

**Testimony from NYCHA’s Chief Executive Officer Lisa Bova-Hiatt**  
***Preliminary Budget Hearing – Public Housing***  
**Committee on Public Housing**  
**Monday, March 10, 2025 – 10:30 a.m.**  
**New York City Hall Committee Room**

Chair Chris Banks, members of the Committee on Public Housing, other distinguished members of the City Council, NYCHA residents, community advocates, and members of the public: good morning. I am Lisa Bova-Hiatt, NYCHA’s Chief Executive Officer. I am pleased to be joined by Chief Operating Officer Eva Trimble, Executive Vice President of Finance and Chief Financial Officer Annika Lescott-Martinez, Chief Asset and Capital Management Officer Shaan Mavani, and other members of NYCHA’s leadership team. Thank you for this opportunity to present the Authority’s adopted budget, which was approved by NYCHA’s Board of Directors in November. I would also like to discuss our efforts to transform NYCHA as an organization and improve residents’ quality of life.

**Rent Arrears Remain a Significant Challenge**

My colleagues and I are laser-focused on the work required to keep NYCHA on the stronger, sustainable path that we are currently on, so that we can better serve residents now and into the future. We have overcome significant challenges and continue to make progress in critical areas that most impact residents, including mold and lead abatement and comprehensive renovations through innovative housing preservation programs. At the same time, substantial challenges persist: On top of the escalating impacts of decades of federal disinvestment, rent arrears remain enormous.

Rent arrears have increased four-fold since the year before the pandemic – they currently stand at over half a billion dollars across approximately 67,000 families, which is nearly half of all households. NYCHA is collecting only 63 percent of the rent owed, including arrears, over a 12-month period, and HUD expects housing authorities to collect 100 percent of the rent. Our top priority is to keep residents housed – and so we continue to inform residents about the various ways they can get assistance with rent payment, and we continue to work with residents experiencing economic hardship.

We are implementing two new and crucial rental assistance programs – the State’s CRA program and the federal HOME-ARP program – which will provide up to \$185 million to cover

arrears that resulted from the pandemic. And thanks to our tireless advocacy in collaboration with our partners, including residents and elected officials, NYCHA has received \$161 million in ERAP funding from the State; we have applied \$150 million to over 25,000 households to date. Together, these much-needed programs are helping to stabilize rent arrears.

Rent payments constitute one-third of NYCHA's operating budget, and this revenue is essential for maintaining our developments and providing residents with the quality of life they deserve. We are also grappling with the fact that our rapidly aging developments need about \$80 billion in major repair work. To address these challenges, and considering the limited federal funding available, we are pursuing innovative programs that are bringing top-to-bottom renovations and repairs to a significant portion of our portfolio.

## **Budget Outlook**

### *Operating Budget*

I would now like to discuss a few details related to NYCHA's budget. Please keep in mind that NYCHA's budget runs on a calendar year rather than the City's fiscal year. Thanks to the hard work of every department, especially our Finance Department, we adopted a balanced budget for 2025. This is a significant achievement, and it follows a balanced budget in 2024, despite an initial forecast of a \$35 million deficit. However, with the increased needs and continued rent arrears, an annual deficit is expected in the coming years.

Federal funding comprises two-thirds of NYCHA's operating revenue. This year, we expect to receive about \$1.29 billion in federal operating subsidy. As I mentioned, rent revenue accounts for the other third of our operating revenue, and we expect to collect about \$1.05 billion in rent revenue this year, including approximately \$125 million in HOME-ARP funding. Rent revenue is approximately \$110 million less than we should be collecting. Our 2025 budget assumes a proration factor of 97.5 percent for the operating subsidy – \$32 million less than what NYCHA is eligible to receive. We anticipate \$287 million in City operating funds for Calendar Year 2025.

We expect to receive about \$2.29 billion this year for Section 8 vouchers and the associated administrative fees. It is anticipated that HUD will announce the funding renewal rate by May 2025. Current proposals range from 88.6 to 97.5 percent of our Calendar Year 2024

expenditures. This falls short of the current funding level of 99.5 percent and could impact the number of households served by the program.

The projected expenses for 2025 are approximately \$2.1 billion in Section 8 payments to landlords; \$1.86 billion in salaries, fringe benefits, and overtime; \$410 million in contracts; \$585 million in utility payments; and \$426 million for expenses such as leases, supplies, vehicles, and equipment.

Chief Financial Officer Annika Lescott-Martinez will now provide some additional information about NYCHA's 2025 budget and financial outlook.

### ***Budget Presentation from CFO Annika Lescott-Martinez***

#### *Capital Investments*

Thank you, Annika. I will now discuss a few details regarding NYCHA's capital investment program. In 2025, about \$3 billion is available for capital investments in our properties, including approximately \$731 million in expected 2025 federal capital funding; \$1.3 billion in City capital funding available in the 2025 City Fiscal Year; and other federal, State, and City funds allocated from prior-year awards. We greatly appreciate the City's support, which is helping us transform residents' homes and quality of life. We are also grateful for the State's commitments of over \$1 billion for boilers, elevators, and façade improvements.

Although this capital funding is only a fraction of the \$80 billion needed to fully restore our properties, we are making a difference for residents with the funding we receive. Last year, we expended \$1.03 billion – about \$86 million per month – on major physical renovations, completing 135 capital projects. More than 650 capital projects are currently underway across the city, and we are targeting \$1.1 billion in expenditure and completion of 135 projects this year. We have spent almost \$3.2 billion on Sandy recovery work, providing thousands of residents with new roofs, floodproofed electrical equipment, boilers, backup power generators, and flood protection, along with exterior lights, CCTV cameras, and security systems. In support of our HUD Agreement targets, we have replaced 138 boilers and 192 elevators through capital investments; in 2025, construction work is underway at scores of developments to replace an additional 100 boilers and 83 elevators. We have renovated 405 interior trash compactor rooms

with new equipment and 21 waste yards with new exterior compactors; 30 waste yards are currently in construction. We have replaced 545 roofs through our roof replacement program since 2018, and an additional 275 roof replacements are in progress.

We have also completed or advanced a range of smaller projects – from CCTV and lighting to playgrounds and community and senior centers – funded through Mayoral, discretionary City Council, or Borough President allocations. This includes 38 of the City Council-funded projects that we had to pause two years ago due to staffing constraints. Overall, we more than doubled our City capital funds commitments in City Fiscal Year 2024 to \$862 million, or 89 percent committed.

Over the next five years, we plan to invest an additional approximately \$1.3 billion to update heating systems; \$1.1 billion for Comprehensive Modernization projects; \$700 million to repair roofs; \$400 million to repair facades; \$409 million to replace elevators; \$150 million for plumbing upgrades; and \$400 million in waste management systems – along with many other critical capital improvements.

### **Transforming Our Organization and Residents' Quality of Life**

Our mandate is not only to strategically invest limited funding in residents' homes to improve their quality of life but also to transform our organization, improving how we operate. Our Transformation Plan guides our efforts to better serve residents in various ways. For instance, it has enabled us to create smaller property management portfolios that are easier to manage and offer increased accountability and resources. We have also applied this "Neighborhood Model" to operations like heat and pest management, enhancing oversight and fostering better coordination with property management. Through our Work Order Reform initiative, work orders are being scheduled more efficiently and we are making progress in closing them, including skilled trades repairs.

Last year, HUD inspection scores regarding our properties improved in every borough. We achieved another important milestone last year: abating lead in more than 10,000 apartments, providing families with the peace of mind they deserve. To date, we have tested more than 100,000 apartments for lead using the City's new and stricter standard. We completed over 32,000 mold inspections since the beginning of 2023, and mold complaints are down by 23

percent since then due to our work to replace roof fans, clean vents in apartments, and install fire dampers. And we continue to significantly reduce both the number and duration of heat and elevator outages.

We are not only addressing the issues of the past but are also strategizing for the future. For instance, our Sustainability team is helping to address the climate crisis while enhancing residents' quality of life. The Clean Heat for All Challenge is spurring the production of new energy-efficient heating and cooling systems for apartments; two manufacturers completed pilots in NYCHA apartments and are currently scaling the initiative for full-building installations. The Induction Stove Challenge is similarly catalyzing production of energy-efficient electric induction stoves to explore the possibility of replacing gas stoves in NYCHA apartments. At Polo Grounds Towers, we are in the final stages of construction of the first-ever pneumatic waste collection system in a public housing development. Once fully complete, the system will reduce the time staff spend transporting trash, enabling them to focus their efforts elsewhere.

We are forging new frameworks for bringing our aging developments the funding they desperately need. Last year, PACT closed on the financing for eight developments, representing \$1.7 billion in comprehensive renovation for nearly 7,600 residents. In October, we announced that the next phase of work is beginning at one especially notable PACT project, at Fulton and Elliott-Chelsea Houses, following years of community engagement there. A total of nearly \$7 billion has been invested in NYCHA properties to date thanks to PACT. Overall, 146 NYCHA developments (representing nearly 39,000 apartments) are in pre-development, are under construction, or have completed construction through the program. We are on track to bring comprehensive repairs and upgrades, along with enhanced property management and social services, to a total of more than 142,000 residents through PACT.

The NYC Public Housing Preservation Trust will also dramatically improve the quality of life for residents. The Trust and NYCHA recently released RFPs for major capital renovations and repairs at Bronx River Addition and Nostrand Houses, the first two developments whose residents voted to join the Trust. Resident votes have also been held, or will soon be held, at Throggs Neck Addition, Randall Avenue-Balcom, Hylan Houses, Coney Island Houses, and Coney Island I (Site 1B).

Developed in collaboration with residents, both the Trust and PACT bring developments the more stable Section 8 federal funding, which is worth nearly double what Section 9 apartments receive. These initiatives also ensure that NYCHA developments remain public and that residents maintain their rights and protections, including permanently affordable rent.

Our Comprehensive Modernization program will also complete holistic capital improvements instead of simply repairing individual building components. Launched at four developments so far, the program is supported by \$678 million in our City Capital Action plan and \$212 million from the Gowanus Neighborhood Rezoning. Design-build teams are on site initiating renovations at Saint Nicholas and Todt Hill Houses, and teams have been selected for Gowanus Houses and Wyckoff Gardens.

### **Moving Forward in Service to Residents**

NYCHA is confronting serious challenges: rental arrears are at record levels while federal funding is not keeping pace with the ever-increasing costs of repairing and maintaining decades-old buildings. Yet, we know that NYCHA is a venerable institution serving a vital role in our city – providing decent and affordable homes to hundreds of thousands of New Yorkers – and so it must be strengthened and preserved. That is why we are hard at work to make the best use of limited funding while also implementing creative strategies for generating desperately needed new revenue, such as PACT and the Trust.

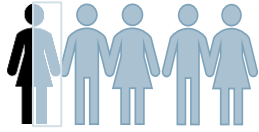
Thank you for your partnership as we continue to make progress in addressing the challenges and ensuring NYCHA is here to serve the coming generations of New Yorkers. We are happy to answer any questions you may have.

NYC Council Preliminary Budget Hearing  
March 10, 2025

NYCHA 2025-2029 Financial Plan



# Rent Arrears through February 28, 2025

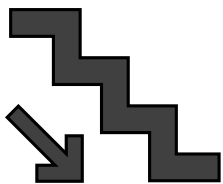


Approximately 67,000 households (46%) owe arrears as of February 28, 2025



This is after NYCHA successfully advocated for and received \$161 million in ERAP funds (with \$150 million already having been applied to 25,320 tenant accounts).

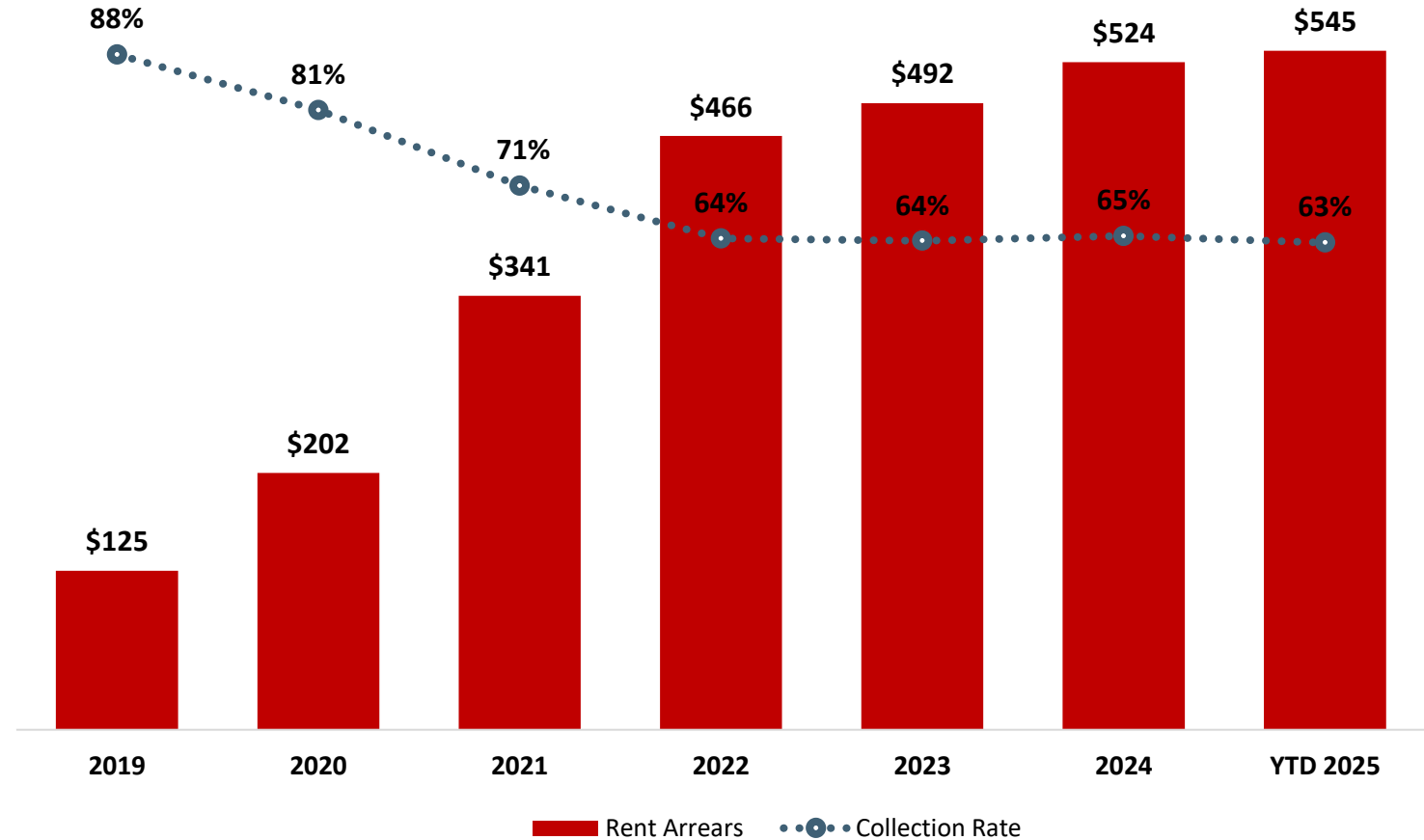
This does not yet reflect the application of any funds that will be received through the CRA or HOME-ARP programs.



Data indicates that the cumulative (12-month) rent collection rate is relatively steady at 63%.

This may mean that while some households have not yet been able to completely catch up on their arrears, more households are back to making regular rent payments, which demonstrates an important step in the right direction.

## Cumulative Tenant Rent Arrears



(\$ in millions)

**Calendar Year  
2025**

**Sources**

Tenant Rental Revenue	\$1,045
Operating Subsidy	\$1,292
Section 8 Program Subsidy	\$2,292
Capital Transfer/Mgmt. Fee	\$256
City Funds	\$287
All Other	\$184
<b>Total Sources</b>	<b>\$5,356</b>

**Uses**

**Personal Services (PS)**

Salaries	\$939
Overtime	\$182
Fringe	\$724
All other Salaries	\$14
<b>Total PS</b>	<b>\$1,858</b>

**Other than Personal Services (OTPS)**

Leases	\$60
Supplies	\$122
Utilities	\$585
Contracts	\$410
Section 8 Landlord Payments	\$2,077
All Other OTPS	\$244
<b>Total OTPS</b>	<b>\$3,498</b>

<b>Total Uses (PS &amp; OTPS)</b>	<b>\$5,356</b>
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<b>Surplus/(Deficit)</b>	<b>\$ (0)</b>
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## 2025 Sources and Uses

Sources

- The adopted operating budget estimates \$1.05 billion in tenant rent revenue, including \$125 million of HOME-ARP funding to support tenant rent arrears
- Estimates \$1.29 billion in federal operating subsidy to support public housing units
- Assumes growth in the Section 8 program with \$2.3 billion in Housing Assistance Payment (HAP) and admin fee revenue and \$2.1 billion in corresponding Section 8 landlord payments

Uses

- \$1.86 billion in personnel expenditures provides for salaries and fringe for 12,051 full-time staff, and \$182 million in overtime
- **We anticipate a balanced budget at the end of calendar year 2025**

# Adopted Five-Year Operating Plan



- While we anticipate a balanced budget in calendar year 2025, significant deficits loom in the outyears. NYCHA will implement additional cost saving to mitigate the deficits in 2026 and beyond.

	2025	2026	2027	2028	2029
<b>Sources</b>					
Tenant Rental Revenue	\$1,045	\$920	\$921	\$928	\$935
Operating Subsidy	\$1,292	\$1,246	\$1,275	\$1,307	\$1,372
Section 8 Program Subsidy	\$2,292	\$2,474	\$2,627	\$2,761	\$2,917
Capital Transfer/Mgmt. Fee	\$256	\$256	\$256	\$256	\$256
City Funds	\$287	\$332	\$350	\$358	\$358
All Other	\$184	\$102	\$104	\$80	\$79
<b>Total Sources</b>	<b>\$5,356</b>	<b>\$5,330</b>	<b>\$5,533</b>	<b>\$5,689</b>	<b>\$5,916</b>
<b>Uses</b>					
<b>Personal Services (PS)</b>					
Salaries	\$939	\$934	\$934	\$934	\$933
Overtime	\$182	\$182	\$182	\$182	\$182
Fringe	\$724	\$741	\$756	\$774	\$783
All Other Salaries	\$14	\$14	\$14	\$14	\$14
<b>Total PS</b>	<b>\$1,858</b>	<b>\$1,871</b>	<b>\$1,886</b>	<b>\$1,903</b>	<b>\$1,912</b>
<b>Other than Personal Services (OTPS)</b>					
Leases	\$60	\$60	\$60	\$60	\$60
Supplies	\$122	\$122	\$122	\$122	\$122
Utilities	\$585	\$590	\$643	\$643	\$643
Contracts	\$410	\$403	\$402	\$402	\$402
Section 8 Landlord Payments	\$2,077	\$2,253	\$2,405	\$2,533	\$2,685
All Other OTPS	\$244	\$249	\$207	\$208	\$208
<b>Total OTPS</b>	<b>\$3,498</b>	<b>\$3,676</b>	<b>\$3,839</b>	<b>\$3,968</b>	<b>\$4,120</b>
<b>Total Uses (PS &amp; OTPS)</b>	<b>\$5,356</b>	<b>\$5,547</b>	<b>\$5,725</b>	<b>\$5,871</b>	<b>\$6,032</b>
<b>Surplus/(Deficit)</b>	<b>\$(0)</b>	<b>\$(217)</b>	<b>\$(192)</b>	<b>\$(182)</b>	<b>\$(116)</b>

(\$ in millions)

## 2025-2029 Adopted Capital Plan: Sources and Uses

- The plan provides for \$7.8 billion over five years -- \$6.0 billion is invested in minor and major capital repairs at the properties.
- \$3.4 billion total will be available in 2025 -- \$3.0 billion will be invested in major and minor capital repairs.
- **Federal Capital:** \$665 million in unspent funding and \$731 million new annual grant in 2025 and the outyears.
- **City Capital:** \$1.7 billion specifically for the HUD/SDNY Agreement and an additional \$1.0 billion of Mayoral funds.
- **State Capital:** \$561 million left to be committed of the \$1.25 billion awarded by the State for boilers, elevator and brickwork improvements.
- NYCHA has achieved \$1.7 billion in capital expenditures in 2024 year to date, at a rate of about \$142 million per month Authority-wide.

Sources	2025	2026	2027	2028	2029	Total 2025 - 2029
Federal Public Housing Capital	\$1,396	\$731	\$731	\$731	\$731	\$4,318
City Capital	\$1,261	\$706	\$299	\$211	\$267	\$2,743
State Capital	\$561	\$0	\$0	\$0	\$0	\$561
Federal Disaster Recovery	\$137	\$0	\$0	\$0	\$0	\$137
Community Development Block Grant (via City)	\$34	\$0	\$0	\$0	\$0	\$34
Emergency/Safety & Security/Lead-Based Paint Grants	\$19	\$0	\$0	\$0	\$0	\$19
Other	\$28	\$0	\$0	\$0	\$0	\$28
<b>Total Sources</b>	<b>\$3,437</b>	<b>\$1,436</b>	<b>\$1,029</b>	<b>\$941</b>	<b>\$998</b>	<b>\$7,841</b>
<b>Uses</b>						
Asset & Capital Management	\$2,616	\$784	\$431	\$391	\$543	\$4,765
Transfer to Operating & Management Fees	\$256	\$256	\$256	\$256	\$256	\$1,278
Operations-Managed Capital Projects	\$69	\$21	\$21	\$21	\$21	\$155
Property Emergencies	\$17	\$0	\$0	\$0	\$0	\$17
Healthy Homes	\$328	\$282	\$228	\$181	\$85	\$1,104
Information Technology	\$42	\$21	\$21	\$21	\$21	\$126
All Others (Debt Service, Contingency, Etc.)	\$109	\$72	\$72	\$72	\$72	\$395
<b>Total Uses</b>	<b>\$3,437</b>	<b>\$1,436</b>	<b>\$1,029</b>	<b>\$941</b>	<b>\$998</b>	<b>\$7,841</b>

\* 2025 Capital Budget includes \$1.558 million in unspent funds from prior years that will roll.

(\$ in Millions)