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**Report to the Committee on Finance and the
Committee on Public Housing on the Fiscal 2023
Executive Plan and the Fiscal 2023 Executive
Capital Commitment Plan**

New York City Housing Authority (NYCHA)

May 23, 2022

(Report Prepared by John Basile)



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New York City Housing Authority (NYCHA) Fiscal 2023 Executive Budget Snapshot

CY22 Operating Budget

- \$4.2 billion Expenses in CY22
- \$13 million increase compared to CY21 Year-End budget

Headcount

- 12,188 positions
- 377 increase from CY21 budget

Program to Eliminate the Gap

- N/A

Capital Commitment Plan

- \$8.3 billion FY22-FY26
- 50% Federal funding
- 43% City capital funding

Contract Budget

- N/A

Budget Response

Council Priorities

- \$1.5 billion in annual additional capital funding for NYCHA to increase the City's investment in public housing

New Needs

Significant New Needs

- \$2 million in City expense funding added to support NYCHA's Urban Farm program

Other Adjustments

Significant Other Adjustments

- \$1 million for the City Cleanup Corps in Fiscal 2023

Major Agency Issues

Agency Issues Identified

- Council's Preliminary Budget Response request of \$1.5 billion in annual additional capital funding for NYCHA not fully funded

NYCHA 2022-2026 Budget Overview

The New York City Housing Authority's (NYCHA or the Authority) budget is not part of the City's budget and NYCHA's fiscal year follows the calendar year. The 2021 Year-End Operating Budget for NYCHA reflects a balanced budget for 2021, as compared to the \$25 million operating deficit originally projected in NYCHA's 2021 Adopted Operating Plan. In December 2021, the NYCHA Board approved its five-year 2022-2026 Operating and Capital Plans, which for 2022 projects an overall deficit of \$35 million.

For additional information on NYCHA's budget, please refer to the Fiscal 2023 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/03/NYCHA.pdf>

NYCHA's adopted Calendar Year 2022 budget includes \$4.14 billion in projected revenue, which is 0.5 percent less than the Authority's Calendar Year 2021 year-end actual revenue (\$4.16 billion). NYCHA projects expenditures of \$4.18 billion in Calendar Year 2022, which is 0.3 percent larger than the Authority's actual 2021 year-end expenditures (\$4.17 billion).

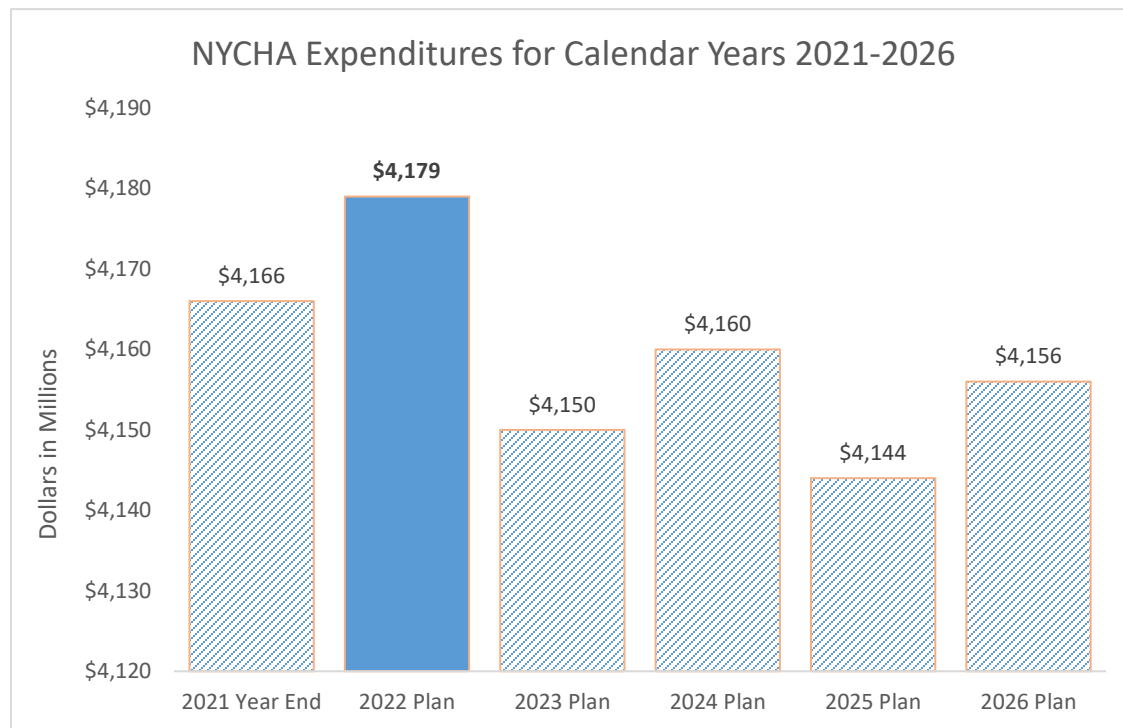


Table 1: NYCHA Financial Plan Summary						
2022-2026 Operating Budget (All Funds)						
<i>Dollars in Millions</i>	2021 Year End	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Revenue Sources						
Tenant Rental Revenue	\$889	\$867	\$918	\$829	\$758	\$740
Federal Subsidy (Section 9)	1,116	1,023	921	875	840	816
Federal Subsidy (Section 8)	1,376	1,439	1,467	1,697	1,989	2,264
City Funds	286	276	233	217	217	217
All Other Revenue	499	539	364	339	332	331
Total Revenues	\$4,166	\$4,144	\$4,014	\$3,993	\$3,921	\$3,877
Expenditures						
Personal Service	\$1,573	\$1,535	\$1,548	\$1,566	\$1,523	\$1,515
Other Than Personal Service	2,593	2,644	2,602	2,594	2,620	2,641
Total Expenditures	\$4,166	\$4,179	\$4,150	\$4,160	\$4,144	\$4,156
Surplus/(Deficit)	\$0	(\$35)	(\$136)	(\$168)	(\$222)	(\$279)

Source: NYCHA

Personal Services and Headcount

NYCHA's 2022 Adopted Operating Plan includes funding for a total of 12,188 positions, an increase of 377 positions from the 2021 Adopted Plan. Funding for NYCHA's personal services (all agency staffing related expenses) comprise \$1.54 billion or 36.7 percent of the agency's total 2022 expenditures. This number increases to \$1.55 billion or 37.3 percent in the 2023 Plan.

Table 2: NYCHA Spending and Budgeted Headcount Summary						
<i>Dollars in Millions</i>	2021 Year-End	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Spending						
Personal Services	\$1,573	\$1,535	\$1,548	\$1,566	\$1,523	\$1,515
Other Than Personal Services	2,593	2,644	2,602	2,594	2,620	2,641
TOTAL	\$4,166	\$4,179	\$4,150	\$4,160	\$4,144	\$4,156
Budgeted Headcount						
Positions	11,811	12,188	12,083	11,606	10,814	10,376
TOTAL	11,811	12,188	12,083	11,606	10,814	10,376

Funding Sources

NYCHA's budget is financed by various federal assistance programs, such as federal operating subsidies and Section 8 vouchers, as well as tenant rental revenue and City funds. NYCHA's total revenue for 2022 is approximately \$4.1 billion. About \$2.4 billion, or 60 percent of the Authority's 2022 operating budget, is supported by federal assistance programs (\$1 billion in Federal operating subsidies for Section 9 Housing and \$1.4 billion for Section 8 subsidies). Tenant rental revenue, which accounts for approximately \$867 million of the Authority's revenue in 2022, is another major source of Authority revenue. In December 2021, NYCHA reported a rent collection rate of about 71 percent. Despite several strategies initiated to increase rent collection rates, the

2022 Adopted Operating Plan projects that tenant rental revenue will decrease to \$740 million by 2025.

Revenue from the Section 8 Housing Choice Voucher program accounts for approximately \$1.4 billion, or 35 percent of NYCHA's total revenue. Under this program, NYCHA pays HUD subsidies to participating landlords on behalf of eligible tenants. These tenants are currently paying rents generally equal to 30 percent of family adjusted income, with the subsidies filling the gap between the contract rent and rental payments. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$37 million in additional funding to NYCHA for Section 8 administrative fees in 2022. Federal operating subsidies for Section 9 Housing account for 25 percent of the Authority's operating revenues, or \$1 billion in 2022. As of February 2022, NYCHA has been awarded \$187 million in federal public housing operating funds under the CARES Act. Finally, City operating funds are projected to total about \$276 million of NYCHA's 2022 revenue.

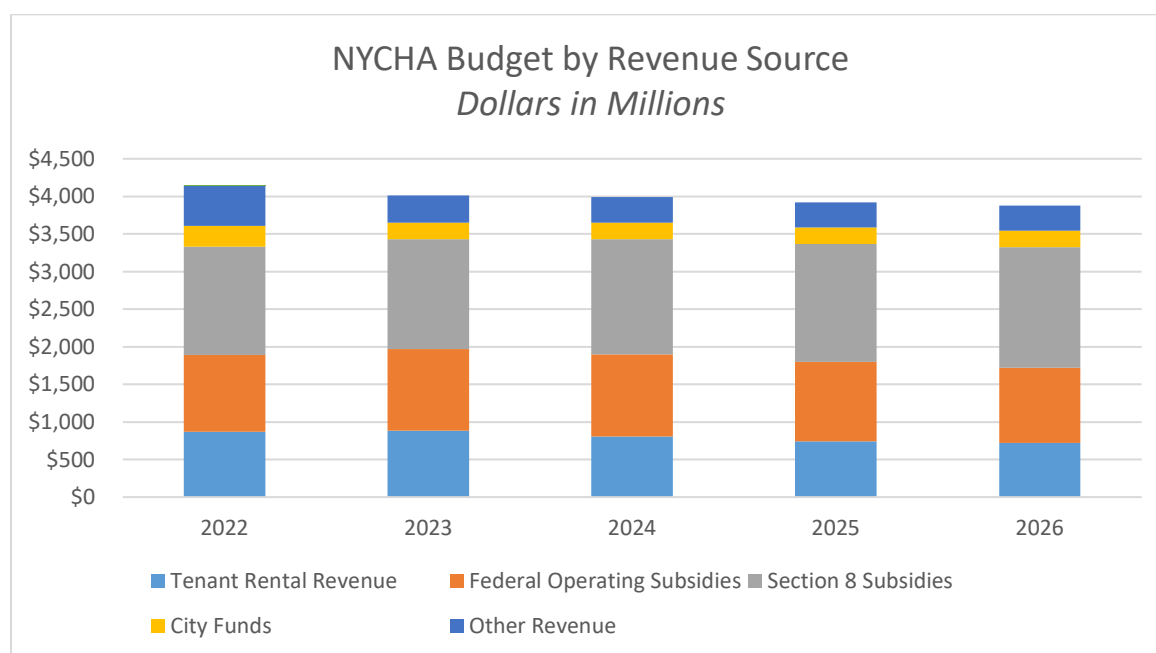


Table 3: NYCHA Funding Sources by Calendar Year						
<i>Dollars in Millions</i>	2021 Year-End	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Funding						
Tenant Rental Revenue	\$889	\$867	\$881	\$807	\$744	\$718
Federal Operating Subsidies	1,116	1,023	1,090	1,095	1,055	1,002
Section 8 Subsidies	1,376	1,439	1,458	1,531	1,570	1,605
City Funds	286	276	221	221	221	221
Other Revenue	499	539	364	332	331	499
TOTAL	\$4,166	\$4,144	\$4,014	\$3,993	\$3,921	\$3,877

Program Area Budgets

In order to provide for better transparency within agency budgets, in 2007 at the behest of the City Council, the Administration began providing agency budgets broken down by program areas for fifteen of the City's agencies. The programmatic budgets provide a summary of planned spending in each functional area of an agency. However, because NYCHA's budget is not part of the City's budget, the Authority does not break its budget down into program areas.

Changes Since the Preliminary Budget by Spending Type

At each financial plan an agency will submit changes to its budget from the prior plan. These changes are comprised of new needs that have not previously been included in their budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans. While NYCHA is not part of the City's expense budget, changes that affect the Authority are made in the Housing Preservation and Development budget.

New Needs

NYCHA's Executive Budget includes \$2 million of new needs in one area.

- **Urban Farms** (\$2 million in Fiscal 2023, \$2.8 million in Fiscal 2024, and \$2.4 million in Fiscal 2025). The Department of Housing Preservation & Development's (HPD) budget includes a new need of \$2 million in Fiscal 2023, \$2.8 million in Fiscal 2024, and \$2.4 million in Fiscal 2025 to support eight new NYCHA urban agricultural farms. This action brings the total number of agricultural sites at NYCHA to fifteen in Fiscal 2023.

Other Adjustments

NYCHA's Executive Budget includes a reduction of \$3.9 million in other adjustments in Fiscal 2022 and an increase of \$1 million in Fiscal 2023. These adjustments include the following.

- **City Cleanup Corps (CCC)** (\$3.2 million reduction in Fiscal 2022 and \$1 million in Fiscal 2023). Due to projected agency underspending, federal funding to NYCHA for the CCC program was reduced by \$3.2 million in Fiscal 2022. However, the Executive Plan includes \$1 million in federal funding for the program in Fiscal 2023 to maintain the current active staff of 339 positions.

Savings Program

N/A

Savings Restorations

N/A

Fiscal 2023 Preliminary Budget Response

In the Fiscal 2023 Preliminary Budget Response (Budget Response)¹, the Council identified several areas of concern relating to strengthening the City's infrastructure. Below the Council's proposals are discussed, followed by an analysis of how they were addressed in the Executive Plan.

- Increase the City's Investment in Affordable, Supportive, and Public Housing.** Mayor Adams signed a campaign pledge to commit \$4 billion per year in capital funding for housing preservation, new affordable and supportive housing construction, and public housing developments. The Council supports this effort, and believes this should include a commitment to deeper levels of affordability with a focus on housing for older adults (including LGBTQIA+ elders), those experiencing homelessness, survivors of domestic violence, and other vulnerable populations. In the Fiscal 2023 Preliminary Budget response, the Council urged the Administration to abide by the Mayor's campaign promise and advance the urgent needs of New Yorkers and NYCHA residents in the Executive Budget by increasing the annual capital commitment plans of the Department of Housing Preservation and NYCHA to \$2.5 billion and \$1.5 billion, respectively. The Executive Budget includes new capital funding of \$1.4 billion for NYCHA over the plan period of Fiscal 2022 through Fiscal 2026, but does not meet the Mayor's original promised level of funding.

Response Priorities	Amount Requested	Amount Included in the Exec Budget
Increase the City's Investment in Affordable, Supportive, and Public Housing	\$4 billion annually: \$1.5 billion to NYCHA	\$1.4 billion to NYCHA across five-years

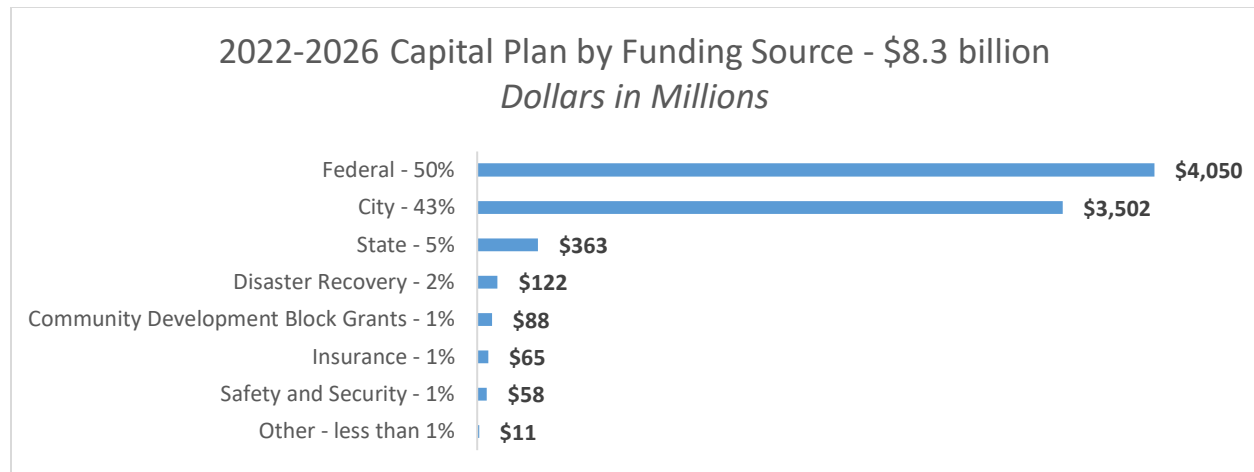
Federal and State Budget Risks

There are no significant federal or state budget risks for NYCHA.

NYCHA's Capital Commitment Plan for Calendar Year 2022-2026

NYCHA's 2022-2026 Capital Plan provides approximately \$8.3 billion in planned commitments for infrastructure improvements, major modernization, systemic upgrades, repairs, resiliency, and fortification of developments damaged by Superstorm Sandy. Funding is primarily provided through federal and City funding. The Plan is based on the current federal capital funding outlook, and relies on the near-term implementation of NYCHA initiatives.

¹ The full response can be found at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/04/Fiscal-2023-Preliminary-Budget-Response-.pdf>

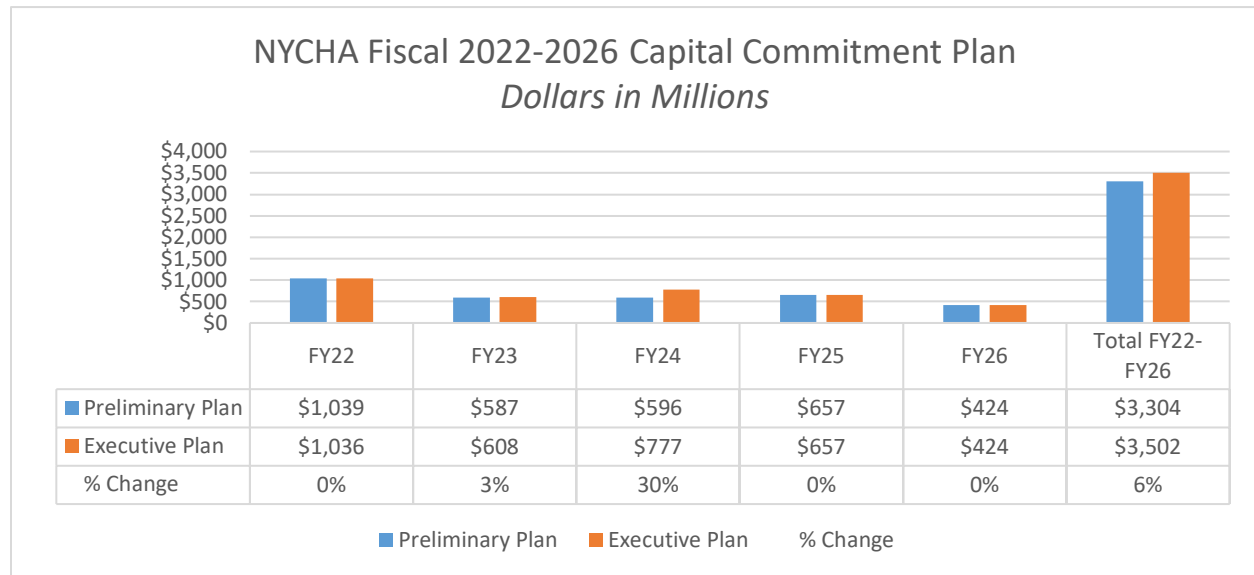


From 2022-2026, NYCHA will receive about \$3.5 billion from the City, or 43 percent of the total plan. Overall, of the \$8.3 billion included in this Plan, 50 percent is comprised of federal capital funds for investment in NYCHA's building portfolio; this represents an average annual allocation of about \$810 million in federal funds over the five-year plan. The Capital Plan includes \$122 million in one-time, disaster recovery Federal Emergency Management Agency (FEMA) funds to address the continued impacts of Superstorm Sandy at certain developments, and assumes \$363 million in State funds for boiler repair work and elevator replacements. The Plan reflects an increase of \$900 million over the 2021-2025 Adopted Capital Plan.

Executive Capital Commitment Plan for Fiscal 2022-2026

The City funded portion of NYCHA's capital program is presented in the Executive Capital Commitment Plan for Fiscal 2022-2026 (Commitment Plan) and the Fiscal 2023 Executive Capital Budget.

NYCHA's commitments for Fiscal 2022 through 2026 as presented in the Commitment Plan total \$3.5 billion, \$198 million (5.9 percent) greater than the total for the same period presented in the Preliminary Capital Commitment Plan released in February. The Department's planned commitment comprise 3.6 percent of the City's total \$94.9 billion Fiscal 2022 through 2026 plan. In addition, \$1.2 billion in City's commitment to NYCHA's Permanent Affordability Commitment Together (PACT) program is housed in the Department of Housing Preservation and Development's (HPD) capital commitment plan. This together with the \$3.5 billion brings the City's capital commitment for NYCHA to \$4.7 billion over the five-year plan period (FY22-FY26).

NYCHA's Fiscal 2022-2026 Capital Commitment Plan

The amount of commitments planned for each year of the plan period is initially front-loaded, with 29.6 percent of the entire planned expenditure in the current year, 17.4 percent in Fiscal 2023, and 21.2 percent, 18.8 percent, and 12.1 percent in Fiscal 2024, 2025 and 2026 respectively.

The Fiscal 2023 Executive Capital Commitment Plan for NYCHA is comprised of 441 projects across 11 budget lines totaling \$3.5 billion in Fiscal 2022-2026, comprised of all City funds. When consolidating the budget lines for the five borough presidents, NYCHA's City capital budget can be further condensed into three main budget lines comprised of \$3.4 billion in Mayoral allocations; \$124.9 million in City Council funds; and \$26.8 million from Borough Presidents.

Capital Highlights

Gowanus and Wyckoff State of Good Repair. The Capital Commitment Plan includes an additional \$200 million in the Executive Plan to bring Gowanus and Wyckoff housing to a state of good repair.

Amsterdam Houses Elevator Upgrade. The Administration increased planned commitments for the upgrade the elevators in the Amsterdam Houses by \$15 million, to \$25.8 million in the Executive Plan when compared to the Preliminary Plan.

Adams Houses Elevator Replacement. In order to replace the elevator in the Adams Houses, Mayoral funding in the Executive Plan increased by \$7 million to \$14 million, when compared to the Preliminary Plan.

Roof Work to Prevent Mold at Various Developments. The Executive Plan maintains NYCHA's funding of \$659.4 million for projects aimed at preventing mold at various housing developments.

Waste Management. NYCHA's Capital Commitment plan includes \$489.7 million for waste management in the Executive Plan. This amount remains unchanged from the Preliminary Plan.