

**Testimony from NYCHA’s Chief Executive Officer Lisa Bova-Hiatt**  
***Preliminary Budget Hearing – Public Housing***  
**Committee on Public Housing**  
**Tuesday, March 24, 2026 – 10:30 a.m.**  
**250 Broadway, 8<sup>th</sup> Floor, Hearing Room 1**

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 am also pleased to update you on the strides we’re making to improve residents’ quality of life while transforming and strengthening our organization.

Despite a rent revenue deficit of nearly half a billion dollars, and the cumulative impacts of decades of federal government underfunding, I am pleased to report that we anticipate a balanced budget by year end – with \$5.6 billion in expected expenses matching our total anticipated funding of \$5.6 billion. We achieved this balanced budget through a variety of cost-saving measures. And in 2026, we are investing approximately \$3.6 billion across the city to improve residents’ homes, for today and for the decades to come.

For nearly a century, NYCHA has been providing truly affordable housing to low- and moderate-income New Yorkers – a platform for stability and opportunity which strengthens the city as a whole. Today, through our 2,400 buildings, and our Section 8 and PACT programs, NYCHA is home to more than half a million people – or one in 16 New Yorkers – whom we also support with connections to life-changing economic opportunities, social services, and health resources.

We are pursuing Mayor Mamdani’s charge to bring an all-hands-on-deck approach, and to use every available strategy, to address NYCHA’s challenges and ensure that the Authority remains a vital resource of affordable housing in our city for another century and beyond. Mayor Mamdani has been clear that NYCHA will be at the forefront of the administration’s forthcoming housing plan, and we welcome that focus and investment. We have been meeting regularly with Deputy Mayor Bozorg, both while crafting the preliminary budget and during the development of the housing plan, to share the challenges and the opportunities we foresee ahead. And we greatly

appreciate the increased City funding that will support our PACT and Trust housing preservation efforts.

### **Progress in Critical Areas**

We are especially focused on making improvements in the areas that matter most to residents and which are under the purview of our HUD Agreement. We are making real progress, as demonstrated by our HUD apartment inspection scores, which keep improving.

We continue to improve elevator operations by hiring and training additional elevator mechanic teams while investing in equipment that will improve service. Last year, we resolved 90 percent of elevator outages within 10 hours, exceeding the HUD Agreement's 85 percent threshold.

During the last heat season, we resolved heat outages in an average of 6.8 hours – well below the 12-hour HUD Agreement target – and all the outages were resolved within 24 hours.

As of March 1, we have tested nearly 140,000 apartments for lead and have abated lead in more than 18,000 public housing apartments, providing families with a safe home and peace of mind. Our PACT partners have abated an additional 4,400 apartments.

Our success in tackling mold is measured by fewer occurrences, fewer reoccurrences, and improved response times. There are about 20 percent less new mold complaints since 2022, and the reoccurrence rate dropped from 30 percent to 10 percent from 2019 to today. We're now responding to mold complaints in an average of two days, down from 25 days. And resident satisfaction concerning our mold work has risen from 71 percent to 84 percent.

We have also made progress in reducing the number of pest extermination work orders – from nearly 17,000 open work orders in January 2023, which would take months to get to, down to a workload of 7,000 work orders open at any given time, which allows us to address work orders in an average of five days. An improved pest management approach is a key reason for the reduction. We are responding to rat complaints in an average of approximately one day, and within about four days for other pests, exceeding the HUD Agreement targets.

## **Balancing the Budget While Navigating Significant Fiscal Challenges**

Our budget is a vital roadmap for responsibly and transparently planning our operations and our capital investments – as well as how the Authority will continue to support residents over the long term, despite the numerous and significant challenges we continue to face. I’d like to thank CFO Lescott-Martinez and the entire Finance Department for their hard work and dedication, which has enabled us to balance our budget again this year. Continuing to improve the quality and reliability of the services we provide to residents, investing in our buildings, and ensuring NYCHA families have a home they can be proud of remain the focus of our efforts, and our wholehearted commitment.

Massive rent arrears remain one of the challenges we must navigate. Constituting a significant portion of our operating budget, rent payments are essential for providing residents with the quality of life they deserve. Thanks in part to \$300 million from the ERAP, CRA, and HOME-ARP rental assistance programs – which have assisted nearly 80,000 households – we have made some progress in bringing down the arrears. However, we are currently collecting only about 84 percent of the rent charged each month, and a significant number of households still have COVID-era arrears. Total arrears currently stand at about \$475 million across approximately 64,000 households as of the end of January. Since the COVID-related rental assistance programs are no longer accepting new applicants, we are letting residents know both the importance of paying rent as well as how they can get support to address their arrears, including through payment plans and rent adjustments to account for any reduction in income.

At the same time, federal funding is not keeping pace with the ever-increasing costs of repairing and maintaining our decades-old buildings, which cumulatively suffer from about \$80 billion in capital needs. There is also uncertainty about the level of federal funding we will receive – Congress passed an appropriations bill for 2026 that decreases operating funding for the nation’s public housing authorities by 14 percent. This could mean NYCHA would need to reduce its operating spending by up to \$100 million if we do not receive competitive shortfall funding, which we historically have not. Funding cuts may require us to make difficult choices to keep our budget balanced, although we will always prioritize residents’ health and safety as well as essential services. And, with our partners, we will continue to advocate for the federal funding that public housing desperately needs.

We have demonstrated an ability to adapt to insufficient federal funding – as I noted, we have balanced our budget for 2026, which is a significant achievement and follows a balanced budget in previous years despite considerable uncertainty regarding our federal funding. However, with the gap widening between NYCHA’s needs and the federal funding NYCHA receives, we anticipate substantial deficits in the coming years – which we will address through cost-saving measures. We have maintained balanced budgets with prior funding gaps through aggressive cost savings – by reducing central office department budgets by about \$100 million and constraining the non-emergency overtime budget, for instance. We will continue this important work to ensure we are using our limited resources as effectively as possible, though future cuts which do not impact agency operations and modernization plans will be increasingly harder to identify.

Federal funding comprises two-thirds of NYCHA’s operating revenue. This year, we expect to receive about \$1.3 billion in federal operating subsidy. Rent revenue accounts for the other third of our operating revenue, and we expect to collect about \$858 million in rent revenue this year, which is well over a hundred million dollars less than we should be collecting. HUD has obligated our operating funding for 2026 at an 86 percent proration rate through May – proration is the allocation of a fraction of the eligible funding, and so this is \$200 million less than what NYCHA is eligible to receive if this proration continues for the rest of the year.

Additionally, we anticipate receiving \$337 million in City expense funds for Calendar Year 2026. We appreciate the City’s critical support – even amidst a challenging City budget period – which demonstrates the City’s continued recognition of NYCHA’s vital role in serving New Yorkers.

We expect to receive about \$2.1 billion this year for Section 8 vouchers. If Congress enacts the House’s proposed funding for Section 8 renewals, that will lead to a 99 percent proration rate and create a \$108 million shortfall for NYCHA. We expect that HUD will announce the funding renewal rate within the next few months. In the meantime, we are assessing ways to ensure that any shortfall does not impact the families we serve, and we will apply for additional HUD funding.

Our expected expenses for 2026 are approximately \$2.3 billion in Section 8 payments to landlords; \$1.9 billion in salaries, fringe benefits, and overtime; \$344 million in contracts; \$682

million in utility payments; and \$413 million for expenses such as leases, supplies, vehicles, and equipment.

CFO Lescott-Martinez will now provide some additional information about NYCHA's 2026 budget and fiscal outlook.

*Budget Presentation from CFO Annika Lescott-Martinez*

### **Investing in Our Buildings**

Thank you, Annika. I would now like to discuss our capital investment program. In 2026, about \$3.6 billion is available for capital investments in our properties, including approximately \$731 million in expected 2026 federal capital funding; \$1.3 billion in City capital funding available in the 2026 City Fiscal Year; and other federal, State, and City funds allocated from prior-year awards. We are grateful for the City's support, which funded a range of projects that benefit residents, including heating system upgrades, roof replacements, waste infrastructure improvements, and investments in community centers, playgrounds, sport courts, and security cameras and lights. We are also grateful for the State's commitment of more than half a billion dollars currently available for heating, elevators, and facades.

While the federal capital funding we receive meets only a tiny fraction of the \$80 billion in needs, organizational transformation efforts are enabling us to accelerate critical renovations and accomplish complex and innovative modernizations – to the benefit of residents and their quality of life. In fact, we are completing more capital work annually than at any point in the Authority's recent history: from 2021 through 2025, we invested over \$5.1 billion in capital improvements across our portfolio, completing 810 construction projects and steadily increasing expenditures to \$1.25 billion in 2025. For residents, and in support of our HUD Agreement targets, this has meant the renovation of 177 heating systems; the replacement of 277 elevators, 757 waste and pest management assets, and 744 roofs; the repair of 217 building facades (and removal of sidewalk sheds at 314 buildings); the installation of over 3,700 CCTV cameras and 3,100 exterior lights; upgrades of over 3,300 apartments and 25 community centers; 68 new or improved playgrounds and sports courts; and strengthened resiliency to storm surge and cloudburst flooding at 30 properties.

This work has also created the equivalent of over 620 full-time jobs for low-income New Yorkers, including NYCHA residents.

As part of fundamentally redesigning the way we deliver capital projects, we continue to focus on improving customer service and transparency, with tools such as our Capital Projects and Needs Tracker (and other publicly available guidance and information) as well as regular communication with residents and other stakeholders about the projects in their communities. For instance, we conduct nearly 600 quarterly stakeholder meetings with NYCHA property management and resident leadership each year via dedicated Property Liaison teams, in addition to over 5,000 project-specific stakeholder engagement touchpoints. In addition to providing residents with key information in a range of formats and languages, we are also soliciting feedback from residents via surveys at multiple points on every project.

Currently, 506 projects are in planning or underway across the city, representing \$6.3 billion in investments. This includes renovation of additional heating systems, elevators, roofs, facades, waste management infrastructure, and community centers. NYCHA is also scaling up deployment of energy-efficient window heat pumps for heating and cooling, as well as large-scale waste plumbing, kitchen, and bathroom rehabilitation to target the root causes of leaks and mold.

### **Creative and Transformative Housing Preservation Tools**

The federal government has been underfunding public housing for decades, and so we must use every tool at our disposal to bring our buildings the investments they desperately need, and our residents the quality of life they deserve. Our major housing preservation programs like PACT, the Public Housing Preservation Trust, and Comprehensive Modernization (Comp Mod) are leveraging new and creative models for funding, project delivery, and partnership, bringing billions of dollars to revitalize our developments, and residents' homes, from top to bottom – all while maintaining the rights and protections and integrity of our city's public housing.

More than 44,000 apartments across 169 developments are in pre-development, under construction, or have completed renovation through PACT, representing over \$16 billion in capital repairs and upgrades. 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. We are also bringing an unprecedented level of transparency and insight into our work, with online dashboards that anyone can use to monitor our progress with PACT projects (as well as our regular capital projects).

The NYC Public Housing Preservation Trust will also dramatically improve the quality of life for residents. To date, four developments have voted to join the Trust to unlock funding for much-needed renovations of their homes. Last year, the Trust signed design-build contracts for projects to modernize nearly 1,400 homes at Nostrand Houses and Bronx River Addition, representing almost half a billion dollars in building upgrades.

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.

The Comp Mod program will also complete holistic capital improvements instead of simply repairing individual building components. Comp Mod projects are active or planned at seven developments currently, where they will transform residents' homes thanks to nearly \$1.2 billion in funding.

### **Looking Ahead While Becoming a Better Landlord Today**

NYCHA is an integral and indispensable part of New York City, providing a stable and truly affordable home – a platform for opportunity – for hundreds of thousands of families. The work we are doing is not only about using every tool at our avail to improve residents' lives today, but also about ensuring that NYCHA remains a vital resource for the generations to come. We truly appreciate your partnership as we overcome the obstacles and continue to make progress for the New Yorkers we serve.

Thank you. We are happy to answer any questions you may have.



Manhattan

Queens



**NYCHA Adopted Budget  
2026-2030 Financial Plan**  
Annika Lescott-Martinez,  
EVP & Chief Financial Officer



(\$ in millions)

	2026
<b>Sources</b>	
Tenant Rental Revenue	\$858
Operating Subsidy	\$1,270
Section 8 Program Subsidy	\$2,581
Capital Transfer/Mgmt. Fee	\$256
City Funds	\$337
All Other	\$267
<b>Total Sources</b>	<b>\$5,569</b>
<b>Uses</b>	
<b>Personal Services (PS)</b>	
Salaries	\$955
Overtime	\$180
Fringe	\$718
<b>Total PS</b>	<b>\$1,853</b>
<b>Other than Personal Services (OTPS)</b>	
Supplies	\$129
Utilities	\$682
Contracts	\$344
Section 8 Landlord Payments	\$2,276
All Other OTPS	\$284
<b>Total OTPS</b>	<b>\$3,716</b>
<b>Total Uses (PS &amp; OTPS)</b>	<b>\$5,569</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>

## 2026 Operating Sources and Uses

### Sources

- The adopted budget estimates \$858 million in tenant rent revenue, and 88% collection rate on new charges.
- \$1.3 billion in federal operating subsidy to support 145,942 eligible public housing units.
- Due to continued PACT and Trust conversions, we expect growth in the Section 8 program revenue with \$2.6 billion in Housing Assistant Payments (HAP) and admin fee.

### Uses

- \$1.9 billion in personnel expenditures provides salaries and fringe for 11,865 full-time staff.
- \$180 million overtime budget, representing the continued implementation of control measures.
- \$2.3 billion in corresponding Section 8 HAP landlord payments.
- **We are anticipating a balanced budget at year-end.**

# 2026-2030 Operating Plan



While we anticipate a balanced budget in 2026, significant deficits are anticipated in the outyears. NYCHA will implement additional cost savings to mitigate the potential deficits in 2027 and beyond.

	2026	2027	2028	2029	2030
<b>Sources</b>					
Tenant Rental Revenue	\$858	\$838	\$840	\$843	\$846
Operating Subsidy	\$1,270	\$1,381	\$1,387	\$1,349	\$1,402
Section 8 Program Subsidy	\$2,581	\$2,589	\$2,666	\$2,729	\$2,798
Capital Transfer/Mgmt. Fee	\$256	\$256	\$256	\$256	\$256
City Funds	\$337	\$358	\$368	\$370	\$370
All Other	\$267	\$80	\$90	\$68	\$64
<b>Total Sources</b>	<b>\$5,569</b>	<b>\$5,502</b>	<b>\$5,606</b>	<b>\$5,614</b>	<b>\$5,736</b>
<b>Uses</b>					
<b>Personal Services (PS)</b>					
Salaries	\$955	\$953	\$951	\$951	\$951
Overtime	\$180	\$178	\$178	\$178	\$178
Fringe	\$718	\$758	\$758	\$758	\$758
<b>Total PS</b>	<b>\$1,853</b>	<b>\$1,889</b>	<b>\$1,887</b>	<b>\$1,887</b>	<b>\$1,887</b>
<b>Other than Personal Services (OTPS)</b>					
Supplies	\$129	\$130	\$129	\$129	\$129
Utilities	\$682	\$682	\$682	\$682	\$682
Contracts	\$344	\$351	\$349	\$349	\$349
Section 8 Landlord Payments	\$2,276	\$2,425	\$2,482	\$2,543	\$2,604
All Other OTPS	\$284	\$288	\$288	\$289	\$290
<b>Total OTPS</b>	<b>\$3,716</b>	<b>\$3,876</b>	<b>\$3,931</b>	<b>\$3,992</b>	<b>\$4,055</b>
<b>Total Uses (PS &amp; OTPS)</b>	<b>\$5,569</b>	<b>\$5,766</b>	<b>\$5,818</b>	<b>\$5,879</b>	<b>\$5,941</b>
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>(\$263)</b>	<b>(\$212)</b>	<b>(\$265)</b>	<b>(\$206)</b>

(\$ in millions)

# Five-Year Capital Plan: Sources and Uses

- The five-year plan addresses \$7.8 billion of NYCHA's capital investment needs including the estimated \$80 billion in physical needs at NYCHA properties. \$3.6 billion is available in 2026.
- **Federal Capital:** \$4.3 billion, including \$670 million, in unspent funding and estimated new annual grant of \$731 million in 2026-2030.
- **City Capital:** \$1.5 billion of funding in support of HUD/SDNY Agreement compliance and an additional \$1.0 billion of Mayoral funds.
- **State Capital:** \$528 million for boiler, elevator, and brickwork improvements; with an additional \$26.5 million for other activities.

Sources	2026*	2027	2028	2029	2030	Total 2026 - 2030
Federal Public Housing Capital	\$1,401	\$731	\$731	\$731	\$731	\$4,327
City Capital	\$1,302	\$684	\$180	\$215	\$218	\$2,600
State Capital	\$555	\$0	\$0	\$0	\$0	\$555
Federal Disaster Recovery	\$249	\$0	\$0	\$0	\$0	\$249
Community Development Block Grant (via City)	\$7	\$0	\$0	\$0	\$0	\$7
Competitive Grants	\$3	\$0	\$0	\$0	\$0	\$3
Other	\$46	\$0	\$0	\$0	\$0	\$46
<b>Total Sources</b>	<b>\$3,564</b>	<b>\$1,415</b>	<b>\$911</b>	<b>\$947</b>	<b>\$949</b>	<b>\$7,786</b>
Asset & Capital Management	\$2,628	\$822	\$365	\$496	\$497	\$4,807
Healthy Homes	\$381	\$228	\$181	\$85	\$87	\$962
Operations (excl. Healthy Homes)	\$92	\$22	\$22	\$22	\$22	\$180
Information Technology	\$53	\$22	\$22	\$22	\$22	\$139
NYCHA-Wide	\$409	\$322	\$322	\$322	\$322	\$1,699
<b>Total Uses</b>	<b>\$3,564</b>	<b>\$1,415</b>	<b>\$911</b>	<b>\$947</b>	<b>\$949</b>	<b>\$7,786</b>

\* 2026 Capital Funds includes \$1.7 billion in unspent funds from prior years that will roll.

## Questions