



Five Year Operating Plan Calendar Years 2022-2026

December 30, 2021

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2022-2026 Operating Plan

The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2022-2026 Operating Plan on December 30, 2021. This Five-Year Plan outlines the Authority's priorities and strategies to address the challenges it faces with its available resources.

Overview

The 2022 Plan projects an operating deficit of \$35 million. The Authority's \$4.2 billion budget supports two major federal programs. The \$2.8 billion Public Housing Program provide funding for operations and maintenance of over 160 thousand units of housing while the \$1.4 billion supports the Housing Choice Voucher (HCV) Program which provides 87 thousand low-income New Yorkers with affordable housing in the private sector. Shortfalls in federal funding for the Public Housing Program are offset with \$276 million provided by the City of New York.

FY22 - FY26 Operating Plan Summary					
(\$ Millions)	FY22	FY23	FY24	FY25	FY26
<i>Revenues</i>					
Tenant Rental Revenue	\$867	\$881	\$807	\$744	\$718
Federal Operating Subsidies	1,023	1,090	1,095	1,055	1,002
Section 8 Subsidies	1,448	1,458	1,531	1,570	1,605
City funds	276	221	221	221	221
Other Revenues	529	364	339	332	331
Total Revenue	\$4,144	\$4,014	\$3,993	\$3,921	\$3,877
<i>Expenditures</i>					
Salaries	911	913	888	838	815
Fringes	624	635	678	686	700
Contracts	489	451	427	414	407
Utilities	524	518	497	496	474
Housing Assistance Payment	1,293	1,315	1,363	1,410	1,462
Other OTPS Expenses	339	318	307	300	298
Total Expenditures	\$4,179	\$4,150	\$4,160	\$4,144	\$4,156
Surplus/ (Deficit)	(\$35)	(\$136)	(\$168)	(\$222)	(\$279)

Our Commitment to a Financial Transparency

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

Government Finance Officers Association (GFOA) Award

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

As part of its commitment in providing financial transparency, NYCHA submitted its 2021 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In November 2021, for the seventh consecutive year, NYCHA was awarded the Distinguished Budget Presentation Award. This award is the highest form of recognition in government budgeting.

Property Based Budgeting Training

The Department of Financial Planning and Analysis (FPA) has implemented training enhancements to ensure Property Managers are involved in the budget process and can read and understand financial statements. FPA initiated a series of ongoing training sessions in 2020 and 2021 which included an introduction to general budget principles, budget submission, and understanding and utilizing various resources to guide our financial processes. Some of the key resources that were reviewed include the use of Financial Planning & Analysis Database (FPAD), the Budget Revisions process, understanding the General Ledger account structure, personnel action requests, navigation of the budget web portal, and accessing financial and headcount reports.

For 2022, the plan involves adding advanced training courses, strengthening the cost allocation and fee-for-service models, improving financial statements, updating the budget web portal to revise existing reports, hosting property manager budget training on operational expenditures, and hosting trainings to understand income and expense statements.

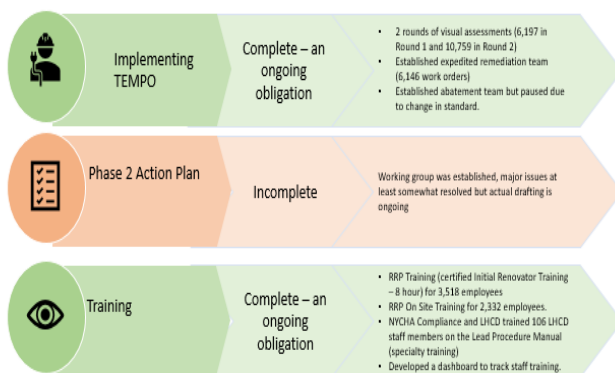
HUD Agreement and Pillar Areas

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

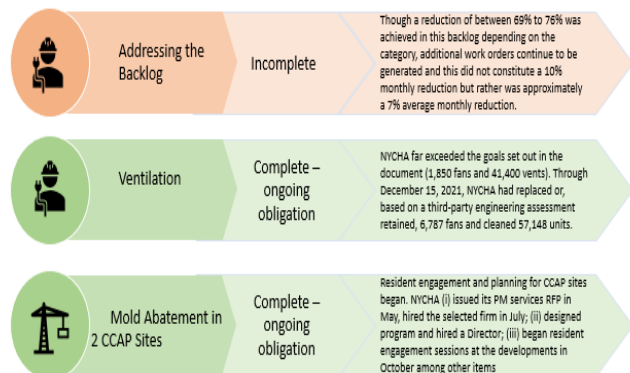
Below provides major undertaking efforts from key areas.

Lead, Mold and Pest

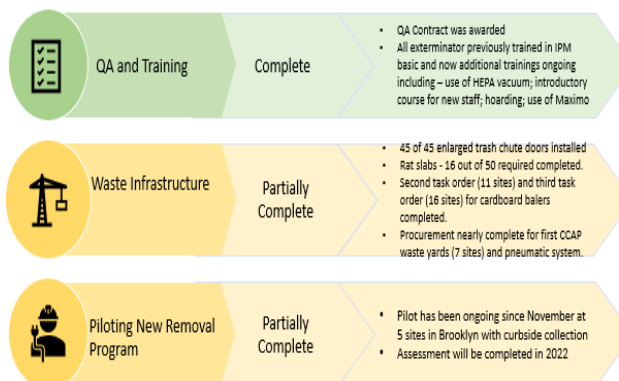
Lead-Based Paint: Priorities



Mold: Priorities

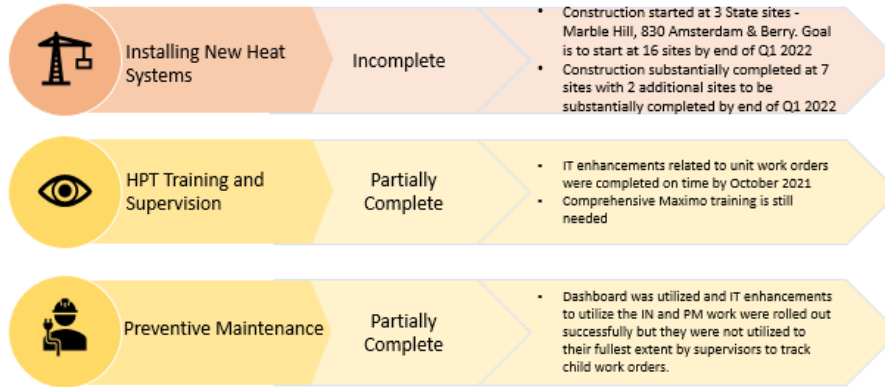


Pests and Waste: Priorities

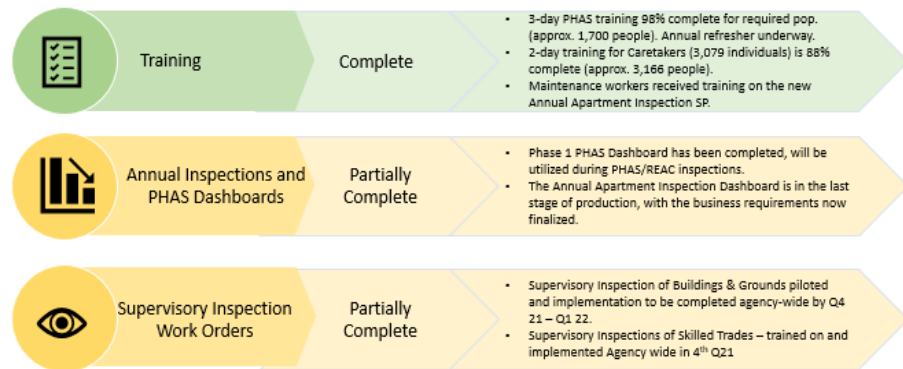


Heat, Elevator, and Inspection

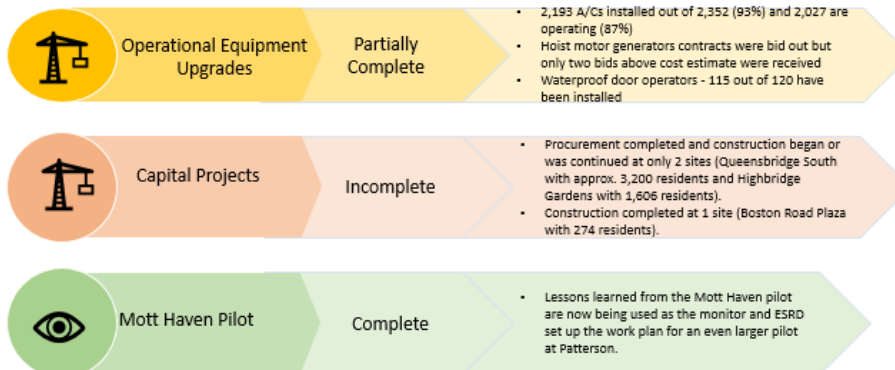
Heat - Priorities



Inspections - Priorities



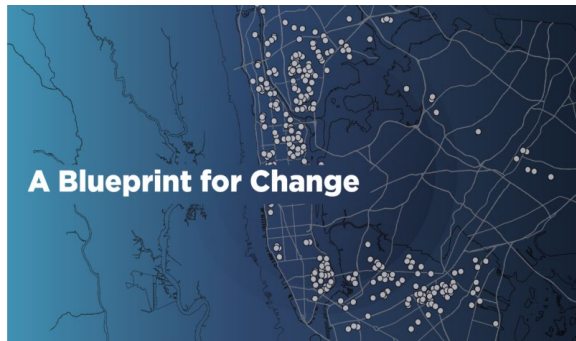
Elevators - Priorities



A Path to Financial Sustainability

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

The Blueprint for Change



On July 28, 2020, NYCHA Chair and CEO Greg Russ introduced A Blueprint for Change, a set of ideas that outlines potential pathways for the Authority’s reorganization and investing of capital to stabilize and improve its properties, with additional impacts that could drive jobs and recovery strategies.

Blueprint endeavors to invest in the organization, buildings, and residents through three approaches:

1. Transformation Plan
2. Stabilization Strategy

Transformation Plan

NYCHA’s Transformation Plan that will enable the Authority to improve the delivery of services for residents through a “Neighborhood Model” for property operations, among other organizational improvements. The Transformation Plan builds upon the work we’ve been doing to make significant progress in key areas that most impact residents’ quality of life, and it is centered around the imperative to foster a new culture of service at the Authority.

(Additional information on the plan can be found on 2022 Initiatives and Special Programs section)

A Stabilization Strategy

A Stabilization Strategy, which puts forth the first-ever plan to comprehensively renovate and update every single NYCHA building. It can accomplish this by establishing a Public Housing Preservation Trust. While rehabilitating NYCHA buildings and apartments, the Public Trust would keep public housing 100 percent public and affordable and ensure that residents maintain their full rights and protections for perpetuity. Together, the Public Trust and the existing Permanent Affordability Commitment Together (PACT) initiative can bring the billions of dollars in investment that our buildings desperately need.



Permanent Affordability Commitment Together (PACT)

The Permanent Affordability Commitment Together (PACT) initiative is a key component of NYCHA 2.0. Through PACT, NYCHA is addressing \$12.8 billion in overdue repairs in 62,000 apartments – a third of its units and home to approximately 140,000 New Yorkers. PACT relies on partnerships with private and non-profit organizations to convert developments to a more stable, federally funded program called Project-Based Section 8. Under PACT, NYCHA seeks to identify resources and opportunities to make major physical and operational improvements while preserving long-term affordability and maintaining strong resident rights. All 62,000 apartments converted to Section 8 funding will remain permanently affordable. The Project-Based Section 8 program provides a more stable flow of federal subsidy and allows NYCHA and its partners to raise external financing to address a development's capital repair needs. Once developments are converted, quality private managers, including non-profit partners, will maintain and operate the buildings. The PACT program provides residents with important rights and protections. Residents will only pay 30 percent of their household income towards rent, will not have their applications re-screened, and will have the right to remain in their homes during the renovations.

Since 2016, the PACT program has generated more than \$3.4 billion in capital funding for comprehensive apartment renovations and building infrastructure improvements for nearly 15,500 households. Approximately \$579 million in renovations have already been completed, and \$2.8 billion in major upgrades are underway or will begin early this year. An additional 19,700 households are part of active development projects in the process of resident engagement or pre-development. In sum, NYCHA has more than 35,000 apartments completed, in construction, or in a stage of resident engagement or pre-development.

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

Ocean Bay (Bayside), Queens

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

Twin Parks West, Bronx

This conversion is providing \$46 million for comprehensive repairs to 312 apartments in the Fordham Heights neighborhood of the Bronx. NYCHA entered into a public-private partnership with Gilbane Development Company (developer), Dantes Partners (developer), Apex Building Group (general contractor), and Kraus Management, Inc. (property manager). Social services are being provided by BronxWorks. The project is being financed with conventional debt. Phase I repairs are now complete and phase II repairs will be completed in 2022.

Highbridge-Franklin, Bronx

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

Betances, Bronx

This conversion provided \$145 million for comprehensive repairs to 1,088 apartments across 40 buildings in the Mott Haven neighborhood of the Bronx. NYCHA entered into a public-private partnership with MDG Design + Construction (developer), The Wavecrest Management Team (property manager), and Catholic Charities Community Services, Archdiocese of New York (social services provider). The project was financed with conventional debt and developer equity. Repairs were substantially completed at the end of 2020.

Baychester/Murphy, Bronx

In December 2018, NYCHA closed on 722 units across 14 developments at Baychester and Murphy Houses in the Bronx, thus completing the PACT conversion of these two developments. The partner for this conversion is MBD Community Housing Corporation (developer and social services provider), Camber Property Group (developer), and L+M Partners (developer, general contractor, and property manager). The project is being financed with conventional debt. Total repair work for the project totaled \$116 million. Repairs were substantially completed at the end of 2020.

Hope Gardens, Brooklyn

This conversion will provide \$280 million for comprehensive repairs to 1,321 apartments across 60 buildings in the Bushwick neighborhood of Brooklyn. NYCHA entered a public-private partnership with Pennrose Properties (developer), Procida Construction (general contractor), Pinnacle City Living (property manager), and Acacia Network (social services provider). Repairs are expected to be completed in the spring of 2022.

Brooklyn Mega Bundle II

This conversion will provide \$434 million for comprehensive repairs to 2,625 apartments across 38 buildings at these developments : 72 Warren Street, Armstrong I, Armstrong II, Berry Street-

South 9th Street, Independence, Marcy Avenue-Greene Avenue Site A, Marcy Avenue-Greene Avenue Site B, Weeksville Gardens, Williams Plaza. NYCHA entered a public-private partnership with the Arker Companies, Omni NY LLC, Dabar Partners, and Bedford Stuyvesant Restoration Corporation (developer joint venture), Chateau GC and Renewal Construction Services LLC (general contractor), Progressive Management (property manager), and El Puente, Nan Newark Tech World, Parcare Community Health Network (social services provider). Repairs began in 2020 and will be completed in the spring of 2022.

PACT Manhattan Bundle

This conversion will provide \$383 million for comprehensive repairs to 1,718 units across 16 developments in Manhattan: 335 East 111th Street, Park Avenue-East 122nd, 123rd Streets, Manhattanville Rehab (Group 2), Manhattanville Rehab (Group 3), Public School 139 (Conversion), Samuel (MHOP) I, Samuel (MHOP) II, Samuel (MHOP) III, Fort Washington Avenue Rehab, Grampion, Washington Heights Rehab (Groups 1&2), Washington Heights Rehab Phase III, Washington Heights Rehab Phase IV (C), Washington Heights Rehab Phase IV (D), Wise Towers, 344 East 28th Street. The development team is a joint venture between Monadnock Development LLC, Community Preservation Corporation, Community Development Trust, Kalel Holdings, Lemor Development Group, and Community League of the Heights (CLOTH). Repairs began in 2020 and will be completed in late 2022 or 2023.

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

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

Linden and Penn-Wortman, Brooklyn

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

Williamsburg, Brooklyn

Williamsburg Houses will receive \$490 million in comprehensive renovations to the 1,621 apartments and 20 residential buildings at the property. The PACT partners at Williamsburg are led by MDG Design and Construction and Wavecrest Management. MDG Design and Construction will perform the rehabilitation work. Wavecrest Management is now responsible

for the day-to-day management and operation of the property. Social services are being provided by non-profit partners St. Nicks Alliance and Grand Street Settlement, which both have deep experience serving Williamsburg residents. Repairs will begin in 2022 and anticipated for completion by 2025.

Build to Preserve (BTP)

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

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

BTP at Sites in Chelsea, Manhattan

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

Transfer to Preserve

NYCHA continues to tap into its extensive unused development rights, known as "air rights," in order to raise revenue for the Authority. By transferring only a portion of the Authority's approximately 80 million square feet of air rights, NYCHA expects to generate \$1 billion in capital repairs for adjacent apartments. In 2020, NYCHA completed two air rights transfers, one at Ingersoll Houses in Brooklyn and another at Hobbs Court in Manhattan, generating approximately \$27 million in proceeds for capital repairs.

100% Affordable Housing and Seniors First

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

engage NYCHA residents on a regular basis as the project progresses and give preference to residents for 25 percent of the units.

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

Mill Brook Terrace, Bronx

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

Stonewall House, Brooklyn

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

Van Dyke III, Brooklyn

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

East 165th Street – Bryant Ave, Bronx

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

Hallett's Point Building 7, Queens

In 2019, NYCHA sold a parcel for the development of a 163-unit affordable development in Astoria, Queens. Construction is underway.

Betances V, Bronx

In 2019, NYCHA leased a parcel of approximately 12,600 square feet on Block 2287, Lot 26, for construction of a 152-unit senior housing development. Construction is underway and anticipated to be completed in 2022.

Soundview III Homeownership, Bronx

In 2020, NYCHA leased a parcel of approximately 39,000 square feet on Block 3315, Lot 20, for construction of 72 apartments for cooperative homeownership. Construction is underway.

Melrose North, Bronx

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

Twin Parks Terrace, Bronx

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

The Atrium, Brooklyn

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

Casa Celina, Bronx

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

Betances VI, Bronx

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

Bushwick II CDA (Group E), Brooklyn

NYCHA intends to lease a parcel of approximately 15,500 square feet on Block 3325, Lot 1 for construction of a senior housing development. NYCHA, in collaboration with HPD, issued an RFP in 2017. A developer was designated in 2019. A Section 18 Application was submitted in 2021 and, pending approval, construction is anticipated to begin in 2022.

Morris Senior, Bronx

NYCHA intends to lease a parcel of approximately 13,000 square feet on Block 2902, Lot 36 for construction of a senior affordable housing development with approximately 150-200 units. NYCHA issued an RFP in collaboration with HPD in 2019 and anticipates designating a developer in 2022.

Kingsborough Senior, Brooklyn

NYCHA intends to lease a parcel of approximately 18,000 square feet on Block 1344, Lots 1 and 175 for construction of a senior affordable housing development with approximately 150-200 units. NYCHA issued an RFP in collaboration with HPD in 2019 and anticipates designating a developer in 2022.

Job and Recovery Strategy

Job and Recovery Strategy: While we bring massive investment to our buildings and residents' homes – the largest investment in New York City's public housing since the 1950s – we will generate jobs for New Yorkers, and we will prioritize NYCHA residents for the job training and employment. Every dollar put into public housing is more than doubled in the regional economy, thanks to the jobs and tax revenues generated by the investment. This will help the city recover economically from the COVID-19 pandemic.

The Coronavirus Pandemic Impact

Emergency Protective measures

2021 has been another challenging year because of the ongoing corona virus pandemic. NYCHA has continued to protect our residents and staff through emergency protective measures while maintaining our services. This was very difficult with the continuous changing COVID-19 regulations by the Federal, State, and City government.

Some of emergency protective measures implemented include:

- Weekly disinfection of public spaces at residential buildings and NYCHA staff offices.
- Issuance of personal protective equipment, such as, face coverings and hand sanitizer to all employees.
- Allowing all non-frontline employees to work remotely and providing telework equipment to essential employees.



FEMA COVID19 Relief / Reimbursement

Since the beginning of the Coronavirus pandemic, up to 2021 yearend, total costs encumbered towards emergency protective measures are over \$174 million. NYCHA's Financial Planning and Analysis Department applied for FEMA COVID-relief to assist with the new expenses and has secured \$24 million in reimbursement grant funds.

Emergency Housing Voucher (EHV) Subsidies and Administrative Fee

EHV program was established in 2021 as part of the American Rescue Plan Act (ARPA) to help address homelessness and other social issues as well as to help assist families with a high risk of housing instability. In July 2021, of the 70,000 housing choice vouchers allocated to local Public Housing Authorities (PHAs), NYCHA was awarded 5,738. NYCHA entered a memorandum with our Continuum of Care (CoC) including the Housing Preservation Development (HPD) to establish a partnership for the administration of EHV's. Our CoC has agreed to assist in the leasing of 70% or 4,016 of our 5,738 awarded vouchers. HUD obligated NYCHA \$81.4M in Housing Assistant Payments (HAP) and \$25M in fees to administer the program.

Information Technology Solutions

NYCHA's Information Technology (IT) Departments continue to make significant service improvements for both internal and external customers through the implementation of advanced technologies including technology upgrade that supports NYCHA's transformation business strategy. IT's mission is to enable NYCHA to provide quality housing by delivering meaningful, innovative, high-performing, cost-effective technology solutions.

2021 Accomplishments

In 2021, NYCHA IT conducted an organizational redesign to streamline its IT service delivery and operations. The IT Departments:

- Completed Technical Assessments to improve how IT works and supports NYCHA Business Partners for key systems, Siebel, Maximo and Infrastructure.
- Launched formal IT Service Management practice:
- Implementing incident, problem and change management formal practices based on ITIL standards.
- Modernized the IT Service Desk through implementation of ITIL-standard KPIs and metrics to measure performance
- Combined desktop, laptop, mobile device, printers, digital vans and kiosks into one centralized support unit for all computing devices
- Resumed digital van program (after COVID-induced hiatus in 2020) to provide support to residents with modified service to comply with enhanced safety and social distancing practices.
- Teams at the IT Service Desk answered 42,841 phone calls and processed 57,387 tickets to support end users with technology issue
- Upgraded 23 kiosks in walk-in centers in 787 Atlantic and 1 Fordham Plaza to new models with updated user-friendly controls and enhanced accessibility and security options to provide additional usability for residents.
- Established Technology Steering Committee, an IT Governance Model for review and approval of major projects and Initiatives.
- Continued Datacenter Resiliency Initiatives
- Expanded Digital Signage and launched free public space wi-fi in development buildings to improve to improve resident awareness, engagement, compliance with NYCHA guidelines, and ultimately, improve customer satisfaction.
- Completed Annual Recertification System Enhancements for a newly improved, user-friendly redesign of the online portal for residents to access to complete Annual Recertification.
- Implemented Virtual Desktop Infrastructure release and Install
- Launched Safesignal Alert Media Pilot for Maintenance Workers
- Lead Initiatives in support of the Lead Action Plan, including XRF Threshold Change

IT Security

Due to the increasing threat of hackers and IT Fraud, NYCHA has taken measures to further protect its data and system. IT continues to build a mature cybersecurity program to protect NYCHA data and employees from cyber threats and has onboarded a Deputy Chief Information Security Officer. Additional measures by the departments:

- Installed desktop and server advance threat protection applications monitored by NYC3
- Developed a cybersecurity strategy and cyber improved incident response plan
- Performed cyber tabletop exercises
- Established log forwarding to NYC3 to monitor for anomalous activity on NYCHA servers, office 365 and network systems
- Established a cyber user awareness program that performs NYCHA employee training and phishing exercises. Lead Initiatives in support of the Lead Action Plan, including

2022 Plan Highlights

IT has a host of initiatives to be implemented in 2022. They plan to:

- Upgrade systems supporting NYCHA's Customer Contact center (CCC)
 - Upgrade NYCHA's communication network and voice over internet protocol (VOIP) equipment
 - Application Modernization Plan to modernize technology capabilities to enhance NYCHA's ability to meet and improve the resident & employee experience.
 - Support Maximo development work to support business functionality enhancement requests,
 - Deliver various application enhancement to support critical business functionality in the Siebel CRM system
 - Replace end-of-life (EOL) business applications including Movaris business workflow system,
 - Refresh network printers across the authority
 - Refresh desktop computer equipment
 - Begin implementation of the initial phase of a Human Capital Management system
 - Continue to update kiosks and replacement in Walk-in Centers
 - Design Capital Projects Tracker
 - Expand Digital Van schedules
 - Implement improvements to the CCTV System
 - Expand Digital Lobby Signage program
 - Enhance Maximo Pillar and Work-Order
 - Improve Siebel Design Improvements
 - Integrate BMS and IoT
 - Digitize Paper Files
 - Complete Legal Stratus
 - Perform evaluation for replacement of LHD system
 - Upgrade Security tools to strengthen protections of PII, HIPAA, and financial data.
 - Perform EOL Hardware & Software Upgrades for Kronos, Maximo and Hyperion.
-

Closing the Year

2021 has been a challenging year for the nation as a result of the worldwide pandemic and it was especially difficult for NYCHA's low-income families. While there was a significant reduction in revenue from tenant rent, increase in contract expense to meet HUD/SDNY guideline and other expenses related to pandemic containment efforts, however, NYCHA managed balance the budget for the year.

(\$ in Millions)

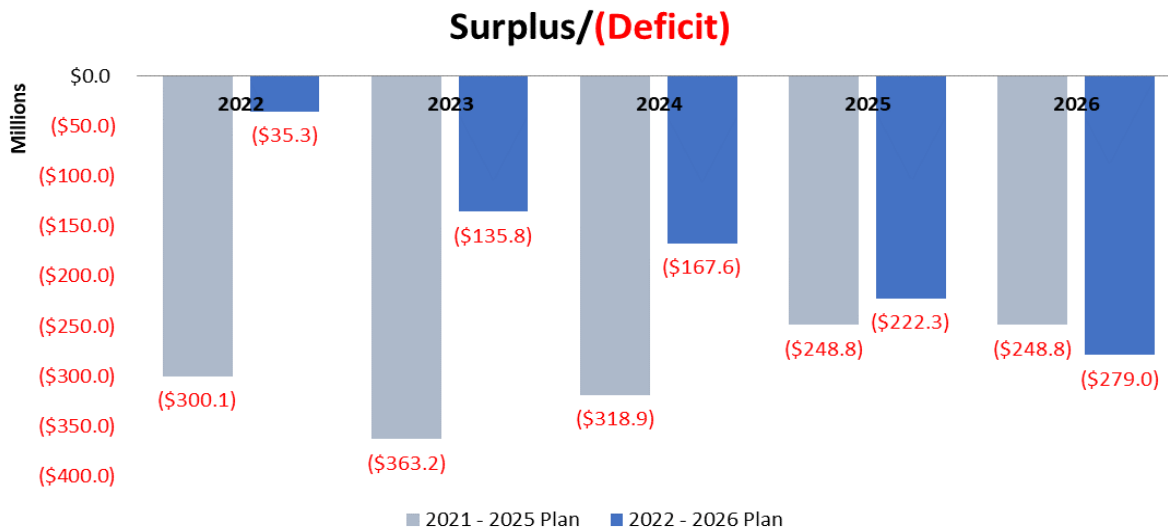
Sources	Adopted (ADP) Budget	Year-end (YE) Reforecast	Variance (ADP vs YE Reforecast)
Tenant Rental Revenue	\$1,008	\$889	(\$119)
Operating Subsidy	\$1,015	\$1,116	\$101
Section 8 Revenue	\$1,352	\$1,376	\$24
City Funds for Staffing Costs	\$120	\$121	\$1
City Funds for Other Initiatives	\$128	\$165	\$37
Capital Fund Management Fee & Transfer	\$290	\$296	\$6
Other Revenues	\$146	\$203	\$57
Total Sources	\$4,058	\$4,166	\$108
Uses			
Personal Services (PS)			
Salaries	\$783	\$774	\$9
Overtime	\$90	\$167	(\$77)
Fringe	\$571	\$632	(\$61)
Total PS	\$1,444	\$1,573	(\$129)
Other than Personal Services (OTPS)			
Supplies	\$105	\$94	\$11
Contracts	\$613	\$518	\$95
Utilities	\$513	\$559	(\$46)
Section 8 HAP	\$1,185	\$1,206	(\$21)
Other OTPS	\$225	\$216	\$9
Total OTPS	\$2,640	\$2,593	\$47
Total Uses (PS & OTPS)	\$4,084	\$4,166	(\$82)
Surplus/(Deficit)	(\$25)	\$0	\$25

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

History of NYCHA’s Funding

Deficits are mainly due to the increasing cost of employee benefits as well as increasing expenditures on contracts and supplies in HUD/SDNY Agreement compliance areas.

While the cost to maintain public housing program is expected to increase, however, with the additional support from City of New York and increase in Federal funding, the Authority is expected to reduce the gap for next 5 years. However, even with additional support, the Authority is anticipated to have a deficit of \$35.3 million in 2022, \$135.8 million, \$167.6 million, \$222.3 million, and 279 million in 2023, 2024, 2025 and 2026 respectively.



Above chart compares prior Adopted Plan to Current Adopted Plan

Historical Federal Funding

NYCHA relies heavily on federal subsidies, which account for approximately 60 percent of NYCHA’s operating budget revenues. The 2021 adopted budget is planned to account for HUD’s historic funding of each of NYCHA’s programs.

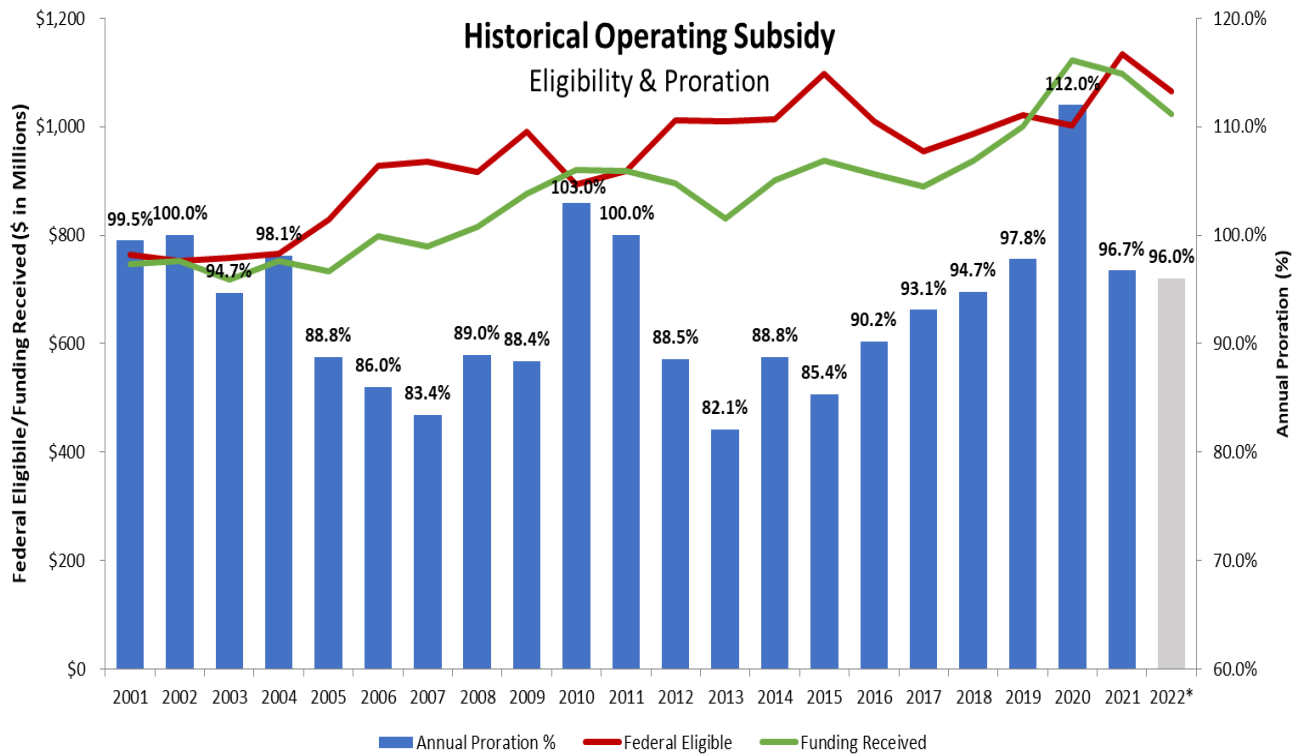
Funding Source	2021 Year-end	2022 Adopted	Historical 6-Yr Average (FY'16 - FY'21)
Operating Subsidy*	96.74%	96.00%	97.43%
Section 8 HAP	100.00%	100.00%	99.20%
Section 8 Admin	84.70%	81.60%	86.67%
Capital Fund (\$ in Millions)	\$601	\$700.00	\$488

2022 based on Adopted Plan based on projected funding and eligibility

Federal Operating Subsidy

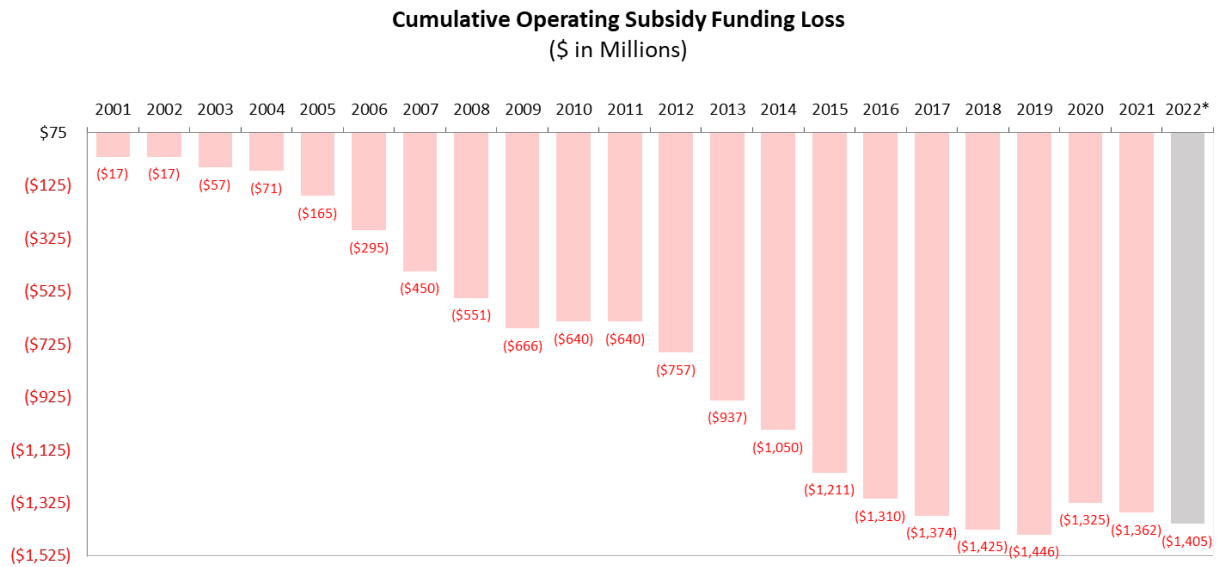
If NYCHA was awarded at 100 percent of total eligibility, there would be little or no operating deficit in the Authority’s Five-Year Plan. In fact, NYCHA would have additional resources to meet the needs of residents by supporting critically needed frontline staff, such as maintenance workers, caretakers, and skilled trade persons.

However, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD’s eligibility formula. Additionally, while HUD’s formula takes location into account, NYCHA has long advocated that the system is inequitable when one considers the city’s uniquely high construction costs as well as higher employment costs in comparison to housing authorities across the US.



Note: 2020 Proration includes \$150 Million in Care ACT bringing up the Proration from 97% to 112%.

2022 is based on Adopted.



Note: 2022 is based on Adopted

Historical data (2001 to 2021), as shown above, illustrates a cumulative operating funding loss of over \$1.36 billion from proration.

Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, assists low-income families in obtaining safe, decent, and affordable housing in the private market by providing rental subsidy. NYCHA administers the largest Section 8 Program in the nation with 88,000 households served through a network of nearly 25,000 participating landlords.

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

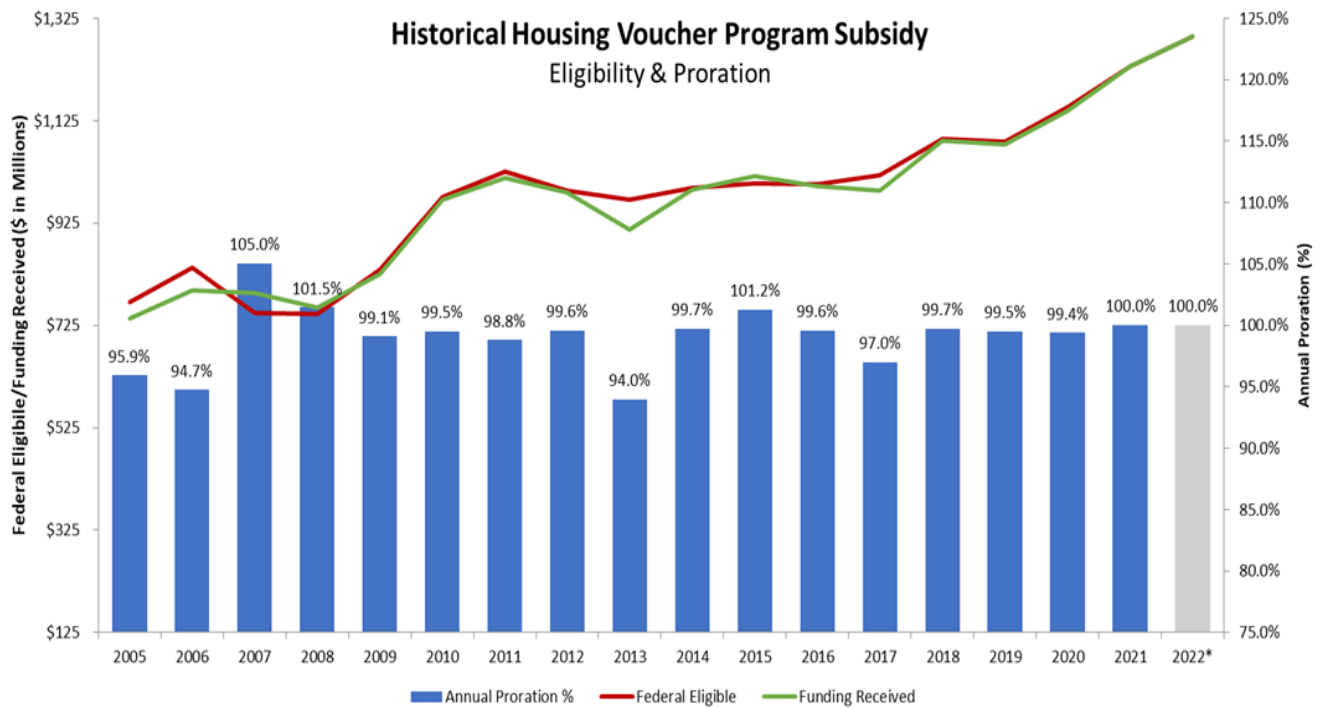
HUD establishes the total number of authorized vouchers for a Public Housing Authority (PHA). The annual renewal funding to the PHA is based on the total of the Housing Assistance Payments made the previous year, adjusted for HUD’s published inflation for the local market and congressional appropriations.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

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

Housing Assistance Payments (HAP)

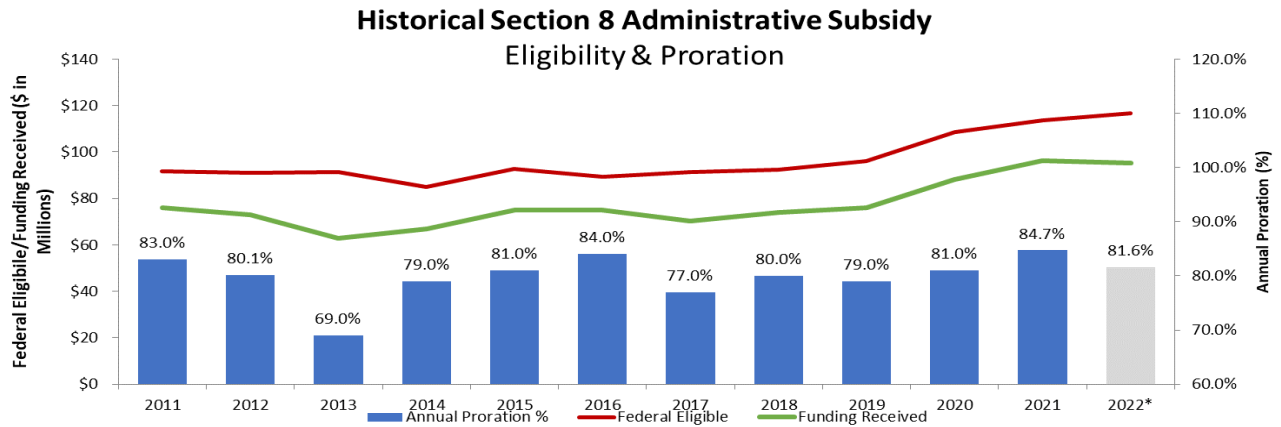
NYCHA provides rental subsidies to participating landlords on behalf of eligible participants through Housing Assistance Payments (HAP). Unused rental subsidies must be maintained in program reserves by HUD and may only be used for the issuance of additional vouchers or to offset any shortfall in annual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

Based on estimated 2021 HAP actual expenditures of \$1.1 billion, NYCHA estimates the HAP renewal funding of nearly \$1.3 billion in 2022 to be at 100% and adjusted for inflation. However, the renewal funding may be revised based on national guidelines.



Administrative Fees

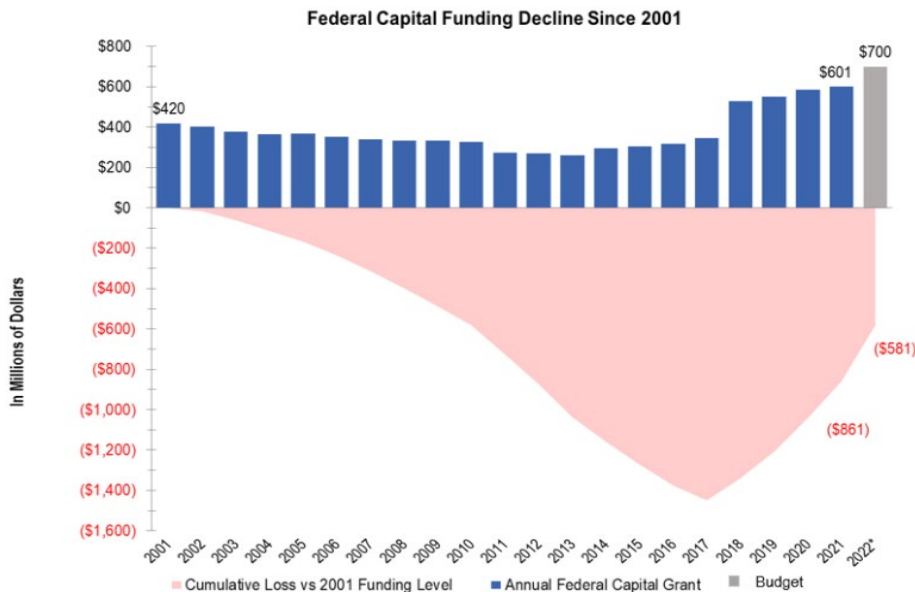
The administrative fees which are available to NYCHA for the administration of the program is subject to proration by HUD. In 2021, NYCHA expects an increase in administrative fees earned based on the proposed rental plan.



Federal Capital Funding

NYCHA has experienced a cumulative federal capital grant funding loss of \$0.86 billion since 2001. While federal capital fund allocation has been increasing in recent years (since 2018, funding level has been above 2001 level) Funding shortfalls have meant that only \$2.330 billion has been invested in capital improvements during the last six years (2016-2021). Over the last five years, there has been an increase to federal capital fund allocation. Continuous funding at the 2021 level of \$601 million would reduce the overall funding shortfall.

Federal Capital Funding Since 2001
(\$ In Millions)

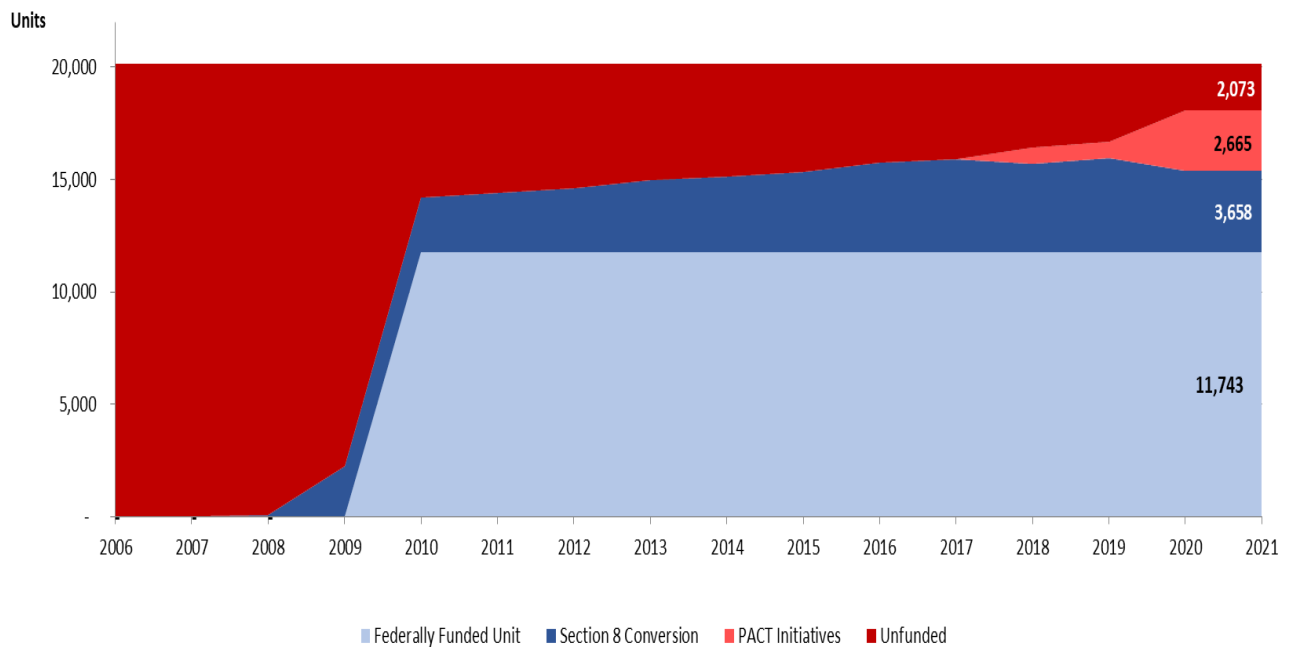


Support for Unsubsidized/Unfunded Units

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

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

Since 2008, NYCHA has been making progress to transition over 6,000 units via VCP and Rental Assistance Demonstration/Permanent Affordability Commitment Together (RAD/PACT) initiative*. Current Plan reflects NYCHA’s ongoing effort in transitioning of remaining 2,073** units (approximately 2,048 City & 25 State units) to Section 8 funding model. Of the 2,073 unfunded units 2,048 (Boulevard and Linden) is expected to RAD/PACT out by 2021 yearend and the remaining 25 unfunded units within the LLCI portfolio will convert upon vacancy.



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

** 2021 represents conversions as of December 1st 2021.

2022 Outlook

NYCHA receives both operating and capital subsidies directly from HUD, based on formulas, which are subject to congressional appropriation. NYCHA generally receives about \$2 billion in operating funding from the federal government for its public housing and Section 8 programs, and approximately \$500 million annually (based on average funding for past three years) for its capital program.

The outlook on federal funding seems encouraging as there likely to be some increase in funding levels partly in recognition of unprecedented pandemic affecting livelihood of NYCHA residents

2022 Initiatives and Special Programs

Blueprint for Change's Transformation Plan: Neighborhood Model

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

Below were the key changes in 2021 and upcoming changes for 2022:

NYCHA's six borough model was consolidated to four geographic structures (Manhattan, Bronx, Brooklyn, Queens/Staten Island), each led by a Vice President.

- NYCHA went from 21 Regional Asset Manager (RAM) portfolios to up to 30 portfolios (called "Neighborhoods"), each with 4,000-7,000 apartments and led by a Neighborhood Administrator (formerly called RAMs).
- Mixed Finance and NGO offices were eliminated and staff (e.g., Skilled Trades, Borough Office staff) were redeployed to the borough management departments.
- Property Managers at each site now report to a Neighborhood Administrator.
- Beginning in September of 2021, Bronx and Queens/Staten Island skilled trades staff were allocated to their respective neighborhoods as determined by the Borough Vice President.
- The Brooklyn and Manhattan neighborhood model will be rolled out in 2022.

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

To support the restructure the Transformation plan also include streamlining processes and procedures with the property janitorial reform, work order reform, increased resources, and training.

Property Janitorial Reform

Janitorial Reform is adding accountability to the agency's maintenance of common areas, changing shift and building schedules to enable performance measurement at the development and individual level. To accommodate the janitorial reform, the development staffing model was revised. Whereas the previous model used dwelling units and property acreage to allocate staff, the new model groups developments into categories based on size and property layout, and then applies a time in motion estimate to determine the staffing levels. An additional 200 Caretakers were funded at the developments for 2022.

Funding Increases

To support the additional borough and development staff, \$12 million in new funding was approved for development supplies, equipment, contracts, and other expenses. The Financial Planning and Analysis Department provided instructions allowing properties to decide on their property needs and allowed them to increase discretionary expenditures by up to 5%. Each Property Manager, with guidance from DFPA staff, was able to enter their own budget proposal for 2022-26 for their development.

Additionally, the budget for Overtime was increased by \$10 million to help reduce the apartment work order backlog and improve NYCHA's response time to address residents' needs. The Neighborhood Model represents a major step towards reshaping the organizational structure at the property and neighborhood levels.

Work Order Reform



Work order reform will help ensure decentralized maintenance staff can report quickly to units with pillar-related work requests and then complete the entire job on a trackable timeline.

The pilot program began on October 1, 2020 in Astoria, Queensbridge North, Queensbridge South, and Ravenswood, during which time employees and residents have been engaged in refining the process. Not only are skilled

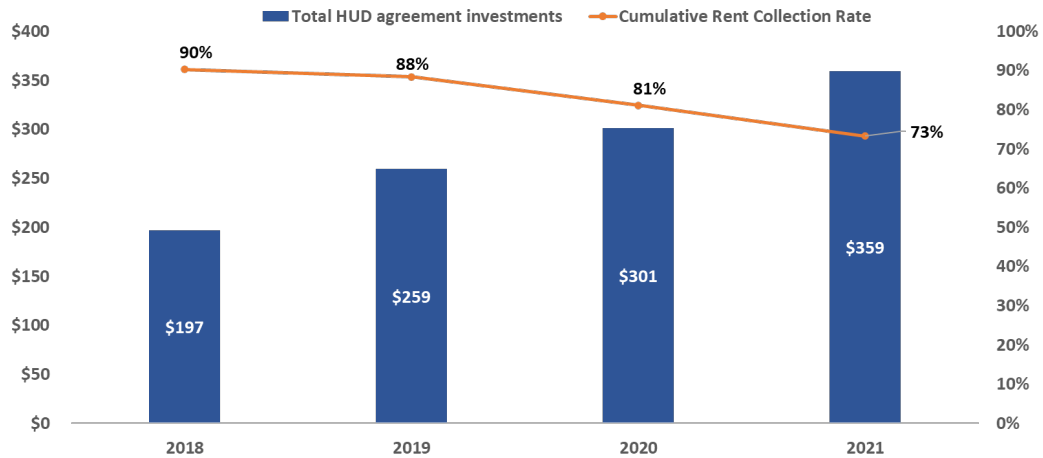
trades staff stationed on site, which increases efficiency and responsiveness, residents are now able to schedule all the appointments needed to complete a repair in a single phone call. The pilot also introduced a localized data driven approach: the creation and review of a dashboard which measures several new Key Performance Indicators (KPIs) and integrates data from our Kronos timekeeping system to evaluate individual employee performance and productivity.

Early results from the pilot demonstrated a combined 15% increase in productivity among both skilled trades and maintenance workers with the most significant gains among plumbers (65%) and painters (35%). The smallest gain seen is among Carpenters, who continue to be held up due to material procurement delays, some of which are COVID related. The length of time that it

takes to complete the totality of a repair from the initial maintenance work order until the last skilled trades work order has also decreased.

HUD/SDNY Agreement Investments

- Over the last 3 years, NYCHA has increased annual investments to the HUD Agreement pillar areas by \$162 million. At the same time, tenant rent -- a major source of operating revenue -- decreased significantly. Cumulative rent collection rate plummeted from 90% in 2018 to 73% in Oct 2021.



Notes:
 1. Agreement Investments include operating funding for heating, elevators, pests and waste, mold, and compliance departments. 2018-2020 amounts are actual expenditures, whereas 2021 is based on budgeted amounts.
 2. Cumulative rent collection rate is the total rent charged divided by total rent collected over a twelve-month period. The 2021 rate is as of October 2021 and subject to change.

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

5 Years Investments FY2022-FY2026						
Funding	HC	FY22	FY23	FY24	FY25	FY26
Operating	526	\$ 109,743,855	\$ 97,734,842	\$ 105,914,941	\$ 109,412,177	\$ 111,987,493
Capital	0	\$ 29,536,663	\$ 4,080,000	\$ 20,924,369	\$ 17,280,000	\$ 6,826,572
Total	526	\$ 139,280,518	\$ 101,814,842	\$ 126,839,310	\$ 126,692,177	\$ 118,814,065

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

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

Transformation Plan

In response to the HUD Agreement, the Transformation Plan is NYCHA’s vision for a more effective and responsive organization, driven by ideas and feedback received through

numerous stakeholder engagement sessions throughout 2019 and 2020. It is part of “A Blueprint for Change,” a comprehensive set of ideas to transform and stabilize the Authority that was introduced in July 2020.

As part of the Transformation Plan, developments that were previously managed by Mixed-Finance Asset Management and Next Generation Operations One departments, are now managed by their geographic borough Vice President. NYCHA developments have been grouped into neighborhoods, each overseen by a Neighborhood Administrator, and skilled trades employees are being allocated to each neighborhood, rather than borough wide. Queens and the Bronx had a headcount increase of 200 in 2021, and the 2022 Plan provides a staffing increase of approximately 250 positions for Brooklyn and Manhattan.

Budget Line-Item Discussion

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

Basis of Presentation

Budgetary Funds

The Plan consists of three component funds:

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

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

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

OPEB Disclosure

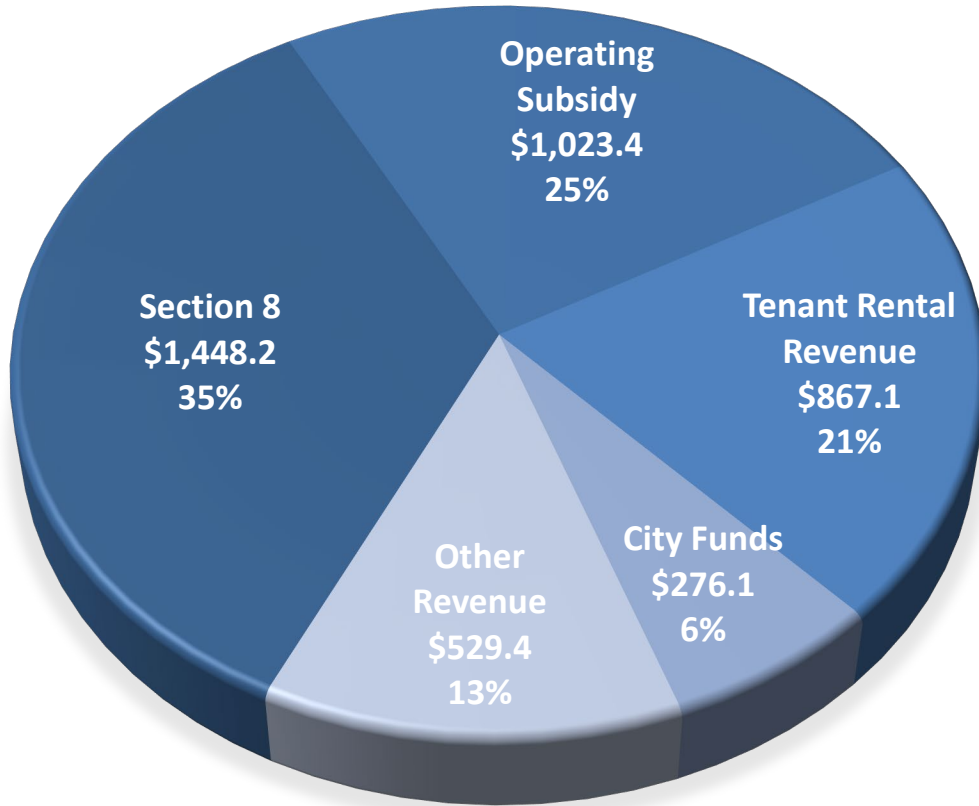
This Plan only includes projections for the “pay as you go” component of OPEB. The OPEB expense and liability are recognized in NYCHA’s audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles.

The OPEB liability as of December 31, 2021 is still being evaluated by NYCHA and its auditors, and amounts will be disclosed once evaluation has been completed.

Sources (Revenue Categories)

The following chart shows the \$4.14 billion in revenue in NYCHA’s 2022 operating budget, by category:

\$ in Millions



Other Revenue

Capital Fund Reimbursements	\$245.0
Excess Utility & Washing Machine	\$18.7
Development Revenue	\$3.2
Categorical Grants &	\$5.3
Parking Revenue	\$3.5
Other	\$253.7
Total Other Revenue	\$529.4

Tenant Rental Revenue and Federal Operating Subsidies account for nearly 46 percent of total revenues while Section 8 Subsidy for HAP and the Administrative Fees accounts for 35 percent of total revenues, as shown in the chart. The remaining 19 percent consists of many different components, which includes Capital Fund Reimbursements and City Funds.

Tenant Rental Revenue (Dwelling Rent)

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents 21 percent of total revenues in 2022. Rent projections are modeled at the property level based on data that includes the number of occupied units, tenants' rent, and collection losses. It is important to note that Tenant Rental Revenue contributes less than half of the total revenues used to cover the Authority's public housing expenditures reflected in the General Fund.

This Plan projects Tenant Rental Revenue to decrease from 1.08 billion to \$0.87 billion mainly attributed to ongoing impacts of the pandemic (COVID19) and efforts to transition from public housing to Section 8 to help attract financial resources. Separately, projection includes a compounded growth rate of 1 percent for remaining public housing units.

Federal Operating Subsidies

This Plan projects the Federal Operating Subsidy to be \$1.01 billion in 2021 and increase to \$1.02 billion in 2022. The assessment used to determine anticipated Operating Subsidy revenue is based on many factors including the number of eligible units, projected expense levels, utility expense levels, and formula income, which in turn, is based on Tenant Rental Revenue. While this assessment determines the eligibility level, additional assumptions must be made to determine future appropriations and proration levels, which averaged nearly 93 percent for the past decade (FY'12 to '21).

For 2022 - 2026, reflective of the observed proration trends over the past 7 years (2015-2021) averaging around 96 percent or a loss of 4% in potential revenue (also known as eligibility). It is important note that in 2020, in recognition of unprecedented pandemic outbreak affecting livelihood especially the low-income families, Housing Urban Development (HUD) provided additional funding support. As a point of reference, the Authority was eligible to receive \$1 billion in 2020, however, received \$1.12 billion was received, or additional \$120 million based on national proration of 112% proration.

Section 8 Conversion at LLC properties

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

NYCHA has since been working diligently to convert these unfunded units to the section 8 program. In fact, after years of effort, 2022 plan projects RAD/PACT conversion for the remaining 2 Developments under LLC II units (2,048 unfunded units) to be transitioned to RAD/PACT at Year End 2021. Additionally, the remaining 25 unfunded units from LLC I will eventually be converted upon vacancy.

Section 8 Subsidy and Administrative Fees

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

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

The Plan assumes Section 8 Subsidy to increase from \$1.2 billion to \$1.4 billion over the five years 2022-2026. The Administrative Fees is expected to increase from what was received in 2020/21 attributed to the projected increase in units. This assumes a total Unit Months Leased (UML) of 1,065,755 for a monthly average of 88,813 vouchers in 2022.

Categorical Grants

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects funding awarded and does not reflect anticipated funding. The budget reflects categorical grants in the amount of approximately \$5 million in its 5-year plan.

Capital Fund Reimbursements

Capital Fund Reimbursements (CFRs) are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget. The CFRs are for replacement reserves of NYCHA's mixed-finance portfolios. These reimbursements are projected to be \$245 million in 2022 reflective of increase in capital funding allocation.

Interest on Investments

Interest on Investments represents expected earnings on cash and investments but excludes expected returns on self-insurance funds since these earnings are netted against insurance costs. This revenue is projected to increase from under \$400 thousand in 2022 to 5 million in 2026, reflecting expected increases in interest yields over the plan period.

Other Revenue from Operations

Other Revenue from Operations consists of ancillary fees, primarily from residents, including sales and services charges, parking fees, and appliance surcharges intended to defer a portion of the cost of excess utility consumption. Other Revenue from Operations is projected to decrease from \$34.5 million in 2022 to \$25.5 million in 2026 primarily attributed PACT developments transitioning from the public housing portfolio.

City Funds

The City of New York and its administration is committed in supporting NYCHA's goals and mission. To address NYCHA's challenges, this administration has granted NYCHA with

approximately \$276 million in 2022 to fund various initiatives and programs in support of public housing program. The budgeted amount for 2022 is \$276 million which primarily composes of \$130 million for the reimbursement of general wage increases, \$89 million for the Vacant Unit Readiness Program, \$51 million via CDBG programs, and \$6 million for other city funded initiatives.

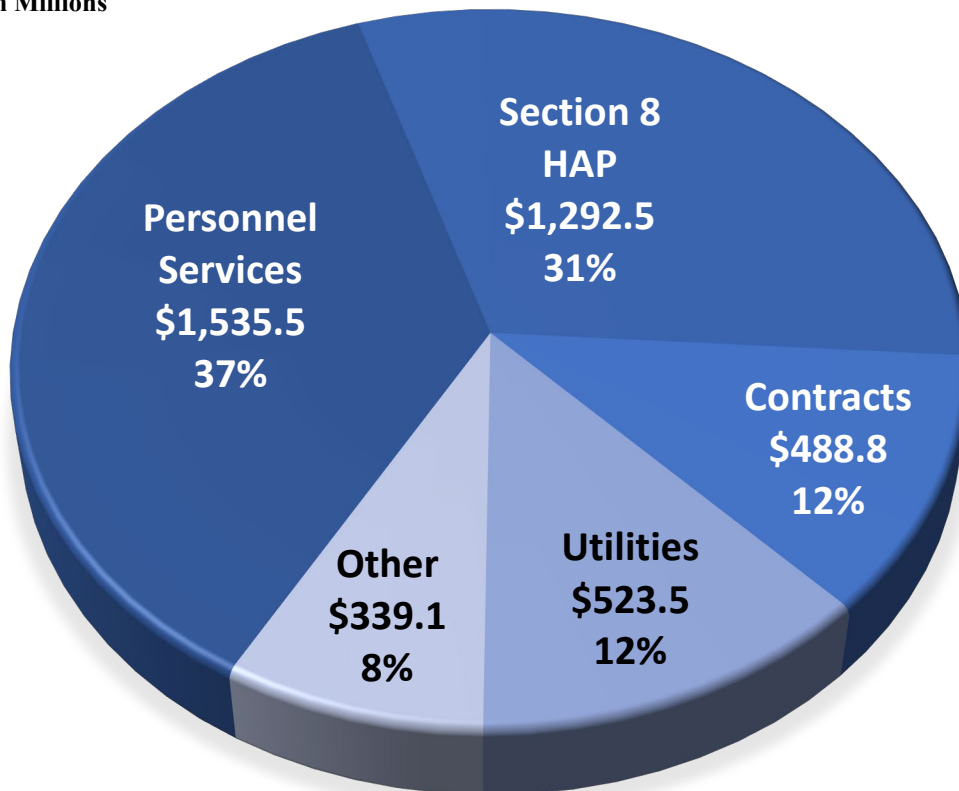
Other Non-Operating Revenues

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

Uses (Expenditure Categories)

The following chart shows, by category, the \$4.18 billion expenditures in NYCHA's 2022 operating budget:

\$ in Millions

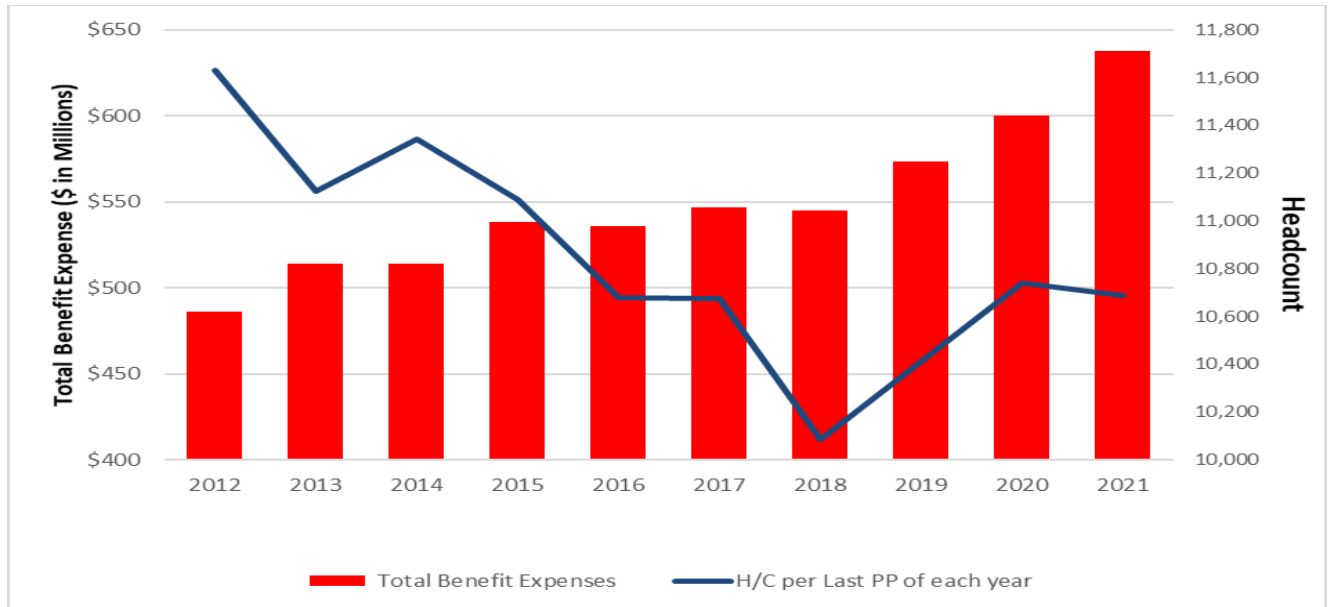


Personnel Service (Salaries and Other Benefits) accounts for 37 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 31 percent, Contracts and Utilities account for 15 percent and 12 percent, respectively, and all other expenses account for the remaining 8 percent of expenditures.

Workforce

Workforce and Salary

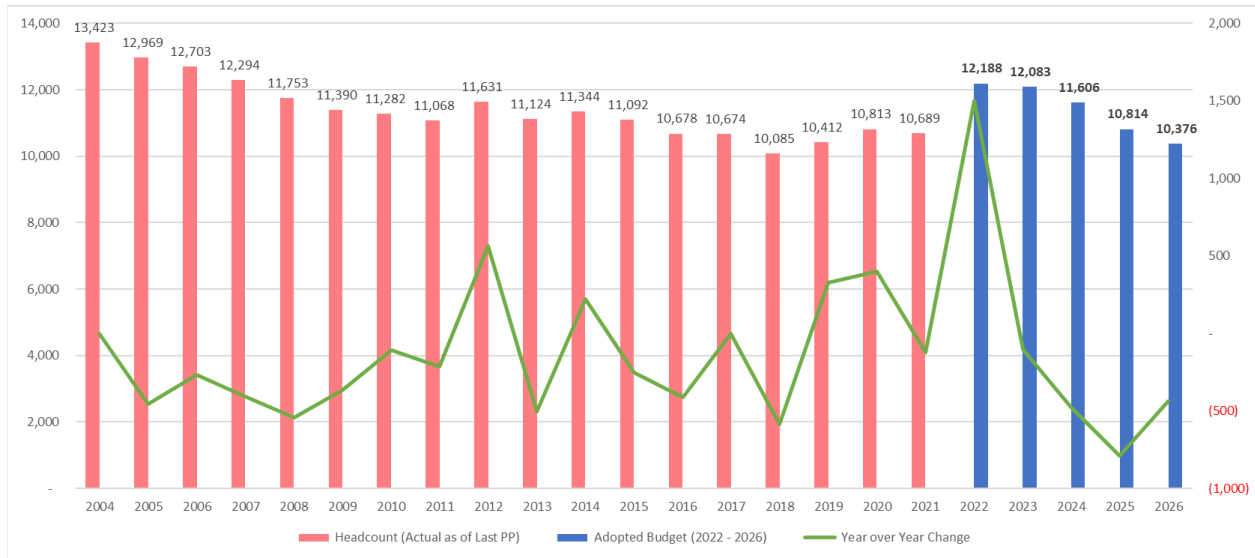
Despite the decrease in workforce, fringe expenses have been rising due to labor union agreements and increases in other costs. From 2012 – 2021, while the workforce was reduced by over nine hundred, fringe expenses have increased by over 31 % in the same period



	2012	2021	Change	%Change
Health	\$198.8	\$289.4	\$90.6	45.6%
Pension	164.9	165.5	\$0.6	0.4%
All Other	122.3	182.9	\$60.5	49.5%
Total Fringe	\$486.0	\$637.7	\$151.7	31.2%
Headcount	11,631	10,689	(942)	(8.1%)

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

Historical staffing level vs. 2022 – 2026 Financial Plan



NYCHA’s 2022 Budget is in an increase of nearly 1,500 staff over 2021 yearend staffing levels. Much of the staffing increases are associated with improving NYCHA’s frontline performance and increasing services to residents. Although, staffing levels increase in 2022, they are expected to decline by nearly the same amount over the next 5 years due to the PACT pipeline which will transition developments from the public housing to Section 8.

Workforce Distribution

The 2022 plan highlights key changes to workforce level to help address key health and safety concerns in-line with HUD/SDNY Agreement.

5-Year Workforce Plan by Funding Source (2022 – 2026)

	FY22	FY23	FY24	FY25	FY26
General Funds	11,285	11,180	10,705	9,913	9,475
Section 8	517	517	517	517	517
Grants	386	386	383	383	383
Total	12,188	12,083	11,606	10,814	10,376

2022 Headcount

2022 Headcount by Funding Source				
Areas	General Funds	Section 8	Grants	Total
1. Properties	7,416	-	-	7,416
2. Operations: Property Services				
Healthy Homes	235	-	-	235
Quality Assurance	32	-	-	32
Pests & Waste Management	115	-	-	115
Support Svcs (Heating, Elevators, etc.)	1,315	-	-	1,315
All Other Operations	409	-	-	409
3. Central Office				
Administration	309	72	-	381
Capital Projects	14	-	365	379
Community Engagement & Partnerships	233	-	19	252
Compliance	47	-	-	47
Environmental Health & Safety	51	-	-	51
Finance	183	2	1	186
Information Technology	166	7	-	173
Legal Affairs & General Counsel	299	6	-	305
Real Estate	43	-	-	43
Strategy & Innovation	35	2	-	37
All Other Central Office	382	-	1	383
4. Leased Housing / Section 8	-	429	-	429
Total	11,285	517	386	12,188

Salaries

Full-time Salary is budgeted from \$774 million in 2022, which will decrease to \$688 million by 2026. Part-time Salary represents expenditures associated with part-time and temporary staff positions. Seasonal Salary expenditures are associated with the Authority’s seasonal hiring program as well as temporary employment programs. Other Salary is an aggregation of assignment differentials, license differentials, increment payments, meal allowances and other miscellaneous pay adjustments.

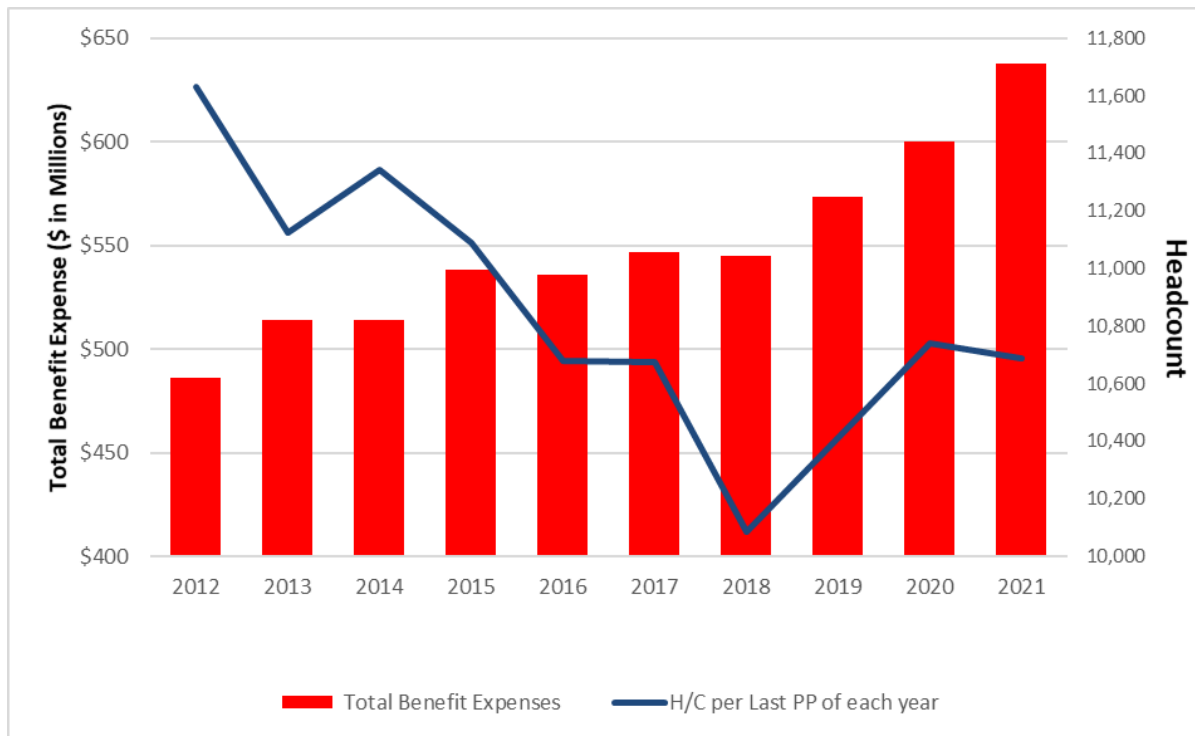
This Plan includes additional expense due to collective bargaining agreements which include retroactive payments starting from the end of the previous union agreements as well as general wage increases (GWI) going forward. To assist NYCHA’s additional financial burden, the City of New York agreed to provide funding support for the cost of labor agreements.

Fringe

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

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

Fringe is projected to increase from \$624 million in 2022 to \$700 million in 2026. As a percentage of total Personnel Service expenditures, Fringe is projected to increase from under 41 percent in 2022 to 45 percent of total personnel expenses by 2026. This is driven largely by the continual increases in health insurance benefit expenses.



Overtime

Cost of overtime has been rising in recent year in part due to decrease in workforce as well as various planned initiatives. For 2022, in support of transformation plan as well as to address property needs, workforce was increased by 377 to 12,188.

With improved staffing level and efficiency in work assignment as well as to reflect RAD transition, plan assumes overtime level to decrease from \$98 in 2022 to \$80M by 2026.

Seasonal

The Seasonal budget provides funding support for temporary staffing to help accommodate the seasonal needs of Operations. Historically, this line has been used to onboard temporary staff during the summer at the properties, which is known as “The Seasonal Program”. The staff work for 30 hours a week for an 18-week period.

The 2022 seasonal program has been expanded to address various measures to supplement full-time workforces. Below are some key funded initiatives:

- \$10.5M in Skilled Trades temporary staffing – Allows for flexibility to hire skilled trades/union staff titles for a temporary period to address short-term initiatives. Funding provides for temporary staff to help reduce the work order backlog as well as special initiatives to address RAD/PACT, Lead, Mold and Centralized Litigation.
- \$5M in the traditional seasonal program - This plan includes hiring staff working 30 hours a week for 18 weeks. The plan incorporates 3 hiring phases achieving approximately 450 staff at its peak.
- \$2.2M in temporary staffing for Pest Management initiative - To cover the cost to mitigate the rat issue at various sites for the next 6 months. Includes 70 Caretakers, 12 burrow- collapsing teams, and Maintenance workers to address these issues.
- \$1.3M for on-the-job training program of 30 “HPT trainees” as caretaker Hs. These caretakers will split their week at heating sites in the properties and NYCHAs training locations.

Leases

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

Insurance

Insurance expenditures include contributions to NYCHA’s general liability self-insurance fund for retained estimated losses, and premiums for the procurement of liability, boiler and machinery, and property insurance. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, and risk management consultants. The Plan projects expenditures to increase from \$93 million in 2022 to \$104 million in 2026. These increases are driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. Costs associated with NYCHA’s workers’ compensation self-insurance fund are budgeted in the *Fringe* line.

Utilities

Utility expenditures, a significant component of NYCHA’s operating budget, represent approximately 12.6 percent of total expenditures, and, more importantly, 18.8 percent of the General Fund expenditures. Utility costs include electricity, gas, water, steam, and fuel oil. NYCHA’s utility spending averages approximately \$43 million per month.

(\$ In millions)

Commodities	FY 2022 - 2026 Financial Plan					FY'22 - '26
	2022	2023	2024	2025	2026	CAGR
Water	\$176	\$164	\$152	\$144	\$131	(7.15%)
Electricity	160	165	170	175	180	3.00%
Heating Gas	162	165	152	159	149	(1.98%)
Steam	7	5	5	1	1	(35.38%)
Fuel	12	12	11	11	7	(11.47%)
Cooking Gas	8	8	7	6	6	(6.33%)
Total Utilities	\$524	\$518	\$497	\$496	\$474	(2.45%)

This Plan assumes Utility expenditures to decrease from \$524 million in 2022 to \$474 million in 2026. Given the substantial impact of Utility costs, NYCHA continues to work with HUD in developing mutually beneficial Energy Performance Contracts (EPCs). These EPCs will provide additional funding for energy-efficient capital projects which will result in cost savings over time.

Section 8 Payments

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

While most Section 8 Payments are disbursed to landlords participating in this program, it also includes disbursement for Phased Conversion Units as well as transition to RAD. Funding for these units has been transition from the Operating Subsidy (Section 9) to Section 8. These conversions of funding help to reduce deficit in General Fund. This plan projects Section 8 Payments to landlords to increase from \$1.3 billion in 202022 to \$1.5 billion by 202026.

Contracts

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

Supplies, Equipment, and OTPS Other

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

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

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

OTPS Other includes operating budget funding of the capital replacement reserves for NYCHA's mixed-finance portfolios, athletic and recreational activities, postage, petty cash reimbursements, training, and other miscellaneous expenditure categories. Overall, budget for Supplies, Equipment, Debt Service, and OTPS Other show decreases from \$186 million in 2022 to \$131 million by 2026 reflective of RAD transition.

2022-2026 Operating Plan by Funds

All Funds

	Budget FY22	Budget FY23	Budget FY24	Budget FY25	Budget FY26
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	867,085	881,434	807,312	744,187	717,762
Other Revenue from Operations	35,553	33,722	28,507	26,744	25,546
Total Revenue from Operations	902,638	915,156	835,819	770,931	743,308
Other Revenues					
Federal Operating Subsidies	1,023,384	1,089,592	1,094,576	1,054,649	1,001,884
Debt Services Subsidy	81	40	8		
Section 8 Phased Conversion	34,242	31,682	28,523	26,430	21,947
Section 8 Management Fees					
Capital Transfer & Management Fee	245,000	245,000	245,000	245,000	245,000
Interest on Investments	341	2,176	3,396	4,368	5,372
Other	10,599	11,680	10,899	9,752	9,712
Categorical Grants	5,341	5,010	5,010	4,649	4,649
Section 8 Subsidy	1,305,818	1,327,164	1,400,704	1,439,006	1,476,656
Section 8 Admin	98,602	99,615	101,898	104,294	106,770
City Funds (CDGB)	51,086	31,486	31,486	31,486	31,486
City Funds (Homeless)	88,805	50,677	50,677	50,677	50,677
City Funds (Labor & Other)	136,197	138,678	138,678	138,678	138,678
Withdrawal From Reserves	242,008	66,141	46,154	41,430	40,813
Total Other Revenues	3,241,502	3,098,943	3,157,009	3,150,420	3,133,643
Total Revenues	4,144,140	4,014,099	3,992,827	3,921,351	3,876,951
Expenditures					
Personal Service:					
Salary F/T	774,035	778,318	758,490	710,120	687,989
Salary P/T	92	92	92	92	92
Seasonal	20,456	20,456	20,456	20,456	20,456
Overtime	99,125	97,160	93,069	91,254	90,789
Shift Differential	5,040	4,899	4,554	4,333	4,224
Retro	286	286	286	286	286
Fringe	624,349	635,263	677,671	685,572	699,944
Other Salary	12,103	11,891	11,404	11,140	11,008
Total Personal Service	1,535,487	1,548,365	1,566,023	1,523,253	1,514,788
Other Than Personal Service:					
Leases	60,202	61,435	63,360	63,346	63,299
Supplies	107,721	97,983	88,108	81,775	78,923
Equipment	32,012	28,034	24,578	23,463	23,005
Utilities	523,506	517,991	496,944	496,442	474,121
Contracts	488,844	451,155	427,068	413,634	407,388
Debt Services	10,293	9,933	9,539	9,113	8,657
Insurance	92,955	96,821	98,927	101,974	104,085
OTPS Other	35,897	23,603	22,575	20,404	20,125
Housing Assistance Payments	1,292,532	1,314,596	1,363,264	1,410,246	1,461,519
Total Other Than Personal Service	2,643,962	2,601,552	2,594,363	2,620,397	2,641,123
Total Expenditures	4,179,449	4,149,917	4,160,385	4,143,649	4,155,911
Surplus/(Deficit)	(35,309)	(135,818)	(167,558)	(222,299)	(278,960)
Head Count	12,188	12,083	11,606	10,814	10,376

General Funds

	Budget FY22	Budget FY23	Budget FY24	Budget FY25	Budget FY26
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	867,085	881,434	807,312	744,187	717,762
Other Revenue from Operations	35,553	33,722	28,507	26,744	25,546
Total Revenue from Operations	902,638	915,156	835,819	770,931	743,308
Other Revenues					
Federal Subsidies	1,009,326	1,075,963	1,081,683	1,042,587	990,614
Debt Services Subsidy	81	40	8		
Section 8 Phased Conversion	34,242	31,682	28,523	26,430	21,947
Section 8 Management Fees	27,038	27,680	28,305	28,782	29,277
Capital Fund Reimbursements	245,000	245,000	245,000	245,000	245,000
Interest on Investments	329	2,163	3,396	4,368	5,372
Other	9,940	11,021	10,240	9,093	9,053
Categorical Grants					
Section 8 Subsidy					
Section 8 Admin					
City Funds (CDGB)					
City Funds (Homeless)					
City Funds (Labor & Other)	129,760	132,634	132,634	132,634	132,634
Withdrawal From Reserves	232,490	66,141	46,154	41,430	40,813
Total Other Revenues	1,688,205	1,592,324	1,575,943	1,530,324	1,474,709
Total Revenues	2,590,843	2,507,480	2,411,761	2,301,254	2,218,017
Expenditures					
Personal Service:					
Salary F/T	708,294	732,889	714,424	668,119	647,717
Salary P/T	92	92	92	92	92
Seasonal	20,181	20,181	20,181	20,181	20,181
Overtime	98,357	96,392	92,301	90,486	90,021
Shift Differential	5,038	4,897	4,552	4,330	4,221
Retro	196	196	196	196	196
Fringe	576,011	585,443	625,452	629,255	640,195
Other Salary	10,167	9,955	9,468	9,204	9,072
Total Personal Service	1,418,336	1,450,045	1,466,666	1,421,864	1,411,695
Other Than Personal Service:					
Leases	52,573	53,537	55,164	54,914	54,914
Supplies	107,259	97,521	87,654	81,682	78,830
Equipment	29,294	25,620	22,331	21,236	20,778
Utilities	523,250	517,728	496,672	496,162	473,833
Contracts	470,712	435,380	411,429	397,985	391,779
Debt Services	67	67	67	67	67
Insurance	92,698	96,557	98,655	101,693	103,796
OTPS Other	19,142	18,532	18,123	16,188	16,105
Housing Assistance Payments					
Total Other Than Personal Service	1,294,996	1,244,941	1,190,095	1,169,927	1,140,100
Total Expenditures	2,713,332	2,694,986	2,656,761	2,591,791	2,551,796
Surplus/(Deficit)	(122,488)	(187,506)	(245,000)	(290,536)	(333,779)
Head Count	11,285	11,180	10,705	9,913	9,475

Housing Choice Housing

	Budget FY22	Budget FY23	Budget FY24	Budget FY25	Budget FY26
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations					
Other Revenues					
Federal Subsidies					
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments					
Other	659	659	659	659	659
Categorical Grants	10				
Section 8 Subsidy	1,340,060	1,358,846	1,429,227	1,465,436	1,498,602
Section 8 Admin	98,602	99,615	101,898	104,294	106,770
City Funds (CDGB)					
City Funds (Homeless)					
City Funds (Labor & Other)					
Withdrawal From Reserves	9,518				
Total Other Revenues	1,448,849	1,459,121	1,531,784	1,570,389	1,606,031
Total Revenues	1,448,849	1,459,121	1,531,784	1,570,389	1,606,031
Expenditures					
Personal Service:					
Salary F/T	35,314	35,314	35,314	35,314	35,314
Salary P/T					
Seasonal	49	49	49	49	49
Overtime	598	598	598	598	598
Shift Differential					
Retro					
Fringe	25,605	26,423	27,791	29,932	31,725
Other Salary	604	604	604	604	604
Total Personal Service	62,170	62,988	64,356	66,497	68,290
Other Than Personal Service:					
Leases	7,628	7,898	8,196	8,432	8,386
Supplies	101	101	93	93	93
Equipment	2,718	2,414	2,246	2,227	2,227
Utilities	256	264	272	280	288
Contracts	34,578	33,257	33,745	34,231	34,687
Debt Services					
Insurance	257	265	272	281	289
OTPS Other	14,366	2,750	2,400	2,407	2,413
Housing Assistance Payments	1,326,774	1,346,278	1,391,787	1,436,676	1,483,466
Total Other Than Personal Service	1,386,678	1,393,227	1,439,011	1,484,626	1,531,849
Total Expenditures	1,448,849	1,456,215	1,503,367	1,551,122	1,600,139
Surplus/(Deficit)		2,906	28,417	19,266	5,892
Head Count	517	517	517	517	517

Categorical Grants

	Budget FY22	Budget FY23	Budget FY24	Budget FY25	Budget FY26
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations					
Other Revenues					
Federal Subsidies	14,058	13,629	12,892	12,062	11,270
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments	12	14			
Other					
Categorical Grants	5,330	5,010	5,010	4,649	4,649
Section 8 Subsidy					
Section 8 Admin					
City Funds (CDGB)	51,086	31,486	31,486	31,486	31,486
City Funds (Homeless)	88,805	50,677	50,677	50,677	50,677
City Funds (Labor & Other)	6,437	6,045	6,045	6,045	6,045
Withdrawal From Reserves					
Total Other Revenues	165,728	106,861	106,110	104,919	104,127
Total Revenues	165,728	106,861	106,110	104,919	104,127
Expenditures					
Personal Service:					
Salary F/T	30,427	10,115	8,752	6,686	4,958
Salary P/T					
Seasonal	226	226	226	226	226
Overtime	170	170	170	170	170
Shift Differential	2	2	2	2	2
Retro	90	90	90	90	90
Fringe	22,733	23,396	24,428	26,386	28,024
Other Salary	1,332	1,332	1,332	1,332	1,332
Total Personal Service	54,981	35,332	35,001	34,892	34,802
Other Than Personal Service:					
Leases					
Supplies	361	361	361		
Equipment					
Utilities					
Contracts	10,592	10,200	10,200	10,200	10,200
Debt Services	10,226	9,866	9,472	9,047	8,591
Insurance					
OTPS Other	2,389	2,321	2,052	1,809	1,608
Housing Assistance Payments					
Total Other Than Personal Service	23,568	22,747	22,085	21,056	20,398
Total Expenditures	78,549	58,079	57,085	55,948	55,200
Surplus/(Deficit)	87,179	48,782	49,025	48,971	48,927
Head Count	386	386	383	383	383