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Earl Andrews, Jr., Vice-Chairman
JoAnna Aniello, Member
Vilma Huertas, Secretary

FY 2006 PROPOSED BUDGET AND FINANCIAL PLAN

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April 2006



NEW YORK CITY HOUSING AUTHORITY

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To The NYCHA Board:

In response to your directive of December 28, 2005, to present a balanced budget for the New York City Housing Authority (NYCHA) that maintains core resident services, the senior management team is pleased to present you with this proposed budget for Fiscal Year (FY) 2006. The preliminary spending plan presented in December, included \$14 million in savings effective January 2006. This plan closes the \$168 million gap that remained for 2006 and has a Financial Plan for FY 2007 to FY 2010 that provides long-term fiscal stability. For the third consecutive year, NYCHA's management team has developed a budget that balances revenues and expenditures.

This year presents unique challenges to the Authority as flat federal revenues and rising operational expenses, such as energy and labor, have produced a structural deficit that requires swift and significant action. This budget incorporates a *Seven Point Plan to Preserve Public Housing* that achieves structural financial balance and allows NYCHA to continue to fulfill its historic mission of providing housing to one out of 12 New Yorkers.

The components of the *Plan to Preserve Public Housing* are:

- An unprecedented \$100 million in transitional aid from the City of New York thereby ensuring budget balance in 2006;
- Achieving long-term structural balance and stability through the implementation of a limited "Targeted Rent Reform" initiative that increases rents for a small segment (27%) of NYCHA residents – those who are most able to pay - while preserving the current rent structure for almost three-quarters of NYCHA's residents;
- A permanent funding stream to subsidize the operations of 8,400 non-federal apartments by transitioning them into the Section 8 program, thus preserving them as subsidized housing for low-income New Yorkers;
- An accelerated and comprehensive construction program to keep building systems in good repair by providing adequate funding, planning and oversight;
- Efforts to improve the quality of service to residents through increased efficiency and strategic uses of technology;
- Diversification of NYCHA's revenue streams so as to create a cushion against potential future subsidy reductions and establish a more stable economic environment for the Authority; and
- Legislative and executive actions in Washington and Albany that build on consistent and aggressive Mayoral action to generate new and expanded funding for low- and moderate-income housing and to provide relief from burdensome regulations and unfunded mandates.

NYCHA ends FY 2005 having successfully balanced its budget while maintaining the Authority's commitment to core services for New York City's 414,000 public housing residents and continued support for the 85,000 families (258,000 people) assisted through Section 8. During FY 2005 we invested approximately \$327 million in capital money to maintain and modernize our housing stock, and

implemented the Construction Management/Build (CM/Build) program to improve quality and on-time performance on capital projects, while staying within budget. During the past year, NYCHA also reorganized several key management areas and streamlined staffing for greater operational efficiency and to save money.

NYCHA continued its Community Center capital program opening 50 new or renovated community centers over the past several years, with an additional 12 under construction or in design. Over 500 community facilities house a rich array of after-school activities, training, senior programs and other services for residents and their neighbors. NYCHA is not merely bricks and mortar. We are part of neighborhoods and staying connected to the surrounding community is an integral part of NYCHA's mission.

While NYCHA continues to have successes, our structural deficit must be addressed or NYCHA will face significant financial risks that threaten public housing. The structural changes in this proposal will allow NYCHA to preserve public housing for the future. New management initiatives, proposals for relief from various regulatory burdens, targeted rent reform, introducing a new funding stream to preserve the affordability of the City and State developments and continuing to restructure our workforce will allow the Authority to sustain core services at the developments and carry on the operation of our Community and Senior Centers while meeting our obligations to the City of New York for municipal services that include water, police and sanitation.

The Board's direction has been to create a more transparent organization providing detailed information on our budget and performance to residents, elected officials and all stakeholders with an interest in public housing. This budget document, available on the NYCHA website, www.nyc.gov/nycha continues that effort.

We thank Mayor Michael R. Bloomberg not only for his commitment to provide \$100 million in transitional funding this year, but for his aggressive efforts in Washington with respect to NYCHA's critical funding issues. Owing to the Mayor's efforts, NYCHA was successful in modifying the funding formula proposed by HUD last April that would have reduced our federal operating assistance by 16%. Under the Mayor's leadership and working closely with our housing partners, HPD and HDC, NYCHA is playing a role in the most ambitious affordable housing program in the nation's history; the New Marketplace Plan that will produce 168,000 new or preserved housing units over the next ten years.

Chairman Hernandez, Vice-Chairman Andrews and Board Member Aniello, we are grateful for your leadership over the past years and we are proud of the past year's accomplishments. To enact the items included in this proposed budget will require a concerted effort on all of our parts and a partnership with residents, elected officials and community leaders. But we are confident that this proposal will ensure NYCHA's future as the nation's premier housing authority.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas Apple', with a long horizontal flourish extending to the right.

Douglas Apple
General Manager

**New York City Housing Authority
A Component Unit of the City of New York**

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GENERAL OVERVIEW

FY 2006 Budget and Financial Plan

The New York City Housing Authority (“NYCHA” or “Authority”) is committed to transparency and providing detailed financial information to residents, elected officials and all stakeholders with an interest in public housing. The FY 2006 Budget and Financial Plan outlines the budget for NYCHA. The budget reflects the priorities of the Authority as embodied in NYCHA’s Seven Point Plan to Preserve Public Housing through which long-term structural financial balance will be achieved.

This budget provides a summary of key data, which includes expenditure detail, financial summary tables, and narrative overviews related to NYCHA’s operations, programs and financial policies and procedures. The budget is balanced for the period of FY 2006 through FY 2010 and includes operating and capital budgets and a forecasted Four-Year Financial Plan.

Public Housing

Public housing is the oldest Federal program providing affordable housing for low- and moderate-income families. New York City had the first public housing program beginning in 1934. In the 1970s, the Federal effort to house the poor was expanded through the creation of the Section 8 program, providing rent subsidies that enable very low-income families to lease apartments in the private housing market. Both programs impose strict limits on the amount of rent that families pay. The funding provided by the Federal government is essential to bridge the gap between what residents pay and actual housing costs. Today, NYCHA’s conventional public housing program serves approximately 414,000 New Yorkers and Section 8 serves an additional 258,000 individuals, making the combined programs the equivalent size of the eighteenth largest city in the United States.

Declining Federal Dollars – Chronic Under-funding

Federal operating funding for public housing has not kept pace with rising costs despite modest inflationary adjustments. National appropriations have been insufficient to meet actual needs. In FY 2005 NYCHA received only 89% of the funding expected based on the U.S. Department of Housing and Urban Development’s (HUD) formula. The current estimate for FY 2006 is only 90%. Since FY 2001, NYCHA has been forced to utilize cash reserves to fund \$414.4 million of the expenses that were not reimbursed by the Federal government. National industry groups now predict that the Federal Fiscal Year (FFY) 2007 budget appropriation as proposed by the President will only be sufficient to fund 78% of NYCHA’s operating costs. Moreover, the 1998 Federal *Quality Housing and Work Responsibility Act (QHWRA)* made fundamental changes to the public housing program. The program was restructured to become a market-based affordable housing program, rather than a program of subsidized affordable housing. The new formula results in fewer dollars from Washington, D.C.

The New Formula for Federal Operating Assistance

In 1998, Congress mandated that HUD work with the public housing industry to create a new formula for allocating operating subsidies. The formula HUD issued is fostering the most dramatic change in public housing operations in thirty years and will result in decreased funding to the Authority. This formula is based on recommendations developed by the Harvard Graduate School of Design. The new formula requires that by October 1, 2006, NYCHA employ property-based budgeting, accounting and management (also called ‘project-based budgeting’ or ‘asset management’) or be subject to a significant reduction in subsidy by FY 2007. If NYCHA is deemed to be out of compliance, its loss will escalate to \$60 million in subsidy over the next five years. NYCHA will be subject to the new operating subsidy formula starting January 2007. This budget assumes compliance with the requirement and includes significant detail on NYCHA’s property-based budgets.

FY 2006 Federal Appropriation

Operating Subsidy - Congress approved \$3.6 billion in operating subsidy assistance nationally for FY 2006, a 4.7% or \$164 million increase over the annualized sum appropriated for the prior year. However, with a 22.6% increase in the costs of energy and other non-discretionary spending, Federal operating subsidy growth is insufficient to meet these rising costs. This year will be the fourth in a row in which public housing operating assistance is prorated. While it is too early to know the final FY 2006 funding level, national organizations estimate public housing authorities (PHA) will be prorated at 90% in FY 2006.

Capital Assistance - The Federal Public Housing Capital Fund is the primary source of dollars for major capital improvements. Funding for capital repairs continues to be reduced by the Congress, with the FFY 2005 national appropriation for the program falling \$529 million below the level appropriated for FFY 2001. Over the past four years, NYCHA's capital funding has declined by approximately 13%, from a high of \$420 million in FY 2001 to \$367 million for FY 2005. It is estimated that NYCHA will receive the same amount in FY 2006. For the first time, NYCHA issued \$300 million in Capital Fund Financing Program (CFFP) bonds in FY 2005 to ensure adequate capital funds are available to preserve NYCHA's aging buildings (average age is over forty years). This budget includes another issuance of \$300 million under the same program.

Section 8 - The Federal Section 8 Program, and in particular its funding structure, has changed significantly. Congress has repeatedly noted the program's spiraling costs resulting from the increased expense of providing affordable housing in the private sector. Its growth is evidenced by the simple fact that this one program now accounts for *more than half of the entire HUD budget*. In FY 2006, the Federal appropriation for this program was \$14.1 billion, which represents an increase of 4.6% over the previous year.

Beginning with the FY 2004 appropriation, as a means of controlling its rising costs, Section 8 was converted from a program that provided full assistance for the reasonable cost of a voucher to one that is strictly dollar-based. In FY 2005, NYCHA received \$821 million for this program. This amount included \$3 million in hard-to-house funding not assumed in FY 2006. Although, the FY 2006 budget for this program is \$817 million, it is currently estimated that NYCHA will receive a higher amount.

Unfunded Mandates

While managing with diminished Federal support, NYCHA has had additional mandates imposed by local and Federal authorities. The list includes new standards governing the abatement of hazardous materials including new local lead abatement regulations, mandated installations of carbon monoxide detection devices, a massive Community Service requirement and implementing extensive third-party income verifications. NYCHA has had to carry out each new mandate with no additional funding.

Non-Discretionary Cost Increases

NYCHA has also experienced an increase in expenses over which it has little to no control. From FY 2001 to FY 2005 non-discretionary spending has increased significantly: pension costs have increased 752%, health insurance has increased 44%, workers compensation costs have increased 21%, collective bargaining agreements have increased labor costs 29%, and utility costs increased 42%. In sum, from FY 2001 to FY 2005 these costs have increased by almost a quarter of a billion dollars.

Mayor Michael R. Bloomberg's Commitment to Public Housing

To preserve public housing in New York City and ensure its stability for the future, Mayor Bloomberg has made an enormous commitment in this budget, providing NYCHA with \$100 million in transitional funding in FY 2006. This funding will allow the Authority to implement its ambitious plan to preserve public housing and help to continue to maintain services to the 414,000 New Yorkers who live on its properties. Without this commitment, NYCHA would be forced to make different and more difficult choices. Funding will be provided as part of the Mayor's City Fiscal Year (CFY) 2007 Executive Budget.

NYCHA Responds to Fiscal Constraints

FY 2001 to FY 2005

For the last four years, NYCHA's expenses have out-paced revenues. Within the conventional public housing program rental income has grown at a rate of 2.6% per year based on modest increases in residents' median income since FY 2001. To close the gap between revenue and expenses, NYCHA has self-funded more than \$414.4 million in operating deficits from program reserves. Without significant steps taken by the Authority, this problem would have been much worse. Since FY 2003, NYCHA's cost savings measures have resulted in a cumulative spending reduction of \$408 million. Steps taken include:

- Reducing headcount from 14,671 to 13,526 for an annual savings of \$34 million,
- Cutting administrative expenses for an annual savings of \$16 million,
- Reducing maintenance and operation contracts for an annual savings of \$25 million,
- Reducing overtime spending for an annual savings of \$24 million, and
- Borrowing the first \$300 million of an eventual \$600 million from the private bond market (debt service to be secured by future Capital Fund allocations), to fund the most pressing capital needs and to leverage other available resources.

Because growing Section 8 voucher costs were not matched by similar appropriation increases, NYCHA was forced to take a series of cost savings measures in the Section 8 Program:

- Reducing the number of active families to 85,000 by stopping new rentals early in FY 2004,
- Allowing non-emergency transfers only to apartments with similar or lower rents,
- Increasing fraud investigations to uncover ineligible voucher holders, and
- Implementing more stringent income verifications to ensure program participants fully disclose income.

At the same time, NYCHA actively worked to increase its Section 8 revenue stream by entering into an agreement with the NYC Department of Housing Preservation & Development (HPD), which administers a separate Section 8 program, to transfer the value of 3,400 vouchers. In addition, NYCHA accepted additional HUD awards of 7,649 vouchers. As a result, NYCHA's Section 8 program should end with a modest subsidy surplus (subject to audit), allowing NYCHA to resume issuing a modest number of new vouchers in FY 2006.

In the summer of 2005, a significant spiraling of energy costs put an increasing burden on the Authority's budget. From adoption of the FY 2005 budget in January to this budget, utility costs have increased by \$67 million in 2005 and \$97 million in 2006. At the same time, NYCHA continued as a national leader in managing energy. These actions are particularly critical since the new operating formula does not include dollar-for-dollar reimbursement of utility costs. In an ongoing effort to manage consumption, NYCHA has replaced inefficient gas ranges, refrigerators and hot water tanks with energy efficient appliances; as well as replacing 1.2 million steel casement windows with energy efficient double-paned glass windows. The

Authority's long-term agreements with the New York Power Authority (NYPA) to purchase electricity reduced NYCHA's electrical costs to 30% below private market rates.

FY 2006 Budget Balancing Initiatives

NYCHA will continue modifying its operations to reduce and better manage costs and to increase revenues. The proposed budget reflects the following:

Initiatives Implemented January 1, 2006:

- Eliminate vacancies - \$2.9 million.
- Further reduce staffing by attrition - \$3.8 million.
- Identify community organizations that have access to a wide variety of funding streams to run programs in NYCHA community centers, with NYCHA continuing to provide oversight - \$0.3 million.
- Consolidate management offices citywide - \$1.3 million.
- Contract out extermination services - \$0.3 million.

Initiatives Being Proposed:

- Receive \$100 million from New York City in transitional aid to bridge the gap while long-term measures are being implemented.
- Raise rents for 27% of NYCHA families who currently pay less than 30% of their adjusted income for rent. Using a two-year, phased rent increase schedule, apartments at ceiling rent will have their rent increased. Under no circumstances will any rent exceed 30% of family income. The increases depend on the family's income adjusted for family size and as a percentage of Area Median Income (AMI).

In the first year, renters paying ceiling rent who have incomes below 60% of AMI will have their rent increase an average of \$25, from \$505 to \$530 per month. However, almost 500 of the families currently at ceiling will not pay the full increase because they will pay 30% of their income in lieu of the new ceiling rent.

Ceiling rents have remained unchanged since they were first established in 1989 to cap the rent residents paid, based on apartment size. These rents were based on the average operating costs of these units, including utilities and debt service, and have remained unchanged since then. During the same period, regulated rents in private buildings have increased by 53%. Households paying ceiling rents have more than doubled since 1990 to over 44,000. They have a median income of \$40,000 and pay 18% of their income towards rent, unlike the rest of NYCHA's residents, who pay 30%. Currently, dwelling rent covers only 39% of NYCHA's operating expenses.

- Collect development fees, through HPD, from real estate developers using underutilized NYCHA property to provide \$10 million per year through FY 2008.
- Transition 8,400 public housing units into the Section 8 program through a phased plan to secure a stable funding mechanism for the State and City developments. NYCHA will leverage a portion of its current Section 8 funding stream to subsidize the operations and maintenance of the City and State developments by providing Section 8 vouchers to families in approximately 8,400 apartments. NYCHA will retain ownership of the developments and the current property management staffing structure will remain in place. All rights and responsibilities currently afforded to public housing residents remain

unchanged. The first priority for transition will be units as they become vacant and residents who volunteer.

Section 8 vouchers will be available on a limited, first-come, first-served basis to current residents of State and City developments. These vouchers are portable and offer the rare opportunity for the family to remain in place at the development or to move anywhere in the City or even the country. Residents who apply for these vouchers and are found eligible will be issued vouchers. Residents opting not to seek a voucher will have the highest relocation priority to transfer to the NYCHA Federal public housing development of their choice.

Rents for apartments of families with vouchers will be based on the HUD Fair Market Rent (FMR). Voucher holders pay 30% of their adjusted family income as the tenant's rent share, with the balance of the rent payable from the Section 8 subsidy. Currently, approximately 71% of households in City and State developments would see no change in their current rent payments if they applied for Section 8 assistance and would gain the significant benefit of an option to remain in their apartment or move with their voucher to any location in any part of the country. Approximately 8% of residents in State and City developments are ineligible for Section 8 because their household income exceeds 80% of the AMI. Of the current population, it is estimated that 21% would pay a higher rent under Section 8 than they do now under NYCHA's ceiling rent structure if they choose to participate in the program.

Hereafter, all vacancies in the State and City developments will be rented with Section 8 assistance. Vacant units would be processed for rental through NYCHA's existing public housing waiting list Tenant Selection and Assignment Plan.

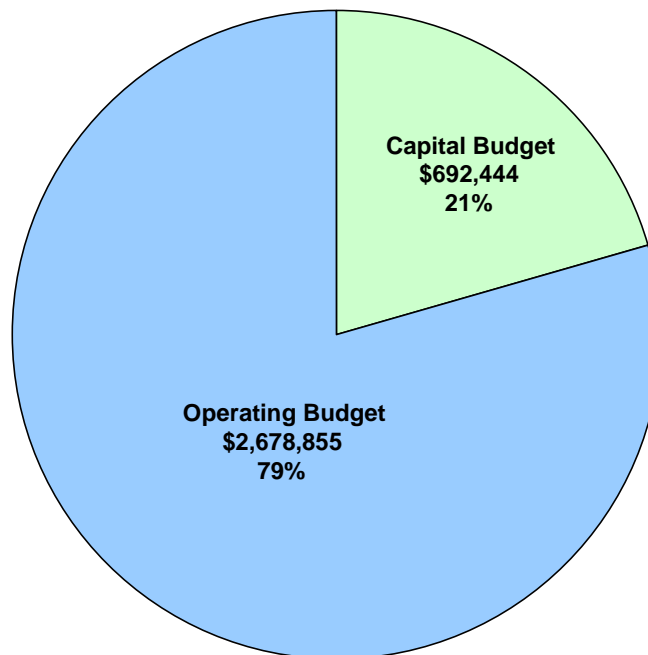
- Re-engineer resident/property management systems and new energy conservation measures will reduce the budget gap by \$20 million (\$10 million for each initiative) starting in FY 2008.
- Obtain authorization from HUD to combine NYCHA's Federal financing streams (Public Housing Operating Fund, Capital Fund Program, Section 8 Housing Choice Voucher Program) and remove a number of regulatory burdens by applying for designation as a Moving-To-Work (MTW) housing authority. With such ability, NYCHA will be better positioned to target Federal funding to its critical needs by maximizing Federal sources of revenue, such as Section 8 funding, to support public housing programs. By removing regulatory burdens, such as Community Service, NYCHA will be able to better manage workforce reductions while maintaining service levels. This application will be prepared in consultation with residents and other stakeholders.
- Increase fees for parking, resident-requested sales and services, and monthly fees for air conditioners and washing machines; and institute fees for non-emergency Emergency Services Department response and monthly fees for dishwashers in apartments which will generate an additional \$7 million per year.

BUDGET HIGHLIGHTS

FY 2006 OVERVIEW

NYCHA's FY 2006 proposed budget is \$3.4 billion which consists of two major components: operating and capital. The operating budget is \$2.7 billion and the capital budget is \$692 million.

**Table 1: FY 2006 Budget \$3.4 Billion
(\$000)**

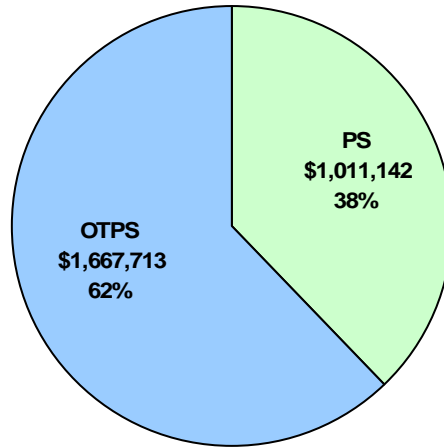


OPERATING BUDGET

NYCHA's operating budget is divided into two major areas: Personal Services (PS) and Other Than Personal Services (OTPS). The PS budget includes salaries and fringe benefits for all of NYCHA's staff. Approximately 13,300 NYCHA employees are responsible for all service delivery within NYCHA 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.

The OTPS budget pays for the non-personnel costs of running the Authority, including payments for utilities such as water, electricity, heating fuels, and cooking gas for NYCHA residents; payments to outside contractors who provide painting, elevator maintenance, fire safety, plumbing and heating services; all insurance costs; consulting services; the purchase of machines and equipment used by development staff to maintain the buildings and grounds; and, payments to private landlords participating in the Section 8/Housing Choice Voucher Program.

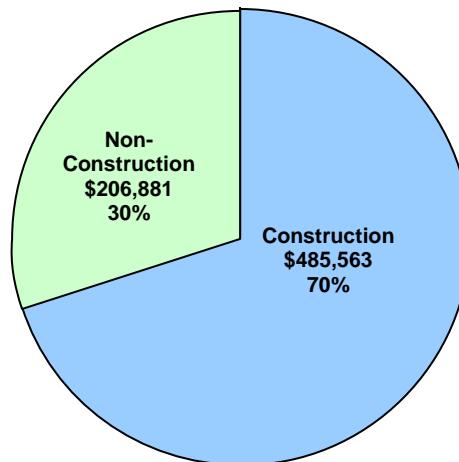
**Table 2: FY 2006 Operating Budget
(\$000)**



CAPITAL BUDGET

NYCHA's capital budget (\$692 million) provides funding for renovation and new construction and associated services. The Capital Budget consists primarily of two programs: construction and non-construction. Construction programs include roof replacements, brickwork and other major preservation and modernization work. Non-construction programs include information technology initiatives, remediation and code compliance repairs, as well as capital-eligible debt service.

**Table 3: FY 2006 Capital Budget
(\$000)**



FY 2006 DEFICIT CLOSING PLAN

On December 28, 2005 NYCHA's Board adopted a spending plan which included a budget deficit of \$182 million. The Board directed senior management to immediately implement certain measures to curtail spending. This deficit resulted from increases in nondiscretionary spending such as pension, utility and health care costs combined with decreases in revenue from the Federal government. Also contributing to this gap was the 21,000 City and State unfunded dwelling units. Maintaining these dwelling units accounts for approximately half of the original budget gap. This deficit has since been addressed in a new budget balancing plan proposed to the Board (Table 4).

The following initiatives were approved in the spending plan passed by the Board on December 28th resulting in a savings of \$13.9 million (Tables 5-6):

- The Fall 2005 Savings Program - \$7.1 million
- Vacancy Elimination - \$2.9 million
- Attrition Savings - \$3.9 million

The remaining \$168 million deficit was eliminated through a comprehensive budget balancing plan proposed to the Board in April 2006. Some of the initiatives included in this comprehensive plan require approval by HUD. The following initiatives will be implemented to eliminate NYCHA's structural deficit:

- Transitional City funding – \$100 million,
- Ceiling rent increases will generate about \$14.5 million in FY 2006 and \$60.8 million by FY 2009 (Tables 7-11),
- Transition 8,400 public housing units to Section 8 through a phased plan providing approximately \$4.5 million in FY 2006 and increasing to \$66.8 million in FY 2009,
- Development Fees, which are associated with the development of underutilized public housing land will generate \$10 million,
- Re-Engineer Resident/Property Management Systems and Energy Conservation will reduce expenditures by \$20 million (\$10 million for each initiative) starting in FY 2008, and
- Federal Funding Flexibility will close the deficit by an additional \$39.2 million.

**Table 4: Budget Balancing Plan
(\$000)**

	H/C	FY 2006	FY 2007	FY 2008	FY 2009
Budget Gap	13,698	(\$182,323)	(\$170,085)	(\$177,440)	(\$176,243)
<u>Savings Implemented January 1, 2006</u>					
Fall 2005 Savings Program	(172)	\$7,172	\$7,172	\$7,172	\$7,172
Eliminate Vacancies	(133)	\$2,988	\$5,978	\$5,978	\$5,978
Attrition Savings/Partial Hiring Freeze	(178)	\$3,870	\$7,741	\$7,741	\$7,741
Remaining Gap	13,215	(\$168,293)	(\$149,194)	(\$156,549)	(\$155,352)
<u>Proposed Initiatives</u>					
Transitional Aid		\$100,000	-	-	-
Rent Reform		\$14,547	\$37,719	\$52,941	\$60,891
Transition 8,400 Public Housing Units to Section 8		\$4,470	\$23,244	\$50,288	\$66,827
Development Fees		\$10,000	\$10,000	\$10,000	-
Re-engineer Resident/Property Management Systems	(280)	-	-	\$10,000	\$10,000
Energy Conservation Initiatives		-	-	\$10,000	\$10,000
Federal Funding Flexibility		\$39,276	\$78,231	\$23,320	\$7,634
Revised Budget Gap		\$0	\$0	\$0	\$0

The following highlights the cost saving measures and new revenue initiatives implemented as part of the Fall 2005 budget exercise, which resulted in a total savings of \$7.1 million.

- Headcount reduction of 178 through attrition \$3.9 million
- Elimination of 133 vacant positions \$3.0 million
- Reduction in capital program administrative costs \$1.9 million
- Consolidation of management offices \$1.3 million
- Computer infrastructure savings \$1.0 million
- Reduction of outside counsel spending \$0.6 million
- Increase in commercial leasing \$0.6 million
- Additional Resident Fees (Table 6) \$1.2 million

**Table 5: Fall 2005 Savings Program
(\$000)**

<u>Expense Reductions</u>	FY2006		FY2007	
	<u>H/C</u>	<u>\$</u>	<u>H/C</u>	<u>\$</u>
<u>Administration</u>				
<u>Headcount Reduction in Human Resources</u>				
Full time salary and headcount reduction.	(1)	(\$62)	(1)	(\$62)
<u>Reduction in Lease Expenses</u>				
Effective management practice resulted in reduced spending in the Authority's lease budget.	0	(\$500)	0	(\$500)
<u>Headcount Reduction in Office of Security</u>				
Office of Security will reduce full time salary and headcount.	(1)	(\$30)	(1)	(\$30)
<u>Headcount Reduction - Staff Development</u>				
Staff Development will reduce full time salary and headcount.	(1)	(\$63)	(1)	(\$63)
<u>Capital Funding Shift for Security Contracts</u>				
Expense savings will be realized by charging security services needed for construction sites to the capital budget.	0	(\$632)	0	(\$632)
<u>Elimination of Vacancies for Administration</u>				
All vacant positions will be eliminated.	(10)	(\$269)	(10)	(\$537)
<u>Equipment Account Reduction</u>				
Effective management practice resulted in reduced spending in the General Services' equipment accounts.	0	(\$7)	0	(\$7)
<u>Reduction in Supply Accounts</u>				
Effective management practice resulted in reduced spending in the General Services' supply accounts.	0	(\$6)	0	(\$6)
<u>PS Savings from Title Conversions</u>				
HR will be replace higher paid titles with lower level titles resulting in full time salary savings.	0	(\$85)	0	(\$85)
<u>Savings in the Procurement of Paper</u>				
The Printing Shop within General Services has been able to use rolled paper for their WEB Press which is cheaper to procure than cut paper.	0	(\$50)	0	(\$50)
<u>Reduction in Contract Services Account</u>				
Effective management practice resulted in reduced spending in the General Services' miscellaneous contract account.	0	(\$2)	0	(\$2)
<u>Reduction in Professional Services Account</u>				
Effective management practice resulted in reduced spending in the General Services' professional services contract account.	0	(\$1)	0	(\$1)
<u>Reduction in Petty Cash</u>				
Effective management practice resulted in reduced spending in the General Services' petty cash account.	0	(\$1)	0	(\$1)
<u>Reduction in Overtime</u>				
MMD will reduce their overtime budget to reflect current spending patterns.	0	(\$130)	0	(\$130)
<u>Attrition Savings for Administration</u>				
This represents attrition savings for FY2006.	(7)	(\$157)	(7)	(\$315)
ADMINISTRATION TOTAL	(20)	(\$1,995)	(20)	(\$2,421)

Table 5: Fall 2005 Savings Program (cont.)
(\$000)

<u>Expense Reductions</u>	FY2006		FY2007	
	<u>H/C</u>	<u>\$</u>	<u>H/C</u>	<u>\$</u>
<u>Information & Technology</u>				
<u>IT Professional Services Reduction</u>				
Reduction in professional services contracts for B.E.S.T.	0	(\$142)	0	(\$142)
<u>Attrition Savings for IT</u>				
This represents attrition savings for FY2006.	(3)	(\$97)	(3)	(\$194)
<u>Reduction in Training and Office Supplies</u>				
Reductions in IT training and office expenses in Office of the CIO.	0	(\$160)	0	(\$160)
<u>Computer Infrastructure Savings</u>				
Effective management practice resulted in reduced spending in their computer accounts.	0	(\$1,022)	0	(\$1,022)
<u>Contract Reduction</u>				
Reduction in telecommunication contracts is based upon projected usage.	0	(\$321)	0	(\$321)
INFORMATION & TECHNOLOGY TOTAL	(3)	(\$1,742)	(3)	(\$1,839)
 <u>Community Operations</u>				
<u>Elimination of Vacancies for Community Operations</u>				
All vacant positions will be eliminated without reduction in program services.	(22)	(\$456)	(22)	(\$912)
<u>Elimination of fund for New Community Center</u>				
Throggs Neck Community Centers will be managed by not-for-profit sponsor.	0	(\$286)	0	(\$286)
<u>Reduction in After School All Stars Program</u>				
Citywide programs is proposing to reduce funds allocated for their After School All Stars program.	0	(\$83)	0	(\$83)
<u>Attrition Savings for Community Operations</u>				
This represents attrition savings for FY2006.	(16)	(\$302)	(16)	(\$603)
<u>New Community Centers Cost Savings</u>				
Due to delays in opening new community centers, savings will be realized in FY2005 & FY2006.	0	(\$976)	0	\$0
<u>Family Days / CCOP Budget</u>				
Beginning in FY 06, the Family Day program and the Citywide Council of Presidents budget will not be funded with operating funds. Tenant Participation funds are available for this purpose.	0	(\$319)	0	(\$319)
<u>Reduction in Seasonal Program</u>				
Due to low attendance at the community centers, Community Operations can reduce their seasonal program by 100 positions and still maintain required staffing levels.	0	(\$571)	0	(\$563)
COMMUNITY OPERATIONS TOTAL	(38)	(\$2,993)	(38)	(\$2,766)

Table 5: Fall 2005 Savings Program (cont.)
(\$000)

<u>Expense Reductions</u>	FY2006		FY2007	
	<u>H/C</u>	<u>\$</u>	<u>H/C</u>	<u>\$</u>
<u>Finance</u>				
<u>Headcount Reduction for Accounts Payable</u>				
Reduction of 14 positions in Accounts Payable is accomplished by transferring functions to Management Operations.	(14)	(\$518)	(14)	(\$518)
<u>Attrition Savings for Finance</u>				
This represents attrition savings for FY2006.	(4)	(\$102)	(4)	(\$204)
<u>Re-estimation of PILOT Payments</u>				
Re-estimation of PILOT (Payment in Lieu of Taxes) payments to the City of New York.	0	(\$1,049)	0	(\$1,049)
FINANCE TOTAL	(18)	(\$1,669)	(18)	(\$1,771)
<u>Office of the General Manager</u>				
<u>FT-Salary Reduction for the Office of the General Manager.</u>				
Effective management practice resulted in reduced PS spending	0	(\$51)	0	(\$51)
<u>Office of the Chair</u>				
<u>FT-Salary Reduction for Office of the Chair</u>				
Effective management practice resulted in reduced PS spending.	0	(\$72)	0	(\$72)
<u>Office of the Inspector General</u>				
<u>Attrition Savings for Office of the Inspector General</u>				
This represents attrition savings for FY2006.	(1)	(\$29)	(1)	(\$58)
<u>Cancel NYC Charter Subscription</u>				
OIG to cancel a CD-ROM subscription to the NYC Charter.	0	(\$9)	0	(\$9)
OFFICE OF THE INSPECTOR GENERAL TOTAL	(1)	(\$38)	(1)	(\$67)
<u>Office of the Secretary</u>				
<u>Attrition Savings for Office of the Secretary</u>				
This represents attrition savings for FY2006.	(1)	(\$25)	(1)	(\$50)
<u>PS FT-Salary Surplus for Office of the Secretary</u>				
Effective management practice resulted in reduced PS spending	0	(\$78)	0	(\$78)
OFFICE OF THE SECRETARY TOTAL	(1)	(\$103)	(1)	(\$128)
<u>Department of Equal Opportunity</u>				
<u>Attrition Savings for the Department of Equal Opportunity</u>				
This represents attrition savings for FY2006.	(1)	(\$26)	(1)	(\$52)
<u>Intergovernmental Relations</u>				
<u>PS FT-Salary Surplus for Intergovernmental Relations</u>				
Effective management practice resulted in reduced PS spending.	0	(\$9)	0	(\$9)
<u>Public & Community Relations</u>				
<u>Attrition Savings for Public Community Relations</u>				
This represents attrition savings for FY2006.	(1)	(\$30)	(1)	(\$61)

Table 5: Fall 2005 Savings Program (cont.)
(\$000)

<u>Revenue Initiatives</u>	<u>FY2006</u>		<u>FY2007</u>	
	<u>H/C</u>	<u>\$</u>	<u>H/C</u>	<u>\$</u>
<u>Administration</u>				
<u>Rooftop Antenna</u> FPA has increased the leasing revenue from rooftop antennas sites.	0	\$475	0	\$475
<u>Commercial Storefront</u> FPA has increased revenue from storefront leasing and lease renewals.	0	\$250	0	\$250
<u>External Marketing of Training Programs</u> Staff Development will provide training programs to external entities for a fee.	0	\$30	0	\$0
<u>Employee ID Replacement - Revenue</u> Office of Security projects increase in revenue resulting from the collection of fees for the replacement of Employee ID cards.	0	\$8	0	\$8
ADMINISTRATION TOTAL	0	\$763	0	\$733
 <u>Office of Inspector General</u>				
<u>Increase in Court-Ordered Restitution-</u> OIG collects approximately \$126k annually in court-ordered restitution resulting from arrest & criminal prosecution of tenant eligibility and income fraud. Revenue is generated through court ordered restitution.	0	\$126	0	\$126
 <u>Leased Housing</u>				
<u>Increased Admin Fee</u> 3,400 additional vouchers have been transferred to the Authority by HPD which will result in additional revenue.	0	\$2,375	0	\$2,375
 <u>Public and Community Relations</u>				
<u>Increase in Film Production-Revenue</u> Revenue will be generated by charging the film industry for using NYCHA property.	0	\$12	0	\$12
 <u>Operations</u>				
<u>Updating of Costs for Sales and Services</u> The list of charges for sales and services has not been updated since approximately 1994. The hourly labor charge is approximately 20% lower than the actual labor rate paid to Maintenance Workers (with no fringes included). Sales and services are imposed for damages to equipment and property beyond normal wear and tear. Operations has developed an updated list of material costs for the sales and services list and has adjusted the labor costs for each type of employee reflected in the amount charged.	0	\$121	0	\$242
<u>Increase Fees for Freezers and Dishwashers</u> Increase user fees: \$2.00 for freezers and \$2.00 for dishwashers. The current monthly user fees for freezers and dishwashers are \$8.00 and \$3.00, respectively. These charges have not been updated since 1992.	0	\$442	0	\$884
<u>ESD Non-Emergency Charges</u> Imposition of a service fee for after 4:00pm non-emergency repairs. The service fee will be \$50.00 for repairs not normally responded to by ESD. All emergencies will be responded to without imposition of fees.	0	\$218	0	\$435
OPERATIONS TOTAL	0	\$781	0	\$1,561
 <u>Department of Equal Opportunity</u>				
<u>Prevailing Wage Revenue-Admin Cost Investigations</u> DEO expects increased revenue from prevailing wage investigations. The department monitors compliance and enforcement of prevailing wage contractual requirements and investigates claims by workers for underpayment. These investigations are civil actions.	0	\$88	0	\$55

Table 5: Fall 2005 Savings Program (cont.)
(\$000)

<u>New Needs</u>	FY2006		FY2007	
	<u>H/C</u>	<u>\$</u>	<u>H/C</u>	<u>\$</u>
<u>Administration</u>				
<u>Increase in Gasoline Contract</u>				
Due to continuing increases in the price of gasoline, General Services will require additional funding.	0	\$200	0	\$0
<u>Replacement of 32 field based vehicles</u>				
Replacement of 32 vehicles that have met NYCHA's replacement criteria in terms of age and dollars spent to date on repairs and maintenance.	0	\$1,000	0	\$1,000
<u>Request for Inventory Float</u>				
Technical adjustment to inventory levels will ensure early orders are satisfied.	0	\$50	0	\$0
<u>Leadership Academy and Fire Safety</u>				
Funded for Leadership Academy and Fire Safety Training.	0	\$293	0	\$0
ADMINISTRATION TOTAL	0	\$1,543	0	\$1,000
 <u>Information & Technology</u>				
<u>Funding for 2 PMO positions</u>				
Increase funding for two positions in the Office of the CIO to support PMO activities for Capital Programs.	2	\$180	2	\$180
 <u>Community Operations</u>				
<u>Multi-Functional Devices</u>				
Multi-Functional Devices will be installed in all community centers.	0	\$116	0	\$233
 <u>Leased Housing</u>				
<u>Funding for Additional Permanent Staff</u>				
Funding is needed for staff to provide services to Section 8 families as the program grows in size; cost is offset by generating additional subsidy.	25	\$1,200	25	\$1,208
 <u>Operations</u>				
<u>Non-discretionary OTPS Need</u>				
Increase funding for maintenance painting of public space and apartments. This includes, but is not limited to community centers, roof work, fire escapes, fencing, hand rails, and apartments.	0	\$5,000	0	\$5,000
<u>Rental of Emergency Boilers</u>				
Funding is required for steam boiler rentals. Steam boilers are rented in cases of emergency or when NYCHA boilers are turned off to perform repairs and maintenance.	0	\$375	0	\$375
<u>Contract Extermination Services</u>				
Operations will contract-out extermination services.	0	\$1,503	0	\$3,006
OPERATIONS TOTAL	0	\$6,878	0	\$8,381

**Table 6: Revenue from Fees
(\$000)**

	FY 2006	FY 2007
<u>Current Revenue</u>		
Air Conditioners	\$4,124	\$4,857
Freezers	\$1,738	\$1,955
Dishwashers	\$326	\$434
Sales and Services	\$1,161	\$1,500
Parking	\$200	\$200
Total Current Revenue	\$7,549	\$8,946
<u>Proposed Revenue</u>		
ESD Non Emergency Charges	\$218	\$252
Updating Costs of Sales & Services	\$121	\$242
Increase Fees for Freezers and Dishwashers	\$138	\$276
Increase in Air Conditioner Fees	\$269	\$283
Increase in Parking Fees	\$680	\$680
Carbon Monoxide Detect. Surcharge	\$2,349	\$108
Washing Machine Charges	\$4,964	\$4,964
Total Fee Revenue	\$8,739	\$6,804
Total Fee Income	\$16,287	\$15,750

Due to a recent decision by management, fee revenues were adjusted. This adjustment reflects a 20% discount for seniors and disabled heads of households, and households below ceiling rent. This recent action will require a future budget modification.

**Table 7: Ceiling Rent Increases Based on AMI
(\$000)**

Year 1 - Increase Ceiling Rents 5%, 10% & 20%			
Household Type	Number of Households	Estimated Monthly Rent Roll	Estimated Annual Rent Roll
Ceiling Rent Households with Incomes Less than 60% AMI (5% Increase in Rent)	25,021	\$13,278	\$159,336
Ceiling Rent Households with Incomes Between 60% and 80% AMI (10% Increase in Rent)	11,818	\$6,704	\$80,443
Ceiling Rent Households with Incomes Greater than 80% AMI (20% Increase in Rent)	11,399	\$7,253	\$87,038
Households Rent = 30% of Income (No Rent Increase - 73% of NYCHA's Households)	126,893	\$31,894	\$382,726
Total	174,927	\$59,129	\$709,543
Estimated Rent Roll (as of Jan 1, 2006)			\$680,450
Estimated Net Increase			\$29,094

Year 2 - Increase Ceiling Rents 5%, 10% & 20%			
Household Type	Number of Households	Estimated Monthly Rent Roll	Estimated Annual Rent Roll
Ceiling Rent Households with Incomes Less than 60% AMI (5% Increase in Rent)	23,547	\$13,108	\$157,294
Ceiling Rent Households with Incomes Between 60% and 80% AMI (10% Increase in Rent)	11,806	\$7,366	\$88,391
Ceiling Rent Households with Incomes Greater than 80% AMI (20% Increase in Rent)	11,399	\$8,706	\$104,475
Households Rent = 30% of Income (No Rent Increase - 73% of NYCHA's Households)	128,175	\$32,598	\$391,181
Total	174,927	\$61,778,355	\$741,340
Year 1 New Estimated Rent Roll			\$709,543
Estimated Net Increase			\$31,797

Note: Adjustments in ceiling rents will be phased, commencing September 1, 2006, through the resident annual review process. Therefore, budget savings estimates differ.

Table 8: Residents Impacted by Rent Increases

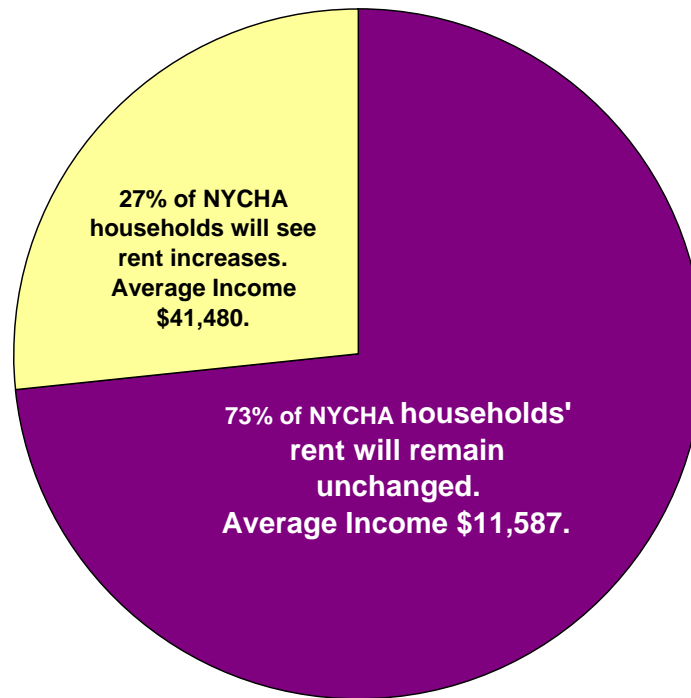


Table 9: Ceiling Rent Increases Based on Bedroom Size

Apartment Size	Current Ceiling Rent	PROPOSED					
		Households with incomes less than 60% AMI		Households with incomes between 60% and 80% AMI		Households with incomes greater than 80% AMI	
		Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
		5% Increase	5% Increase	10% Increase	10% Increase	20% Increase	20% Increase
Studio	\$347	\$364	\$383	\$382	\$420	\$416	\$500
1 bedroom	\$421	\$442	\$464	\$463	\$509	\$505	\$606
2 bedroom	\$495	\$520	\$546	\$545	\$599	\$594	\$713
3 bedroom	\$619	\$650	\$682	\$681	\$749	\$743	\$891
4 bedroom	\$693	\$728	\$764	\$762	\$839	\$832	\$998
5 bedroom	\$797	\$837	\$879	\$877	\$964	\$956	\$1,148
6 bedroom	\$901	\$946	\$993	\$991	\$1,090	\$1,081	\$1,297

Table 10: Household Income by Family Size

Family Size	1	2	3	4	5	6	7	8
60% of AMI ¹	\$29,760	\$34,020	\$38,280	\$42,540	\$45,960	\$49,320	\$52,740	\$56,160
80% of AMI	\$39,700	\$45,350	\$51,050	\$56,700	\$61,250	\$65,750	\$70,300	\$74,850

Table 11: Rents as a Percentage of Household Income After Full Phase-In of Increases

	Number of Households	Average Income	Current Average Rent	Current Percent of Income for Rent	New Average Monthly Rent	New Percent of Income for Rent
Non-Impacted Households	128,175	\$11,587	\$257	30%	\$257	30%
Ceiling Rent Households with Incomes Less than 60% AMI (10% Increase in Rent)	23,547	\$29,119	\$505	22%	\$557	23%
Ceiling Rent Households with Incomes between 60% and 80% AMI (20% Increase in Rent)	11,806	\$41,137	\$515	15%	\$624	18%
Ceiling Rent Households with Incomes Greater than 80% AMI (40% Increase in Rent)	11,399	\$67,367	\$530	10%	\$763	15%

¹ Area specific AMIs are set annually by HUD. New York City's area is called the "NYC HUD Metro FMR (Fair Market Rent) Area." HUD calculates the average median income for a family of four, which for the New York City area is \$70,900 as of March 2006. Percentages of this base number are used to determine eligibility for a number of Federal programs.

PROGRAMMATIC HIGHLIGHTS

OVERVIEW

The following section provides detailed budget information by major service delivery division within NYCHA, and highlights program work completed in FY 2005 and goals for FY 2006. Service delivery is primarily performed by the following major divisions within NYCHA:

- Operations,
- Leased Housing,
- Community Operations, and
- Capital Projects and Development.

The PS and OTPS budgets for each major division are listed by account type, and changes in the budget from the prior year are identified. Table 1, is a summary of the expense budgets by department. Following Table 1, descriptions of various initiatives implemented in FY 2005 intended to maximize the efficient, effective delivery of public housing services, Authority-wide, are provided.

**Table 1: FY 2006 Budget by Department
(\$000)**

Department	Headcount	PS	OTPS	Total
<u>Chair</u>				
Authority - Chair	14 \$	1,264 \$	96 \$	1,360
Secretary	28 \$	1,446 \$	18 \$	1,464
Equal Opportunity	37 \$	2,145 \$	14 \$	2,159
Inspector General	47 \$	2,680 \$	17 \$	2,697
Public & Community Relations	18 \$	1,140 \$	376 \$	1,516
Intergovernmental Relations	4 \$	184 \$	2 \$	186
Law Department	208 \$	12,250 \$	14,275 \$	26,525
Subtotal Chair	356 \$	21,109 \$	14,798 \$	35,907
<u>General Manager</u>				
General Manager	9 \$	853 \$	124 \$	977
Leased Housing	562 \$	26,135 \$	752,579 \$	778,714
Subtotal General Manager	571 \$	26,988 \$	752,703 \$	779,691
<u>Operations</u>				
DGM-Operations	9 \$	1,523 \$	12,639 \$	14,162
ADGM-Operations	8 \$	627 \$	106 \$	733
Manhattan Borough Management	2,260 \$	108,697 \$	139,104 \$	247,801
Brooklyn Borough Management	2,736 \$	131,307 \$	166,319 \$	297,626
Staten Island Borough Management	271 \$	13,596 \$	13,206 \$	26,802
Queens Borough Management	852 \$	41,423 \$	44,539 \$	85,962
Bronx Borough Management	1,957 \$	98,362 \$	124,826 \$	223,188
ADGM-Support Services	4 \$	448 \$	107 \$	555
Operation Services	144 \$	7,166 \$	12,372 \$	19,538
Technical Services	534 \$	31,333 \$	6,019 \$	37,352
Emergency Services	212 \$	11,538 \$	88 \$	11,626
Housing Applications	265 \$	12,451 \$	89 \$	12,540
Private Management	14 \$	1,010 \$	27,244 \$	28,254
Subtotal Operations	9,266 \$	459,481 \$	546,658 \$	1,006,139
<u>Capital Projects</u>				
DGM-Capital Projects	5 \$	478 \$	- \$	478
Capital Projects Administration	107 \$	6,029 \$	97 \$	6,126
Design	78 \$	5,035 \$	172 \$	5,207
Planning & Development	38 \$	2,300 \$	122 \$	2,422
Building Exteriors	77 \$	4,389 \$	- \$	4,389
Building Interiors	97 \$	6,008 \$	11 \$	6,019
Building Systems	89 \$	5,482 \$	5 \$	5,487
New Construction & Major Renovations	61 \$	3,715 \$	- \$	3,715
Site Improvements	57 \$	3,973 \$	73 \$	4,046
Subtotal Capital Projects	609 \$	37,409 \$	480 \$	37,889
<u>Administration</u>				
DGM-Administration	4 \$	742 \$	1 \$	743
Facility Planning & Administration	46 \$	2,657 \$	34,291 \$	36,948
General Services	122 \$	5,120 \$	10,100 \$	15,220
Materials Management	155 \$	7,298 \$	283 \$	7,581
Office of Security	29 \$	1,176 \$	4,750 \$	5,926
Human Resources	158 \$	7,733 \$	272 \$	8,005
Staff Development	64 \$	3,760 \$	426 \$	4,186
Subtotal Administration	578 \$	28,486 \$	50,123 \$	78,609

Table 1: FY 2006 Budget by Department (cont.)
(\$000)

Department	Headcount	PS	OTPS	Total
<u>Policy, Planning & Management</u>				
DGM-Policy, Planning & Management	3 \$	292 \$	13 \$	305
Audit	28 \$	1,779 \$	402 \$	2,181
Research & Policy	31 \$	2,089 \$	32 \$	2,121
Program Assessment & Policy Development	28 \$	1,681 \$	11 \$	1,692
Subtotal Policy, Planning and Management	90 \$	5,841 \$	458 \$	6,299
<u>Finance</u>				
DGM-Finance	5 \$	460 \$	573 \$	1,033
Budget & Financial Planning	58 \$	5,845 \$	1,503 \$	7,348
Accounting	129 \$	6,840 \$	165 \$	7,005
Financial Operations	77 \$	3,657 \$	- \$	3,657
Energy	41 \$	2,350 \$	4,602 \$	6,952
Risk Finance	10 \$	539 \$	15 \$	554
Subtotal Finance	320 \$	19,691 \$	6,858 \$	26,549
<u>Information & Technology</u>				
DGM-Information & Technology	14 \$	1,201 \$	200 \$	1,401
IT-Business Enterprise Systems Technology	5 \$	404 \$	17 \$	421
IT-Infrastructure	134 \$	7,626 \$	13,846 \$	21,472
IT-Application Development	81 \$	6,044 \$	80 \$	6,124
IT-Information Management	45 \$	1,874 \$	55 \$	1,929
Subtotal Information & Technology	279 \$	17,149 \$	14,198 \$	31,347
<u>Community Operations</u>				
DGM-Community Operations	17 \$	2,028 \$	1,504 \$	3,532
Community Operations - Administration	31 \$	3,205 \$	2,478 \$	5,683
Community Operations - Citywide	46 \$	2,215 \$	6,839 \$	9,054
Social Services	246 \$	9,277 \$	1,813 \$	11,090
Resident Employment Services	63 \$	3,061 \$	269 \$	3,330
Resident Support Services	15 \$	837 \$	30 \$	867
Manhattan Community Operation	157 \$	5,551 \$	209 \$	5,760
Brooklyn Community Operations	271 \$	9,632 \$	624 \$	10,256
Staten Island Community Operations	46 \$	1,714 \$	87 \$	1,801
Queens Community Operations	71 \$	2,614 \$	99 \$	2,713
Bronx Community Operations	184 \$	6,559 \$	215 \$	6,774
Subtotal Community Operations	1,147 \$	46,693 \$	14,167 \$	60,860
Miscellaneous	\$	348,295 \$	267,270 \$	615,565
NYCHA Total	13,215 \$	1,011,142 \$	1,667,713 \$	2,678,855

NYCHA-WIDE INITIATIVES

Program Highlights

Modernize and Preserve Public Housing

- NYCHA issued the first \$300 million of up to \$600 million in bonds using Federal appropriations as pledged security. The bonds are being used to accelerate repairs at 129 public housing developments by funding sixty-five individual capital projects focusing on securing, stabilizing and waterproofing the exterior envelope of NYCHA's buildings.
- NYCHA implemented the Construction Management/Build (CM/Build) Program to improve the quality of construction projects and ensure that they are administered effectively and efficiently. Under CM/Build, NYCHA retains experienced construction management firms to provide pre-construction, construction management and related services for major capital projects. NYCHA currently has seven CM/Build contracts totaling more than \$780 million. CM/Build utilizes pre-qualified subcontractors, streamlining the contractor selection process and ensuring quality work. Additionally, all pre-qualified firms are required to participate in a State-approved apprenticeship program to provide interested and qualified NYCHA residents with apprenticeships and a career ladder in the construction trade.

Improve Safety

- NYCHA implemented the following Operation Safe Housing initiatives designed to increase the safety of people within NYCHA's developments:
 - Created a special process for priority handling of cases to terminate the tenancy of NYCHA residents who have been identified by the NYPD for committing the most serious crimes.
 - Created a process to identify and exclude Registered Sex Offenders who had provided a NYCHA address when providing information pursuant to the Sexual Offender Registration Act. To date ninety such offenders have been excluded. Federal regulations prohibit lifetime registrants from residing in public housing.
 - Arrest of individuals for trespassing, who were previously arrested for selling drugs on NYCHA property and were notified that they are excluded from NYCHA property as a result of that felony drug arrest. Since the program started, 120 accused drug dealers have been banned from NYCHA, eighteen of whom have subsequently been arrested for trespassing.
- With the support of City Council funding, NYCHA is expanding its Closed Circuit Television (CCTV) initiative, using state-of-the-art high-resolution video cameras to deter crime in NYCHA developments. An additional twelve developments are scheduled to get the small-scale video camera systems bringing the total number of sites to twenty-eight.
- Enhanced guard service by assuming operational and administrative responsibility for security guards at over eighty field locations throughout the five Boroughs. Initiated after-hours field inspections and developed guard post regulations.

Enhance Services Using Technology

- Successfully implemented a pilot Centralized Call Center (CCC) for Queens and Staten Island that allows residents the convenience of calling one number, twenty-four hours per day, seven days a week, to schedule appointments for routine maintenance and skilled trade work. The program also allows NYCHA to more effectively manage the workload for all maintenance activities. In the pilot area, the number of work tickets not completed because the tenant was not at home has been reduced to 12%. The pilot call center currently handles an average of 700 calls per day.
- Successfully completed a review of all business processes in Housing Applications, Leased Housing and Maintenance Operations Divisions. Developed requirements for new technologies and organizational processes to better service NYCHA customers and provide staff with better tools.

Increase Available Apartments

- NYCHA implemented a quarterly review of every apartment that is off the rent roll to ensure that apartments scheduled for major capital improvements are efficiently returned to occupancy and re-rented expeditiously. This process has resulted in a reduction of 815 units being off the rent roll, from 3,725 in January 2005 to 2,910 in November 2005.
- As a result of consolidating administrative offices, NYCHA will return twenty apartments and two community center spaces to use by residents.

Transparency and Accountability

- Awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its annual financial report for FY 2003 and for FY 2004, for financial transparency and clear communication. GFOA is a non-profit professional association serving approximately 16,000 government finance professionals. This certificate recognizes achievement in governmental accounting and financial reporting. NYCHA will submit its FY 2005 Consolidated Annual Financial Report to GFOA for award consideration. NYCHA's budget is available on the website for any interested parties to review.
- NYCHA drafted, shared and finalized an Annual Plan for FY 2006. To ensure that concerned residents and other stakeholders understood the plan, NYCHA made the draft plan available to the public, and conducted five town hall meetings and one public hearing, which was attended by approximately 510 people, including residents, elected officials, community-based organizations and advocacy groups. The FY 2006 Annual Plan is available on the NYCHA website.

Organizational Improvement

- Set up an Electronic Funds Transfers (EFT) system to pay vendors. Vendors who agree to EFT give NYCHA discounts from 0.5% to 2% when their invoices are paid within ten days of receipt.
- Conducted an in-depth review of the internal procurement process resulting in a decision to consolidate most procurement functions into a new centralized Procurement Office to be headed by a Chief Procurement Officer (CPO) reporting to the General Manager.

- Construction has been completed to allow five Bronx-based operations to consolidate and relocate to 1200 Waters Place. This move will enhance operational efficiencies and provide field-based staff with a comfortable work environment.

OPERATIONS

Operations is responsible for managing and maintaining NYCHA's developments through its five Borough Management Offices and staff located at each of the developments. Additionally, administrative and technical assistance is provided via skilled trades workers, emergency services personnel and personnel who manage housing applications. Operations also oversees contracts with private management firms who manage scattered-site developments.

**Table 2: Summary of Financial Data
(\$000)**

	FY 2004		FY 2005		FY 2006		Variance	
PS	HC	Actuals	HC	Actuals	HC	Proposed Budget	HC	FY 05- FY 06
Salary F/T	9,736	\$404,111	9,642	\$386,240	9,266	\$409,123	(376)	\$22,883
Salary P/T		\$2,444		\$1,647		\$1,403		(\$243)
Seasonal		\$1,590		\$1,332		\$1,963		\$631
Overtime		\$41,266		\$41,059		\$37,656		(\$3,403)
Shift Differential		\$1,723		\$1,681		\$2,230		\$549
Retro		\$445		\$51,047		\$0		(\$51,047)
Other		\$18,645		\$9,330		\$7,107		(\$2,223)
Subtotal PS	9,736	\$470,224	9,642	\$492,335	9,266	\$459,482	(376)	(\$32,853)
OTPS								
Supplies		\$21,046		\$27,508		\$21,548		(\$5,960)
Equipment		\$1,505		\$1,067		\$4,412		\$3,345
Utilities*		\$283,968		\$346,725		\$440,065		\$93,340
Contracts		\$94,239		\$63,948		\$79,569		\$15,621
OTPS Other		\$3,383		\$0		\$1,062		\$1,062
Subtotal OTPS		\$404,142		\$439,249		\$546,657		\$107,408
Total Budget	9,736	\$874,366	9,642	\$931,584	9,266	\$1,006,139	(376)	\$74,555

*Does not include water

Financial Review

The FY 2006 operating expense budget for Operations is \$1 billion, of which \$459 million is for PS and \$547 million is for OTPS. The FY 2006 budget reflects an overall increase of \$75 million over prior year. The increase is largely the result of escalating energy costs resulting from market conditions in the latter half of FY 2005.

The PS budget was decreased by \$33 million as a result of:

- a headcount reduction of 376 positions resulting in savings of \$8 million, the overall increase is the result of collective bargaining agreements, and
- \$51 million in retroactive collective bargaining payments made in FY 2005 which are not expected to reoccur in FY 2006.

Contract funding was increased by \$7 million to allow for the outsourcing of pest control services and for increased maintenance contracts.

FY 2006 Budget Highlights

Providing Services

- The FY 2006 budget provides an additional \$5 million for the painting of dwelling units, common areas and public spaces.
- \$0.4 million is allocated for boiler rentals needed in emergencies or during periods of repair and maintenance.

Streamlining

- The full-time headcount is reduced by 371 positions, for a total savings of \$8 million. This reduction will be achieved through:
 - the consolidation of management and housing applications offices,
 - contracting out of extermination services and redeploying the current staff, and
 - loss of existing vacancies and implementation of a hiring freeze.
- Additionally five positions were lost as a result of internal transfers.
- \$0.3 million in savings is anticipated from outsourcing of pest control services, which is expected to improve management and efficiency.
- A funding shift in the Private Management Program will result in a savings of \$2 million.

2005 Program Highlights

- Utilized new Centralized Call Center (CCC) in Queens and Staten Island to more effectively manage the workload for all maintenance activities.
- Successfully implemented a pilot program to convert the remote elevator monitoring program at Jefferson Houses from a dial-up system to a wireless system leveraging NYCHA's Wide Area Network (WAN). This upgrade will save money and provide event data to multiple end-users, improving service delivery.
- Helped produce a safety video "Scared Safe" aimed at reducing work-related injuries that will be shown during training at the Elevator Training Center, which will reach all staff in the Elevator Division, providing a state-of-the-art education.
- Installed carbon monoxide detectors in 98% of NYCHA apartments.
- Hired 215 full-time caretakers selected from a pool of seasonal workers who had been rated 'outstanding.'
- Established and implemented procedures to administer Enterprise Income Verification (EIV) user accounts and the HUD-mandated conversion to the new Web Access Security Sub-System (WASS) IDs. Successfully met HUD's September 30, 2005, deadline for conversion to the WASS ID for field users.

2006 Program Goals

- Based on the success of the pilot program, the Centralized Call Center (CCC) will be expanded to Manhattan as of April 17, 2006.
- Test various devices which will provide temporary power sources to elevators in the event of a major power outage, sending the elevator to the nearest landing allowing passengers to safely evacuate the elevator.

- Relocate residents in three additional University Avenue Consolidated (UAC) buildings and transfer ownership of these vacant buildings to HPD so that they can contract to have the buildings renovated.
- Complete the implementation of the Computerized Heating Automated System (CHAS) to monitor heating plant operations and to ensure efficient delivery of heat to residents.
- Complete all annual reviews with no more than 2% non-verifiable income.

LEASED HOUSING/SECTION 8

NYCHA's Section 8 Program is the largest and the most successful in the nation. Over the last few years the Section 8 Program has been buffeted by many factors, including rising voucher costs which affect the Federal funding format and consequent program administration. Responding to a national trend of rapidly rising costs driven in part by the program's success, the FY 2004 appropriation made a dramatic change in funding format, converting Section 8 from a program that provided full assistance for the reasonable cost of a voucher to one that is strictly dollar-based. PHAs were required to administer their portfolios strictly within the dollars received, irrespective of local market costs. This change forced housing authorities to dramatically curtail new rentals and undertake immediate steps to control voucher costs.

Faced with Federal funding that did not keep pace with rising voucher costs, because of budget-based funding in a high-cost market and to ensure support for all existing voucher holders at their current subsidy levels, in November 2004, NYCHA was forced to suspend new rentals. This action took place after an unprecedented three-year period where 32,800 very low- and moderate-income New Yorkers were able to find affordable apartments through the program. Steps taken by NYCHA at that time to control costs included, but were not limited to, cessation of new rentals, reduction of the subsidy ceiling to 100% of Fair Market Rent (FMR), limiting subsidy increases for renewals of non-regulated units to the same percentage increase permitted by the Rent Guidelines Board, limiting transfers in all non-emergency cases, increasing minimum rent from \$25 to \$50, as well as increasing fraud investigations.

Through the efforts of Mayor Bloomberg and a nationwide outcry by affordable housing advocates, Congress has increased funding for the voucher renewal program in the past two appropriations, rising from \$13.5 billion in FY 2005 to \$14.1 billion in FY 2006. The President's budget proposes a 2.7% increase in FY 2007 that would raise assistance to \$14.4 billion. In addition, NYCHA received a transfer of 3,400 units from HPD and an award of 7,649 units for Mitchell Lama opt-outs from HUD, allowing the program to grow in size. These additional dollars, along with the Authority's efforts to control costs, now make possible a modest number of new rentals starting in spring 2006.

Vouchers for new applicant rentals will be made available to new waiting list priorities including victims of domestic violence, intimidated witnesses, referrals from the Administration for Children Services and the Department for Homeless Services; set asides for project-based and Mitchell Lama conversions; families on NYCHA's non-emergency waiting list; as well as residents and applicants for the non-federal public housing sites being transitioned as part of the Authority's budget balancing efforts. Reinstating new rentals is welcome after a period of great uncertainty and will allow NYCHA to strategically target subsidized housing resources to low- and moderate-income New Yorkers. NYCHA, however, must closely monitor voucher allocations and Federal appropriation trends to ensure that sufficient funds are available. NYCHA's commitment is to provide vouchers with the assurance of continued subsidy, a difficult challenge in an ever changing program.

The Leased Housing Department administers NYCHA's Section 8/Housing Choice Voucher Program. Under this federally-funded program, eligible families lease privately-

owned apartments that meet Housing Quality Standards (HQS). The Section 8 Program allows families to pay 30% of their income for rent and subsidies pay the difference, up to a maximum amount called the 'payment standard.' The program has approximately 85,000 Section 8 households that are subsidized by NYCHA, and 30,000 landlords who participate in the program. The Department has a staff of about 550 located throughout the five Boroughs.

**Table 3: Summary of Financial Data
(\$000)**

PS	FY 2004		FY 2005		FY 2006		Variance	
	HC	YTD Actuals	HC	YTD Actuals	HC	Proposed Budget	HC	FY 05- FY 06
Full Time	558	\$22,030	537	\$20,904	562	\$24,087	25	\$3,183
Part/Time		\$0		\$0		\$0		\$0
Seasonal		\$0		\$0		\$0		\$0
Overtime		\$330		\$679		\$1,087		\$408
Shift		\$0		\$0		\$0		\$0
Retroactive		\$18		\$1,915		\$0		(\$1,915)
Other PS		\$309		\$542		\$961		\$419
Subtotal PS	558	\$22,687	537	\$24,040	562	\$26,135	25	\$2,095
OTPS								
Supplies		\$347		\$317		\$348		\$31
Equipment		\$0		\$0		\$14		\$14
Utilities*		\$0		\$0		\$0		\$0
Contracts		\$211		\$112		\$423		\$311
Other OTPS		\$803		\$91		\$317		\$226
Section 8 Payments		\$744,784		\$733,728		\$751,476		\$17,748
Subtotal OTPS		\$746,145		\$734,248		\$752,578		\$18,330
Total Budget	558	\$768,832	537	\$758,288	562	\$778,713	25	\$20,425

Financial Review

The Leased Housing Department's FY 2006 proposed budget provides \$779 million for operating expenses, of which \$26 million is for PS and \$753 million is for OTPS. In FY 2005, HUD transferred \$10 million from HPD to NYCHA, allowing NYCHA to increase the number of vouchers. The PS budget was increased by \$2 million to allow for twenty-five additional positions needed to manage the added vouchers. The OTPS budget, including voucher funding, was increased by \$18 million to accommodate the increase in program size.

2005 Program Highlights

- Increased funding from 85,000 authorized Section 8 vouchers to 98,000 authorized vouchers through a combination of transfers from HPD and from HUD for project-based and Mitchell Lama conversions. The authorized number is dollar-based and will not actually fund the full number of vouchers.
- Examined processes used to administer Section 8 program, and developed business and technology needs for integration in NYCHA's Request for Proposal (RFP) to purchase a new agency-wide tenant management computer system. Devised major modifications in Leased Housing's organizational structure and operating policies and procedures to be instituted when the new system is implemented.
- Issued an RFP and selected a winning vendor to purchase handheld computers to streamline the inspection process both for Section 8 and public housing.

- Fully instituted HUD's upfront income verification requirements. Codified internal procedures to fully utilize and implement HUD's new Enterprise Income Verification (EIV) System as the preferred source of income verification, and systematized the verification of all other information required by HUD both at the initial rental and annual recertification.
- Implemented a "problem building" policy in conjunction with HPD to identify and apply special scrutiny to multi-family residential buildings with serious physical deficiencies.

2006 Program Goals

- Participate in NYCHA's effort to issue an RFP and select a winning vendor for the purchase of a new agency-wide tenant management computer system, and begin implementation of a system along with corresponding major changes in Leased Housing's organizational structure and operating policies and procedures.
- Resume large-volume rental activity to achieve a net gain of 1,000 units in program size for FY 2006 and to build a rental pipeline to support a controlled increase in the program size for FY 2007.
- Support efforts to transition City and State units.
- Improved services to landlord and tenants through use of the Internet to post available units, email inspection results and affect electronic fund transfers to landlords.

COMMUNITY OPERATIONS

Community Operations is responsible for providing and coordinating educational, employment, recreational and cultural services. Community Operations is the second largest division within NYCHA, and, with a staff of approximately 1,150, it oversees a network of over 500 community facilities, including 153 NYCHA-operated community centers, fifty-two sponsored community centers, ninety-six sponsored senior centers, 102 day care centers, and thirty-seven Head Start programs run by community-based organizations in NYCHA-owned facilities.

**Table 4: Summary of Financial Data
(\$000)**

	FY 2004		FY 2005		FY 2006		Variance	
PS	HC	Actuals	HC	Actuals	HC	Proposed Budget	HC	FY 05- FY 06
Salary F/T	1,249	\$42,331	1,185	\$39,560	1,147	\$42,818	(38)	\$3,258
Salary P/T		\$454		\$489		\$667		\$178
Seasonal		\$1,577		\$1,696		\$1,660		(\$36)
Overtime		\$395		\$487		\$443		(\$44)
Shift Differential		\$407		\$412		\$645		\$233
Retro		\$180		\$1,199		\$0		(\$1,199)
Other		\$738		\$970		\$459		(\$511)
Subtotal PS	1,249	\$46,082	1,185	\$44,813	1,147	\$46,692	(38)	\$1,879
OTPS								
Supplies		\$1,675		\$1,033		\$950		(\$83)
Equipment		\$13		\$20		\$9		(\$11)
Utilities*		\$105		\$149		\$230		\$81
Contracts		\$6,430		\$4,358		\$6,794		\$2,436
OTPS Other		\$6,329		\$8,838		\$6,184		(\$2,654)
Subtotal OTPS	0	\$14,552	0	\$14,398	0	\$14,167	0	(\$231)
Total Budget	1,249	\$60,634	1,185	\$59,211	1,147	\$60,859	(38)	\$1,648

Financial Review

The FY 2006 budget for Community Operations is \$60.8 million, of which \$46.7 million is for PS and \$14.2 million is for OTPS. The overall budget is increased by \$1.6 million, of which \$1.9 million is PS. The change in PS over the prior year is the result of:

- a headcount reduction of thirty-eight positions in administrative areas, while maintaining Department of Health staffing ratios in the community centers, for a savings of \$0.3 million,
- a reduction in seasonal programs for a savings of \$0.04 million, and
- a reduction in overtime of \$.04 million.
- an increase of \$3 million in PS resulting from collective bargaining agreements in full-time salaries.

FY 2006 Budget Highlights

Providing Services

- The FY 2006 budget was increased by \$0.1 million to purchase multi-function network devices for the community centers. Community Operations will work with

- the Department of General Services to obtain and install multi-function network devices in 50% of NYCHA-operated community facilities.
- The City Council awarded \$0.5 million, allowing Community Operations with FutureKids to provide computer training to 520, 9 to 12 year-old NYCHA residents at twenty-six community centers. These twelve-week classes will be conducted in two groups, the first starting October 2005 and the last finishing in May 2006.

Streamlining

- The Summer Youth Seasonal and After School All Stars programs were reduced by \$0.7 million due to low attendance at community centers and underutilization of the program. The reductions will not affect community center program operations.
- The recently built Throggs Neck Community Center will be managed by a non-profit organization resulting in savings of \$0.3 million.
- Family Days and the Council of President programs will be funded through HUD-sponsored Tenant Participation Activities (TPA) and this initiative will reduce operating costs by \$0.3 million.

2005 Program Highlights

- Secured over \$2 million in funding and grants to support computer literacy, tennis, sports equipment, forestry, vocational training and environmental education.
- Leveraged community center space in twenty-four locations to secure over \$2 million in City Fiscal Year (CFY) 2006 and \$3 million in CFY 2007 for after-school services in public housing by participating in the Department of Youth and Community Development's Out of School Time initiative which will serve over 2,000 youth each year.
- Using kitchen and classroom space during non-operational hours in six community centers and \$0.1 million, leveraged over \$0.2 million in culinary skills employment training for residents.
- Coordinated NYCHA's Job Fair which attracted fifty-two employers and 335 residents.
- As of November, secured 329 job placements through the Employment Development Unit, an 86% increase from last year. Placements helped almost 400 residents obtain employment.
- In collaboration with the IT Department, surveyed community centers for Internet wiring capability and purchased 50% of the computers needed to give center staff computer and intranet access.
- Organized the first Senior Entitlement and Benefit Fair which provided information, resources, and educational workshops to over 1,000 senior resident attendees.
- For the first time, created senior clubs in the few developments in Brooklyn without full senior centers and a summer day camp for seniors in Staten Island.
- Piloted Saturday recreational hours for residents in NYCHA's Bronx facilities without increasing headcount or overtime.
- Partnered with the Consortium of Worker Education to establish thirteen GED and computer literacy programs for adults.

2006 Program Goals

- Complete computerization and Internet/Intranet connectivity for community and senior staff.
- Continue and expand programming during traditional non-operating community center hours (mornings and weekends). Such programs will include culinary training programs, GED classes, Saturday recreation, senior clubs and the NYC Early Literacy Learning (NYCELL) program.
- In partnership with Resident Associations, implement Tenant Participation Activities (TPA) to support resident initiatives.
- Provide approximately 300 apprenticeships in the construction trades to public housing residents over the next three years.
- Maximize usage of community facilities and increase the average daily attendance of adolescents participating in NYCHA-operated community centers by at least 10%.

CAPITAL PROJECTS & DEVELOPMENT

Capital Projects and Development (CPD) is responsible for planning, implementing, and managing all capital budget projects.

**Table 5: Summary of Financial Data
(\$000)**

	FY 2004		FY 2005		FY 2006		Variance	
PS	HC	Actuals	HC	Actuals	HC	Proposed Budget	HC	FY 05- FY 06
Full Time	665	\$37,810	652	\$36,110	609	\$35,807	(43)	(\$303)
Part/Time		\$0		\$0		\$0		\$0
Seasonal		\$0		\$0		\$0		\$0
Overtime		\$400		\$358		\$371		\$13
Shift		\$0		\$0		\$0		\$0
Retroactive		\$241		\$984		\$0		(\$984)
Other PS		\$1,522		\$1,550		\$1,230		(\$320)
Subtotal PS	665	\$39,973	652	\$39,002	609	\$37,408	(43)	(\$1,594)
OTPS								
Supplies		\$213		\$154		\$192		\$38
Equipment		\$0		\$0		\$28		\$28
Utilities*		\$0		\$0		\$0		\$0
Contracts		\$55		\$354		\$136		(\$218)
Other OTPS		\$112		\$165		\$125		(\$40)
Subtotal OTPS		\$380		\$673		\$480		(\$193)
Total Budget	665	\$40,353	652	\$39,675	609	\$37,888	(43)	(\$1,787)

Financial Review

Capital Projects and Development's expense budget is \$37.9 million, of which \$37.4 million is for PS. Headcount is reduced by forty-three positions resulting in a savings of \$1.6 million. The retroactive collective bargaining payments made in FY 2005 of \$1 million are not expected to reoccur in FY 2006. The Department will further reduce spending by limiting the use of outside professional services.

FY 2006 Budget Highlights

Streamlining

- The Department expects to save \$1.6 million in PS through attrition by the end of FY 2006.

2005 Program Highlights

- During FY 2005, the CM/Build Unit issued forty-three task orders totaling \$225 million and obtained authorization for the award of fifty six construction subcontracts by CM/Build firms totaling \$238 million.
- Established a new unit to utilize funding provided by the City Council to purchase and install CCTV systems. CCTVs provide surveillance in strategically selected areas to improve public safety. The City Council allocated more than \$4 million for systems that includes over 907 cameras at Atlantic Terminal, Bushwick, Haber and

Hope Gardens in Brooklyn; Fulton, Chelsea/Elliot, Dehostos and Isaacs Houses in Manhattan; and Queensbridge Houses in Queens.

- Completed an Intergenerational Housing Program in the Morrisania section of the Bronx, for fifty apartments for families headed by a grandparent. This almost \$12 million complex includes over 5,700 square feet of community and support services space, more than 6,000 square feet of retail and office space, twelve parking spaces and a landscaped courtyard. Presbyterian Senior Services (“PSS”) and West Side Federation for Senior and Supportive Housing (“WSF”) created a joint partnership, PSS/WSF, which implemented this HUD-approved mixed-financed development with an operating subsidy from NYCHA.
- Completed renovations on 180 dwelling units and ground-floor commercial space. Also completed the construction of a new thirty-unit building. These apartments, University Macombs Apartments, will be owned and managed by a consortium, who will rent units to families at or below 60% of the AMI. Fifty-two former NYCHA residents from University Avenue Consolidated and twenty-one homeless families will receive Section 8 vouchers and relocate to this property. The total development will consist of 180 redeveloped units and thirty additional units, constructed at a cost of approximately \$28 million.
- The following five community centers were completed and turned over: Baisley Community Center in Queens; Taft Community Center in Manhattan; McKinley Community Center in The Bronx; West Brighton Community Center in Staten Island; Throggs Neck Community Center in the Bronx.
- Renovated 8,194 kitchens and bathrooms in nine housing developments using contracts worth approximately \$23 million.
- Made 176 units handicapped-accessible at a cost of \$4 million. These are Section 504 apartments and they fully meet the Uniformed Federal Accessibility Standards (UFAS).

2006 Program Goals

- Finalize design and assign CM/Build contractors to commence construction on structural, brickwork and roof replacements at 154 developments, including major interior/exterior structural rehabilitation work at Johnson Houses and Wald Houses.
- Community Centers at the following developments are expected to be completed and put into service: Bronxdale, Independence, Latimer, Saratoga, Boston Road, Marcus Garvey, Ingersoll, Manhattanville, Polo Grounds, Johnson, Richmond Terrace, Stapleton, and Queensbridge.
- Select the developer for the redevelopment of the Markham Gardens in Staten Island. The redevelopment is expected to provide approximately 265 apartments, including 240 rental apartments and twenty-five two-family townhouses for homeownership. Approximately 200 NYCHA residents who were displaced in the reconstruction will have a right to return to the new development.
- Work with HPD on an innovative Middle Class Housing Initiative that will develop up to 435 units targeted to middle class families on the West Side of Manhattan, within the Hudson Yards and West Chelsea rezoning areas.
- In partnership with locally based not-for-profits, submit application to HUD for funding under the “202” program. Senior buildings are in Staten Island (Markham Gardens) and Brooklyn (Boulevard/Linden) will provide approximately 180 units of new housing to low-income seniors.

OPERATING BUDGET

OVERVIEW

The operating budget for FY 2006 is \$2.68 billion, \$164 million more than FY 2005 actuals. This increase is a result of rising utility costs, collective bargaining agreements and various programmatic needs.

The FY 2006 operating budget includes a \$95 million increase in funding over the FY 2005 final modified budget for utilities in response to recent increases in the price of heating fuels. The budget also provides \$27 million for collective bargaining increases as well as associated fringe benefit costs. The budget includes \$5 million to pay for the painting of public spaces, apartments and community centers. There is an additional \$0.4 million for renting emergency boilers and \$1 million to replace NYCHA's aging vehicles used in the field.

The FY 2006 budget includes cost savings measures aimed at closing the budget deficit. Among these initiatives is a headcount reduction of 483 positions through attrition. The headcount reduction incorporates the consolidation of Management Offices citywide and the consolidation of two Housing Application Offices in Manhattan and Queens. These consolidations will not result in any reduction in services. NYCHA's Law Department will upgrade the electronic invoice system that is used to pay outside counsel and associated professional services fees, which is expected to save \$0.6 million by automatically identifying billing errors.

FINANCIAL COMPARISON FY 2005 v. FY 2006

Table 1 highlights NYCHA's actual revenues and expenses for FY 2004 and FY 2005 and the FY 2006 proposed budget by account type.

**Table 1: Comparison of FY 2005 and FY 2006 Budgets
(\$000)**

	2004 Actuals	2005 Actuals	2006 Budget	2005-2006 Variance
Expenditures				
Personal Service:				
Salary F/T	594,467	567,121	599,715	32,594
Salary P/T	2,907	2,135	2,194	59
Seasonal	3,251	3,053	3,622	569
Overtime	43,081	43,237	40,710	(2,527)
Shift Differential	2,219	2,181	2,951	770
Fringe	255,648	314,306	348,298	33,992
Retro	1,553	59,155	-	(59,155)
Other	31,080	15,881	13,652	(2,229)
Subtotal Personal Service	\$ 934,206	\$ 1,007,069	\$ 1,011,142	\$ 4,073
Other Than Personal Service:				
Leases	26,211	33,186	33,912	726
Supplies	26,140	31,700	26,427	(5,273)
Equipment	10,804	6,913	10,650	3,737
Utilities	364,635	429,899	527,191	97,292
Contracts	203,136	188,580	246,269	57,689
Insurance	53,031	44,924	30,083	(14,841)
Section 8 Payments	744,784	733,728	751,476	17,748
Payment in Lieu of Taxes	21,926	19,250	26,585	7,335
Debt Service	13,774	3,754	3,258	(496)
Other	23,257	15,664	11,862	(3,802)
Subtotal OTPS	\$ 1,487,698	\$ 1,507,598	\$ 1,667,713	\$ 160,115
Total Expenditures	\$ 2,421,904	\$ 2,514,667	\$ 2,678,855	\$ 164,188
Revenues				
Revenue from Operations:				
Dwelling Rent	647,368	689,665	692,119	2,454
Other Revenue from Operations	9,966	17,695	37,694	19,999
Subtotal Revenue from Operations	\$ 657,334	\$ 707,360	\$ 729,813	\$ 22,453
Revenues from Other:				
Federal Subsidies	751,783	733,505	838,832	105,327
Section 8 NC Subsidy	9,305	6,841	6,062	(779)
Debt Service Subsidies	7,952	5,586	3,258	(2,328)
Section 8	808,573	820,937	817,559	(3,378)
Categorical Grants	56,824	31,409	37,473	6,064
Capital Grant	117,476	91,698	74,077	(17,621)
Interest on Investments	8,616	13,763	6,265	(7,498)
Other	8,822	12,747	165,516	152,769
Withdrawal from Reserve	(4,781)	90,821	-	(90,821)
Subtotal Revenues from Other	\$ 1,764,570	\$ 1,807,307	\$ 1,949,042	\$ 141,735
Total Revenues	\$ 2,421,904	\$ 2,514,667	\$ 2,678,855	\$ 164,188

USE OF OPERATING FUNDS

NYCHA plans to spend \$2.7 billion for operating purposes during FY 2006 (see Table 2).

Personal Services (PS)

NYCHA will spend \$1.0 billion on Personal Services (PS) which consist of full-time salaries, part-time salaries, seasonal salaries, overtime, shift differential, fringe benefits and other.

- The full-time salary budget is \$600 million, and covers annual salaries for the 13,300 employees who work on average between 35 and 40 hours a week.
- The fringe benefits budget is \$348 million, and covers the benefits associated with personnel. The fringe benefits budget covers Workers' Compensation, Social Security, health insurance, pension, welfare, annuity, retiree health insurance, retiree welfare and unemployment costs.
- The overtime budget is \$41 million which pays for scheduled and unscheduled overtime.
- The budget for assignment, longevity and service differentials is \$14 million.
- The seasonal budget is \$4 million. This budget is allocated to Operations and Community Operations who use these funds to hire staff during the spring and summer, the majority of whom are NYCHA residents.
- The shift differential budget is \$3 million and reflects trade staff that work evening shifts.
- The budget for part-time salaries is \$2 million.

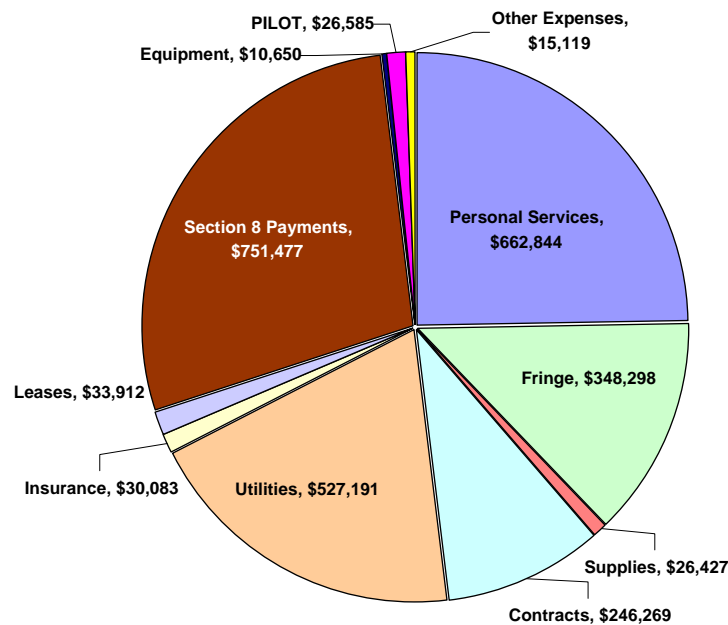
Other Than Personal Service (OTPS)

NYCHA will spend \$1.7 billion for Other Than Personal Services (OTPS) which consists of leases, supplies, equipment, utilities, contracts, insurance, Section 8 payments, payments in lieu of taxes, debt service and other.

- The budget for Section 8 payments is \$751 million and provides payments to landlords who provide private housing to families in the Section 8 program. Under this federally-funded program, families pay 30% of their income for rent and NYCHA pays the difference in rent up to a maximum amount.
- The utilities budget is \$527 million and provides for all the water, heat and light used by the Authority.
- The contracts budget is \$246 million, and includes funding for the contracts used for painting, elevator maintenance, fire safety, plumbing and the purchase of windows and doors; payments to the NYPD for above baseline security services and to the Department For The Aging (DFTA) for managing senior centers.
- The budget for leases is \$34 million, and represents the leasing of various borough and administrative offices throughout the City.
- The insurance budget is \$30 million, and is used to pay tort claims.

- The budget for payment in lieu of taxes is \$27 million, and represents payments to the City of New York. NYCHA's properties are exempt from paying local real estate taxes.
- The budget for supplies is \$26 million and represents goods and materials purchased for the daily maintenance of the developments, such as cleaning and janitorial supplies. It also includes office supplies such as paper, pens and paper, as well as the supplies for resident-oriented programming such as basketballs and art supplies.
- The equipment budget is \$11 million and is used to purchase equipment for developments as well as offices and includes items such as drills, snow blowers, electric saws, appliances, computers and vehicles.
- The budget for debt service is \$3 million, and represents interest payments made to fiscal agents for outstanding bonds used to finance construction. The principal payments are considered a liability and are reflected in NYCHA's year-end balance sheet.
- The remaining budget of \$12 million funds miscellaneous items such as bank fees, postage, membership subscriptions and cash grants paid to resident associations.

**Table 2: FY 2006 Use of Operating Funds
(\$000)**



OPERATING BUDGET - FY 2007-2010

NYCHA's Financial Plan sets forth projected operating costs on a modified accrual basis for FY 2007 through 2010. The four-year financial plan is submitted to the Board simultaneously with the FY 2006 budget. NYCHA's current Financial Plan shows structural balance as a result of the savings initiatives included in the budget. Several initiatives in the budget require approval of a Revised Annual Plan to HUD.

**Table 3: FY 2007 – FY 2010 Financial Plan
(\$000)**

	FY 2007	FY 2008	FY 2009	FY 2010
<u>Expenditures</u>				
<i>Personal Service:</i>				
Salary F/T	\$ 591,111	\$ 581,111	\$ 581,111	\$ 581,111
Salary P/T	\$ 2,081	\$ 2,081	\$ 2,081	\$ 2,081
Seasonal	\$ 3,630	\$ 3,630	\$ 3,630	\$ 3,630
Overtime	\$ 40,710	\$ 40,710	\$ 40,710	\$ 40,710
Shift Differential	\$ 2,951	\$ 2,951	\$ 2,951	\$ 2,951
Fringe	\$ 371,004	\$ 389,633	\$ 389,633	\$ 389,633
Other	\$ 13,727	\$ 13,727	\$ 13,727	\$ 13,727
Subtotal Personal Service	\$ 1,025,214	\$ 1,033,843	\$ 1,033,843	\$ 1,033,843
<i>Other Than Personal Service:</i>				
Leases	\$ 34,330	\$ 34,338	\$ 34,338	\$ 34,338
Supplies	\$ 26,108	\$ 26,108	\$ 26,110	\$ 26,110
Equipment	\$ 9,168	\$ 8,814	\$ 7,648	\$ 7,648
Utilities	\$ 533,408	\$ 529,994	\$ 529,994	\$ 529,994
Contracts	\$ 249,309	\$ 249,155	\$ 249,154	\$ 249,154
Insurance	\$ 30,083	\$ 30,083	\$ 30,083	\$ 30,083
Section 8 Payments	\$ 751,477	\$ 751,477	\$ 751,477	\$ 751,477
Payment in Lieu of Taxes	\$ 26,585	\$ 26,585	\$ 26,585	\$ 26,585
Debt Service	\$ 2,801	\$ 2,353	\$ 1,864	\$ 1,864
Other	\$ 11,080	\$ 11,079	\$ 11,078	\$ 11,078
Subtotal Other Than Personal Service	\$ 1,674,349	\$ 1,669,986	\$ 1,668,331	\$ 1,668,331
Total Expenditures	\$ 2,699,563	\$ 2,703,829	\$ 2,702,174	\$ 2,702,174
<u>Revenues</u>				
<i>Revenue from Operations:</i>				
Rent and Miscellaneous Revenue	\$ 747,527	\$ 789,793	\$ 814,282	\$ 822,551
Other Revenue from Operations	\$ 37,309	\$ 37,309	\$ 27,309	\$ 27,309
Subtotal Revenue from Operations	\$ 784,836	\$ 827,102	\$ 841,591	\$ 849,860
<i>Revenue from Other:</i>				
Federal Subsidy	\$ 893,345	\$ 910,838	\$ 910,868	\$ 910,868
Debt Service Subsidy	\$ 2,801	\$ 2,353	\$ 1,864	\$ 1,864
Section 8	\$ 817,559	\$ 817,559	\$ 817,559	\$ 817,559
Categorical Grants	\$ 32,837	\$ 32,703	\$ 32,703	\$ 32,703
Capital Grant	\$ 75,478	\$ 75,478	\$ 75,478	\$ 75,478
Interest on Investments	\$ 6,265	\$ 6,265	\$ 6,265	\$ 6,265
Other	\$ 86,442	\$ 31,531	\$ 15,846	\$ 7,577
Subtotal Revenue from Other	\$ 1,914,727	\$ 1,876,727	\$ 1,860,583	\$ 1,852,314
Total Revenues	\$ 2,699,563	\$ 2,703,829	\$ 2,702,174	\$ 2,702,174
Gap To Be Closed	\$0	\$0	\$0	\$0

OPERATING REVENUE

NYCHA receives revenue from several major sources through a number of separate appropriations. The sources of funds to support the operating budget can be seen on Table 4, and are explained below.

Federal Public Housing Operating Subsidy

NYCHA receives operating subsidy for its Federal developments from HUD. There are approximately 159,000 dwelling units in the Federal program which make up 88% of NYCHA's portfolio.

Operating subsidy pays for utility and non-utility expenses, which are not covered by rental income. NYCHA expects to receive \$838 million for the Public Housing Operating Program in FY 2006. This amount reflects a 14% increase from prior year funding. The increase is largely due to an increased request for utilities funding. The subsidy projection is based on a HUD formula, which calculates the difference between an Allowable Expense Level (AEL) and rental income.

The AEL is the dollar amount of expenses allowed by HUD in a given budget year and is adjusted annually based on the Producer Price Index. The estimated subsidy includes an inflationary increase to the prior year's Allowable Expense Level (AEL) of 2.7%. The Utility Allowance Expense Level (UAEL) is projected by NYCHA and is calculated by multiplying current utility rates by a three-year rolling consumption average.

HUD has warned housing authorities to anticipate prorated funding for FFY 2006, estimated at 90% or lower. The FFY 2006 estimate for the operating subsidy assumes a 90% funding level. In FFY 2005, NYCHA received only 89% of its funding request prepared pursuant to HUD's formula.

FFY 2006 marks the last year HUD will use the current formula. Beginning in FFY 2007, HUD's method for calculating the subsidy will vary on a development's unique operating characteristics. The "Project-Based Budgets" section highlights this funding change in more detail.

Project-Based Section 8

HUD provides \$6.1 million for NYCHA's project-based Section 8 developments. There are over 1,100 of these units in NYCHA's portfolio. The operating subsidy is based on the difference between the HUD-determined contract rents and development-specific rent. Unlike tenant-based Section 8 assistance, project-based funding is tied to a unit. In addition to the operating subsidy, NYCHA budgets \$0.7 million for interest payments associated with debt service.

State and City Funding

NYCHA does not receive an operating subsidy from the City or State dwelling units. NYCHA currently manages approximately 21,000 unsubsidized units, which had been previously subsidized by the State and City. In FY 2005, these units saw an \$82 million deficit in operating expenses as compared to revenue. NYCHA budgets approximately \$1.8 million for City and State debt service payments.

Section 8/Housing Choice Voucher Program (HCVP)

NYCHA expects to receive \$817 million from HUD to operate the Section 8/Housing Choice Voucher Program in FY 2006. Of this amount, \$751 million of this funding will be used for making direct payments to landlords. This figure assumes approximately 85,000 vouchers. The remaining amount is a payment to NYCHA for administering the Section 8 Program, and these funds pay for staffing, leases and other operational needs. HUD currently funds the Section 8 program on a budget basis instead of a voucher-based formula. Funding for this program is based on FY 2005 funding less \$3 million in hard-to-house subsidy not expected to reoccur in FY 2006.

Revenue from Operations

After subsidies, NYCHA's next largest source of revenue is development-based income with rental income comprising 95% of this category. NYCHA expects to generate \$692 million in dwelling rent collections. FY 2006 rental income is expected to increase as a result of both the increase in ceiling rents, effective September 1, 2006, and a 2% annual historical increase in resident income. The remaining \$37 million will come from other development-based income which includes commercial leases, washing machine commissions, parking fees and miscellaneous project income and development fees.

Other Revenue

The Other Revenue category consists of revenue NYCHA generates through central office initiatives estimated at \$165.5 million in FY 2006. Included in this category are two key budget balancing measures: transitional aid of \$100 million from the City of New York and \$39.2 million from Federal funding flexibility. Additional revenues grouped in this category are interest from investments estimated at \$6 million, debt recovery, insurance recovery, advertisements, vending machine commissions and other miscellaneous revenue. These amounts were based on cash collections from the previous fiscal year with no increase projected in FY 2006.

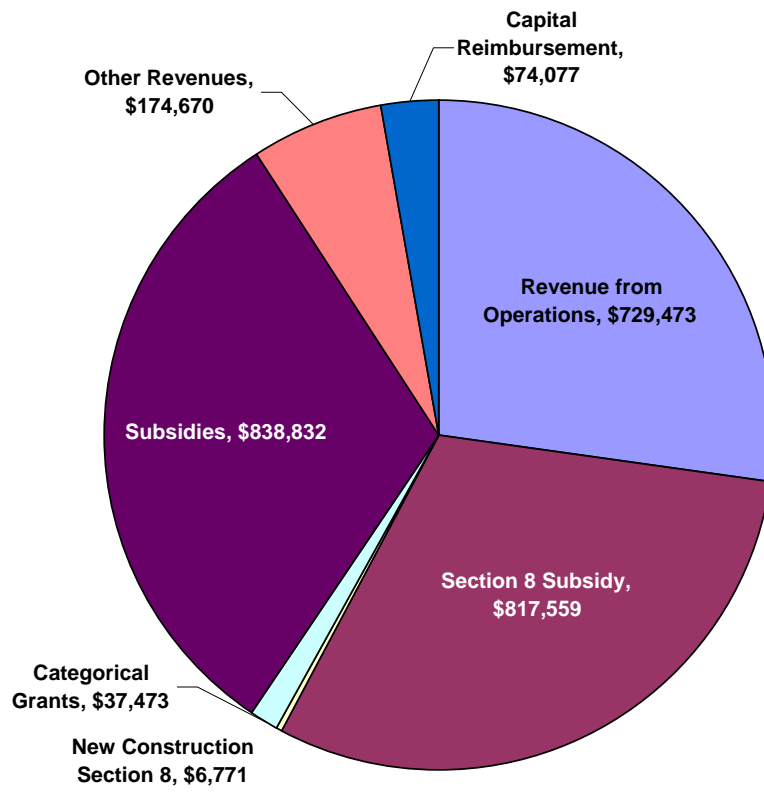
Capital Reimbursement (Transfer to Operating)

This category consists primarily of reimbursement from NYCHA's capital fund for personal services originally charged to NYCHA's General Fund. Of the \$74 million shown in this category, \$63 million covers salary and fringe benefit costs. The remaining \$11 million represents a reimbursement of Other Than Personal Services (OTPS) costs charged to the operating General Fund. In FY 2005, NYCHA transferred approximately \$65 million in capital funds as additional operating revenue.

Categorical Grants

NYCHA is expected to receive \$37 million in competitive grant funds during FY 2006. Of this amount the largest grant-funded program is the Support Services grant funded by the Human Resource Administration of the City of New York from which NYCHA expects to receive \$29.4 million. The remaining grant-funded revenues come from the Federal, State, and City governments to support an array of resident service programs.

**Table 4: FY 2006 Operating Budget Sources of Revenue
(\$000)**



HEADCOUNT PLAN

The following table details NYCHA's full-time headcount plan by department for FY 2006 through FY 2010. Also included is the actual headcount for FY 2005. All decreases in headcount will be achieved through a combination of attrition and the elimination of vacant positions. There are no layoffs planned in the FY 2006 budget.

Table 5: FY 2006-FY 2010 Authorized Headcount Plan
(\$000)

Department	Actual FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<u>Chair</u>						
Authority - Chair	14	14	14	14	14	14
Secretary	26	28	28	28	28	28
Equal Opportunity	36	37	37	37	37	37
Inspector General	45	47	47	47	47	47
Public & Community Relations	18	18	18	18	18	18
Intergovernmental Relations	3	4	4	4	4	4
Law Department	199	208	208	208	208	208
Subtotal Chair	341	356	356	356	356	356
<u>General Manager</u>						
General Manager	7	9	9	9	9	9
Leased Housing	539	562	562	562	562	562
Subtotal General Manager	546	571	571	571	571	571
<u>Operations</u>						
DGM-Operations	9	9	9	9	9	9
ADGM-Operations	8	8	8	8	8	8
Manhattan Borough Management	2,195	2,260	2,260	2,184	2,184	2,184
Brooklyn Borough Management	2,701	2,736	2,736	2,644	2,644	2,644
Staten Island Borough Management	269	271	271	262	262	262
Queens Borough Management	820	852	852	823	823	823
Bronx Borough Management	1,972	1,957	1,957	1,891	1,891	1,891
ADGM-Support Services	4	4	4	4	4	4
Operation Services	135	144	144	144	144	144
Technical Services	538	534	534	534	534	534
Emergency Services	209	212	212	212	212	212
Housing Applications	264	265	265	256	256	256
Private Management	14	14	14	14	14	14
Subtotal Operations	9,138	9,266	9,266	8,985	8,985	8,985
<u>Capital Projects</u>						
DGM-Capital Projects	15	5	5	5	5	5
Capital Projects Administration	138	107	107	107	107	107
Design	78	78	78	78	78	78
Planning & Development	33	38	38	38	38	38
Building Exteriors	73	77	77	77	77	77
Building Interiors	95	97	97	97	97	97
Building Systems	85	89	89	89	89	89
New Construction & Major Renovations	52	61	61	61	61	61
Site Improvements	54	57	57	57	57	57
Subtotal Capital Projects	623	609	609	609	609	609

Table 5: FY 2006-FY 2010 Authorized Headcount Plan (cont.)
(\$000)

Department	Actual FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<u>Administration</u>						
DGM-Administration	4	4	4	4	4	4
Facility Planning & Administration	47	46	46	46	46	46
General Services	122	122	122	122	122	122
Materials Management	156	155	155	155	155	155
Office of Security	28	29	29	29	29	29
Human Resources	160	158	158	158	158	158
Staff Development	64	64	64	64	64	64
Subtotal Administration	581	578	578	578	578	578
<u>Policy, Planning & Management</u>						
DGM-Policy, Planning & Management	2	3	3	3	3	3
Audit	28	28	28	28	28	28
Research & Policy	32	31	31	31	31	31
Program Assessment & Policy Development	27	28	28	28	28	28
Subtotal Policy, Planning and Management	89	90	90	90	90	90
<u>Finance</u>						
DGM-Finance	3	5	5	5	5	5
Budget & Financial Planning	50	58	58	58	58	58
Accounting	136	129	129	129	129	129
Financial Operations	77	77	77	77	77	77
Energy	39	41	41	41	41	41
Risk Finance	9	10	10	10	10	10
Subtotal Finance	314	320	320	320	320	320
<u>Information & Technology</u>						
DGM-Information & Technology	12	14	14	14	14	14
IT-Business Enterprise Systems Technology	5	5	5	5	5	5
IT-Infrastructure	129	134	134	134	134	134
IT-Application Development	74	81	81	81	81	81
IT-Information Management	42	45	45	45	45	45
Subtotal Information & Technology	262	279	279	279	279	279
<u>Community Operations</u>						
DGM-Community Operations	15	17	17	17	17	17
Community Operations - Administration	30	31	31	31	31	31
Community Operations - Citywide	45	46	46	46	46	46
Social Services	230	246	246	246	246	246
Resident Employment Services	62	63	63	63	63	63
Resident Support Services	15	15	15	15	15	15
Manhattan Community Operation	139	157	157	157	157	157
Brooklyn Community Operations	251	271	271	271	271	271
Staten Island Community Operations	43	46	46	46	46	46
Queens Community Operations	70	71	71	71	71	71
Bronx Community Operations	175	184	184	184	184	184
Subtotal Community Operations	1,075	1,147	1,147	1,147	1,147	1,147
Total NYCHA Headcount	12,969	13,215	13,215	12,935	12,935	12,935

CAPITAL BUDGET

OVERVIEW

NYCHA develops an annual budget for capital expenditures and a four-year financial plan for the renovation and modernization of developments. Since capital projects may require extensive time, the four-year financial plan forecasts needed expenditures of the physical plant over the next four years.

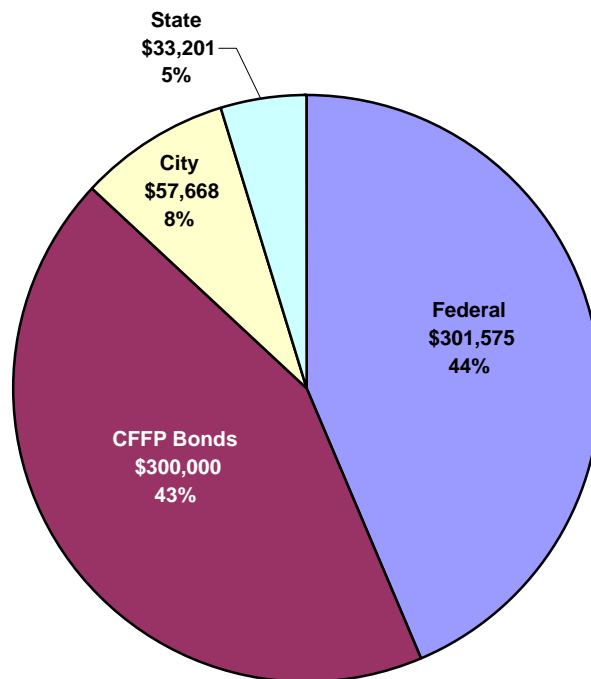
Table 1: Capital Budget: FY 2006 - FY 2010
(\$000)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Totals
<u>Non-CPD DGM Programs</u>						
Administration	\$ 8,797	\$ 388	\$ -	\$ 7	\$ 7	\$ 9,199
Community Operations	\$ 6,457	\$ 250	\$ -	\$ -	\$ -	\$ 6,707
Finance	\$ 33,786	\$ 1,137	\$ -	\$ -	\$ -	\$ 34,923
Information Technology	\$ 64,167	\$ 7,137	\$ 3,915	\$ 3,915	\$ 3,915	\$ 83,049
Operations	\$ 28,010	\$ 22,241	\$ 22,241	\$ 16,095	\$ 16,095	\$ 104,683
Subtotal Non-CPD DGM Programs	\$ 141,218	\$ 31,153	\$ 26,156	\$ 20,017	\$ 20,017	\$ 238,562
<u>CPD Programs</u>						
Bathrooms / Kitchens	\$ 19,454	\$ 17,134	\$ 51,079	\$ 36,660	\$ 36,660	\$ 160,987
Brickwork / Concrete	\$ 142,776	\$ 98,153	\$ 66,255	\$ 72,766	\$ 72,766	\$ 452,716
Community Center Construction	\$ 25,737	\$ 5,927	\$ -	\$ 11,013	\$ 11,013	\$ 53,690
Doors / Entrances	\$ 9,345	\$ 19,087	\$ -	\$ 100	\$ 100	\$ 28,632
Electrical / Lighting	\$ 7,850	\$ 18,585	\$ 15,253	\$ 900	\$ 900	\$ 43,488
Elevators	\$ 5,178	\$ 12,465	\$ -	\$ 1,690	\$ 1,690	\$ 21,023
Fire Safety	\$ 286	\$ 260	\$ 3,083	\$ -	\$ -	\$ 3,629
Floors	\$ 74	\$ 1,266	\$ 12,915	\$ 404	\$ 404	\$ 15,063
Garbage Disposal	\$ 6,395	\$ 6,378	\$ 114	\$ 895	\$ 895	\$ 14,677
General Construction	\$ 9,701	\$ 15,143	\$ 1,716	\$ 5,475	\$ 5,475	\$ 37,510
Grounds	\$ 9,219	\$ 1,553	\$ -	\$ 2,630	\$ 2,630	\$ 16,032
A&E / CM Fees	\$ 11,180	\$ 17,499	\$ 17,467	\$ 800	\$ 800	\$ 47,746
Heating / Plumbing	\$ 35,939	\$ 26,191	\$ 49,985	\$ 5,476	\$ 5,476	\$ 123,067
Intercoms / Security	\$ 2,263	\$ 1,917	\$ -	\$ 11	\$ 11	\$ 4,202
Major Renovations	\$ 67,114	\$ 4,000	\$ 66,080	\$ 24,841	\$ 24,841	\$ 186,876
Roofs	\$ 94,999	\$ 41,382	\$ 5,218	\$ 2,081	\$ 2,081	\$ 145,761
Windows	\$ 3,432	\$ 2,290	\$ 5,182	\$ 1,010	\$ 1,010	\$ 12,924
Unplanned Projects	\$ 26,414	\$ 315	\$ 93	\$ 133,701	\$ 133,701	\$ 294,224
Current Project Contingency	\$ 8,209	\$ -	\$ -	\$ -	\$ -	\$ 8,209
Subtotal CPD Programs	\$ 485,563	\$ 289,545	\$ 294,440	\$ 300,453	\$ 300,453	\$ 1,670,454
<u>Other Capital-Eligible Costs</u>						
CFFP Transaction Costs	\$ 37,146	\$ 47,228	\$ 47,228	\$ 47,231	\$ 47,231	\$ 226,064
Other Contingency	\$ 23,008	\$ 14,815	\$ 14,454	\$ 13,840	\$ 13,840	\$ 79,957
NYPD	\$ 5,509	\$ 5,487	\$ 5,487	\$ 5,487	\$ 5,487	\$ 27,457
Subtotal Other Capital-Eligible Costs	\$ 65,663	\$ 67,530	\$ 67,169	\$ 66,558	\$ 66,558	\$ 333,477
Total Capital Plan	\$ 692,444	\$ 388,228	\$ 387,765	\$ 387,028	\$ 387,028	\$ 2,242,494

CAPITAL REVENUE BUDGET

The largest capital revenue source for NYCHA is HUD. The Federal *Quality Housing and Work Responsibility Act of 1998* created the Capital Fund Program (CFP), which has been the primary vehicle through which HUD has allocated modernization and other capital funds to PHAs. NYCHA's FY 2006 capital budget includes over \$301 million (43.5% of which is Federal appropriations).

**Table 2: FY 2006 Capital Budget Sources of Revenue
(\$000)**



NYCHA also receives capital funding from both the New York State Division of Housing and Community Renewal and the City of New York. NYCHA enters into agreements with both prior to the adoption of the budget. For FY 2006, NYCHA has a commitment of \$33 million (4.7% of the total capital funding) in State Modernization funds for capital improvements at State developments throughout the five Boroughs. The City of New York also finances capital projects at various developments, and has committed over \$58 million (8.3% of the total capital funding) for FY 2006.

In FY 2005, NYCHA participated in HUD's CFFP by issuing \$300 million of up to \$600 million in bonds through the New York City Housing Development Corporation. The chief purpose of NYCHA's participation in the CFFP is to accelerate the modernization of aging public housing stock. On average, NYCHA's 2,694 buildings are more than forty years old. NYCHA is constantly challenged to maintain these older buildings' systems and infrastructure at significant expense to the developments' operating budget. The CFFP funds will allow NYCHA to carefully

plan and execute larger, multi-year construction initiatives that will address many of NYCHA's needs in a more significant and lasting way. Also, many of the CFFP projects will leverage new technology, which will facilitate upgrades to these buildings in a manner that will increase efficiency and attain long-term operating savings for NYCHA.

MAJOR CAPITAL PROJECTS - CONSTRUCTION

Highlights

The following are the largest construction projects currently in the budget:

Whitman/Ingersoll Houses in Brooklyn - \$43 million over four fiscal years. The comprehensive renovation of Whitman and Ingersoll Houses is a major capital undertaking to completely renovate the 3,500 apartments and elevators in NYCHA's two oldest developments (built in 1944). Apartments will be reconfigured to add more space and create separate kitchens. Living spaces, bathrooms and kitchens will be upgraded; new tile flooring will be installed and electrical work, painting and other improvements will be performed. An elevator modernization component will include the replacement of elevator cabs, doors, and equipment in sixty-one low-rise and thirty-two high-rise buildings.

Prospect Plaza in Brooklyn - \$37.9 million over four fiscal years. This Hope VI project includes construction, on City-owned land, of thirty-seven two-family homes for sale to income-qualified public housing or other low-income residents, providing homeownership opportunities for public housing residents. In addition, 138 new affordable rental units are being built. The site will be rehabilitated to include a new community and day care center and retail facilities. The goal is to transform Prospect Plaza into a viable, mixed-income, mixed-use development that is well integrated into the surrounding community with a full array of community and support services.

Johnson Houses in Manhattan - \$49.8 million over three years. Major structural and brick façade repairs will be performed on the building in Phase II utilizing contracts assigned to contractors in the CM/Build program.

Wald Houses in Manhattan - \$48.5 million over two years. By utilizing contracts assigned to contractors in the CM/Build program, major structural and brick façade repairs will be performed.

MAJOR CAPITAL PROJECTS - NON-CONSTRUCTION

Information Technology (IT) Initiatives

Initiatives include the creation of a tenant and property management system (Customer Relationship Management), standardization and automation of the apartment inspection processes, automation of essential operating performance indicators, and the reduction of labor-intensive, paper-based records systems through the creation of electronic case folders, for housing applications, invoice processing, and Section 8 voucher holders.

Work Ticket Automation- \$36 million over the next four fiscal years. This IT project will enable NYCHA to enhance its work ticket system and related business processes, including field service automation to provide NYCHA with new capabilities to help manage and control work ticket scheduling, disposition, and repair management processes. NYCHA residents will be able to phone in maintenance requests, and appointments will be scheduled with the resident during an intake process. NYCHA may further expand the application to allow residents to use a centralized call number for all resident concerns, including noise and quality of life complaints, and questions about annual reviews and resident programs.

Operations Initiatives

NYC Local Law 1 Implementation - \$22 million over the next four fiscal years. On August 2, 2004, Local Law 1 went into effect, requiring the remediation of lead paint hazards in housing and day care facilities in all pre-1960 multi-dwelling facilities, as well as buildings built between 1960 and 1978 where lead paint was known to exist, in order to prevent childhood lead poisoning. NYCHA is quickly and efficiently removing lead from the most at-risk developments, thereby diminishing the risk of lead poisoning to NYCHA's residents.

Energy Initiatives

Instantaneous Hot Water Heater Installations - \$23 million over four fiscal years. NYCHA is implementing a new instantaneous hot water heater program to update heating technology and improve operational efficiency at a number of developments. Instantaneous hot water systems, unlike conventional tank water heaters, heat water only when it is used, and therefore do not require storage tanks. Because hot water is only produced when needed and does not lose heat while in a tank awaiting demand, it improves operational efficiency as well as reduces maintenance costs associated with the emptying and cleaning of water tanks. Over 100 hot water systems are scheduled for upgrade this year at Williamsburg, Marcy Houses, Harlem River I, Carver and Jefferson.

Computerized Heating Automated System (CHAS) Installations - \$7 million in FY 2006. NYCHA is in the process of implementing CHAS, in order to conserve energy and increase plant reliability by using technology to allow remote monitoring and troubleshooting of NYCHA's boilers and building controls via personal computer. CHAS improves staff efficiency, decreases operating costs and provides improved heat and hot water service to NYCHA residents. Over a two-year period, 500 boiler plants and 2,300 apartment buildings will be equipped with CHAS.

PROJECT-BASED BUDGETS

New Operating Fund Formula

HUD's new operating fund rule became effective on November 18, 2005. The new rule amends the Public Housing Operating Fund Program regulations and provides a new formula for the distribution of operating subsidies to PHAs. Under the new rule:

- PHAs must convert to asset management. HUD's asset management requirements mirror management norms in the private-market, multi-family management industry. Asset Management incorporates property-based budgeting, accounting and management.
- Subsidies are accounted at the development level instead of at a portfolio level with centrally-managed or provided services being charged to the developments as follows:
 - Direct cost fees are charged for services and materials based on the development's usage (e.g. CCC, information technology and supplies).
 - Management fees are charged for management functions and oversight not directly related to the operation of a development (e.g. human resources, legal services, finance, audit, planning and monitoring).
- The subsidy is calculated as the difference between NYCHA's income in FY 2004 and the cumulative total of HUD's assessments of the operating cost appropriate for each development (called "project expense level" or PEL).
- Agencies losing subsidy as a result of this rule can limit their losses to 5% of the difference between the funding provided under the old rule and that provided under the new rule by complying with HUD's Asset Management Requirement by October 1, 2006.

Under the new rule, NYCHA faces a risk of losing over \$60 million in the next five years unless it complies with HUD's asset management requirements by October 1, 2006. NYCHA must fully meet all seven criteria listed in Table 1 by this date. Failure to comply will result in continued subsidy losses. The FY 2006 Financial Plan assumes NYCHA's successful compliance with these requirements.

Table 1: Criteria for Successful Conversion to Asset Management

Criteria	Elements
1. Project-Based Accounting	a. The PHA (or its management agent) produces monthly operating statements for each project that contain the revenues and expenses of each project compared against budgeted levels, including all fees and charges from the central office cost center. For this initial stop-loss deadline, project-specific balance sheets are not required. b. Proceeds from the Capital Fund Program, energy performance contracts, and other sources to support project operations must also be reflected in the operating statements for each project. (Capital items funded from the Capital Fund Program are not required to be included in these project-specific operating statements.) c. The operating statements must reasonably represent the financial performance of each project. d. The sum of the operating statements for each public housing project must equal the total for the PHA's public housing program, i.e., they must be inclusive of all central office charges, including management

Criteria	Elements
	<p>fees, fees for centralized services, etc.</p> <p>e. The PHA maintains all records to support financial transactions.</p>
2. Project-Based Management	Property management services are arranged or provided in the best interest of the project, considering such factors as needs, cost, and responsiveness, relative to local market standards.
3. Central Office Cost Center	<p>a. All central office fees (property management, asset management, bookkeeping, etc.) must be reasonable, as defined under Section 7 of this notice.</p> <p>b. The central office cost center must operate on the allowable fees and other permitted reimbursements from its public housing and voucher programs as well as revenue generated from non-public housing programs.</p> <p>c. Solely for the purposes of stop-loss, a PHA may not fund the operation of the central office cost center with: (1) proceeds from the sale of assets acquired with public housing funds; (2) amounts from the Capital Fund Program other than those permitted for administration/planning. For example, an agency requesting stop-loss cannot use "Management Improvement" funds to pay for general accounting staff; or (3) funds received from state or local governments for the purpose of supporting operations of the center office cost center, i.e., non fee-income.</p>
4. Centralized Services	<p>a. Centralized functions that directly support projects are funded using a fee-for-service approach or through other allowable charge-backs.</p> <p>b. Each project is charged for actual services received.</p> <p>c. Centralized services are consistent with the needs of, and are in the best interests of, the project.</p> <p>d. Centralized service charges must be reasonable based on demonstrated data from the local market.</p>
5. Review of Project Performance	<p>a. The PHA systematically reviews information regarding the financial, physical, and management performance of each project, including utility consumption, and identifies non-performing properties. For the purposes of this initial stop-loss deadline, a non-performing property is one that: (1) receives a REAC Physical Inspection score of less than 70; (2) has significant crime and drug problems (defined as incidence of Part I and Part II Crimes, in accordance with Uniform Crime Reporting, that exceed the surrounding community by 120%); (3) is below 95% occupancy; (4) has tenant accounts receivable that exceed 7% of monthly rent roll; (5) would receive a "D" or lower score under the Public Housing Assessment System (PHAS) for the Management Operations sub-indicators related to Unit Turnaround and Work Orders (emergency and non-emergency); (6) has utility consumption exceeding 120% of the agency average; or (6) has other major management problems. .</p> <p>b. For any projects identified as non-performing, the PHA shall have a management plan that includes a set of recommendations and measurable goals that effectively address the area(s) of non-performance.</p>
6. Capital Planning	<p>a. The PHA has a physical needs assessment for each project.</p> <p>b. The PHA has a five-year capital plan for each project that is realistic</p>

Criteria	Elements
	<p>in terms of expected revenue sources, market, tenancy, and project needs.</p> <p>c. The PHA has demonstrated a commitment to long-term reduction in energy and utility consumption through a plan, the use of HUD's incentives, or the use of Energy Star equipment for retrofits.</p>
<p>7. Risk Management Responsibilities Related to Regulatory Compliance</p>	<p>In accordance with § 990.270, asset management includes risk management responsibilities related to regulatory compliance. A PHA is not properly carrying out its risk management responsibilities related to regulatory compliance if it:</p> <ul style="list-style-type: none"> a. Is designated troubled under PHAS for physical (PASS), financial (FASS), management operations (MASS), or Capital Fund; b. Has any outstanding FHEO compliance findings or a Voluntary Compliance Agreement (VCA) that have not been implemented; c. Does not have a current energy audit; d. Has any outstanding IG audit findings greater than six months old without demonstrated progress being made; e. Is not in compliance with Admissions and Continued Occupancy Policies (ACOP) and other related occupancy directives; f. Is not making satisfactory progress under Rental Housing Integrity Improvement Project/Rental Integrity Monitoring (RHIIPS/RIM) Corrective Action Plans (e.g., RIM review findings with open improper rent collections/payment findings); g. Is not in compliance with PIH Notice 2005-17, Reporting Requirements for the Family Report (Form HUD-50058) to the Public Housing Information Center (PIC). PHAs are considered in compliance with form HUD-50058 reporting requirements if their public housing reporting rate, as measured by the PIC Delinquency Report, is at or above 95 percent at the time of their most recent assessment period; h. Is not meeting the statutory Capital Fund Program obligation and expenditure deadlines; or i. Has any other major compliance deficiency. <p>HUD may consider a PHA's progress in addressing the above compliance issues and other extenuating circumstances.</p>

Note: For stop-loss purposes, PHAs must demonstrate that they have substantially developed the systems required to produce the project-based statements in lieu of the requirement to produce monthly operating statements for each project (project-based accounting statements).

Although NYCHA has site-based budgets and accounts for expenses on a development level, NYCHA's centrally-budgeted items will need to be budgeted and charged to the developments as a direct cost fee or a management fee.

During this year, NYCHA will incorporate management and direct fees into its development budgets as prescribed by HUD. The following pages list expense budgets, headcount information and dwelling units for all developments managed by NYCHA. This information is

also presented by Borough. NYCHA expects the implementation of project-based budgeting and accounting to provide residents and other stakeholders with greater transparency as to the allocation of funds.

**Table 2: FY 2006 Summary of Budget By Borough For Operations
(\$000)**

Borough	Units	HC	Total Budget
Manhattan	53,412	2,260	\$ 247,810
Brooklyn	58,620	2,736	\$ 297,656
Bronx	43,039	1,957	\$ 223,188
Queens	16,930	852	\$ 85,962
Staten Island	4,858	271	\$ 26,802
Private Management	4,010	-	\$ 26,406
Total NYCHA	180,869	8,076	\$ 907,824

**Table 3: Development Budgets By Borough
(\$000)**

MANHATTAN	DWELLING UNITS	H/C	PS BUDGET	OTPS BUDGET	TOTAL BUDGET
AMSTERDAM	1,634	48	\$ 2,187	\$ 3,283	\$ 5,470
AUDUBON	571	16	\$ 866	\$ 1,062	\$ 1,929
BARUCH	2,390	65	\$ 2,182	\$ 6,907	\$ 9,089
CAMPOS PLAZA	493	19	\$ 709	\$ 991	\$ 1,699
CARVER	1,246	33	\$ 1,555	\$ 2,999	\$ 4,554
CHELSEA/ELLIOT	1,128	32	\$ 1,092	\$ 2,944	\$ 4,035
CLINTON	748	23	\$ 918	\$ 2,055	\$ 2,973
DOUGLASS	2,350	66	\$ 2,362	\$ 5,812	\$ 8,174
DREW HAMILTON	1,331	40	\$ 1,379	\$ 3,223	\$ 4,602
DYCKMAN	1,167	31	\$ 1,042	\$ 2,585	\$ 3,627
EAST RIVER	1,157	39	\$ 1,671	\$ 2,626	\$ 4,297
FORT WASHINGTON	592	25	\$ 1,069	\$ 1,268	\$ 2,337
FULTON	944	24	\$ 963	\$ 2,539	\$ 3,502
GOMPERS	1,040	34	\$ 1,510	\$ 2,224	\$ 3,734
GRANT	1,939	50	\$ 1,813	\$ 4,699	\$ 6,512
HARLEM RIVER	690	28	\$ 1,135	\$ 1,546	\$ 2,681
ISAACS/HOLMES	1,322	36	\$ 1,531	\$ 2,988	\$ 4,519
JACKIE ROBINSON	703	26	\$ 1,011	\$ 1,442	\$ 2,453
JEFFERSON	1,722	47	\$ 1,901	\$ 4,623	\$ 6,523
JOHNSON	1,297	37	\$ 1,550	\$ 2,976	\$ 4,526
KING TOWERS	1,378	37	\$ 1,599	\$ 3,165	\$ 4,764
LAGUARDIA	1,490	45	\$ 1,655	\$ 3,998	\$ 5,654
LEHMAN	616	21	\$ 699	\$ 1,731	\$ 2,429
LINCOLN	1,283	35	\$ 1,459	\$ 3,305	\$ 4,764
LOWER EAST SIDE II	499	23	\$ 1,048	\$ 1,074	\$ 2,122
MANHATTANVILLE	1,369	40	\$ 1,569	\$ 3,844	\$ 5,412
METRO/WILSON/WHITE	911	32	\$ 1,306	\$ 2,383	\$ 3,699
POLO GROUNDS	1,611	46	\$ 1,827	\$ 4,096	\$ 5,923
RANDOLPH	485	16	\$ 836	\$ 908	\$ 1,744
RANGEL	984	29	\$ 1,349	\$ 1,883	\$ 3,231
RIIS	1,767	49	\$ 2,146	\$ 4,744	\$ 6,890
RUTGERS	721	18	\$ 633	\$ 1,773	\$ 2,405
SAINT NICHOLAS	1,524	43	\$ 1,809	\$ 3,754	\$ 5,562
SAMUEL CITY	664	34	\$ 1,424	\$ 1,488	\$ 2,912
SEWARD PARK	464	13	\$ 412	\$ 1,201	\$ 1,613
SMITH	1,933	51	\$ 1,902	\$ 4,120	\$ 6,021
STRAUS	492	15	\$ 561	\$ 1,071	\$ 1,632
TAFT	1,643	47	\$ 1,920	\$ 4,019	\$ 5,938
VLADECK	1,741	51	\$ 2,139	\$ 2,891	\$ 5,029
WAGNER	2,196	59	\$ 2,495	\$ 4,278	\$ 6,772
WALD	1,844	52	\$ 1,942	\$ 4,337	\$ 6,279
WASH/LEX	1,959	53	\$ 2,335	\$ 5,088	\$ 7,422
WISE	1,374	40	\$ 1,740	\$ 2,929	\$ 4,669
Subtotal Manhattan Developments	53,412	1,568	\$ 63,248	\$ 126,868	\$ 190,126
Manhattan Borough-Based Staffing	0	692	\$ 45,449	\$ 12,235	\$ 57,684
Total Manhattan	53,412	2,260	\$ 108,697	\$ 139,103	\$ 247,810

Does not include developments under private management.

Table 3: Development Budgets By Borough (cont.)
(\$000)

BRONX	DWELLING UNITS	H/C	PS BUDGET	OTPS BUDGET	TOTAL BUDGET
ADAMS	925	27	\$ 1,245	\$ 2,283	\$ 3,529
BAYCHESTER	441	16	\$ 576	\$ 1,013	\$ 1,589
BETANCES	983	33	\$ 1,470	\$ 2,925	\$ 4,395
BOSTON SECOR	528	15	\$ 739	\$ 1,399	\$ 2,138
BRONX RIVER	1,544	50	\$ 2,009	\$ 3,735	\$ 5,744
BRONX DALE	1,722	38	\$ 1,939	\$ 4,597	\$ 6,537
BUTLER	1,476	39	\$ 1,994	\$ 3,909	\$ 5,903
CASTLE HILL	2,025	55	\$ 2,474	\$ 6,221	\$ 8,695
CLAREMONT	753	27	\$ 1,243	\$ 1,823	\$ 3,065
EASTCHESTER GARDENS	1,077	33	\$ 1,418	\$ 2,327	\$ 3,745
EDENWALD	2,038	55	\$ 2,520	\$ 6,076	\$ 8,596
FOREST	1,347	40	\$ 1,799	\$ 3,510	\$ 5,309
FORT INDEPENDENCE	577	21	\$ 967	\$ 1,500	\$ 2,467
GUN HILL	733	20	\$ 846	\$ 1,920	\$ 2,766
HIGHBRIDGE GARDENS	700	21	\$ 979	\$ 1,930	\$ 2,909
JACKSON	868	25	\$ 1,010	\$ 2,816	\$ 3,826
MARBLE HILL	1,681	33	\$ 1,554	\$ 4,129	\$ 5,683
MCKINLEY	682	25	\$ 1,172	\$ 2,192	\$ 3,363
MELROSE	1,236	28	\$ 1,461	\$ 3,997	\$ 5,458
MILLBROOK	1,451	35	\$ 1,657	\$ 3,795	\$ 5,452
MITCHEL	1,877	42	\$ 1,916	\$ 4,560	\$ 6,476
MONROE	1,102	32	\$ 1,475	\$ 3,975	\$ 5,449
MORRIS	1,886	43	\$ 1,893	\$ 5,156	\$ 7,049
MORRISANIA AIR RIGHTS	843	32	\$ 1,262	\$ 1,647	\$ 2,909
MOTT HAVEN	992	25	\$ 1,160	\$ 2,489	\$ 3,649
MURPHY	500	23	\$ 1,029	\$ 1,212	\$ 2,241
PARKSIDE	879	22	\$ 1,131	\$ 2,380	\$ 3,510
PATTERSON	1,791	42	\$ 2,143	\$ 4,317	\$ 6,460
PELHAM PARKWAY	1,488	35	\$ 1,693	\$ 3,650	\$ 5,343
SACK WERN	811	27	\$ 1,417	\$ 2,290	\$ 3,707
SAINT MARY'S PARK	1,671	39	\$ 2,088	\$ 3,883	\$ 5,971
SEDGWICK	934	29	\$ 1,332	\$ 2,464	\$ 3,796
SOUNDVIEW	1,259	36	\$ 1,586	\$ 3,817	\$ 5,403
THROGGS NECK	1,722	45	\$ 2,099	\$ 4,695	\$ 6,794
TWIN PARKS	770	25	\$ 1,192	\$ 1,870	\$ 3,062
UNION AVENUE	916	40	\$ 1,712	\$ 2,161	\$ 3,873
WEBSTER	811	20	\$ 1,015	\$ 2,173	\$ 3,188
Subtotal Bronx Developments	43,039	1,193	\$ 55,215	\$ 114,836	\$ 170,051
Bronx Borough-Based Staffing	0	764	\$ 43,147	\$ 9,990	\$ 53,138
Total Bronx	43,039	1,957	\$ 98,362	\$ 124,826	\$ 223,188

Does not include developments under private management.

Table 3: Development Budgets By Borough (cont.)
(\$000)

BROOKLYN	DWELLING UNITS	H/C	PS BUDGET	OTPS BUDGET	TOTAL BUDGET
ALBANY	1,481	45	\$ 1,848	\$ 3,727	\$ 5,576
ARMSTRONG	617	27	\$ 1,065	\$ 2,431	\$ 3,496
BAYVIEW	1,610	44	\$ 1,733	\$ 3,870	\$ 5,603
BORINQUEN PLAZA	934	31	\$ 1,327	\$ 2,455	\$ 3,783
BOULEVARD	1,497	41	\$ 1,686	\$ 3,895	\$ 5,581
BREUKELLEN	1,595	51	\$ 2,149	\$ 5,227	\$ 7,376
BREVOORT	894	33	\$ 1,269	\$ 2,543	\$ 3,812
BROWNSVILLE	1,334	42	\$ 1,881	\$ 3,403	\$ 5,284
BUSHCROW	1,429	45	\$ 1,738	\$ 3,513	\$ 5,251
CAREY GARDENS	865	31	\$ 1,471	\$ 1,931	\$ 3,401
CONEY ISLAND	914	28	\$ 1,291	\$ 1,771	\$ 3,062
COOPER PARK	700	27	\$ 995	\$ 1,971	\$ 2,997
CYPRESS HILLS	1,508	49	\$ 1,985	\$ 4,425	\$ 6,410
FARRAGUT	1,390	42	\$ 1,489	\$ 4,028	\$ 5,517
GLENMORE PLAZA MGMT	438	21	\$ 904	\$ 1,085	\$ 1,989
GLENWOOD	1,186	35	\$ 1,408	\$ 2,889	\$ 4,297
GOWANUS	1,135	46	\$ 1,727	\$ 2,876	\$ 4,603
GRAVESEND	634	27	\$ 1,074	\$ 1,768	\$ 2,842
HOPE GARDENS	1,313	46	\$ 1,954	\$ 3,090	\$ 5,044
HOWARD	814	27	\$ 365	\$ 2,069	\$ 2,434
INDEPENDENCE	744	23	\$ 901	\$ 1,879	\$ 2,780
INGERSOLL	1,825	54	\$ 2,053	\$ 5,011	\$ 7,063
KINGSBOROUGH	1,339	41	\$ 1,575	\$ 3,144	\$ 4,719
LAFAYETTE	880	29	\$ 1,179	\$ 2,442	\$ 3,621
LANGSTON HUGHES	509	24	\$ 917	\$ 1,386	\$ 2,303
LINDEN	1,583	46	\$ 1,998	\$ 3,958	\$ 5,955
LOW, SETH	535	24	\$ 843	\$ 1,370	\$ 2,213
MARCUS GARVEY	521	25	\$ 1,073	\$ 1,357	\$ 2,429
MARCY	1,715	53	\$ 2,014	\$ 5,103	\$ 7,117
MARLBORO	1,765	59	\$ 2,299	\$ 5,002	\$ 7,301
O'DWYER GARDENS	697	26	\$ 1,004	\$ 1,406	\$ 2,409
OCEAN HILL	613	24	\$ 1,018	\$ 1,441	\$ 2,459
PARK ROCK	890	35	\$ 2,107	\$ 2,365	\$ 4,472
PENN-WORTMAN	625	24	\$ 972	\$ 1,129	\$ 2,101
PINK	1,500	46	\$ 1,926	\$ 3,954	\$ 5,880
RED HOOK EAST	1,409	47	\$ 1,584	\$ 3,695	\$ 5,279
RED HOOK WEST	1,471	49	\$ 1,956	\$ 3,644	\$ 5,600
REID APARTMENTS	802	34	\$ 1,578	\$ 1,788	\$ 3,366
ROOSEVELT	1,103	38	\$ 1,583	\$ 2,941	\$ 4,524
SHEEPSHEAD BAY	2,201	61	\$ 2,671	\$ 6,181	\$ 8,851
STUYVESANT GARDENS	479	23	\$ 1,016	\$ 1,171	\$ 2,187
SUMNER	1,417	42	\$ 1,496	\$ 3,784	\$ 5,280
SURFSIDE GARDENS	973	34	\$ 1,340	\$ 2,653	\$ 3,993
TAYLOR ST- WYTHE AVENUE	525	23	\$ 899	\$ 1,493	\$ 2,392
TILDEN	998	32	\$ 1,507	\$ 2,817	\$ 4,324
TOMPKINS	1,195	39	\$ 1,582	\$ 3,101	\$ 4,683
UNITY PLAZA	1,015	44	\$ 1,962	\$ 2,931	\$ 4,892
VAN DYKE	1,603	51	\$ 2,000	\$ 4,428	\$ 6,428
WHITMAN	1,652	54	\$ 2,137	\$ 3,909	\$ 6,046
WILLIAMS PLAZA	577	19	\$ 887	\$ 1,346	\$ 2,233
WILLIAMSBURG	1,628	51	\$ 2,088	\$ 4,119	\$ 6,206
WOODSON	517	15	\$ 574	\$ 1,002	\$ 1,577
WYCKOFF GARDENS	1,026	36	\$ 1,341	\$ 2,537	\$ 3,878
Subtotal Brooklyn Developments	58,620	1,963	\$ 79,437	\$ 153,453	\$ 232,920
Brooklyn Borough-Based Staffing	0	773	\$ 51,870	\$ 12,866	\$ 64,736
Total Brooklyn	58,620	2,736	\$ 131,307	\$ 166,319	\$ 297,656

Does not include developments under private management.

Table 3: Development Budgets By Borough (cont.)
(\$000)

QUEENS	DWELLING UNITS	H/C	PS BUDGET	OTPS BUDGET	TOTAL BUDGET
QUEENSBRIDGE SOUTH	1,602	43	\$ 1,830	\$ 4,098	\$ 5,928
QUEENSBRIDGE NORTH	1,540	46	\$ 1,927	\$ 2,526	\$ 4,452
ASTORIA	1,102	36	\$ 1,486	\$ 3,109	\$ 4,595
WOOSIDE	1,377	38	\$ 1,553	\$ 3,457	\$ 5,009
RAVENSWOOD	2,166	47	\$ 1,957	\$ 5,142	\$ 7,099
POMONOK	2,069	62	\$ 2,529	\$ 5,255	\$ 7,784
BLAND	399	17	\$ 678	\$ 973	\$ 1,651
REDFERN	602	20	\$ 869	\$ 1,631	\$ 2,500
BEACH 41ST. ST.0 BEACH CHANNEL DRIVE	712	20	\$ 871	\$ 1,948	\$ 2,819
SOUTH JAMAICA	1,045	39	\$ 1,670	\$ 2,838	\$ 4,508
HAMMEL	882	34	\$ 1,573	\$ 2,417	\$ 3,991
BAISLEY PARK	909	29	\$ 1,218	\$ 2,136	\$ 3,354
EDGEMERE	1,813	54	\$ 2,351	\$ 4,950	\$ 7,301
LATIMER GARDENS	436	18	\$ 653	\$ 1,031	\$ 1,684
FHA HOMES	276	26	\$ 1,150	\$ 53	\$ 1,203
Subtotal Queens Developments	16,930	529	\$ 22,315	\$ 41,563	\$ 63,878
Queens Borough-Based Staffing	0	323	\$ 19,109	\$ 2,976	\$ 22,084
Total Queens	16,930	852	\$ 41,423	\$ 44,539	\$ 85,962

STATEN ISLAND	DWELLING UNITS	H/C	PS BUDGET	OTPS BUDGET	TOTAL BUDGET
BERRY	506	17	\$ 733	\$ 1,174	\$ 1,907
MARINER'S HARBOR	603	22	\$ 1,023	\$ 1,801	\$ 2,824
STAPLETON	693	21	\$ 1,051	\$ 1,777	\$ 2,828
TODT HILL	502	16	\$ 793	\$ 1,302	\$ 2,095
WEST BRIGHTON	992	22	\$ 1,051	\$ 2,689	\$ 3,740
RICHMOND TERRACE	865	24	\$ 1,091	\$ 1,978	\$ 3,069
SOUTH BEACH	697	25	\$ 1,088	\$ 1,591	\$ 2,680
Subtotal Staten Island Developments	4,858	147	\$ 6,830	\$ 12,312	\$ 19,142
Staten Island Borough-Based Staffing	0	124	\$ 6,766	\$ 894	\$ 7,660
Total Staten Island	4,858	271	\$ 13,596	\$ 13,206	\$ 26,802
Total NYCHA	176,859	8,076	\$ 393,385	\$ 487,994	\$ 881,418

Does not include developments under private management.

ORGANIZATIONAL STRUCTURE

Background

NYCHA was created in 1934 and is the largest PHA in America. It provides housing for low- and moderate-income residents throughout the five boroughs. This mission is accomplished through its Conventional Public Housing and Section 8 Leased Housing Program.

NYCHA currently employs approximately 13,300 people to manage 344 developments. These developments consist of approximately 179,000 dwelling units. NYCHA provides public housing for approximately 414,000 residents. The average household income is \$19,600 and the average resident tenure is nineteen years. The average rent paid for a two bedroom unit is \$330.

NYCHA also administers the Federal Section 8 Program. This program currently houses about 258,000 residents with an average household income of \$11,700. The average payment to landlords is \$920, of which \$220 comes from the resident and \$700 comes from NYCHA.

Mission

NYCHA provides decent and affordable housing in a safe and secure living environment for low- and moderate-income residents throughout the five Boroughs. In order to fulfill this mission, NYCHA must preserve its aging housing stock through timely maintenance and modernization of its developments. While continuing this effort, NYCHA works to enhance the quality of life at NYCHA by offering its residents social services that give them opportunities to participate in a number of community, educational and recreational programs, as well as job readiness and training initiatives

Executive Management

General Manager reports to the NYCHA Board and is responsible for the proper execution of all orders, rules and regulations made or approved by the Authority. The Authority Secretary is responsible for calendaring all the official meetings and recording and maintaining of all decisions by the Board.

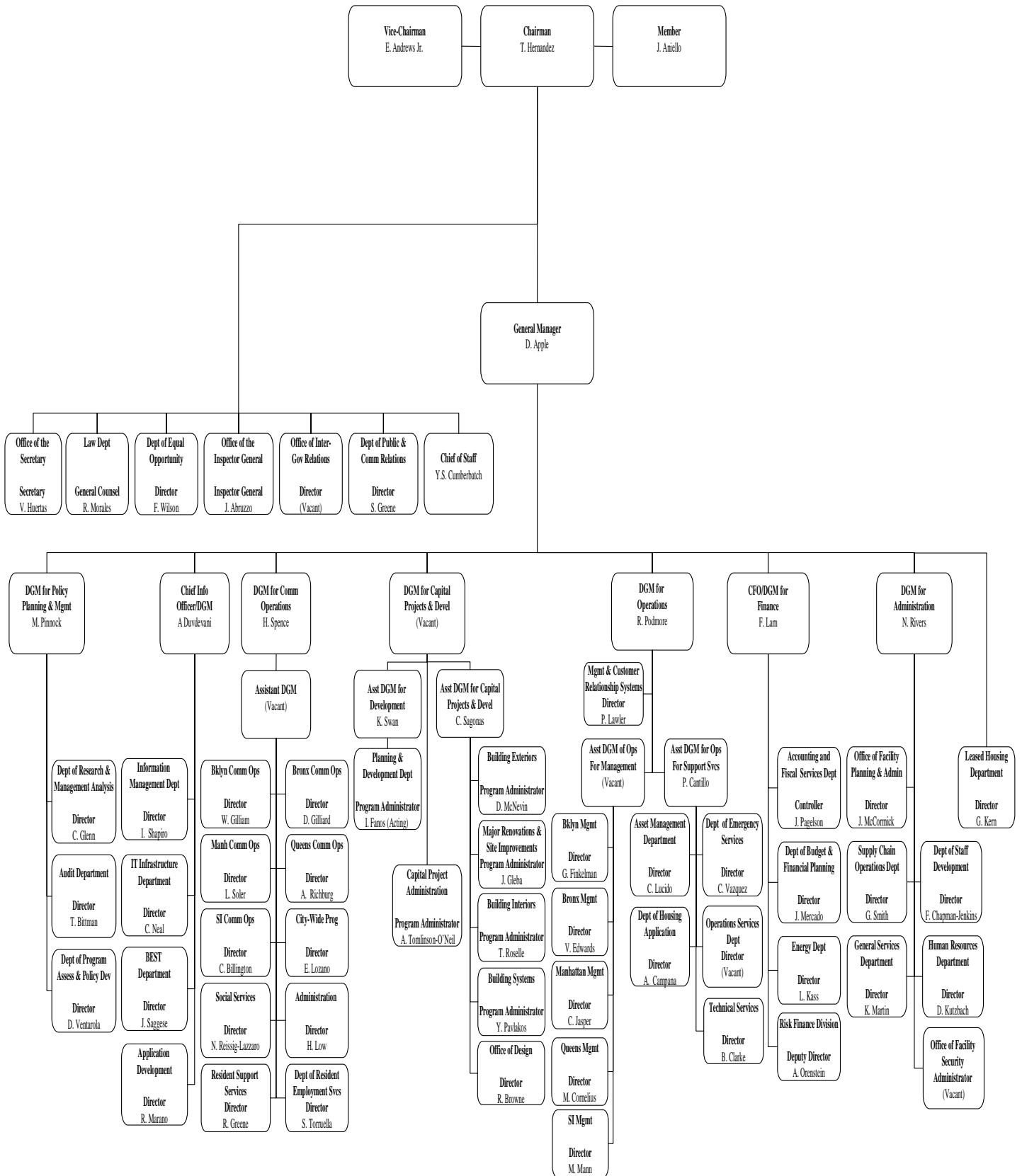
The Chairman directly supervises the: Office of the Secretary, Law Department, Department of Equal Opportunity, Office of Intergovernmental Relations and Department of Public and Community Relations.

The General Manager directly supervises the following Deputy General Managers (DGMs): Operations; Community Operations; Capital Projects and Development; Administration; Finance/CFO; Policy, Planning and Management Analysis; and Information Technology/CIO, as well as the Director of Leased Housing.

The DGMs work with the General Manager in the daily operation and administration of the Authority. The DGMs oversee several departments.

The organizational chart provides a breakdown of administrative function by department.

Table 1: NYCHA Organizational Chart



BUDGET PROCESS

Overview

The Financial Plan, prepared by the Department of Budget and Financial Planning (Budget Department) and adopted by NYCHA's Board, is a management tool used to respond to resident and employee needs, to operate within financial constraints and to implement long-term strategic goals.

The Chief Financial Officer (CFO)/DGM for Finance and the Budget Department coordinate the biannual budget process. The Financial Plan is prepared once in the spring and approved by the General Manager, and, again, in the fall and adopted by NYCHA's Board for the following year. The Financial Plan is a collaborative effort by all of NYCHA's departments and is an incremental update of a baseline that reflects the most current revenue and spending data.

NYCHA's fiscal year commences on the first day of January in each year and terminates at midnight on the ensuing thirty-first day of December. The budget calendar establishes the deadlines for different activities that are critical to the planning, development and management of the budget. The Financial Plans are prepared on a schedule that considers not only NYCHA's own fiscal year but also Federal, State and City appropriation cycles.

Date	Action	Parties Involved
January	Coordinate fiscal year-end surplus/need exercise; close out prior fiscal year. Commence NYCHA-wide capital planning exercise.	Budget Department, BRGs, Accounts Payable, Accounts Receivable, Accounting.
February	Actual utility costs received for use in developing Performance Funding System (PFS).	Energy Department.
Mid/Late April	Budget Department projects revenue and expenditure estimates; prepares and distributes budget targets to BRGs.	Budget Department.
Early May	Targets due back from BRGs.	BRGs Budget Department.
Late May	Budget briefings with Executive Management.	Executive Management and Budget Department.
Early June	Budget released.	Budget Department.
August	HUD releases final funding level for current year.	
September	HUD releases inflation factors and guidance on completing operating subsidy submission for the coming year.	
Early November	Budget Department revises revenue projections and expenditure estimates; prepares and distributes budget targets to BRGs.	Budget Department.
Mid November	Targets due back from BRGs.	BRGs, Budget Department.
Late November/ Early December	Budget briefings with Executive Management.	Executive Management and Budget Department.
Early December	Budget Exercise completed and slated for Board approval.	Executive Management and Budget Department.
Mid/Late December	Board ratifies Adopted Budget for upcoming fiscal year.	Board.

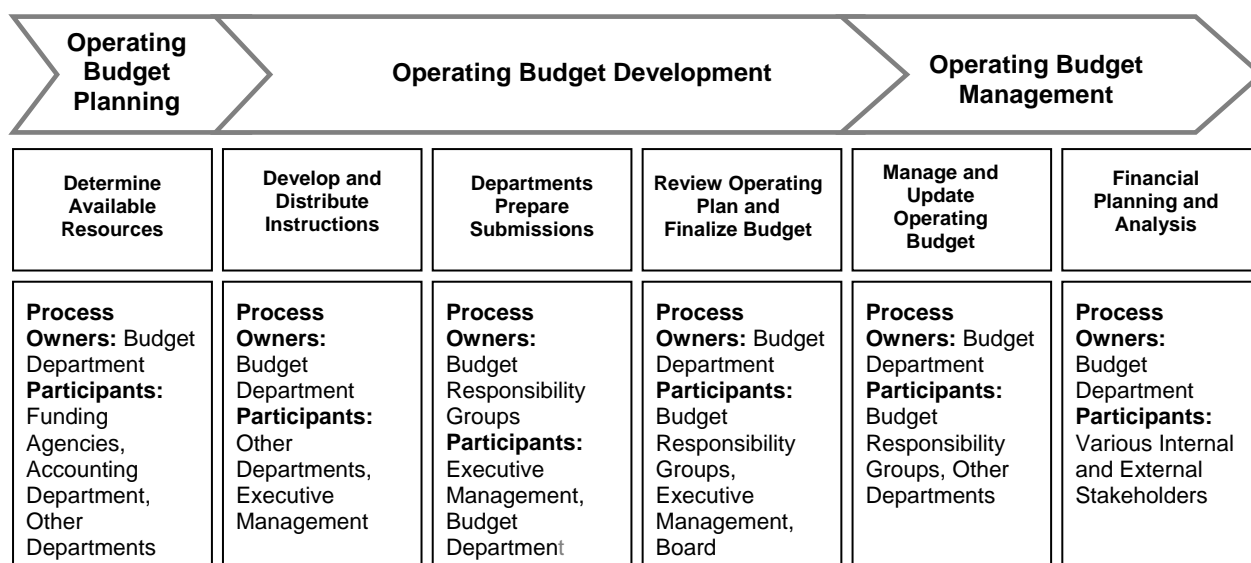
The financial planning process allows for the reforecast of revenue and expense projections based on cash received, expenditures, and information from funding sources, especially HUD, the State and the City. Because NYCHA uses an incremental budget, current year patterns will inform future year expectations. Therefore, during the financial planning process, NYCHA's departments may also request a reformulation of their out-year budgets.

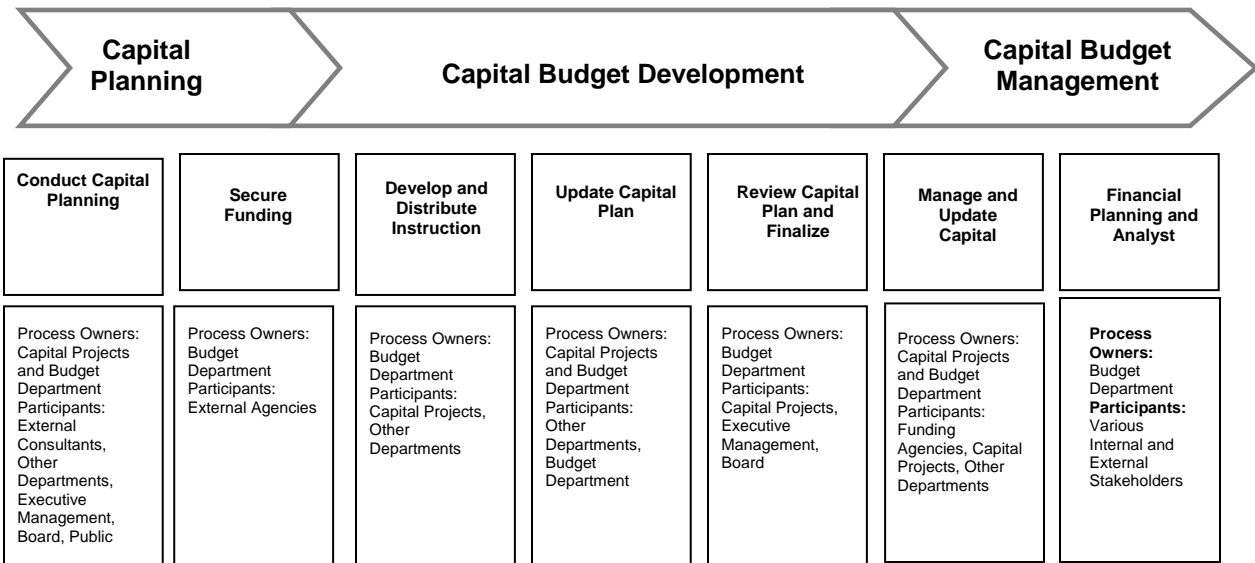
Once the requests for funding changes and current projections are reviewed by the Budget Department and the CFO, the General Manager approves the Financial Plan. During the Fall process, the Board also reviews the updated Financial Plan to ensure that it is in accordance with NYCHA's current policies, overall strategic vision, and long-term viability. When the Fall Financial Plan is approved by the Board, it is also adopted in anticipation of the following fiscal year.

The financial planning process for both the operating and capital budgets follow the same steps:

1. "Budget Planning" includes needs assessment and resource estimation, and involves all of the departments in NYCHA.
2. "Budget Development" involves the prioritization of needs and risks; and budget production, approval and adoption.
3. "Budget Management" consists of monitoring cash received and expenditures against budget; performing programmatic, financial analysis; and reporting to internal and external stakeholders.

The operating and the capital budgets follow the same steps and are described in the following two diagrams:





NYCHA has produced for its stakeholders a plan for fiscal viability and stability. The current Financial Plan, spanning FY 2006 to FY 2010, provides a balanced budget for each year, allowing NYCHA to fulfill its core mission of providing low- and moderate-income housing in the City of New York, as it has done for the last seventy-two years.

