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HEARING ON THE 2014 FIVE YEAR CAPITAL PLAN FOR THE

NEW YORK CITY HOUSING AUTHORITY

June 3, 2013

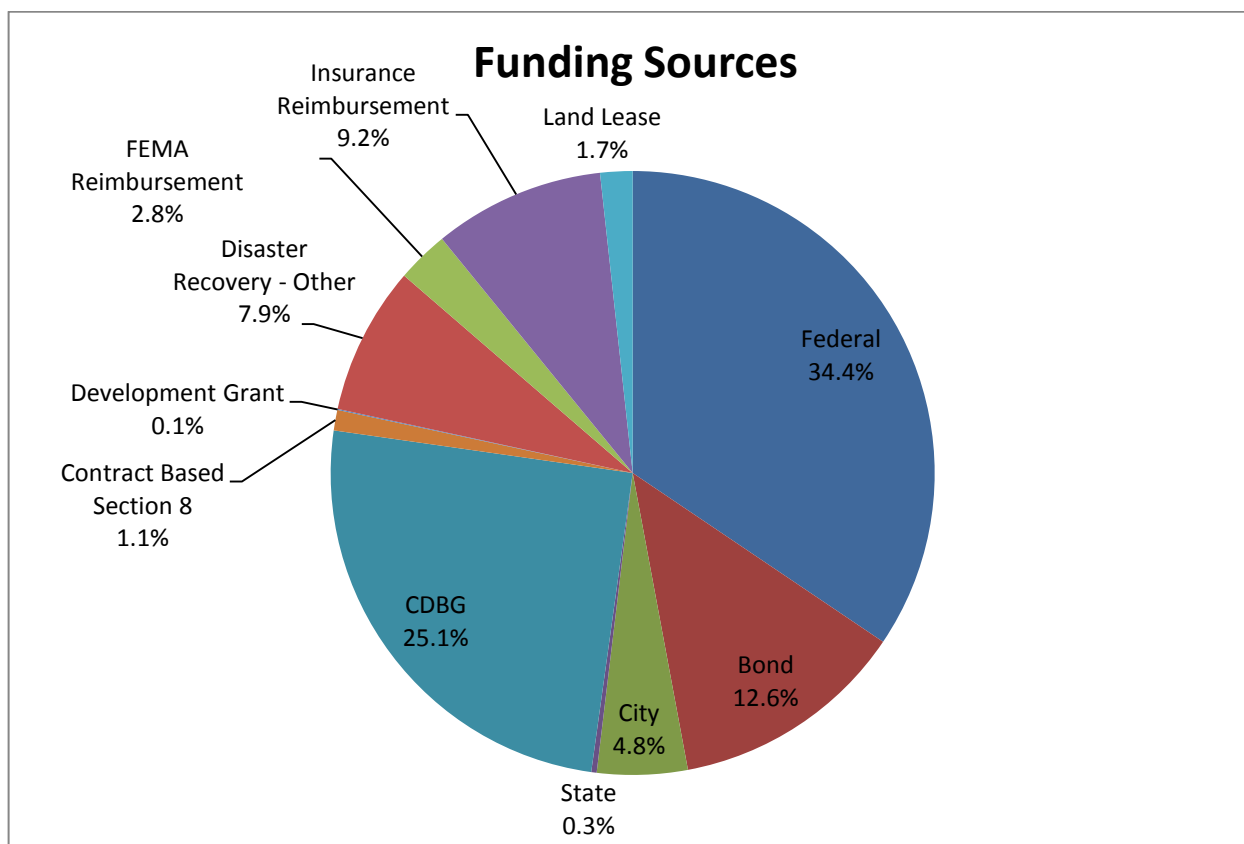
CAPITAL BUDGET OVERVIEW

The New York City Housing Authority's (NYCHA or the Authority) 2013-2017 Five Year Capital Plan provides \$3.9 billion for planned commitments for infrastructure improvements, modernization, and other systematic upgrades. For Calendar Year 2013 total capital commitments are \$1.8 billion, of which \$197 million has been rolled over from Calendar Year 2012. The following table summarizes NYCHA's 2013-2017 proposed capital expenditures by project type:

2013-2017 Proposed Capital Plan - All Funding (Dollars In Thousands)						
CPD	2013*	2014	2015	2016	2017	Total
A&E/CM Fees	\$15,614	\$0	\$0	\$0	\$0	\$15,614
Boilers	6,849	6,240	17,750	10,650	18,700	60,189
Bond Contingency	34,645	0	0	0	0	
Brickwork	458,739	41,900	17,750	18,000	0	536,389
Community Canter Construction	18,730	0	0	0	0	18,730
Doors/Entrances	6,762	0	150	1,800	0	8,712
Electrical	1,910	0	0	0	0	1,910
Elevators	16,818	8,465	37,110	32,711	20,975	116,079
Front Line Costs	11,092	12,500	11,500	12,500	12,500	60,092
Garbage Disposal	4,894	550	3,680	1,225	0	10,349
General Construction	816,504	840,563	157,006	85,508	34,884	1,934,465
Grounds	6,861	0	0	0	0	6,861
Heating	54,652	8,630	8,740	2,900	700	75,622
Intercoms/Security	54,939	0	0	0	0	54,939
Major Renovations	7,780	14,215	2,400	21,500	56,401	102,296
Physical Needs Assessment	0	0	0	10,000	0	10,000
Plumbing	8,383	1,500	0	190	2,400	12,473
Roofs	4,603	10,949	7,353	6,000	6,000	34,905
Unplanned Projects	42,051	1,600	0	0	0	43,651
Contingency	1,583	2,000	2,500	1,500	2,000	9,583
CPD Total	\$1,573,409	\$949,112	\$265,939	\$204,484	\$154,560	\$3,112,859

The largest costs are for brickwork and general construction. In 2013, approximately \$458.7 million, or 29.2 percent will pay for brickwork and \$816.5 million, or 51.9 percent will go toward general construction. The complete 2013-2017 Capital Plan is located in Appendix 1.

NYCHA is primarily funded through federal allocation, with approximately 34.4 percent, or \$1.36 billion over the five year capital plan. Another large portion of funding is for disaster recovery, where approximately 35.8 percent or \$1.4 billion will be provided by federal recovery funds. Of the city funds, approximately \$148 million is New York City Council allocations. Please see the chart below for a complete breakdown of funding sources:



FINANCE DIVISION

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CAPITAL BUDGET HIGHLIGHTS

- **Capital Fund Bond Issue.** Under HUD's Capital Fund Financing Program (CFFP), NYCHA may borrow private capital to make improvements and pledge, subject to availability of appropriations, a portion of future year annual capital funds for debt service. Borrowing capacity under CFFP is limited so that annual debt service may not exceed 33 percent of annual federal capital grant awards. Bond proceeds are required to be expended over a four year period. In 2013, the Authority intends to complete a \$500 million CFFP bond issue. This revenue will partially offset the loss of federal capital funds and accelerate the completion of critically needed capital work. NYCHA plans to use the net proceeds to rehabilitate building envelopes, principally for the remediation of Local Law 11 violations, as well as install new roofs at selected locations. Local Law 11 applies to exterior walls of buildings that are six or more stories in height and addresses the dangers associated with deteriorating building facades. The bond issuance will cure approximately 55-60% of the currently outstanding Local Law 11 violations.
- **Contract Based Section 8.** NYCHA owns certain developments that consist of contract-based Section 8 dwelling units. These buildings have not received appropriate levels of investment and need substantial rehabilitation. The long-term, contract-based nature of the HUD subsidy for these properties provides a predictable source of income and cash flow that may be leveraged to complete a structured financing. Net proceeds from a structured financing transaction are \$43.5 million which will be used to perform rehabilitation work needed to bring properties to a state of good repair.
- **Hurricane Sandy.** NYCHA has currently requested approximately \$1.8 billion in insurance, FEMA reimbursement, and Community Development Block Grant (CDBG) funding. The use of these funds will be as follows: a) \$50 million in operating costs (overtime, rent abatement), b) \$100 million in emergency response (cleanup), c) \$350 million for repairs and replacements, d) \$160 million for resiliency efforts at the damaged sites, e) \$250 million for mitigation work, f) \$50 million for programmatic improvements such as an emergency center, g) \$25 million for advanced approaches like cogeneration, new facades, and roof boilers, h) \$180 million for community center improvements, and i) \$620 million for resiliency measures at non-damaged sites.
- **Land Lease.** The Authority is planning an infill development strategy in order to generate additional cash flow. The strategy is to lease NYCHA-owned land to private developers who will create residential housing where a portion of the units will be rented to NYCHA residents. The Authority will release a Request for Proposal (RFP) in July. Over the five year plan, NYCHA anticipates that it will generate approximately \$81 million, of which \$68.4 million will be transferred to the capital budget. The \$68.4 million will be used to make improvements at the initial eight developments where the infill is taking place.
- **Completed Projects.** As of the last five year capital plan, a total of 52 construction jobs have been completed at 117 developments in 525 buildings, with a total value of approximately \$102 million. This includes eight brickwork and roofing projects at 24 developments in 62 buildings (\$44.7 million), five elevator projects replacing 34 elevators at five developments in 11 buildings (\$15.6 million), 23 heating and plumbing projects at 30 developments in 63 buildings (\$14.5 million), and 16 "other" projects (including CCTV, grounds, GC, etc.) at 58 developments in 389 buildings (\$26.7 million)

- **CCTV.** In 2012, installations of CCTV systems were started at 10 locations and two have been completed. Currently, there are installations planned at 85 developments at 476 buildings. NYCHA plans to complete all 85 by the end of 2013. As of May 23, 2013, 30 installations are underway and eight have been completed. To date, a total of 718 cameras have been installed.
- **Outside Designers to Supplement NYCHA Design Staff.** NYCHA has chosen to outsource design of certain priority projects entirely in order to reduce the design duration. The Authority's capital program consists of mainly regular annual allocations of Federal funding. City capital funding is much more unpredictable in the sense that NYCHA does not know on a year to year basis how many projects will be approved, how much money will be allocated, and what type of work will be requested. Therefore, NYCHA has determined that it is more efficient to have designs for City capital projects prepared by outside consulting firms who have access to more diverse technical expertise as needed and the ability to ramp up or down project staffing based on workload.
- **City Capital Funded Projects.** Currently there are over 150 city capital funded projects in NYCHA's portfolio, totaling approximately \$97 million from New York City Council allocations. Some of these also received additional funding from borough presidents, mayoral, state and federal resources. Security projects are constructed using a Job Order Contract (JOC), which expedites the process as the procurement is done upfront for all projects. Non-security projects use NYCHA's traditional procurement method. Per NYCHA's Quarterly Report for the period of January 1-March 31, 2013, 41 security projects were submitted to the New York City Office of Management and Budget (OMB), which leaves two remaining from 2012 allocations and before. The Authority also received a total of 27 Certificates to Proceed from OMB for security-related projects. Additionally, 21 projects were registered with the Comptroller's office and are commencing construction and 3 completed construction. The Authority also stated that there is approximately \$1.8 million in funds that should be repurposed. This is generally due to a project being completed and there are leftover funds or because the project was completed using alternate funding sources.

APPENDIX 1: 2013-2017 PROPOSED CAPITAL PLAN – ALL FUNDING SOURCES

2013-2017 Proposed Capital Plan - All Funding (Dollars In Thousands)						
CPD	2013*	2014	2015	2016	2017	Total
A&E/CM Fees	\$15,614	\$0	\$0	\$0	\$0	\$15,614
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Intercoms/Security	54,939	0	0	0	0	54,939
Major Renovations	7,780	14,215	2,400	21,500	56,401	102,296
Physical Needs Assessment	0	0	0	10,000	0	10,000
Plumbing	8,383	1,500	0	190	2,400	12,473
Regulatory Requirements	4,603	10,949	7,353	6,000	6,000	34,905
Roofs	42,051	1,600	0	0	0	43,651
Contingency	1,583	2,000	2,500	1,500	2,000	9,583
CPD Total	\$1,573,409	\$949,112	\$265,939	\$204,484	\$154,560	\$3,147,504
Non-CPD						
Administration	\$3,561	\$876	\$902	\$929	\$957	\$7,225
Community Operations	1,509	0	0	0	0	1,509
Development	53,564	0	0	0	0	53,564
Energy	6,113	156	156	156	156	6,737
Information Technology	25,149	13,253	11,144	10,542	10,542	70,630
Law	75	0	0	0	0	75
Operations	21,614	22,893	22,893	22,933	22,933	113,266
Supply Management	49	3,000	3,000	3,000	3,000	12,049
Non-CPD Total	\$111,634	\$40,178	\$38,095	\$37,560	\$37,588	\$265,055
Miscellaneous						
Contingency	\$2,010	\$1,000	\$1,000	\$1,991	\$1,963	\$7,964
Debt Service	40,122	49,000	49,000	49,000	49,000	236,122
NYPD	2,297	3,849	3,849	3,849	3,849	17,693
Program Administration	24,784	25,658	25,658	25,658	25,658	127,416
Transfer to Operating	69,813	24,547	24,547	19,547	19,547	158,001
Miscellaneous Total	\$139,026	\$104,054	\$104,054	\$100,045	\$100,017	\$547,196
Grand Total	\$1,824,069	\$1,093,344	\$408,088	\$342,089	\$292,165	\$3,959,755
Current Funding Available	\$1,824,069	\$1,093,344	\$408,088	\$342,089	\$292,165	\$3,959,755
Available (Shortfall)	\$0	\$0	\$0	\$0	\$0	\$0
<i>*Includes Rollover from FY12</i>						