



NEW YORK CITY  
HOUSING  
AUTHORITY

# Executive Budget Hearing Committees on Public Housing & Finance

June 8, 2015



# Agenda

1. Current Financial State
2. NextGeneration NYCHA
3. Operating Budget
4. Capital Budget



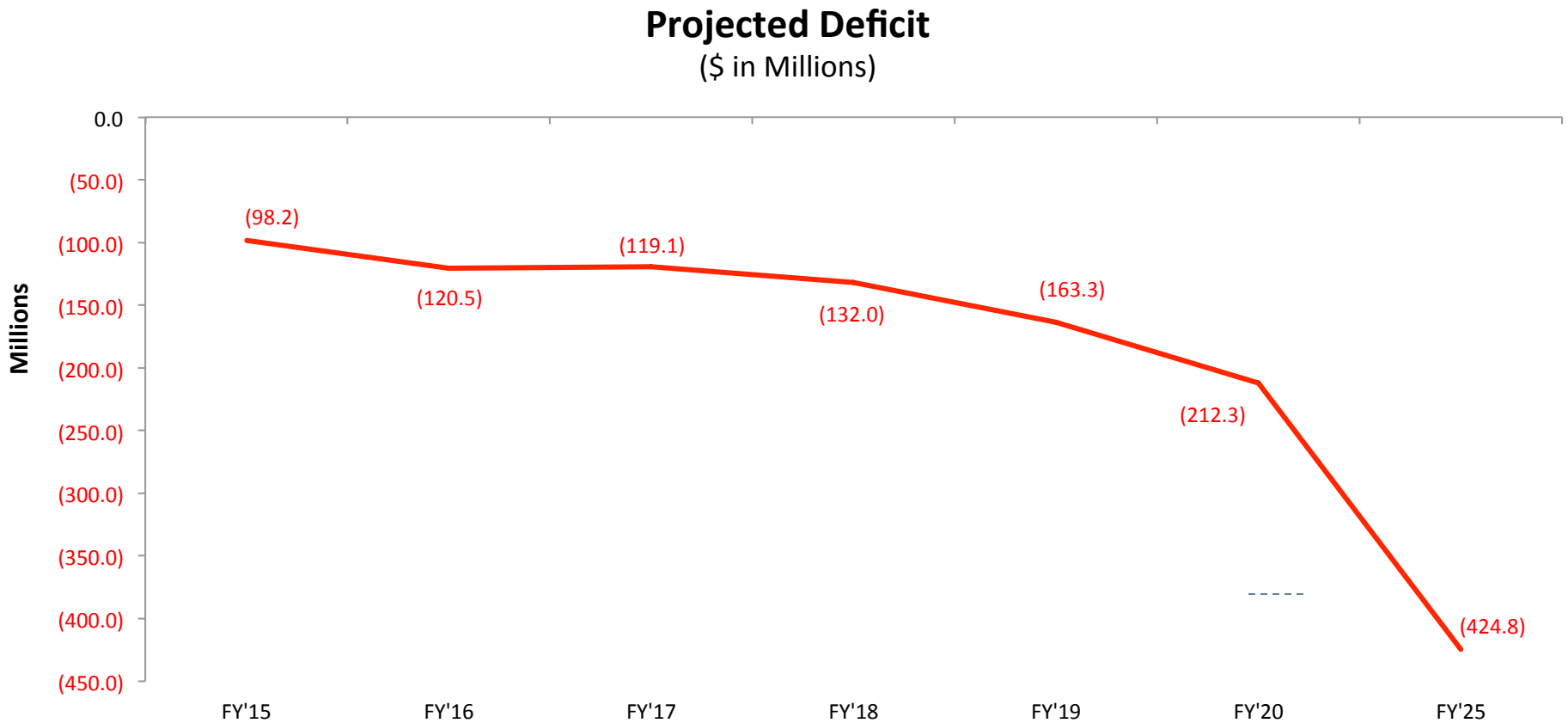
# Why NextGeneration NYCHA Now?

- **To preserve the precious resource of public housing and to improve the lives of residents**
- Aging buildings in need of repair
- Significantly reduced federal funding for repairs, supplies, and renovations
- Since 2001, average annual HUD public housing funding prorated at only 90% of eligible amount
- Large senior population aging in place
- Low-income families in need of affordable housing



# Projected 10-year deficits total \$2.5b

Annual operating deficits are projected to grow as high as **\$425m** by 2025 without intervention



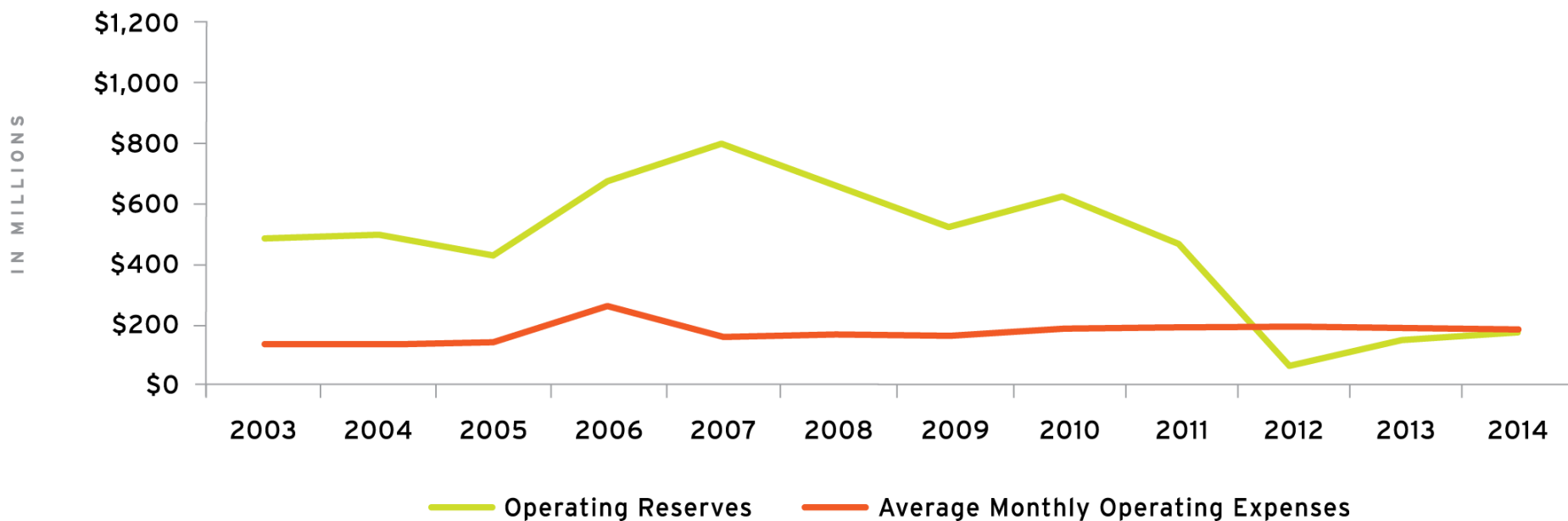
\*Figures are updated projections, not adopted (FY'16 – FY'25)



# Operating reserves spent down

NYCHA has used its reserves to fill deficits; only **1 month's** worth of operating expenses is left in reserves

## Depleted Operating Reserves since 2003



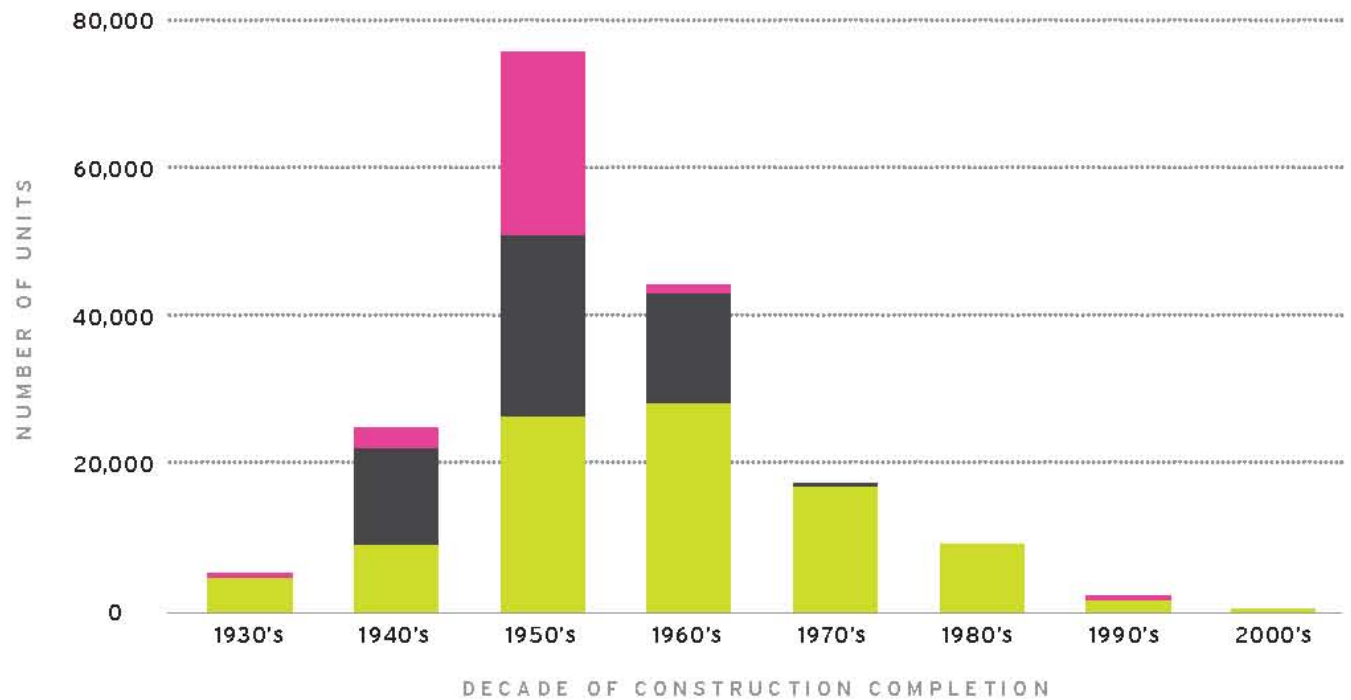


# 60% of buildings are 50 years or older

## Age of NYCHA Units

- City-Built Units
- State-Built Units
- Federal-Built Units

Data Source: NYCHA Department of Research and Management Analysis

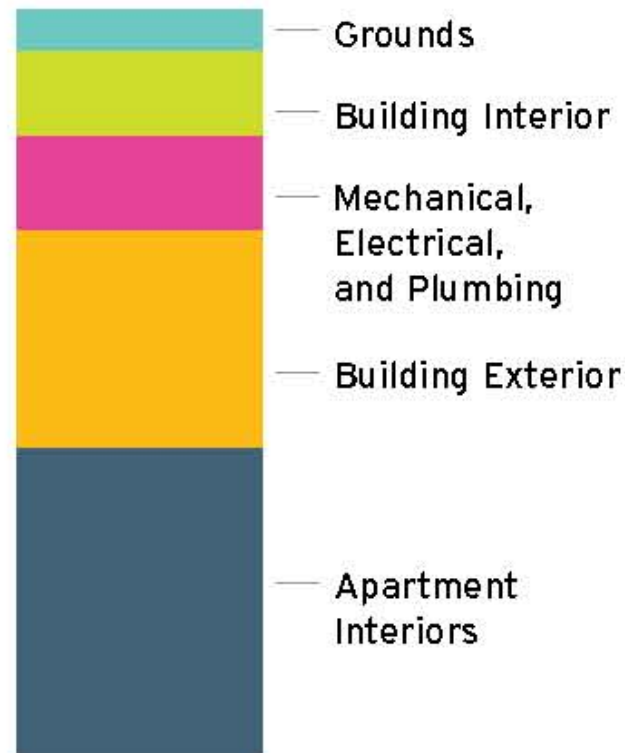




# Significant capital needs reach \$17b

## 5-Year Unmet Capital Needs

**\$16.9B**





# NextGeneration NYCHA Process

Over **150** meetings with stakeholders for the last 1 year

Spring 2014

Summer 2014

Winter 2015

Spring 2015

★ Listening Tour  
+ Partner Mtgs



★ Coffees with  
the Chair



★ Resident  
Outreach



★ Community  
Vision Sessions



★ Senior  
Leadership



★ Executive  
Team Sessions



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# NextGeneration NYCHA Vision



Safe,  
Clean,  
and  
Connected  
Communities



# NextGeneration NYCHA Goals

## **Fund:**

Achieve short-term financial stability and diversify funding for the long term

## **Operate:**

Be an efficient and effective landlord

## **(Re)build:**

Rebuild, expand and preserve public and affordable housing

## **Engage:**

Engage residents and connect them to best-in-class services



# NextGeneration NYCHA Strategies

## Fund

- 1) Secure relief from PILOT
- 2) Improve collection of resident rent and fees
- 3) Lease ground floor spaces
- 4) Reduce central office costs

## Operate

- 5) Transform to digital organization
- 6) Localize property management
- 7) Pursue comprehensive sustainability agenda
- 8) Increase safety and security

## (Re)Build

- 9) Refine capital planning strategy
- 10) Provide land to support creation of affordable housing units
- 11) Use HUD programs to preserve units
- 12) Adopt design excellence practices

A horizontal section with a blue arrow pointing left on the left side and a blue arrow pointing right on the right side, framing the text "Engage Residents".

## Engage Residents

- 13) Transform from direct service provision to a partnership model
- 14) Leverage philanthropic dollars through a 501(c)(3)
- 15) Connect NYCHA residents to quality employment



# What is the impact of NextGen NYCHA?

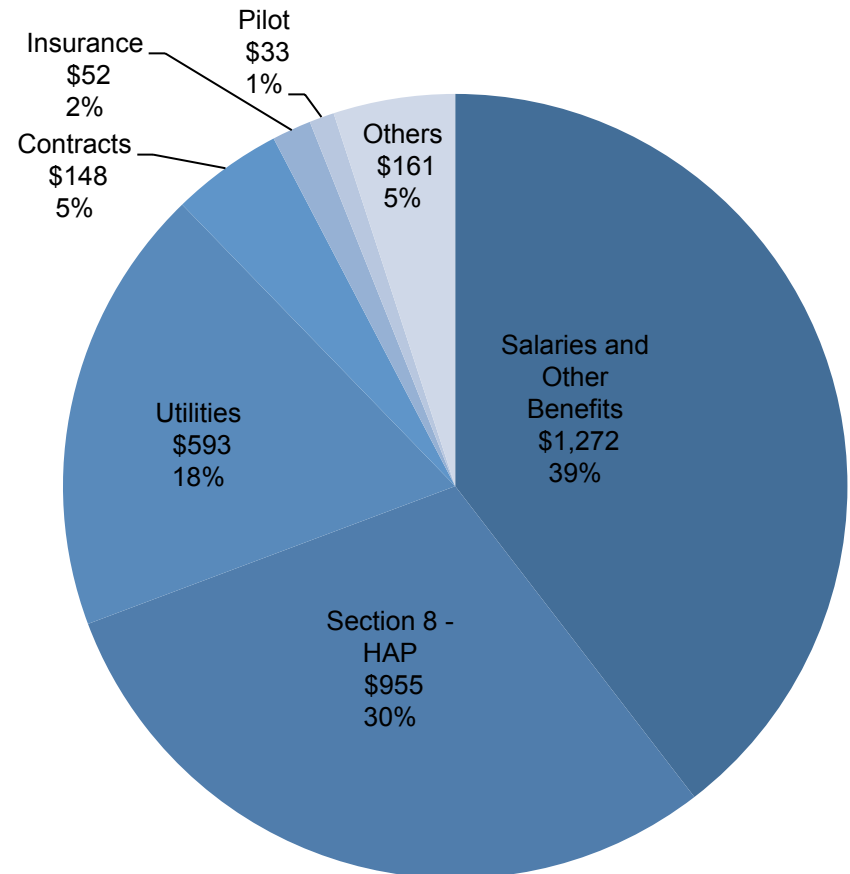
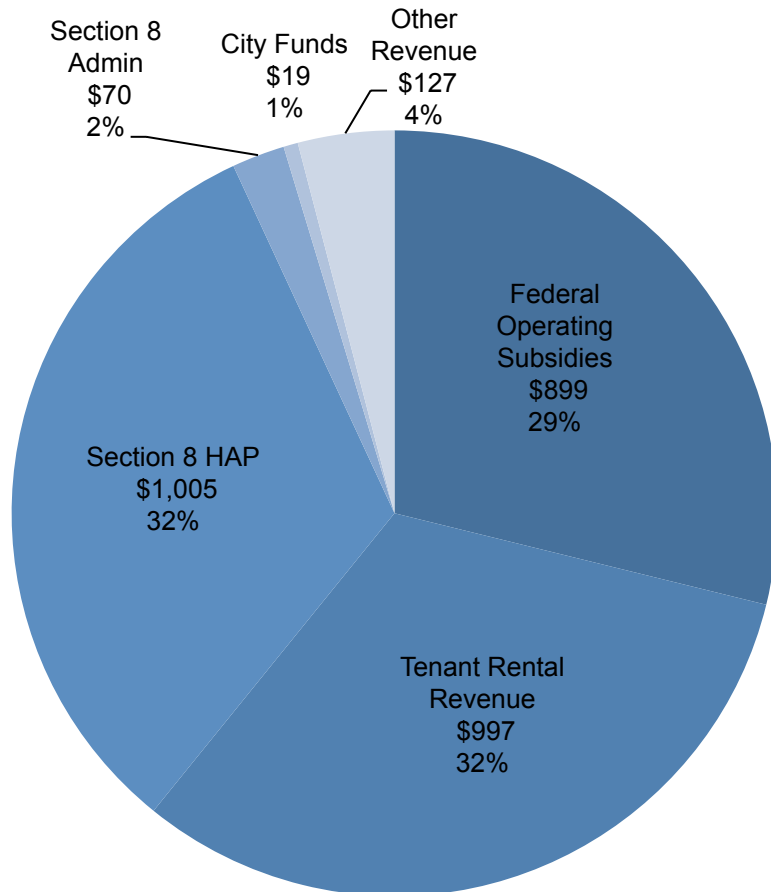
- **Fiscally sound operations – which then enables NYCHA to raise funds for capital needs**
- Repairing sinks and ovens
- Fixing floors and ceilings
- Improving stairwells and hallways
- Addressing mold and vermin
- Connections to best-in-class social services
- Expanding economic opportunities for residents



# In 2015, expenses were projected to exceed revenues by \$98m

**Revenue**  
**\$3.116b**

**Expenses**  
**\$3.214b**





# First quarter performance has been better than anticipated

\$ in Millions

	2015 Adopted Budget	1st Quarter Budget	1st Quarter Actuals	2015 Variance
Tenant Rental Revenue	997	249	252	3
Federal Operating Subsidies	899	225	216	(8)
Section 8 HAP	1,005	251	252	1
Section 8 Admin	70	17	17	(1)
City Funds	19	5	10	6
Other Revenue	127	32	31	(0)
<b>Total Revenue</b>	<b>3,116</b>	<b>779</b>	<b>778</b>	<b>(1)</b>
Salaries and Other Benefits	1,272	318	297	21
Utilities	593	148	177	(29)
Contracts	148	37	17	20
Insurance	52	13	11	2
Pilot	33	8	8	0
Housing Assistance Payments (HAP)	955	239	239	(0)
Other than Personal Services	161	40	37	3
<b>Total Expenses</b>	<b>3,214</b>	<b>803</b>	<b>787</b>	<b>17</b>
<b>Surplus/(Deficit)</b>	<b>(98)</b>	<b>(25)</b>	<b>(9)</b>	<b>(18)</b>



# Through NextGen, the 2015 deficit has been reduced to \$74m

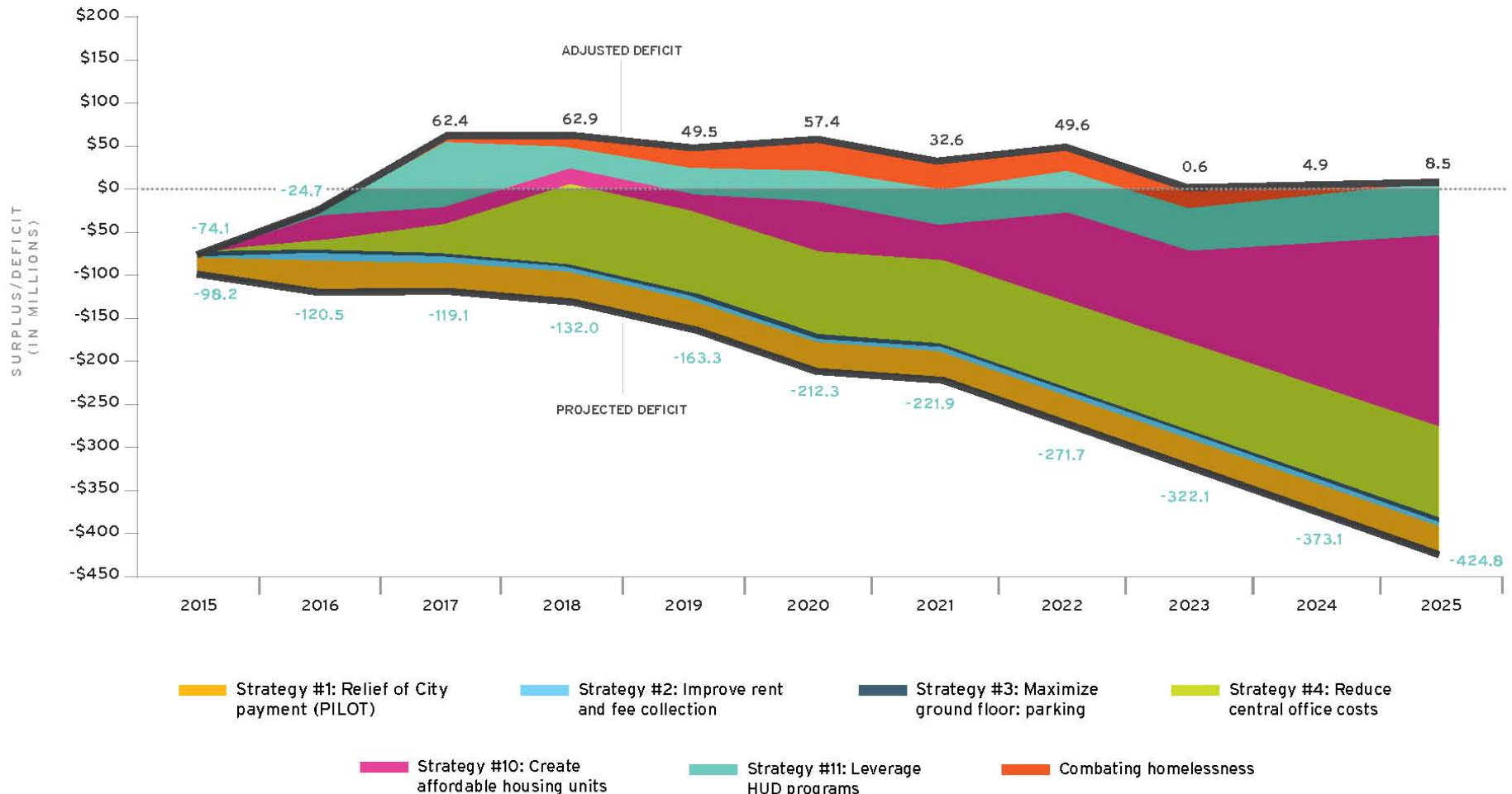
(\$ in Millions)	2015 Adopted Budget	1st Quarter Actuals	Remaining Year Forecast	Total Forecast
Revenue from Operations	1,015	252	763	1,015
Other Revenue	2,101	526	1,579	2,106
<b>Total Revenue</b>	<b>3,116</b>	<b>778</b>	<b>2,343</b>	<b>3,121</b>
PS	1,272	297	974	1,272
OTPS	1,942	489	1,434	1,923
<b>Total Expenses</b>	<b>3,214</b>	<b>787</b>	<b>2,408</b>	<b>3,195</b>
<b>Surplus/(Deficit)</b>	<b>(98)</b>	<b>(9)</b>	<b>(66)</b>	<b>(74)</b>

- Forecast reflects NextGen strategies:
  - #1 PILOT waiver
  - #2 Improving collection of resident rent and fees
  - #11 Leveraging HUD programs to preserve units



# In the long term, NextGen could generate \$230m in operating surpluses

Financial Impact of Select NextGeneration NYCHA Strategies

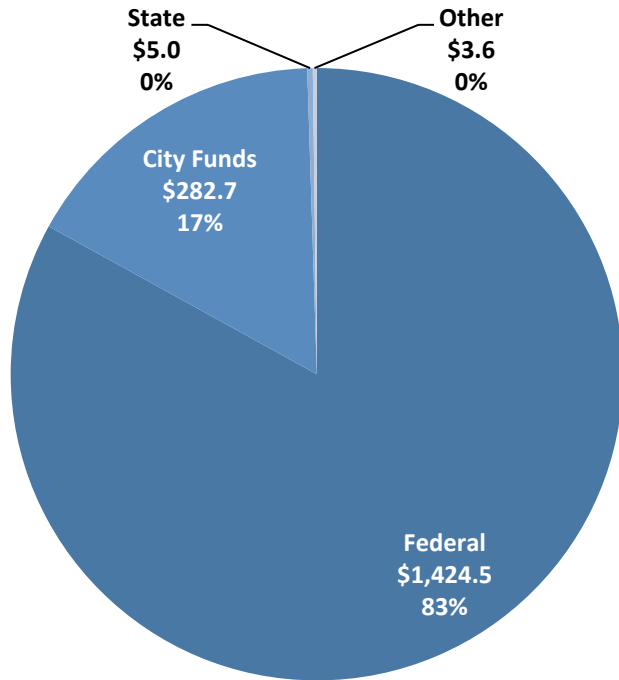






# HUD funding meets some of capital need

By Funding Source

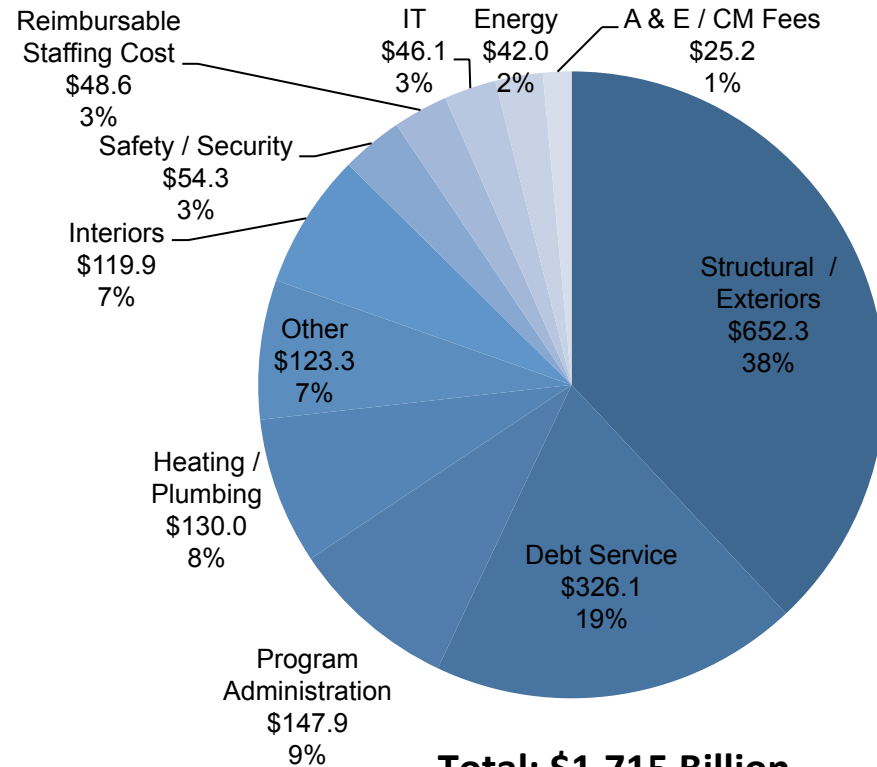


**Total: \$1.715 Billion**

Other includes \$.21 billion for the Public Housing Development Grant and \$.15 billion for Capital Fund Financing Program

(\$ in Millions)

By Work Type



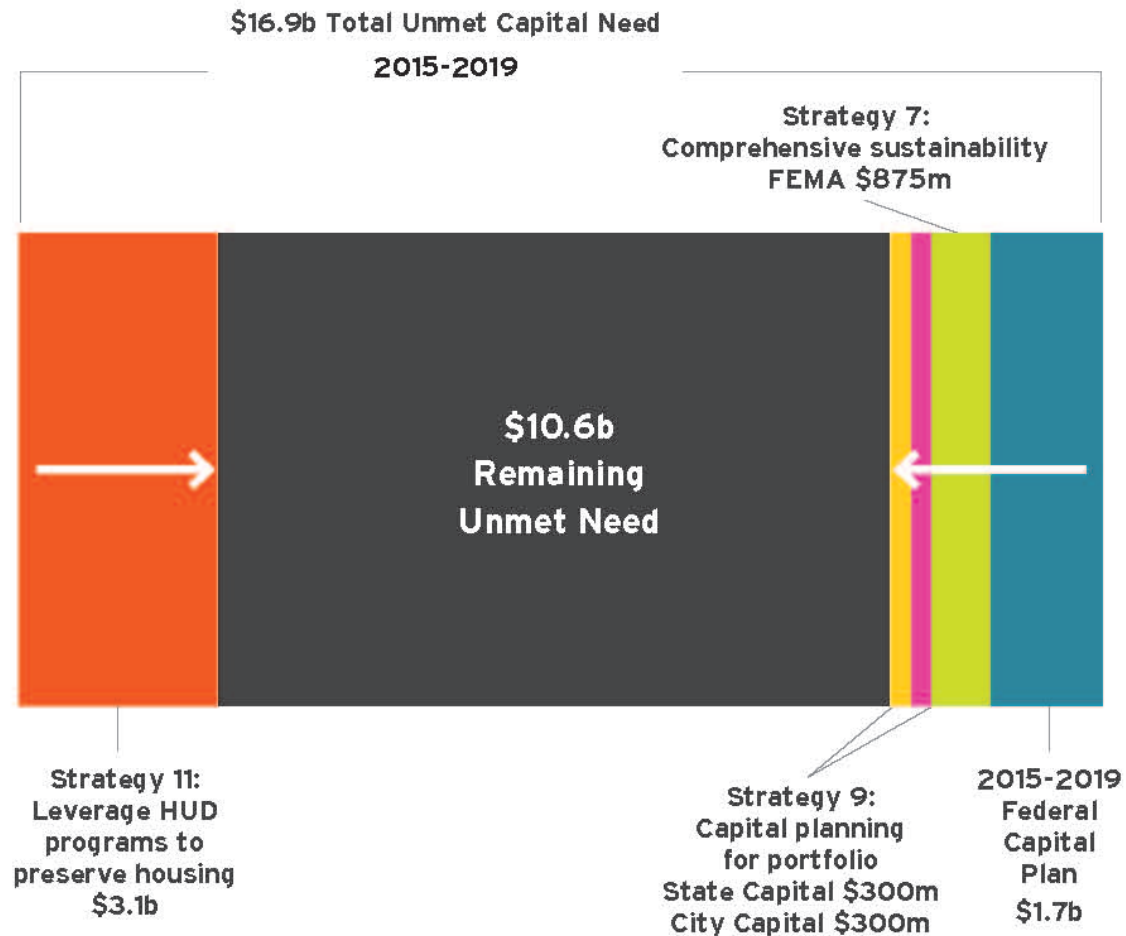
**Total: \$1.715 Billion**

Other includes Energy projects, Environmental projects, Fire Safety projects, Garbage Disposal projects, and Appliances



# NextGen addresses an additional \$4.6b of capital need

## Reduction of 5-Year Unmet Capital Needs





# NextGeneration NYCHA Vision



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