



Five Year Operating Plan Calendar Years 2021-2025

December 30, 2020

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2021-2025 Operating Plan

The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2021-2025 Operating Plan on December 30, 2020. This Five-Year Plan outlines the Authority's priorities and strategies to address the challenges it faces with its available resources.

Overview

The 2021 Plan projects an operating deficit of \$25 million. The Authority's \$4.1 billion budget supports two major federal programs. The \$2.8 billion Public Housing Program supports the operations and maintenance of over 160 thousand units of housing and the \$1.2 billion supports the Housing Choice Voucher (HCV) Program provides 87 thousand low-income New Yorkers with affordable housing in the private sector. Shortfalls in federal funding for the Public Housing Program are offset with \$248 million provided by the City of New York.

FY21 - FY25 Operating Plan Summary					
(\$ Millions)	FY21	FY22	FY23	FY24	FY25
<i><u>Revenues</u></i>					
Tenant Rental Revenue	\$1,008	\$918	\$829	\$758	\$740
Federal Operating Subsidies	1,015	921	875	840	816
Section 8 Subsidies	1,352	1,467	1,697	1,989	2,264
City funds	248	233	217	217	217
Other Revenues	436	224	222	222	223
Total Revenue	\$4,058	\$3,763	\$3,841	\$4,026	\$4,261
<i><u>Expenditures</u></i>					
Salaries	873	879	851	816	802
Fringes	571	611	614	615	623
Contracts	612	440	401	377	373
Utilities	513	476	435	403	401
Housing Assistance Payment	1,185	1,317	1,587	1,840	2,028
Other OTPS Expenses	330	339	316	292	283
Total Expenditures	\$4,084	\$4,063	\$4,204	\$4,345	\$4,510
Surplus/ (Deficit)	(\$25)	(\$300)	(\$363)	(\$319)	(\$249)

Our Commitment to a Financial Transparency

The New York City Housing Authority (NYCHA) remains committed to financial transparency and effective budgeting. Toward that end, the Authority has submitted its Five-Year Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA); implemented proactive measures to improve the budget process; and confirmed participation in the citywide Checkbook NYC project.

Government Finance Officers Association (GFOA) Award

After adopting the FY 2020 Plan, NYCHA submitted its 2020 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In November 2020, for the sixth consecutive year, NYCHA was awarded the Distinguished Budget Presentation Award. This award is the highest form of recognition in government budgeting.

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



Checkbook NYC

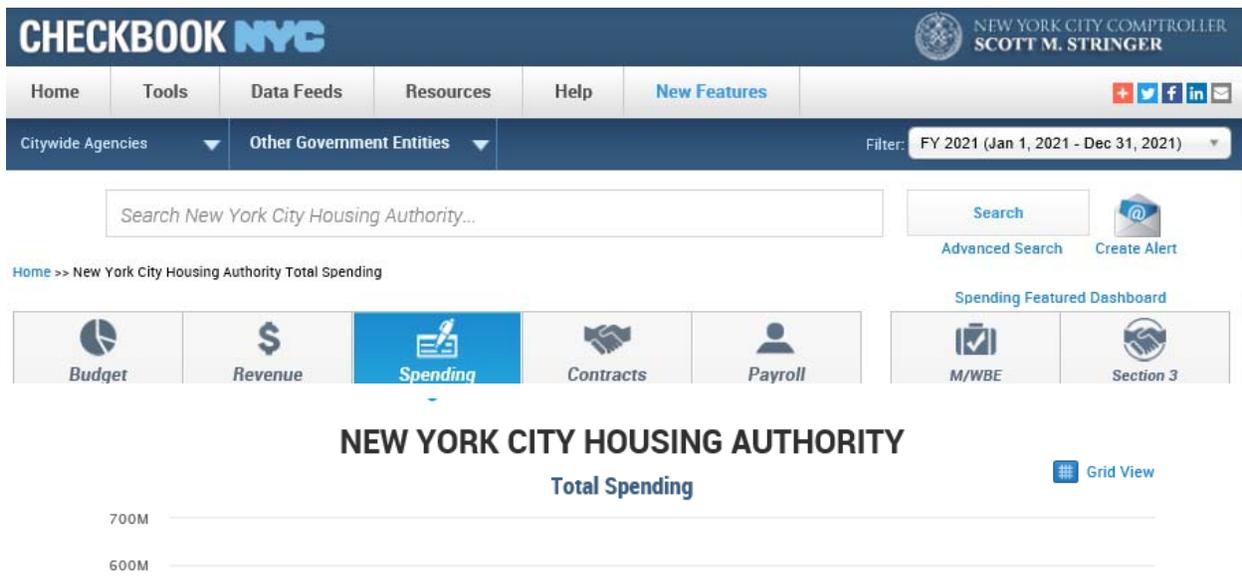
In July of 2010 the New York City Comptroller's Office launched Checkbook NYC, an online transparency tool that for the first time placed the City's day-to-day spending in the public domain. Using an intuitive dashboard approach that combines a series of graphs and user-friendly tables, Checkbook NYC provides up-to-date information about the City's financial condition.

New York City Housing Authority

In February 2015, Comptroller Scott M. Stringer took the next step in online government transparency when he unveiled “Featured Dashboards” in Checkbook NYC, a new tool that provides unprecedented access to subcontractor and M/WBE spending and contract information.

Checkbook NYC has been ranked the top transparency tool in the nation for tracking government spending by the United States Public Interest Research Group and was named New York City 2013 “Best External Application” by Government Technology Magazine.

Since 2018, NYCHA has been working closely with the Comptroller’s team to help with this endeavor and extend its effort to bring transparency to the public. NYCHA’s share of the collaborative effort in the CheckBook NYC project is expected to be completed in FY’21.



A Path to Financial Sustainability

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

The Blueprint for Change

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

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

1. Transformation Plan
2. Stabilization Strategy
3. Jobs and Reconvert

Transformation Plan

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

Neighborhood Model:

The Neighborhood Model represents a major step towards reshaping the organizational structure at the property and neighborhood levels.

Alternative Work Schedule (AWS) - Use Transformation file

In support of the Neighborhood Model and efforts to improve property conditions, NYCHA is working towards more flexible and responsive work schedules for Caretakers and Maintenance Workers, recognizing that conditions at each property can dramatically change after normal business hours and on weekends.

Traditionally, NYCHA Caretakers, responsible for all grounds and hallway clean-up, along with other janitorial tasks worked 8:00am-4:30pm Monday through Friday. In late 2018, NYCHA and Teamsters Local 237—which represents all NYCHA Caretakers—signed a new collective bargaining agreement that allowed for Alternative Work Schedules (AWS), consisting of four, 10.5-hour work days per week. The alternative schedules were first introduced at select developments in April 2019, and implementation across all developments was completed in February 2020. Since that time, roughly 75% of Caretakers have been assigned to alternative

work schedules.



Property Based Budgeting Process

For the first time, property managers submitted requests for additional supplies, contracts, equipment and Other OTPS in the discretionary accounts they manage. All \$16 million requested was approved

- Property Managers control 20% of the property budgets for day-to-day expenses. The remaining 80% is managed centrally for utilities, payroll, property insurance, etc.
- Trained over 140 Property Managers on budget concepts and the financial database
- \$16 M requests for additional funds submitted directly by Property Managers into the financial database

Work Order Reform

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

The pilot program began on October 1, 2020 in Astoria, Queensbridge North, Queensbridge South, and Ravenswood, during which time employees and residents have been engaged in refining the process. Not only are skilled trades staff stationed on site, which increases efficiency and responsiveness, residents are now able to schedule all of the appointments needed to complete a repair in a single phone call. The pilot also introduced a localized data driven approach: the creation and review of a dashboard which measures several new Key Performance Indicators (KPIs) and integrates data from our Kronos timekeeping system to evaluate individual employee performance and productivity.

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

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

HUD/SDNY Agreement Investments

- Over the last 3 years, NYCHA has increased annual investments to the HUD/SDNY Agreement pillar areas by \$121 million.
- Funding for capital needs related to the pillar areas is also provided in the proposed capital budget.
- Pillar Areas (funding)

A Stabilization Strategy

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

Permanent Affordability Commitment Together (PACT)



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

Renovations will provide residents with new kitchens, bathrooms, windows, and common areas while addressing critical repairs to elevators, boilers, roofs and facades. The PACT program also enhances on-site social services by funding valuable community programming that will be provided by a growing list of non-profit partners. PACT renovations will be completed on a rolling basis – between 7,500 and 10,000 apartments per year – by the year 2028.

Approximately \$579 million in renovations have been completed at more than 3,200 apartments in Queens and the Bronx. An additional 6,300 apartments, home to approximately 13,600 New Yorkers, are under construction in the Bronx, Brooklyn, and Manhattan totaling \$1.2 billion in major upgrades. An additional 11,800 households are part of active development projects in the process of resident engagement or pre-development. In sum, NYCHA has more than 21,000 units completed, in-construction, or in a stage of resident engagement or pre-development.

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

PACT at Ocean Bay (Bayside)

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

PACT at Twin Parks West, Bronx

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

PACT at Highbridge-Franklin, Bronx

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

PACT at Betances, Bronx

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

PACT at Baychester/Murphy

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

PACT at Hope Gardens, Brooklyn

This conversion will provide \$280 million for comprehensive repairs to 1,321 apartments across 60 buildings in the Bushwick neighborhood of Brooklyn. NYCHA entered into a public-private partnership with Pennrose Properties (developer), Procida Construction (general contractor), Pinnacle City Living (property manager), and Acacia Network (social services provider). Repairs are expected to be completed in the fall of 2021.

PACT Brooklyn II

This conversion will provide \$434 million for comprehensive repairs to 2,625 apartments across 38 buildings in Brooklyn. NYCHA entered into a public-private partnership with the Arker Companies, Omni NY LLC, Dabar Development Partners, and Bedford Stuyvesant Restoration Corporation (developer joint venture), Chateau GC and Renewal Construction Services LLC (general contractor), Progressive Management (property manager), and El Puente, Nan Newark Tech World, Parcure Community Health Network (social services provider). Repairs began in 2020 and will be completed in late 2022 or 2023.

PACT Manhattan

This conversion will provide \$383 million for comprehensive repairs to 1,718 units across 16 developments in Manhattan. The development team is a joint venture between Monadnock Development LLC, Community Preservation Corporation, Community Development Trust, Kalel Holdings, Lemor Development Group, and Community League of the Heights (CLOTH). Repairs began in 2020 and will be completed in late 2022 or 2023.

Build to Preserve (BTP)

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

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

BTP at Sites in Chelsea, Manhattan

NYCHA is exploring Build to Preserve at the developments in the Chelsea neighborhood with a working group comprised of residents, elected officials, community representatives, and housing organizations. The working group has been meeting since the fall of 2019 to produce

community-driven recommendations to address the future of Chelsea, Chelsea Addition, Elliot, and Fulton Houses. While working group meetings were paused due to COVID-19, members began meeting again this summer. The working group is aiming to publish a list of recommendations in early 2021, which would inform an RFP to be issued by NYCHA to select development partners.

Transfer to Preserve

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

100% Affordable Housing and Seniors First

NYCHA will contribute resources to Housing New York, the Mayor’s plan to secure 300,000 affordable apartments by 2026. All new development activity will include a transparent resident engagement process and will bring improved amenities for existing residents, as well as opportunities for new affordable housing, including for seniors. The plan to create affordable senior and family housing on underused NYCHA property was the outcome of an extensive and meaningful planning process with hundreds of residents and community advocates. NYCHA intends to retain rights to the land developed through a long-term ground lease and provide critical oversight to the project. NYCHA also stipulated that the developers are to train, hire, and engage NYCHA residents on a regular basis as the project progresses and give preference to residents for 25 percent of the units.

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

Mill Brook, Bronx

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

Ingersoll, Brooklyn

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

Van Dyke III, Brooklyn

In 2018, NYCHA leased a parcel with approximately 191,500 square feet of residential development rights for construction of a 180-unit family housing development. Construction began in 2019 and is expected to be completed in 2021.

Betances V, Bronx

In 2019, NYCHA leased a parcel of approximately 12,600 square feet on Block 2287, Lot 26, for construction of a 149-unit senior housing development. Construction is underway and anticipated to be completed in 2021.

Betances VI, Bronx

NYCHA intends to lease a parcel of approximately 9,800 square feet on Block 2291, Lot 1, for construction of a 101-unit family housing development. NYCHA, in collaboration with HPD, issued an RFP in 2016 and a developer was designated in 2017. A Section 18 Application was approved in 2019. Demolition of the existing one-story commercial structure and construction of the new affordable housing development is scheduled to begin in 2021.

Morrisania Air Rights, Bronx

NYCHA intends to lease a parcel of approximately 21,200 square feet on Block 2409, Lot 98, for construction of a 171-unit family housing development. The project was financed, and construction began in December 2020.

Sumner, Brooklyn

NYCHA intends to lease a parcel of approximately 24,200 square feet on Block 1580, Lot 1, for construction of a 190-unit senior housing development. NYCHA, in collaboration with HPD, issued an RFP in 2017. A developer was designated in 2018. A Section 18 Application was approved in 2020 and construction is anticipated to begin in 2021.

Twin Parks West, Bronx

NYCHA intends to lease a parcel of approximately 16,500 square feet on Block 3143, Lots 234, 236 and 240, for construction of a 182-unit family housing development. The project was financed, and construction began in December 2020.

Bushwick II CDA (Group E), Brooklyn

NYCHA intends to lease a parcel of approximately 7,800 square feet on Block 3325, Lot 1 for construction of a senior housing development. NYCHA, in collaboration with HPD, issued an RFP in 2017. A developer was designated in 2019. A Section 18 Application will be submitted in 2021 and, pending approval, construction is anticipated to begin in 2021 or 2022.

Justice Sonya Sotomayor Houses, Bronx

NYCHA intends to lease a parcel of approximately 9,400 square feet on Block 3730, Lot 1 for construction of a senior housing development. NYCHA, in collaboration with HPD, issued an RFP in 2017. A Section 18 Application will be submitted and, pending approval, construction is scheduled to begin in 2021.

Job and Recovery Strategy

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

Operate as an efficient landlord

NYCHA is first and foremost a landlord. The Authority must provide better customer service and property management for its residents.

Safety Measure – COVID19 Guideline

FY'20 has been challenging and difficult year especially for NYCHA's frontline staff and residents.

Prioritizing and understanding of public health and safety concern with COVID19 Pandemic, NYCHA worked closely with local authorities ensuring in providing clear communication and guidance. Some of measures taken to address concerns includes:

- Issuance of face coverings to all employees conducting work in NYCHA developments and Central Office locations
- Provided communication to all staff and residents based latest government guidelines
- Divert to remote working to all non-essential personnel
- Exercising updated safety measures in provide critical services to residents



Led by Executive team and Environmental Health & Safety Department, Team NYCHA has been actively involved in reaching out to both staff and residents in creating healthy and safety environment and helping those affected manage difficult situation.

Information Technology Solutions

NYCHA's Information Technology (IT) Department continues to make significant service improvements for both internal and external customers through the implementation of advanced technologies including mobile and self-service technologies. NYCHA continues to be recognized as a technology leader.

Below are some of the highlights and status of key technology initiatives.

Immediate Response to Support COVID Teleworking Needs

In March 2020, due to the National Emergency issued for the COVID19 pandemic, NYCHA IT immediately supported the Authority in its efforts to keep both employees and residents safe and continue operations. Most immediate in the transition was technology purchases and enhancements to infrastructure. These activities include implementing Virtual Private Network (VPN) access for all NYCHA users to enable work from home, develop VPN homepage enhancements, supporting executive staff to quickly purchase laptops and MiFi devices, enabling call forwarding of desktop phones and enabling virtual desktops for work to continue.

To successfully execute the updates in technology, IT also developed and sent communications and guidance in the form of articles regarding VPN and remote desktop access, O365, and cyber

security. These articles were also developed and posted for publication on NYCHA intranet site (Connect).

Supporting NYCHA Staff as they Work Remotely

IT was heavily engaged in supporting NYCHA departments as the Authority transitioned to remote work. Application enhancements that were quickly implemented to support other departments include:

Human Resources/Payroll

- Kronos - Updated the Kronos application reporting and implemented COVID specific pay policies, codes and specific reports for analysis.
- Movaris/Forms – Added timesheet creation for staff telecommuting for Shelter-in-Place. Converted existing HR Form related to Movaris. Enabled offline usage of payroll request form.
- E-signature - Implemented electronic signature capabilities for retirement forms.

Community Engagement

- Data Warehouse – Uploaded data to identify vulnerable Tenants for City Food Drive and related services.
- Uploaded Contact information of Teleworking & Essential / Non-Essential staff.

Maintenance Repair & Skilled Trades (MRST)

- Kronos –Modified Attendance report for MRST to show and evaluate all staff assigned to MRST. Created COVID-19-related report to establish work coverage on premises.

In Summary, IT continues to respond to the Authority’s needs to support operations and address residents’ needs. We continue to find solutions that will support the delivery of services and maintain operations.

Siebel

2020 Major Accomplishments:

- Siebel system was upgraded to Innovation Pack 18, which includes a more modern platform known as “Open UI.” The Open UI framework provides an improved user experience for NYCHA users.
- Initiated an assessment to analyze and determine a roadmap for digitizing records related to Tenant Management, Law Matters, and Employees. The benefits of electronic folders include minimizing the time spent on finding and retrieving files, reducing the number of lost files and information, simplifying the sharing of files across departments, and improving privacy and recovery.
- Initiated a project to simplify the annual re-certification process with a new UI on the Self-Service portal

Implemented the following enhancements related to COVID-19:

- streamlined interim re-certification process to provide rent relief to families impacted by loss of income due to COVID-19
- Section 8 Emergency referrals allowing referrals for its Housing Choice Voucher (Section 8) waitlist for specified emergency preferences.
- senior wellness check campaign functionality to allow REES to track wellness calls to NYCHA's senior residents.
- Track AC campaign outreach to collect information from NYCHA's Senior residents who may be eligible to receive an air conditioner unit in their home as part of the City of New York Air Conditioner program. The outreach calls were an important step to collect information and confirm if a tenant would like to have an air conditioner unit installed by a contractor.

Seibel 2021 Planned:

- Rollout the simplified annual re-certification process
- Complete a Siebel assessment by Oracle to evaluate for performance improvement opportunities and functionality.
- Complete a LH & PH solution assessment and evaluate COTS solutions designed for PHAs as possible replacement for Siebel and initiate the implementation.
- Begin digitizing Tenant folders at Property Management Offices

Maximo

Major Accomplishments 2020:

NYCHA has continued to support the implementation of the HUD improvements to Maximo throughout 2020. In 2019, NYCHA entered in an agreement with HUD and the Southern District of NY to engage in a series of reforms and milestones aimed at improving health, safety, and quality of living throughout NYCHA properties. In support of this agreement.

There were several enhancements made in Maximo to support tracking, scheduling and completion of inspections maintenance and repairs by NYCHA employees as they received work orders. In addition, IT created various dashboards that enabled transparency around the execution and progress of the work orders.

Find highlights below by Pillar (Lead, Mold, Heat, Pest, PHA & Apartments, Elevator and Other) for 2020.

Lead

- Work order system to support BIENNIAL RISK ASSESSMENT for apartments, common areas and exterior areas based on HUD Guidelines. In addition to creating a work order system to support the Annual Visual Assessment Inspection of units to enable staff to visually inspect, identify and remediate lead-based deficiency and components within apartment units.

New York City Housing Authority

- IT has created a new Maximo desktop and handheld version of required pre-renovation acknowledgment forms and post-renovation checklists.
- Developed an online Vendor Portal to Capture Vendor Certifications to a single location that can be reliably monitored by Operations, Healthy Homes, EH&S and the Compliance Department.
- Oracle integration so that teams can transfer purchasing information and create required work orders for developments and assign releases to those work orders in Maximo.
- HUD Summary Dashboard to show visual assessment progress for HUD universe units based on Risk Assessment and Visual Assessment inspections.
- Creation of various QU Dashboards

Mold

- Roof Warranty tracking enhancements now makes contract images accessible in Maximo, provides the ability to notify NYCHA staff when a new Warranty Contract has been created, approved and a building has been assigned and logging vendor/manufacturer communications without having to revise the contract.
- Leak/Excessive Moisture Work Order Inspections Pilot new procedure and functionality supports the Baez agreement.

Pest

- Developed work order enhancements for tracking pest reduction efforts in addition to the creation of Dashboard to monitor actions.

Elevator

- Developed work order enhancements for real-time information on work progression immediately reflected in Maximo.

Supporting NYCHA Residents

Self-Service Kiosks

In 2019 and 2020, new kiosks were added to NYCHA's walk-in centers, allowing for shorter waits and improved access to accounts and services. It is NYCHA's policy to transform to a digital organization that leverages technology to improve customer service and increase efficiency. One Stop Kiosks provide NYCHA customers with additional technology access points to conduct online transactions through NYCHA's public web-based applications. IT is engaged in ongoing discussions with partners and residents to deliver improvements and enhancements to support the interaction at CCC and NYCHA public housing developments.

Digital Vans

With the help of the General Services Department, IT updated and retrofitted the Digital Vans with plastic sheeting and partitions to meet COVID-19 safety requirements and accommodate for social distancing. Additionally, in coordination between various departments Digital Vans are being dispatched to ensure that residents can complete Tenant re-certification applications.

Deployed ServiceNow for IT Service Desk

IT Service Management (ServiceNow®) -Deployed a new NYCHA IT Service Desk, powered by ServiceNow®, featuring a new Service Portal and Knowledge Base, with Incident Management and Problem Management functionality. The platform is available inside and outside the NYCHA network.

Leveraging other technologies to meet residents

IT continues to leverage and partner with various providers to support residents and their interaction with the Authority. One example is extending contracts, provisioning and supporting video conference solutions so that residents could attend RAB, CCOP and various board related activities.

Closing the Year

FY 2020 has been a challenging year for the nation as a result of worldwide pandemic and it was especially difficult for NYCHA's low-income families. While there was a significant reduction in revenue from tenant rent, increase in contract and other expenses related to pandemic containment efforts, however, NYCHA managed to end FY 2020 with a balanced financial.

(\$ in Millions)

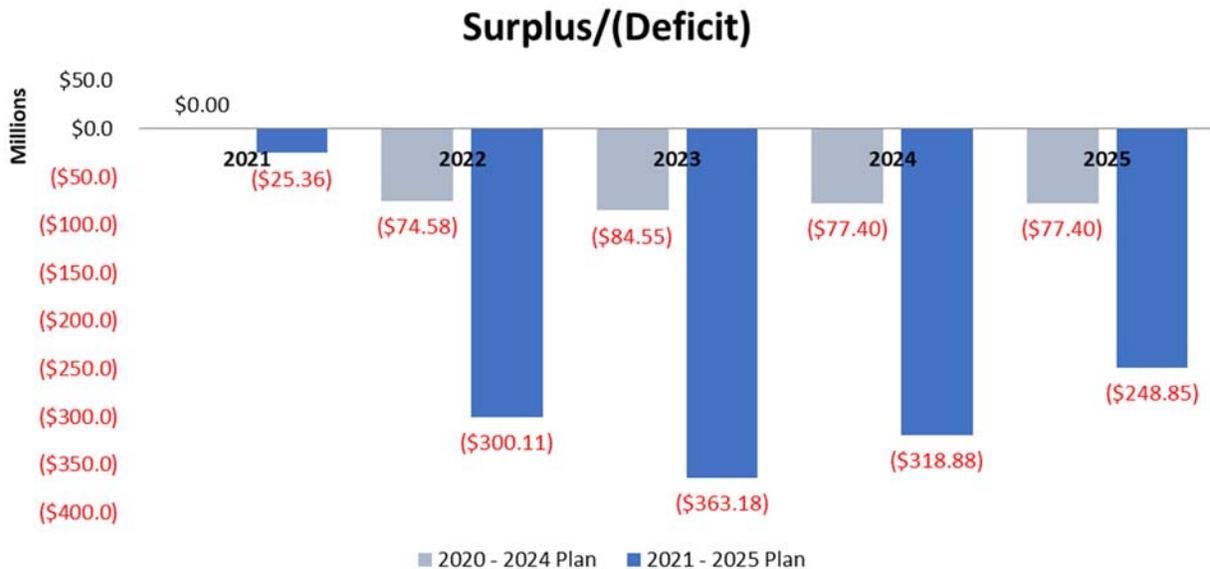
	2020 Adopted Budget	2020 Year-end Actuals	VARIANCE (Adopted vs. Year-end Actuals)
Revenue			
Tenant Rent	\$1,025	\$986	\$(39)
Operating Subsidy	\$984	\$973	\$(12)
Section 8 HAP	\$1,275	\$1,263	\$(13)
Other Revenues	\$553	\$564	\$11
Total Revenues	\$3,837	\$3,785	\$(52)
Payroll	\$1,422	\$1,460	\$(38)
Supplies	\$109	\$87	\$21
Utilities	\$545	\$524	\$21
Contracts	\$377	\$404	\$(27)
Section 8	\$1,181	\$1,171	\$10
Other OTPS	\$112	\$139	\$(26)
OTPS Total	\$2,325	\$2,325	\$(1)
			-
Total Expenses	\$3,746	\$3,785	\$(39)
Surplus/(Deficit)	\$91		\$(91)
Headcount	11,339	10,813	526

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

History of NYCHA’s Funding

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

Additionally, as we transition public housing unit via RAD, cost to maintain public housing program is expected to increase, contributing to deficit of \$25 million in FY’21, \$300 million in 2022, \$363 million in 2023, \$318 million in 2024, and 249 million in 2025.



Above chart compares prior Adopted Plan to Current Adopted Plan

Historical Federal Funding

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

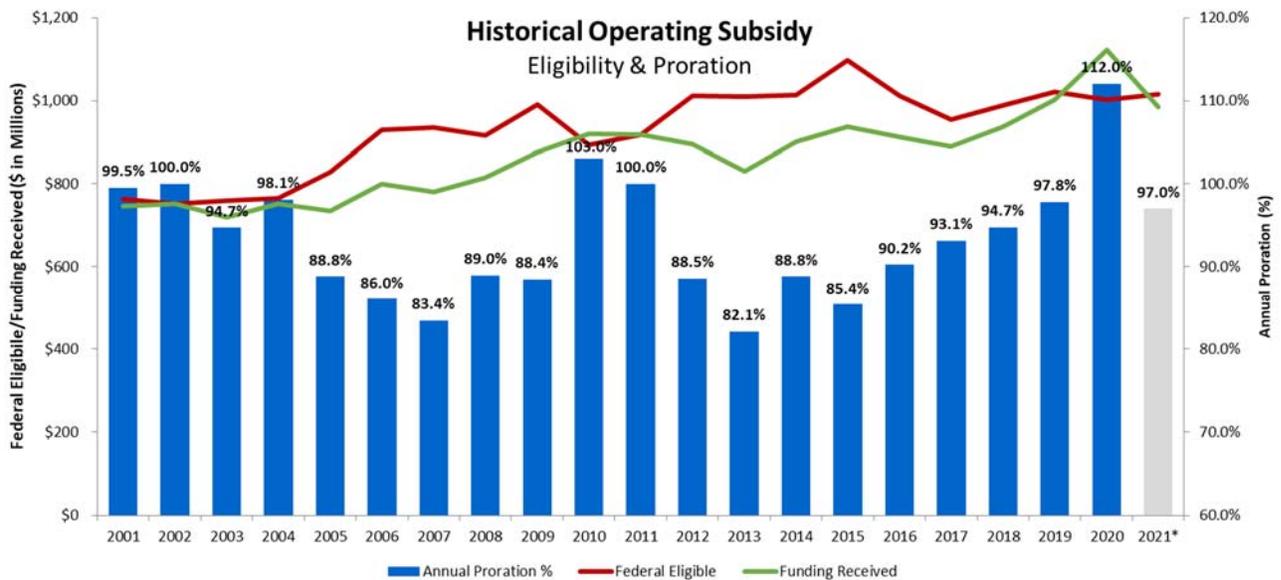
Funding Source	2020 Year-end	2021 Adopted	Historical 8-Yr Average
Operating Subsidy*	112.00%	97.00%	91.51%
Section 8 HAP	99.40%	0.00%	98.49%
Section 8 Admin	81.47%	0.00%	79.13%
Cap Fund (\$ in Millions)	\$585.01	\$585.01	\$360

* FY21 based on projected funding and eligibility

Federal Operating Subsidy

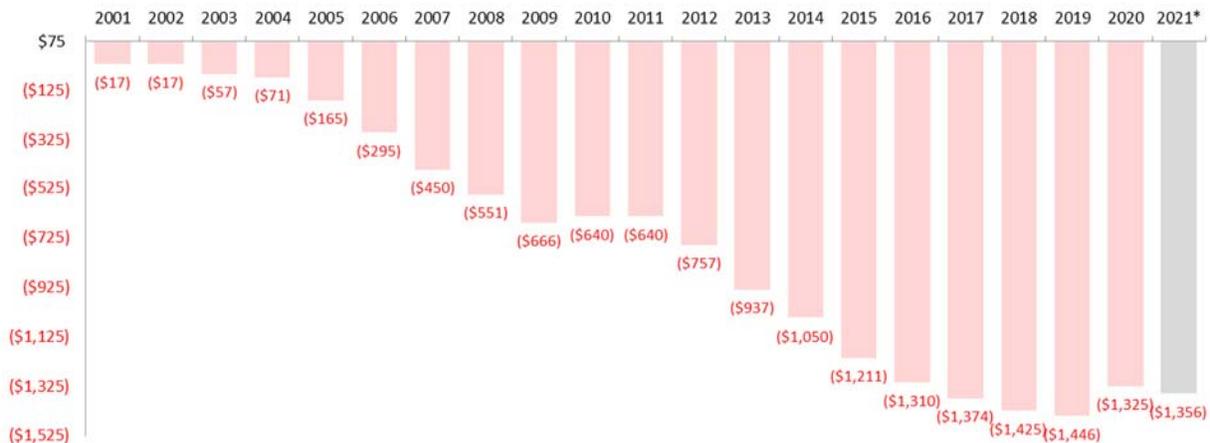
If NYCHA was awarded at 100 percent of total eligibility, there would be little or no operating deficit in the Authority’s Five-Year Plan. In fact, NYCHA would have additional resources to meet the needs of residents by supporting critically needed frontline staff, such as maintenance workers, caretakers,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

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



Note: FY20 Proration includes \$150 Million in Care ACT bringing up the Proration from 97% to 112%., FY21 is based on Adopted.

Cumulative Operating Subsidy Funding Loss (\$ in Millions)



Historical data (2001 to 2020), as shown above, illustrates a cumulative operating funding loss of over \$1.3 billion as a result of proration.

It is important to note that in FY 2020, in recognition of unprecedented pandemic, Public Housing Authorities (PHAs) received a National Appropriation of \$5.146 billion. Of which, NYCHA was eligible to receive \$ 1.003 billion, however, due to proration of 112%, NYCHA received \$1.001 billion, a loss of \$21 million .

Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, assists low-income families in obtaining safe, decent and affordable housing in the private market by providing rental subsidy. NYCHA administers the largest Section 8 Program in the nation with 87,000 households served through a network of over 25,000 participating landlords.

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

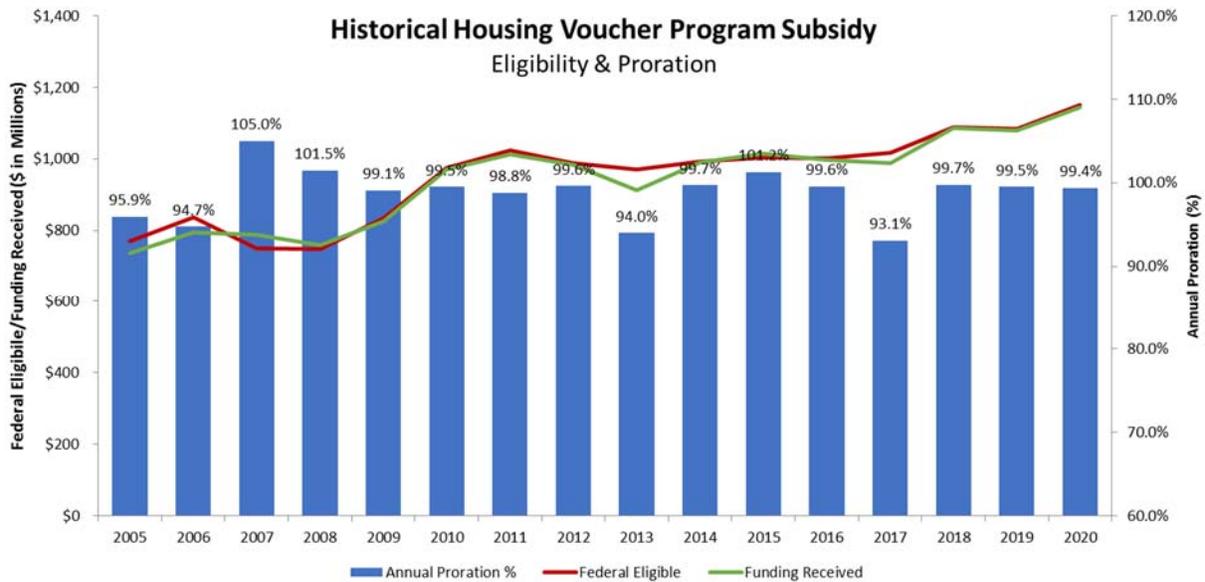
HUD establishes the total number of authorized vouchers for a Public Housing Authority (PHA). The annual renewal funding to the PHA is based on the total of the Housing Assistance Payments made the previous year, adjusted for HUD's published inflation for the local market and congressional appropriations.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

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

Housing Assistance Payments (HAP)

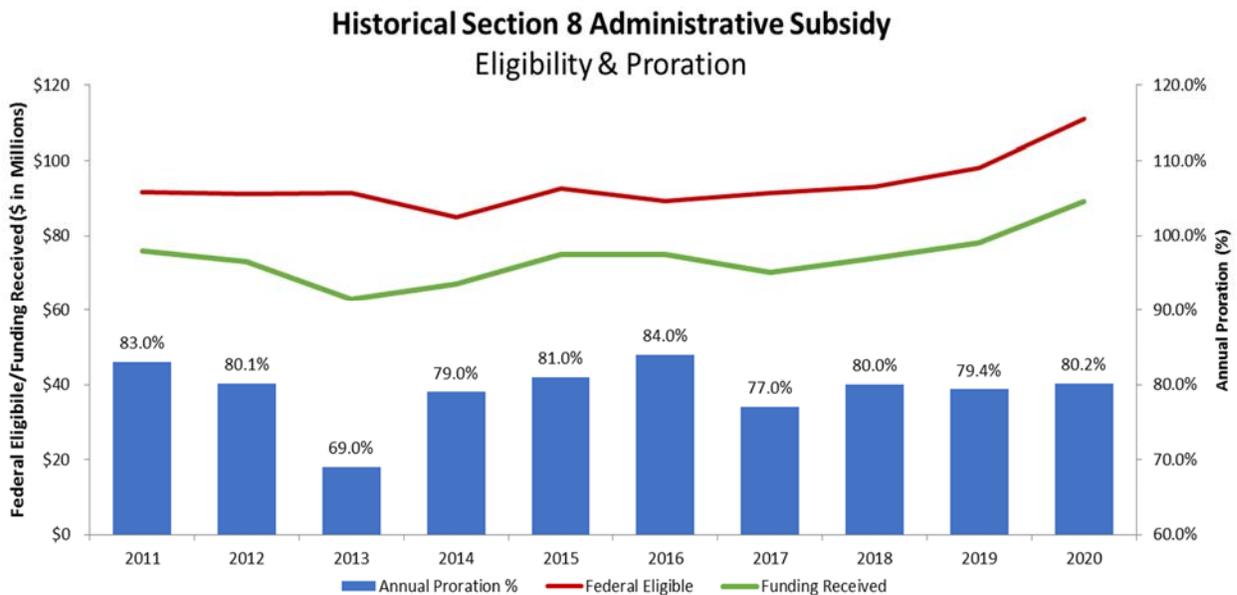
NYCHA provides rental subsidies to participating landlords on behalf of eligible participants through Housing Assistance Payments (HAP). Unused rental subsidies must be maintained in program reserves by HUD and may only be used for the issuance of additional vouchers or to offset any shortfall in annual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

Based on estimated 2020 HAP actual expenditures of \$1.1 billion, NYCHA estimates the HAP renewal funding of \$1.2 billion in 2021 to be at 99.4% and adjusted for inflation. However, the renewal funding may be revised based on national guidelines.



Administrative Fees

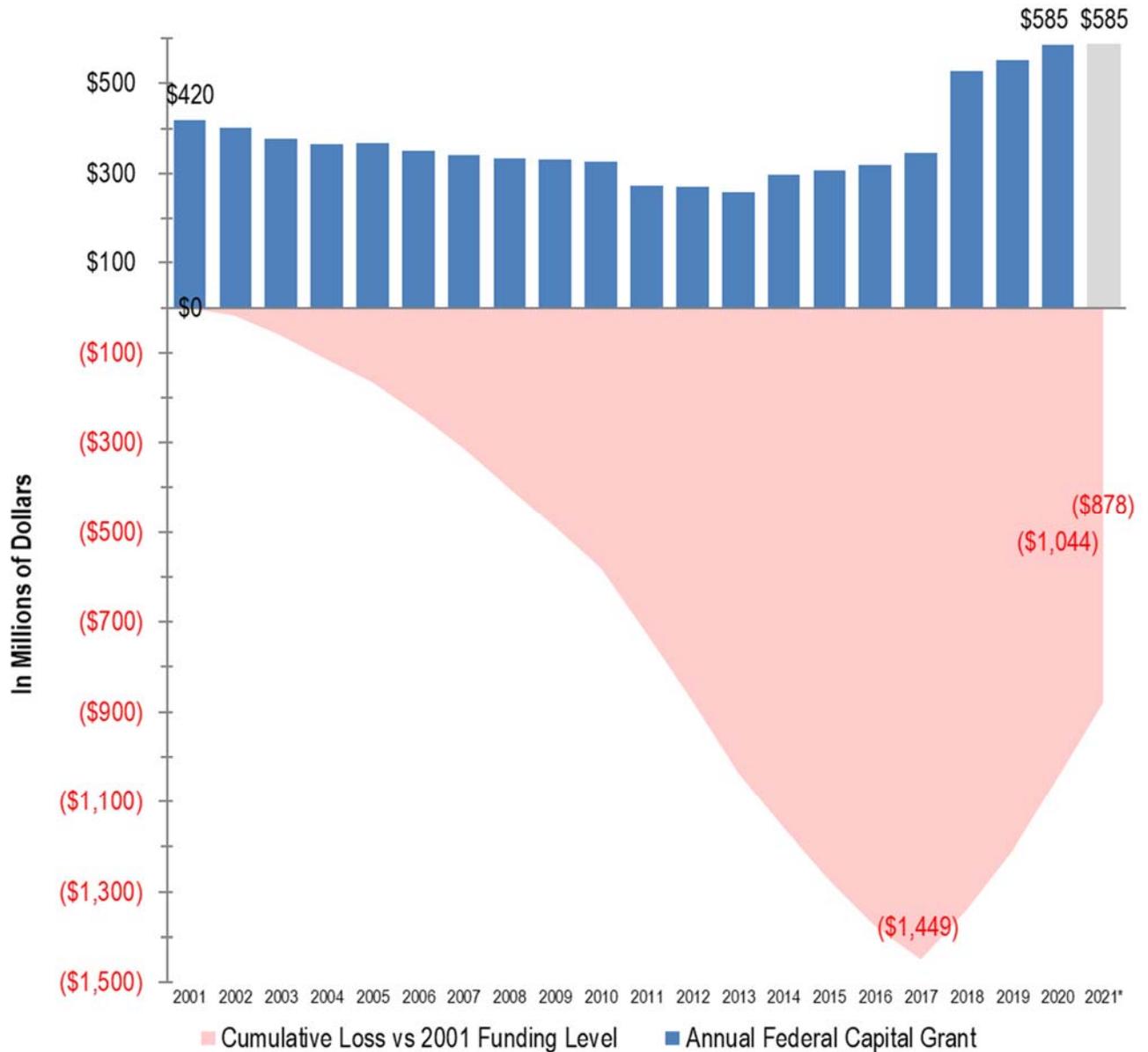
The administrative fees which are available to NYCHA for the administration of the program is subject to proration by HUD. In 2021 NYCHA expects an increase in administrative fees earned based on the proposed rental plan.



Federal Capital Funding

NYCHA has experienced a cumulative federal capital grant funding loss of \$1.044 billion since 2001. Funding shortfalls have meant that only \$2.330 billion has been invested in capital improvements during the last five years (2016-2020). Over the last four years, there has been an increase to federal capital fund allocation. Continuous funding at the 2020 level of \$585 million would reduce the overall funding shortfall.

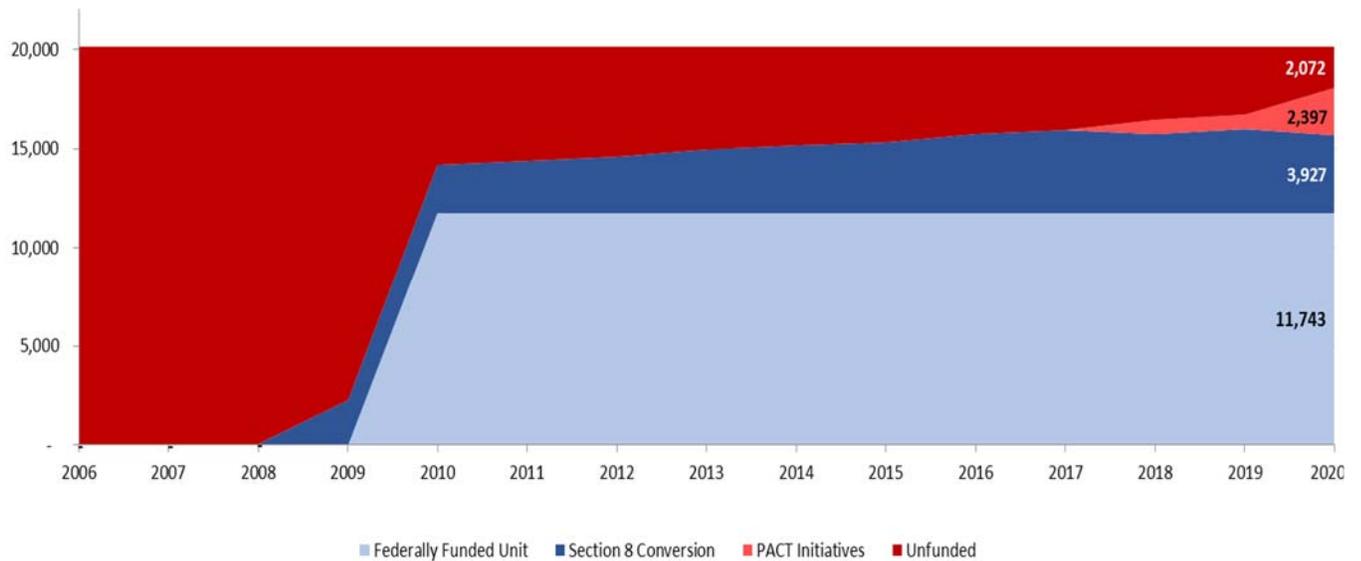
Federal Capital Funding Since 2001
(\$ In Millions)



Support for Unsubsidized Units

NYCHA owns and operates 21 developments originally built by the City and the State of New York (City/State Developments) with 20,139 housing units that have been historically unfunded. In 2008, of 20,139 units, NYCHA was able to secure funding for 11,743 through Federalization. *Additionally*, HUD authorized the conversion of 8,400 units, (approximately 3,923 City & 4,473 State) into Project-Based Section 8 funded units through the 2008 Voluntary Conversion Plan (VCP).

Out of the 8,400 units covered by the VCP, the current Plan reflects NYCHA’s continuing effort to transition the remaining 2,072 units (approximately 2,046 City & 26 State units) into the Section 8 funding model via RAD/PACT Initiatives.



* 2020 Represent planned conversion at the end of fiscal year.

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

2021 Outlook

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

Based on 2021 Congressional Spending Plan, outlook on federal funding is encouraging as there will be modest increase in funding level (see chart below) partly in recognition of unprecedented pandemic affecting livelihood of NYCHA residents.

Comparison of FY20 Final Appropriation vs. FY'21 Final Appropriation			
	Public Housing Capital Fund	Public Housing Operating Fund*	Section 8 Voucher Renewals
Expected National Appropriation	\$3.18 billion	\$7.806 billion* [\$4.839 operating] [\$2.765 capital]	\$25.78 billion
Changes	2.5% Increase (from \$2.869 billion based on Final 2020 Appropriation)	6.4% Increase (from \$4.549 billion based on Final 2020 Appropriation)	Increase of 8% (from \$23.874 billion based on Final 2020 Appropriation)
Funding Impact to NYCHA (Compare to Adopted)	Estimated increase in funding by over \$14.6 million <i>based on FY'21 Final Appropriations</i>	Estimated increase in funding at around \$58 million <i>based on FY'21 Final Appropriations</i>	Estimated Increases in vouchers 7,752

Source: Appropriations Committee Releases Fiscal Year 2021 Transportation Housing and Urban Funding Bill (December 22, 2020)

FY 2021 Initiatives and Special Programs

Blueprint for Change's Transformation Plan: Neighborhood Model

In line with 2019 HUD/SDNY Agreement, the Transformation Plan proposes significant organizational changes at NYCHA.

Authority's vast size poses a significant challenge for the organization. The goal of the Neighborhood Model is to improve oversight and provide increased attention to NYCHA developments by creating smaller management portfolios.

Below are the key changes:

- NYCHA's current six borough model will narrow down to four geographic structures (Manhattan, Bronx, Brooklyn, Queens/Staten Island), each led by a Vice President.
- NYCHA will go from 21 Regional Asset Manager (RAM) portfolios to up to 30 portfolios (called "Neighborhoods"), each with 4,000-7,000 apartments and led by a Neighborhood Administrator (formerly called RAMs).
- Mixed Finance and NGO staff (e.g., Skilled Trades, Borough Office staff) will be redeployed to the geographic boroughs.
- Property Managers at each site will report to a Neighborhood Administrator.

Starting this month, we will begin making changes to our systems to facilitate a smooth rollout. RAMs will transition to their new portfolio and their new title of Neighborhood Administrator starting in February, working directly with their new assignments. And we will hire additional Administrators to staff each Neighborhood.

Proposed change will provide deeper understanding developments' needs and challenges and allows for tailored solutions and appropriate allocation of resources.

Furthermore, this approach will streamline the decision-making process closer to the front lines which would provide mechanism to tackle challenges quicker.

Over time, this model will increase connectivity among developments, residents, and existing neighborhoods and community networks.

Transformation Plan

As part of the 2019 HUD Agreement, the Transformation Plan is NYCHA's vision for a more effective and responsive organization, driven by ideas and feedback received through numerous stakeholder engagement sessions throughout 2019 and 2020. It is part of "A Blueprint for Change," a comprehensive set of ideas to transform and stabilize the Authority that was introduced in July 2020; Blueprint includes a Stabilization Strategy which calls for a public trust to leverage valuable federal vouchers to raise capital for NYCHA developments. These initiatives will generate jobs and contribute to the city's economic recovery while preserving NYCHA for future generations.

As part of the Transformation Plan, Developments that were previously managed by Mixed Finance Asset Management and Next Generation Operations One departments, will now be managed by their geographic borough Vice President. NYCHA developments will be grouped into neighborhoods, each overseen by a Neighborhood Administrator, and skilled trades employees will eventually be allocated to each neighborhood, rather than borough-wide. The FY21 Plan provides a staffing increase of approximately 200 skilled trades positions.

Alternative Work Schedule- Maintenance Workers

As part of its transformation efforts, NYCHA is continually working to implement new ways to improve service to residents. To increase the opportunity to make apartment repairs, NYCHA will extend the regular work hours for Maintenance Workers at all developments, effective late March 2021. This allows residents to schedule apartment repairs for evenings and Saturdays, which will help alleviate the hardship for residents, who will be able to avoid losing time from work or other obligations to wait for a repair. This is an important and fundamental change to the way NYCHA staffs its developments, allowing for greater responsiveness to residents' needs while helping to better maintain and repair NYCHA's buildings.

Budget Line Item Discussion

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

Basis of Presentation

Budgetary Funds

The Plan consists of three component funds:

- The *General Fund* reflects activities of frontline operations, central office, and field support functions for NYCHA-owned and/or privately-managed housing, (as well as all public housing activities).
- The *Housing Choice Voucher (HCV) Program Fund* reflects activities and administration of the Section 8 Programs, including Housing Choice Voucher (HCV), Veterans Affairs Supportive Housing (VASH), and Five-Year Mainstream. The HCV Program also contributes revenue to the General Fund in the form of a program management fee and Housing Assistance Payments (HAP) to Section 8 units owned and managed by NYCHA (referred to as ‘*Section 8 Phased Conversion*’).
- The *Categorical Grants Fund* reflects all other grant programs by which NYCHA receives funding from federal, state, city, or private sources for operating and/or administering a variety of community development and benefits programs.
- The *All Funds* presentation of the Plan reflects the consolidation of these three component funding sources with the appropriate elimination of inter-fund transactions and activities.

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

OPEB Disclosure

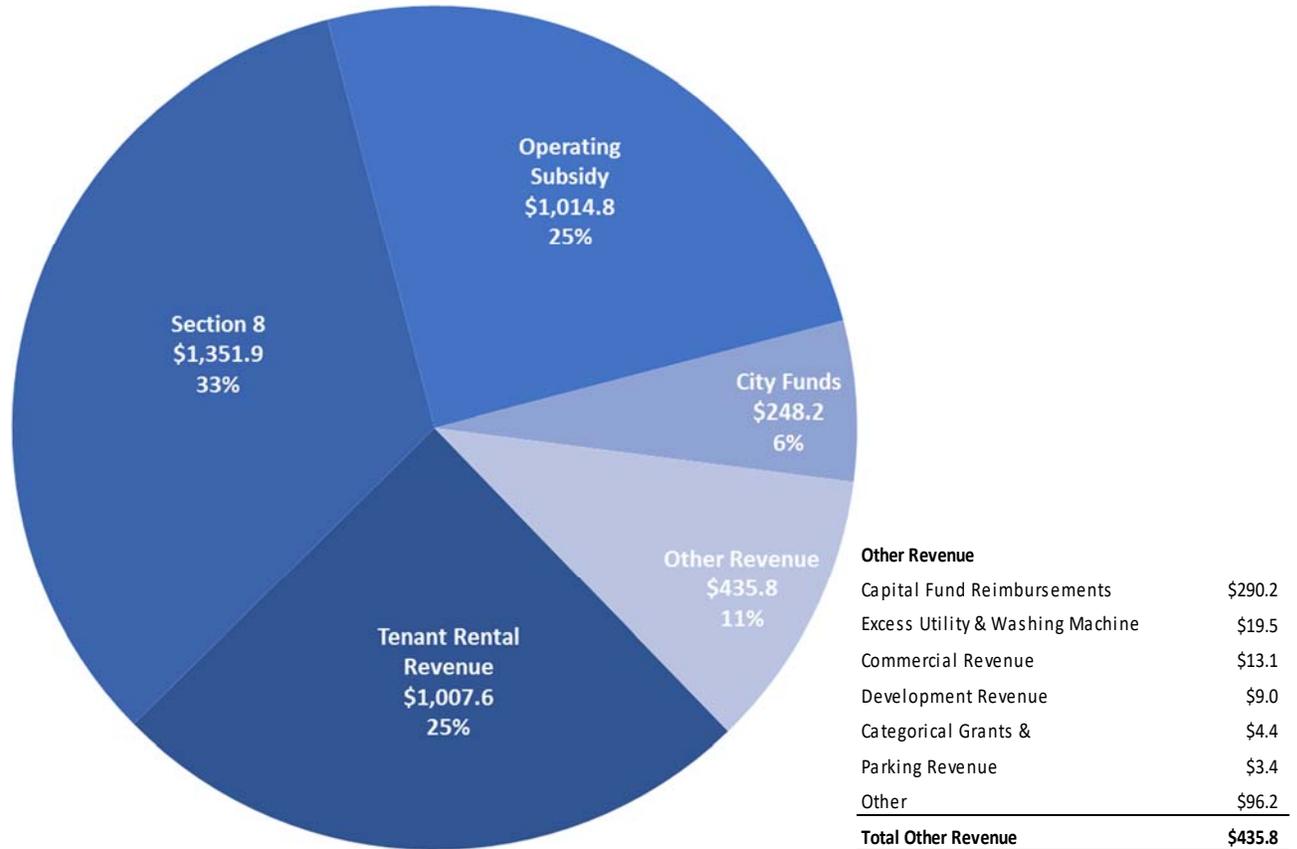
This Plan only includes projections for the “pay as you go” component of OPEB. The OPEB expense and liability are recognized in NYCHA’s audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles.

As of December 31, 2020, NYCHA faces a \$3.5 billion liability for OPEB. This liability remains unfunded.

Sources (Revenue Categories)

The following chart shows the \$4.06 billion in revenue in NYCHA’s 2021 operating budget, by category:

\$ in Millions



Tenant Rental Revenue and Federal Operating Subsidies account for nearly 50 percent of total revenues while Section 8 Subsidy for HAP and the Administrative Fees accounts for 33 percent of total revenues, as shown in the chart. The remaining 17 percent consists of many different components, which includes Capital Fund Reimbursements and City Funds.

Tenant Rental Revenue (Dwelling Rent)

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents nearly 25 percent of total revenues in FY 2021. Rent projections are modeled at the property level based on data that includes the number of occupied units, tenants’ rent, and collection losses. It is important to note that Tenant Rental Revenue contributes less than half of the total revenues used to cover the Authority’s public housing expenditures reflected in the General Fund.

This Plan projects Tenant Rental Revenue to decrease from 1.01 billion to \$0.74 billion mainly attributed to ongoing effort to transition from public housing to RAD to help attract financial resources. Separately, projection includes a compounded growth rate of 1 percent for remaining public housing units.

Federal Operating Subsidies

This Plan projects the Federal Operating Subsidy to be \$1.01 billion in FY 2021 and decrease to \$0.82 billion in FY 2025. The assessment used to determine anticipated Operating Subsidy revenue is based on many factors including the number of eligible units, projected expense levels, utility expense levels, and formula income, which in turn, is based on Tenant Rental Revenue. While this assessment determines the eligibility level, additional assumptions must be made to determine future appropriations and proration levels, which averaged over 92.36 percent for the past decade.

For FY 2021 - 2025, reflective of the observed proration trends over the past 3 years (2018-2020) averaging over 97 percent or a loss of 3% in potential revenue (also known as eligibility). It is important note that in FY 2020, in recognition of unprecedented pandemic outbreak affecting livelihood especially the low-income families, Housing Urban Development (HUD) provided additional funding support. As a point of reference, the Authority was eligible to receive \$1 billion in FY'20, however, received \$1.12 billion was received, or additional \$120 million based on national proration of 112% proration.

Section 8 Conversion at LLC properties

NYCHA continues to convert units in the former City/State Developments to Section 8 assistance, which previously received no dedicated funding. The Plan assumes approximately 2,050 units in LLC 2 will be converted and transitioned to RAD through the PACT initiative by year-end 2021 securing an estimated \$42.1 million of rental subsidy. The remaining units will be converted upon vacancy.

Securing dedicated federal funding for these remaining unfunded housing units is critical to the preservation of these units. Each unfunded housing unit operates with an implied structural deficit as the tenant rent alone is insufficient to cover the operating costs. NYCHA estimates that the loss in subsidy from the unconverted units is approximately \$23.9 million annually.

Section 8 Subsidy and Administrative Fees

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

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

The Plan assumes Section 8 Subsidy to increase from \$1.2 billion to \$2.1 billion over the five years 2021-2025. The Administrative Fees is expected to increase from what was received in FY2020 attributed to the projected increase in units. This assumes a total Unit Months Leased (UML) of 1,050,783 for a monthly average of 87,565 vouchers in 2021 to 1,548,707 or a monthly average of 129,058 by FY2025.

Categorical Grants

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects only the grants awarded and does not reflect anticipated awards. The budget reflects categorical grants funding amount of approximately \$4 million in its 5-year plan for grant programs.

Capital Fund Reimbursements

Capital Fund Reimbursements (CFRs) are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget. The CFRs are for replacement reserves of NYCHA's mixed-finance portfolios. These reimbursements are projected to be \$290 million in FY2021 reflective of increase in capital funding allocation.

Interest on Investments

Interest on Investments represents expected earnings on cash and investments but excludes expected returns on self-insurance funds since these earnings are netted against insurance costs. This revenue is projected to increase from under \$1 million in FY 2021 to \$9 million in FY 2025, reflecting expected increases in interest yields over the plan period.

Other Revenue from Operations

Other Revenue from Operations consists of ancillary fees, primarily from residents, including sales and services charges, parking fees, and appliance surcharges intended to defer a portion of the cost of excess utility consumption. Other Revenue from Operations is projected to decrease from \$23.2 million in FY2021 to \$17.5 million in FY2025 primarily attributed to RAD transition.

City Funds

The City is committed to supporting NYCHA's goal and mission. To address NYCHA's challenges, this administration has granted NYCHA with approximately \$248 million in 2021 to fund several initiatives and program in support of public housing program. The budgeted amount for FY 2021 is \$248 million primarily composed of \$120 million for the reimbursement of general wage increases, \$73 million for the Housing Grant, nearly \$50 million via CDBG programs, and \$5 million for other city funded initiatives.

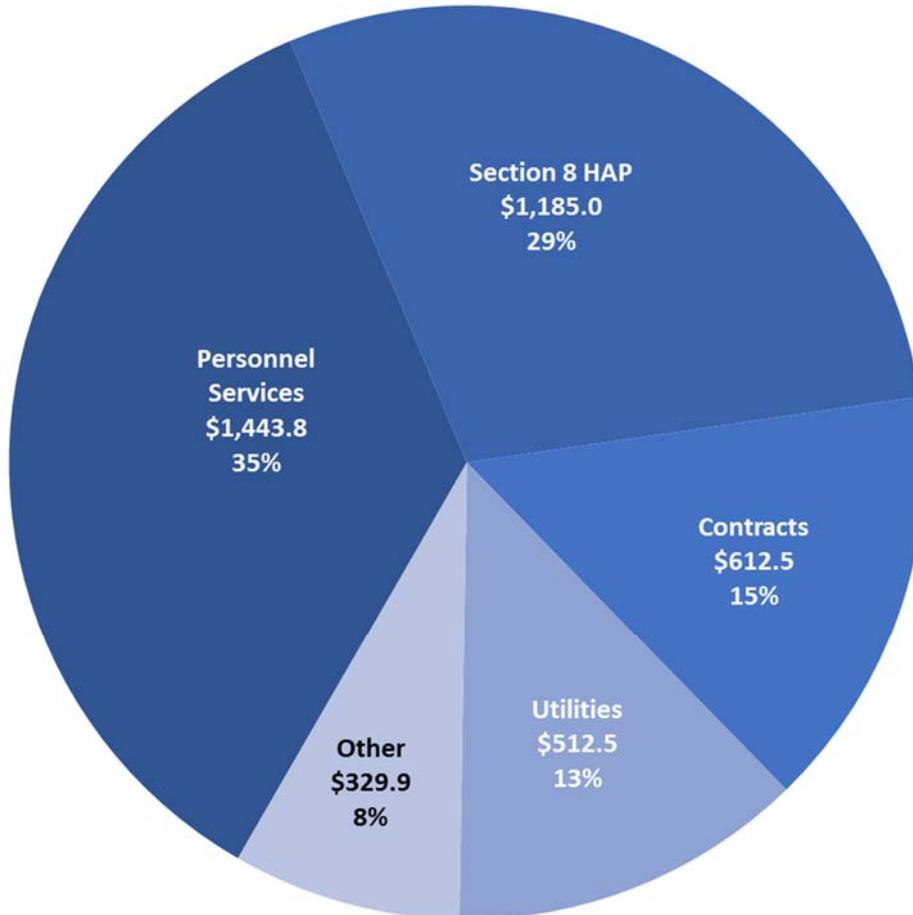
Other Non-Operating Revenues

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

Uses (Expenditure Categories)

The following chart shows, by category, the \$4.084 billion expenditures in NYCHA's FY 2021 operating budget:

\$ in Millions



Personnel Service (Salaries and Other Benefits) accounts for 35 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 29 percent, Contracts and Utilities account for 15 percent and 13 percent, respectively, and all other expenses account for the remaining 8 percent of expenditures.

Workforce

Workforce and Salary

Despite continuing loss in active workforce, the cost of benefit expenses has been rising, led by the growing cost of pension and health-related expenses. In the past 10 years (FY 2011 – 2020), while the workforce was reduced by over two hundred, benefit expenses have increased by nearly 44% in the same period.

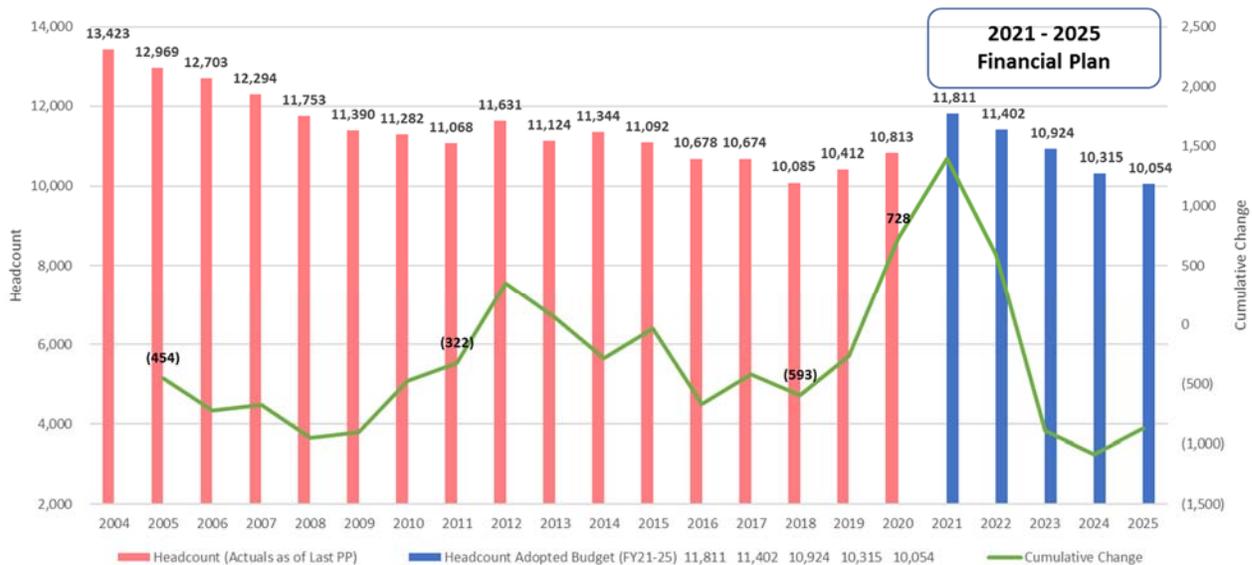
	FY 2011	vs. FY 2020	Change ('10 vs. '19)	% Change
Health	\$189.5	\$285.9	\$87.4	50.9%
Pension	114.4	164.3	\$55.9	43.6%
All Other	107.8	140.9	\$33.2	30.8%
Total Benefit Expenses	\$411.7	\$591.0	\$179.4	43.6%
Headcount	11,068	10,813	(255)	(2.3%)

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

Workforce Distribution

The 2021 plan highlights key changes to workforce level to help address key health and safety concerns in-line with HUD/SDNY Agreement.

Historical staffing level vs. FY'21 – 25 Financial Plan



5-Year Workforce Plan by Funding Source (FY 2021 – 2025)

	FY21	FY22	FY23	FY24	FY25
General Funds	10,917	10,508	10,030	9,421	9,160
Section 8 Funds	504	504	504	504	504
Grants	390	390	390	390	390
Total	11,811	11,402	10,924	10,315	10,054

FY 2021 Headcount

	General Funds	Section 8	Grants	CDBG	Total
Operations	7,332	-	-	-	7,332
Support Services	1,546	-	-	-	1,546
Administration	301	72	-	-	373
Leased Housing	-	416	-	-	416
Capital Projects	1	-	-	367	368
Healthy Homes/Wastes Management & Pest Reductions	297	-	-	-	297
Community Engagement & Partnerships	229	-	22	-	250
Finance	182	2	1	-	185
Information Technology	171	7	-	-	178
Legal Affairs & General Counsel	292	6	-	-	298
Public Safety	77	-	-	-	77
Inspector General	51	-	-	-	51
Environmental Health & Safety	49	-	-	-	49
Executive Offices*	250	-	-	-	250
Real Estate	43	-	-	-	43
Compliance	41	-	-	-	41
Strategy & Innovation	30	2	-	-	32
Quality Assurance	25	-	-	-	25
Total	10,917	504	23	367	11,811

Salaries

Full-time Salary is budgeted from \$741 million in FY 2021, which will decrease to \$686 million by FY 2025. Part-time Salary represents expenditures associated with part-time and temporary staff positions. Seasonal Salary expenditures are associated with the Authority’s seasonal hiring program as well as temporary employment programs. Other Salary is an aggregation of assignment differentials, license differentials, increment payments, meal allowances and other miscellaneous pay adjustments.

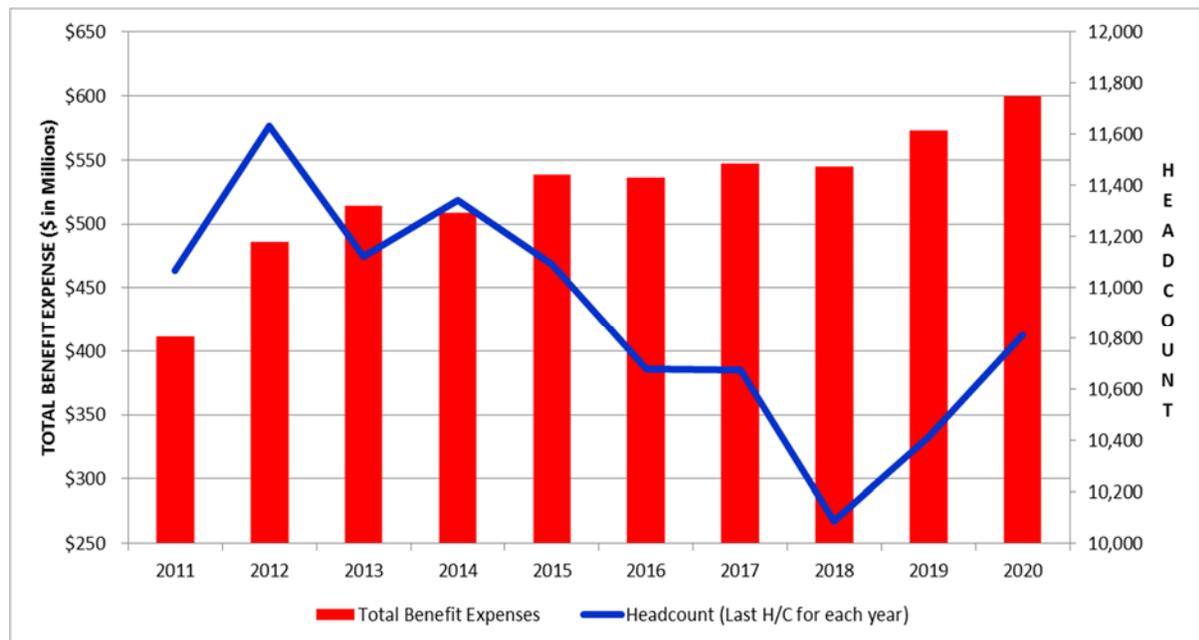
This Plan includes additional expense due to collective bargaining agreements which include retroactive payments starting from the end of the previous union agreements as well as general wage increases (GWI) going forward. To assist NYCHA’s additional financial burden, the Mayor agreed to provide funding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

Fringe

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

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

Fringe is projected to increase from \$571 million in FY 2021 to \$623 million in FY 2025. As a percentage of total Personnel Service expenditures, Fringe is projected to increase from 40 percent in FY 2021 to nearly 44 percent of total personnel expenses by FY 2025. This is driven largely by the continual increases in health insurance benefit expenses.



Overtime

Cost of overtime has been rising in recent year in part due to decrease in workforce as well as various planned initiatives. For FY’21, to address property needs, workforce was increased to

11,811 to help improve staffing level. Furthermore, full implementation of AWS program is expected to streamline and improved overtime expenses.

With improved staffing level and efficiency in work assignment, Plan assumes overtime level will be at pre-increase level or at around \$89M for FY'21. Out year plan has been adjusted to reflect reduction in overtime due to RAD transition.

Seasonal

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

The FY 2021 seasonal program has been expanded to address various measures to supplement full-time workforces. Below are some key funded initiatives:

- \$10.5M in Skilled Trades temporary staffing – Allows for flexibility to hire skilled trades/union staff titles for a temporary period to address short-term initiatives. Funding provides for temporary staff to help reduce the work order backlog as well as special initiatives to address RAD/PACT, Lead, Mold and Centralized Litigation.
- \$5M in the traditional seasonal program - This plan includes hiring staff working 30 hours a week for 18 weeks. The plan incorporates 3 hiring phases achieving approximately 450 staff at its peak.
- \$3.7M for 15 Elevator Mechanics and 15 Elevator Mechanic Helpers to support the NYC DOB mandated Code for Door Lock Monitoring (DLM) installation and to support the HUD Project Plan initiative for the installation of Water Proof Door Operators
- \$2.2M in temporary staffing for Pest Management initiative - To cover the cost to mitigate the rat issue at various sites for the next 6 months. Includes 70 Caretakers, 12 burrow- collapsing teams, and Maintenance workers to address these issues.
- \$1.3M for on-the-job training program of 30 “HPT trainees” as caretaker Hs. These caretakers will split their week at heating sites in the properties and NYCHAs training locations.

Leases

In addition to rental fees, NYCHA is generally responsible for operating costs which include taxes and utilities as well as rent escalation reflective of the lease agreement. The Plan forecast Leases expenditures to decrease from \$69.3 million in FY 2021 to \$56.9 million in FY 2025, which is aligned with the successful implementation of the relocation plan.

Insurance

Insurance expenditures include contributions to NYCHA’s general liability self-insurance fund for retained estimated losses, and premiums for the procurement of liability, boiler and machinery, and property insurance. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, and risk management consultants. The Plan projects expenditures to increase from \$88.5 million in FY 2021 to \$97.4 million in FY 2025. These increases are driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. Costs associated with NYCHA’s workers’ compensation self-insurance fund are budgeted in the *Fringe* line.

Utilities

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

(\$ In millions)

Commodities	FY 2021 - 2025 Financial Plan					FY'21 - '25
	2021	2022	2023	2024	2025	CAGR
Water	\$169	\$166	\$152	\$142	\$141	(4.55%)
Electricity	161	152	140	131	131	(5.04%)
Heating Gas	161	139	128	119	118	(7.45%)
Steam	6	5	3	2	2	(22.52%)
Fuel	9	8	6	4	4	(18.32%)
Cooking Gas	7	6	6	5	5	(7.31%)
Total Utilities	\$513	\$476	\$435	\$403	\$401	(5.97%)

This Plan assumes Utility expenditures to decrease from \$513 million in FY 2021 to \$401 million in FY 2025. Given the substantial impact of Utility costs, NYCHA continues to work with HUD in developing mutually beneficial Energy Performance Contracts (EPCs). These EPCs will provide additional funding for energy-efficient capital projects which will result in cost savings over time.

Section 8 Payments

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

While most Section 8 Payments are disbursed to landlords participating in this program, it also includes disbursement for Phased Conversion Units. These are units whose funding stream has been transferred from the General Fund to Section 8. These conversions of funding help

supplement the General Fund's budget. This plan projects Section 8 Payments to landlords will increase from \$1.2 billion in FY2021 to \$2.1 billion by FY2025.

Contracts

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

Supplies, Equipment, and OTPS Other

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

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

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

OTPS Other includes: operating budget funding of the capital replacement reserves for NYCHA's mixed-finance portfolios, athletic and recreational activities, postage, petty cash reimbursements, training, and other miscellaneous expenditure categories. Overall, budget for Supplies, Equipment, Debt Service, and OTPS Other show increases related to compliance with HUD/ SDNY Agreement, In FY2021 \$172 million and expected to decrease to \$129 million by FY 2025 reflective of RAD transition.

2021-2025 Operating Plan by Funds

All Funds

	Budget FY21	Budget FY22	Budget FY23	Budget FY24	Budget FY25
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,007,586	918,003	828,666	757,670	740,443
Other Revenue from Operations	23,215	21,668	19,610	17,945	17,463
Total Revenue from Operations	1,030,801	939,672	848,275	775,614	757,906
<i>Other Revenues</i>					
Federal Operating Subsidies	1,014,848	921,198	875,390	839,867	815,772
Debt Services Subsidy	131	81	40	8	
Section 8 Phased Conversion	42,080	34,171	31,396	28,993	29,428
Capital Transfer & Management Fee	290,157	175,503	175,503	175,503	175,503
Interest on Investments	705	2,086	3,561	5,684	9,068
Other	77,192	20,464	19,710	18,976	17,484
Categorical Grants	4,381	4,020	4,020	3,700	3,700
Section 8 Subsidy	1,188,337	1,336,886	1,552,757	1,830,580	2,091,142
Section 8 Admin	121,465	95,692	112,699	129,547	143,641
City Funds (CDGB)	49,764	51,086	31,486	31,486	31,486
City Funds (Homeless)	73,239	49,684	50,677	50,677	50,677
City Funds (Labor & Other)	125,222	132,143	135,016	135,016	135,016
Withdrawal From Reserves	40,000				
Total Other Revenues	3,027,522	2,823,015	2,992,257	3,250,037	3,502,919
Total Revenues	4,058,323	3,762,687	3,840,532	4,025,651	4,260,825
Expenditures					
<i>Personal Service:</i>					
Salary F/T	741,378	755,855	730,936	699,537	686,053
Salary P/T	92	92	92	92	92
Seasonal	24,561	20,199	20,199	20,199	20,199
Overtime	89,787	86,574	83,387	80,896	80,109
Shift Differential	286	286	286	286	286
Retro	4,953	4,657	4,385	4,149	4,091
Fringe	570,589	610,599	613,811	615,298	622,917
Other Salary	12,180	11,760	11,366	11,066	10,976
Total Personal Service	1,443,825	1,490,022	1,464,462	1,431,524	1,424,722
<i>Other Than Personal Service:</i>					
Leases	69,265	54,089	55,204	56,987	56,987
Supplies	105,243	114,126	92,220	81,733	79,846
Equipment	31,479	28,786	24,159	21,172	20,645
Utilities	512,541	476,167	435,295	402,745	400,602
Contracts	612,499	440,380	400,910	377,447	373,444
Debt Services	9,806	9,431	9,077	8,698	8,279
Insurance	88,522	91,572	93,395	95,446	97,366
OTPS Other	25,538	40,850	41,727	28,341	20,181
Housing Assistance Payments	1,184,960	1,317,379	1,587,265	1,840,442	2,027,599
Total Other Than Personal Service	2,639,854	2,572,780	2,739,252	2,913,011	3,084,948
Total Expenditures	4,083,679	4,062,801	4,203,715	4,344,535	4,509,670
Surplus/(Deficit)	(25,356)	(300,115)	(363,183)	(318,884)	(248,845)
Headcount	11,811	11,402	10,924	10,315	10,054

General Funds

	Budget FY21	Budget FY22	Budget FY23	Budget FY24	Budget FY25
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,007,586	918,003	828,666	757,670	740,443
Other Revenue from Operations	23,215	21,668	19,610	17,945	17,463
Total Revenue from Operations	1,030,801	939,672	848,275	775,614	757,906
<i>Other Revenues</i>					
Federal Subsidies	1,001,289	908,304	863,226	828,378	804,782
Debt Services Subsidy	131	81	40	8	
Section 8 Phased Conversion	42,080	34,171	31,396	28,993	29,428
Section 8 Management Fees	23,578	25,458	30,104	34,641	38,343
Capital Fund Reimbursements	290,157	175,503	175,503	175,503	175,503
Interest on Investments	661	2,051	3,495	5,573	8,891
Other	76,533	19,805	19,051	18,317	16,825
City Funds (Labor & Other)	120,160	128,646	131,519	131,519	131,519
Withdrawal From Reserves	40,000				
Total Other Revenues	1,594,590	1,294,019	1,254,335	1,222,933	1,205,292
Total Revenues	2,625,390	2,233,691	2,102,610	1,998,547	1,963,199
Expenditures					
<i>Personal Service:</i>					
Salary F/T	677,165	691,329	687,057	656,907	675,740
Salary P/T	92	92	92	92	92
Seasonal	24,266	19,903	19,903	19,903	19,903
Overtime	89,019	85,806	82,619	80,128	79,341
Shift Differential	196	196	196	196	196
Retro	4,951	4,655	4,383	4,147	4,089
Fringe	526,258	564,275	565,587	564,683	570,621
Other Salary	10,244	9,824	9,430	9,130	9,040
Total Personal Service	1,332,191	1,376,081	1,369,268	1,335,188	1,359,022
<i>Other Than Personal Service:</i>					
Leases	61,970	46,682	47,646	49,273	49,023
Supplies	105,150	114,033	92,127	81,640	79,753
Equipment	30,668	27,069	22,745	19,926	19,418
Utilities	512,308	475,936	435,064	402,516	400,383
Contracts	575,194	431,733	392,080	368,509	364,506
Debt Services	116	67	67	67	67
Insurance	88,410	91,458	93,278	95,325	97,241
OTPS Other	19,265	36,278	37,376	24,161	16,055
Total Other Than Personal Service	1,393,082	1,223,255	1,120,382	1,041,417	1,026,445
Total Expenditures	2,725,273	2,599,336	2,489,650	2,376,604	2,385,467
Surplus/(Deficit)	(99,882)	(365,645)	(387,040)	(378,057)	(422,269)
<i>Headcount</i>	10,917	10,508	10,030	9,421	9,160

Housing Choice Housing

	Budget FY21	Budget FY22	Budget FY23	Budget FY24	Budget FY25
Revenues					
Interest on Investments	9	36	67	111	178
Other	659	659	659	659	659
Categorical Grants					
Section 8 Subsidy	1,230,417	1,371,057	1,584,153	1,859,573	2,120,570
Section 8 Admin	121,465	95,692	112,699	129,547	143,641
City Funds (CDGB)					
City Funds (Homeless)					
City Funds (Labor & Other)					
Withdrawal From Reserves					
Total Other Revenues	1,352,551	1,467,444	1,697,578	1,989,890	2,265,047
Total Revenues	1,352,551	1,467,444	1,697,578	1,989,890	2,265,047
Expenditures					
<i>Personal Service:</i>					
Salary F/T	34,286	34,286	34,286	34,286	34,286
Salary P/T					
Seasonal	49	49	49	49	49
Overtime	598	598	598	598	598
Shift Differential					
Retro					
Fringe	23,520	24,627	25,616	26,856	27,726
Other Salary	604	604	604	604	604
Total Personal Service	59,057	60,164	61,153	62,393	63,263
<i>Other Than Personal Service:</i>					
Leases	7,295	7,407	7,558	7,715	7,964
Supplies	93	93	93	93	93
Equipment	812	1,718	1,414	1,246	1,227
Utilities	233	231	231	229	220
Contracts	52,759	30,405	35,235	39,879	43,581
Debt Services					
Insurance	112	114	117	121	125
OTPS Other	3,978	2,486	2,495	2,503	2,503
Housing Assistance Payments	1,227,040	1,351,550	1,618,661	1,869,434	2,057,026
Total Other Than Personal Service	1,292,322	1,394,004	1,665,804	1,921,219	2,112,739
Total Expenditures	1,351,379	1,454,168	1,726,957	1,983,613	2,176,002
Surplus/(Deficit)	1,171	13,276	(29,379)	6,277	89,045
<i>Headcount</i>	504	504	504	504	504

Categorical Grants

	Budget FY21	Budget FY22	Budget FY23	Budget FY24	Budget FY25
Revenues					
<i>Other Revenues</i>					
Federal Subsidies	13,559	12,894	12,165	11,489	10,990
Interest on Investments	35				
Other					
Categorical Grants	4,381	4,020	4,020	3,700	3,700
Section 8 Subsidy					
Section 8 Admin					
City Funds (CDGB)	49,764	51,086	31,486	31,486	31,486
City Funds (Homeless)	73,239	49,684	50,677	50,677	50,677
City Funds (Labor & Other)	5,062	3,497	3,497	3,497	3,497
Withdrawal From Reserves					
Total Other Revenues	146,040	121,181	101,845	100,849	100,350
Total Revenues	146,040	121,181	101,845	100,849	100,350
Expenditures					
<i>Personal Service:</i>					
Salary F/T	29,926	30,240	9,593	8,344	(23,973)
Salary P/T					
Seasonal	246	246	246	246	246
Overtime	170	170	170	170	170
Shift Differential	90	90	90	90	90
Retro	2	2	2	2	2
Fringe	20,811	21,697	22,608	23,760	24,570
Other Salary	1,332	1,332	1,332	1,332	1,332
Total Personal Service	52,577	53,777	34,041	33,943	2,437
<i>Other Than Personal Service:</i>					
Contracts	8,124	3,700	3,700	3,700	3,700
Debt Services	9,690	9,364	9,010	8,631	8,212
Insurance					
OTPS Other	2,294	2,086	1,857	1,678	1,623
Housing Assistance Payments					
Total Other Than Personal Service	20,108	15,149	14,567	14,009	13,535
Total Expenditures	72,685	68,926	48,608	47,952	15,972
Surplus/(Deficit)	73,355	52,255	53,237	52,896	84,378
<i>Headcount</i>	390	390	390	390	390