCIPAL OFFICIALS
June 30, 2022

NAME	TITLE
NYCHA BOARD	
Gregory Russ.....	Chair & Chief Executive Officer
Victor A. Gonzalez.....	Vice Chair /Board Member
Joseph Adams.....	Board Member
Paula Gavin.....	Board Member
Magalie D. Austin.....	Board Member
Emma Wolfe.....	Board Member
Vacant.....	Board Member
SENIOR MANAGEMENT	
Daniel Sherrod.....	Chief Operating Officer
Annika Lescott-Martinez.....	Executive Vice-President and Chief Financial Officer
Patti Bayross.....	Executive Vice-President and Chief Information Officer
Kerri Jew.....	Executive Vice-President and Chief Administrative Officer
Eva Trimble.....	Executive Vice-President for Strategy & Innovation
Lisa Bova-Hiatt.....	Executive Vice-President for Legal Affairs & General Counsel
Lakesha Miller.....	Executive Vice-President for Leased Housing
Ukah Busgith.....	Executive Vice-President Community Engagement & Partnerships
Shaan Mavani.....	Chief Asset and Capital Management Officer
Johnathan Gouveia.....	Executive Vice-President for Real Estate
Barbara Brancaccio.....	Chief Communications Officer
Brad Greenburg.....	Chief Compliance Officer
Joey Koch.....	Chief of Staff
Vilma Huertas.....	Special Advisor to the Chair
Jeffrey Lesnoy.....	Vice-President and Controller

FINANCIAL

SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Audit Committee
of the New York City Housing Authority

Opinion

We have audited the financial statements of the New York City Housing Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

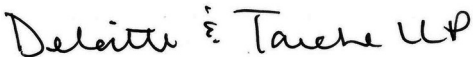
Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of Changes in NYCHA’s Total OPEB Liability and Related Ratios, Schedule of the Authority’s Contributions to the New York City Employees’ Retirement System (NYCERS), and Schedule of the Authority’s Proportionate Share of the Net Pension Liability of NYCERS be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



June 30, 2022

**MANAGEMENT'S
DISCUSSION
AND ANALYSIS
(UNAUDITED)**

NEW YORK CITY HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

The following is a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2021, and 2020. It should be read in conjunction with the transmittal letter at the beginning of this report, the Authority's financial statements following this section and the notes to the financial statements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The **Statements of Net Position** present the Authority's *assets, deferred outflows, liabilities, and deferred inflows* at the end of the year. *Net position* is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows. Over time, increases or decreases in *Net Position* is a useful indicator as to whether the Authority's financial health is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** report the Authority's operating results and how its Net Position changed during the year. All Revenues, Expenses, and Changes in Net Position are reported on an *accrual basis* of accounting, which reports events as they occur, rather than when cash changes hands (*cash basis* of accounting).

The **Statements of Cash Flows** report how the Authority's cash and cash equivalents increased or decreased during the year. The statements report how cash and cash equivalents were provided by and used in the Authority's operating, non-capital financing, capital, and related financing, and investing activities. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating income or loss to cash flows related to operating activities.

The **Notes to the Financial Statements** are an integral part of the financial statements, disclosing information which is essential to a full understanding of the statements.

REQUIRED SUPPLEMENTARY AND STATISTICAL INFORMATION

The **Required Supplementary Information** presents information regarding: (1) the Authority's changes in total OPEB Liability and related ratios; (2) the Authority's contributions to the New York City Employees' Retirement System ("NYCERS"), and (3) the Authority's proportionate share of the Net Pension Liability of NYCERS.

The **Statistical Section** provides information on the Authority's overall economic condition. The major categories presented are: (1) financial trends; (2) revenue capacity; (3) debt capacity; (4) demographic and economic information; and (5) operating information.

FINANCIAL HIGHLIGHTS AND ANALYSIS

The Authority's *Loss before special item and capital contributions* for 2021 was \$240 million compared to a loss of \$505 million in 2020. This \$265 million favorable variance includes a \$381 million favorable variance in *Non-Operating Revenues, net partially offset by a \$50 million unfavorable variance in Operating revenues* and a \$66 million unfavorable variance in *Operating expenses*.

The \$649 million *Special item* cost in 2021 represents an increase of expected remediation and abatement costs from the inclusion of former exempted apartments and incremental testing costs as a result of new standards under Local Law 66 (see Note 7) less reductions in apartment units subject to PACT transactions (see Note 15). In 2020, the *Special item* of (\$201) million represented a reduction of expected costs for lead based paint remediation and abatement activities due to positive lead results and reductions in apartment units as a result of PACT transactions. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation. Total costs are subject to variations in testing, timing of when remediation and abatement can be executed, variation and inflation in contractor costs, and other microeconomic and macroeconomic factors. Costs recorded do not include components that are not reasonably estimable such as exterior building surfaces, fences, and soil where the Authority does not have reliable information to reasonably estimate lead findings and related costs at this time.

The \$50 million decrease in *Operating revenues* represents a decrease of \$46 million in *Tenant revenue* and a \$4 million decrease in *Other income*. The high unemployment rate and reduction in wages effecting tenants during the COVID-19 pandemic and the moratorium on evictions (see Note 20) were major factors impacting rent collections in addition to rent decreases for developments which were subject to PACT transactions in 2020 (see Note 15).

The increase of \$66 million in *Operating expenses* is led by an increase in maintenance and operations of \$95 million. In addition, there was a \$66 million increase for *Rent for lease dwellings* which was more than offset by Section 8 Housing Assistant Program subsidy (Note 14). *Depreciation* has increased by \$19 million due to an increase in Capital assets and utilities costs increased by \$33 million. The above increases were partially offset by a \$104 million decrease in general and administrative expenses, primarily representing a decrease in pension costs (see Note 12) due to a favorable return on pension plan investments in addition to a \$54 million decrease in *OPEB expense* primarily resulting from a change in the discount rate assumption from 1.93% in 2020 to 2.25% in 2021 (see Note 12).

The \$381 million favorable variance in *Non-operating revenues, net*, primarily includes a \$399 million increase in *Subsidies and grants* (see Note 14) and a \$18 million unfavorable variance for *Gain on Real estate transactions* (see Note 15). The growth in *Subsidies and grants* (see Note 14) is primarily driven by an increase of \$128 million Section 8 Housing Assistant Payments and an increase of \$125 million of Public Housing Subsidy. The *Gain on Real Estate Transactions* had an unfavorable variance of \$18 million, primarily due to a \$25 million gain recognized in 2020 on sale of land and development rights at the Ingersoll development.

Summary of Net Position (\$ in thousands)

	2021	2020	2019
Current and other assets	\$ 2,851,264	\$ 3,037,426	\$ 2,918,049
Capital assets, net	8,580,887	8,191,131	7,520,684
Total Assets	11,432,151	11,228,557	10,438,733
Deferred Outflows of Resources	741,368	1,008,189	560,184
Current liabilities	1,367,467	1,547,700	1,392,980
Non-current liabilities	8,132,219	8,488,260	7,877,658
Total Liabilities	9,499,686	10,035,960	9,270,638
Deferred Inflows of Resources	1,051,852	448,243	621,286
Net investment in capital assets	7,938,775	7,504,162	6,897,324
Restricted for housing assistance payments	40,102	-	-
Unrestricted deficit	(6,356,896)	(5,751,619)	(5,790,331)
Total Net Position	\$ 1,621,981	\$ 1,752,543	\$ 1,106,993

December 31, 2021 vs. December 31, 2020 (\$ in thousands)

- The Authority's *Net Position* decreased by \$130,562 from the prior year, comprised of *Loss before capital contributions* of \$888,444 partially offset by *Capital Contributions* of \$757,882.
- The *Loss before Capital contributions* of \$888,444 includes a *Special Item* of \$648,590, representing an increase of future expected costs to be incurred on lead paint remediation and abatement efforts. (see Note 7)
- The \$186,162 decrease in *Current and other assets* is comprised primarily of a decrease in Restricted cash of \$125,801 and a decrease of \$42,683 in Accounts receivable, net from various governmental agencies.
- The increase of \$389,756 in *Capital assets, net* represents the current year additions of \$818,150 less Depreciation expense of \$420,571, net of the \$7,823 capital assets retired (see Note 6).
- The decrease of \$266,821 in *Deferred Outflows of Resources* from \$1,008,189 to \$741,368 is primarily comprised of decreases of \$196,606 in deferred amount on OPEB, largely due to changes in the discount rate assumption, and \$67,536 in deferred amount on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially due to differences between expected and actual experience.
- The \$180,233 decrease in *Current liabilities* primarily represents decreases of \$190,929 in unearned revenues, primarily from the Federal Emergency Management Agency ("FEMA"), and \$32,649 in pollution remediation obligation, partially offset by an increase of \$43,345 in other current liabilities.
- *Non-current liabilities* decreased by \$356,041 primarily comprised of a decrease of \$640,937 in the Pension Liability, a decrease of \$295,224 of OPEB liability, partially offset by a \$605,404 increase in long term pollution remediation obligations. The Pension liability decrease is largely due to an increase in 2021 investment income within the pension plan. The OPEB liability decreased primarily due to a change in discount rate assumption from 1.93% to 2.25% (see Note 12). The pollution remediation obligations were increased due to \$648,590 expected incremental remediation and abatement cost as a result of new standards under Local Law 66. (see Note 7).

- The *Deferred Inflows of Resources* increase of \$603,609 to \$1,051,852 is comprised of increases in deferred inflow amounts of \$215,627 on OPEB, due primarily to changes in assumptions, and \$387,982 on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially to differences between expected and actual experience.

December 31, 2020 vs. December 31, 2019 (\$ in thousands)

- The Authority's *Net Position* increased by \$645,550 from the prior year, comprised of *Capital Contributions* of \$949,982, partially offset by *Loss before Capital Contributions* of \$304,432.
- The *Loss before Capital Contributions* of \$304,432 includes a cost reduction on a *Special Item* of \$200,881, representing a decrease of future expected costs to be incurred on lead paint remediation and abatement efforts. (see Note 7)
- The \$119,377 increase in *Current and other assets* is comprised primarily of increases of \$78,563 in Notes Receivable, net, due primarily due to Loan Participation and a Purchase money note issued as part of the Manhattan Bundle PACT transaction in 2020. (see Note 15)
- The increase of \$670,447 in *Capital assets, net* represents the current year additions of \$1,097,923 less Depreciation expense of \$401,588 and the net book value of the capital assets sold or retired of \$25,888 (see Note 6).
- The increase of \$448,005 in *Deferred Outflows of Resources* from \$560,184 to \$1,008,189 is primarily comprised of increases of \$381,882 in deferred amount on OPEB, largely due to changes in the discount rate assumption, and \$69,235 in deferred amount on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially due to differences between expected and actual experience.
- The \$154,720 increase in *Current liabilities* primarily represents increases of \$74,377 in unearned revenues, primarily from the Federal Emergency Management Agency ("FEMA"), \$31,081 increase in current pollution remediation obligations for testing costs and \$23,030 in accounts payable, primarily contract retentions.
- Non-current liabilities increased by \$610,602 primarily comprised of an increase of \$656,158 in the OPEB liability, an increase of \$140,172 of Unearned revenue, an increase of \$91,342 of Pension liability, partially offset by a \$303,901 decrease in long term pollution remediation obligations. The OPEB liability increased primarily due to a change in discount rate assumption from 3.26% to 1.93% (see Note 12). Unearned revenues increased largely due to consideration received on 2020 PACT transactions including Manhattan Bundle and Brooklyn Bundle (see Note 15). The Pension liability increased largely due to declines in 2020 investment income within the pension plan. The pollution remediation obligations were reduced due to \$200,881 expected cost decrease of future lead remediation and abatement activities largely as a result of decline in positive lead test results in apartment units, reduction of number of apartment units due to PACT transactions (see Note 15) in addition to payments made related to lead remediation efforts (see Note 7).
- The *Deferred Inflows of Resources* decrease of \$173,043 to \$448,243 is comprised of decreases in deferred inflow amounts of \$97,215 on OPEB, due primarily to changes in assumptions, and \$75,828 on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially to differences between expected and actual experience.

Summary of Revenues, Expenses, and Changes in Net Position (\$ in thousands)

	2021	2020	2019
OPERATING REVENUES:			
Tenant revenue, net	\$ 921,655	\$ 967,456	\$ 1,058,488
Other income	65,973	69,690	75,762
Total Operating Revenues	987,628	1,037,146	1,134,250
OPERATING EXPENSES:			
Rent for leased dwellings	1,205,650	1,139,219	1,061,638
Maintenance and operations	1,019,102	924,486	875,510
General and administrative	863,438	967,123	949,768
Utilities	580,958	547,483	541,747
Depreciation	420,571	401,588	371,713
OPEB expense	203,728	257,391	127,536
Protective services	39,610	37,799	24,635
Tenant services	35,677	27,678	19,219
Total Operating Expenses	4,368,734	4,302,767	3,971,766
OPERATING LOSS	(3,381,106)	(3,265,621)	(2,837,516)
NON-OPERATING REVENUES (EXPENSES):			
Subsidies and grants	3,122,095	2,722,702	2,517,894
Investment income	25,648	15,401	36,165
Gain (Loss) on real estate transactions	39,192	56,960	(146,483)
Change in fair value of investments	(13,320)	1,200	13,318
Interest expense	(32,756)	(35,955)	(34,777)
Other	393	-	-
Total Non-Operating Revenues, Net	3,141,252	2,760,308	2,386,117
LOSS BEFORE SPECIAL ITEM AND CAPITAL CONTRIBUTIONS	(239,854)	(505,313)	(451,399)
SPECIAL ITEM:			
Pollution remediation costs (gain) - lead based paint	648,590	(200,881)	2,751,291
LOSS BEFORE CAPITAL CONTRIBUTIONS	(888,444)	(304,432)	(3,202,690)
CAPITAL CONTRIBUTIONS	757,882	949,982	878,901
CHANGE IN NET POSITION	(130,562)	645,550	(2,323,789)
NET POSITION, BEGINNING OF YEAR	1,752,543	1,106,993	3,430,782
NET POSITION, END OF YEAR	\$ 1,621,981	\$ 1,752,543	\$ 1,106,993

2021 vs. 2020 (\$ in thousands)

- The *Operating Loss* for the Authority increased \$115,485 from \$3,265,621 in 2020 to \$3,381,106, due to an increase of \$65,967 in *Operating Expenses* and a decrease of \$49,518 in *Operating Revenues*.
- The \$65,967 increase in *Operating Expenses* is led by increases of \$94,616 in Maintenance and Operations, primarily salaries, \$66,431 in Rent for leased Dwellings, due to higher Housing Assistant Program (“HAP”) payments per voucher unit and an increase in voucher units, and \$18,983 in depreciation expense, due to an increase in depreciable capital assets. Utilities costs increased by \$33,475. The above increases were partially offset by a \$103,685 decrease in General and Administrative expenses, primarily representing a decrease in pension costs (see Note 12) due to a favorable return on pension plan investments along with a \$53,663 decrease in OPEB expense (see Note 12) due to a change in discount rate assumption from 1.93% to 2.25%.
- The \$49,518 decrease in *Operating Revenues* is comprised of \$45,801 decrease in *Tenant revenue* and a \$3,717 decrease in *Other income*. The high unemployment rate and reduction in wages effecting our tenants during the COVID-19 pandemic (Note 20), along with federal and local eviction moratoriums, was the most significant factor impacting rent collections and *Tenant revenue*. In addition, PACT transactions (Note 15) in 2020, reduced the number of apartment units and related rent collections in 2021. The decrease in *Other income* is primarily due to a decline in developer fees.
- *Non-operating revenues, net* increased by \$380,944, primarily representing a \$399,393 increase in *Subsidies and grants* (Note 14) and a \$17,768 decrease in *Gain on real estate transactions*. The increase in Subsidies and grants primarily included \$127,740 from Section 8 housing assistant programs, \$124,567 from Public housing subsidy, \$101,418 from City of New York subsidies, \$91,500 from Federal capital funds used for operating purposes, offset by a \$73,152 reduction in CARES Act funds. The \$17,768 decline in *Gain on Real Estate Transactions* is largely due to a \$24,850 gain on the sale of Ingersoll land and development rights in 2020.
- The \$648,590 *Special item* in 2021 represents an increase of expected costs for incremental remediation and abatement costs from the inclusion of former exempted apartments and incremental testing costs as a result of new standards under Local Law 66, (see Note 7) less reductions in apartment units from PACT transactions (see Note 15). In 2020, the *Special item* of \$201 million represented a reduction of expected costs for lead based paint remediation and abatement activities due to positive lead results and reductions in apartment units as a result of PACT transactions. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation.
- *Capital Contributions* decreased \$192,100 to \$757,882 in 2021. The current year contributions are primarily comprised of \$330,676 from the Federal Emergency Management Agency (“FEMA”), \$266,236 from the Department of Housing and Urban Development “Capital Fund Program”, and \$114,592 from The City of New York. The decline in 2021 is largely a result of a \$92,401 decrease in the Capital Fund Program, a \$76,335 decrease for the FEMA programs, partially offset by an increase from The City of New York of \$10,526.

2020 vs. 2019 (\$ in thousands)

- The *Operating Loss* for the Authority increased \$428,105 from \$2,837,516 in 2019 to \$3,265,621, due to an increase of \$331,001 in *Operating Expenses* and a decrease of \$97,104 in *Operating Revenues*.
- The \$331,001 increase in *Operating Expenses* is led by increases of \$129,855 in OPEB expense (Note 12) due to a change in discount rate assumption from 3.26% to 1.93%. In addition, *Rent for leased dwellings* increased by \$77,581 due to higher Housing Assistant Program (“HAP”) payments per voucher unit and due to an increase in voucher units in 2020. However, such Rent cost increases were offset by a similar increase in Section 8 HAP subsidy (Note 14). *Depreciation* has increased by \$29,875 due to a continued increase in Capital assets. Other operating expenses, in the aggregate, increased \$93,690 primarily driven by cost increases relating to COVID-19 (Note 20). As a result of COVID-19 pandemic, the Authority has committed to taking emergency protective measures to sanitize facilities and provide safety to its residents and employees during these challenging times. Estimated 2020 costs in the Public Housing Program in order to respond to COVID-19 was \$78,145 comprised of sanitizing costs, PPE, incremental staffing and other related costs. An additional \$10,037 of costs were incurred in 2020 within the Section 8 Housing Choice Voucher program in order to respond to COVID-19.
- The \$97,104 decrease in *Operating Revenues* is comprised of \$91,032 decrease in *Tenant revenue* and a \$6,072 decrease in *Other income*. The high unemployment rate and reduction in wages effecting our tenants during the COVID-19 pandemic (Note 20), along with federal and local eviction moratoriums, was the most significant factor impacting rent collections and *Tenant revenue*. In addition, PACT transactions (Note 15) in both 2019 and 2020, reduced the number of apartment units and related rent collections. The decrease in *Other income* is primarily due to a decline in developer fees.
- *Non-operating revenues, net* increased by \$374,191, primarily representing a \$204,808 increase in *Subsidies and grants* (Note 14) and a \$203,443 increase in *Gain (Loss) on real estate transactions*. The increase in Subsidies and grants included \$120,084 and \$10,037 of CARES Act funding for the Public Housing and Section 8 Programs respectively which provided for funds to prevent, prepare for and respond to COVID-19, including maintenance of normal operations. In addition, the Subsidies and grants increased due to a \$77,041 increase in Section 8 Housing Assistant Payments, which was provided to cover a similar increase in *Rent for leased dwellings expenses*. The \$203,443 improvement in *Gain (Loss) on Real Estate Transactions* is largely due to \$169,499 of 2019 valuation/impairment losses recorded on the Ocean Bay-Bayside PACT transaction (see Note 15) and due to certain gains on real estate transactions in 2020.
- The (\$200,881) *Special item* in 2020 represents a reduction of expected costs for future lead remediation and abatement activities, largely as a result of reduction of positive lead tests (see Note 7) in apartments and due to PACT transactions (see Note 15) which reduced the number of apartment units. In 2019, the *Special item* (costs) of \$2,751,291 represented the initial estimate of expected costs for lead based paint remediation/abatement in order to comply with the HUD/SDNY agreement (see Note 19) and New York City Local Law 1. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation.
- *Capital Contributions* increased \$71,081 to \$949,982 in 2020. The current year contributions are primarily comprised of \$407,011 from FEMA relating to Superstorm Sandy, \$358,637 for the Capital Fund Program, and \$102,086 from The City of New York as part of its “City Capital” program. The growth in 2020 is largely a result of a \$139,025 increase in the Capital Fund Program, a \$36,923 increase for the FEMA programs, partially offset by a \$46,467 decrease in the City Capital program and a \$28,993 decrease in the Sandy CDBG program.

Revenues and Expenses on a Gross Basis (\$ in thousands)

The following table shows revenues and expenses on a gross basis. Non-operating revenues are included in total program revenues and non-operating expenses are included in total program expenses. The components of this table are explained in the commentary following the Summary of Revenues, Expenses, and Changes in Net Position.

	2021	2020	2019
Program Revenues:			
Subsidies and grants	\$ 3,122,095	\$ 2,722,702	\$ 2,517,894
Operating revenues	987,628	1,037,146	1,134,250
Investment income	25,648	15,401	36,165
Gain on real estate transactions	39,192	56,960	-
Change in fair value of investments	-	1200	13,318
Other	393	-	-
Total Program Revenues	<u>4,174,956</u>	<u>3,833,409</u>	<u>3,701,627</u>
Program Expenses:			
Operating expenses	4,368,734	4,302,767	3,971,766
Loss on real estate transactions	-	-	146,483
Interest expense	32,756	35,955	34,777
Change in fair value of investments	13,320	-	-
Total Program Expenses	<u>4,414,810</u>	<u>4,338,722</u>	<u>4,153,026</u>
Loss before Special Item and Capital Contributions	(239,854)	(505,313)	(451,399)
Special Item:			
Pollution remediation costs (gain) - lead based paint	648,590	(200,881)	2,751,291
Loss before Capital Contributions	(888,444)	(304,432)	(3,202,690)
Capital Contributions	<u>757,882</u>	<u>949,982</u>	<u>878,901</u>
Change in Net Position	(130,562)	645,550	(2,323,789)
Net Position, Beginning of Year	1,752,543	1,106,993	3,430,782
Net Position, End of Year	<u>\$ 1,621,981</u>	<u>\$ 1,752,543</u>	<u>\$ 1,106,993</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets, net and the debt related to capital assets as of the three years ended December 31 are as follows:

Net Investment in Capital Assets (\$ in thousands)

	2021	2020	2019
Land	\$ 687,961	\$ 687,961	\$ 687,958
Construction in progress	2,739,201	2,398,739	2,006,661
Buildings	3,139,583	3,144,746	3,144,810
Building improvements	10,852,401	10,490,175	9,893,189
Facilities and other improvements	531,581	516,723	509,803
Furniture and equipment	1,027,132	992,986	940,728
Leasehold improvements	138,140	115,051	113,105
Total Capital Assets	19,115,999	18,346,381	17,296,254
Less accumulated depreciation	10,535,112	10,155,250	9,775,570
Capital Assets, net	8,580,887	8,191,131	7,520,684
Less related debt	642,112	686,969	623,360
Net Investment in Capital Assets	\$ 7,938,775	\$ 7,504,162	\$ 6,897,324

For additional information on Capital Assets and Long-Term Debt see Note 6 and Note 10, respectively.

Currently Known Facts and Conditions

The Authority is aware of the following facts and conditions that are expected to have an impact on its future financial position or results of operations.

- Elevated inflation, which as of May 2022 is 8.6%. This is likely to cause Operating expenses to increase as well as incremental costs to be incurred relating to the Pollution Remediation Obligations.
- Interest rates have risen significantly during 2022. The Federal Reserve Bank increased benchmark federal funds rate by 0.25% in March 2022, by 0.50% in May 2022 and by an additional 0.75% in June 2022 in an effort to reduce inflation and moderate economic activity. Increases to interest rates, independent of other valuation variables that may change, may cause the Claims Payable, Pension Liability and OPEB Liability to decrease and may impact Investment Income and Change in Fair value of investments. Interest rate increases are not expected to have a significant impact on Interest expense as all existing Long term debt has fixed interest rates.
- The S&P 500 has posted a 21% decline since December 31, 2021, which could potentially have a significant impact on the Pension Liability in terms of Investment Losses.
- Continued global turmoil in terms of supply chain obstacles, COVID-19 lockdowns and the war in Ukraine could have additional but unpredictable impact on the Authority's future financial position or results of operations.

BASIC FINANCIAL STATEMENTS

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF NET POSITION DECEMBER 31, 2021 AND 2020

	2021	2020
	(\$ in Thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 383,702	\$ 403,981
Accounts receivable, net	877,746	920,429
Investments	88,735	68,842
Prepaid expenses	109,125	108,430
Inventories, net	8,409	9,040
Notes and loans receivable, net	-	30,851
Total current assets	1,467,717	1,541,573
NON-CURRENT ASSETS:		
Land and construction in progress	3,427,162	3,086,700
Other capital assets, net of depreciation	5,153,725	5,104,431
Cash for claims payable	81,714	32,832
Investments for claims payable	426,349	457,679
Restricted cash and cash equivalents	627,043	752,844
Restricted investments	29,824	29,824
Subsidies receivable	48,259	60,661
Notes and loans receivable, net	170,358	162,013
Total non-current assets	9,964,434	9,686,984
Total assets	11,432,151	11,228,557
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	588	1,039
Deferred amount on asset retirement obligations	7,528	9,756
Deferred amount on OPEB	581,329	777,935
Deferred amount on pensions	151,923	219,459
Total deferred outflows of resources	741,368	1,008,189
CURRENT LIABILITIES:		
Accounts payable	192,266	188,460
Accrued liabilities	438,732	411,924
Claims payable	95,925	90,279
Current portion of long-term debt	50,577	47,193
Accrued leave time	83,164	79,463
Pollution remediation obligations	265,275	297,924
Unearned revenues and other current liabilities	241,528	432,457
Total current liabilities	1,367,467	1,547,700
NON-CURRENT LIABILITIES:		
Long-term debt	655,495	726,771
Claims payable	508,063	490,511
Unearned revenue	393,571	357,110
Accrued leave time	117,180	116,941
Net pension liability	272,514	913,451
OPEB liability	3,177,310	3,472,534
Asset retirement obligations	77,682	82,874
Pollution remediation obligations	2,923,916	2,318,512
Other liabilities	6,488	9,556
Total non-current liabilities	8,132,219	8,488,260
Total liabilities	9,499,686	10,035,960
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount on OPEB	504,838	289,211
Deferred amount on pensions	547,014	159,032
Total deferred inflows of resources	1,051,852	448,243
NET POSITION:		
Net investment in capital assets	7,938,775	7,504,162
Restricted for housing assistance payments	40,102	-
Unrestricted deficit	(6,356,896)	(5,751,619)
TOTAL NET POSITION	\$ 1,621,981	\$ 1,752,543

See notes to the financial statements.

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	(\$ in Thousands)	
OPERATING REVENUES:		
Tenant revenue, net	\$ 921,655	\$ 967,456
Other income	<u>65,973</u>	<u>69,690</u>
Total operating revenues	<u>987,628</u>	<u>1,037,146</u>
OPERATING EXPENSES:		
Rent for leased dwellings	1,205,650	1,139,219
Maintenance and operations	1,019,102	924,486
General and administrative	863,438	967,123
Utilities	580,958	547,483
Depreciation	420,571	401,588
OPEB	203,728	257,391
Protective services	39,610	37,799
Tenant services	<u>35,677</u>	<u>27,678</u>
Total operating expenses	<u>4,368,734</u>	<u>4,302,767</u>
OPERATING LOSS	<u>(3,381,106)</u>	<u>(3,265,621)</u>
NON-OPERATING REVENUES (EXPENSES):		
Subsidies and grants	3,122,095	2,722,702
Investment income	25,648	15,401
Gain on real estate transactions	39,192	56,960
Change in fair value of investments	(13,320)	1,200
Interest expense	(32,756)	(35,955)
Other	<u>393</u>	<u>-</u>
Total non-operating revenues, net	<u>3,141,252</u>	<u>2,760,308</u>
LOSS BEFORE SPECIAL ITEM AND CAPITAL CONTRIBUTIONS	<u>(239,854)</u>	<u>(505,313)</u>
SPECIAL ITEM:		
Pollution remediation costs (gain) - lead based paint	<u>648,590</u>	<u>(200,881)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(888,444)</u>	<u>(304,432)</u>
CAPITAL CONTRIBUTIONS	<u>757,882</u>	<u>949,982</u>
CHANGE IN NET POSITION	<u>(130,562)</u>	<u>645,550</u>
NET POSITION, BEGINNING OF YEAR	<u>1,752,543</u>	<u>1,106,993</u>
NET POSITION, END OF YEAR	<u>\$ 1,621,981</u>	<u>\$ 1,752,543</u>

See notes to the financial statements.

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	(\$ in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenants	\$ 915,727	\$ 971,466
Other operating receipts	77,070	88,513
Cash payments to employees	(1,422,180)	(1,317,141)
Cash payments for other operating expenses	<u>(2,602,491)</u>	<u>(2,451,148)</u>
Net cash used in operating activities	<u>(3,031,874)</u>	<u>(2,708,310)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Subsidies and grants received	3,154,377	2,651,423
Other	<u>393</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>3,154,770</u>	<u>2,651,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions for capital	586,196	1,004,817
Proceeds from the sale of long term debt	366	27,380
Proceeds from real estate transactions	73,559	179,182
Development and modernization costs	(825,336)	(1,058,439)
Principal payments on long-term debt	(66,047)	(54,281)
Interest payments on long-term debt	(35,423)	(38,963)
Notes and Loans Receivable, net	<u>22,506</u>	<u>(15,990)</u>
Net cash (used in) provided by capital and related financing activities	<u>(244,179)</u>	<u>43,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(58,000)	(799,966)
Proceeds from sale and maturities of investment securities	56,117	801,622
Interest on investments	<u>25,968</u>	<u>17,463</u>
Net cash provided by investing activities	<u>24,085</u>	<u>19,119</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(97,198)</u>	<u>5,938</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:		
Cash and cash equivalents, including cash for claims payable	436,813	549,585
Restricted cash and cash equivalents	<u>752,844</u>	<u>634,134</u>
Total cash and cash equivalents, beginning of year	<u>1,189,657</u>	<u>1,183,719</u>
CASH AND CASH EQUIVALENTS, END OF YEAR:		
Cash and cash equivalents, including cash for claim payable	465,416	436,813
Restricted cash and cash equivalents	<u>627,043</u>	<u>752,844</u>
Total cash and cash equivalents, end of year	<u>\$ 1,092,459</u>	<u>\$ 1,189,657</u>

See notes to the financial statements.

(continued on the following page)

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS (continued) FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
	(in Thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
OPERATING LOSS	\$ (3,381,106)	\$ (3,265,621)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	420,571	401,588
(Increase) decrease in assets and deferred outflows:		
Tenants accounts receivable	(137,449)	(74,724)
Accounts receivable - other, net of interest	9,949	14,064
Prepaid expenses	(695)	(1,916)
Inventories, net	631	2,096
Deferred outflows on pensions	67,536	(69,235)
Deferred outflows on OPEB	198,834	(381,882)
Deferred outflows on asset retirement obligations	-	2,500
Increase (decrease) in allowance for doubtful accounts - tenants	131,892	83,772
Increase (decrease) in allowance for doubtful accounts - other, net of non-capital financing activities	(43)	(523)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	3,806	23,030
Accrued liabilities, net of interest and capital items	42,724	(8,018)
Claims payable	23,198	57,782
Accrued leave time	3,940	13,853
Unearned revenues and other current liabilities, net of prepaid subsidy and current portion of Section 8 Recap unearned revenue	985	(5,999)
Net pension liability	(640,937)	91,342
OPEB liability	(295,224)	656,158
Asset retirement obligation	(5,192)	(1,314)
Pollution remediation obligations - Lead based paint	(98,257)	(83,922)
Pollution remediation obligations - Other	22,422	11,983
Other non-current liabilities	(3,068)	(281)
Deferred inflows on OPEB	215,627	(97,215)
Deferred inflows on pensions	387,982	(75,828)
Total adjustments	<u>349,232</u>	<u>557,311</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (3,031,874)</u>	<u>\$ (2,708,310)</u>
SUPPLEMENTAL DISCLOSURES OF NON CASH ACTIVITIES:		
Investing activities:		
Unrealized (loss) gain on investments	\$ (13,320)	\$ 1,200
Capital and related financing activities:		
Amortization of deferred amount on refunding	(451)	(612)
Amortization of bond premium	2,211	2,738
Capital Contributions	-	17,922
Special Item: pollution remediation costs (gain) - lead based paint	648,590	(200,881)

NEW YORK CITY HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The New York City Housing Authority (the “Authority”), created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority develops, constructs, manages and maintains affordable housing for eligible low-income families in the five boroughs of New York City. At December 31, 2021, the Authority maintained 279 housing developments encompassing approximately 163,000 total units, housing approximately 339,000 residents. The Authority also operates a leased housing program, which provides housing assistance payments to approximately 92,600 families, housing approximately 202,000 residents.

Substantial operating losses result from the costs of essential services that the Authority provides exceeding revenues. To meet the funding requirements of these operating losses, the Authority receives subsidies from: (a) the federal government, primarily the U.S. Department of Housing and Urban Development (“HUD”), in the form of annual grants for operating assistance, debt service payments, contributions for capital and reimbursement of expenditures incurred for certain federal housing programs; (b) New York State in the form of debt service and capital payments; and (c) The City of New York in the form of subsidies and capital payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies.

The Authority maintains its accounting records by program. The following programs are operated by the Authority:

Federal Programs - The Authority receives federal financial assistance from HUD in the form of annual contributions for debt service and operating subsidies for public housing developments, as well as rent subsidies for the Section 8 Housing Choice Voucher Program (“HCVP”). In addition, assistance is received under HUD’s Public and Indian Housing Development Programs, Capital Fund Program, and other programs.

Funds received are used to provide maintenance, operating, and administrative services to federally aided low rent public housing developments. HCVP funds are used to reimburse private landlords for their participation in providing housing for low-income families at reduced rents. The funds cover the differential between the reduced rents charged to tenants and prevailing fair market rates based on rent reasonableness. Debt service fund contributions provide for the payment of principal and interest on outstanding debt as it matures. Contributions for capital provide for modernization and development costs.

New York State and The City of New York Programs - The Authority receives financial assistance from New York State (the “State”) in the form of annual contributions for debt service and capital. The Authority also receives financial assistance from The City in the form of subsidies and contributions for capital.

Other Programs - The Authority receives funding for other programs from HUD, the State, and The City for several other grant programs.

B. Reporting Entity

The Authority is a component unit of The City of New York, based upon criteria for defining the *reporting entity* as identified and described in the Governmental Accounting Standards Board’s (“GASB”) *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

The Authority’s operations include two blended component units which are included in the Authority’s basic financial statements, in compliance with GASB 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. These are legally separate entities with the same governing body as the Authority for which the Authority has operational responsibility and are controlled by the Authority. There is a financial benefit/burden relationship between the Authority and the component units since the Authority is responsible for providing operating and capital subsidies to the component units. The blended component units include:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Additional information relating to these blended component units can be found in Note 18 to the financial statements. NYCHA Public Housing Preservation I, LLC (“LLC I”) and NYCHA Public Housing Preservation II, LLC (“LLC II”) both issue stand-alone financial reports. These reports can be obtained from The New York City Housing Authority, 90 Church Street, New York, New York, 10007.

C. Basis of Accounting

The Authority’s financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the GASB, using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred.

The Authority’s primary source of nonexchange revenue relates to subsidies and grants. Subsidies and grants revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Authority applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, *Proprietary Accounting and Financial Reporting*.

Recently Adopted Accounting Standards

GASB Statement No. 98 (“GASB 98”), “The Annual Comprehensive Financial Report”. NYCHA has replaced the term comprehensive annual financial report with the term annual comprehensive financial report. The adoption of this statement has no impact to the financial statements.

Accounting Standards Issued But Not Yet Adopted

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Authority upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Calendar Year
87	<i>Leases</i>	2022
91	<i>Conduit Debt Obligations</i>	2022
92	<i>Omnibus 2020</i>	2022
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-Based Information Technology Arrangements</i>	2023
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i>	2022
99	<i>Omnibus 2022</i>	2023/2024
100	<i>Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62</i>	2024
101	<i>Compensated Absences</i>	2024

D. Use of Management’s Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

E. Cash and Cash Equivalents

Cash includes amounts on deposit with financial institutions, including bank accounts and certificates of deposit. The Authority considers investments in repurchase agreements and investments with an original maturity of less than 90 days of purchase date as cash equivalents. The Authority considers cash and cash equivalents held for the repayment of the non-current portion of Claims payable to be non-current assets.

F. Accounts Receivable and Subsidies Receivable

Accounts Receivable include amounts expected to be received within one year from tenants and various governmental agencies. Subsidies Receivables include amounts from governmental agencies not expected to be received within one year. Tenants Receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for uncollectable accounts is established to provide for tenant accounts which may not be collected in the future for any reason. The Authority recognizes both Account Receivable and Subsidies Receivables from HUD and other governmental agencies for amounts earned and billed but not received and for amounts earned but unbilled as of year-end.

G. Notes Receivable

Notes receivable are recorded based on the principal amount indicated in the underlying note agreement and include accrued interest where applicable. An allowance is established where there is uncertainty regarding the collection of the note.

H. Investments

Investments are carried at fair value. Income from investments is recognized on the accrual basis. Realized gains or losses on sales of investment securities are accounted for using the specific identification method. The Authority combines realized and unrealized gains and losses on investments on the Statement of Revenues, Expenses and Changes in Net Position. Certain investments are classified as restricted based on underlying agreements.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end which will benefit future operations.

J. Inventories

Inventories consist of materials and supplies at the central warehouses, and fuel oil. Materials and supplies are valued using the *average moving cost* method on a first in – first out basis. Fuel oil is valued using *weighted average cost*. Materials and supplies are expensed when shipped from central warehouses to the developments. The Authority maintains an allowance for obsolete inventory.

K. Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of initial development costs, property betterments and additions, and modernization program costs. With the exception of land, the Authority depreciates these assets over their estimated useful lives once placed in service, The straight-line method of depreciation is used, under normal operating conditions. The Capitalization Policy is as follows:

Capital Asset Category	Capitalization Threshold	Useful Life-Years
Buildings	\$50,000	40
Building Improvements	\$50,000	25
Leasehold Improvements	\$50,000	Up to 15
Facilities & Other Improvements	\$50,000	10
Computer Software	\$50,000	5
Telecommunication Equipment	\$50,000	5
Computer Hardware	\$5,000	5
Furniture and Equipment	\$5,000	5 to 10
Ranges and Refrigerators	All	10

L. Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits relating to expired collective bargaining agreements based on its best estimate of such future payments. These estimates are based on prior patterns and the current status of negotiations among other factors.

M. Claims Payable

The Authority recognizes a liability for general liability and workers' compensation claims based upon an estimate of all probable losses incurred, both reported and not reported. The liability for these claims is reported in the Statement of Net Position at a discounted amount.

N. Accrued Leave Time

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

O. Unearned Revenue

The Authority's unearned revenue includes the prepayment of rent by residents and the receipt of governmental program funding where certain eligibility requirements have not been met. In addition, purchase price and lease payments received on Real Estate transactions are being reflected in Unearned Revenue and are recognized over the shorter of the lease term, when the Purchase Option can be exercised or the fifteen-year low-income housing tax credit compliance period.

P. Premium Amortization

The Authority amortizes debt premium amounts over the life of the bonds using the *effective interest rate through maturity* methodology.

Q. Deferred Outflows and Inflows of Resources

The Authority reports deferred outflows of resources in the *Statement of Financial Position* in a separate section following Assets and deferred inflows of resources in a separate section following Liabilities. Gains and losses in connection with advanced refunding of debt are recorded as either a deferred outflow (loss) or as a deferred inflow (gain) of resources and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt. Pension contributions made to NYCERS subsequent to the actuarial measurement date and prior to the Authority's fiscal year-end are reported as deferred outflows of resources. The net differences between projected and actual earnings on pension plan investments, changes in assumptions for pensions and OPEB, and differences in expected and actual experience for pensions and OPEB are recorded as either a deferred outflow or as a deferred inflow. Section 8 Housing Choice Voucher Subsidies received prior to the funding period are reported as deferred inflow of resources. Deferred outflows are recognized on asset retirement obligations.

R. Use of Restricted Net Position

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

S. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for rent and services provided including developer fees. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

T. Capital Contributions

Capital Contributions are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant requirements.

U. Taxes

The Authority is a public benefit corporation chartered under the New York State Public Housing Law and as such is exempt from income taxes and certain other Federal, state and local taxes.

V. Other Postemployment Benefits

The Authority's Total OPEB Liability, deferred outflow of resources and deferred inflows of resources, and expenses associated with the Authority's requirement to contribute to the New York City Health Benefits Program is calculated based on an amount that is actuarially determined (see Note 12).

W. Net Pension Liability

The Authority's proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the Authority's requirement to contribute to the New York City Employees' Retirement System ("NYCERS") have been determined on the same basis as they are reported by NYCERS.

2. DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2021, the Authority's fiscal and non-fiscal deposits, including its component units, had a carrying amount of \$1,092,459,000 and a bank balance of \$1,092,372,000. These deposits were insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in excess of FDIC coverage were fully collateralized, with the collateral being held in segregated custodial accounts in the Authority's name. Collateral coverage is monitored and maintained daily. Collateral is comprised of U.S Treasury notes and bonds in addition to other U.S. governmental agency securities approved under the HUD guidelines.

Deposits were comprised of the following at December 31, 2021 and 2020 (\$ in thousands):

	Bank Balance	
	2021	2020
<u>Unrestricted</u>		
FDIC insured	\$ 1,339	\$ 1,247
Collateralized	<u>465,093</u>	<u>431,621</u>
Subtotal	<u>466,432</u>	<u>432,868</u>
<u>Restricted</u>		
FDIC insured	41,449	44,576
Collateralized	<u>584,491</u>	<u>698,808</u>
Subtotal	<u>625,940</u>	<u>743,384</u>
Total Deposits	<u>\$ 1,092,372</u>	<u>\$ 1,176,252</u>

2. DEPOSITS AND INVESTMENTS

Deposits (continued)

At December 31, 2021, unrestricted deposits totaling \$466,432,000 included \$66,930,000 of operating balances for both LLC I and LLC II and replacement reserves for LLC I. The remaining balances totaling \$399,502,000 are eligible for working capital and future liabilities of the Authority and its component units, including self-insurance programs. The Authority's unrestricted deposits are held at various banks in interest-bearing accounts and demand deposit accounts (DDA) without interest.

At December 31, 2021, restricted deposits totaling \$625,940,000 included funds held in depository accounts on behalf of Sandy Recovery, escrow funds for real estate transactions, escrow funds for several Energy Performance Contracts, escrow funds for vendor retention, Certificates of Deposit for tenant security, and HUD subsidies for tenant participation activity to be used by resident councils for the residents. The Certificates of Deposits for tenant security will be maturing on March 31, 2022 and will be reinvested for one year through March 31, 2023. The liability related to these deposits is included in unearned revenues and other current liabilities.

Investments

In accordance with GASB Statement No. 72 ("GASB 72), Fair Value Measurement and Application, NYCHA discloses its investments at fair value. The Authority invests only in securities that fall under GASB's Level 2 fair value grouping (there are 3 levels in total), as there are comparable and observable traded securities that can be used to accurately value the Authority's portfolio of securities. As of December 31, 2021, and 2020, all of the Authority's long-term investment holdings were in U.S. Governmental agency securities and GASB 72 requires their fair value be based on similar bonds that are being traded.

2. DEPOSITS AND INVESTMENTS

Unrestricted Investments

The Authority's investment policies comply with HUD's guidelines. These policies restrict the Authority's investments to obligations of the U.S. Treasury, U.S. Government agencies, and their instrumentalities. All investments are held in a secured custody account in the name of the Authority. All investments are publicly traded, and the fair value was based on published quoted values. Accrued interest receivable on unrestricted investments was \$408,000 and \$390,000 at December 31, 2021 and 2020.

Unrestricted investments stated at fair value, consist of the following at December 31, 2021 and 2020 (\$ in thousands):

<u>Unrestricted</u>	<u>2021</u>	<u>2020</u>
U.S. Government Agency Securities	\$ 515,084	\$ 526,521

Cash equivalents include investments in repurchase agreements. At December 31, 2021, the Authority held no repurchase agreements. Similarly, at December 31, 2020, the Authority held no repurchase agreements.

The maturities of the Authority's unrestricted investments at December 31, 2021 and 2020 are as follows (\$ in thousands):

Security Type	As of December 31, 2021				As of December 31, 2020			
	Total	<1 year	1 - 5 years	>5 years	Total	<1 year	1 - 5 years	>5 years
U.S. Govt Agency Securities	<u>\$ 515,084</u>	<u>\$ 24,970</u>	<u>\$ 336,478</u>	<u>\$ 153,636</u>	<u>\$ 526,521</u>	<u>\$ 40,611</u>	<u>\$ 369,909</u>	<u>\$ 116,001</u>

At December 31, 2021 and 2020, the Authority's weighted average term to maturity for unrestricted investments was 4.01 years and 4.41 years, respectively. The Authority determines maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for operations. While HUD's policy limits the maturities of investments held by housing authorities to three years, the Authority has received a HUD waiver to invest long-term reserves up to seven years.

The U.S. Government Agency security balance is comprised of obligations issued by the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal National Mortgage Association. At December 31, 2021 and 2020, the fair value of the Authority's long-term investments was \$515,084,000 and \$526,521,000, respectively, and these amounts are designated to fund the Authority's self-insurance programs.

2. DEPOSITS AND INVESTMENTS

Restricted Investments

At December 31, 2021 and 2020, NYCHA's total restricted investments had a fair value of \$51,312,000 and \$51,388,000, respectively. These funds were held in trust supporting loans from NYCHDC for the 2013 Capital Fund Financing Program Bonds. The restricted total was comprised of \$29,824,000 in restricted investments, \$10,477,000 in restricted cash equivalents, and \$11,011,000 in bank balances with a Trustee at December 31, 2021 and \$29,824,000 in restricted investments and \$21,564,000 in restricted cash equivalents at December 31, 2020.

The \$29,824,000 in restricted investments held at December 31, 2021, represent debt service reserves for the 2013 Capital Fund Financing Program Bonds. Accrued interest receivable on restricted investments, including the tenant certificate of deposits was \$520,000 and \$859,000 at December 31, 2021 and 2020.

Restricted investments stated at fair value, consisted of the following at December 31, 2021 and 2020 (\$ in thousands):

Restricted	2021	2020
Forward Delivery Agreement (debt service reserves)	\$ 29,824	\$ 29,824
Repurchase Agreements	10,477	21,564
Total Restricted investments, including cash equivalents	40,301	51,388
Less amount reported as restricted cash equivalents	10,477	21,564
Total Restricted investments (not including cash equivalents)	\$ 29,824	\$ 29,824

The maturities of the Authority restricted investments at December 31, 2021 and 2020 were as follows (\$ in thousands):

Security Type	As of December 31, 2021				As of December 31, 2020			
	Total	<1 year	1 - 5 years	>5 years	Total	<1 year	1 - 5 years	>5 years
Forward Delivery Agreement	\$ 29,824	\$ -	\$ -	\$ 29,824	\$ 29,824	\$ -	\$ -	\$ 29,824

At December 31, 2021 and 2020, the Authority's weighted average term to maturity for restricted investments was 11.51 years and 12.51 years, respectively. The Fiscal Agents determine maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for NYCHA's operations.

2. DEPOSITS AND INVESTMENTS

Investment Policy and Risks

Policies governing investments: The Authority has adopted the HUD investment policy outlined in HUD Notice PIH-2002-13 (HA), as its formal investment policy. In accordance with its Annual Contributions Contract (the “ACC”) with HUD, the Authority is required to comply with this HUD Notice. These guidelines require the Authority to deposit funds in accordance with the terms of a General Depository Agreement, which must be in a form approved by HUD and executed between the Authority and its depository institutions, and restricts the Authority’s investments to HUD–authorized securities, such as those issued by the U.S. Treasury, U.S. Government agencies and their instrumentalities, and requires that all investments be held in a segregated custodial account in the name of the Authority. Similarly, the bond proceeds that remain in Trust supporting loans from NYC HDC are invested in accordance with the investment policy of NYC HDC, which are very similar.

The Authority’s investment strategy involves consideration of the basic risks of fixed-income investing, including interest rate risk, market risk, credit risk, and concentration risk. In managing these risks, the primary factors considered are safety of principal, yield, liquidity, maturity, and administrative costs.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Authority’s investment portfolio. In accordance with the Authority’s investment policy, interest rate risk is mitigated by holding the securities in the Authority’s portfolio until maturity, except when a reinvestment strategy may be appropriate. As an additional manner of minimizing interest rate risk, the securities of the Authority’s fixed income portfolio have historically only had fixed coupon rates, and therefore the cash flows will not fluctuate with changes in interest rates.

Credit Risk: It is the Authority’s policy to limit its investments to HUD-authorized investments issued by the U.S. Government, by a U.S. Government agency, or by a Government-sponsored agency. The Authority’s policy is to invest primarily in Governmental agency and U.S. Treasury securities which are AA+ and Aaa rated by Standard and Poor’s (“S&P”) or Moody’s, or to place balances in fully collateralized money market deposit accounts and interest-bearing bank accounts at banks rated A or better by Moody’s or S&P. As of December 31, 2021, each of the agency securities that were in the NYCHA investment portfolio had bond ratings as follows: Moody’s Aa2 and S&P AA. Depository bank accounts maintaining federal funds are fully collateralized, in excess of FDIC insurance, with Treasury and/or Governmental agency securities.

Concentration Risk: The Authority strives to invest in only AA+ and Aaa rated Governmental Agency and/or U.S. Treasury securities. Therefore, the Authority’s policy does not place a limit on investments with any one issuer. The Authority’s cash deposits are maintained in fully collateralized money market deposit accounts and fully collateralized interest-bearing and non-interest bearing (if required) bank accounts. Consequently, the Authority does not limit deposits to any one bank. Nonetheless, the Authority strives to diversify holdings in investments, cash and cash equivalents, whenever possible, to further minimize any potential concentration risk.

2. DEPOSITS AND INVESTMENTS

Investment Policy and Risks (continued)

Custodial credit risk: The Authority maintains a perfected security interest in the collateral held on its behalf by its custodial agents. Custodial credit risk is the risk that the Authority will not be able to recover its collateral held by a third-party custodian, in the event that the custodian defaults. The Authority has no custodial credit risk due to the Authority's perfected security interest in its collateral in a segregated custodian account, which is registered in the Authority's name. The Authority's policy requires that all securities shall be maintained in a third-party custodian account and the manner of collateralization shall provide the Authority with a continuing perfected security interest in the collateral for the full term of the deposit, in accordance with applicable laws and Federal regulations. Such collateral shall, at all times, have a market value at least equal to the amount of deposits so secured. The collateral includes US Treasury notes and bonds and other US governmental agency securities approved under HUD guidelines.

3. ACCOUNTS AND SUBSIDIES RECEIVABLE

Accounts Receivable

Accounts receivable at December 31, 2021 and 2020 are comprised of the following (\$ in thousands):

	<u>2021</u>	<u>2020</u>
U.S. Department of Housing and Urban Development	\$ 117,426	\$ 192,032
Federal Emergency Management Agency	444,236	360,835
Due from The City of New York	165,707	194,970
Community Development Block Grant	50,153	76,272
Due from other government agencies	56,672	46,994
Tenants accounts receivable	323,241	185,792
Other	<u>22,714</u>	<u>34,088</u>
Total accounts receivable	1,180,149	1,090,983
Less allowance for uncollectable accounts	<u>302,403</u>	<u>170,554</u>
Accounts receivable, net	<u>\$ 877,746</u>	<u>\$ 920,429</u>

Accrued interest receivable on investments of \$928,000 and \$1,248,000 at December 31, 2021 and 2020, respectively, is included in Other.

The allowance for uncollectable accounts at December 31, 2021 and 2020 consists of the following (\$ in thousands):

	<u>2021</u>	<u>2020</u>
Tenants accounts receivable	\$ 287,716	\$ 155,825
Other	<u>14,687</u>	<u>14,729</u>
Total allowance for uncollectable accounts	<u>\$ 302,403</u>	<u>\$ 170,554</u>

The provision for bad debts related to tenant revenue is \$141,975,000 and \$97,139,000 for 2021 and 2020, respectively, reflected in tenant revenue, net on the Statements of Revenues, Expenses, and Changes in Net Position.

Subsidies Receivable

Subsidies receivable at December 31, 2021 and 2020 is comprised of the following (\$ in thousands):

	<u>2021</u>	<u>2020</u>
Community Development Block Grant	\$ 6,259	\$ 18,661
The City of New York	<u>42,000</u>	<u>42,000</u>
Total subsidies receivable	<u>\$ 48,259</u>	<u>\$ 60,661</u>

4. NOTES AND LOANS RECEIVABLE

Notes and Loans Receivable at December 31, 2021 and 2020 are comprised of the following (\$ in thousands):

	2021	2020
Ocean Bay	\$ 230,723	\$ 216,615
Williamsburg (see Note 15)	132,109	-
Betances	92,848	88,492
Manhattan Bundle (see Note 15)	51,115	50,501
Linden (see Note 15)	49,416	-
Triborough (see Note 15)	-	60,082
Twin Parks West	43,421	43,940
Bushwick	42,337	40,969
Randolph	41,321	41,171
Boulevard (see Note 15)	35,208	-
Hope Gardens	33,044	33,459
Baychester	-	25,846
Other (under \$20,000)	73,388	73,446
Total Notes and Loans Receivable	<u>824,930</u>	<u>674,521</u>
Less allowance for uncollectable accounts	<u>654,572</u>	<u>481,657</u>
Notes and Loans Receivable, net	170,358	192,864
Less Current portion	<u>-</u>	<u>30,851</u>
Notes and Loans Receivable - non-current portion	<u>\$ 170,358</u>	<u>\$ 162,013</u>

5. INVENTORIES

Inventories at December 31, 2021 and 2020 are summarized as follows (\$ in thousands):

	2021	2020
Supplies inventory	\$ 6,082	\$ 5,827
Allowance for obsolete inventory	<u>(479)</u>	<u>(502)</u>
Supplies inventory (net)	5,603	5,325
Fuel oil inventory	<u>2,806</u>	<u>3,715</u>
Total inventories, net	<u>\$ 8,409</u>	<u>\$ 9,040</u>

6. CAPITAL ASSETS, NET

A summary of the changes in capital assets, net, which is comprised of land, structures and equipment, is as follows:

Summary of Changes in Capital Assets, Net (\$ in thousands)

Description	January 1, 2021	Additions/ Transfers In	Deletions/ Transfers Out	December 31, 2021
Capital Assets not being depreciated:				
Land	\$ 687,961	\$ -	\$ -	\$ 687,961
Construction in progress	2,398,739	818,150	(477,688)	2,739,201
Total Capital Assets not being depreciated	3,086,700	818,150	(477,688)	3,427,162
Capital Assets being depreciated:				
Buildings	3,144,746	-	(5,163)	3,139,583
Building improvements	10,490,175	403,483	(41,257)	10,852,401
Facilities and other improvements	516,723	15,656	(798)	531,581
Furniture and equipment	992,986	35,460	(1,314)	1,027,132
Leasehold improvements	115,051	23,089	-	138,140
Total Capital Assets being depreciated	15,259,681	477,688	(48,532)	15,688,837
Less Accumulated Depreciation:				
Buildings	2,968,139	20,592	(5,163)	2,983,568
Building improvements	5,787,175	334,858	(33,438)	6,088,595
Facilities and other improvements	471,189	6,731	-	477,920
Furniture and equipment	822,549	54,733	(2,108)	875,174
Leasehold improvements	106,198	3,657	-	109,855
Total Accumulated Depreciation	10,155,250	420,571	(40,709)	10,535,112
Total Capital Assets being depreciated, net	5,104,431	57,117	(7,823)	5,153,725
Capital Assets, Net	\$ 8,191,131	\$ 875,267	\$ (485,511)	\$ 8,580,887

6. CAPITAL ASSETS, NET (continued)

Summary of Changes in Capital Assets, Net (\$ in thousands)

Description	January 1, 2020	Additions/ Transfers In	Deletions/ Transfers Out	December 31, 2020
Capital Assets not being depreciated:				
Land	\$ 687,958	\$ 3	\$ -	\$ 687,961
Construction in progress	2,006,661	1,097,920	(705,842)	2,398,739
Total Capital Assets not being depreciated	<u>2,694,619</u>	<u>1,097,923</u>	<u>(705,842)</u>	<u>3,086,700</u>
Capital Assets being depreciated:				
Buildings	3,144,810	1,136	(1,200)	3,144,746
Building improvements	9,893,189	636,635	(39,649)	10,490,175
Facilities and other improvements	509,803	10,842	(3,922)	516,723
Furniture and equipment	940,728	55,283	(3,025)	992,986
Leasehold improvements	113,105	1,946	-	115,051
Total Capital Assets being depreciated	<u>14,601,635</u>	<u>705,842</u>	<u>(47,796)</u>	<u>15,259,681</u>
Less Accumulated Depreciation:				
Buildings	2,946,966	21,274	(101)	2,968,139
Building improvements	5,478,199	327,478	(18,502)	5,787,175
Facilities and other improvements	462,861	8,870	(542)	471,189
Furniture and equipment	782,754	42,558	(2,763)	822,549
Leasehold improvements	104,790	1,408	-	106,198
Total Accumulated Depreciation	<u>9,775,570</u>	<u>401,588</u>	<u>(21,908)</u>	<u>10,155,250</u>
Total Capital Assets being depreciated, net	<u>4,826,065</u>	<u>304,254</u>	<u>(25,888)</u>	<u>5,104,431</u>
Capital Assets, Net	<u>\$ 7,520,684</u>	<u>\$ 1,402,177</u>	<u>\$ (731,730)</u>	<u>\$ 8,191,131</u>

7. POLLUTION REMEDIATION OBLIGATIONS

The Authority accounts for its pollution remediation obligations (“PRO”) in accordance with GASB Statement No. 49 (“GASB 49”) Accounting and Financial Reporting for Pollution Remediation Obligations. As a result, the Authority has recorded in the statements of net position a PRO liability in the amount \$3,189,191,000 and \$2,616,436,000 as of December 31, 2021 and 2020, respectively, most of which relates to lead paint abatement and remediation costs.

The Authority has separated its pollution remediation obligations into four groups: lead based paint, oil spills, asbestos, and mold.

Lead Based Paint

Lead-based paint presents a threat to the health of residents and workers. Per HUD regulations (24CFR Part 35) an annual lead visual assessment is required of all target housing built prior to 1978, unless such housing is exempt pursuant to those regulations. New York City Local Law 1 (NYC Admin. Code section 27-2056) required landlords of buildings built before 1960 (or built between 1960 and 1978 if known to have lead-based paint) to take certain actions to prevent lead poisoning in children under 6 years old, including conducting annual inspections, remediating or abating any chipped or peeling paint, and completely removing lead-based paint from certain building components upon vacancy of an apartment. Local Law 1 and current federal standard defines lead-based paint as having 1.0 milligrams (mg) of lead per square centimeter (cm) or more. Effective December 1, 2021, New York City implemented a new standard for defining the presence of lead in paint, in accordance with Local Law 66 of 2019. This new standard defines lead-based paint as having 0.5 mg of lead per square cm or more, which is stricter than both the prior New York City and the current federal standard. Under the new standard, the Authority is required to re-test substantially all apartments including approximately 33,000 apartments which were previously exempted from testing.

In 2021, additional lead-based paint related costs of \$648,589,986 were classified as a Special item on the Statements of Revenues, Expenses, and Changes in Net Position representing an increase of expected costs. The 2021 Special item includes incremental remediation and abatement costs from the inclusion of former exempted apartments and incremental testing costs as a result of new standards under Local Law 66, less reductions in apartment units from PACT transactions (Note 15) which closed in 2021, less reduction in costs due to a decrease in positive lead results compared to 2020.

In 2020, the reduction of lead-based paint related costs of \$ 200,881,270 has also been classified as a Special item resulting from improvement in positive lead test results as compared to 2019 and due to reductions in apartment units as a result of PACT transactions which closed in 2020, offset by certain estimated price increases in remediation and abatement workstreams.

NYCHA has classified the lead-based paint costs as a Special item as it meets the criteria of being infrequent, although not unusual for a housing authority, and is within management’s control to abate. The infrequent criteria have been triggered as this is the first time in close to ninety years since NYCHA’s inception, where a comprehensive plan to lead abatement has been implemented. The Authority’s PRO is measured based on the expected costs of future activities.

7. POLLUTION REMEDIATION OBLIGATIONS

Lead Based Paint (continued)

As per Paragraph 11 of GASB Statement No. 49, an obligating event is one that triggers the potential recognition of a pollution remediation liability. Such obligating event may occur when the government is compelled to take action because of imminent danger to public health, when the government commences remediation efforts or when the government is named by a regulator as a potentially responsible party. All three of these obligating events have been triggered. On January 31, 2019, NYCHA entered into an agreement with HUD, the United States Attorney's Office for the Southern District of New York ("SDNY"), and The City of New York (the "Agreement"). Among many requirements, NYCHA agreed to perform lead-based paint interim controls ("remediation"), follow lead-safe work practices mandated by HUD and the United States Environmental Protection Agency (EPA), and perform specified lead-based paint abatement activities. Per the Agreement, among other things, NYCHA is required to perform annual visual assessments, control lead-based paint hazards identified by the visual assessments (until abatement is performed), abate lead in all apartments and interior common areas that contain lead-based paint in the same building as those units within 20 years, and abate lead in exterior common areas at a timeline to be determined. NYCHA must also provide a certification every six months describing its compliance with certain EPA and HUD regulations.

NYCHA has presumed the presence of lead-based paint in target housing built prior to 1978 unless the unit is exempt due to negative lead findings of an inspection, exemption or record of prior abatement. Of the total 173,000 units in the NYCHA portfolio as of December 31, 2019, the target housing initially consisted of approximately 134,000 units and associated common areas. The total units decreased by 4,300 and 5,200 units respectively in 2020 and 2021 as a result of PACT transactions, causing a relative decrease in the target housing for testing. Separately, Local Law 66 requires that apartments previously exempted under Local Law 1, be tested, and abated if necessary. As a result, the target housing as of December 31, 2021, has increased to 158,000 units which will cause testing, remediation, and abatement costs to increase.

The Authority has entered into contracts with third parties to perform x-ray fluorescence (XRF) tests and lab analysis of paint chips to better survey the portfolio for positive lead-based paint components. Such initial contracts were arranged for using the 1.0 milligram per square centimeter standard as consistent with Local Law 1 and the current federal standard. For the years ended December 31, 2021, and December 31, 2020, the Authority considered XRF test results (at the 1.0 mg standard) of apartment units for approximately 90,000 and 66,000 units respectively and, for each year, estimated that 27% of the target units will have positive lead findings and will be subject to further remediation and abatement workstreams.

The Authority has begun the retesting process at the 0.5 mg standard as per Local Law 66. However, test results, at the 0.5 mg standard, completed are substantially less than 5% of the portfolio and therefore are not a reliable to estimate the portfolio positivity rate. As a result, the Authority has estimated its positive lead findings at 27%, using the test results generated under the 1.0mg standard, for both 2021 and 2020. Actual test results using the 0.5mg standard may be larger than the 27% positivity rate used which could increase the costs estimated.

7. POLLUTION REMEDIATION OBLIGATIONS

Lead Based Paint (continued)

Comprehensive cost estimates to abate apartment units and common space at the 0.5mg level are not reasonably estimable at this time. As a result, estimates used within the Pollution Remediation Obligation incorporate costs to abate at the 1.0 mg level.

The estimation of costs is consistent with the timelines set in the Agreement in which 50% of all units and interior common areas in the same building as those units are abated within 10 years of the effective date, 75% are abated within 15 years of the effective date, and 100% are abated within 20 years of the effective date. All above milestones are subject to Force Majeure circumstances that may arise. Total costs are subject to variations in actual results of XRF tests versus estimates, variation in costs to abate at the 0.5mg level versus the 1.0mg level, timing of when remediation and abatement can be executed, inflation and differences in contractor costs, and other microeconomic and macroeconomic factors.

The \$3,104,337,000 and \$2,554,004,000 liabilities, as of December 31, 2021 and 2020 respectively, include management's estimates to remediate and abate lead in target apartment units, interior common space of buildings, community centers and playgrounds. The estimate of the liability does not include cost components that are not reasonably estimable as per GASB Statement No. 49 (paragraph 26). Such components not deemed estimable include exterior building surfaces, fences and soil where the Authority does not have reliable information to reasonably estimate lead findings and related costs at this time.

For the years ended December 31, 2021 and December 31, 2020, the Authority made payments relating to lead-based paint remediation and abatement activities of \$98,255,668 and \$83,922,236 respectively.

As part of the Agreement entered into with HUD referenced in above paragraph, The City of New York is required to provide \$2,200,000,000 of financial support to NYCHA over a ten-year period in order to assist the Authority in meeting its obligations under the Agreement. Such commitments are supported by an Action Plan approved on May 8, 2021 by the Federal Monitor which identifies projects and related spending plans including \$771,817,611 dedicated to Lead Abatement projects. Such funding will be treated as a voluntary nonexchange transaction and revenues will be recognized on a cost reimbursement basis.

7. POLLUTION REMEDIATION OBLIGATIONS

Oil Spills

To comply with NYS Department of Environmental Conservation (“DEC”) rules and regulations, the Authority is continuing a program started in 1992 to remediate contaminated soil related to fuel storage tanks on the Authority property as required.

As of December 31, 2021, and 2020, the number of open active fuel oil spills on record with DEC was 24 and 32, respectively. The spills are categorized by the Authority as either Class A spills which are pending closure, Class B spills which require further investigation or Class C spills which have been investigated and have a remedial plan in place. The number of open active fuel oil spills is:

Description of Oil Spills	2021	2020
Pending closure	3	6
Require further investigation	7	10
Have been investigated and have a remedial plan in place	14	16
Total number of spills on record with the DEC	24	32

In connection with petroleum bulk storage remediation, the Authority’s liability was \$3,389,000 and \$3,715,000 as of December 31, 2021 and 2020, respectively, as shown below, which represents the remaining estimated cost to close the Class A spills, investigate the Class B spills, and remediate and re-investigate the Class C spills.

Liability to Remediate Oil Spills (\$ in thousands)

Description of Oil Spills	2021	2020
Pending closure	\$ 13	\$ 23
Require further investigation	342	463
Have been investigated and have a remedial plan in place	3,034	3,229
Total Liability to Remediate Oil Spills	\$ 3,389	\$ 3,715

The Authority has estimated the remaining cost of outlays and time to remediate the Class C spills based on an evaluation of each oil spill. Using that data, the liability was measured using the expected cash flow technique. The Authority has not recognized any clean-up remediation activity liabilities for Class B spills since those costs are not reasonably estimable. The Authority does not expect any recoveries related to fuel oil spills.

Asbestos Remediation

During the course of building rehabilitation and modernization, the exposure of lead-based paint or asbestos presents a threat to the health of residents and workers. Upon commencement of the rehabilitation and modernization projects these hazards are identified and remediated, and the remediation costs are expensed. As of December 31, 2021 and 2020, commitments related to the remediation of asbestos portions of active contracts were \$53,587,000 and \$36,541,000, respectively.

A portion of building rehabilitation and modernization outlays are reimbursable from HUD through its Capital Fund Program.

7. POLLUTION REMEDIATION OBLIGATIONS

Mold Remediation

Based on a 2018 settlement agreement, the Authority is required to complete mold repairs in no more than fifteen (15) days after a mold or excessive moisture condition is detected or reported. There were approximately 23,800 and 18,700 open work orders for mold as of December 31, 2021 and 2020. The estimated cost to remediate these mold conditions was \$27,878,000 and \$22,176,000, respectively.

Summary

The Authority's total pollution remediation obligations for 2021 and 2020 are summarized as follows (\$ in thousands):

Description	TOTAL	Lead Based			Mold
		Paint	Oil Spills	Asbestos	
Liability at December 31, 2019	\$ 2,889,256	\$ 2,838,807	\$ 3,690	\$ 35,105	\$ 11,654
Current year (gain) costs	(158,352)	(200,881)	1,280	17,280	23,969
Payments made during the year	<u>(114,468)</u>	<u>(83,922)</u>	<u>(1,255)</u>	<u>(15,844)</u>	<u>(13,447)</u>
Liability at December 31, 2020	2,616,436	2,554,004	3,715	36,541	22,176
Current year costs	694,908	648,590	934	24,684	20,700
Payments made during the year	<u>(122,153)</u>	<u>(98,257)</u>	<u>(1,260)</u>	<u>(7,638)</u>	<u>(14,998)</u>
Liability at December 31, 2021	<u>\$ 3,189,191</u>	<u>\$ 3,104,337</u>	<u>\$ 3,389</u>	<u>\$ 53,587</u>	<u>\$ 27,878</u>

The above liability is subject to change due to price increases or reductions, changes in technology, or changes in applicable laws or regulations.

8. ASSET RETIREMENT OBLIGATIONS

The Department of Environmental Protection ("DEP") regulations require certain activities to be followed in connection with the retirement of fuel oil tanks. As of December 31, 2021, and 2020, the Authority had 280 and 298 fuel oil tanks, respectively, that are expected to be retired within the next five years. The estimated cost to retire these tanks is \$77,682,000 and \$82,874,000 at December 31, 2021 and 2020, respectively. This expense is being recognized over the useful life of the assets. The remaining useful life of the fuel oil tanks range from 1 to 18 years.

Amounts reported as Deferred Outflows of Resources of \$7,528,000 as of December 31, 2021 will be recognized in Repair and Maintenance expense as follows (\$ in thousands):

Year	Total
2022	1,749
2023	1,576
2024	1,323
2025	899
2026	576
2027-2031	1,319
2032-2036	74
2037-2038	12
Total	\$ 7,528

9. CLAIMS PAYABLE

General Liability - The Authority maintains a self-insurance program to provide for all claims arising from injuries to persons other than employees. The Authority has insurance to cover all liabilities in excess of a self-insured retention. From January 1, 2020 through July 31, 2020, the Authority's insurance coverage was \$120,000,000 per occurrence and \$120,000,000 in the aggregate, with a self-insured retention of \$5,000,000 per occurrence. From August 1, 2020 through December 31, 2021, the Authority's insurance coverage was \$100,000,000 per occurrence and \$100,000,000 in the aggregate, with a self-insured retention of \$5,000,000 per occurrence. For the period of August 1, 2020 through December 31, 2021, the Authority also retains \$10,000,000 or 50% of the \$20,000,000 layer in excess of its \$5,000,000 self-insured retention. The self-insured retention for Employee Benefits Liability limit (a component of the General Liability program) was \$5,000,000 per occurrence for the period of January 1, 2020 through December 31, 2021. In addition, contractors performing work for the Authority are required to carry liability insurance protecting the contractor and the Authority.

The general liability program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. In addition, a liability is established based upon an estimate of all probable losses, including an estimate of losses incurred but not yet reported. At December 31, 2021 and 2020, the total undiscounted liability for such claims was \$291,106,000 and \$264,958,000, respectively.

At December 31, 2021 and 2020, the liability for these claims was reported at discounted amounts of \$285,980,000 and \$260,256,000 using a discount rate of 0.50 percent and 0.50 percent, respectively. Payments made for claims amounted to \$37,198,000 and \$32,842,000 for the years ended December 31, 2021 and 2020, respectively.

Workers' Compensation – The Authority maintains a self-insurance program for workers' compensation claims. The workers' compensation program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. At December 31, 2021 and 2020, the total undiscounted liability for such claims was \$345,344,000 and \$347,419,000, respectively.

At December 31, 2021 and 2020, these amounts were reported at discounted amounts of \$318,008,000 using a discount rate of 1.00 percent and \$320,534,000 using a discount rate of 1.00 percent, respectively. Payments made for claims amounted to \$42,566,00 and \$40,034,000 for the years ended December 31, 2021 and 2020, respectively.

9. CLAIMS PAYABLE (continued)

The Authority’s total claims payable for 2021 and 2020 are summarized as follows (\$ in thousands):

Summary of Claims Payable (\$ in thousands)

Description	TOTAL	General Liability	Workers' Comp.
Claim Reserve at December 31, 2019	\$ 523,008	\$ 229,927	\$ 293,081
Losses incurred during the year	130,658	63,171	67,487
Losses paid during the year	<u>(72,876)</u>	<u>(32,842)</u>	<u>(40,034)</u>
Claim Reserve at December 31, 2020	580,790	260,256	320,534
Losses incurred during the year	102,962	62,922	40,040
Losses paid during the year	<u>(79,764)</u>	<u>(37,198)</u>	<u>(42,566)</u>
Claim Reserve at December 31, 2021	<u>\$ 603,988</u>	<u>\$ 285,980</u>	<u>\$ 318,008</u>

The claim reserves are reported by management at the 75 percent confidence level for 2021 and 2020. The Authority classifies the estimated claims that will be paid out in the next year as a current liability and the balance as a non-current liability, as shown below as of December 31, 2021 and 2020 (\$ in thousands):

Description	Total		General Liability		Workers' Comp.	
	2021	2020	2021	2020	2021	2020
Current	\$ 95,925	\$ 90,279	\$ 52,594	\$ 47,583	\$ 43,331	\$ 42,696
Non-current	508,063	490,511	233,386	212,673	274,677	277,838
Total	<u>\$ 603,988</u>	<u>\$ 580,790</u>	<u>\$ 285,980</u>	<u>\$ 260,256</u>	<u>\$ 318,008</u>	<u>\$ 320,534</u>

10. LONG - TERM DEBT

HDC Loans

On September 10, 2013, the Authority entered into a Loan Agreement with New York City Housing Development Corporation (“HDC”) borrowing approximately \$701 million of bond proceeds issued under the Capital Fund Grant Revenue Bond Program at a true interest cost of 4.22%. The face amount of the bonds consisted of \$185,785,000 of Series 2013 A bonds (“Series A bonds”) and \$470,300,000 of Series 2013 B (“Series B bonds”). The Series B bonds had two sub-series: Series 2013 B-1 \$348,130,000 and Series 2013 B-2 \$122,170,000. The bond premiums were \$15,020,118 and \$29,695,129 on the Series A bonds and Series B bonds, respectively. The proceeds of the face amount of these bonds were loaned to the Authority by HDC. HDC Capital Fund Program Revenue Bonds, Series 2013 A, B-1 and B-2 Loan Agreement with an interest rate from 3.0% to 5.25% per annum.

10. LONG - TERM DEBT

HDC Loans (continued)

The Series 2013 A bonds proceeds were issued at a true interest cost of 3.37% and were used together with other available funds from the prior Series 2005 A bond issuance as an advance refund of the remaining balance of the pre-existing Series 2005 A bonds and to defease the existing debt. The bond proceeds of the new Series 2013 A bonds were deposited in an irrevocable trust with an escrow agent to provide for all remaining debt service payments on the Series 2005 A bonds. The 2005 A bonds were fully paid in July 2005. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$10,388,000. This difference, a deferred amount on refunding, is being amortized through the year 2025 using the effective-interest method. The Authority completed the advance refunding to reduce total debt service payments over 11 years by \$7.0 million and to obtain an economic gain of \$2.9 million.

The Series 2013 B bond proceeds were issued with a true interest cost of 4.44% to fund acquisition, construction or rehabilitation, and to make capital improvement at 34 Authority developments. Capital improvements primarily include “building envelope” work on roofs, brickwork and windows. The proceeds of these bonds that have been loaned to the Authority by HDC were placed in escrow accounts with the Trustee banks. The capital improvements for this program were completed, and on June 7, 2017, the Authority made its final draw of the loan proceeds.

Certificates of Indebtedness

The State of New York has loaned the Authority funds to finance the construction of State-aided developments from proceeds of State Housing Bonds. The Authority has acknowledged its indebtedness for such loans by issuance of Certificates of Indebtedness. Debt service payments are made from funds provided by the State of New York. State Guaranteed Certificates of Indebtedness Outstanding bear interest from 3.5% to 4.75% per annum.

Mortgage Loans

As part of the Authority’s March 16, 2010 mixed-finance transaction (see Note 16), HDC issued bonds totaling \$477,455,000. The bonds issued by HDC were comprised of seven different series as follows: \$23,590,000 2009 Series L-1, \$68,000,000 2009 Series L-2, \$150,000,000 2010 Series B (Bridge Bonds), \$140,000,000 2011 Series A (Bridge Bonds), \$25,325,000 2010 Series A-1, \$3,000,000 2010 Series A-2 (Fixed-Rate Taxable Bonds), and \$67,540,000 2012 Series A (Index Floating Rate).

The bond proceeds were used to provide financing in the form of seven series of mortgage loans to LLC I and LLC II. The loan agreements that were issued from the bond proceeds from 2009 Series L-2, 2010 Series B, 2011 Series A, 2012 Series A, 2010 Series A-1, and 2010 Series A-2 were all paid in full as of December 31, 2021. One series of loan agreements issued from the bond proceeds from the 2009 Series L-1 was still outstanding as of December 31, 2021. This loan converted from a construction loan to a permanent loan in September 2013 and loan requires monthly principal and interest payments.

10. LONG - TERM DEBT

Mortgage Loans (continued)

For LLC I, the proceeds from the mortgage issued in connection with the \$23,590,000 2009 Series L-1 Bonds, bearing interest of 6.30% per annum, were used to finance the acquisition of the developments. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

The LLC II financing structure for rehabilitation provided private activity bond proceeds from a long-term bond issue of \$25,325,000 2010 Series A-1 Bonds, bearing interest of 5.10% per annum. Similarly, acquisition funds were provided from the proceeds of the \$3,000,000 2010 Series A-2 Bonds, bearing interest of 5.10% per annum. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

2013 Equipment Lease/Purchase Agreement

In January 2013, the Authority entered into a 13-year Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp ("BAPCC") in the amount of \$18,046,000 to finance an Energy Performance Contract ("EPC") bearing interest of 1.98% per annum. This financing agreement and EPC have enabled the Authority to upgrade boilers, instantaneous water heaters, apartment temperature sensors, and upgrade computerized heating automated systems at six developments, and upgrade apartment convectors at one of these six developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in 2026. Since one development, Hope Gardens, was removed from this EPC in July 2019 due to a RAD/PACT conversion, the current EPC plan provides HUD-sponsored EPC funding for projects at five developments, which were previously earmarked to be funded with Federal Capital subsidies, thereby enabling the Authority to use its Federal Capital funds for other critical capital improvements pursuant to the Authority's Five-Year Capital Plan.

2016 Equipment Lease/Purchase Agreement for Ameresco A

In December 2016, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$51,548,000 to finance an Energy Performance Contract ("EPC") bearing interest of 3.27% per annum. This financing agreement and EPC will enable the Authority to upgrade common area and apartment lighting at sixteen developments and to replace a boiler plant and upgrade a comprehensive heating system at one development. The Equipment Lease/Purchase Agreement with BAPCC will mature in June 2036. This EPC plan provides HUD-sponsored EPC funding at these sixteen developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority's Five-Year Capital Plan.

10. LONG - TERM DEBT (continued)

2017 Equipment Lease/Purchase Agreement for Sandy-A

In December 2017, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$43,000,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.6178% per annum. This financing agreement and EPC will enable the Authority to upgrade common area and apartment lighting at eighteen developments and heating controls at seventeen developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in December 2037. This EPC plan provides HUD-sponsored EPC funding at these eighteen developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

2017 Equipment Lease/Purchase Agreement for Brooklyn Queens Demand Management (“BODM”)

In December 2017, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$60,133,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.6178% per annum. This financing agreement and EPC was approved by HUD to upgrade common area and apartment lighting, and apartment heating controls at twenty-three developments. On December 28, 2021 two developments (Fiorentino Plaza and Williamsburg) were removed from the EPC due to PACT conversions (see Note 15). The Equipment Lease/Purchase Agreement with BAPCC will mature in December 2037. This EPC plan provides HUD-sponsored EPC funding at the remaining twenty one developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

2018 Equipment Lease/Purchase Agreement for Ameresco B (EPC007)

In August 2018, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$79,462,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 4.75% per annum. This financing agreement and EPC have enabled the Authority to fund energy conservation work to upgrade common area and apartment lighting, and apartment heating controls at fifteen developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in July 2038. This EPC plan provides HUD-sponsored EPC funding at these fifteen developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

2020 Equipment Lease/Purchase Agreement for Ameresco A-2 (EPC008)

In November 2020, the Authority entered into an 18-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$23,299,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.404% per annum, which was the extension of the Ameresco A EPC entered in 2016. This financing agreement and EPC will include the installation of apartment temperature sensors at seven developments and upgrade common area and apartment lighting at one development. The Equipment Lease/Purchase Agreement with BAPCC will mature in June 2038. This EPC plan provides HUD-sponsored EPC funding at these seven developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

10. LONG - TERM DEBT (continued)

The tables that follow provide information about the change in long term debt over the past two years for the Authority and its blended component units (\$ in thousands):

Description of Long Term Debt	Jan. 1, 2021	Proceeds	Payments & Amortization	Dec. 31, 2021	Due Within One Year
Bonds:					
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest of 3.5% to 3.75% per annum maturing annually through July 2024.	\$ 4,178	-	\$ (1,461)	\$ 2,717	\$ 1,462
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	668	-	(244)	424	244
Loans Funded by:					
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	91,465	-	(16,620)	74,845	17,400
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	238,460	-	(20,240)	218,220	16,260
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	-	122,170	5,000
2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	8,215	-	(1,389)	6,826	1,451
2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	49,962	-	(1,953)	48,009	2,096
2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	62,747	-	(8,191)	54,556	1,958
2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	45,003	-	(1,437)	43,566	1,555
2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	85,751	-	(2,169)	83,582	2,410
2020 Equipment Lease/Purchase Agreement; (Amoresco A-2); with BAPCC for Energy Performance Contract (\$23,298,752.13) at an interest rate of 3.404% per annum, maturing June 28, 2038.	23,407	366	-	23,773	281
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	21,154	-	(432)	20,722	460
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	10,545	-	(10,545)	-	-
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	1,366	-	(1,366)	-	-
Long Term Debt (before Premium)	765,091	366	(66,047)	699,410	50,577
Add Premium on HDC Revenue Bond Loan Agreements	8,873	-	(2,211)	6,662	-
TOTAL LONG TERM DEBT	\$ 773,964	\$ 366	\$ (68,258)	\$ 706,072	\$ 50,577

In December 2021, prepayments totaling \$6,370,000 were made for the Fiorentino Plaza and Williamsburg developments on the 2017 BQDM Equipment Lease/Purchase Agreement.

In December 2021, prepayments totaling \$10,316,000 were made for the Boulevard and Linden developments on the HDC 2010 Series A-1 Bond Loan Agreement. As of December 28, 2021, this loan was paid in full and had a zero balance.

In December 2021, prepayments totaling \$1,336,000 were made for the Boulevard and Linden developments on the HDC 2010 Series A-2 Bond Loan Agreement. As of December 28, 2021, this loan was paid in full and had a zero balance.

10. LONG - TERM DEBT (continued)

Description of Long Term Debt	Jan. 1, 2020	Proceeds	Payments & Amortization	Dec. 31, 2020	Due Within One Year
Bonds:					
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest of 3.5% to 3.75% per annum maturing annually through July 2024.	\$ 5,640	-	\$ (1,462)	\$ 4,178	\$ 1,462
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	911	-	(243)	668	244
Loans Funded by:					
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	107,305	-	(15,840)	91,465	16,620
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	257,725	-	(19,265)	238,460	20,240
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	-	122,170	-
2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	9,542	-	(1,327)	8,215	1,388
2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	51,779	-	(1,817)	49,962	1,953
2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	64,603	-	(1,856)	62,747	2,014
2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	46,197	-	(1,194)	45,003	1,437
2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	82,647	3,973	(869)	85,751	1,039
2020 Equipment Lease/Purchase Agreement; (Amoresco A-2); with BAPCC for Energy Performance Contract (\$23,298,752.13) at an interest rate of 3.404% per annum, maturing June 28, 2038.		23,407		23,407	32
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	21,559	-	(405)	21,154	432
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	19,606	-	(9,061)	10,545	294
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,308	-	(942)	1,366	38
Long Term Debt (before Premium)	791,992	27,380	(54,281)	765,091	47,193
Add Premium on HDC Revenue Bond Loan Agreements	11,611	-	(2,738)	8,873	-
TOTAL LONG TERM DEBT	\$ 803,603	\$ 27,380	\$ (57,019)	\$ 773,964	\$ 47,193

In February 2020, prepayments for the William Plaza and Independence Towers developments were made totaling \$2,542,000 for the 2010 Series A-1 Bonds and \$615,000 for the 2010 Series A-2 Bonds.

In November 2020, prepayments for the Wise Towers and 344 East 28th Street developments were made totaling \$6,129,000 for the 2010 Series A-1 Bonds and \$285,000 for the 2010 Series A-2 Bonds.

10. LONG TERM DEBT (continued)

Pledged Revenue

CFFP Series 2013A & B Bonds - As security for the Series 2013 A, B-1, and B-2 CFFP Bonds which were issued by HDC, the Authority pledged future HUD Capital Fund Program grant revenue to service the bond debt (thereby satisfying the Authority's loans payable to HDC). With HUD's approval, the Authority pledged as sole security for the bonds, a portion of its annual appropriation from HUD. The bonds are payable with pledged revenue through 2033. The Authority has committed to appropriate capital contributions of the Capital Fund Program in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 and 2020, by the Authority was \$59,585,000 and \$59,565,000, respectively. As of December 31, 2021, total principal and interest remaining on the combined debt for Series 2013 A, B-1, and B-2 are \$415,235,000 and \$133,265,000, respectively, with annual debt service ranging from \$59,600,000 in the coming year 2022 to \$38,792,000 in the final year 2033.

2013 Equipment Lease/Purchase Agreement - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2026. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 and 2020, by the Authority was \$1,544,000 and \$1,510,000 respectively. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$6,826,000 and \$340,000, with annual debt service ranging from \$1,579,000 in the coming year 2022 to \$743,000 in the final year 2026.

2016 Equipment Lease/Purchase Agreement for Ameresco A - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2036. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 and 2020, by the Authority was \$3,571,000 and \$3,495,000 respectively. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$48,010,000 and \$13,407,000, with annual debt service payments ranging from \$3,649,000 in the coming year 2021 to \$2,439,000 in the final year 2036.

10. LONG-TERM DEBT (continued)

2017 Equipment Lease/Purchase Agreement for Sandy A - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2037. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 by the Authority was \$3,052,000. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$43,566,000 and \$15,130,000, with annual debt service payments ranging from \$3,118,000 in the coming year 2022 to \$4,271,000 in the final year 2037.

2017 Equipment Lease/Purchase Agreement for BQDM - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2037. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 by the Authority was \$10,451,000. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$54,556,000 and \$18,882,000, with annual debt service payments ranging from \$3,915,000 in the coming year 2022 to \$5,067,000 in the final year 2037.

2018 Equipment Lease/Purchase Agreement for Ameresco B (EPC007) - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2038. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2021 by the Authority was \$6,218,000. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$83,582,000 and \$40,705,000, with annual debt service payments ranging from \$6,352,000 in the coming year 2022 to \$4,420,000 in the final year 2038. Debt service payments began in December 2020 for January 1, 2021 payment. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2020, the Authority added \$1,141,000 in interest to this loan.

10. LONG-TERM DEBT (continued)

2020 Equipment Lease/Purchase Agreement for Ameresco A-2 (EPC008) - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2038. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. As of December 31, 2021, total principal and interest remaining on the Equipment Lease/Purchase Agreement were \$23,773,000 and \$10,184,000, with annual debt service payments ranging from \$723,000 in the coming year 2022 to \$3,380,000 in the final year 2038. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2020, the Authority added \$108,000 in interest to this loan and in 2021, the Authority added \$366,000 in interest to this loan.

Pledged Assets

The Authority has six Equipment Lease/Purchase Agreements supporting energy performance contracts are with Banc of America Public Capital Corp. As of December 31, 2021, the restricted bank balances that were held in escrow and pledged as collateral for five leases totaled \$78,273,000 and the related equipment serving as collateral for these EPCs totaled \$210,521,000. In addition, the Authority has four loan agreements outstanding with HDC. As of December 31, 2021, the restricted cash balances that were held in debt service reserve accounts and serving as collateral for two loans totaled \$29,824,000.

Combined Debt of the Authority

During 2021 and 2020, the Authority made principal payments on its outstanding long-term debt totaling \$66,047,000 and \$54,281,000, respectively. Interest rates on outstanding debt range from 1.98 percent to 6.30 percent.

Future principal and interest payments of all the Authority's outstanding long-term debt (excluding amortized bond premium) at December 31, 2021 are payable as follows (\$ in thousands):

	<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current portion	2022	\$ 50,577	\$ 32,264	\$ 82,841
Long-term portion:				
	2023	52,892	29,909	82,801
	2024	54,998	27,432	82,430
	2025	57,467	24,989	82,456
	2026	38,783	22,319	61,102
	2027-2031	226,436	82,126	308,562
	2032-2036	177,252	26,994	204,246
	2037-2041	38,109	3,229	41,338
	2042-2044	2,896	170	3,066
Total long-term portion		<u>648,833</u>	<u>217,167</u>	<u>866,000</u>
Total payments		<u>\$ 699,410</u>	<u>\$ 249,431</u>	<u>\$ 948,841</u>

11. ACCRUED LEAVE TIME

Accumulated unpaid leave time is accrued at estimated amounts of future benefits attributable to services already rendered. The liability for compensated absences is calculated for all active employees and is based upon the leave time policy of the Authority, of which two of the major policy factors are retirement eligibility requirements and number of unused leave days eligible for payment.

The liability is comprised of three components: (1) liability for unused leave time (days and hours), (2) liability for bonus retirement leave for employees currently eligible to retire, and (3) liability for bonus retirement leave for employees not currently eligible to retire.

The liability for those employees who are retirement eligible is classified as a current liability, while the liability of those employees not currently eligible to retire is classified as a long-term liability.

The changes in accrued leave time for the years ending December 31, 2021 and 2020 are as follows:

Summary of Accrued Leave Time (\$ in thousands)

Description of Liability	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021
Unused leave time	\$ 88,830	\$ 23,334	\$ (12,343)	\$ 99,821	\$ 17,661	\$ (15,257)	\$ 102,225
<u>Bonus:</u>							
Retirement eligible	36,270	7,495	(6,018)	37,748	3,016	(21,602)	\$ 19,162
Not retirement eligible	44,478	6,872	(6,472)	44,878	23,631	(3,790)	\$ 64,719
Total Bonus	<u>80,748</u>	<u>14,367</u>	<u>(12,490)</u>	<u>82,626</u>	<u>26,647</u>	<u>(25,392)</u>	<u>83,881</u>
Subtotal	169,578	37,701	(24,833)	182,447	44,308	(40,649)	186,106
Employer FICA	<u>12,973</u>	<u>2,884</u>	<u>(1,899)</u>	<u>13,957</u>	<u>1,910</u>	<u>(1,629)</u>	<u>14,238</u>
Leave Time Liability	<u>\$ 182,551</u>	<u>\$ 40,585</u>	<u>\$ (26,732)</u>	<u>\$ 196,404</u>	<u>\$ 46,218</u>	<u>\$ (42,278)</u>	<u>\$ 200,344</u>

The current and long-term portions of leave time liability as of December 31, 2021 and 2020 are as follows (\$ in thousands):

Description of Liability	2021	2020
Current portion	\$ 83,164	\$ 79,463
Long-term portion	<u>117,180</u>	<u>116,941</u>
Total accrued leave time	<u>\$ 200,344</u>	<u>\$ 196,404</u>

12. EMPLOYEE BENEFITS

Deferred Compensation Plan

The Authority does not have its own Deferred Compensation Plan. The Authority's employees participate in The City of New York Deferred Compensation Plan, which offers a 457 Plan, a 401(k) Plan, and a Roth 401(k) Plan, through payroll deductions. Employees may choose to make pre-tax contributions and/or Roth (after-tax) contributions in the 457 Plan. The plan allows employees to save regularly, in certain cases, with before-tax dollars while deferring federal, state and local income taxes. The pre-tax contributions will remain tax deferred until withdrawn through plan benefit payments.

Voluntary Defined Contribution program

On October 1, 2020, The City of New York began to offer a Voluntary Defined Contribution program which is a retirement plan alternative to the City's existing pension systems. All unrepresented employees hired into or appointed to a permanent full-time and/or part-time position on or after July 1, 2013 with an estimated annualized full-time salary of at least \$75,000 are eligible to join. The number of NYCHA employees joining this plan in 2020 and 2021 was immaterial.

Pension Plan

The Authority follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions (see Note 1).

Plan Description. Authority employees are members of the New York City Employees' Retirement System, a multiple employer, cost-sharing, public employee retirement system. NYCERS provides retirement, as well as death and disability benefits. The NYCERS plan combines the features of a defined benefit pension plan with those of a defined contribution pension plan but is considered a defined benefit plan for financial reporting purposes. NYCERS administers the New York City Employees Retirement System qualified pension plan.

NYCERS issues a stand-alone financial report, which is included in The City of New York Comprehensive Annual Financial Report as a pension trust fund. This financial report may be obtained from the New York City Employees' Retirement System, 335 Adams Street, Suite 2300, Brooklyn, N.Y. 11201-3724, or from the website of NYCERS at <http://nycers.org>.

All persons holding permanent civil service positions in the competitive or labor class are required to become members of the system six months after their date of appointment but may voluntarily elect to join the system prior to their mandated membership date. All other eligible employees have the option of joining the system upon appointment or anytime thereafter.

Tier 1 - All members who joined prior to July 1, 1973.

Tier 2 - All members who joined on or after July 1, 1973 and before July 27, 1976.

Tier 3 - Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.

12. EMPLOYEE BENEFITS

Pension Plan (continued)

Tier 4 - All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.

Tier 6 – Members who joined on or after April 1, 2012.

The 63/10 Retirement Plan (“Tier 6 Basic Plan”) changed the vesting period from five years of credited service to ten years of credited service.

NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements, which are non-job-related disabilities, and Accident Disability Retirements, which are job-related disabilities, to participants generally based on salary, length of service, and member Tiers. The Service Retirement benefits provided to Tier 1 participants fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service, currently 1.2% to 1.7%, of final salary. The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage, currently 0.7% to 1.53%, of final salary.

Funding Policy. Benefit and contribution provisions, which are contingent upon the time at which the employee last entered qualifying service, salary, and length of credited service, are established by State law and may be amended only by the State Legislature. The plan has contributory and non-contributory requirements, with retirement age of 55 or older depending upon when an employee last entered qualifying service, except for employees in physically taxing titles and those who can retire at age 50 with proper service.

Employees entering qualifying service on or before June 30, 1976 are enrolled in a non-contributory plan. Employees entering qualifying service after June 30, 1976, but before June 29, 1995, are enrolled in a plan which required a 3 percent contribution of their salary. This 3 percent required contribution was eliminated for employees who reached 10 years of service, effective October 1, 2000. Employees entering qualifying service after June 28, 1995 are enrolled in a plan which requires a 4.85 percent contribution of their salary, or a 6.83 percent contribution for physically taxing positions.

Under the Tier 6 Basic Plan, employees who joined NYCERS between April 1, 2012 and March 31, 2013 are required to contribute 3 percent of gross wages. On April 1, 2013 a new contribution structure took effect which ranges from 3 percent to 6 percent dependent upon annual wages earned during the “plan year”. The Authority’s contributions for the years ended December 31, 2021 and 2020 were \$165,405,000 and \$164,262,000 respectively. The Authority’s contractually required contributions for the years ended December 31, 2021 and 2020 as a percentage of covered payroll were 17.57% and 17.76%, respectively.

12. EMPLOYEE BENEFITS

Pension Plan (continued)

Net Pension Liability. As of December 31, 2021, and 2020, the Authority reported a liability of \$272,514,000 and \$913,451,000, respectively, for its proportionate share of NYCERS's net pension liability, as calculated by the New York City Office of the Actuary. The net pension liability was measured as of June 30, 2021 and June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2020 and June 30, 2019, respectively. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 and 2020 the Authority's proportion of net pension liability was 4.249% and 4.333%, respectively. For the years ended December 31, 2021 and 2020, the Authority recognized pension expense of (\$20,013,000) and \$110,541,000, respectively. At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (\$ in thousands):

Deferred Outflows of Resources - 2021		Deferred Inflows of Resources - 2021	
Change of assumptions	\$ 252	Change in assumptions	\$ 33,807
Difference between expected and actual experience	69,951	Difference between expected and actual experience	31,524
Net difference between projected and actual earnings on pension plan investments	-	Net difference between projected and actual earnings on pension plan investments	399,911
Total contributions subsequent to the measurement date	<u>81,720</u>	Changes in proportion and differences between contributions subsequent to the measurement date	<u>81,772</u>
Total	<u>\$ 151,923</u>	Total	<u>\$ 547,014</u>

Deferred Outflows of Resources - 2020		Deferred Inflows of Resources - 2020	
Change of assumptions	\$ 385	Change in assumptions	\$ 27,056
Difference between expected and actual experience	92,007	Difference between expected and actual experience	41,203
Net difference between projected and actual earnings on pension plan investments	43,382	Net difference between projected and actual earnings on pension plan investments	-
Total contributions subsequent to the measurement date	<u>83,685</u>	Changes in proportion and differences between contributions subsequent to the measurement date	<u>90,773</u>
Total	<u>\$ 219,459</u>	Total	<u>\$ 159,032</u>

12. EMPLOYEE BENEFITS

Pension Plan (continued)

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of \$81,720,000 will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (\$ in thousands):

Year	Total
2022	(128,489)
2023	(119,371)
2024	(105,114)
2025	(117,329)
2026	(6,247)
2027	(261)
Total	\$ (476,811)

Actuarial Methods and Assumptions. The total pension liability in the June 30, 2020 and June 30, 2019 actuarial valuations used, respectively, by the Authority in 2021 and in 2020 were both determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	3.0% per annum general, merit and promotion increases plus assumed general wage increases
Cost of Living Adjustments	1.5% per annum for certain tiers

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (“NYCRS”) are conducted every two years.

12. EMPLOYEE BENEFITS

Pension Plan (continued)

In June 2019, Bolton, Inc. issued their actuarial experience study report for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report, the Actuary proposed and the Boards of Trustees of the NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2018 beginning in Fiscal Year 2019.

Expected Rate of Return on Investments. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Public Markets:		
U.S. Public Market Equities	27.0%	7.1%
Developed Public Market Equities	12.0%	7.2%
Emerging Public Market Equities	5.0%	9.0%
Fixed Income	30.5%	1.8%
Private Markets (Alternative Investments):		
Private Equity	8.0%	11.3%
Private Real Estate	7.5%	6.9%
Infrastructure	4.0%	6.0%
Opportunistic Fixed Income	6.0%	7.1%
Total	100.0%	

The City has determined its long-term expected rate of return on investments to be 7.00%. This is based upon an expected real rate of return of 7.1% and a long-term Consumer Price Inflation assumption of 2.5% per year, which is reduced by investment related expenses.

Discount Rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected payments to determine the total pension liability.

12. EMPLOYEE BENEFITS

Pension Plan (continued)

The following presents the Authority’s proportionate share of the net pension liability as of December 31, 2021 and 2020, calculated using the discount rate of 7%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) than the current rate (\$ in thousands):

NYCHA's proportionate share of the net pension liability	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
2021	\$ 715,046	\$ 272,514	\$ (102,946)
2020	\$ 1,365,591	\$ 913,451	\$ 531,846

The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; investments are reported at fair value.

Other Postemployment Benefits

The Authority follows the provisions of GASB Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented in 2017 (see Note 2). GASB 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employee Plans*.

Plan Description. The Authority is a component unit of The City and a member of the New York City Health Benefits Program. The New York City Health Benefits Program (the “Plan”), administered by The City of New York, is a single-employer defined benefit healthcare plan which provides OPEB to eligible retirees and beneficiaries. Retirees are eligible to participate if they have at least 10 years of credited service as a member of the NYCERS (5 years of credited service if employed on or before December 31, 2001) and receives a pension check from NYCERS. OPEB includes health insurance, Medicare Part B reimbursements, and welfare fund contributions.

Funding Policy. The Administrative Code of The City of New York (“ACNY”) defines OPEB to include Health Insurance and Medicare Part B reimbursements; Welfare Benefits stem from the Authority’s many collective bargaining agreements. The Authority is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the calendar years ended December 31, 2021 and 2020, the Authority paid \$86.7 million and \$80.3 million, respectively, to the Plan. Based on current practice, (the Substantive Plan which is derived from ACNY), the Authority pays the full cost of basic coverage for non-Medicare-eligible/Medicare-eligible retiree participants. The costs of these benchmark plans are reflected in the annual June 30th actuarial

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

valuations by using age-adjusted premium amounts. Plan retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plans. The Authority also reimburses covered employees 100% of the Medicare Part B premium rate applicable to a given year. The Authority pays per capita contributions to the welfare funds the amounts of which are based on negotiated contract provisions. There is no retiree contribution to the welfare funds.

Census Data. The following table presents the NYCHA census data used in the June 30, 2020 and June 30, 2019 OPEB valuations which were used to measure the Total OPEB Liability at December 31, 2021 and December 31, 2020, respectively.

Status	Number of Participants	
	June 30, 2020	June 30, 2019
Active	8,896	8,851
Inactives	-	1,303
Deferred Vested	1,501	1,559
Retired	9,270	9,239
Total	19,667	20,952

The number of participants, as of June 30, 2020, by status were based on a previous study which assumed 40% of employees in inactive status would return to active service. Based on a more recent study, inactive participants, as of June 30, 2021, were reallocated to Active or Deferred Vested status respectively if there was a high probability of returning to active service, or if the participants met the vesting requirements. Those participants not meeting such requirements were excluded from the valuation. This change produced a gain of \$132,935,401 of which \$25,224,934 was recognized in 2021 as a reduction of Pension Expense and the balance reduced the OPEB liability at December 31, 2021.

Total OPEB Liability. The Entry Age Actuarial Cost Method used in the current OPEB actuarial valuation is unchanged from the prior actuarial valuation.

Under this method, the Actuarial Present Value (“APV”) of Benefits (“APVB”) of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Total OPEB Liability.

Increases (decreases) in liabilities due to benefit changes, actuarial assumption changes and /or actuarial method changes are also explicitly identified and amortized in the annual expense.

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Changes in Total OPEB Liability. Changes in the Authority's Total OPEB Liability for the years ended December 31, 2021 and December 31, 2020 are as follows (\$ in thousands)

Description	Total OPEB Liability	
	2021	2020
Total OPEB Liability at the Beginning of the Year	\$ 3,472,534	\$ 2,816,376
Changes for the Year:		
Service Cost	142,952	101,429
Interest	68,783	93,563
Differences between Expected and Actual Experience	(74,417)	(20,992)
Change in Assumptions	(328,822)	578,488
Contributions - Employer	(86,720)	(80,330)
Implicit Rate Subsidy	(17,000)	(16,000)
Net Changes	(295,224)	656,158
Total OPEB Liability at the End of the Year	\$ 3,177,310	\$ 3,472,534

Sensitivity Analysis. The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the discount rates of 2.25% and 1.93% used to measure the Total OPEB Liability at December 31, 2021 and December 31, 2020, respectively (\$ in thousands):

1% decrease (1.25%)	Discount rate (2.25%) 2021	1% increase (3.25%)
\$ 3,613,854	\$ 3,177,310	\$ 2,812,381
1% decrease (0.93%)	Discount rate (1.93%) 2020	1% increase (2.93%)
\$ 4,032,522	\$ 3,472,534	\$ 3,022,953

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

The following presents the total OPEB Liability of the Authority, as well as what the Authority's total OPEB Liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (\$ in thousands):

1% decrease	Current healthcare cost trend rates	1% increase
2021	2021	2021
\$ 2,684,565	\$ 3,177,310	\$ 3,811,613
2020	2020	2020
\$ 2,886,231	\$ 3,472,534	\$ 4,247,094

OPEB Expense. The OPEB expense recognized by the Authority for the years ended December 31, 2021 and 2020 are \$203,728,000 and \$257,391,000, respectively. This OPEB decrease was primarily due to the recognition of change in discount rate assumption from 1.93% in 2020 to 2.25% in 2021. The total gain related to this change was \$328,822,000 which will be amortized to OPEB expense over a 5.3 year period. The expense amount recognized as a gain in 2021 is \$62,395,000.

Deferred Outflows of Resources and Deferred Inflows of Resources. Deferred outflows of resources and deferred inflows of resources by source reported by the Authority at December 31, 2021 and December 31, 2020, respectively, are as follows (\$ in thousands):

Deferred Outflows of Resources - 2021		Deferred Inflows of Resources - 2021	
Difference between expected and actual experience	\$ 212,224	Difference between expected and actual experience	\$ 82,675
Changes in assumptions	<u>369,105</u>	Changes in assumptions	<u>422,163</u>
Total	<u>\$ 581,329</u>	Total	<u>\$ 504,838</u>
Deferred Outflows of Resources - 2020		Deferred Inflows of Resources - 2020	
Difference between expected and actual experience	\$ 294,038	Difference between expected and actual experience	\$ 38,063
Changes in assumptions	<u>483,897</u>	Changes in assumptions	<u>251,148</u>
Total	<u>\$ 777,935</u>	Total	<u>\$ 289,211</u>

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Amounts reported as Deferred Outflows of Resources of \$581,329,000 and Deferred Inflows of Resources of \$504,838,000 related to OPEB as of December 31, 2021 will be recognized in OPEB Expense as follows (\$ in thousands):

Year	Total
2022	\$ 35,195
2023	47,591
2024	51,504
2025	(37,139)
2026	(20,660)
Total	\$ 76,491

Funding Status and Funding Progress. As of December 31, 2021, the most recent roll-forward actuarial valuation date, the Plan was not funded. The total discounted OPEB liability for benefits was \$3,177,310,000, all of which is unfunded. There were no assets accumulated in a trust. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB incorporated the use of demographic and salary increase assumptions among others as reflected below. Amounts determined regarding the funded status and the annual expense of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in the net OPEB liability and related ratios shown in the RSI section immediately following the notes to financial statements presents GASB Statement No. 75 results of OPEB valuations for Fiscal Years 2021 and 2020.

Actuarial Methods and Assumptions. The actuarial assumptions used in the 2021 and the 2020 OPEB valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB valuations.

These assumptions are generally unchanged from the previous valuation except as noted below.

The OPEB-specific actuarial assumptions primarily used in the Fiscal Year 2021 and Fiscal Year 2020 OPEB actuarial valuations of the Plan are as follows:

<i>Valuation Date</i>	June 30, 2020 and June 30, 2019
<i>Measurement Date</i>	December 31, 2021 and December 31, 2020
<i>Discount Rate</i>	2.25% ⁽¹⁾ per annum for the December 31, 2021 measurement date 1.93% ⁽¹⁾ per annum for the December 31, 2020 measurement date
<i>Actuarial Cost Method</i>	Entry Age Normal cost method, level percent of pay calculated on an individual basis.

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Per-Capita Claims Costs EBCBS and GHI plans are insured via a Minimum Premium arrangement while the HIP and many of the other HMOs are community rated. Costs reflect age-adjusted premiums for all plans.

⁽¹⁾ As required under GASB 75 this is a weighted blend of the 4.00% return on assets for OPEB plans investments and the S&P Municipal Bond 20 Year High Grade Index yield as of June 30, 2021 of 2.18%. For 2020 the discount rates are based on the S&P Municipal Bond 20 Year High Grade Index.

Initial monthly premium rates used in the valuation are as follows:

Plan	Monthly Rates FY 2021	Monthly Rates FY 2020
HIP HMO		
Non-Medicare		
Single	\$ 776.01	\$ 753.40
Family	1,901.23	1,845.83
Medicare	181.58	174.52
GHI/EBCBS:		
Non-Medicare		
Single	\$ 775.66	\$ 710.74
Family	2,035.61	1,866.41
Medicare	194.14	188.20
Others:		
Non-Medicare Single	\$ 1,160.34 (A)	\$ 1,102.40 (A)
Non-Medicare Family	2,701.42 (A)	2,521.20 (A)
Medicare Single	291.83 (A)	307.58 (A)
Medicare Family	576.92 (A)	607.20 (A)

(A) Other HMO premiums represent the total premium for medical (not prescription drug) coverage including retiree contributions.

Additionally, the individual monthly rates at age 65 used in the valuations are shown below:

Plan	Monthly Rates @ Age 65 FY 2021	Monthly Rates @ Age 65 FY 2020
HIP HMO		
Non-Medicare	\$ 1,748.12	\$ 1,697.18
Medicare	181.58	174.52
GHI/EBCBS		
Non-Medicare	\$ 1,784.57	\$ 1,631.78
Medicare	191.63	185.90
Other HMOs	Varies by system	Varies by system

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Welfare Funds

The Welfare Fund Contribution reported as of the valuation date, June 30, 2020 and June 30, 2019, respectively, (including any reported retroactive amounts) was used as the per capita cost for valuation purposes.

The calculations reflect an additional one-time \$100 contribution for Fiscal Year 2020 in July 2019.

Reported annual contribution amounts for the last two years are shown in the Fiscal Year 2021 GASB 74/75 report in Section VII, Tables VII-b to VII-f. Welfare Fund Rates are based on actual reported Union Welfare Fund code for current retirees. Weighted average annual contribution rates used for future retirees, based on Welfare Fund enrollment of recent retirees, are shown in the following table.

	Annual Rate	
	2021	2020
NYCERS	\$ 1,894	\$ 1,897
BERS	1,932	1,934

Medicare Part B Premiums

Calendar Year	Monthly Premium
2013-15	\$ 104.90
2016	109.97
2017	113.63
2018	125.85
2019	134.43
2020	143.21
2021	146.97

* Reflected only in the FY 2021 valuation

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2021. Due to limited cost-of living adjustment in Social Security benefits for Calendar Years 2020 and 2021, some Medicare Part B participants will not be charged the Medicare Part B premium originally projected or ultimately announced for those years. Thus, the valuation uses a blended estimate as a better representation of future Part B premium costs.

12. EMPLOYEE BENEFITS

Other Postemployment Benefits

Medicare Part B Premiums(continued)

For the 2021 OPEB actuarial valuation the annual premium used was \$1,741.11 which is equal to 12 times an average of the Calendar Year 2020 and 2021 monthly premiums shown.

For Calendar Year 2021, the monthly premium of \$146.97 was determined as follows:

- 3.5% of the basic \$104.90 monthly hold-harmless amount, assuming that there would be no claims made for the slight increase in Part B premiums for continuing retirees, and
- 96.5% of the announced premium of \$148.50 for Calendar Year 2021, representing the proportion of the Medicare population that will pay the announced amount.

For the 2020 OPEB actuarial valuation the annual premium used was \$1,665.84, which is equal to 12 times an average of the Calendar Year 2019 and 2020 monthly premiums shown.

For the Calendar Year 2020, the monthly premium of \$143.21 was determined as follows:

- 3.5% of the basic \$104.90 monthly hold-harmless amount, assuming that there would be no claims made for the slight increase in Part B premiums for continuing retirees, and
- 96.5% of the announced premium of \$144.60 for Calendar Year 2020, representing the approximate percentage of the Medicare population that will pay the announced amount.

Medicare Part B Reimbursement Assumption

90% of Medicare participants are assumed to claim reimbursement; based on historical data (unchanged from last year).

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Health Care Cost
Trend Rate (HCCTR)

No changes were made to the Medicare Part B premium, Welfare Fund contributions, or medical trends for the Fiscal Year 2021 valuation.

HCCTR ASSUMPTIONS - 2021				
Fiscal Year	Pre-Medicare	Medicare	Medicare Part B	Welfare Fund
Ending	Plans	Plans	Premium	Contributions
2021	6.75%	4.90%	3.83% (1)	3.50%
2022	6.50%	4.90%	5.00%	3.50%
2023	6.25%	4.80%	5.00%	3.50%
2024	6.00%	4.80%	5.00%	3.50%
2025	5.75%	4.70%	5.00%	3.50%
2026	5.50%	4.70%	5.00%	3.50%
2027	5.25%	4.60%	5.00%	3.50%
2028	5.00%	4.60%	5.00%	3.50%
2029	4.75%	4.50%	5.00%	3.50%
2030 and Later	4.50%	4.50%	5.00%	3.50%

(1) Medicare Part B Premium reflects actual calendar year premium for the first 6 months of FY22 (July 2021 to December 2021) and 5% trend for the remaining 6 months.

Health Care Cost
Trend Rate (HCCTR)

The pre-Medicare and Medicare plan trends were developed for FY2021 using health trend information from various sources, including City premium trend experience for HIP HMO and GHI/EBCBS, public sector benchmark survey for other large plan sponsors, the Medicare Trustees' Report, and the Society of Actuaries Getzen model.

In recent years Medicare Part B premium increases have averaged between 5% and 6%, ignoring the impact of the hold harmless provision. These increases can be attributable to factors such as the increasing prices of health care services, high cost of new technologies, and increasing utilization. While the Medicare trustees project the Part B premium to increase 6% for 2022, beyond that point they expect the increases to average 5.8% out to 2029. These increases do not account for the hold harmless provision which may mitigate them somewhat.

Historical negotiated increase rates for the larger Welfare Funds have averaged around 2% and 3% in recent years, which is lower than the anticipated trend on the underlying costs of benefits provided by these funds. However, the Authority periodically makes one-time lump sum

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Health Care Cost Trend Rate (HCCTR)

contributions to the Welfare Funds. For these reasons the Welfare Fund contribution trend was assumed to be 3.5%.

Participation Rates

Based on recent experience.

Actual elections are used for current retirees. Some current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on patterns of elections of Medicare-eligible retirees.

For current retirees who appear to be eligible for health coverage but have not made an election (non-filers), the valuation reflects single GHI/EBCBS coverage and Part B premium benefits only, to approximate the obligation if these individuals were to file for coverage. For future retirees, the portion assumed not to file for future benefits, and therefore valued similarly, are as follows:

	<u>2021</u>	<u>2020</u>
NYCERS (NYCHA)	13%	13%
BERS	12%	12%

This non-filer group also includes some participants who do not qualify for coverage because they were working less than 20 hours a week at termination.

Participation Rates

Detailed assumptions for future Program retirees are presented below:

<u>Plan Participation Assumptions - 2021 and 2020</u>		
<u>Benefits:</u>	<u>NYCERS-NYCHA</u>	<u>BERS</u>
<u>Pre-Medicare</u>		
GHI/EBCBS	65%	70%
HIP HMO	26%	16%
Other HMO	4%	2%
Waiver	5%	12%
<u>Medicare</u>		
GHI	72%	78%
HIP HMO	20%	16%
Other HMO	4%	2%
Waiver	4%	4%
<u>Post-Medicare Migration</u>		
Other HMO to GHI	0%	0%
HIP HMO to GHI	23%	0%
Pre-Med. Waiver		
** to GHI @ 65	10%	67%
** to HIP @ 65	10%	0%

12. EMPLOYEE BENEFITS

Other Postemployment Benefits (continued)

Demographic Assumptions The actuarial assumptions used in the 2021 and the 2020 OPEB valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB valuations.

Cadillac Tax The high cost plan excise tax (“Cadillac Tax”) was repealed effective December 20, 2019. This repeal has been reflected in the December 31, 2020 liability.

AOP (Actives Off Payroll) Liabilities 40% of the measured liability of the AOP population as of June 30, 2019 which is roughly equivalent to assuming 60% of the AOP members will terminate membership prior to vesting and not receive OPEB. Active members off payroll is no longer treated as a separate status as of June 30, 2020. Those on a known short-term leave of absence are treated as active, and the remaining members are included as inactive members entitled to but not yet receiving benefits if they have met the OPEB vesting requirement. Otherwise, they are not included in the evaluation.

Medicare Advantage Plan Announcement

In July 2021, The City of New York (“The City”) announced a change in Medicare Advantage plans, designed during negotiations between The City and the Municipal Labor Committee. These change in plans were initially expected to take effect on January 1, 2022 with an opt-out period prior to that date. In October 2021, a judge placed a temporary injunction to delay the implementation which would make the January 1, 2022 timeline impossible to meet. Subsequently, in December 2021 the judge made a ruling that the City could implement the new plan on April 1, 2022. However, in March 2022, a judge has since ruled that the City must continue to offer the current Medicare plan at no cost. Whether this ruling may be successfully appealed is unknown. In March 2022, after the court ruling, the City notified employees that the NYC Medicare Advantage Plus Plan is not being implemented on April 1, 2022 and that all retirees will remain in their current plans until further notice.

Per GASB 75 Implementation Guidance, the projection of benefit payments should include all types and levels of postemployment benefits provided under the substantive plan. The substantive plan includes the benefits as they are understood by the employer and employees. As the court ruled that key provisions of the proposed plan are unlawful to implement, the plan changes announced in July 2021 are not considered to be a substantive plan as of December 31, 2021. As a result, no adjustment to the OPEB liability is reflected within the December 31, 2021 financial statements relating to the proposed plan changes.

13. OPERATING REVENUES

Operating revenues include tenant revenue, net and other income and are comprised of the following for the years ended December 31, 2021 and 2020 are (\$ in thousands):

DESCRIPTION	2021	2020
Tenant revenue, net:		
Rental revenue, net	\$ 897,105	\$ 942,680
Other	<u>24,550</u>	<u>24,776</u>
Total tenant revenue, net	<u>921,655</u>	<u>967,456</u>
Other income:		
Developer fees	13,781	27,274
Insurance and benefits reimbursements	19,296	19,953
Commercial and community center revenue	11,836	11,576
Sub-let income	1,621	1,605
Energy rebates	3,478	1,001
Bad debt recovery	6,338	1,896
Section 8 income	596	679
Other	<u>9,027</u>	<u>5,706</u>
Total other income	<u>65,973</u>	<u>69,690</u>
Total operating revenues	<u>\$ 987,628</u>	<u>\$ 1,037,146</u>

14. SUBSIDIES AND GRANTS

Subsidies include operating subsidies to fund all the Authority's programs, as well as to fund interest on outstanding debt. Subsidies to fund operations are received periodically and recorded when due. Grants are awarded by the federal, state or city governments to provide funding for administration and program operations. Subsidies and grants for the years ended December 31, 2021 and 2020 are as follows (\$ in thousands):

DESCRIPTION	2021	2020
Section 8 Housing Assistance Programs	\$ 1,389,855	\$ 1,262,115
Public Housing Subsidy	1,098,272	973,705
Public Housing CARES Act funding	29,776	120,084
Section 8 CARES Act funding	27,193	10,037
City of New York Subsidies	254,120	152,702
Federal Capital Funds used for operating purposes	280,676	189,176
FEMA	36,050	14,128
Other	6,153	755
Total subsidies and grants	<u>\$ 3,122,095</u>	<u>\$ 2,722,702</u>

The Authority participates in a number of programs, funding for which is provided by Federal, State and City agencies. These grant programs are subject to financial and compliance audits by the grantors or their representatives.

15. REAL ESTATE TRANSACTIONS

The Authority has been actively forming public-private partnerships to reinvest in and rehabilitate NYCHA’s developments. Among the largest programs is the Permanent Affordability Commitment Together (PACT) initiative, which centers on the conversion of apartments from public housing funding to Section 8 project- based vouchers. Such conversion will allow NYCHA and its development partners to finance necessary building repairs and operational improvements while preserving long term affordability, maintaining strong resident rights and stabilizing developments by placing them on a more solid financial footing. Significant transactions are disclosed below.

Brooklyn PACT 8

In December 2021, NYCHA concluded the financial closing for the Brooklyn Bundle PACT transaction, round 8 (“PACT 8). This transaction consists of three separate groupings with three separate set of agreements structured as 99-year leases. The developments groupings are as follows:

- Group 1: Boulevard Houses, Belmont-Sutter and Fiorentino Plaza
- Group 2: Pennsylvania Ave-Wortman Ave and Linden
- Group 3: Williamsburg

Actual payments received on the transactions included, but was not limited to the following:

	<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Total</u>
Initial lease payment Incl. debt repayment	\$16,204,264	\$11,825,371	\$5,077,864	\$33,107,499
Developer fees paid at closing	7,882,108	-	-	7,882,108

Developer fees for Group 1 will be amortized over a two-year period through the estimated Conversion date in 2023. For Group 2, the deferred Developer Fee totaling \$21,074,743 will be earned at certain benchmarks which are projected to be met starting 2025 through the final certificate of occupancy. For Group 3, NYCHA’s expected share of the deferred Developer Fee is \$29,150,000 and is expected to be received and earned in 2025 and 2026.

The following Notes were issued to the Authority:

Group 1 - A Purchase Money Note in the amount of \$35,191,039 with a forty-year maturity. The Note bears interest compounded at 5.9% per annum. The Note is payable from Developer “Cash Flow” as defined.

Group 2 - A Purchase Money Note in the amount of \$49,397,813 with a maturity term of 40 years. The interest on the note is compounded at 4.5% per annum. The Note is payable from Developer “Cash Flow” as defined.

15. REAL ESTATE TRANSACTIONS (continued)

Brooklyn PACT 8 continued

Group 3 - A Purchase Money Note was issued in the amount of \$132,059,305 with a maturity term of 44 years. The interest (simple) on the note is at 4.5% per annum. The Note is payable from Developer “Cash Flow” as defined and Developer’s ability to pay in full is questionable.

Due to the significant uncertainty of collection, 100% allowance for doubtful accounts was recorded in relation to these Notes.

Initial lease payments, other cash received at closing in the form of debt repayments and any future cash received against the notes will be recognized using the operating lease method over a 40-year period based on the Authority’s Purchase Option on each transaction.

Total unearned revenue for the PACT 8 transactions was \$33,107,499 as of December 31, 2021.

Total unearned revenue for developer fees relating to the PACT 8 transactions was \$7,882,000 as of December 31, 2021.

Brooklyn Bundle

On February 12, 2020, the Authority entered into two related real estate transactions (“Brooklyn” and “Williamsburg”) termed the Brooklyn Bundle (“PACT”) structured as 99-year leases. Actual payments received on the transactions included, but was not limited to the following:

	<u>Brooklyn</u>	<u>Williamsburg</u>	<u>Total</u>
Initial rent payment incl. debt repayment	\$ 10,795,471	\$ 53,780,987	\$64,576,458
Initial land lease payment	24,701	63,518	88,219
Developer fees	8,295,511	11,451,639	19,747,150

Expected consideration in future years includes capitalized lease payments payable from 50% of net cash flow due annually over the respective lease terms beginning May 2021 in addition to annual land lease payments calculated in accordance with the respective lease agreements beginning January 2021.

As per the Authority’s policy, developer fees will be amortized over the projected rehabilitation periods of the properties which is through December 2021 and February 2022 for Brooklyn and Williamsburg respectively. Initial rent/lease payments and other cash received will be recognized using the operating lease method over 40 years based on the Purchase Option period.

15. REAL ESTATE TRANSACTIONS (continued)

Brooklyn Bundle Continued

Capitalized lease payments for future years will be accrued beginning in 2021 based on estimated cash flows. An allowance for uncollectable accounts will be established if collectability appears uncertain at time of accrual.

Total unearned revenue for developer fees relating to Brooklyn bundle was \$953,922 and \$11,204,942 as of December 31, 2021 and 2020, respectively.

Unearned revenue related to initial rent and lease payments was \$60,903,939 and \$62,464,519 as of December 31, 2021 and 2020, respectively.

Manhattan Bundle

On November 30, 2020, the Authority entered into a real estate transaction termed the Manhattan PACT structured as a 99-year lease. Actual and expected consideration for the Lease includes, but are not limited to, the following:

- 1) Initial rent payment of \$58,824,377 paid at closing.
- 2) Purchase Money Note (“Note”) with principal amount of \$20,450,000, bearing 3.00% interest per annum and maturing on the later of: (a) the fortieth anniversary of the closing date and (b) six months after the maturity of other notes on the transaction. The Note is payable by the developer from available cash flow on the transaction and is secured by a subordinated leasehold mortgage.

Initial lease payments and other cash received will be recognized using the operating lease method over a 30-year period based on the Authority’s Right of First Refusal.

The unearned portion of the Note will be recognized over a 40-year period based upon the maturity date of the Note. No allowance for uncollectable accounts was established in relation to the Note, since the estimated total current collateral of the underlying property significantly exceeds all the Project’s indebtedness.

Total unearned revenue for the Manhattan Bundle was \$75,041,490 and \$77,452,987 as of December 31, 2021 and 2020, respectively.

In addition, New York City Housing Development Corp (“HDC”) has extended 40 separate loans to third parties to support the development efforts on this transaction, with an initial aggregate principal value of \$70,000,000. The loans are secured by a senior mortgage on the properties. NYCHA has entered into a participation agreement with HDC to purchase a \$30,000,000 interest in the SUN loans. The SUN Loans have a 40-year term with amortizing payments. NYCHA will earn interest at 3.98% per annum, less a 0.20% servicing fee.

Currently, the repayment of the Authority’s participation amount is deemed collectible, and the value of the collateral far exceeds the \$70,000,000 face value of the Sun Loan. Therefore, no allowance for uncollectable accounts was established.

15. REAL ESTATE TRANSACTIONS (continued)

Triborough/Section 8 transaction

On December 23, 2014, the Authority completed a transaction, referred to as “Section 8 Recap”. The balance of the Note as of December 31, 2020 was \$45,807,195. On July 15, 2021 NYCHA sold the Note to Triborough L+M Workforce Note Holdings LLC. NYCHA received \$41,725,175 as full payment against the remaining balance of the seller note. An allowance for doubtful accounts for the seller’s note had been fully provided for. Accordingly, the amount received will be recognized over the fifteen-year compliance period retroactively beginning as of the of December 23, 2014, the date of the initial transaction. The balance of the note amount of \$4,082,000 was forgiven and will be written off against the allowance. Interest of \$15,755,923 received in 2021 was recognized in full in 2021.

In addition to the interest, the Authority recognized income of \$36,479,749 and \$16,946,000 in 2021 and 2020, respectively. Total unearned revenue for Triborough was \$157,389,693 and \$152,144,000 as of December 31, 2021, and 2020, respectively.

16. RELATED PARTY TRANSACTIONS

Mixed-Finance Transactions

On March 16, 2010, the Authority closed two mixed-finance transactions in which 21 NYCHA developments, comprising 20,139 housing units, were sold to two newly-created, limited liability companies. Thirteen developments, containing 14,465 dwelling units, were sold to NYCHA Public Housing Preservation I, LLC, in which NYCHA I Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 0.01% membership interest in LLC I. LLC I is a Low Income Housing Tax Credit LLC. Eight developments, containing 5,674 dwelling units, were sold to NYCHA Public Housing Preservation II, in which NYCHA II Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 100% membership interest in LLC II as of December 31, 2021 and 2020 respectively.

The LLCs were created in connection with the mixed-finance transactions and are considered blended component units for financial reporting purposes. The Authority served as developer and continues to be the property manager for both LLCs.

The total acquisition price for the developments sold to LLC I was \$590,250,000. The total acquisition price for the developments sold to LLC II was \$3,000,000. The two mixed-finance transactions were structured and closed in a manner which allowed the Authority to utilize financing opportunities available under the provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”) in order to qualify for certain federal funding. The Authority provided additional loans to the LLC’s in terms of a Sellers Note and various series of Loans to enable them to carry out rehabilitation work at the developments and to provide a source of funding to redeem the Bridge Bonds which were issued at closing. The aggregate value of the NYCHA loans are reflected as Notes Payable within the Condensed Combining Statement of Net Position (see Note 18). In addition, permanent loans due from LLC I and LLC II to HDC are reflected as Long Term Debt within Note 10.

At the time of the closing, NYCHA qualified to receive an annual allocation of HUD federal operating and capital funding for a portion of the dwelling units. Additional HUD federal operating subsidies for 2021 and 2020 were \$67,069,000 and \$69,610,000, respectively.

In September 2013, NYCHA converted the remaining construction-period financing for both LLC I and LLC II from construction loans to permanent loans due to HDC.

Responsibilities and Obligations – NYCHA has certain responsibilities and obligations under separate agreements with the LLCs including (i) continuing to manage the operations of the developments; (ii) served as developer for the rehabilitation work at the developments; (iii) providing operating and capital subsidies to the LLCs; and (iv) providing operating deficit and completion guarantees. The operating deficit guarantee will terminate if specified operating income conditions are met.

NYCHA has retained the right to reacquire the developments of LLC I in the future. The right of first refusal terminates fifteen (15) years after the first day following the expiration of the final year of the tax credit period with respect to each development.

16. RELATED PARTY TRANSACTIONS

Mixed-Finance Transactions (continued)

The Authority terminated the ground leases with LLC II relating to two developments during 2021, four developments during 2020 and two developments during 2018. As a result, the ownership of the properties and the permanent loans with HDC were transferred to the Authority as part of the PACT transactions (see Note 15) while the outstanding NYCHA loans were cancelled. As of December 31, 2021, none of the original eight developments remain at LLC II.

The City of New York

As described in Note 1A, the Authority is a component unit of The City of New York. As of December 31, 2021, and 2020, the Authority had receivables due from The City in the amount of \$207,707,000 and \$236,970,000, respectively which includes \$42,000,000 of subsidies receivable for both years (see Note 3). During 2021 and 2020, The City provided operating subsidies and grants to the Authority of \$254,120,000 and \$152,702,000, respectively. In addition, during 2021 and 2020, The City provided \$114,592,000 and \$104,066,000, respectively, in capital contributions to NYCHA to fund modernization costs.

The City also provides certain services to the Authority. The total cost for these services, most of which is for the cost of water, was \$181,219,000 and \$181,102,000, respectively, for 2021 and 2020. At December 31, 2021 and 2020, the Authority had amounts due to The City for services of \$1,874,000 and \$313,961, respectively. Pursuant to a Cooperation Agreement dated July 1, 2015, The City has waived acceptance of payments in lieu of taxes from the Authority beginning January 1, 2015 through June 30, 2025.

17. COMMITMENTS AND CONTINGENCIES

Lease Commitments - The Authority rents office space under operating leases, which expire at various dates. Future minimum lease commitments under these leases as of December 31, 2021 are (\$ in thousands):

	<u>Year</u>	<u>Amount</u>
	2022	\$ 44,094
	2023	45,306
	2024	46,765
	2025	49,906
	2026	49,204
	2027-2031	243,572
	2032-2036	242,005
	2037-2041	253,383
	2042-2046	207,060
	2047-2050	138,234
Total lease commitments		<u>\$ 1,319,529</u>

Rental expense, which includes certain related operating costs, was \$52,978,000 and \$50,728,000 for the years ended December 31, 2021 and 2020, respectively.

Pending Litigation - The Authority is a defendant in a number of lawsuits arising from claims for personal injury, property damage, breach of contract, civil rights and personnel matters. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the financial position of the Authority.

Obligations under Purchase Commitments – The Authority is involved in modernization and other contracted programs. At December 31, 2021, outstanding obligations under purchase commitments were approximately \$2,107,418,000 compared to \$2,158,895,000, at December 31, 2020.

18. CONDENSED COMBINING INFORMATION

The following are Condensed Combining Statements of Net Position as of December 31, 2021 and 2020, Condensed Combining Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2021 and 2020, and Condensed Combining Statements of Cash Flows for the Years Ended December 31, 2021 and 2020, for the Authority and its component units, the LLCs.

New York City Housing Authority
Condensed Combining Statement of Net Position
December 31, 2021
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
<u>ASSETS</u>					
Current assets	\$ 1,384,174	\$ 64,824	\$ 18,719	\$ -	\$ 1,467,717
Capital assets, net	8,259,836	353,109	-	(32,058)	8,580,887
Restricted assets	656,867	-	-	-	656,867
Notes receivable	950,865	-	-	(780,507)	170,358
Other assets	556,322	-	-	-	556,322
TOTAL ASSETS	<u>11,808,064</u>	<u>417,933</u>	<u>18,719</u>	<u>(812,565)</u>	<u>11,432,151</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>741,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,368</u>
<u>LIABILITIES</u>					
Current liabilities	1,342,138	25,141	188	-	1,367,467
Long-term debt	635,233	20,262	-	-	655,495
Notes payable	-	780,507	-	(780,507)	-
Pension liability	272,514	-	-	-	272,514
OPEB liability	3,177,310	-	-	-	3,177,310
Pollution remediation obligations - LT	2,663,808	260,108	-	-	2,923,916
Other liabilities	1,102,984	-	-	-	1,102,984
TOTAL LIABILITIES	<u>9,193,987</u>	<u>1,086,018</u>	<u>188</u>	<u>(780,507)</u>	<u>9,499,686</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,051,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,051,852</u>
Net investment in capital assets	7,751,849	(231,450)	-	418,376	7,938,775
Restricted for housing assistance payments	40,102	-	-	-	40,102
Unrestricted deficit	(5,488,358)	(436,635)	18,531	(450,434)	(6,356,896)
TOTAL NET POSITION	<u>\$ 2,303,593</u>	<u>\$ (668,085)</u>	<u>\$ 18,531</u>	<u>\$ (32,058)</u>	<u>\$ 1,621,981</u>

18. CONDENSED COMBINING INFORMATION (continued)

New York City Housing Authority
Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	\$ 887,199	\$ 77,453	\$ 22,976	\$ -	\$ 987,628
Operating Expenses	<u>4,197,361</u>	<u>217,781</u>	<u>39,348</u>	<u>(85,756)</u>	<u>4,368,734</u>
Operating Loss	(3,310,162)	(140,328)	(16,372)	85,756	(3,381,106)
Non-Operating Revenues (expenses), net	<u>3,138,492</u>	<u>85,457</u>	<u>(3,779)</u>	<u>(78,918)</u>	<u>3,141,252</u>
Loss Before Special Item and					
Capital Contributions	(171,670)	(54,871)	(20,151)	6,838	(239,854)
Special Item (a)	<u>648,875</u>	<u>59,299</u>	<u>(59,584)</u>	<u>-</u>	<u>648,590</u>
Income(Loss) Before Capital Contributions	(820,545)	(114,170)	39,433	6,838	(888,444)
Capital Contributions	<u>756,911</u>	<u>5,683</u>	<u>-</u>	<u>(4,712)</u>	<u>757,882</u>
Change in Net Position	(63,634)	(108,487)	39,433	2,126	(130,562)
Net Position - Beginning	<u>2,367,227</u>	<u>(559,598)</u>	<u>(20,902)</u>	<u>(34,184)</u>	<u>1,752,543</u>
Net Position - Ending	<u>\$ 2,303,593</u>	<u>\$ (668,085)</u>	<u>\$ 18,531</u>	<u>\$ (32,058)</u>	<u>\$ 1,621,981</u>

(a) Pollution remediation costs - lead based paint

New York City Housing Authority
Condensed Combining Statement of Cash Flows
For the Year Ended December 31, 2021
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	\$ (2,973,953)	\$ (124,054)	\$ (19,623)	\$ 85,756	\$ (3,031,874)
Non-capital financing activities	3,111,906	100,311	21,471	(78,918)	3,154,770
Capital and related financing activities	(231,957)	(4,530)	(854)	(6,838)	(244,179)
Investing activities	<u>24,070</u>	<u>27</u>	<u>(12)</u>	<u>-</u>	<u>24,085</u>
Net increase (decrease)	(69,934)	(28,246)	982	-	(97,198)
Beginning cash and cash equivalents	<u>1,095,675</u>	<u>83,106</u>	<u>10,876</u>	<u>-</u>	<u>1,189,657</u>
Ending cash and cash equivalents	<u>\$ 1,025,741</u>	<u>\$ 54,860</u>	<u>\$ 11,858</u>	<u>\$ -</u>	<u>\$ 1,092,459</u>

18. CONDENSED COMBINING INFORMATION (continued)

New York City Housing Authority
Condensed Combining Statement of Net Position
December 31, 2020
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
<u>ASSETS</u>					
Current assets	\$ 1,437,598	\$ 92,155	\$ 13,174	\$ (1,354)	\$ 1,541,573
Capital assets, net	7,801,084	371,464	52,767	(34,184)	8,191,131
Restricted assets	782,668	-	-	-	782,668
Notes receivable	943,163	-	-	(781,150)	162,013
Other assets	551,172	-	-	-	551,172
TOTAL ASSETS	<u>11,515,685</u>	<u>463,619</u>	<u>65,941</u>	<u>(816,688)</u>	<u>11,228,557</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,008,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,189</u>
<u>LIABILITIES</u>					
Current liabilities	1,511,824	30,262	6,968	(1,354)	1,547,700
Long-term debt	694,470	20,722	11,579	-	726,771
Notes payable	-	767,025	14,125	(781,150)	-
Pension liability	913,451	-	-	-	913,451
OPEB liability	3,472,534	-	-	-	3,472,534
Pollution remediation obligations - LT	2,059,133	205,208	54,171	-	2,318,512
Other liabilities	1,056,992	-	-	-	1,056,992
TOTAL LIABILITIES	<u>9,708,404</u>	<u>1,023,217</u>	<u>86,843</u>	<u>(782,504)</u>	<u>10,035,960</u>
DEFERRED INFLOWS OF RESOURCES	<u>448,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,243</u>
Net investment in capital assets	7,324,941	(213,528)	29,766	362,983	7,504,162
Unrestricted deficit	(4,957,714)	(346,070)	(50,668)	(397,167)	(5,751,619)
TOTAL NET POSITION	<u>\$ 2,367,227</u>	<u>\$ (559,598)</u>	<u>\$ (20,902)</u>	<u>\$ (34,184)</u>	<u>\$ 1,752,543</u>

18. CONDENSED COMBINING INFORMATION (continued)

New York City Housing Authority Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended December 31, 2020 (\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	\$ 932,822	\$ 81,998	\$ 22,326	\$ -	\$ 1,037,146
Operating Expenses	<u>4,135,920</u>	<u>206,380</u>	<u>56,807</u>	<u>(96,340)</u>	<u>4,302,767</u>
Operating Loss	(3,203,098)	(124,382)	(34,481)	96,340	(3,265,621)
Non-Operating Revenues (expenses), net	<u>2,745,758</u>	<u>94,545</u>	<u>6,519</u>	<u>(86,514)</u>	<u>2,760,308</u>
Loss Before Special Item and					
Capital Contributions	(457,340)	(29,837)	(27,962)	9,826	(505,313)
Special Item (a)	<u>(154,511)</u>	<u>(11,071)</u>	<u>(35,299)</u>	<u>-</u>	<u>(200,881)</u>
Income(Loss) Before Capital Contributions	(302,829)	(18,766)	7,337	9,826	(304,432)
Capital Contributions	<u>944,744</u>	<u>9,953</u>	<u>2,986</u>	<u>(7,701)</u>	<u>949,982</u>
Change in Net Position	641,915	(8,813)	10,323	2,125	645,550
Net Position - Beginning	<u>1,725,312</u>	<u>(550,785)</u>	<u>(31,225)</u>	<u>(36,309)</u>	<u>1,106,993</u>
Net Position - Ending	<u>\$ 2,367,227</u>	<u>\$ (559,598)</u>	<u>\$ (20,902)</u>	<u>\$ (34,184)</u>	<u>\$ 1,752,543</u>

(a) Pollution remediation costs - lead based paint

New York City Housing Authority Condensed Combining Statement of Cash Flows For the Year Ended December 31, 2020 (\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	\$ (2,667,772)	\$ (103,019)	\$ (33,859)	\$ 96,340	\$ (2,708,310)
Non-capital financing activities	2,600,684	109,480	27,773	(86,514)	2,651,423
Capital and related financing activities	58,078	(5,894)	1,348	(9,826)	43,706
Investing activities	<u>18,901</u>	<u>228</u>	<u>(10)</u>	<u>-</u>	<u>19,119</u>
Net increase (decrease)	9,891	795	(4,748)	-	5,938
Beginning cash and cash equivalents	<u>1,085,784</u>	<u>82,311</u>	<u>15,624</u>	<u>-</u>	<u>1,183,719</u>
Ending cash and cash equivalents	<u>\$ 1,095,675</u>	<u>\$ 83,106</u>	<u>\$ 10,876</u>	<u>\$ -</u>	<u>\$ 1,189,657</u>

19. HUD AGREEMENT

The Secretary of the U.S. Department of Housing and Urban Development (“HUD”) found NYCHA in “substantial default” of the U.S. Housing Act on January 31, 2019 following a federal lawsuit. HUD found that NYCHA failed to follow laws and regulations concerning lead paint; failed to provide decent, safe and sanitary conditions; and engaged in deceptive practices to hide the condition of NYCHA properties.

NYCHA signed an agreement with HUD, the United States Attorney’s Office for the Southern District of New York (“SDNY”), and The City of New York effective January 31, 2019 (the “Agreement”) to remedy the physical deficiencies at NYCHA properties, ensure the Authority’s compliance with federal law, and reform NYCHA’s management structure. The obligations of this agreement apply to apartment units, common areas, residential buildings, and building sites consisting of public housing owned or operated by NYCHA and receiving funding through Section 9 of the Housing Act. The Agreement appointed a federal Monitor to oversee the Authority’s compliance. The Agreement also requires NYCHA to prepare Action Plans, to be approved by the Monitor, setting forth policies and practices to be adopted and specific actions to be taken by NYCHA to achieve all the requirements of the Agreement for the six pillar areas: lead, mold, heat, elevators, PHAS inspections, and pests. No federal fines were assessed on NYCHA as it relates to this agreement. As part of the agreement, The City of New York committed to provide \$2.2 billion in capital funds over ten years to assist NYCHA in meeting the obligations in the Agreement. NYCHA is not yet in full compliance with the requirements of the Agreement and lead-based paint regulations but continues to work with the Monitor to improve its compliance.

20. COVID-19

The World Health Organization designated the outbreak of a strain of the novel coronavirus (“COVID-19”) as a public health emergency on January 30, 2020, and as a pandemic on March 11, 2020. On March 7, 2020, Governor Andrew M. Cuomo declared a state of emergency in New York State to assist local governments and individuals in coping with the virus through Executive Order No. 202. On March 20, 2020, President Donald Trump declared that a major disaster existed in New York State and ordered Federal assistance to supplement State, tribal, and local recovery efforts for COVID-19. In addition, by order of Governor Cuomo (“New York State on PAUSE”), as of Sunday, March 22, 2020, all non-essential businesses statewide were required to be closed, among other restrictive social distancing and related measures. As 2020 progressed, some, but not all, of such restrictions were lifted by the State and The City of New York. The COVID-19 pandemic had substantial negative impact on the US and local economy, causing closures and/or slowdown of business activities and dramatic increases in unemployment.

NYCHA has committed to taking emergency protective measures to sanitize facilities and provide safety to its residents and employees during these challenging times. Costs within the Public Housing Program incurred during the year ending December 31, 2021 and December 31, 2020, in order to respond to COVID-19 were \$58 million and \$78 million respectively, which included largely sanitizing contracts, incremental staffing relating costs and personal protective equipment costs. Costs incurred within the Section 8 Housing Choice Voucher (HCV) Program during years ending December 31, 2021 and December 31, 2020 were \$27 million and \$10 million respectively.

20. COVID-19 (continued)

Due to mass vaccination efforts beginning in December 2020, a significant reduction in cases, hospitalization and deaths was observed by early second quarter 2021. As a result, additional easing in restrictions in The City and State of New York were implemented. The local economy continued to improve throughout 2021 with unemployment returning to more normalized rates. As the situation continues to stabilize, the Authority expects to reduce emergency protective services. However, given the dynamic nature of the pandemic, costs of providing such services in 2022 cannot be reliably estimated.

The high unemployment rate and reduction in wages affecting our tenants from the beginning of the pandemic, as well as a moratorium on evictions passed by federal and local governments, have negatively impacted rent collections. Rent collections have decreased significantly from \$1.060 billion in 2019 to \$971 million in 2020 to \$916 million in 2021, resulting from the economic impact of the pandemic, reduced apartment units in portfolio due to PACT transactions and other factors. NYCHA has increased its allowance for uncollectable accounts by \$84 million in 2020 and by an additional \$132 million in 2021. A continuation of similar rent collection patterns has been observed in early 2022. On January 15, 2022 the eviction moratorium was lifted, and the Authority re-started certain collection activities, which were previously placed on hold. The Authority updated and revised certain procedures in order to improve and accelerate the collection activities. In addition, NYCHA has prioritized the arrear cases which will be pursued for collections through the legal process; these cases include but are not limited to chronic rent delinquencies and large arrear amounts pre-dating the pandemic. Expectations for rent collections in the latter part of 2022 are uncertain.

The Authority has access to funding through the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and supplemental federal funding from the Federal Emergency Management Agency (“FEMA”). The CARES Act (Public Law 116-36) provides critical supplemental resources and waiver flexibilities for Public Housing Authorities to prevent, prepare for, and respond to COVID 19, including maintenance of normal operations. In May 2020, the Authority was provided a grant of \$150 million of Public Housing operating funds from the U.S. Department of Housing and Urban Development (HUD) of which it drew down \$120 million in 2020 and \$30 million in 2021. Under current guidance such funds must be used by December 31, 2021 or returned to HUD. In 2020, the Authority was provided a grant from HUD for Section 8 administrative fee supplemental funding, for which it received the full \$37 million and recognized \$10 million as subsidy revenue in 2020. The remainder (\$27 million) was included with unearned revenue as of December 31, 2020 and was recognized as revenue during 2021 as expenses were fully incurred. All CARES Act funds have been expended within the required deadlines.

In general, FEMA provides public assistance to cover the costs of emergency protective measures undertaken in response to declared disasters. FEMA provides reimbursement for 75% of eligible costs and the Authority will be required to provide a 25% cost share. Funding received from FEMA, related to COVID-19 was \$9 million in 2020 and \$15 million in 2021.

20. COVID-19 (continued)

Due to the continuing changes resulting from the COVID 19 pandemic, and the uncertainty relating to duration and severity, no assurances can be provided relating to the full financial impact on the Authority.

21. SUBSEQUENT EVENTS

The Authority's management has evaluated subsequent events through June 30, 2022, the date the financial statements were available to be issued and determined that there are no subsequent events requiring adjustment in the financial statements.

The following subsequent events require disclosure in the financial statements.

Harlem River PACT

During February 2022, the Authority entered into a real estate transaction termed Harlem River PACT structured as a 99-year lease. The Authority received \$646,000 at closing and a Purchase Money Note ("Note") of \$34,091,000. The Note bears 3.50% compounded interest per annum and matures on the later of: (a) the fortieth anniversary of the closing date and (b) six months after the maturity of other notes on the transaction. The Note is payable by the developer from available cash flow as defined on the transaction. In addition, the Authority extended a loan ("Loan") of \$31,950,000 to the developer. Due to the uncertainty of collection, the Authority is currently contemplating a 100% allowance against the full amount of the Note and Loan.

NYCHDC Series 2022 A Bond Issuance / Loan Agreement

On April 12, 2022, New York City Housing Development Corporation ("NYCHDC") issued Series 2022 A Capital Fund Financing Program ("CFFP") bond, for a principal amount of \$398,265,000, as federally taxable obligations, to provide a portion of the funds to advance refund and defease the tax-exempt Series 2013 A & B bonds. The proceeds of the Series 2022 A bonds, were loaned by NYCHDC to the Authority, as were the proceeds of the Series 2013 A & B bonds issuances. The 2022 A bond proceeds will be used to fund an escrow account for the refunding of the Series 2013 A & B bonds maturing between 2023 and 2033.

Subsequent to the defeasance of the Series 2013 A & B Bonds, the total debt service of the new Series 2022 A bonds will range between a high of \$58 million to a low of \$38 million annually. The Series 2022 A Bonds were issued as serial bonds with varying maturities and have a maximum term to maturity of 11 years, which is the same as the prior issue. The interest rates of the Series 2022 A bonds range between 2.32% to 4.10%, with a true interest cost of 3.81% for the bonds, versus the prior issue's true interest cost of 4.22%.

While this bond refinancing did not generate new funds for capital improvements, the Series 2022 A bonds were issued with the primary goals of lowering the borrowing costs, and to refinance the bonds as taxable debt so that the Authority could eliminate the IRS private-activity limitations that existed with the tax-exempt Series 2013 Bonds. This refinancing facilitates the Authority's plans to complete the necessary conversions of apartments from public housing funding to Section 8 project-based vouchers. (Note 15).

21. SUBSEQUENT EVENTS (continued)

The Public Housing Preservation Trust

On June 2, 2022, the New York State legislature passed legislation that would authorize the creation of the Public Housing Preservation Trust (“The Trust”), a State-created public benefit corporation. On June 16, 2022, Governor Kathy Hochol signed the legislation into law. This legislation would allow the Authority to transfer 25,000 apartments into the Trust through a long-term ground lease to comprehensively modernize residents’ homes through billions of dollars of capital investments while protecting residents’ rights (including rents), keeping the properties fully public, and preserving a public workforce. Residents would also have the right to vote on whether they want to enter into the Trust or not. Entering into a ground-lease with the Trust allows NYCHA to access project-based Section 8 subsidy, gaining access to a more accessible and reliable funding stream than Section 9 of the Housing Act, which currently funds public housing. The Trust would then be able to issue bonds using this more stable revenue in order to rehabilitate resident’s homes. The Authority plans to continue to provide all essential services to the Trust and its apartment units. As of the date of this report, no apartments have been transferred to the Trust.

**REQUIRED
SUPPLEMENTARY
INFORMATION

(UNAUDITED)**

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios as of December 31, (\$ in thousands)

(UNAUDITED)

	2021	2020	2019	2018	2017	2016
Total OPEB Liability						
Service Cost	\$ 142,952	\$ 101,429	\$ 97,836	\$ 116,663	\$ 99,842	\$ 129,183
Interest	68,783	93,563	94,828	85,032	86,759	84,197
Differences between Expected and Actual Experience	(74,417)	(20,992)	417,892	48,400	(68,103)	-
Change in Assumptions	(328,822)	578,488	(221,694)	(176,030)	42,001	(186,804)
Contributions - Employer	(86,720)	(80,330)	(94,814)	(61,714)	(68,963)	(74,740)
Implicit Rate Subsidy	(17,000)	(16,000)	(16,000)	(13,000)	(13,000)	(13,000)
Other Changes (see Note A)	-	-	(23,902)	-	-	-
Net Changes in total OPEB Liability	(295,224)	656,158	254,146	(649)	78,536	(61,164)
Total OPEB Liability - Beginning of Year	<u>3,472,534</u>	<u>2,816,376</u>	<u>2,562,230</u>	<u>2,562,879</u>	<u>2,484,343</u>	<u>2,545,507</u>
Total OPEB Liability - End of the Year	<u>\$ 3,177,310</u>	<u>\$ 3,472,534</u>	<u>\$ 2,816,376</u>	<u>\$ 2,562,230</u>	<u>\$ 2,562,879</u>	<u>\$ 2,484,343</u>
Covered-Employee Payroll (see Note B)	\$ 637,288	\$ 617,109	\$ 627,221	\$ 635,505	\$ 655,005	\$ 645,980
Total OPEB Liability as a percentage of covered-employee payroll	498.6%	562.7%	449.0%	403.2%	391.3%	384.6%
Discount Rate used to measure Total OPEB Liability	2.25%	1.93%	3.26%	3.64%	3.16%	3.71%

Note A: Repeal of Cadillac tax

Note B: : Measure of payroll: "Covered-employee payroll", since NYCHA's contributions are not based on a measure of pay.

This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM (NYCERS)
(\$ in thousands)**

(UNAUDITED)

	For the Years Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$165,405	\$164,262	\$163,186	\$164,165	\$165,240	\$174,207	\$159,206
Contributions in relation to the contractually required contribution	\$165,405	\$164,262	\$163,186	\$164,165	\$165,240	\$174,207	\$159,206
Contribution Deficiency	-	-	-	-	-	-	-
Authority covered payroll (Note A)	\$941,534	\$925,039	\$815,689	\$767,872	\$751,506	\$762,086	\$789,540
Contributions as percentage of covered payroll	17.57%	17.76%	20.01%	21.38%	21.99%	22.86%	20.17%

Note A: NYCHA's covered payroll for the twelve (12) months ending December 31st. "Covered Payroll" is being used since NYCHA is following the guidelines for employers who provide pensions through pension plans that are administered through trusts or equivalent arrangement.

This Schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF NYCERS (\$ in thousands)

(UNAUDITED)

	For the Years Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
NYCHA's proportion of the net pension liability	4.25%	4.33%	4.44%	4.89%	4.97%	5.00%	5.07%	5.02%
NYCHA's proportionate share of the net pension liability	\$272,514	\$913,451	\$822,109	\$894,818	\$1,032,725	\$1,214,112	\$1,026,612	\$904,747
NYCHA's covered payroll (Note A)	\$902,326	\$861,731	\$773,136	\$769,239	\$762,853	\$807,349	\$718,664	\$762,114
NYCHA's proportionate share of the net pension liability as a percentage of it's covered payroll	30.20%	106.00%	106.33%	116.33%	135.38%	150.38%	142.85%	118.72%
Plan fiduciary net position as a percentage of the total pension liability	93.14%	76.93%	78.84%	78.80%	74.80%	69.57%	73.13%	71.41%

Note A: NYCHA's covered payroll for the twelve (12) months ending June 30th. "Covered Payroll" is being used since NYCHA is following the guidelines for employers who provide pensions through pension plans that are administered through trusts or equivalent arrangement.

This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

STATISTICAL SECTION

(UNAUDITED)



Redfern Houses, Queens



LaGuardia Houses, Manhattan

New York City Housing Authority

STATISTICAL SECTION (UNAUDITED)

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. The following are the categories of the schedules that are included in this Section:

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

This schedule contains information to help the reader assess the Authority's most significant revenue source.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

SCHEDULES OF FINANCIAL TRENDS

NEW YORK CITY HOUSING AUTHORITY
COMPARATIVE OPERATING AND NON-OPERATING REVENUES AND EXPENSES
(\$ in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
OPERATING REVENUE:										
Tenant revenue, net	\$ 921,655	\$ 967,456	\$ 1,058,488	\$ 1,070,022	\$ 1,051,628	\$ 1,041,574	\$ 990,524	\$ 956,815	\$ 919,973	\$ 905,457
Other income	65,973	69,690	75,762	36,751	56,766	45,744	45,749	48,964	48,917	42,084
Total operating revenue	\$ 987,628	\$ 1,037,146	\$ 1,134,250	\$ 1,106,773	\$ 1,108,394	\$ 1,087,318	\$ 1,036,273	\$ 1,005,779	\$ 968,890	\$ 947,541
OPERATING EXPENSES:										
Rent for leased dwellings	\$ 1,205,650	\$ 1,139,219	\$ 1,061,638	\$ 1,006,991	\$ 987,017	\$ 940,722	\$ 946,968	\$ 966,100	\$ 964,451	\$ 952,269
Maintenance and operations	1,019,102	924,486	875,510	875,431	673,678	707,929	619,594	650,957	565,197	513,273
General and administrative	863,438	967,123	949,768	890,679	838,400	847,573	810,374	837,617	848,730	837,610
Utilities	580,958	547,483	541,747	582,405	554,542	534,797	575,017	594,579	590,007	542,933
Depreciation	420,571	401,588	371,713	366,632	370,938	357,611	344,377	367,176	345,481	351,388
OPEB Expense	203,728	257,391	127,536	129,110	136,767	168,061	(97,357)	18,508	161,308	144,030
Protective services	39,610	37,799	24,635	29,833	22,353	24,640	22,904	20,161	71,162	87,094
Tenant services	35,677	27,678	19,219	17,389	18,164	19,307	22,618	25,966	33,133	29,913
Expenses relating to Superstorm Sandy	-	-	-	-	-	-	-	-	-	224,104
Total operating expenses	\$ 4,368,734	\$ 4,302,767	\$ 3,971,766	\$ 3,898,470	\$ 3,601,859	\$ 3,600,640	\$ 3,244,495	\$ 3,481,064	\$ 3,579,469	\$ 3,682,614
OPERATING LOSS	(3,381,106)	(3,265,621)	(2,837,516)	(2,791,697)	(2,493,465)	(2,513,322)	(2,208,222)	(2,475,285)	(2,610,579)	(2,735,073)
NON-OPERATING REVENUES (EXPENSES):										
Subsidies and grants	\$ 3,122,095	\$ 2,722,702	\$ 2,517,894	\$ 2,387,205	\$ 2,154,174	\$ 2,124,415	\$ 2,213,763	\$ 2,135,245	\$ 2,010,903	\$ 1,987,986
Investment income	25,648	15,401	36,165	25,811	16,080	25,231	10,249	7,668	4,517	4,406
Gain (Loss) on real estate transactions	39,192	56,960	(146,483)	14,898	22,397	28,730	12,579	384	13,258	1,717
Interest expense	(32,756)	(35,955)	(34,777)	(32,794)	(30,184)	(29,354)	(30,264)	(30,754)	(26,271)	(25,361)
Change in fair value of investments	(13,320)	1,200	13,318	(3,304)	(745)	(3,131)	(3,700)	(553)	(167)	(2)
Insurance recoveries	-	-	-	131,972	809	6,701	45,027	45,361	122,319	-
other	393	-	-	-	-	-	-	-	-	-
Total non-operating revenues, net	\$ 3,141,252	\$ 2,760,308	\$ 2,386,117	\$ 2,523,788	\$ 2,162,531	\$ 2,152,592	\$ 2,247,654	\$ 2,157,351	\$ 2,124,559	\$ 1,968,746
SPECIAL ITEM - Pollution Remediation costs - (gain) Loss lead based paint	\$ 648,590	\$ (200,881)	\$ 2,751,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL CONTRIBUTIONS	\$ 757,882	\$ 949,982	\$ 878,901	\$ 820,368	\$ 686,619	\$ 640,887	\$ 433,505	\$ 330,548	\$ 504,226	\$ 336,814
CHANGE IN NET POSITION	\$ (130,562)	\$ 645,550	\$ (2,323,789)	\$ 552,459	\$ 355,685	\$ 280,157	\$ 472,937	\$ 12,614	\$ 18,206	\$ (429,513)

Source: Annual Financial Statements

NEW YORK CITY HOUSING AUTHORITY
NET POSITION BY CATEGORY
(\$ In thousands)

<u>CATEGORY</u>	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 7,938,775	\$ 7,504,162	\$ 6,897,324	\$ 6,450,404	\$ 5,995,349	\$ 5,692,787	\$ 5,407,064	\$ 5,308,896	\$ 5,371,385	\$ 5,336,914
Restricted	40,102	-	-	-	-	-	-	-	-	16,340
Unrestricted (Deficit)	(6,356,896)	(5,751,619)	(5,790,331)	(3,019,622)	(3,117,026)	(3,117,424)	(3,255,974)	(3,630,743)	(3,705,846)	(2,525,793)
TOTAL NET POSITION	\$ 1,621,981	\$ 1,752,543	\$ 1,106,993	\$ 3,430,782	\$ 2,878,323	\$ 2,575,363	\$ 2,151,090	\$ 1,678,153	\$ 1,665,539	\$ 2,827,461

SOURCE: Annual Financial Statements

NEW YORK CITY HOUSING AUTHORITY
CAPITAL ASSETS BY CATEGORY
(\$ in thousands)

CATEGORY	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Land	\$ 687,961	\$ 687,961	\$ 687,958	\$ 687,507	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847
Buildings	3,139,754	3,144,927	3,144,991	3,146,646	3,173,419	3,178,668	3,181,654	3,181,655	3,196,901	3,201,594
Building improvements	13,523,845	12,787,740	11,803,789	11,035,969	10,288,303	9,694,139	9,056,789	8,436,033	8,127,997	7,876,321
Facilities and other improvements	554,757	550,785	534,203	515,617	501,133	494,724	488,892	479,726	475,253	463,823
Furniture and equipment	1,069,788	1,040,833	1,008,675	965,607	936,064	893,387	861,623	834,716	795,199	759,766
Leasehold improvements	139,894	134,135	116,638	114,081	113,153	113,153	113,153	113,153	113,069	112,992
Total Capital Assets	\$ 19,115,999	\$ 18,346,381	\$ 17,296,254	\$ 16,465,427	\$ 15,701,919	\$ 15,063,918	\$ 14,391,958	\$ 13,735,130	\$ 13,398,266	\$ 13,104,343
Less Accumulated Depreciation:										
Buildings	\$ 2,983,568	\$ 2,968,139	\$ 2,946,966	\$ 2,926,183	\$ 2,930,106	\$ 2,911,809	\$ 2,890,698	\$ 2,865,379	\$ 2,852,796	\$ 2,825,036
Building improvements	6,088,595	5,787,175	5,478,199	5,184,028	4,914,618	4,625,164	4,367,515	4,104,980	3,835,281	3,589,624
Facilities and other improvements	477,920	471,189	462,861	455,043	448,081	441,235	434,416	426,647	417,144	405,541
Furniture and equipment	875,174	822,549	782,753	756,904	728,275	703,388	673,779	630,443	590,810	547,179
Leasehold improvements	109,855	106,198	104,791	102,487	99,094	95,748	92,299	87,692	81,538	74,682
Total Accumulated Depreciation	\$ 10,535,112	\$ 10,155,250	\$ 9,775,570	\$ 9,424,645	\$ 9,120,174	\$ 8,777,344	\$ 8,458,707	\$ 8,115,141	\$ 7,777,569	\$ 7,442,062
Net Capital Assets	\$ 8,580,887	\$ 8,191,131	\$ 7,520,684	\$ 7,040,782	\$ 6,581,745	\$ 6,286,574	\$ 5,933,251	\$ 5,619,989	\$ 5,620,697	\$ 5,662,281
Related Debt	642,112	686,969	623,360	590,378	586,396	593,787	526,187	311,093	249,312	325,367
Net Investment in Capital Assets	\$ 7,938,775	\$ 7,504,162	\$ 6,897,324	\$ 6,450,404	\$ 5,995,349	\$ 5,692,787	\$ 5,407,064	\$ 5,308,896	\$ 5,371,385	\$ 5,336,914

Capital assets are not classified as *being depreciated* and *not being depreciated* since construction in progress is not shown as a separate category, but rather classified over the categories to which it belongs.

Source: Annual Financial Statements

SCHEDULE OF REVENUE CAPACITY

NEW YORK CITY HOUSING AUTHORITY
REVENUES ON A GROSS BASIS
(\$ in thousands)

DESCRIPTION	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues (Gross):										
Subsidies and Grants	\$ 3,122,095	\$ 2,722,702	\$ 2,517,894	\$ 2,387,205	\$ 2,154,174	\$ 2,124,415	\$ 2,213,763	\$ 2,135,245	\$ 2,010,903	\$ 1,987,986
Operating Revenues	987,628	1,037,146	1,134,250	1,106,773	1,108,394	1,087,318	1,036,273	1,005,779	968,890	947,541
Investment Income	25,648	15,401	36,165	25,811	16,080	25,231	10,249	7,668	4,517	4,406
Gain on sales of capital assets and real estate transactions	39,192	56,960	-	14,898	22,397	28,730	12,579	384	13,258	1,717
Insurance recoveries	-	-	-	131,972	809	6,701	45,027	45,361	122,319	-
Change in fair value of investments	-	1,200	13,318	-	-	-	-	-	-	-
Other	393	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 4,174,956	\$ 3,833,409	\$ 3,701,627	\$ 3,666,659	\$ 3,301,854	\$ 3,272,395	\$ 3,317,891	\$ 3,194,437	\$ 3,119,887	\$ 2,941,650

Source: Annual Financial Statements

SCHEDULE OF DEBT CAPACITY

NEW YORK CITY HOUSING AUTHORITY
LONG TERM DEBT
(\$ in thousands, except per capita)

Description of Long Term Debt	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Bonds:										
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest from 3.5% to 3.75%, per annum maturing annually through July 2024.	\$ 2,717	\$ 4,178	\$ 5,640	\$ 7,102	\$ 8,564	\$ 10,789	\$ 13,014	\$ 15,927	\$ 18,840	\$ 22,059
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest from 3.5% to 4.75% per annum, maturing annually through July 2024.	424	668	911	1,155	1,399	1,642	1,886	2,218	2,550	3,345
Loans Funded by:										
HDC Capital Fund Program Revenue Bonds, Series 2005 A (\$281,610,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, defeased September 2013.	-	-	-	-	-	-	-	-	-	213,990
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	74,845	91,465	107,305	122,400	136,815	150,555	163,790	176,630	185,785	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	218,220	238,460	257,725	276,070	293,535	310,160	325,985	341,190	348,130	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	122,170	122,170	122,170	122,170	122,170	122,170	122,170	122,170	-
2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	6,826	8,215	9,542	12,420	13,812	15,140	16,408	17,265	17,736	-
2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	48,009	49,962	51,779	53,389	53,247	51,548	-	-	-	-
2016 Multi-draw term loan facility; with NY Green Bank (\$11,000,000) at rate of 3.5% per annum on the used portion and at 0.50% per annum on the unused portion, paid off on December 18, 2017.	-	-	-	-	-	94	-	-	-	-
2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	54,556	62,747	64,603	62,328	60,133	-	-	-	-	-
2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	43,566	45,003	46,197	44,570	43,000	-	-	-	-	-
2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	83,582	85,751	82,647	79,462	-	-	-	-	-	-

NEW YORK CITY HOUSING AUTHORITY
LONG TERM DEBT
(\$ in thousands, except per capita)

Description of Long Term Debt	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Loans Funded by: (continued)										
2020 Equipment Lease/Purchase Agreement; (Amoresco A-2); with BAPCC for Energy Performance Contract (\$23,298,752.13) at an interest rate of 3.404% per annum, maturing June 28, 2038.	23,773	23,407	-	-	-	-	-	-	-	-
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	20,722	21,154	21,559	21,940	22,298	22,634	22,949	23,245	23,523	23,590
HDC 2009 Series L-2 Bonds (\$68,000,000); Subordinate Loan at interest rate of 2.25% per annum, matured in September 2013; secured by mortgage.	-	-	-	-	-	-	-	-	-	68,000
HDC 2010 Series B Bonds (\$150,000,000); Mortgage Loan at interest rate of 2.125% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	-	19,825
HDC 2011 Series A Bonds (\$140,000,000); Mortgage Loan at an interest rate of 3.25% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	-	47,955
HDC 2012 Series A Bonds (\$67,540,000); Mortgage Loan at an interest rate of SIFMA +1.1% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	-	16,821
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	-	10,545	19,606	20,086	23,389	23,883	24,352	24,798	25,222	25,325
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	-	1,366	2,308	2,365	2,770	2,829	2,885	2,938	2,988	3,000
Long Term Debt (before Premium)	\$ 699,410	\$ 765,091	\$ 791,992	\$ 825,457	\$ 781,132	\$ 711,444	\$ 693,439	\$ 726,381	\$ 746,944	\$ 443,910
Add Premium on HDC Revenue Bond Loan Agreements	6,662	8,873	11,611	14,972	19,035	23,898	29,603	35,974	42,637	6,919
TOTAL LONG TERM DEBT	\$ 706,072	\$ 773,964	\$ 803,603	\$ 840,429	\$ 800,167	\$ 735,342	\$ 723,042	\$ 762,355	\$ 789,581	\$ 450,829
Less current portion	50,577	47,193	43,975	39,130	36,647	35,145	33,637	32,942	20,563	84,020
LONG TERM DEBT, NET	\$ 655,495	\$ 726,771	\$ 759,628	\$ 801,299	\$ 763,520	\$ 700,197	\$ 689,405	\$ 729,413	\$ 769,018	\$ 366,809
Percentage of Personal Income	18.35%	19.20%	18.86%	19.68%	18.83%	17.34%	17.49%	18.74%	19.42%	11.13%
Per Capita	\$ 2,077	\$ 2,158	\$ 2,197	\$ 2,205	\$ 2,040	\$ 1,854	\$ 1,805	\$ 1,901	\$ 1,959	\$ 1,117

Note A
See Note 10 on Long Term Debt for more details

Note B
Percentage of Personal Income and Per Capita calculations are based on total long term debt using demographic information for NYCHA's residents (see NYCHA's Demographic and Economic Statistics-Ten Year Trend).

Source: Annual Financial Statements

NEW YORK CITY HOUSING AUTHORITY
PLEDGED REVENUE COVERAGE
(\$ in thousands)

**Description: Equipment Purchase/Lease Agreement
with Bank of America for Energy Performance Contract**

<u>Year</u>	<u>Source of Revenue</u>	<u>Net Available Revenues</u>	<u>Principal and Interest Requirements</u>	<u>Coverage Ratio</u>
2013	HUD Operating Subsidy	\$ 407	\$ 407	1.0
2014	HUD Operating Subsidy	\$ 819	\$ 819	1.0
2015	HUD Operating Subsidy	\$ 1,197	\$ 1,197	1.0
2016	HUD Operating Subsidy	\$ 1,586	\$ 1,586	1.0
2017	HUD Operating Subsidy	\$ 1,622	\$ 1,622	1.0
2018	HUD Operating Subsidy	\$ 3,273	\$ 3,273	1.0
2019	HUD Operating Subsidy	\$ 6,460	\$ 6,460	1.0
2020	HUD Operating Subsidy	\$ 14,963	\$ 14,963	1.0
2021	HUD Operating Subsidy	\$ 24,837	\$ 24,837	1.0

Notes:

1. Net Available Revenues represent the annual debt service for the current year. The Authority has committed to appropriate HUD Operating revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt.
2. Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

NEW YORK CITY HOUSING AUTHORITY
PLEDGED REVENUE COVERAGE
(\$ in thousands)

**Description of Loan Financed by: NYC Housing Development (HDC)
Capital Fund Program Revenue Bonds, Series 2013 A and 2013 B**

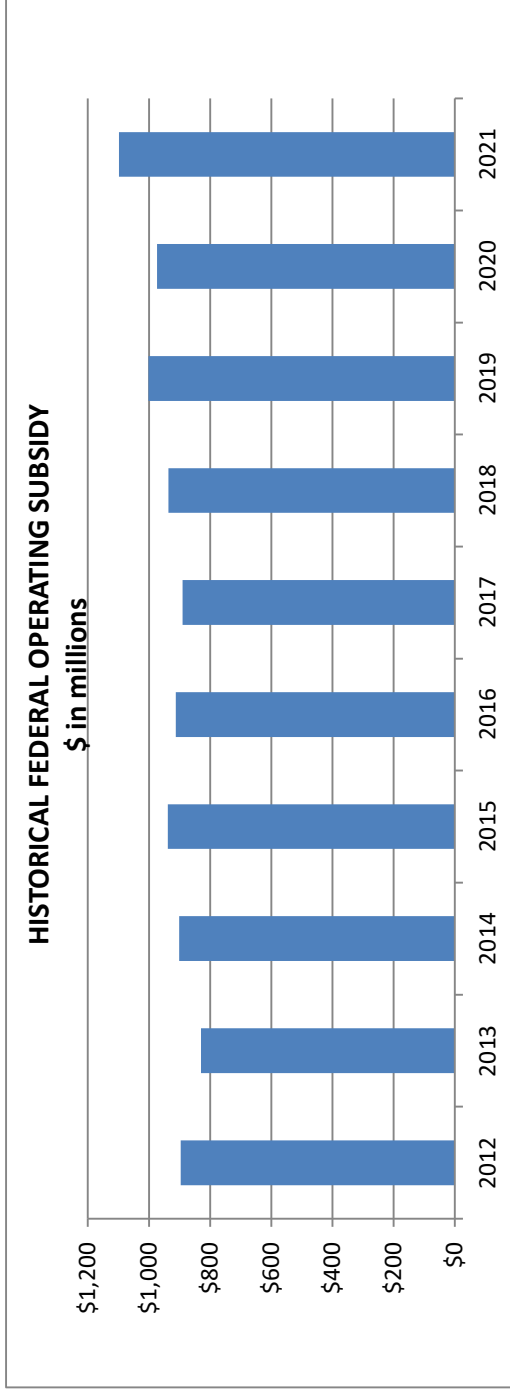
<u>Year</u>	<u>Source of Revenue</u>	<u>Net Available Revenues</u>	<u>Principal and Interest Requirements</u>	<u>Coverage Ratio</u>
2014	Capital Fund 2014	\$ 98,746	\$ 41,655	2.4
2015	Capital Fund 2015	\$ 102,119	\$ 59,343	1.7
2016	Capital Fund 2016	\$ 106,244	\$ 59,517	1.8
2017	Capital Fund 2017	\$ 115,442	\$ 59,529	1.9
2018	Capital Fund 2018	\$ 176,082	\$ 59,544	3.0
2019	Capital Fund 2019	\$ 183,917	\$ 59,559	3.1
2020	Capital Fund 2020	\$ 195,004	\$ 59,565	3.3
2021	Capital Fund 2021	\$ 200,424	\$ 59,585	3.4

Notes:

1. Net Available Revenues represent 33 1/3 percent of the Capital Fund grant, which is the maximum amount available for principal and interest requirements.
2. Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.
3. The 2013 Series A bond proceeds were used in part to defease the remaining debt on the 2005 A bonds in September of 2013.

NEW YORK CITY HOUSING AUTHORITY
HISTORICAL FEDERAL OPERATING SUBSIDY
(\$ in millions)

<u>Year</u>	<u>Congressional Appropriation</u>	<u>NYCHA Funding</u>
2012	\$ 3,962	\$ 896
2013	\$ 4,054	\$ 830
2014	\$ 4,400	\$ 901
2015	\$ 4,440	\$ 938
2016	\$ 4,500	\$ 912
2017	\$ 4,400	\$ 890
2018	\$ 4,550	\$ 937
2019	\$ 4,653	\$ 1,001
2020	\$ 4,549	\$ 974
2021	\$ 4,839	\$ 1,098

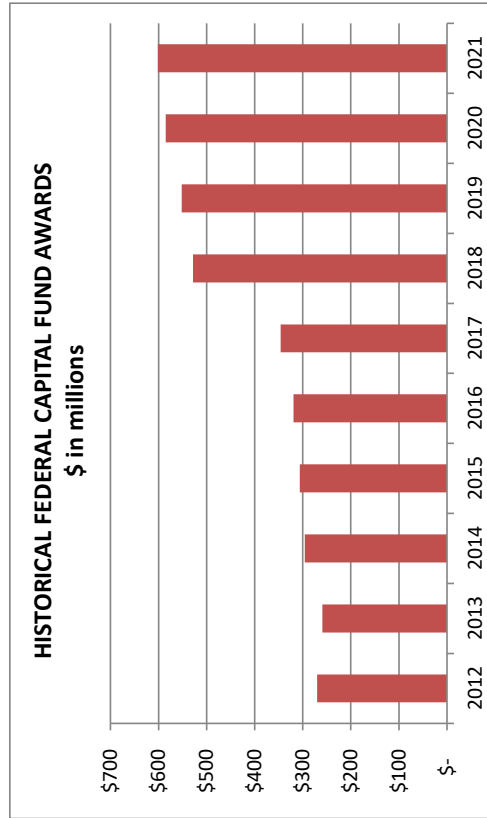


Source: New York City Housing Authority, Finance Department

**NEW YORK CITY HOUSING AUTHORITY
HISTORICAL FEDERAL CAPITAL FUND AWARDS**

(\$ in millions)

<u>Capital Fund Grant Year</u>	<u>Congressional Appropriation</u>	<u>NYCHA Funding</u>
2012	\$ 2,405	\$ 270
2013	\$ 2,070	\$ 259
2014	\$ 1,875	\$ 296
2015	\$ 1,925	\$ 306
2016	\$ 1,900	\$ 319
2017	\$ 1,942	\$ 346
2018	\$ 2,750	\$ 528
2019	\$ 2,775	\$ 552
2020	\$ 2,869	\$ 585
2021	\$ 2,765	\$ 601



Source: New York City Housing Authority, Finance Department

**SCHEDULES OF
DEMOGRAPHIC
AND
ECONOMIC
INFORMATION**

**NEW YORK CITY HOUSING AUTHORITY
RESIDENT DEMOGRAPHICS - OPERATING PROGRAMS**

ALL PROGRAMS	DECEMBER 31, 2021
TOTAL	
NUMBER OF FAMILIES	157,334
POPULATION*	339,900
AVERAGE FAMILY SIZE	2.2
AVERAGE TENURE IN PUBLIC HOUSING	24.7
AVERAGE FAMILY ANNUAL INCOME	\$ 24,454
AVERAGE MONTHLY RENT	\$ 542
NUMBER OF SENIOR RESIDENTS (AGE 62 OR MORE):	78,215 23.0%
NUMBER OF SINGLE SENIOR RESIDENTS (AGE 62 OR MORE):	39,190 11.5%
NUMBER OF MINORS UNDER 18:	85,517 25.2%
NUMBER OF WORKING FAMILIES:	68,381 43.5%
NUMBER OF FAMILIES RECEIVING PUBLIC ASSISTANCE:	20,554 13.1%
NUMBER OF SINGLE PARENT FAMILIES WITH MINORS UNDER 18:	34,503 21.9%
NUMBER OF SENIOR (AGE 62 OR MORE) HEAD OF HOUSEHOLDS:	66,058 42.0%
HOUSEHOLDS BELOW POVERTY LEVEL	83,183 54.0%

Source: The Performance Tracking and Analytics Department

NEW YORK CITY HOUSING AUTHORITY

RESIDENT DEMOGRAPHICS - HOUSING CHOICE VOUCHER PROGRAM

March 2022

	BOROUGH					Total*
	Bronx	Brooklyn	Manhattan	Queens	Staten Island	
NUMBER OF HOUSEHOLDS	37,794	32,172	11,024	8,290	1,849	91,129
NUMBER OF HOUSEHOLDS PERCENTAGE	41.47%	35.30%	12.10%	9.10%	2.03%	100%

	RACE and ETHNICITY						Total
	Unknown	American Indian/ Native Alaskan	Asian/ Native Hawaiian/ Other Pacific Islander	Black	Hispanic	White	
NUMBER OF HOUSEHOLDS	8	416	2,237	27,896	47,456	13,116	91,129
NUMBER OF HOUSEHOLDS PERCENTAGE	0.01%	0.46%	2.45%	30.61%	52.08%	14.39%	100%

	APARTMENT SIZE (NUMBER OF BEDROOMS)					Total	
	0	1	2	3	4		
NUMBER OF HOUSEHOLDS	0	5,272	27,325	33,958	20,061	3,604	91,129
NUMBER OF HOUSEHOLDS PERCENTAGE	0.00%	5.79%	29.98%	37.26%	22.01%	3.95%	100.00%

Note: *Did not include 1,466 apartments located outside NYC are utilizing portability vouchers.

Source: New York City Housing Authority, Performance Tracking and Analytics Department

Demographic and Economic Statistics - Ten Year Trend

POPULATION - TEN YEAR TREND

2011 - 2020*

<u>Year</u>	<u>United States</u>	<u>Percentage Change from Prior Period</u>	<u>City of New York</u>	<u>Percentage Change from Prior Period</u>
2011	311,583,481	2.46	8,272,948	2.54 %
2012	313,877,662	0.74	8,346,693	0.89
2013	316,059,947	0.70	8,396,091	0.59
2014	318,386,329	0.74	8,433,806	0.45
2015	320,738,994	0.74	8,463,049	0.35
2016	323,071,755	0.73	8,469,153	0.07
2017	325,122,128	0.63	8,437,478	(0.37)
2018	326,838,199	0.53	8,390,081	(0.56)
2019	328,329,953	0.46	8,336,817	(0.63)
2020	329,484,123	0.35	N/A	N/A

POPULATION OF NEW YORK CITY BY BOROUGH

	<u>2019</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
Bronx	1,418,207	1,387,298	1,333,854	1,203,789	1,168,972	1,471,701
Brooklyn	2,559,903	2,509,828	2,465,812	2,300,664	2,230,936	2,602,012
Manhattan	1,628,706	1,588,767	1,540,373	1,487,536	1,428,285	1,539,233
Queens	2,253,858	2,234,701	2,229,895	1,951,598	1,891,325	1,987,174
Staten Island	476,143	469,615	445,414	378,977	352,121	295,443
Total	8,336,817	8,190,209	8,015,348	7,322,564	7,071,639	7,895,563

Percentage Increase (Decrease) from Prior Decade	1.8%	2.2%	9.5%	3.5%	(10.4%)	1.5%
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Demographic and Economic Statistics - Ten Year Trend

2011 - 2020*

<u>Year</u>	<u>Personal Income (in thousands)</u>		<u>Per Capita Personal Income (in thousands)</u>	
	<u>United States</u>	<u>City of New York</u>	<u>United States</u>	<u>City of New York</u>
2011	\$13,315,478,000	\$457,213,067	\$42,735	\$55,266
2012	13,998,383,000	479,431,121	44,598	57,438
2013	14,175,503,000	492,441,358	44,851	58,652
2014	14,982,715,000	518,197,525	47,058	61,441
2015	15,717,140,000	542,186,529	49,003	64,066
2016	16,151,881,000	568,897,506	49,995	67,174
2017	16,937,582,000	617,649,662	52,096	73,207
2018	17,839,255,000	643,437,189	54,581	76,691
2019	18,542,262,000	669,623,328	56,474	80,319
2020	19,679,715,000	NA	NA	NA

Source: Comptroller's Report for Fiscal 2021, U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Census Bureau, American Fact Finder.

* Amounts as of December 2020
N/A = data not available

New York City Housing Authority

Demographic and Economic Statistics - Ten Year Trend

POPULATION - TEN YEAR TREND 2012 - 2021

<u>Year</u>	<u>NYCHA</u>	<u>Change from Prior Period</u>
2012	403,736	0.09 %
2013	403,120	(0.15) %
2014	401,093	(0.50) %
2015	400,474	(0.15) %
2016	396,581	(0.97) %
2017	392,259	(1.09) %
2018	381,159	(2.83) %
2019	365,806	(4.03) %
2020	358,675	(1.95) %
2021	339,900	(5.23) %

New York City Housing Authority

Demographic and Economic Statistics - Ten Year Trend

2012 - 2021

Personal Income (in thousands)

<u>Year</u>	<u>NYCHA</u>
2012	4,052,026
2013	4,064,839
2014	4,068,376
2015	4,133,013
2016	4,241,327
2017	4,248,457
2018	4,269,695
2019	4,259,891
2020	4,030,964
2021	3,847,446

City of New York - Persons Receiving Public Assistance - Ten Year Trend

**2012-2021
Average Annual Recipients**

Year	Public Assistance (in thousands)	SSI (a)
2012	353	425,991
2013	357	425,034
2014	337	402,529
2015	360	398,856
2016	370	394,680
2017	364	388,629
2018	356	381,373
2019	332	374,695
2020	378	NA
2021	371	NA

(a) The SSI data is for December of each year.
N/A: Not Available

Sources: Comptroller's Report for Fiscal 2021, The City of New York, Human Resources Administration and the U.S. Social Security Administration.

**New York City Housing Authority
Persons Receiving Public Assistance - Ten Year Trend**

Year	Number of Public Assistance Families	Public Assistance
2012	19,561
2013	20,055
2014	20,379
2015	21,214
2016	22,710
2017	23,077
2018	22,146
2019	20,856
2020	21,037
2021	20,554

Source: New York City Housing Authority, Performance Tracking and Analytics Department

Nonagricultural Wage and Salary Employment - Ten Year Trend

2012-2021

(Average Annual Employment in thousands)

	<u>2021 (b)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Private Employment:										
Services (a).....	2,344	2,350	2,712	2,625	2,548	2,481	2,398	2,308	2,214	2,137
Wholesale Trade.....	118	121	141	142	143	144	145	143	141	140
Retail Trade.....	287	286	349	351	352	351	353	351	340	328
Manufacturing.....	53	53	68	71	74	77	79	77	77	77
Financial Activities.....	461	470	485	477	469	466	459	449	437	438
Transportation, Warehousing and Utilities.....	123	127	147	143	139	135	132	126	123	122
Construction.....	134	138	161	159	153	147	139	129	122	116
Total Private Employment.....	3,519	3,545	4,063	3,968	3,877	3,801	3,704	3,583	3,454	3,358
Government.....	580	588	587	585	585	584	580	573	571	571
Total.....	<u>4,099</u>	<u>4,133</u>	<u>4,650</u>	<u>4,553</u>	<u>4,462</u>	<u>4,385</u>	<u>4,284</u>	<u>4,157</u>	<u>4,025</u>	<u>3,929</u>
Percentage Increase (Decrease) from Prior Year	(0.8%)(b)	(11.1%)	2.1%	2.1%	1.8%	2.4%	3.1%	3.3%	2.5%	4.7%

(a) Includes rounding adjustment.
(b) Six months average.

Notes: This schedule is provided in lieu of a schedule of principal employees because it provides more meaningful information. Other than the City of New York, no single employer employs more than 2 percent of total nonagricultural employees.

Data is not seasonally adjusted.

Source: Comptroller's Report for Fiscal Year 2021, New York State Department of Labor, Division of Research and Statistics.

Employment Status of the Resident Population - Ten Year Trend

2011-2020

	Civilian Labor Force (in thousands)		Unemployment Rate	
	New York City Employed	New York City Unemployed(a)	New York City	United States
2011	3,612	363	9.1 %	8.9 %
2012	3,642	379	9.4	8.1
2013	3,707	358	8.8	7.4
2014	3,802	289	7.1	6.2
2015	3,861	228	5.6	5.3
2016	3,877	210	5.1	4.9
2017	3,930	186	4.5	4.4
2018	3,909	168	4.1	3.9
2019	3,913	157	3.9	3.7
2020	3,429	481	12.3	8.1

(a) Unemployed persons are all civilians who had no employment during the survey week, were available for work, except for temporarily illness, and had made efforts to find employment some time during the prior four weeks. This includes persons who were waiting to be recalled to a job from which they were laid off or were waiting to report to a new job within 30 days.

Note: Employment and unemployment information is not seasonally adjusted.
Sources: Comptroller's Report for Fiscal 2021, U.S. Department of Labor, Bureau of Labor Statistics, and Office of the Comptroller, Fiscal and Budget Studies.

SCHEDULES OF OPERATING INFORMATION

**NEW YORK CITY HOUSING AUTHORITY
SUMMARY OF PUBLIC HOUSING DEVELOPMENTS**

DEVELOPMENT DATA	DEVELOPMENTS IN FULL OPERATION				
	PROGRAM				
	FEDERAL	LLC I	PACT/RAD	TOTAL**	
NUMBER OF DEVELOPMENTS	266	13	58		337
NUMBER OF CURRENT APARTMENTS ***	146,999	14,426			161,425
NUMBER OF SECTION 8 TRANSITION APARTMENTS	-	2,693			2,693
TOTAL NUMBER OF APARTMENTS ****	148,360	14,476	15,426		178,262
RESIDENTIAL BUILDING	1,959	155	305		2,419
NON-RESIDENTIAL BUILDING	92	8	14		114
POPULATION* PUBLIC HOUSING	310,126	24,946			335,072
POPULATION* SECTION 8 TRANSITION	-	6,152			6,152
TOTAL POPULATION*	310,126	31,098	29,789		371,013

* Population as of March 2022
 ** Add back Harlem River and Harlem River II and does not include Lavanburg Houses and PSS Grandparent Family Apartments
 *** Current Apartments are units which are occupied as well as vacant available
 **** Total Number of Apartments includes units which are occupied, vacant available, as well as units that are off the rent rolls or vacant unavailable

Source: New York City Housing Authority, Performance Tracking and Analytics Department

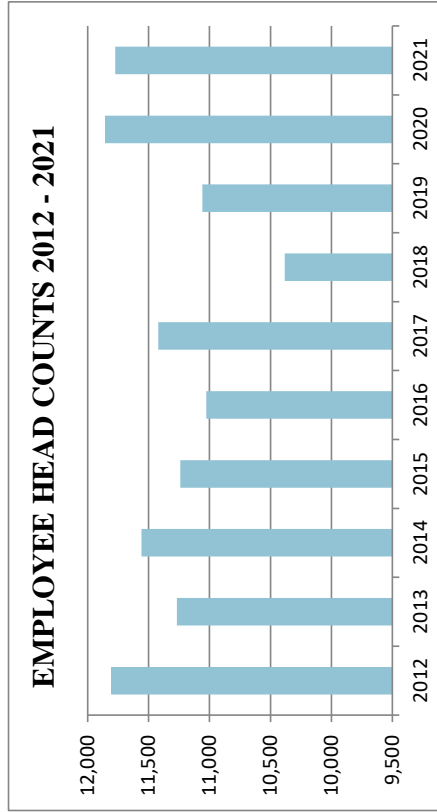
**NEW YORK CITY HOUSING AUTHORITY
LEASE COMMITMENTS**
(\$ in thousands)

<u>LESSOR</u>	<u>YEAR OF EXPIRATION</u>	<u>ANNUAL RENTAL 2021</u>	<u>FUTURE MINIMUM ANNUAL RENTS</u>	<u>FACILITY</u>
IPG LIC 49th Ave Lower Floor Units Property Owner LLC	2050	\$ 21,671	\$ 733,230	Office Building
90 Church Street Limited Partnership	2044	15,482	387,324	Office Building
250 Broadway Owner LLC	2039	5,831	125,867	Office Building
One Fordham Plaza, LLC	2030	4,001	38,476	Office Building
Vanderbilt Associates Owner LP	2030	3,216	26,335	Office Building
Hutch Metro Center I LLC	2026	2,535	8,297	Office Building
Other		242	-	Office Building
TOTAL		\$ 52,978	\$ 1,319,529	

Source: New York City Housing Authority
Financial Accounting and Reporting Services Department

**NEW YORK CITY HOUSING AUTHORITY
EMPLOYEE HEAD COUNTS 2012 - 2021**

Year	Full Time	Part Time	Total
2012	11,591	217	11,808
2013	11,107	162	11,269
2014	11,401	158	11,559
2015	11,079	160	11,239
2016	10,624	403	11,027
2017	10,976	444	11,420
2018	10,287	97	10,384
2019	10,973	86	11,059
2020	11,797	60	11,857
2021	11,684	89	11,773



Note: Includes only employees who are active and receiving bi-weekly pay.

Source: New York City Housing Authority
Department of Human Resources

