NEW YORK CITY HOUSING AUTHORITY

Operating & Capital Plans
Calendar Years 2014-2018

December 18, 2013

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Operating Budget

The New York City Housing Authority (NYCHA or the Authority) Board adopted the 2014-2018 Operating Plan (the Plan) on December 18, 2013.

Over the last year NYCHA has made significant progress towards increasing future revenues, decreasing controllable administrative costs, and redirecting resources to the frontline.

The Plan projects a General Fund deficit of $191 million in 2014. The General Fund consists of the operating activity of NYCHA's developments along with the Central Office cost center. This deficit is primarily attributable to federal underfunding of public housing and increased employee entitlement costs. This deficit is expected to be offset partially by a sale of Section 8 properties estimated to generate $80-$100 million in one-time revenues for the Authority.

For 2015-2018, the Plan projects ongoing structural operating deficits resulting from anticipated federal funding levels of approximately 77 percent of funding formula eligibility; providing NYCHA approximately $230 million less operating subsidy than it is eligible for each year. NYCHA would not have a *General Fund* deficit in the years 2014-2016 if Congress appropriated full funding in accordance with HUD's eligibility formula. Additionally, NYCHA continues to operate over 5,100 public housing units that still receive no dedicated form of federal, state or local subsidy, thereby contributing to the deficit.

While federal revenue sources remain challenging, substantial increases in pension and other employee entitlements – costs that are "uncontrollable" in the near-term – are weighing heavily on NYCHA's cost structure.

2014-2018 General Fund Summary

($ millions)	**2014**	**2015**	**2016**	**2017**	**2018**
Revenues					
Revenue from Operations	$ 973	$ 1,008	$ 1,040	$ 1,066	$ 1,072
Other Revenues	953	941	965	974	981
Total Revenues	**1,926**	**1,950**	**2,005**	**2,040**	**2,053**
Expenditures					
Personal Service	1,160	1,183	1,203	1,227	1,252
Other Than Personal Service	956	987	1,034	1,065	1,096
Total Expenditures	**2,116**	**2,170**	**2,238**	**2,292**	**2,349**
Surplus/(Deficit)	**$ (191)**	**$ (220)**	**$ (233)**	**$ (252)**	**$ (295)**

Capital Plan

NYCHA's 2014 Capital Plan provides approximately $3.921 billion planned commitments for infrastructure improvements, major modernization, other systemic upgrades, and repair, resiliency, and fortification of developments damaged or impacted by Superstorm Sandy and those located in expanded Flood Zone A. The Plan is based on the current federal capital funding outlook, expected disaster recovery in the wake of Superstorm Sandy, and relies on the near-term implementation of certain *Plan NYCHA* initiatives.

The Plan includes an increase of $11 million in federal capital fund awards more than the 2013-2017 Adopted Capital Plan. However, the Plan also includes $1.779 billion in one-time disaster recovery funds to address the impacts of Superstorm Sandy. Overall, of the $3.921 billion dollars included in this Plan, 36.7% are from Annual Federal Capital Grants, 45.1% are from funds related to disaster recovery, 12.8% are from a Bond issue, 5.0% come from the City of New York, and .10% comes from other sources.

NYCHA's Chronic Funding Gap

Chronic Congressional Funding Deficit

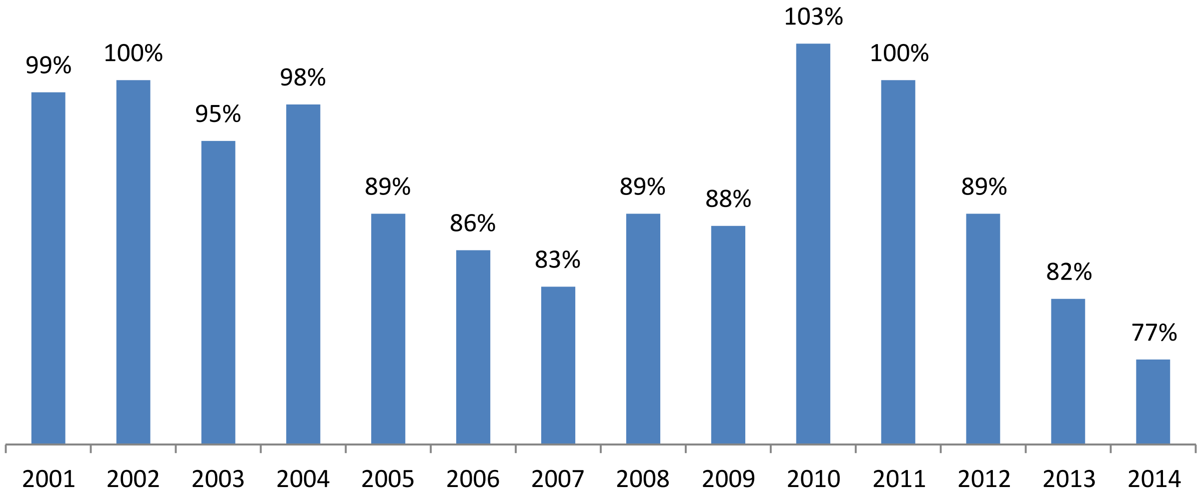
Over the long-term, appropriations have fallen short of fully funding public housing national needs in accordance with HUD's eligibility formula. Both the capital fund and the public housing operating subsidy have been chronically underfunded. Additionally, while HUD's formula takes various factors into account, New York City has long advocated that the factors underlying the operating subsidy formula are inequitable, ignoring local factors, particularly consideration of the age and height of NYCHA's buildings, the City's uniquely high construction costs, and higher employment costs in comparison to authorities across the U.S.

For 2012, the $3.96 billion national appropriation was nearly $1 billion short of eligibility, thereby providing the national operating subsidy with 80 cents for every dollar needed. HUD implemented a combination of an "operating reserves offset" and proration to distribute the $1 billion shortfall nationally. NYCHA aggressively appealed HUD's reserves offset, arguing that recaptured funds were in fact monies prudently set aside for the future payment of long-term liabilities, including NYCHA's self-insurance reserves.

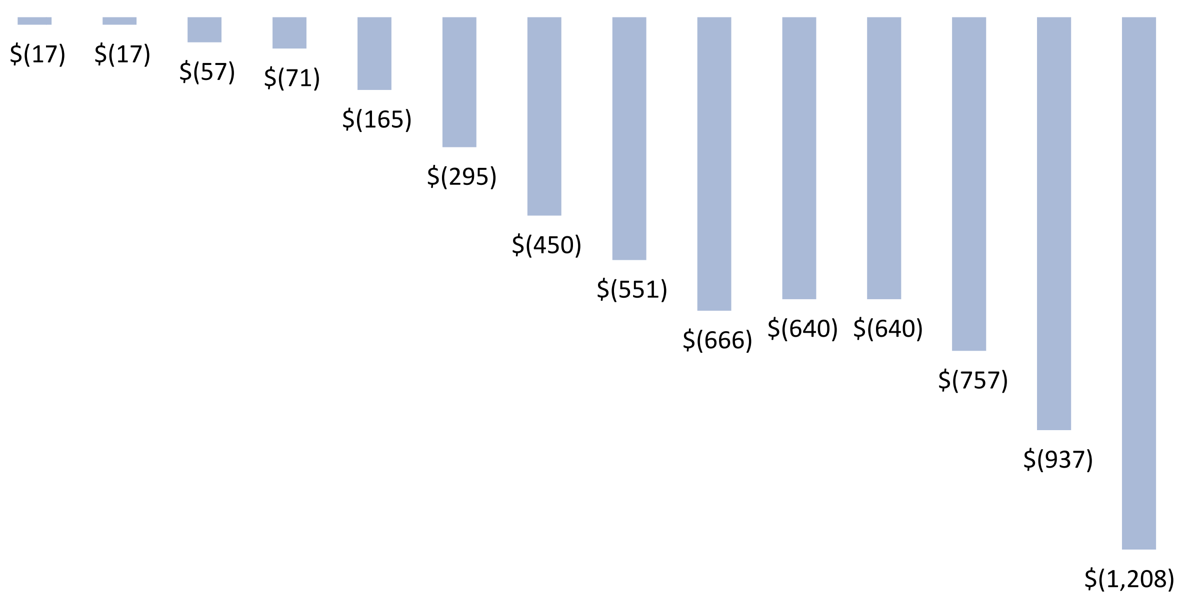
From 2001 to 2013, proration resulted in a cumulative operating subsidy loss of over $937 million compared to eligibility. Additionally, the volatility of funding appropriations precludes efficient and effective multi-year expenditure planning. Finally, the efficient management of NYCHA's limited resources is complicated by the current statutory restrictions on funding streams.

In the past three years, funding has been sporadic and unpredictable making long-term planning and financial stability difficult to achieve for the Authority. NYCHA has had to become increasingly reactive and adaptive to changes in federal funding amounts and adjust strategic decisions accordingly.

Annual Operating Subsidy Proration



Cumulative Funding Loss
(Cumulative Funding Loss numbers in millions)



Controllable/Uncontrollable Costs

Higher pension, healthcare, and workers' compensation costs will continue to place financial strain on the Authority for the next five years and foreseeable future. With high prospects for continued underfunding, it is reasonable to assume the Authority will face structural deficits through 2018 and beyond.

NYCHA must continue to seek opportunities from large item transactions such an over $80 million profit generated previously by the Mixed Finance transactions of former State and City financed developments or the expected $80-$100 million expected from the sale of Section 8 properties. However, even with these types of transactions the authority will still be left with deficits in the foreseeable long-term.

NYCHA faces substantial financial pressure due to the confluence of long-term underfunding from the federal government and ever-increasing costs of public employee entitlements granted years ago. Since 2006, NYCHA's average fully loaded cost per employee has risen 4.4% annually, while federal operating funding has risen only 0 .5% percent annually. During the same time, NYCHA has reduced its full time headcount in an attempt to match costs with funding sources.

The Plan projects similar future trends with Total Personal Service Costs increasing 7.4% over the next five years with the Federal Operating Subsidy decreasing by 0.8% over the same time period.

Uncontrollable vs. Controllable Expenditures (General Fund)

	2013-2017 CAGR %	% of 2014 Cost Base
Uncontrollable OTPS [1]	3.84%	31%
Uncontrollable PS [2]	4.56%	25%
Controllable OTPS [3]	2.69%	14%
Controllable PS [4]	-0.45%	30%

1 Uncontrollable OTPS consists of Utilities, Insurance, and Payment in Lieu of Taxes.

2 Uncontrollable PS consists of Fringe, Shift Differential, Other Salary, and Retro.

3 Controllable OTPS consists of Leases, Supplies, Equipment, Contracts, and Other.

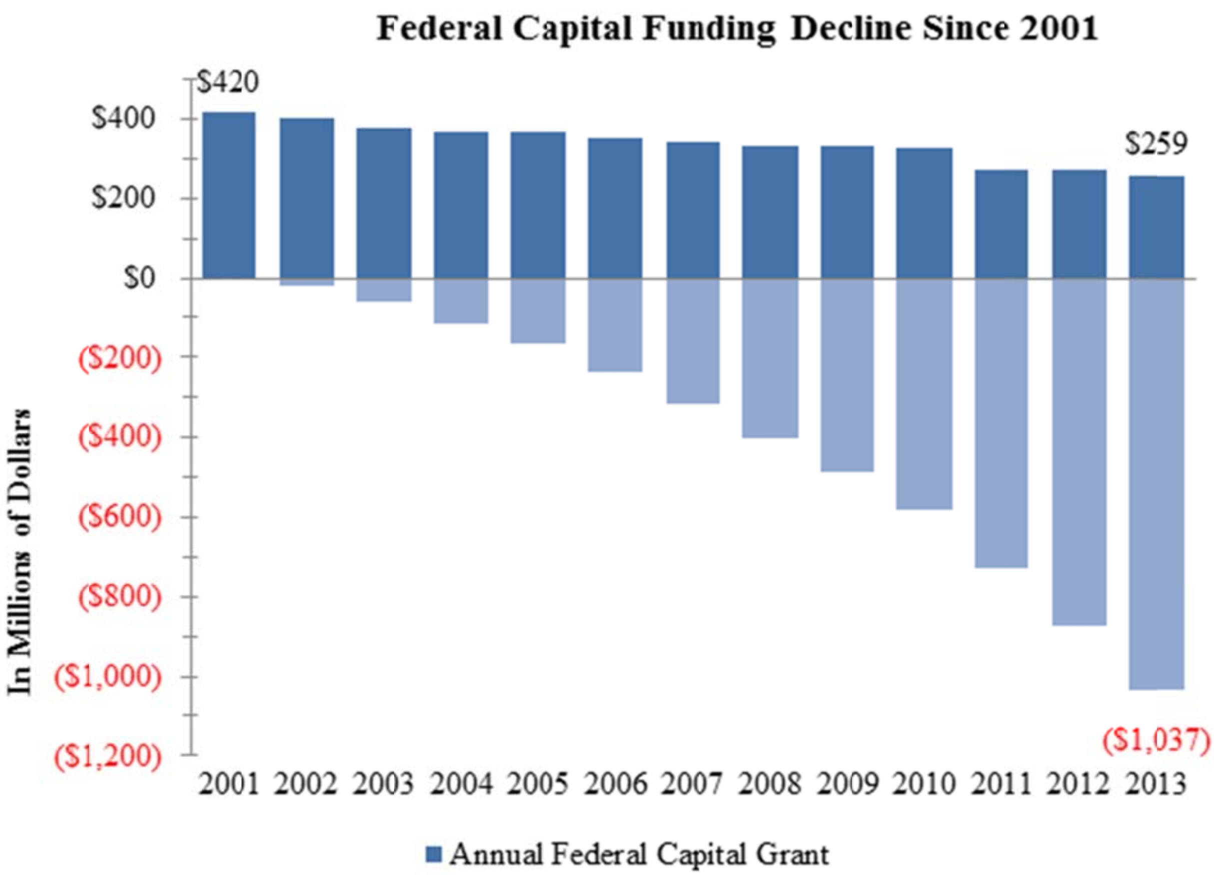
4 Controllable PS consists of Salary FT, Salary PT, Seasonal, and Overtime.

Capital Improvements

NYCHA's aging housing stock requires far more capital investment than has been available from Federal, State, and City grants. Of NYCHA's 2,596 residential buildings, 75% are more than 40 years old and have over $6 billion dollars in unfunded capital needs.

Funding available to NYCHA for capital improvements has not only failed to keep pace with needs, but has dramatically declined. From 2001 to 2013, annual federal capital grants have declined $162 million, or 36 percent, from $420 million to $259 million. As a result, NYCHA has experienced a cumulative federal capital grant funding loss of $1.037 billion since 2001. Even in the years of flat appropriations to the Capital Fund, rising costs have resulted in very real cuts to the program. This chronic funding gap severely constrains NYCHA's ability to make necessary repairs and upgrades to brickwork, roofs, elevators, building systems including heating and plumbing systems, and apartment interiors. Modernization is crucial if NYCHA is to maintain its housing stock in a state of good repair and improve service levels and quality of life for residents.

Due to funding, shortfalls have meant that since 2006 only $1.9 billion has been invested in capital improvements.



2013 Accomplishments

Operating Budget

Work Order Backlog Initiative

The Work Order Backlog Initiative was developed to reduce the number of open work orders within the Authority and the average time it takes to respond to a work order requested by a resident. The total number of open work orders as of December 31, 2013 was 105,800 including a baseline of 90,000 down from 423,000 open work orders when the initiative began. The baseline of 90,000 work orders is an estimate deemed acceptable by NYCHA management to have outstanding at any moment in time. This represents approximately two weeks' worth of work orders in a typical year for the Authority.

As of December 31, 2013 NYCHA has successfully reduced the backlog to approximately 16,000 from a peak of 333,000. The steps the Authority has taken have reduced the backlog by 95%. The Authority has also reduced the average time it takes to respond to a request for maintenance to 20 days citywide. This metric is advancing toward the target of 7 days on average.

Plan NYCHA

Plan NYCHA: A Roadmap for Preservation was originally released in December 2011 and outlined ten core critical imperatives to ensure that NYCHA's assets and opportunities are preserved for future generations of New Yorkers. The 2014 Financial Plan continues to incorporate these principles for the future outlook of the Authority. NYCHA's Work Order Backlog Initiative has helped to greatly expedite maintenance and repairs, providing a higher level of service and satisfying a key initiative of Plan NYCHA. The Authority also continues to develop new mixed-use and mixed-income housing through various projects including the Land Lease Initiative and the sale of Section 8 properties, which is expected to bring in $80-100 million to NYCHA. The Authority has also taken significant steps to increase safety, another key issue of Plan NYCHA, by starting work on 2,396 new television cameras at 38 developments.

Superstorm Sandy

Superstorm Sandy has had a profound effect on NYCHA and its finances, particularly with regard to capital investments. Sandy caused substantial damage to hundreds of NYCHA buildings principally from seawater flooding. In the 2013-2017 Capital Plan the Authority outlined the $1.779 billion requested for disaster funding. The funding was requested from a combination of insurance coverage, the U.S. Federal Emergency Management Agency (FEMA), and the Community Development Block Grant - Disaster Recovery.

The requested capital is to be used to replace damaged infrastructure including mechanical and electrical systems, and additional backup power to the most vulnerable buildings in the Flood Zone A area.

Capital Budget

Federal capital grant awards require NYCHA to meet deadlines for establishing contracts to perform work (obligation deadline) and completing work (expenditure deadline). Failure to meet these deadlines can result in forfeiture of funds and penalties. Accordingly, NYCHA places priority on achieving its capital plan obligation and expenditure targets. In 2013, NYCHA had completed every one of its HUD-mandated deadlines ahead of schedule in order to obligate and expend federal capital funds successfully, such as expending the 2009 capital grant award and obligating the 2011 award.

In 2013, NYCHA made meaningful progress towards its goals of rehabilitating and upgrading housing assets. The following table summarizes NYCHA's 2013 capital obligations and expenditures by project type:

2013 Capital Program (Dollars in Millions)		
Category	**Obligations**	**Expenditures**
STRUCTURAL WORK / EXTERIORS	$ 221	$ 175
PROGRAM ADMINISTRATION	113	113
SAFETY / SECURITY	21	16
A & E / CM FEES	18	12
INFORMATION TECHNOLOGY	12	18
HEATING / PLUMBING	7	23
ELEVATORS	2	29
OTHER*	9	36
TOTAL	**402**	**420**

** Other includes Garbage Disposal, Community Center upgrades, Energy Efficient appliances and Kitchen upgrades.*

Selected capital project highlights in 2013 include:

Disaster Recovery – Superstorm Sandy

Superstorm Sandy presented our city and NYCHA developments with devastating challenges. Eighty thousand of our residents in 423 buildings were significantly affected, many of whom are still feeling the impact over one year later. Despite the unprecedented obstacles, NYCHA addressed the storm's impact systematically, and with hard work, and innovation. Our employees accomplished a great deal in the weeks after Sandy hit, working around the clock to restore electricity, heat, and hot water for our residents. Some of the issues addressed include:

• Installed 23 mobile boilers.

• Restored service to 397 elevators.

• Installed more than 100 generators.

• Hired 100 supplemental cleaning crews.

Approximately $88 million in capital funds was expended to Superstorm Sandy.

Completed Projects

In 2013 NYCHA completed over 50 construction projects for critical systems, including brickwork and roofing, elevator replacements, and heating and plumbing repairs. These completed projects improved the quality of life for over 59,000 individual NYCHA families and demonstrate NYCHA's commitment to preserving the public housing asset in New York City and improved the quality of life for over 59,000 individual NYCHA families.

NYCHA has continued to improve the structural envelope by completing 11 brickwork and roof projects at 27 developments throughout the City. This structural work affected 169 buildings and was valued at $31.6 million. NYCHA also improved its heating and plumbing systems at 53 developments at a cost of $17.8 million.

Television Cameras

During 2013, NYCHA completed the installation of 3,879 new television cameras at 84 developments – meeting its goal to install all New York City Council-funded Closed Circuit Television Cameras (CCTV) projects by the end of 2013, making its developments safer and more secure places to live, do business, and raise families.

Energy Performance Contract

In January 2013, NYCHA received approval from the Department of Housing and Urban Development (HUD) to move forward with an $18 million EPC. EPC is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. The EPC allowed the Authority to obtain private loans financed through HUD subsidies, in addition to its annual capital subsidies, to implement energy efficiency work. The current EPC resulted from the Authority taking advantage of Con Edison incentives totaling $863,000 for an electricity load reduction program in Manhattan's Cooper Square area. The EPC will allow the Authority to install energy efficient lighting in 9,193 apartments, building public spaces in seventeen Developments, replacement of antiquated boiler plants in six Developments and other heating system upgrades including installing apartment temperature sensors. These upgrades will contribute to a higher quality of life for the Authority's residents and result in less greenhouse gases released into the environment.

2014-2018 Operating Plan

Authorized Budgeted Headcount Reduction

	2013 Adopted Headcount	Change	2014 Adopted Headcount
Administration	369	160	529
Capital Projects	392	28	420
Chair	134	(61)	73
Community Programs and Development*	453	(164)	289
Development	24	(6)	18
External Affairs	29	0	29
Finance	281	(30)	251
General Manager	34	11	45
Information & Technology	270	(41)	229
Law	192	(22)	170
Leased Housing	410	(29)	381
Operations	8,971	(432)	8,539
Supply Management	182	(15)	167
Total less Painter's Appretice Program	**11,741**	**(601)**	**11,140**
Painter's Apprentice Program	0	175	175
Grand Total	**11,741**	**(426)**	**11,315**

*Community Programs and Development includes all grants

In reaction to federal underfunding and increased discretionary spending the Authority has taken measures to reduce its associated salary and fringe expenditures for 2014 and the future. The Authority has eliminated 426 positions from the 2014 plan. NYCHA anticipates that these reductions will generate $83 million in savings for the year of 2014 and $423 million in the years 2014-2018.

Although these reductions will provide significantly relief to NYCHA's deficit in 2014, the fact remains that NYCHA will continue to face structural deficits for the foreseeable future. The Authority faces the challenges of unsustainable fringe expenses made in previous years and substantial expected increases in utilities, insurance, and Payments In Lieu of Taxes (PILOT). The Authority will continue to seek innovative solutions to increase revenues, especially through large one-time financial transactions.

Superstorm Sandy

The effects of Superstorm Sandy continue to be expressed in the 2014-2018 financial plan. The storm significantly impacted NYCHAs infrastructure and will continue to weigh heavily on the Authority in the years to come. Significant progress has been made to the buildings that sustained damages during the storm to ensure that they are up and running. NYCHA expects that work will continue in 2014 and beyond. It is expected that the Authority will receive approximately $24 million in reimbursement from FEMA in 2014 and approximately $8 million each year in the years 2015-2018.

Supplies

The Plan allocates $35 million for supplies in 2014, a 56% increase versus the previous year's plan. In 2012, $29 million was spent on supplies and in 2011, $28 million. Going forward the budget remains the same, $35 million, for the out years 2015-2018.

For FY 2014, the largest accounts within the supplies category include the following:

2014 Budgeted Supplies Accounts (#s in millions)		
Janitorial Expenses	$31.80	58%
Plumbing Trade	$6.50	12%
Carpentry Trade	$5.70	10%
Office Supply Expenses	$3.20	6%
Automotive Expenses - Gasoline	$2.30	4%
Other Supplies	$5.50	10%
Total Supplies	**$55.00**	

In addition, the Authority has recently moved to use in-house skilled trade workers versus outside vendors. As part of the work order backlog initiative more supplies have been required to keep pace with incoming work orders and progressively eliminate the backlog.

General Fund Projected Deficit

NYCHA's FY 2014 budget projects a General Fund deficit of $191 million. NYCHA benefited fiscally in 2013 as a result of one-time use of unrestricted reserves, generated by successful completion of low-income housing tax credit transactions associated with NYCHA's 2010 Mixed-Finance Federalization transaction and its planned Contract-Based Section 8 Properties transaction. These initiatives generated surpluses of unrestricted reserves totaling $65 million and $25 million, respectively, for a total of $90 million. Without these two transactions, NYCHA's General Fund deficit, exacerbated by increasing employee entitlement costs, would have grown to $281 million.

The Mixed-Finance transaction was structured so that once construction rehabilitation and leasing were successfully executed; income generated by the transaction would exceed capital needs associated with NYCHA's low-income housing tax credit portfolio. The income would then become unrestricted surplus once post-construction close-out of the final rehabilitation project and full repayment of bridge financing occurred. The final Mixed-Finance construction project was completed as of year-end 2012, and project close-out and bridge financing repayment occurred on September 10, 2013, allowing approximately $65 million to be applied as a partial offset of NYCHA's operating deficit for 2014.

The Section 8 Properties transaction contemplates a low-income housing tax credit transaction for an 875 dwelling-unit portfolio which currently has no outstanding mortgages. NYCHA's objective in executing this transaction is to raise capital for the funding of critical rehabilitation work at affected properties, and to leverage the portfolio's rental income from lenders and via the sale of tax credits to equity investors. NYCHA expects the transaction to generate a $25 million increase in the Authority's unrestricted reserves.

Future and Outlook Beyond 2014

NYCHA faces acute challenges to its fiscal viability stemming from a combination of long-term underfunding of its Operating, Capital and Section 8 programs and increasing non-discretionary costs associated with public employee pension, healthcare and workers compensation. The Authority anticipates structural deficits through 2018.

Over the last decade, NYCHA's average fully loaded cost per employee has risen 4.3% annually, while federal operating funding has risen only .4% annually. During the same time, NYCHA has reduced its full time employee headcount by over 2,600 positions, from 14,000 in 2004 to 11,315 in 2014 in an attempt to match costs with financial resources.

This Plan projects fully-loaded average cost per employee rising 2.5 percent annually over the period, while projected federal operating funding is projected to drop by 2 percent annually. NYCHA's employee headcount will continue to decline as further efficiencies are sought in central office functions.

Large one-time infusions to the general fund (such as the aforementioned Mixed-Finance transaction and the expected Section 8 Property transaction) will not fully offset the Authority's rising costs. Even if NYCHA is able to successfully execute a planned conversion to secure Section 8 assistance for the majority of the 5,100 public housing units which remain unsubsidized, NYCHA will still be left with a deficit. Indeed, even utilization of projected revenue from the Land Lease initiative, should it be realized in full or in part, will not entirely eliminate the Authority's deficit.

In order to offset rising costs and its structural deficit, NYCHA will continue to seek full funding of the public housing and Section 8 programs under federal eligibility formulas, (as well as from state and local governmental sources) while aggressively seeking to generate new sources of revenue through the use of innovative mixed-finance transactions, private leveraging of subsidy streams, and bond issuing activities.[1]

[1] President Obama signed the Consolidated Appropriations Act of 2014 on January 17th. The bill was a product of a bi-partisan budget agreement that was reached in December 2013 by Congress. The bill sets a discretionary spending level of $1.012 trillion for FY 2014 as well as provides for spending parameter for FY 2015. Following allocation of $1.012 trillion among the twelve spending bills that fund discretionary programs, HUD was provided $32.8 billion for all HUD programs, representing a decrease of $687 million compared to the enacted level for FY 2013.

Section 8 Program Discussion

This section provides explanation and analysis of the Plan pertaining to various Section 8 programs.

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, assists low-and very-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 serving more than 91,000 families through a network of over 30,000 participating landlords.

NYCHA administers the program by paying HUD subsidies to participating landlords on behalf of eligible tenants. Program participants pay rent directly to the landlord generally equal to 30 percent of family adjusted income. NYCHA pays the landlord the difference towards the approved contract rent on the apartment unit, referred to as the Housing Assistance Payment, or HAP. NYCHA earns an administrative fee from HUD for administration of the program.

HUD establishes the total number of authorized vouchers for a public housing authority. Section 8 Subsidy is determined by the number of vouchers under lease and housing assistance payments made the prior year, adjusted for inflation and congressional appropriations. Section 8 Payments are primarily influenced by changes in local housing market costs and family income. Additionally, while HUD recommends programs to maintain positive reserves balances, it may recapture reserves balances deemed too large.

The number of vouchers that NYCHA can administer depends on current year appropriations and funding availability, changes in landlord rents, changes in family incomes. Program administration costs are primarily determined by labor costs and mandated program compliance activities such as annual recertification of participants and inspection of landlord apartments.

Housing Assistance Payments (HAP)

NYCHA provides rental subsidies to landlords on behalf of eligible participants through housing assistance payments. Unused subsidies must be maintained in restricted reserves and may only be used for the issuance of additional vouchers or to pay for any shortfall in annual funding As a result of sharp declines in renewal funding, HAP reserves levels have been exhausted. Therefore, the number of families NYCHA can serve is primarily determined by annual appropriations, or renewal funding.

Based on estimated 2013 HAP expenditures of $992 million, NYCHA expects HAP renewal funding of $983 million in 2014 at 99 percent proration. The renewal funding will modestly increase in 2014 consistent with national renewal funding patterns. Increased funding is expected to allow for HAP expenditures to increase from an estimated $983 million in 2014 to $1,001 billion in 2016. NYCHA's leasing and rental plan projects a deficit in 2014 of approximately $16 million, which will be funded by HUD's Set Aside funding for prevention of voucher termination.

Administrative Fee

The HCV administrative fee available to NYCHA for administration of the program is subject to proration by HUD. Also, HUD requires that all HCV programs maintain adequate administrative fee reserves. In 2013, HUD applied 69% proration to NYCHA's eligible administrative fee, and NYCHA expects continued administrative fee pressure in 2014 and beyond. For 2014, NYCHA estimates its administrative fee eligibility at $90 million but expects proration to provide a fee of only $62 million. Lower fee income combined with escalating administrative costs of managing a complex, highly regulated benefits program pressure NYCHA's ability to administer the Section 8 program.

Budget Line Item Discussion

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

Basis of Presentation

Budgetary Funds

The Plan consists of three component funds:

The *General Fund* reflects activities of frontline operations and central office and field support functions for NYCHA-owned and/or privately-managed housing, including all public housing activities;

The *Housing Choice Voucher (HCV) Program Fund* reflects activities and administration of the Section 8 programs, including Housing Choice Voucher (HCV), Veterans Affairs Supportive Housing (VASH), and Five-Year Mainstream.

The HCV Program also contributes revenues to the *General Fund* in the forms of a program management fee and housing assistance payments (HAP) to Section 8 units owned and managed by NYCHA (referred to as *Section 8 Phased Conversion*);

The *Categorical Grants Fund* reflects all other grant programs by which NYCHA receives funding from federal, state, city, or private sources for operating and/or administering a variety of community development and benefits programs.

The *All Funds* presentation of the Plan reflects the consolidation of these three component funds with 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 including depreciation, amortization, and the non-cash costs of other post-employment benefits (OPEB).

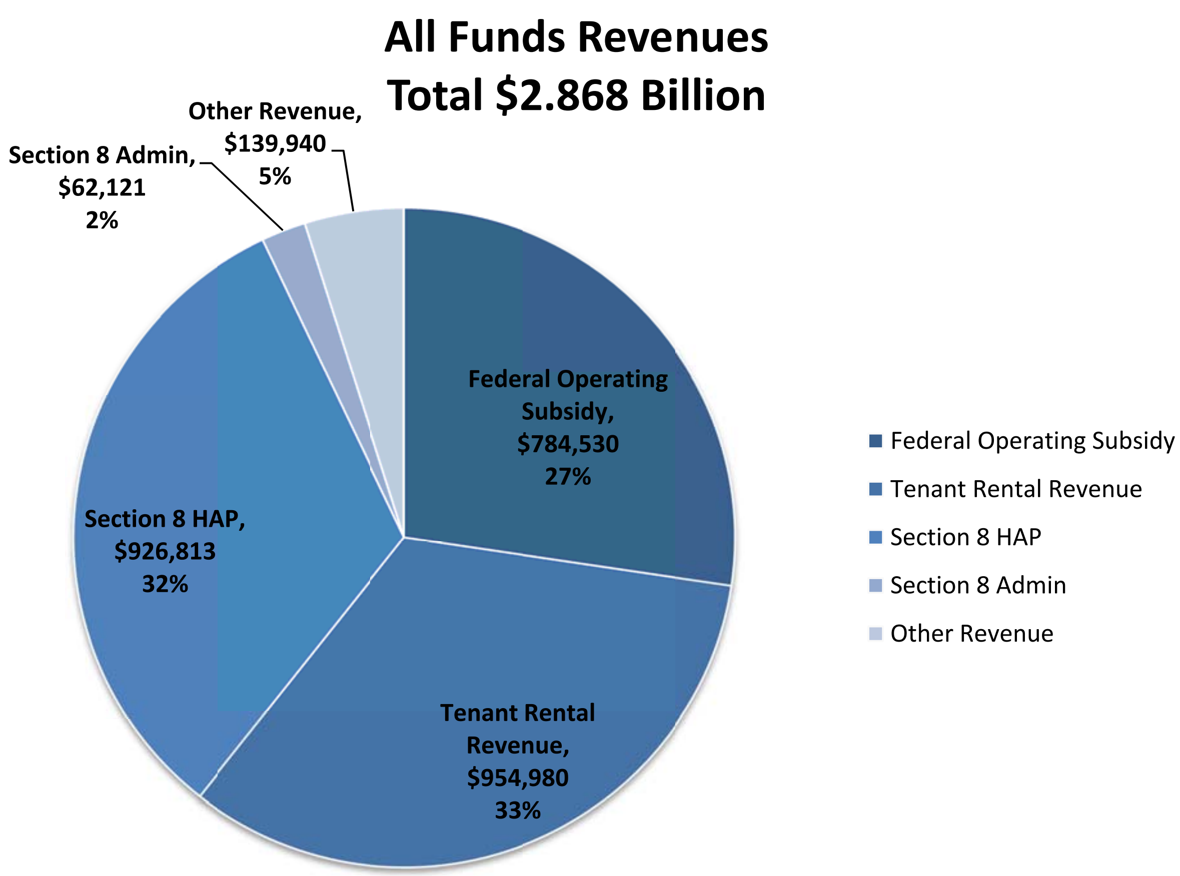
OPEB Disclosure

This Plan includes projections only for the "pay-as-you-go" component of OPEB. Total OPEB expense and the OPEB liability are recognized in NYCHA's audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles. OPEB costs are actuarially determined and continue to accrue. The expectation is for this trend to continue.

As of December 31, 2013, NYCHA faced a $2.9 billion liability for OPEB. Similar to other governmental entities, NYCHA's resources have not kept pace with the costs accrued. The Authority is not required by law to provide funding by other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The OPEB liability remains unfunded, and given NYCHA's financial challenges, there are no significant sources to fund this liability in the foreseeable future.

Revenues Categories

The following chart shows by category the $2.868 billion revenues in NYCHA's All Funds operating budget:



Tenant Rental Revenue and Federal Subsidies account for 61% of total revenues. Section 8 subsidies for HAP and Administrative Fees account for 35% of total revenues. The remaining 4% consists of many different components but primarily Capital Funds Reimbursement (2%) and FEMA Reimbursement (1%) for damages relating to Superstorm Sandy.

Revenues by Funding Category

GF01	64.7%
F006	34.5%
City Grants	0.6%
Federal Grants	0.2%
Total	**100.0%**

Tenant Rental Revenue

Projected rent paid to NYCHA by residents represents 33% of total revenues in 2014. Rent projections are modeled at the property level based on data that includes the number of occupied units, average base rents, and collection losses.

Federal subsidies for public housing are budgeted under Other Revenues. Accordingly, it is important to note that Tenant Rental Revenue contributes less than half of the total revenues used to cover the Authority's public housing expenditures reflected in the *General Fund*.

This Plan projects Tenant Rental Revenue to increase from $955 million in 2014 to $ 1.050 billion in 2018, a compound growth rate of 2%.

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 increase from $18 million in 2014 to $21 million in 2018. The projected increase is primarily attributable to growing excess utility charges and increasing parking fees. Parking fees are projected to increase due to the elimination of the lower non-reserved pricing option as NYCHA converts more of its parking lots to reserved-only pricing following painting and numbering of parking lots.

Federal Subsidies

This Plan projects federal operating subsidy to be $785 million for the year 2014 slightly decreasing to $778 million in 2018. Operating subsidy assessment is based on many factors including the number of eligible units, project expense levels, utility expense levels, and formula income which is based on Tenant Rental Revenue. While this assessment determines eligibility level, additional assumptions must be made to determine future appropriations and proration levels which have been on average 91% for the past decade. NYCHA has based its 2014 budget on the 2013 appropriation of 82% less 5% to account for the impact of Federal Sequestration for a total of 77%. In 2014, the Authority would be eligible for $1.020 billion but is estimated to only receive $785 million, a shortfall of $235 million. For years 2015-2018, the Plan also assumes operating subsidy proration of 77%

Section 8 Properties Subsidy

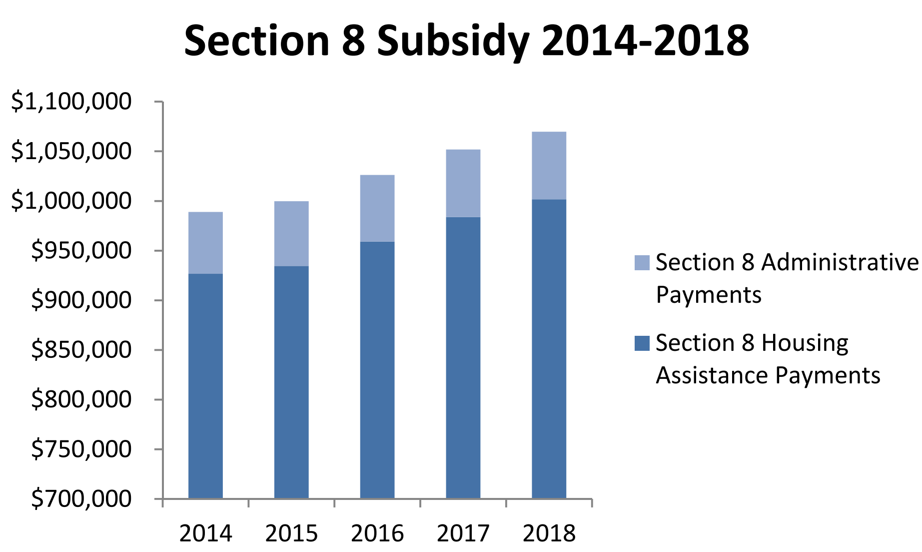
NYCHA owns and operates six developments that exclusively contain project-based Section 8 units. This line reflects the HAP subsidy received for these units, and is estimated at approximately $5 million for 2014. Tenant rent for these units is accounted for in *Tenant Rental Revenue*. NYCHA plans to sell these properties in June 2014 eliminating these subsidies for the years 2015-2018. The proceeds of the sale are expected to be between $80 and $100 million and are not reflected in the financial plan.

Section 8 Subsidy

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, less the portion of HAP that is paid to the General Fund as subsidy for the Section 8 Phased Conversion units owned by NYCHA.

The projected subsidy reflects the expected vouchers in service in the HCV Program five-year rental plan. This takes into account the interplay of program attrition, restorations, per unit costs, any inflation factors as applied by HUD, increases permitted to building owners under the New York rent regulation, changes to the fair market rent and payment standards, funding proration, and the maintenance of required HAP and administrative fee reserves.

The Plan projects Section 8 Subsidy to increase from $989 million in 2014 to $1.070 billion in 2018, a compound growth rate of 2 percent. This assumes a total Unit Months Leased (UML) of 1,080,794 for an average of 90,066 vouchers in 2014.



Section 8 Phased Conversion

Under a 2008 voluntary conversion plan approved by HUD, NYCHA was authorized to convert to Section 8 assistance up to 8,400 public housing units in the former City/State Developments which previously received no dedicated funding. Approximately 3,200 units have been converted as of year-end 2013, generating an estimated $41 million of subsidy income in 2013. Over 5,100 units have not yet been converted to Section 8 assistance and remain without a dedicated funding source.

Securing dedicated federal funding for these remaining unfunded housing units is critical. Each unfunded housing unit operates with an implied structural deficit as the tenant rent alone is insufficient to cover the operating costs. NYCHA estimates that the 5,100 unfunded units contribute approximately $28 million annually to the operating deficit.

This Plan reflects an initiative to accelerate conversion of approximately 4,000 (of the remaining 5,100) unfunded public housing units to Section 8 assistance by implementing a conversion program beginning 2015. Through this initiative, subsidy income from Section 8 conversions is projected to more than double from $47 million in 2014 to $95 million in 2018.

Categorical Grants

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects only grants awarded, and does not reflect anticipated awards.

Categorical Grants for 2014-2018 are budgeted at approximately $3 million each year.

Capital Fund Reimbursements

Capital Fund Reimbursements are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget.

This line includes the 10 percent management fee, which dropped to a lower percentage resulting in $17 million less to address a much needed rehab. NYCHA is permitted to charge against capital fund grants to cover Capital Program administration costs funded from the operating budget. Further, it includes the reimbursement of direct costs of frontline staff involved in designing and managing capital projects. Additionally, it includes the central office allocations of budgeted information technology capital expenditures for projects that benefit NYCHA's frontline and central support functions. Finally, this line includes reimbursements from the Capital Program for funding the capital replacement reserves of NYCHA's mixed-finance portfolios (which are funded from the operating budget) and $10 million each year of 2014-2016 for the Painter's Apprentice Program.

Capital Fund Reimbursements are projected to be approximately $50 million in 2014 and approximately $47 million in the years 2015-2018.

Interest on Investments

Interest on Investments represents expected earnings on cash and investments, excluding expected returns on self-insurance funds since these earnings are netted against insurance costs. This revenue is projected to increase from $1.159 million in 2014 to $2.743 million in 2018, reflecting the low current interest rate environment and expectation of modest increases in yields over the planning period.

FEMA Reimbursement

NYCHA has received reimbursements from FEMA to address the costs incurred by Superstorm Sandy. The Authority projects to receive approximately $24 million in 2014 and $8 million in each of the years 2015-2018.

City Funds

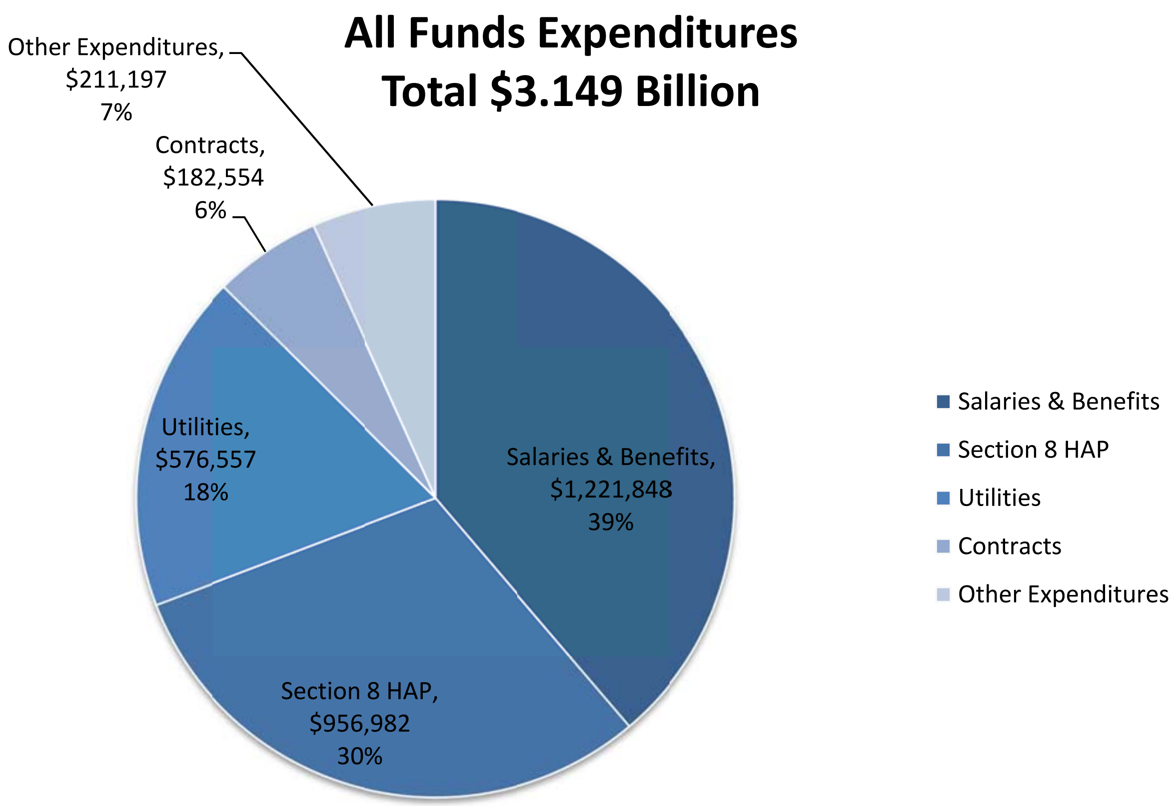
Funds from the City of New York to assist the Authority absorb the impact of the Federal Sequestration. Budgeted amount for 2014 is $18 million.

Other Non-Operating Revenues

NYCHA generates ancillary revenues from third parties from its property assets, including commercial storefront leases, rooftop leases (i.e., to mobile telecommunications providers), and others. This Plan projects Other Non-Operating Revenues to increase from $20 million in 2014 to $22 million in 2018. The increase is primarily driven by storefront rentals, oversight fees relating to ground rental, and sublease income from underutilized office space.

Expenditures Categories

The following chart shows by category the $3.149 billion expenditures in NYCHA’s 2014 *All Funds* operating budget:



Salaries & Benefits account for 39% of total operating budget expenditures for the 2014 year. The Section 8 Housing Assistance Payments account for 30% of the total expenditures. Utilities account for 18% of the total expenditures. Contracts account for 6% of the total expenditures and all other expenditures account for the remaining 7% of total expenditures.

Salary (Includes Full-time, Part-time, Seasonal, Shift Differential, Other and Retro Salaries)

Salary is driven by authorized headcount. The prior year's plan called for a headcount of 11,727 in the year 2014 decreasing 203 positions to a headcount of 11,524 in the year 2017. This year's plan provides for a lower authorized headcount of 11,315 in 2014 and a headcount of 11,058 in the year 2018. This year's plan for 2014 authorized a HEADCOUNT of 412 less than the plan proposed last year.

The decline in authorized headcount is the result of efforts to streamline and reduce redundancy in central office and operating administrative functions. NYCHA continues to take steps to manage controllable personnel costs to best utilize resources.

The reduction in authorized headcount is expected to save NYCHA approximately $36 million in 2014 and $171 million over the next five years.

Full-time salaries are budgeted for $610 million for 2014 decreasing to $594 million in 2018.

Overtime

2014 Overtime is budgeted for $54 million, approximately the same amount as was proposed during the 2013 plan. Overtime spending is budgeted consistently through 2018 and provides for allocations of both scheduled and unscheduled budgets.

Fringe

Fringe is projected to increase from $536 million to $642 million in 2018 a compounded growth rate of 4.6%. As a percentage of total Personnel Service expenditures Fringe is projected to increase from 44% in 2014 to 49% in 2018 driven largely by rising health care costs and increasing pension obligations.

Fringe includes legally-mandated benefits including social security, unemployment, 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 cost effective approach in managing a unique workforce we employ and allows the Authority to take immediate action both processing of claims as well as promoting of safety programs to reduce job related risks.

Leases

NYCHA leases office space and warehouse facilities under a number of long-term operating leases. Under these leases NYCHA is generally responsible for paying operating costs including taxes and utilities. Further, a number of these leases contain rent escalation clauses during the Plan period.

The Plan projects Leases expenditures to increase from $37 million in 2014 to $44 million in 2018. Projected sublease income is included in Other Non-Operating Revenues.

Utilities

Utility expenditures, a significant component of NYCHA's operating budget, represent approximately 18% of total expenditures, and more importantly 27% of General Fund expenditures. Utility costs include electricity, gas, water, steam and fuel oil. NYCHA's utility spending averages over $250 per month per housing unit. Utility costs have increased significantly over the past five years, driven by increases in electricity and water rates.

This Plan projects Utility expenditures to continue to increase from $576 million in 2014 to $671 million in 2018, a compound growth rate of 4 percent. Given the substantial weight of utility costs in NYCHA's overall cost structure, NYCHA will continue to work with HUD to develop mutually beneficial energy performance contracts (EPCs) that increase the funding available for energy efficient capital projects that will produce utility cost savings over time.

Energy Performance Contract (EPC)

In January 2013 NYCHA received approval from the Department of Housing and Urban Development (HUD) to move forward with an $18 million EPC. EPC is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. The EPC allowed the Authority to obtain private loans financed through HUD subsidies, in addition to its annual capital subsidies, to implement energy efficiency work. The current EPC resulted from the Authority taking advantage of Con Edison incentives totaling $863,000 for an electricity load reduction program in Manhattan's Cooper Square area. The EPC will allow the Authority to install energy efficient lighting in 9,193 apartments, building public spaces in seventeen Developments, replacement of antiquated boiler plants in six Developments and other heating system upgrades including installing apartment temperature sensors. These upgrades will contribute to a higher quality of life for the Authority's residents and result in less greenhouse gases released into the environment.

Insurance

Insurance expenditures include contributions to NYCHA's general liability self-insurance fund for retained estimated losses, and premiums for the procurement of myriad 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. Insurance expenditures are projected to increase from $49 million in 2014 to $60 million in 2018, a compound growth rate of 5 percent, principally driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. NYCHA saw its property insurance premiums increase in 2014 reflecting the loss experience from Superstorm Sandy.

Costs associated with NYCHA's workers' compensation self-insurance fund are budgeted in the *Fringe* line.

Section 8 Payments

Expenditures for Section 8 housing assistance payments are projected based on the leased housing program rental plan. This Plan projects Section 8 Payments to third parties to increase from $957 million in 2014 to $959 million in 2018. Section 8 Payments to NYCHA's Section 8 Phased Conversion units eliminate in All Funds consolidation of the General Fund and HCV Program Fund.

Payment in Lieu of Taxes (PILOT)

NYCHA is exempt from property taxes. However, the Authority provides payments in lieu of taxes (PILOT) to the City of New York. The amounts paid vary by development and are either fixed or subject to formulas based on tenant rental revenue and utility expenditures. PILOT is projected to increase from $30 million in 2014 to $31 million in 2018.

Contracts, Supplies, Equipment, and Other

Contracts includes third-party services payments for painting, floor tiling, elevator maintenance, fire safety, environmental services, marshal 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.

Payments by NYCHA to the New York Police Department for services are budgeted in this line at $70 million annually.

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

Equipment includes telecommunications, automotive, machinery, computer hardware, grounds, tools, and other, all of which must be above NYCHA's capitalization threshold. While funded in the operating plan, these amounts are capitalized as assets.

Other includes operating budget funding of the capital replacement reserves for NYCHA's mixed-finance portfolios, postage, petty cash reimbursements, training, and a number of other miscellaneous expenditure categories.

In aggregate, these four lines are projected to increase from $219 million in 2014 to $249 million in 2018.

Capital Plan

Disaster Recovery – Superstorm Sandy

This plan includes $1.779 billion dollars that NYCHA has requested for disaster recovery funding in the wake of Superstorm Sandy. This funding will come from a combination of insurance coverage, the U.S Federal Emergency Management Agency (FEMA), and Community Development Block Grants-Disaster Recovery. NYCHA proposes that these funds will be used to repair the damage caused by Superstorm Sandy to infrastructure and critical systems at 32 developments and to fortify 26 additional developments in the expanded Flood Zone A.

In addition to replacing damaged infrastructure, including mechanical and electrical systems, we have proposed adding back up power to our most vulnerable buildings at several of the affected developments; enhancing damaged Community Centers at Zone A developments, enabling them to serve as information distribution sites, local command centers, or emergency shelters in the event of future storms; and providing NYCHA with a more resilient Emergency Operations Center (EOC).

FEMA's new draft Advisory Base Flood Elevation maps have nearly doubled the number of NYCHA buildings in Evacuation Zone A. This proposed work will include the implementation of basic resiliency measures, such as raised boilers and electrical switch gear, and enhancements for a wider range of community facilities. It should be noted that funding for entire categories of work, such as resiliency enhancements for developments in the expanded Zone and developments, damaged by the storm, may not be awarded in full. All of this work, if funded, would take place over the course of several years.

While this large, one-time funding source – which, as previously noted, may not be awarded in full – increases capital dollars by 67% from the 2012-2016 Plan, the majority of it would be used simply to make NYCHA whole after an unprecedented, unforeseeable disaster. This disaster-related revenue increase does nothing to decrease urgency around an overall downward trend in capital plan funding.

Capital Fund Bond Issue

Under HUD's Capital Fund Financing Program (CFFP), NYCHA may borrow private capital to make improvements and pledge, subject to the availability of appropriations, a portion of future year annual Capital funds for debt service. Borrowing capacity under the CFFP is limited so that annual debt service may not exceed 33 percent of annual federal capital grant awards. Bond proceeds are required to be expended over a four year period. NYCHA plans to use the net proceeds to rehabilitate building envelopes, principally for the remediation of Local Law 11 violations, as well as install new roofs at up to 38 developments across all five boroughs. Local Law 11 applies to exterior walls of buildings that are six or more stories in height and addresses the dangers associated with deteriorating building facades. The estimated remediation cost of Local Law 11 violations across the entire NYCHA portfolio far exceeds the funding from the Series 2013 B-1 & B-2 $500 million bond issue. With planned gross proceeds of $500 million, the CFFP bond initiative accounts for 13 percent of the total funding sources in the five-year capital plan and is critical to enable NYCHA to complete needed rehabilitation of building envelopes. If capital markets cooperate, NYCHA will refund approximately $200 million of existing debt related to the defeased A Series Bonds. This will reduce annual debt service, allowing NYCHA to complete more work. Following the $500 million bond issue, NYCHA anticipates annual debt service of $60 million inclusive of the debt service on NYCHA's CFFP Series A & bonds.

Randolph Houses Mixed Finance Renovation

The Plan includes an investment of $40 million in a mixed finance transaction in partnership with Housing Preservation and Development (HPD) and Housing Development Corp. (HDC) to perform a major renovation of Randolph Houses on West 114th Street in Harlem. The development includes 36 five-story walkup tenement buildings dating from the 1890s that came into NYCHA ownership in the 1970s.

In the late 1990s, NYCHA determined that major renovation work was needed to make Randolph Houses viable and began to transfer residents to other facilities to begin construction. However, by 2007 NYCHA had concluded the costs of the rehabilitation were prohibitive and initiated a Section 18 demolition application to replace Randolph Houses with two new public housing buildings. Through this process, the State Historic Preservation Office (SHPO) determined the development was part of a State and National Register eligible historic district and that alternatives to demolition should be fully explored. In September 2010, NYCHA engaged a team of architects to examine the feasibility of preserving and rehabilitating the buildings.

NYCHA's preferred design alternative yields a total of approximately 316 dwelling units of which 147 will be public housing constructed in two phases. SHPO approved this renovation plan in January 2011. NYCHA selected a developer in October 2012, and construction is expected to begin in 2014 with public housing units available for occupancy beginning 2015.

Heating & Plumbing

With escalating energy expenses, and boilers and ancillary heating systems reaching and exceeding their useful lives, NYCHA must invest in energy retrofitting and upgrades. This plan provides $193 million for heating and plumbing work, including $123 million for the replacement of 25 boilers in a critical state of repair, $18 million for gas riser replacements that will help reduce gas supply outage,

$6 million for underground steam main replacements that will reduce heating system failures and $9 million for various heating and plumbing systems. This plan also includes $37 million for the installation of energy-efficient instantaneous hot water heaters.

Information Technology

The Capital Plan includes $51 million for Information Technology (IT) investments which includes:

- $39 million to maintain current system capabilities and
- $12 million to fund new projects aimed at improving customer service and achieving efficiency gains and cost savings.

Application & System Enhancement

Additional system enhancements will affect applications that will continue to improve customer service and productivity efficiencies. Some of these major applications are as follows:

- Applications and Tenancy Administration Department (ATAD)
- Customer Call Center (CCC)
- Online Customer Self–Service website allowing applicants to quickly and easily submit applications, check status, revise outdated information, create service requests, and receive important service related updates. This will improve customer service while reducing staffing requirements in ATAD, LHD and the CCC.
- Maximo provides comprehensive asset lifecycle and maintenance management for all asset and location types on a single unified platform. It can be used to gain insight across all existing assets, including their conditions and work processes for better planning and control. Maximo enhancements that will advance the work order and asset management capabilities. These enhancements will allow NYCHA to better manage and efficiently track assets / locations data throughout the asset's lifecycle.

NYCHA will continue to enhance its Executive Information System (EIS) through the implementation of departmental/process-level dashboards that will allow agency executives and managers to view critical metrics and performance indicators from a dashboard setting with the ability to drill down and view cascading data at their lower level. This will allow NYCHA to more effectively and efficiently execute on its business strategy, improve business processes and manage key agency services metrics proactively.

Strategic Solutions

IT will continue to be pro-active in exploring emerging technologies to facilitate innovation in products, and services; uses information and technology to drive value into and from the customer experience. Some of these initiatives are as follows:

- Reviewing options for a Cloud-based datacenter and virtualized applications solutions. This could provide the capabilities for systems to operate faster with improved business continuity, manageability at a reduced maintenance cost. It can also improve agility response time by providing the capability to rapidly adjust resources to meet fluctuating and unpredictable business demands.

- Reviewing new opportunities to scale its storage infrastructure that can provide consolidation and to help prepare for the development of virtualized systems that can be cloud-ready. The new architecture will also reduce cost of operations enhance redundancy and performance while providing a centralized storage management and access to all NYCHA systems and its data.

- Upgrading its Internet and Intranet sites to provide a robust data communications platform that will support faster on-line transactions. This will address key customer needs, as well as bringing NYCHA into compliance with federal website standards.

- Moving away from legacy copper telephone services into unified DATA and Telecommunication infrastructures through the implementation of VoIP technology. This will enhance NYCHA's overall communication infrastructure, increase while reducing operation cost through the elimination of legacy land lines.

- Reviewing its Disaster Recovery (DR) policies, procedures and processes related to preparing for recovery or continuation of the technology infrastructure which is vital to NYCHA after a natural or human induced disaster. The Business Continuity/Disaster Recovery will focus primarily on the IT systems that support critical business functions.

- Finally, a new budgeting system will provide enhanced capabilities for business planning, analysis and monitoring, and is expected to yield improved accountability.

Operating Savings as a Result of Capital Investment

As a result of recent capital investment to update an aging vehicle fleet, NYCHA, estimates the Authority will realize savings in maintenance and repair costs of approximately $2.8 million in the years 2015-2018.

The Authority has recently moved to leasing office copier machines, which is expected to generate approximately $2 million in savings over the next five years from 2014-2018.

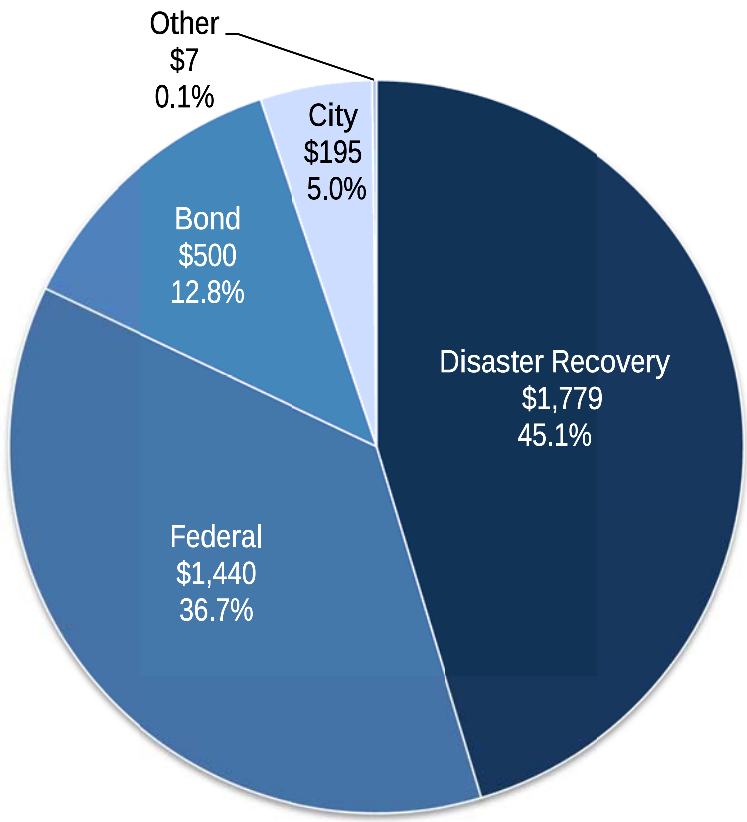
Recent capital funding has led to an additional 3,879 new cameras installed in 84 developments. The Authority has allocated $5.4 million to support the repair and maintenance of the existing throng of cameras installed at NYCHA developments.

Part of NYCHA's Capital Plan for 2014-2018 includes money set aside for repair and replacement of existing boiler systems. Upgrading outdated equipment leads to lower fuel consumption from more efficient boilers and ancillary equipment, lower feed water consumption resulting from fewer leaks in the system, and lower maintenance costs due to fewer breakdowns of equipment. In 2009, the Energy Department oversaw the replacement of boilers at Castle Hill Houses, which generated savings of approximately $900,000 annually.

The Authority plans to set aside funds to address an aging stock of elevator equipment in the developments. The replacement and repair of elevator systems will generate savings in maintenance costs from fewer breakdowns and result in a higher level of service for the residents. With fewer work orders being generated, our skilled trade staff will be freed up to address and close additional work orders.

This plan also includes funding for replacement of Fire Safety Systems (Fire Alarms and Fire Suppression Systems). Upgrading of outdated and ineffective equipment will reduce Operating costs incurred to hire fire safety guards at various locations. NYCHA currently incurs a cost of $350,000 monthly for guards to patrol facilities and ensure the safety of residents who visit our facilities. Replacement of the fire safety systems will generate savings of approximately $4,200,000 annually.

FY 2014 – 2018 Capital Funding By Source
(Dollars in Thousands)

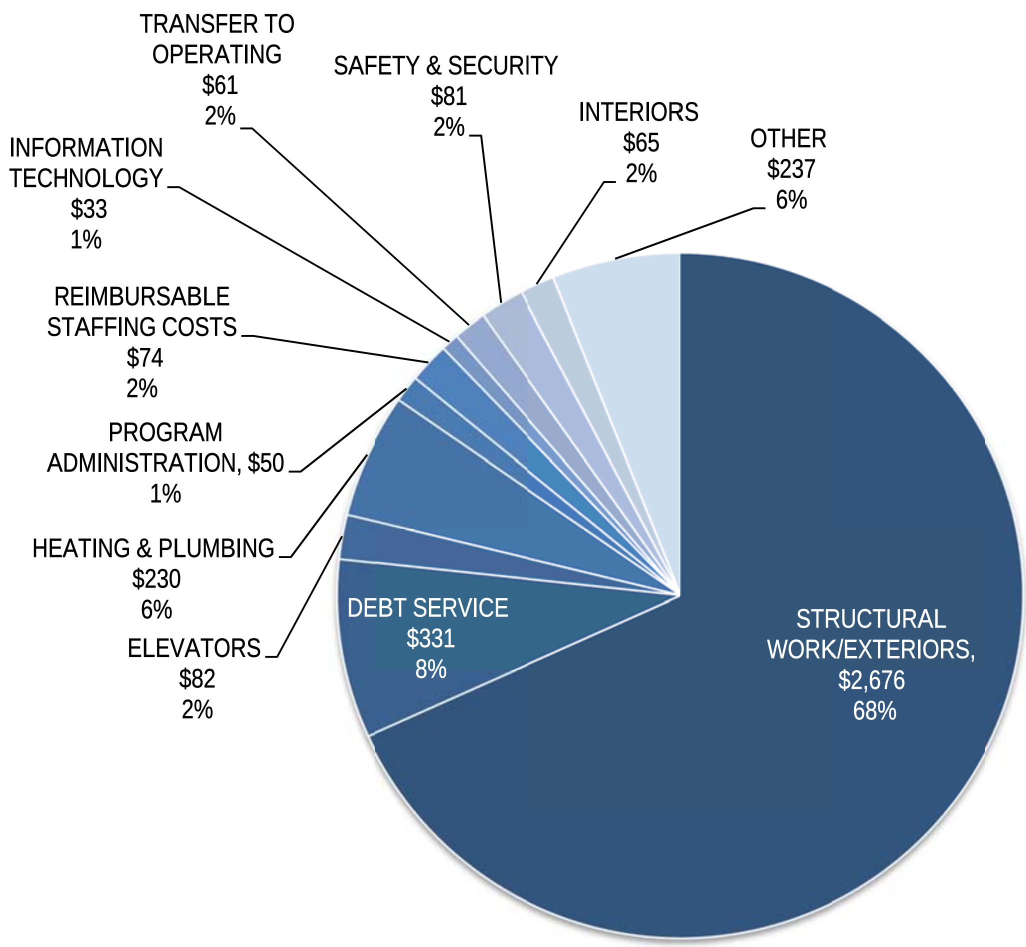


Total $3.921 Billion

Other includes:

- State Modernization – $4.975
- Development Grant – $2.133

FY 2014 – 2018 Capital Plan By Work Type
(Dollars in Percentages)



Total $3.921 Billion

- Structural work/exteriors represent principally building envelope work and major renovations.
- Following $500M bond issue, 8% of all funding sources towards debt service and establishing debt service reserve.

Operating Budget
2014 – 2018

2014 - 2018 Adopted Operating Budget

All Funds

(Dollars in Thousands)

	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	954,980	988,189	1,019,106	1,045,478	1,050,220
Other Revenue from Operations	18,330	20,115	20,561	21,020	21,455
Total Revenue from Operations	**973,310**	**1,008,304**	**1,039,667**	**1,066,498**	**1,071,675**
Other Revenues					
Federal Subsidies	784,530	791,011	781,178	777,358	778,141
Contract-Based Section 8 Properties	5,403	-	-	-	-
Debt Services Subsidy	621	525	438	360	285
Section 8 Phased Conversion	47,062	58,983	77,083	88,823	95,324
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	49,569	47,569	46,569	46,569	46,569
Interest on Investments	1,159	1,299	1,642	2,327	2,743
Other	19,909	20,983	21,195	21,498	21,719
Land Lease	-	16,200	32,400	32,400	32,400
FEMA Reimbursement	23,872	7,881	7,966	7,709	7,709
Categorical Grants	3,378	3,382	3,175	3,175	3,175
Section 8 Subsidy	941,872	940,755	949,119	962,993	974,354
City Funds	17,700	-	-	-	-
Total Other Revenues	**1,895,074**	**1,888,587**	**1,920,765**	**1,943,212**	**1,962,418**
Total Revenues	**2,868,384**	**2,896,891**	**2,960,432**	**3,009,710**	**3,034,093**
Expenditures					
Personal Service:					
Salary F/T	610,030	605,021	600,910	597,912	594,456
Salary P/T	515	227	227	227	227
Seasonal	36	36	36	36	36
Overtime	54,128	54,108	54,104	54,104	54,104
Shift Differential	1,374	1,355	1,355	1,355	1,355
Retro	53	53	53	53	53
Fringe	536,126	557,592	583,271	611,505	641,963
Other Salary	19,584	19,632	19,637	19,637	19,637
Total Personal Service	**1,221,848**	**1,238,024**	**1,259,593**	**1,284,829**	**1,311,831**
Other Than Personal Service:					
Leases	37,322	40,576	41,805	42,852	43,965
Supplies	54,998	52,468	52,468	52,466	52,466
Equipment	10,723	10,757	9,795	8,863	8,339
Utilities	576,557	588,557	614,038	642,000	671,643
Contracts	182,554	185,037	186,217	187,115	187,569
Debt Services	3,498	3,360	3,232	3,104	2,987
Insurance	49,386	51,994	54,723	57,582	59,700
Payments in Lieu of Taxes	29,791	32,673	33,688	33,104	31,234
OTPS Other	25,477	35,242	51,160	51,216	51,279
Housing Assistance Payments	956,982	955,690	947,898	948,934	958,738
Total Other Than Personal Service	**1,927,290**	**1,956,354**	**1,995,025**	**2,027,236**	**2,067,919**
Total Expenditures	**3,149,138**	**3,194,379**	**3,254,618**	**3,312,065**	**3,379,750**
Surplus/(Deficit)	**(280,754)**	**(297,487)**	**(294,186)**	**(302,354)**	**(345,657)**

NEW YORK CITY HOUSING AUTHORITY

2014 - 2018 Adopted Operating Budget

General Fund

(Dollars in Thousands)

	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Revenues					
Revenue from Operations:					
Tenant Rental Revenue	954,980	988,189	1,019,106	1,045,478	1,050,220
Other Revenue from Operations	18,330	20,115	20,561	21,020	21,455
Total Revenue from Operations	**973,310**	**1,008,304**	**1,039,667**	**1,066,498**	**1,071,675**
Other Revenues					
Federal Subsidies	782,813	789,252	779,374	775,242	776,024
Contract-Based Section 8 Properties	5,403	-	-	-	-
Debt Services Subsidy	621	525	438	360	285
Section 8 Phased Conversion	47,062	58,983	77,083	88,823	95,324
Section 8 Management Fees	13,245	-	-	-	-
Capital Fund Reimbursements	49,569	47,569	46,569	46,569	46,569
Interest on Investments	1,159	1,299	1,642	2,327	2,743
Other	18,712	19,777	19,980	20,189	20,410
Land Lease	-	16,200	32,400	32,400	32,400
FEMA Reimbursement	23,872	7,881	7,966	7,709	7,709
Categorical Grants					
Section 8 Housing Assistance Payments					
Section 8 Admin					
City Funds	10,076			10	20
Total Other Revenues	**952,532**	**941,486**	**965,451**	**973,630**	**981,484**
Total Revenues	**1,925,841**	**1,949,790**	**2,005,118**	**2,040,128**	**2,053,159**
Expenditures					
Personal Service:					
Salary F/T	577,003	576,362	572,391	569,403	565,956
Salary P/T	281	-	-	-	-
Seasonal	23	23	23	23	23
Overtime	52,243	52,348	52,343	52,343	52,343
Shift Differential	1,333	1,354	1,354	1,354	1,354
Retro	53	53	53	53	53
Fringe	510,479	534,014	558,471	584,980	613,989
Other Salary	18,578	18,702	18,707	18,707	18,707
Total Personal Service	**1,159,993**	**1,182,855**	**1,203,340**	**1,226,862**	**1,252,424**
Other Than Personal Service:					
Leases	32,862	35,677	36,708	37,641	38,634
Supplies	54,861	52,368	52,368	52,367	52,367
Equipment	8,633	8,921	8,887	7,526	7,565
Utilities	576,366	588,356	613,827	641,778	671,409
Contracts	178,740	181,293	182,450	183,303	183,737
Debt Services	3,498	3,360	3,232	3,104	2,987
Insurance	49,245	51,846	54,565	57,413	59,525
Payments in Lieu of Taxes	29,791	32,673	33,688	33,104	31,234
OTPS Other	22,479	32,631	48,565	48,621	48,684
Housing Assistance Payments					
Total Other Than Personal Service	**956,476**	**987,126**	**1,034,290**	**1,064,858**	**1,096,142**
Total Expenditures	**2,116,469**	**2,169,980**	**2,237,631**	**2,291,719**	**2,348,566**
Surplus/(Deficit)	**(190,628)**	**(220,190)**	**(232,512)**	**(251,591)**	**(295,407)**

2014 - 2018 Adopted Operating Budget

Housing Choice Voucher

(Dollars in Thousands)

	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations	**-**	**-**	**-**	**-**	**-**
Other Revenues					
Federal Subsidies					
Contract-Based Section 8 Properties					
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments					
Other	855	855	855	855	855
Land Lease					
FEMA Reimbursement					
Categorical Grants					
Section 8 Housing Assistance Payments	926,813	934,653	959,206	983,853	1,001,669
Section 8 Admin	62,121	65,085	66,996	67,963	68,009
City Funds					
Total Other Revenues	**989,789**	**1,000,593**	**1,027,057**	**1,052,671**	**1,070,533**
Total Revenues	**989,789**	**1,000,593**	**1,027,057**	**1,052,671**	**1,070,533**
Expenditures					
Personal Service:					
Salary F/T	27,155	26,692	26,661	26,661	26,661
Salary P/T	-	-	-	-	-
Seasonal	14	14	14	14	14
Overtime	1,761	1,761	1,761	1,761	1,761
Shift Differential	1	1	1	1	1
Retro	-	-	-	-	-
Fringe	21,425	22,116	23,329	24,648	26,098
Other Salary	932	931	931	931	931
Total Personal Service	**51,288**	**51,514**	**52,697**	**54,016**	**55,465**
Other Than Personal Service:					
Leases	4,460	4,898	5,097	5,211	5,331
Supplies	99	99	99	99	99
Equipment	2,090	1,836	908	1,336	774
Utilities	192	201	211	222	233
Contracts	16,789	3,708	3,767	3,812	3,832
Debt Services					
Insurance	141	148	158	169	175
Payments in Lieu of Taxes					
OTPS Other	811	811	811	811	811
Housing Assistance Payments	1,004,045	1,014,673	1,024,981	1,037,757	1,054,062
Total Other Than Personal Service	**1,028,627**	**1,026,375**	**1,036,034**	**1,049,418**	**1,065,318**
Total Expenditures	**1,079,915**	**1,077,890**	**1,088,730**	**1,103,434**	**1,120,783**
Surplus/(Deficit)	**(90,126)**	**(77,297)**	**(61,674)**	**(50,763)**	**(50,250)**

2014 - 2018 Adopted Operating Budget

Categorical Grants

(Dollars in Thousands)

	2014 Budget	2015 Budget	2016 Budget	2017 Budget	2018 Budget
Revenues					
Revenue from Operations:					
Tenant Rental Revenue					
Other Revenue from Operations					
Total Revenue from Operations	**-**	**-**	**-**	**-**	**-**
Other Revenues					
Federal Subsidies	1,717	1,758	1,805	2,117	2,117
Contract-Based Section 8 Properties					
Debt Services Subsidy					
Section 8 Phased Conversion					
Section 8 Management Fees					
Capital Fund Reimbursements					
Interest on Investments					
Other	343	351	360	453	453
Land Lease					
FEMA Reimbursement					
Categorical Grants	3,378	3,382	3,175	3,175	3,175
Section 8 Housing Assistance Payments					
Section 8 Admin					
City Funds	17,700				
Total Other Revenues	**23,138**	**5,491**	**5,340**	**5,745**	**5,745**
Total Revenues	**23,138**	**5,491**	**5,340**	**5,745**	**5,745**
Expenditures					
Personal Service:					
Salary F/T	5,873	1,967	1,858	1,848	1,839
Salary P/T	234	227	227	227	227
Seasonal	-	-	-	-	-
Overtime	125				
Shift Differential	39				
Retro	-	-	-	-	-
Fringe	4,222	1,462	1,471	1,876	1,876
Other Salary	74				
Total Personal Service	**10,566**	**3,655**	**3,556**	**3,952**	**3,942**
Other Than Personal Service:					
Leases					
Supplies	38				
Equipment					
Utilities					
Contracts	10,347	36		10	20
Debt Services					
Insurance					
Payments in Lieu of Taxes					
OTPS Other	2,186	1,800	1,783	1,783	1,783
Housing Assistance Payments					
Total Other Than Personal Service	**12,571**	**1,836**	**1,783**	**1,793**	**1,803**
Total Expenditures	**23,138**	**5,491**	**5,340**	**5,745**	**5,745**
Surplus/(Deficit)	**-**	**-**	**-**	**-**	**-**

Capital Budget
2014 – 2018

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - ALL funding
Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
A&E / CM Fees	4,916	16,230	3,750	3,549	3,772	32,217
Bathrooms/ Kitchens	19,000	0	0	0	0	19,000
Boilers	25,966	10,870	585	0	0	37,421
Brickwork	101,787	34,500	31,900	2,500	2,500	173,187
Brickwork/ Roofs	190,946	118,200	106,700	0	0	415,846
Community Cntr Constr	22,293	0	0	0	0	22,293
Doors/ Entrances	2,410	2,650	2,160	0	0	7,220
Electrical	2,683	3,000	0	0	0	5,683
Elevators	36,502	15,265	12,770	15,600	2,030	82,167
Fire Safety	495	4,107	9,768	7,983	6,526	28,879
Front Line Costs	15,787	11,000	10,000	10,000	10,000	56,787
Garbage Disposal	5,311	3,282	4,218	3,570	1,854	18,235
General Construction	1,604,585	144,906	62,708	12,084	5,400	1,829,683
Grounds	7,821	0	0	0	0	7,821
Heating	41,964	11,453	3,945	26,350	70,779	154,491
Intercoms/ Security	28,716	4,000	0	0	0	32,716
Major Renovations	41,866	19,500	0	50,600	37,100	149,066
Plumbing	14,715	6,423	5,499	9,132	2,392	38,160
Roofs	16,728	0	0	0	0	16,728
Windows	1,100	0	0	0	0	1,100
Contingency	35,477	1,916	1,870	2,105	1,400	42,769
CPD Total	**2,221,070**	**407,302**	**255,873**	**143,473**	**143,752**	**3,171,470**
Non-CPD						
Administration	9,921	7,331	7,341	7,351	7,000	38,944
Community Programs & Dev	1,496	0	0	0	0	1,496
Development	37,318	5,902	11,603	0	0	54,823
Energy	5,276	0	0	0	0	5,276
Information Technology	19,759	11,072	7,392	5,961	6,291	50,474
Law	549	0	0	0	0	549
Operations	25,219	17,533	17,533	17,533	17,533	95,351
Supply Management	7,000	7,000	7,000	7,000	7,000	35,000
Non-CPD Total	**106,537**	**48,838**	**50,869**	**37,845**	**37,824**	**281,912**
Miscellaneous						
Contingency	5,000	0	0	0	0	5,000
Debt Service	89,798	60,500	60,500	60,500	60,500	331,798
NYPD	3,895	3,883	3,883	3,883	3,883	19,428
Program Administration	10,000	10,000	10,000	10,000	10,000	50,000
Transfer to Operating	19,146	10,569	10,569	10,569	10,569	61,421
Miscellaneous Total	**127,840**	**84,952**	**84,952**	**84,952**	**84,952**	**467,648**
Grand Total	**2,455,447**	**541,092**	**391,694**	**266,270**	**266,528**	**3,921,030**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - Federal

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
A&E / CM Fees	3,416	16,230	3,750	3,549	3,772	30,717
Boilers	25,966	10,870	585	0	0	37,421
Brickwork	60,387	12,000	31,900	2,500	2,500	109,287
Brickwork/ Roofs	6,546	2,000	31,200	0	0	39,746
Community Cntr Constr	1,539	0	0	0	0	1,539
Doors/ Entrances	250	2,650	2,160	0	0	5,060
Electrical	1,135	3,000	0	0	0	4,135
Elevators	21,135	15,265	12,770	15,600	2,030	66,800
Fire Safety	495	4,107	9,768	7,983	6,526	28,879
Front Line Costs	15,787	11,000	10,000	10,000	10,000	56,787
Garbage Disposal	4,961	3,282	4,218	3,570	1,854	17,885
General Construction	6,138	5,400	5,400	5,400	5,400	27,738
Grounds	827	0	0	0	0	827
Heating	8,525	11,453	3,945	25,650	63,137	112,710
Intercoms/ Security	555	0	0	0	0	555
Major Renovations	30,366	19,500	0	50,600	37,100	137,566
Plumbing	14,565	6,423	5,499	9,132	2,392	38,010
Roofs	6,295	0	0	0	0	6,295
Windows	1,100	0	0	0	0	1,100
Contingency	1,127	1,916	1,870	2,105	1,400	8,419
CPD Total	**211,117**	**125,096**	**123,065**	**136,089**	**136,110**	**731,478**
Non-CPD						
Administration	9,921	7,331	7,341	7,351	7,000	38,944
Development	25,113	5,902	11,603	0	0	42,618
Energy	2,505	0	0	0	0	2,505
Information Technology	19,759	11,072	7,392	5,961	6,291	50,474
Law	549	0	0	0	0	549
Operations	25,219	17,533	17,533	17,533	17,533	95,351
Supply Management	7,000	7,000	7,000	7,000	7,000	35,000
Non-CPD Total	**90,065**	**48,838**	**50,869**	**37,845**	**37,824**	**265,440**
Miscellaneous						
Contingency	5,000	0	0	0	0	5,000
Debt Service	65,650	60,500	60,500	60,500	60,500	307,650
NYPD	3,895	3,883	3,883	3,883	3,883	19,428
Program Administration	10,000	10,000	10,000	10,000	10,000	50,000
Transfer to Operating	19,146	10,569	10,569	10,569	10,569	61,421
Miscellaneous Total	**103,691**	**84,952**	**84,952**	**84,952**	**84,952**	**443,499**
Grand Total	**404,874**	**258,886**	**258,886**	**258,886**	**258,886**	**1,440,417**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - Bond

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
A&E / CM Fees	1,500	0	0	0	0	1,500
Brickwork	41,400	22,500	0	0	0	63,900
Brickwork/ Roofs	184,400	116,200	75,500	0	0	376,100
Contingency	34,350	0	0	0	0	34,350
CPD Total	**261,650**	**138,700**	**75,500**	**0**	**0**	**475,850**
Miscellaneous						
Debt Service	24,148	0	0	0	0	24,148
Miscellaneous Total	**24,148**	**0**	**0**	**0**	**0**	**24,148**
Grand Total	**285,798**	**138,700**	**75,500**	**0**	**0**	**499,998**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - City

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
Bathrooms/ Kitchens	19,000	0	0	0	0	19,000
Community Cntr Constr	20,754	0	0	0	0	20,754
Doors/ Entrances	2,160	0	0	0	0	2,160
Electrical	1,548	0	0	0	0	1,548
Elevators	15,367	0	0	0	0	15,367
Garbage Disposal	350	0	0	0	0	350
General Construction	10,473	306	508	6,684	0	17,971
Grounds	6,994	0	0	0	0	6,994
Heating	33,439	0	0	700	7,642	41,781
Intercoms/ Security	28,161	4,000	0	0	0	32,161
Major Renovations	11,500	0	0	0	0	11,500
Plumbing	150	0	0	0	0	150
Roofs	10,433	0	0	0	0	10,433
CPD Total	**160,329**	**4,306**	**508**	**7,384**	**7,642**	**180,169**
Non-CPD						
Community Programs & Dev	1,496	0	0	0	0	1,496
Development	12,205	0	0	0	0	12,205
Energy	638	0	0	0	0	638
Non-CPD Total	**14,339**	**0**	**0**	**0**	**0**	**14,339**
Grand Total	**174,668**	**4,306**	**508**	**7,384**	**7,642**	**194,508**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - State

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
General Construction	4,975	0	0	0	0	4,975
CPD Total	**4,975**	**0**	**0**	**0**	**0**	**4,975**
Grand Total	**4,975**	**0**	**0**	**0**	**0**	**4,975**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - Development Grant
Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
Non-CPD						
Energy	2,133	0	0	0	0	2,133
Non-CPD Total	**2,133**	**0**	**0**	**0**	**0**	**2,133**
Grand Total	**2,133**	**0**	**0**	**0**	**0**	**2,133**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - CDBG (Community Development Block Grant)

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
General Construction	992,318	0	0	0	0	992,318
CPD Total	**992,318**	**0**	**0**	**0**	**0**	**992,318**
Grand Total	**992,318**	**0**	**0**	**0**	**0**	**992,318**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - FEMA Reimbursement

Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
General Construction	72,468	26,517	11,364	0	0	110,349
CPD Total	**72,468**	**26,517**	**11,364**	**0**	**0**	**110,349**
Grand Total	**72,468**	**26,517**	**11,364**	**0**	**0**	**110,349**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - Insurance Reimbursement
Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
General Construction	238,815	88,114	35,411	0	0	362,340
CPD Total	**238,815**	**88,114**	**35,411**	**0**	**0**	**362,340**
Grand Total	**238,815**	**88,114**	**35,411**	**0**	**0**	**362,340**

*Includes Rollover from FY 2013

New York City Housing Authority
FY 2014 - FY 2018 Capital Plan - by Category - Disaster Recovery – Other
Dollars in thousands

	2014*	2015	2016	2017	2018	Totals
CPD						
General Construction	279,399	24,569	10,025	0	0	313,993
CPD Total	**279,399**	**24,569**	**10,025**	**0**	**0**	**313,993**
Grand Total	**279,399**	**24,569**	**10,025**	**0**	**0**	**313,993**

*Includes Rollover from FY 2013

FINANCIAL MANAGEMENT POLICIES

NYCHA's financial management policies provide a basic framework for overall fiscal management. The policies represent a foundation to address changing circumstance and conditions, assist in the decision-making process and provide the guidelines for evaluating financial activities for future initiatives.

The financial management policies reflect long-standing principles and practices, which have enabled NYCHA to maintain its financial stability. It is intended that the policies be reviewed annually so that the guidelines represent a realistic, framework for public policy decisions.

The information that follows provides a summary of financial management policies for the following areas:

- Budget;
- Audit;
- Debt;
- Investments;
- Risk Finance; and
- Capital Eligibility

Budget

Budget
The Authority has instituted an Agency-wide departmental budgeting structure. Departmental budgeting provides NYCHA departments with increased responsibilities in the development and monitoring of the Operating and Capital Budgets. Departments are primarily responsible for determining their current and anticipated needs and will work with the Budget Department to review and incorporate those needs into an annual Board approved budget. In addition, departments are empowered to display fiscal responsibility and accountability in the periodical monitoring of actual departmental revenues and expenditures against the annual budget.

In conjunction with Agency-wide departmental budgeting structure, NYCHA's budget process reflects the Board's vision and NYCHA's policy direction as well as its response to change in needs, demands, and opportunities. The budget process occurs twice a year with a pre-defined budget calendar. It incorporates departmental input in planning, development, and management of NYCHA's budget.

Audit

Internal Audit
The Authority has established an internal Audit Department to provide independent and objective analysis of NYCHA operations. In carrying out its responsibilities, internal audit reviews:

- The adequacy of Authority controls;
- The degree of compliance to regulatory requirements and internal procedures; and
- The efficiency and economy of its operations.

Audits are performed in accordance with an annual audit plan that is approved by the Authority's Audit Committee. The Audit Department has unrestricted access to Authority documents, records, and staff to maintain an independent perspective, the Director of Audit reports directly to the Audit Committee and administratively to the Deputy General Manager for Policy, Planning, and Management Analysis.

Audit Committee

In June 2003, the Authority's Board of Directors ("Board") approved the establishment of a five-member Audit Committee. Until 2013, the Vice Chair on the Board was the Audit Committee Chair and the Audit Committee consisted of the one full time NYCHA employee and five other non-NYCHA members. In 2013, the New York State legislature enacted an amendment to the State statute, Public Housing Law Section 402, which changed the composition of the Board and eliminated a full-time Vice Chair position. As a result, the Audit Committee now consists of five highly accomplished executives from outside NYCHA with a diverse range of expertise including finance, information technology, performance management, construction, and real estate, which makes the Authority unique among the nation's PHAs. It underscores the Board's commitment to the importance of accountability and corporate governance in its operations. Per its Board-approved Charter, the Audit Committee is charged with assisting the Board in overseeing the integrity of financial reporting, the adequacy of internal controls, and compliance with statutory and regulatory requirements.

The Audit Committee oversees the work of the Audit Department and actively monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management's corrective action and implementation plans to all audit findings. The Audit Committee promotes continuous reviews of NYCHA's internal control framework and also approves the annual and five year risk assessment audit plan prepared by the Audit Director. The annual and five year risk assessment plans are continuously monitored and revised as needed to meet the changing risks to which the Authority may be exposed.

External Audit

NYCHA is required by statute to have an independent Auditor annually conduct a Single Audit of its operations including opining on its internal controls over financial reporting and compliance to Federal award programs. In addition, the Authority requires that an Independent Auditor annually audit its financial statements. The Independent Auditor shall have broad experiences in auditing large local government agencies in compliance with relevant federal rules and regulations such as the Single Audit Act.

In addition to the above audits, the Authority operations are monitored and audited by the United States Department of Housing and Urban Development (HUD).

Debt

Capital Fund Financing Program Revenue Bonds

As a participant in the HUD Capital Fund Financing Program, the Authority borrowed the proceeds of a $300 million issuance of New York City Housing Development Corporation ("HDC") Capital Fund Program Revenue Bonds, Series 2005A ("CFFP Bonds"), which were issued to the public on May 10, 2005. The bond proceeds, which were fully expended over the four year period from date of issuance to April 15, 2009 were used to accelerate the modernization of the Authority's public housing stock, in accordance with a capital program established for this purpose. At December 31, 2012, the carrying value of outstanding bonds for this program was $220,909,000.

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 issued. The Authority has acknowledged its indebtedness for such loans by issuance of Certificates of Indebtedness. Debt service requirements are met by funds provided by HUD and the State of New York.

Mortgage Loans

Description of Bonds and Mortgages	Jan. 1, 2012	Proceeds	Payments & Amortization	Dec. 31, 2012	Due Within One Year
Bonds					
NYC Housing Development Corporation (HDC) Capital Fund Program Revenue Bonds, Series 2005A, principal and interest at 4.6% to 5.0% per annum, maturing annually through July 2025	$ 225,410	$ -	$ (11,420)	$ 213,990	$ 12,005
State Guaranteed Certificates of Indebtedness Outstanding (State Program), eight issues remaining bearing interest from 3.5% to 3.875%, per annum from 3.50% to 3.875% per annum, maturing annually through July 2024	26,385	-	(4,326)	22,059	3,219
State Guaranteed Certificates of Indebtedness Outstanding, (incorporated into the Federal Housing Program), six issues remaining bearing interest from 3.50% to 4.75% per annum, maturing annually through July 2024	4,177	-	(832)	3,345	796
Bonds Secured by Mortgages					
$23,590,000 2009 Series L-1 Bonds twenty-one issues remaining bearing interest from 1.65% to 4.95% per annum, maturing through November 2043	23,590	-	-	23,590	-
$68,000,000 2009 Series L-2 Bonds one issue remaining bearing interest of 2.00% per annum, maturing on September 16, 2013	68,000	-	-	68,000	68,000
$150,000,000 2010 Series B Bonds one issue remaining bearing interest of 2.125% per annum, maturing in May 2014	110,050	-	(90,225)	19,825	-
$140,000,000 2011 Series A Bonds one issue remaining bearing interest of 3.25% per annum, maturing in May 2014	140,000	-	(92,045)	47,955	-
$67,540,000 2012 Series A Bonds one issue remaining bearing interest at SIFMA +1.1%, adjusted monthly, maturing in May 2014	-	67,540	(50,719)	16,821	-
$25,325,000 2010 Series A-1 Bonds nine issues remaining bearig interest from 3.35% to 4.90% per annum, maturing through November 2041	25,325	-	-	25,325	-
$3,000,000 2010 Series A-2 Bonds two issues remaining bearing interest from 3.667% to 4.974% per annum, maturing through May 2019	3,000	-	-	3,000	-
BONDS AND MORTGAGES PAYABLE (before Premium)	**625,937**	67,540	(249,567)	**443,910**	84,020
Add Premium on Series 2005 HDC Revenue Bonds	8,075	-	(1,156)	6,919	-
TOTAL BONDS AND MORTGAGES PAYABLE	**$ 634,012**	$ 67,540	$ (250,723)	**$ 450,829**	$ 84,020

	Jan. 1, 2012	Dec. 31, 2012
CURRENT PORTION DUE WITHIN ONE YEAR	$ 16,578	$ 84,020
LONG-TERM-PORTION DUE IN MORE THAN ONE YEAR	617,434	366,809
TOTAL BONDS AND MORTGAGES PAYABLE	**$ 634,012**	**$ 450,829**

Description of Bonds and Mortgages	Jan. 1, 2011	Proceeds	Payments & Amortization	Dec. 31, 2011	Due with One Year
Bonds					
NYC Housing Development Corporation (HDC) Capital Fund Program Revenue Bonds, Series 2005A, principal and interest at 4.6% to 5.0% per annum, maturing annually through July 2025	$ 236,275	$ -	$ (10,865)	$ 225,410	$ 11,420
State Guaranteed Certificates of Indebtedness Outstanding (State Program), eight issues remaining bearing interest from 3.5% to 3.875%, per annum from 3.50% to 3.875% per annum, maturing annually through July 2024	31,129	-	(4,744)	26,385	4,326
State Guaranteed Certificates of Indebtedness Outstanding, (incorporated into the Federal Housing Program), six issues remaining bearing interest from 3.50% to 4.75% per annum, maturing annually through July 2024	5,464	-	(1,287)	4,177	832
Bonds Secured by Mortgages					
$23,590,000 2009 Series L-1 Bonds twenty-one issues remaining bearing interest from 1.65% to 4.95% per annum, maturing through November 2043	23,590	-	-	23,590	-
$68,000,000 2009 Series L-2 Bonds one issue remaining bearing interest of 2.00% per annum, maturing on September 16, 2013	68,000	-	-	68,000	-
$150,000,000 2010 Series B Bonds one issue remaining bearing interest of 2.125% per annum, maturing in May 2014	150,000	-	(39,950)	110,050	-
$140,000,000 2011 Series A Bonds one issue remaining bearing interest of 3.25% per annum, maturing in May 2014	-	140,000	-	140,000	-
$25,325,000 2010 Series A-1 Bonds nine issues remaining bearig interest from 3.35% to 4.90% per annum, maturing through November 2041	25,325	-	-	25,325	-
$3,000,000 2010 Series A-2 Bonds two issues remaining bearing interest from 3.667% to 4.974% per annum, maturing through May 2019	3,000	-	-	3,000	-
BONDS AND MORTGAGES PAYABLE (before Premium)	**542,783**	140,000	(56,846)	**625,937**	16,578
Add Premium on Series 2005 HDC Revenue Bonds	9,348	-	(1,273)	8,075	-
TOTAL BONDS AND MORTGAGES PAYABLE	**$ 552,131**	$ 140,000	$ (58,119)	**$ 634,012**	$ 16,578

	Jan. 1, 2011	Dec. 31, 2011
CURRENT PORTION DUE WITHIN ONE YEAR	$ 16,896	$ 16,578
LONG-TERM-PORTION DUE IN MORE THAN ONE YEAR	535,235	617,434
TOTAL BONDS AND MORTGAGES PAYABLE	**$ 552,131**	**$ 634,012**

Pledged Revenue on Revenue Bonds

As security for the CFFP Bonds, the Authority pledged future HUD Capital Fund Program grant revenue to service the bond debt. 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 2025. 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 remaining on the debt are $213,990,000 and $82,287,000, respectively, with annual requirements ranging from $22,704,000 in 2013 to $22,905,000 in the final year. Capital contributions, from which appropriations have been made, amount to $156,913,000 over the last seven years. For 2012 and 2011, total principal and interest paid by the Authority was $22,690,000 and $22,678,000, respectively.

Future principal and interest payments of all the Authority's outstanding bonds and mortgages (excluding amortizable bond premium) at December 31, 2012 are payable as follows ($ in thousands):

	Years	Principal	Interest	Total
Current portion:				
	2013	$ 84,020	$ 17,623	$ 101,643
Long-term portion:				
	2014	100,816	13,972	114,788
	2015	17,875	12,368	30,243
	2016	16,784	11,572	28,356
	2017	17,504	10,785	28,289
	2018-2022	99,087	40,671	139,758
	2023-2027	68,845	16,419	85,264
	2028-2032	8,060	8,646	16,706
	2033-2037	10,585	6,517	17,102
	2038-2042	15,894	3,925	19,819
	2043	4,440	220	4,660
Total long-term portion		359,890	125,095	484,985
Total payments		**$ 443,910**	**$ 142,718**	**$ 586,628**

Interest rates on Bonds and Mortgages payable range from 1.65 percent to 5.0 percent. Variable interest rates based on the Securities Industry and Financial Markets Association ("SIFMA") range from 1.23 percent to 1.36 percent. During 2012 and 2011, principal repayments totaled $249,567,000 and $56,846,000, respectively.

Investments

At December 31, 2012, there were no unrestricted investments, since all unrestricted funds were placed in money market and interest-bearing bank accounts.

Of the total amount of $7,715,000 in restricted investments with fiscal agents, $3,670,000 consists of remaining available loan proceeds from the federalization mixed-finance transaction, and $4,045,000 is invested on behalf of obligations related to the mixed-finance transaction, including required capitalized interest and debt service reserve accounts.

Of the total amount of $37,909,000 in cash equivalent investments, $1,396,000 consists of available proceeds from loans issued on behalf of the mixed-finance transaction and the remaining portion of $36,513,000 pertains to the Authority's Capital Fund Financing Program. Of this amount, $22,905,000 was designated as a cash-funded debt service reserve, $8,234,000 was available to be used by the Authority to pay for capital expenditures, and $5,374,000 was available for debt service payments and related obligations due January 1, 2013.

Restricted investments consist of the following at December 31, 2012 and 2011 ($ in thousands):

Restricted		2012		2011
Repurchase Agreements	$	36,513	$	5,634
Guaranteed Investment Contracts		3,670		42,917
Discount Notes		2,419		7,262
NYC General Obligation Taxable Bond Series G-2		1,626		1,628
Money Market Account		1,396		227
U.S. Treasury Note		-		30,856
Total Restricted investments, including cash equivalents		45,624		88,524
Less amount reported as cash equivalents		37,909		5,861
Restricted investments	$	7,715	$	82,663

Accrued interest receivable on investments was $439,000 and $687,000 at December 31, 2012 and 2011, respectively, and is included in accounts receivable-other (see Note 4).

At December 31, 2012, the Authority's weighted average term to maturity for investments is five months. The Authority determines maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for operations. HUD policy allows for investments with maturities up to three years and the Authority has received a HUD waiver to invest federal funds maturing up to seven years. At December 31, 2012 there are no investments exceeding three years to maturity.

The maturities of the Authority's investments at December 31, 2012 were ($ in thousands):

Investment Type	**Investment Maturities**					
Restricted		**Total**		**<1 year**		**1-5 years**
Repurchase Agreements	$	36,513	$	36,513	$	-
Guaranteed Investment Contracts		3,670		3,670		-
Discount Note		2,419		2,419		-
NYC General Obligation Taxable Bond Series G-2		1,626		-		1,626
Money Market Account		1,396		1,396		-
Total	$	45,624	$	43,998	$	1,626

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 the depository, 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 custody account in the name of the Authority.

The Authority's current investment strategy involves a consideration of the basic risks of fixed-income investing, including interest rate risk, market risk, credit risk, re-investment risk and structural 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 an investment program utilizing mostly U.S. Treasury securities, or securities issued by U.S. Government Agencies and their instrumentalities. The Authority utilizes a detailed, forecasting and reporting mechanism with the objective that securities are held full-term and never need to be sold prior to maturity, unless as part of a re-investment strategy or to ensure the safety of invested principal.

Credit Risk: It is the Authority's policy to limit its investments mostly to HUD-authorized investments issued by the U.S. Government, a government agency or by a government-sponsored agency. The Authority's policy is to invest mostly in Federal Agency and U.S. Treasury securities which are AA and AAA rated by Standard and Poor's or Moody's, or in fully collateralized Money Market and interest-bearing bank accounts at banks rated A or better by Moody's, Fitch or S&P. Depository bank accounts maintaining federal funds are fully collateralized by Treasury and/or Federal Agency securities.

Concentration of Credit Risk: The Authority strives to invest in only AA and AAA rated Federal 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 and fully collateralized interest-bearing bank accounts. Consequently, the Authority does not limit deposits to any one bank. Nevertheless, the Authority strives to diversify holdings in cash and cash equivalents, whenever possible, to further minimize any potential concentration of credit risk.

Custodial credit risk: The Authority maintains a perfected security interest in the collateral held on its behalf at the 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 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.

Risk Finance

The Authority's risk management program minimizes its exposure to potential losses. The Risk Finance Department's risk control efforts were developed to support the Authority's insurance program and to guard the health and safety of the Authority's staff. These efforts produce positive results as injury rates continue to decline. Risk Finance chairs the Authority's Safety Committee and manages the Employee Safety Program which is multi-faceted. The Office of Safety & Security was created in 2012. This office embraces a broader safety strategy through the collaborative efforts of various stakeholders both inside and outside the Authority. Mitigation of hazards is addressed through proper identification of high injury rate locations. "Multiple Accident Focus Groups" help address safe work practices. The Safety Committee communicates operational changes required to senior management.

The 1,818 reported employee claims in 2013 was the second lowest since Risk Finance began tracking this statistic in 1995, when there were 3,520 claims. In 2013, the Authority finished the year with 1,051 injuries, the fewest since Risk Finance began tracking this statistic in 1995, when there were 2,449 injuries. The 2013 injury rate was 7.6 per 100 workers, a 1.5% reduction from 2012, and representing a 51 percent reduction from the 2000 injury rate of 15.5 per 100 workers.

NYCHA continues to enhance its Transitional Return to Work Program ("TRTW"). The goals of the TRTW Program include accelerating an employee's ability to return to work by focusing on post-accident capabilities, facilitating transition from a temporary or a modified job assignment back to pre-accident work abilities, increasing productivity by decreasing the number of lost workdays, increasing employee morale by allowing the employee to return and remain at work, and decreasing overall workers' compensation costs. At the end of 2013, eighteen employees have participated in this program and reducing workdays which equates to 8 full time employee days saved.

Capital Eligibility Policy

The Capital Eligibility Policy is used by departments as a guide for determining whether certain projects or requests for funding can or should be funded with capital dollars. Although the specific eligibility requirements set forth by the grantors for NYCHA's three capital budgets (Federal, State, and City) are different, NYCHA's policy seeks to standardize the means by which funding decisions are made by the organization. This internal set of guidelines for departments participating in NYCHA's semi-annual budget exercises assists them in determining if a project should be submitted for capital or operating budget consideration.

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. The Authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation.

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	**15**
Facilities & Other Improvements	$50,000	**10**
Computer Software	$50,000	**5**
Telecommunication Equipment	$50,000	**5**
Computer Hardware	$1,000	**5**
Furniture and Equipment	$1,000	**5 to 10**
Ranges and Refrigerators	All	**10**

The descriptions and examples offered below are illustrative but not exhaustive. In some cases, the Department of Budget and Financial Planning will be required to evaluate capital budget eligibility.

Categories and Examples

- <u>Building Structural – Renovations:</u> Should materially extend the useful life of a building or increase its value, or both. A replacement may qualify if the new item/part is of significantly improved quality and higher value compared to the old item/part.

  Examples of Eligible Activities
  - ➢ Installation or upgrade of wall or ceiling coverings, tiles, paneling or parquet;
  - ➢ Structural changes such as reinforcement of floors or walls, installation or replacement of beams, joists, steel grids, or other interior framing;
  - ➢ Installation or upgrade of window or door frames, upgrading of windows or doors;
  - ➢ Interior renovations associated with casings, baseboards, light fixtures, ceiling trim, etc.;
  - ➢ Exterior renovations such as installation/replacement of siding, roofing, masonry, etc.;
  - ➢ Initial outfitting for comprehensive renovations;
  - ➢ Relocation costs when necessary; or
  - ➢ Architectural, engineering, or construction fees.

Examples of Ineligible Activities:
- Preventive maintenance;
- On-going compactor maintenance, even if the maintenance is part of a compactor installation contract; or
- Repairs.

- Building Structural – New Construction: Construction of a new building or addition to an existing building and costs related to the construction.

  Examples of Eligible Activities:
  - Construction of a new community center, a day care center or a new residential facility;
  - Construction of structures attached to buildings, such as garages, enclosed stairwells, covered patios, etc.;
  - Remodeling, reconditioning or altering a building to make it ready for the purpose for which it was acquired;
  - Initial outfitting including furniture and equipment for up to six months of construction;
  - Environmental compliance;
  - Accessibility compliance;
  - Professional fees (legal, architectural, inspections, title searches, construction management staffing and service fees, etc.); or
  - Other costs required to render the building operational.

- Major Environmental Remediation Activities

  Examples of Eligible Activities:
  - Lead abatement;
  - Asbestos abatement; or
  - Oil spill remediation.

- Building Systems: A network of interrelated parts necessary for the functioning of a single building or collection of buildings.

  Examples of Eligible Activities:
  - Installation or upgrade of heating and cooling systems (including fans and vents), plumbing and electrical systems (including risers and transformers);
  - Installation or upgrade of communication and security systems such as telephone systems, closed circuit TVs, and intercoms including networks, fiber optic cables, or other wiring required for equipment that will remain in the building;
  - Fire safety systems, such as sprinklers, standpipes and alarms;
  - Mechanical systems, such as elevators (including maintenance associated with elevator replacements and upgrades) and garbage disposals; or
  - Architectural, engineering, or construction fees.

Examples of Ineligible Activities:

- Temporary generators or fuel oil tanks; or
- Repair of a boiler.

• Site Improvements: Assets built, installed or established to enhance the quality or the use of land for a particular purpose.

Examples of Eligible Activities:

- Fencing and gates;
- Landscaping;
- Parking lots, driveways or vehicle barriers;
- Recreation areas, playgrounds and athletic fields (including tennis courts, basketball courts, swimming pools, and bleachers);
- Fountains;
- Plazas and pavilions;
- Retaining walls; or
- Architectural, engineering, or construction fees.

Examples of Ineligible Activities:

- Tree pruning;
- Partial repair of a paved area; or
- Partial replacement of fencing.

• Information Technology - Hardware and software.

Examples of Eligible Activities:

- Cost of purchasing, installing and developing computer networks;
- Cost of quality assurance incurred in connection with a computer system implementation project;
- Cost of establishing a disaster recovery system (subject to minimum cost requirements);
- Cycle replacement of computer equipment over five years old;
- Costs of software during the development phase, such as third-party service and material fees;
- Costs associated with application development such as software configuration, and interfaces, coding, installation of hardware and testing, including parallel processing;
- Costs associated with post-implementation such as training; or
- Costs for software that allows for access or conversion of old data by new information systems.

Examples of Ineligible Activities:

- Planning for a new or replacement system or upgrade;
- Determining system requirements;
- Demonstration of potential systems;

- Vendor and consultant selection;
- Ongoing preventive and/or remedial maintenance costs, including first year costs; or
- Annual fees for disaster recovery services.

- <u>Vehicles and Equipment:</u> Major purchases of heavy-duty vehicles and equipment meeting the threshold:

  Examples of Eligible Activities:
  - Vans;
  - Dump Trucks;
  - Tractors;
  - Ranges; or
  - Refrigerators.

  Examples of Ineligible Activities:
  - Smaller vehicles such as compact cars; or
  - Light equipment such as lawn mowers.

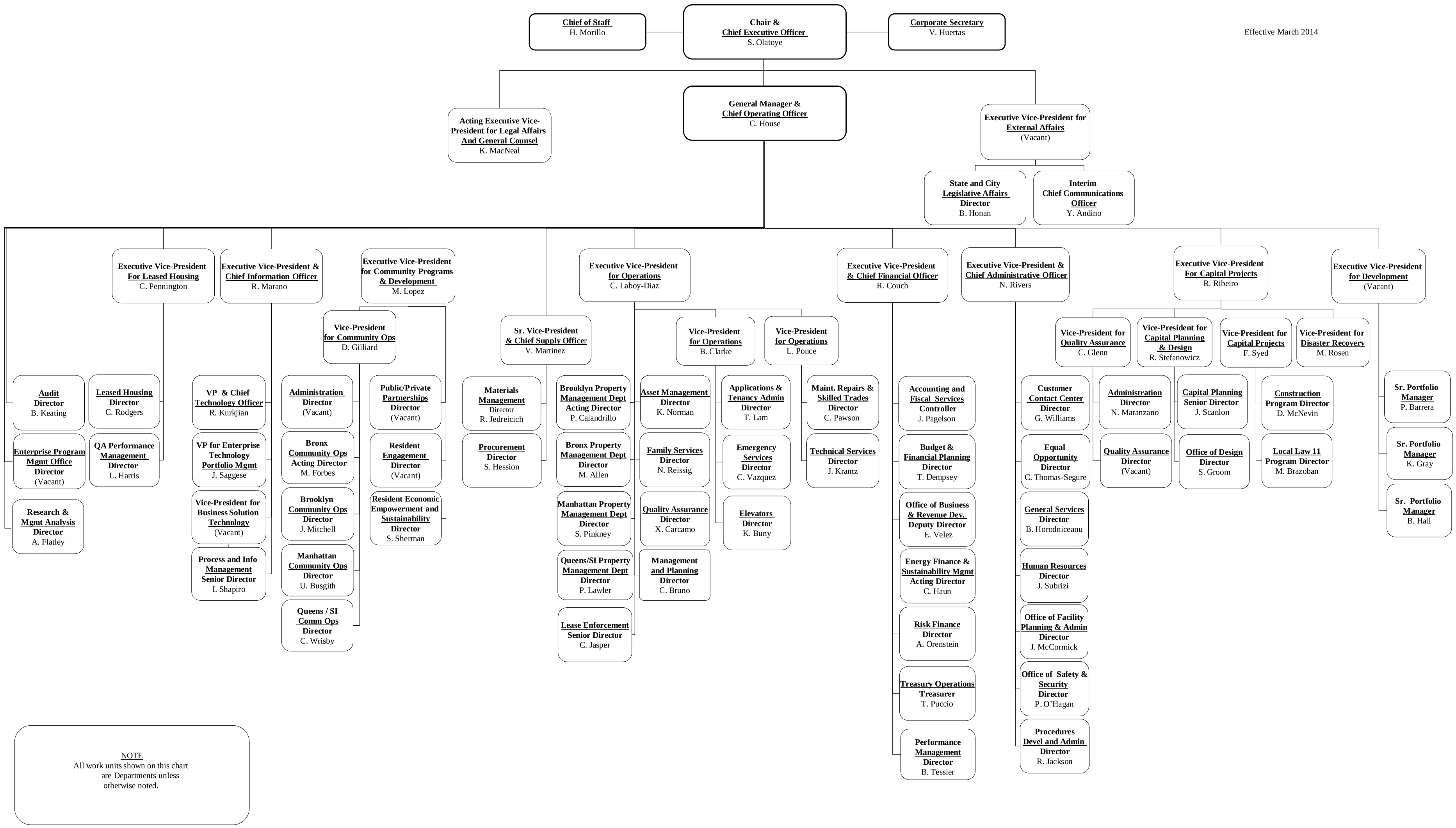
- <u>Land Acquisition:</u> Consists of costs for the purchase of land, and costs for betterments, site preparation and improvements (other than buildings) to property to ready it for its intended use.

  Examples of Eligible Activities:
  - Purchase price and commissions;
  - Professional fees (title searches, legal, appraisal, surveying, environmental assessments, etc.); or
  - Other costs incurred in the acquisition of land.

- <u>Leasehold Improvements</u>: Includes construction of new buildings or improvements made to existing structures by the lessee, who has the right to use the leasehold improvements over the term of the lease. These improvements will revert to the property owner following the expiration of the lease. Movable equipment or office furniture that is not attached to the leased property is not considered a leasehold improvement.

NEW YORK CITY HOUSING AUTHORITY ORGANIZATION CHART

Effective March 2014



GLOSSARY OF TERMS

Accounts - The lowest level within the Authority's chart of accounts that identifies the expenditure type. Examples of Accounts are: supplies, equipment, contracts, travel, and utilities.

Accrual - An accounting expense recognized in the books before it is paid for. A Negative Un-Liquidated Actual represents an accrual set up for the goods or services received in the prior Fiscal Year but not yet paid.

Action Plan - A plan of actions to be funded by the Authority over a period for five years to make the necessary physical and management improvements identified in the PHA's Comprehensive Plan. The Five-Year Action Plan is based upon HUD's and the PHA's best estimates of the funding reasonably expected to become available. It is updated annually to reflect a rolling five-year base.

Annual Contributions Contract (ACC) - A contract under the United States Housing Act of 1937, as amended, between HUD and the Authority containing the terms and conditions under which the Department assists the Authority in providing decent, safe, and sanitary housing for low-income families.

Annual Statement - A work statement submitted to HUD covering the first year of the Five-Year action Plan. It sets forth the major work categories and costs by development for the Federal Fiscal Year (FFY) grant, and provides a summary of costs by development account as well as implementation schedules for obligation and expenditure of the funds.

Amortized - Payment of a debt or credit by regular intervals over a specific period of time.

Budget Calendar - The schedule of key dates or milestones that the Authority follows in the preparation and adoption of the budget.

Budget Planning - Involves the estimating of the agency's available resources, matching the available resources to the agency's operating and capital needs, and determining if appropriate financial measures are being taken.

Capital Fund Program (CFP) - Formerly the Comprehensive Grant Program (CGP) is a HUD program which provides fungible modernization and reconstruction funds on a formula basis to the Housing Authorities with 250 or more public housing units.

Capital Projects - The purchase of land, renovations or construction of a building or facility.

Chart of Accounts - The complete listing of all accounts listed in the General Ledger that Accounting tracks. Each account is accompanied by a reference number which indicates the account type. Such categories include revenues and expenses.

Commitment (Encumbrance) - The total value of encumbered funds associated with requisitions, or standard or planned purchase orders submitted but not yet approved.

Comprehensive Plan - A plan prepared by the Authority and approved by HUD setting forth all of the physical and management needs of the Authority and its housing developments. It indicates the relative urgency of needs, with cost estimates and includes the PHA's Action Plan. The Plan may be revised, as necessary, but must be revised at least every sixth year. It is the focal point of the PHA's modernization strategy.

Conveyed Unit - A unit where modernization work has been approved before the transfer of the title to the homeowner. The Authority may complete the work even if the title to the unit is subsequently conveyed before the work is completed. The costs of work are eligible under the Capital Fund Program regulations.

Development - A low-income housing project that consists of a building or group of buildings housing NYCHA residents. Each has a unique name and responsibility center number.

Expenses - Represents the total cost of operations during a period, regardless of the timing of related expenses.

Field Office (FO) - The local HUD office with which the Authority transacts its low-income housing business. In addition, the Field Office reviews the Comprehensive Plan, including the Five-Year Action Plan, in accordance with statutory/regulatory criteria and notifies the Authority in writing of approval or disapproval.

Fiscal Year - for NYCHA, it is the same as the calendar year. This 12-month period begins with January 1, and ends on December 31.

Fund - A fiscal and accounting tool with a self-balancing set of accounts to record revenue and expenditures.

Fund Balance - The excess of an entity's assets over its liabilities.

Funding Source - Identifies a specific pool of funds or revenue source.

Funds Available - Represents the difference between the Budget and the Total Actual and Total Encumbrances.

Fungibility - A concept which permits the Authority to substitute any work item from the latest approved Five-Year Action Plan to any previously approved CFP Annual Statement, and to move to work items among approved modernization budgets without prior HUD approval.

Gap Sheet - A tool used by DBFP during the financial plan exercise. It lists all deficits that exist upon entering the budget process and includes any projected changes to those deficits.

General Ledger (G/L) - The General Ledger is the official accounting record for all Authority transactions.

Grant - A contribution by a government or other organization to support a particular function. Grants may be classified as categorical or block, depending upon the amount of discretion allowed by the grantee.

Grants - The Oracle module used by Capital that allows the Authority to maintain a five-year capital plan. It is intended as the means for collection and storage of capital project financial information.

Hard Costs - The physical improvement costs in the development accounts 1450-1475, which include Account 1450 Site Improvements, Account 1460 Dwelling Structures, Account 1465 Dwelling Equipment, Account 1470 Non-Dwelling Structure, and Account 1475 Non-Dwelling Equipment. These are costs directly associated with the construction of a development, including labor, materials, overhead, profit, and contingencies.

Headcount (HC) - The Authority's full-time headcount plan accounts for all authorized employees that can be sustained by the amount of projected revenue, as approved by the Board, and broken down by department for current year as well as for out years.

Housing Choice Voucher (HCVP/ Section 8) - Is a rent subsidy allowing families to pay a reasonable share of income for rent with the government making up the difference up to a specified limit.

Liquidated Actual (Actuals) - The total funds paid to vendors for received and invoiced goods or services.

Modernization Program - The Authority's program for carrying out capital modernization and reconstruction projects in order to keep the developments in a state of good repair, as set forth in the Annual Statement.

New Needs - Are all costs associated with a purchase of goods or services, or additional costs of existing goods or services.

Obligation (Encumbrance) - The total unexpended balance of encumbered funds associated with approved requisitions and standard or planned purchase orders.

Operating Budget - Authorized expenditures for on-going day-to-day services; e.g. maintenance, materials, supplies, etc.

Other Than Personal Services (OTPS) - The OTPS budget pays for the non-personal costs of running the Authority, including payments for utilities such as water and electricity, for NYCHA residents, payments to outside contractors, plumbing and heating services, all insurance costs, consulting services, the purchase of machines used to maintain the buildings & payments to private landlords participating in the Section 8 Housing Choice Voucher Program.

Program to Eliminate the Gap (PEG) - Is a financial package of ideas to close a given financial deficit. They can be classified as expense reductions, revenue increases, legislative/regulatory changes, or management initiatives to improve productivity.

Personal Services (PS) - The PS budget includes salaries and fringe benefits for all of NYCHA's staff. Approximately 14,000 NYCHA employees are responsible for all service delivery within NYCHA's developments, including building maintenance, rent collection, administration of the Section 8 program, annual inspections and certifications, grounds maintenance, community center staffing, social services, and administrative services.

Project Organization Expenditure Type Task Awards (POETA) - Tool used by the Oracle Grants Module. It includes detailed award information which incorporates information from the Chart of Accounts.

Public Sector Budgeting (PSB) - The Oracle application that is used to create and maintain the operating budget and financial plan processes.

Responsibility Center (RC) - A Development or Department where expenses will be budgeted and recorded.

Revenues - Funds received from various sources and treated as income that the Authority uses to finance expenditures.

Revision - The PSB tool used between financial planning exercises that allow the modification of the current year budget only.

Risk Management - An organized attempt to protect a government's assets against accidental loss in the most economical method.

Service Package - A worksheet tool used to identify portions of a budget. It is used to modify the approved baseline budget during the semi-annual financial planning exercises.

Soft Costs - The non-physical improvement or non-brick and mortar costs which exclude any costs in the development accounts 1450-1475. These are the non-construction costs incurred in the development of a project (e.g. third party expenses such as design and legal fees, taxes, insurance, construction, loan debt service, developer overhead and profit.)

Tenant Participation Activities (TPA) - According to HUD, $25 per unit per year is allocated to fund resident participation activities such as training and outreach programs.

Un-Liquidated Actual (Actuals) - Represents the total funds expensed for received and invoiced goods or services.

Worksheet - The PSB tool used in semi-annual financial planning exercises that will allow adjustments to the current and/or out years of the plan.