

Testimony from NYCHA’s Chief Executive Officer Lisa Bova-Hiatt
Executive Budget Hearing – Public Housing
Committee on Public Housing with the Committee on Finance
Tuesday, May 7, 2024 – 9:30 a.m.
New York City Hall Council Chambers

Chairs Chris Banks and Justin Brannan, members of the Committees on Public Housing and Finance, other distinguished members of the City Council, NYCHA residents, community advocates, and members of the public: good morning. I am Lisa Bova-Hiatt, NYCHA’s Chief Executive Officer. I am pleased to be joined by Chief Operating Officer Eva Trimble, Executive Vice President of Finance and Chief Financial Officer Annika Lescott-Martinez, Chief Asset and Capital Management Officer Shaan Mavani, and other members of NYCHA’s team. NYCHA’s adopted budget was approved by the Board of Directors in December; thank you for this opportunity to provide updates on NYCHA’s fiscal outlook for 2024, as well as our work to transform our organization and improve residents’ quality of life.

Updates on the Emergency Rental Assistance Program (ERAP) and other State and City Funding

Making the best use of the limited funding available to improve living conditions for NYCHA residents is at the forefront of our mission. As we discussed with the Council in March during the preliminary budget hearing, we are grappling with significant rent arrears – which have made NYCHA’s fiscal predicament more dire. Rent payments are one-third of NYCHA’s operating budget, funding that is vital to the efforts to repair and maintain NYCHA developments. This is an especially critical situation considering that our aging buildings have nearly \$80 billion in major capital needs, the result of decades of federal disinvestment.

However, thanks to the commitment of partners like Mayor Adams, Governor Hochul, and the State legislature to the well-being of public housing residents and the future of this agency, NYCHA has received \$147 million in ERAP funding to date. We have applied \$145 million to residents’ accounts and will continue to credit residents’ accounts as funds are received. Thanks in part to the ERAP funding, rent arrears have decreased since last year and are stabilizing.

Additionally, the State budget has recently appropriated \$140 million to NYCHA for capital projects; we will engage with State stakeholders to program these funds in the coming months. And we were allocated \$379 million in expense funds and \$1.4 billion in capital funds, including

funding for our PACT program, from the City this year (City Fiscal Year 2025) through the Executive Plan.

We are incredibly grateful for this support, which will go a long way in stabilizing the Authority's finances and enabling the repairs that residents deserve.

Federal Funding Updates and Outlook

In terms of federal funding, based on preliminary information, we expect that we will receive about \$4.961 billion in operating revenues. To help close our \$35 million operating deficit for 2024, we will continue to closely monitor our spending and revenues and implement cost-saving measures as necessary. We received a \$754 million federal capital grant in 2023, \$43 million more than in 2022, and are still awaiting notification of our 2024 grant. We appreciate the efforts of New York's Congressional Delegation to raise awareness about the imperative to provide funding for public housing.

NYCHA's Section 8 program is sufficiently funded. We expect to receive about \$1.89 billion for Section 8 vouchers and the associated administrative fees this year. NYCHA is receiving the previous year's expenses plus a Section 8 administrative fee that is estimated to be prorated by 90 percent.

Our outlook regarding expenses has not changed. We continue to make strategic investments with the limited funding available to address the mandates of the HUD Agreement and improve living conditions for residents.

Budget Impacts

I must stress that NYCHA's finances are still precarious. We are only collecting about 71 percent of the rent owed and rental arrears currently stand at \$448 million – a \$344 million increase from 2019, and well beyond the ERAP funding NYCHA residents will receive. For these reasons, we continue to advocate for additional federal and State funding beyond ERAP to help address the shortfalls in our operating budget.

Given the widening gap between operating expenses and revenues, NYCHA is implementing various cost-cutting measures to reduce expenses, such as decreasing property staff through attrition as developments convert through PACT, reducing central office expenses (while reallocating the funding to essential services and prioritizing property management funding), and implementing overtime control measures.

Investing in Residents' Quality of Life

Capital funding also remains insufficient, and we continue to advocate for additional capital funding from the federal and State government. While the capital funding we receive is a fraction of the investments, repairs, and upgrades our buildings need, we are making a difference for residents with the funding we do receive. Last year, we expended over \$1.1 billion on capital projects, completed construction for 100 projects, and also initiated over 100 projects. More than 600 capital projects are currently underway across the city, and we are targeting \$1.5 billion in expenditure and completion of 150 projects this year. Five City Council-funded projects that we had to pause last year due to staffing constraints have been restarted, and we plan to restart the remainder of paused projects beginning in July and over the following 12 months.

Transformation for a More Sustainable Future

During our conversation with the Council at the preliminary budget hearing, we discussed a range of efforts underway to become a better landlord for residents and strengthen this vital institution so that it can continue providing affordable housing to future generations of New Yorkers.

These efforts include housing preservation initiatives such as PACT, the Public Housing Preservation Trust, and Comprehensive Modernization, which will bring revitalized homes and improved building services – from elevators to heating – to residents. We are also focused on improving the way we operate, bringing faster and more efficient repairs through Transformation Plan initiatives such as Work Order Reform and the Neighborhood Model.

We are making progress with these initiatives, and we are happy to answer any questions about our work that you may have. Thank you, as always, for your partnership in our shared mission of service to NYCHA residents.