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**Report on the Fiscal 2024 Preliminary Plan
and the Fiscal 2023 Preliminary Mayor's
Management Report for the
New York City Housing Authority**

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Prepared by Daniel Kroop, Principal Financial Analyst



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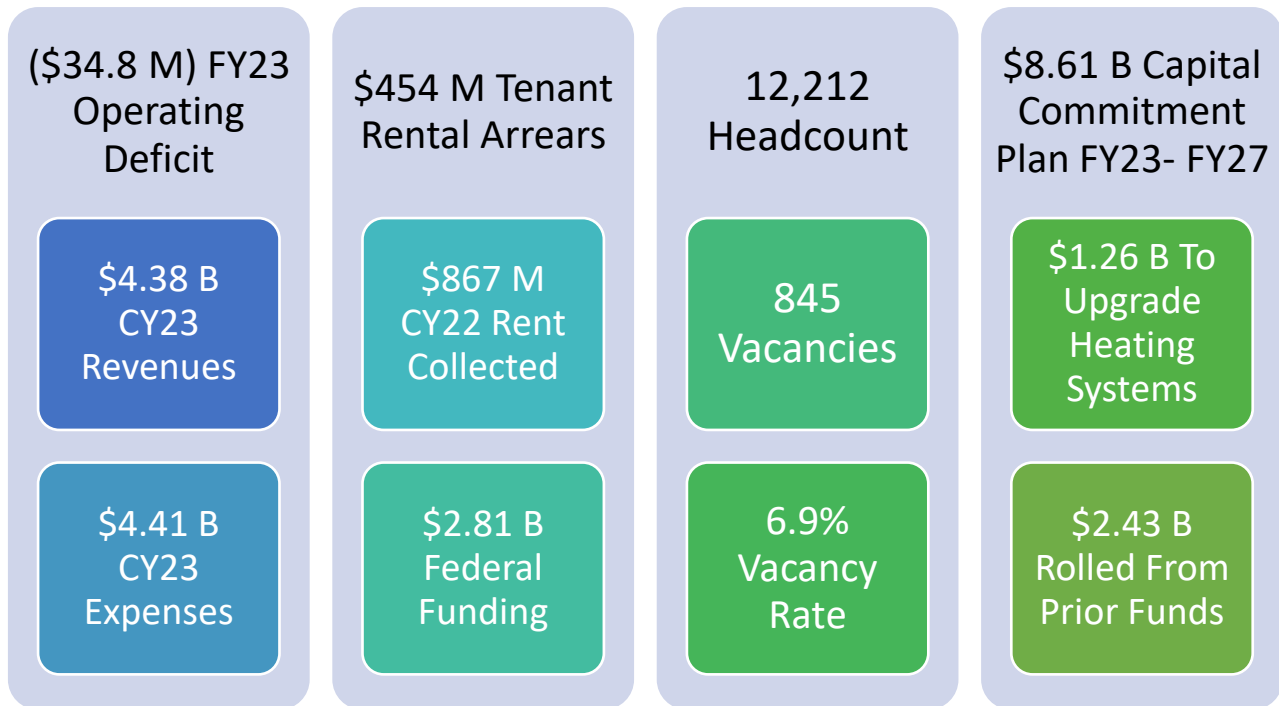
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New York City Housing Authority (NYCHA) Fiscal 2023 Budget Snapshot



NYCHA Financial Plan Overview

The New York City Housing Authority (“NYCHA” or the “Authority”) provides affordable housing to 535,686 authorized residents in 177,569 apartments within 335 housing developments and units leased through the Section 8 program. NYCHA serves 339,900 authorized residents in 162,143 apartments within 277 housing developments through the conventional public housing program (Section 9) and 29,789 authorized residents in 15,426 units within 58 developments that were converted to the federal Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) project the City calls Permanent Affordability Commitment Together (PACT). Through federal rent subsidies (Section 8 Leased Housing Program), NYCHA also provides rental subsidies to 92,595 families in locating and renting units in the private market. In addition, NYCHA facilitates access to social services through a variety of programs.

NYCHA’s budget is not part of the City’s budget and its fiscal year follows the Calendar Year (CY). Its operating budget contains both revenues and expenses, and its capital budget includes funding from a range of federal, City, and other sources. In December 2022, the NYCHA Board approved its five-year 2023-2027 Operating and Capital Plans. The Authority’s Fiscal 2023 revenues total approximately \$4.38 billion. About \$850 million, or 19 percent, is comprised of rental tenant revenue, a share which has been steadily declining. Operating expenses total \$4.41 billion, which means that the 2023 Adopted Operating Budget projects an overall deficit of \$34.8 million in 2023. NYCHA is in a precarious financial position due to large tenant rent arrears, increasing utility costs, and increasing HUD/SDNY Agreement expenses.

In the Fiscal 2023 November Plan, the City implemented a Program to Eliminate the Gap (PEG) on NYCHA’s City-funded budget totaling \$36 million over Fiscal 2023-2026, of which approximately \$30.6 million was cut from the struggling Vacancy Unit Readiness Program whose task is to turn units over

for new occupancy. The reduction in City resources for NYCHA is incongruous with the prominence the Authority is given in the Administration's Housing Blueprint.¹ The Authority and the Administration have also hailed the Preservation Trust as a necessary financing tool for the beleaguered public housing agency, however no votes have been scheduled at NYCHA developments to enter the Trust since it formed last year.²

The Preliminary Mayor's Management Report (PMMR) shows decreased performance on critical indicators such as average time to resolve emergency and non-emergency service requests, time to respond to rat complaints, the length of time to prepare and turn around vacant apartments for new tenants, and felony crime. Some indicators such as the speed of mold removal improved, but, generally, performance levels had significant room to improve across the Authority, as it reckons with decades of nationwide disinvestment in public housing.

NYCHA's five year 2023-2027 capital program totals \$8.6 billion, a fraction of the over \$40 billion needed to repair the Authority's stock of housing. The City-funded share of the five year capital program decreases slightly, from \$3.53 billion at Adoption to \$3.49 billion in the Preliminary Plan. The challenges presented in the operating budget also handicaps NYCHA's ability to expedite projects and spend down funds, although it is increasingly relying on outside vendors to perform capital work. The Monitor appointed as a result of the 2019 agreement NYCHA made with HUD and the U.S. Attorney's Office for the Southern District of New York (SDNY) continues to issue quarterly reports as NYCHA seeks to come into compliance with federal regulations related to health and safety in the face of financial headwinds.

2023-2027 Operating Budget

The Fiscal 2023 Financial Plan presents \$4.38 billion in revenues for NYCHA and \$4.41 billion in expenses, resulting in a \$34.8 million operating deficit. The deficit mainly reflects the net change from a decline in tenant rental revenue, which decreases by \$16.8 million in Fiscal 2023 from Fiscal 2022, and a reduction in contract costs of \$25.4 million, as well as rising costs in certain areas, such as an increase of \$80.4 million for utilities in CY23 when compared to CY22. In the outyears, ongoing operational deficits range from \$56.2 million to \$11.3 million.

Personal Services (PS) decreases by \$11.7 million when comparing the Fiscal 2023 and 2022 Adopted Budgets, driven by the decrease in full-time staffing costs. The Fiscal 2023 budgeted headcount of 12,212 is 24 positions greater than the 12,188 positions as of Fiscal 2022 Adoption. Actual headcount in Fiscal 2022 was 11,343, meaning there were 845 vacancies and a 6.9 percent vacancy rate, although the Operations area (covering heating, elevators, safety, and resident services) has almost 500 vacancies and a 17.8 percent vacancy rate.

Other Than Personal Services (OTPS) increases by \$245.5 million. In addition to the increased costs of utilities and insurance (\$10.4 million), Housing Assistance Payments for Section 8 clients increases by \$162.7 million owing to an influx of new voucher holders, such as Emergency Housing Vouchers (EHVs) which expanded during the pandemic.

¹ City of New York, Housing Our Neighbors: A Blueprint for Housing and Homelessness, available online at: <https://www.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Housing-Blueprint.pdf>

² Greg B. Smith, "Promised NYCHA Turnaround Trust Has No Board and Late Start," March 7, 2023, available online at: <https://www.thecity.nyc/2023/3/7/23628407/nycha-preservation-trust-vote-schedule-board>

NYCHA Operating Budget - All Funds (Dollars in Millions)	2023 Five-Year Adopted Financial Plan					
	Budget FY22	Budget FY23	Budget FY24	Budget FY25	Budget FY26	Budget FY27
Revenues						
Revenue from Operations:						
Tenant Rental Revenue	\$867.1	\$850.3	\$825.8	\$772.9	\$695.8	\$680.9
Other Revenue from Operations	35.6	36.5	33.0	30.3	27.2	26.1
Total Revenue from Operations	\$902.6	\$886.8	\$858.8	\$803.2	\$723.0	\$707.0
Other Revenues						
Federal Subsidies	\$1,023.4	\$1,208.5	\$1,250.6	\$1,327.0	\$1,315.5	\$1,238.8
Debt Services Subsidy	0.1	0	0	0	0	0
Section 8 Phased Conversion	34.2	32.5	30.9	30.1	26.0	24.2
Section 8 Management Fees	0	0	0	0	0	0
Capital Fund Reimbursements	245.0	248.6	248.6	248.6	248.6	248.6
Interest on Investments	0.3	9.5	7.5	7.4	7.4	7.3
Other	143.1	126.5	173.8	58.6	31.3	16.0
Categorical Grants	5.3	2.6	5.3	5.3	4.6	4.6
Section 8 Subsidy	1,305.8	1,445.3	1,637.3	2,053.4	2,433.7	2,756.0
Section 8 Admin	98.6	120.5	139.8	161.2	183.8	207.5
City Funds (CDGB)	51.1	31.5	24.5	11.5	11.5	11.5
City Funds (Homeless)	88.8	50.7	50.7	50.7	50.7	50.7
City Funds (Labor & Other)	136.2	150.3	155.9	155.2	152.8	152.8
Withdrawal From Reserves	109.5	65.0	0.0	0.0	0.0	0.0
Total Other Revenues	\$3,241.5	\$3,491.6	\$3,724.8	\$4,109.0	\$4,466.0	\$4,718.0
Total Revenues	\$4,144.1	\$4,378.3	\$4,583.6	\$4,912.2	\$5,189.0	\$5,425.0
Expenditures						
Personal Service:						
Salary Full-Time	\$774.0	\$762.2	\$757.2	\$746.6	\$735.8	\$693.6
Salary Part-Time	0.1	0.1	0.1	0.1	0.1	0.1
Seasonal	20.5	20.5	20.5	20.5	20.5	20.5
Overtime	99.1	100.0	114.0	111.0	106.8	105.6
Shift Differential	5.0	2.0	2.0	2.0	2.0	2.0
Retro	0.3	0.2	0.2	0.2	0.2	0.2
Fringe	624.3	627.7	636.9	645.0	657.1	679.9
Other Salary	12.1	11.1	10.8	10.6	10.2	10.1
Total Personal Service	\$1,535.5	\$1,523.8	\$1,541.7	\$1,535.9	\$1,532.8	\$1,512.0
Other Than Personal Service:						
Leases	\$60.2	\$62.7	\$63.1	\$65.0	\$65.1	\$66.4
Supplies	107.7	110.4	102.0	96.5	88.3	86.2
Equipment	32.0	45.5	35.5	30.3	28.8	24.2
Utilities	523.5	603.9	602.0	601.5	579.2	579.2
Contracts	488.8	463.4	378.4	359.9	341.0	336.5
Debt Services	10.3	9.9	9.5	9.1	8.7	8.2
Insurance	93.0	103.4	110.3	113.4	115.5	115.5
OTPS Other	35.9	34.9	34.5	22.3	21.8	21.7
Housing Assistance Payments	1,292.5	1,455.3	1,746.9	2,104.5	2,419.3	2,731.4
Total Other Than Personal Service	\$2,644.0	\$2,889.4	\$3,082.3	\$3,402.5	\$3,667.5	\$3,969.3
Total Expenditures	\$4,179.4	\$4,413.2	\$4,623.9	\$4,938.4	\$5,200.3	\$5,481.2
Surplus/(Deficit)	(\$35.3)	(\$34.8)	(\$40.4)	(\$26.2)	(\$11.3)	(\$56.2)

Source: NYCHA

Revenues

NYCHA's Fiscal 2023 revenues of \$4.38 billion is comprised of City funds (\$232.5 million), federal funding (\$2.81 billion, including \$1.6 billion in Section 8), Capital Fund Reimbursements (\$248.6

million), Tenant Rental Revenue (\$850.3 million), and other revenues. NYCHA plans a \$65 million withdrawal from reserves in 2023.

Declines in tenant rental revenue is one of the paramount short-term financial risks to NYCHA. In 2022, NYCHA collected \$867 million in rent at year-end, down from \$1.02 billion estimated in the Adopted 2020 Budget. Tenant rental arrears totaled \$454 million across 73,028 households as of November 30, 2022, up from \$125 million in 2019. NYCHA is only collecting 65 percent of the rent charged over a twelve-month period, however HUD expects Public Housing Authorities to collect 100 percent of the rent charged. To date, NYCHA has submitted \$120 million worth of Emergency Rental Assistance Program (ERAP) applications for 31,330 households, however none has been awarded due to State rules deprioritizing public housing residents in the ERAP process.

Cumulative rental arrears totaled approximately \$125 million in 2019, before rising to \$202 million in 2020, \$341 million in 2021, and \$454 million in 2022. Meanwhile, the rent collection rate has declined, from 88 percent in 2019 to 81 percent in 2020, 71 percent in 2021, and 65 percent in 2022. Covid-19 likely quickened the pace of tenants falling behind on rent.

The table to the right shows the monthly rent collection by dollar amount and percentage per month in 2022. The collection rate for each month is the cumulative rolling twelve-month collection rate as required by HUD. The cumulative collection rate fell from 70 percent in January 2022 to 64 percent in December.

2022 Month	Collection Rate	Monthly Collection (in millions)
Jan	70%	\$72
Feb	70%	\$74
Mar	69%	\$80
Apr	68%	\$73
May	68%	\$72
Jun	67%	\$71
Jul	66%	\$70
Aug	66%	\$72
Sep	65%	\$71
Oct	65%	\$72
Nov	65%	\$69
Dec	64%	\$72
Total	64%	\$867

Expenditures

Expenditures total \$4.41 billion for NYCHA in Fiscal 2023 and grow to \$5.48 billion in Fiscal 2027. Personal Services (PS) totals \$1.52 billion in Fiscal 2023 and increases to \$1.54 billion in Fiscal 2024 before falling steadily to \$1.51 billion in Fiscal 2027. Full-time salaries are budgeted at \$762.2 million, fringe at \$627.7 million, and overtime at \$100 million. Budgeted headcount is anticipated to increase by 24 positions from Fiscal 2022 Adoption, from 12,188 to 12,212 positions. Actual headcount in Fiscal 2022 was 11,343, meaning there were 845 vacancies and a 6.9 percent vacancy rate. NYCHA has prioritized stable funding for property management contracts and staffing, and increases for pillar areas of the HUD/SDNY Agreement, such as heating, elevators, mold, pest control, and waste management.

Overtime costs are rising at NYCHA, up from \$99.1 million in Fiscal 2022 to \$100 million in Fiscal 2023 and \$114 million in Fiscal 2024 before decreasing in the outyears. NYCHA's increases in overtime are mainly in weekend and holiday scheduled overtime in order to address its work order backlog. NYCHA's Quality Assurance Department reviews overtime for both property management and skilled trades and provides analysis to help identify potential areas for cost reductions. NYCHA has engaged Tenant Association (TA) leaders on schedule changes, and for several properties with TA approval, will be testing different weekend schedules towards the end of March. These changes will be assessed by Quality Assurance and adjusted as needed. NYCHA should continue to examine and adjust its hiring and deployment practices.

Other Than Personal Services (OTPS) grows from \$2.64 billion in Fiscal 2023 to \$2.89 billion in Fiscal 2024, and upwards to \$3.97 billion in Fiscal 2027, driven by an anticipated increase in Housing

Assistance Payments (HAP) for Section 8, including those properties converted to PACT or the Trust once it is operational.

Utilities costs increase from \$523.5 million in Fiscal 2022 to \$603.9 million in Fiscal 2023, and are anticipated to remain high for two years before falling in Fiscals 2026 and 2027. Utility costs are increasing primarily due to increases in rates and, to a lesser degree, consumption. All the rates for commodities have increased year-over-year. While consumption for fuel oil has increased by 13 percent, consumption of other commodities (electricity, cooking gas, heating gas) have been decreasing slightly by around 2 to 3 percent.

NYCHA is engaged in testing new technology to inform future capital investments toward meeting the City's goal of reducing Greenhouse Gases by 80 percent by 2050. NYCHA has released a Clean Heat for All challenge with New York Power Authority (NYPA) and New York State Energy Research and Development Authority (NYSERDA) to develop an efficient packaged window heat pump to reduce the costs of electrification and convert to cleaner sources of heat. Two manufacturers have been awarded contracts: Midea America and Gradient. NYCHA will be installing the test units in 24 apartments starting in June 2023. The units will operate and be monitored for 2023-2024 heating season.

NYCHA is also investing more than \$360 million in Energy Performance Contracts (EPCs), installing building management systems (BMS), water and energy efficiency measures, and some boilers at more than 70 developments.

In Fiscal 2023, NYCHA removed all non-essential contract spending in the central office departments through zero-based budgeting. The budget does not cut specific contracts, instead reducing spending authority on non-essential contracts across the central office departments (e.g. finance, legal), which department heads then implement. The savings from the central office contract budget are reallocated to needs at the properties and in the pillar areas. Overall, there was a \$25 million decrease in the contract budget from Fiscal 2022 to Fiscal 2023.

Fiscal 2024 State Executive Budget

The Fiscal 2024 State Executive Budget proposed a range of consequential changes to the State and City's housing policies, collectively referred to as the New York State Housing Compact. The Compact relies on three key strategies to achieve 800,000 new homes (or units) over the next decade, which is estimated to be double what the market would develop at the current rate.

However the State budget provides little additional support to public housing residents. Neither Emergency Rental Assistance Program (ERAP) funding, for which NYCHA has requested \$330 million from the State to help close the tenant rental arrears gap, nor additional capital funding for NYCHA are included in the Governor's proposal. In light of the continuing deterioration of NYCHA's housing stock, the Council has called on the State to support ERAP funding for NYCHA and others who were previously excluded, and to increase its capital contribution to the restoration and maintenance of NYCHA from its current level of \$538 million. If the State were to match the City's five-year capital commitment of \$3.5 billion, it would need to provide about \$600 million more annually.

Fiscal 2024 Preliminary Budget Changes

In the City's Fiscal 2024 Preliminary Budget, NYCHA received modest adjustments through HPD pass-through funding. The budget adds two one-time new needs and baselines \$207,000 in payment from NYCHA to HPD for two environmental remediation staff.

New Needs

- **Housing Blueprint: NYCHA Organics Expansion Program.** The budget includes \$214,000 in Fiscal 2023 only to support resident engagement and education work in Queens developments for organics composting. Headcount is not impacted.
- **NYCHA Rat Reduction Initiative.** The budget adds \$383,000 in Fiscal 2023 for NYCHA's rat reduction initiative. The one-time increase supports 3,000 additional traps with sensors connected to a monitoring system, all of which will be located on and around NYCHA developments in Harlem. There is no associated headcount change.

Other Adjustments

- **NYCHA Payment to HPD for Environmental Remediation Staff.** The budget baselines \$207,000 paid from NYCHA to HPD for two staff (one senior environmental planner and one deputy director) who conduct Part 58 environmental reviews for NYCHA. These reviews are required by HUD and are meant to determine if NYCHA is meeting the environmental standards required to qualify for funding.

Previously, the Fiscal 2023 November Plan included a City funds PEG for NYCHA, reducing contributions to NYCHA's budget by a total of approximately \$36 million (\$7.4 million in Fiscal 2023, \$9.6 million in Fiscal 2024, \$9.5 million in Fiscal 2025, and \$9.4 million in Fiscal 2026).

The "Vacant Unit Readiness" program represented about 85 percent, or \$30.6 million, of the four-year PEG. The contracted-out program helps prepare and rehabilitate NYCHA units for turnover and placements from Department of Homeless Services (DHS) shelters, emergency transfers, and NYCHA's general waiting list. However the program has been challenged, and is limited by NYCHA's in-house property management capacity as well. The program's scope has also grown from "light touch" rehabilitations to include environmental remediation (e.g. lead or asbestos abatement).

The Fiscal 2023 Budget Adoption rolled \$40.5 million of previously unspent vacant unit readiness funds from Fiscal 2022, signaling ongoing underperformance issues. The average amount of time it took NYCHA to turn vacant apartments around for re-occupancy more than doubled in 2022 alone, from 182 days at the start of 2022 to 399 days in January 2023. Given the lack of affordable housing in the City, maximizing NYCHA units must be a priority.

The remaining 15 percent of the OTPS savings, approximately \$5.4 million, was primarily obtained through removing funding for unprogrammed expense needs that might arise, such as funding for capital-ineligible HVAC repairs for NYCHA-based community centers.

Headcount

As seen in the table below, NYCHA's budgeted headcount is anticipated to increase by 24 positions, from 12,188 positions at Fiscal 2022 Adoption to 12,212 at Fiscal 2023 Adoption. Actual headcount in Fiscal 2022 was 11,343, meaning there were 845 vacancies and a 6.9 percent vacancy rate. NYCHA has a much higher vacancy rate in its operations division (17.5 percent) and Central Office Departments (13.2 percent) than at the property and borough office level (0.9 percent). The high vacancy rate in the operations division, which covers heating, elevators, safety, and resident services, is particularly concerning, given that this area is required for compliance with the HUD/SDNY Monitor Agreement.

NYCHA Headcount by Area	FY22 Adopted	FY22 Actual	FY23 Adopted	Vacancies	Vacancy Rate
Properties & Borough Offices	7,216	7,150	7,355	66	0.9%
Operations (Heating, Elevators, Safety, Resident Services)	2,798	2,307	2,665	491	17.5%
Central Office Departments (Non-Operations)	2,174	1,886	2,192	288	13.2%
TOTAL	12,188	11,343	12,212	845	6.9%

Source: NYCHA

Headcount and vacancy questions have been raised repeatedly as the impacts of the Covid pandemic continue to reverberate on the City's labor market and workforce policies. At the level of City-funded positions, NYCHA has only about five and they are not impacted by the City's vacancy reduction PEG.

Fiscal 2024 Preliminary Mayor's Management Report

The Fiscal 2024 Preliminary Mayor's Management Report (PMMR) presents key indicators and operational metrics for NYCHA and City agencies, as well as those related to the inter-agency Housing Our Neighbors plan (Housing Blueprint).³ Fiscal years in this section refer to the City's (starting in July). Among the key metrics are the following:

- Rent Collection.** As previously discussed, NYCHA's rent collection rate has declined steadily during the Covid-19 pandemic. The cumulative rent collection decreased by eight percent, from 73.3 percent in the first four months of Fiscal 2022 to 64.9 percent in the same period in Fiscal 2023, falling well short of the target of 97.5 percent. Rent delinquency increased from 44.4 percent as of the first four months in Fiscal 2022 to 45.4 percent in Fiscal 2023. NYCHA has acted to lower rent delinquencies by submitting landlord documents in bulk to the NYS Office of Temporary and Disability Assistance (OTDA) for 31,330 public housing households who applied for the program, totaling \$119.7 million through October 2022. To date, neither NYCHA nor its residents have received any monies under ERAP.
- Maintenance and Repairs.** The average time to resolve emergency repair requests increased by 52 percent from 14.8 hours for the first four months of Fiscal 2022 to 22.6 hours for the same period in Fiscal 2023. Heat complaints were the primary driver of the extended response times, which more than doubled from 5,913 to 12,523 and took longer to complete; 17.8 hours in the first four months of Fiscal 2023 compared to 11 hours in the same period last year. The resolution time for hot water complaints also increased to 25 hours in Fiscal 2023 from 14.7 hours last year. Despite the uptick, NYCHA is meeting its target of resolving emergency complaints within 24 hours. Complex repairs are taking longer to fix (rising by 43 percent from 72.7 days to 103.7 days) although simple ones are moving more quickly (reduced 44 percent from 9.3 days to 5.2 days).

The average time to resolve non-emergency repair requests increased by 48 percent, from 39.5 days for the first four months of Fiscal 2022 to 58.4 days for the same period in Fiscal 2023. NYCHA attributes this increase to the lingering impacts of the Covid-19 pandemic, which increased the work order backlog, the growing capital repair needs, and new orders being created for compliance and regulatory requirements such as those under the HUD/SDNY Monitor Agreement.

³ Preliminary Mayor's Management Report, available online at:

https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf

The average time to resolve elevator outages decreased by 17 percent from 12.8 hours for the first four months of Fiscal 2022 to 10.6 hours for the same period in Fiscal 2023. However, it remains slightly higher than the target of 10 hours.

On December 1, 2021, New York City enacted a new law which lowered the threshold of lead in paint from 1.0 mg/cm² to 0.5 mg/cm² for remediation. NYCHA has been abating units to comply with the new regulation. There were 616 units abated in the first four months of Fiscal 2023.

- **Vacant Apartment Turnaround Time, Occupancy Rate, and Homeless Placements.** According to the PMMR, the average time to prepare vacant apartments for re-rental rose 98 percent from 131 days in the first four months of Fiscal 2022 to 258 days for the same period in Fiscal 2023. The turnaround time to re-occupy apartments was impacted by the longer prep time, which increased by 120 percent from 136 days to 299 days. Put another way, the average amount of time it took NYCHA to turn vacant apartments around for re-occupancy more than doubled in CY 2022 alone, from 182 days in January 2022 to 399 days in January 2023. Due to the aging conditions in NYCHA buildings, vacant units require extensive work, especially in the areas of carpentry, plastering, painting, and lead abatement. NYCHA must also comply with New York City's new lead-based paint law, previously discussed.

NYCHA's occupancy rate slightly decreased to 97.1 percent in Fiscal 2023 compared to 98.3 percent in Fiscal 2022. As of October 2022, NYCHA had 162,143 units compared to 168,074 the previous year. The number of applicants placed in public housing decreased by 57 percent, from 661 for the first four months of Fiscal 2022 to 285 during the same period in Fiscal 2023. Among the contributing factors is the availability of fewer units due to RAD/PACT conversions, including those scheduled for conversion later this year and next year as new rentals have stopped at these sites. Vacant units are also being held at four developments in anticipation of comprehensive modernization in addition to 15 neighboring developments for relocation. Other units are being used for the relocation of residents due to lead and asbestos abatement.

The overall number of homeless households placed in housing for the first four months of Fiscal 2023 (836 households) was 53 percent higher compared to the same period in Fiscal 2022 (546 households). The number of homeless households placed in public housing dropped from 331 to 186 but the number of homeless households placed through Section 8 more than tripled from 215 to 650.

- **PACT Progress.** The Permanent Affordability Commitment Together (PACT) program is New York City's implementation of the federal Rental Assistance Demonstration (RAD) program. PACT leverages the federally funded Project-Based Section 8 program and public-private partnerships to secure funding to complete comprehensive repairs in 62,000 apartments. NYCHA has transferred 15,426 apartments through PACT since the initiative launched, raising more than \$3.4 billion to fund comprehensive repairs. The City funds \$1.51 billion through HPD's Capital Commitment Plan for PACT between Fiscal 2023 and 2026. Renovations are complete at 5,830 apartments. Major upgrades are underway at approximately 9,596 apartments and another 20,677 apartments across New York City are part of projects that are currently in predevelopment for comprehensive repairs.
- **Capital Projects.** The percentage of active capital construction projects on schedule was 73 percent as of the first four months of Fiscal 2023, down from 88 percent in the same period in Fiscal 2022, but up from the 62 percent reported at the end of Fiscal 2022. The percentage

of all active capital projects on schedule was 59 percent, a four percent decrease when compared to 63 percent as of the first four months in 2022 but up from the 55 percent reported at the end of Fiscal 2022. NYCHA's capital projects portfolio grew nearly threefold over the last several years, requiring significant, ongoing improvements in project management resources and processes. This includes updating project scheduling templates to better reflect current timelines for regulatory and vendor approvals, adjusting scope based on financing limitations, unexpected site conditions or stakeholder priorities, contractor defaults or delays, and delays in regulatory approvals or utility work. Finally, delays due to the impact of the Covid-19 pandemic on price escalation, the supply chain, and hiring challenges continued to be incurred and impacted project schedules in Fiscal 2023.

- **Domestic Violence and Emergency Transfers.** NYCHA's emergency transfer priority is available to NYCHA residents who are victims of certain crimes, such as domestic violence, sexual assault, or stalking. The priority is intended to enhance safety for at-risk residents by providing confidential relocation to another NYCHA development. The number of residents approved for an emergency transfer dropped by 61 percent, from 899 for the first four months of Fiscal 2022 to 353 for the same period in Fiscal 2023. The pandemic saw an increase in domestic violence emergency transfers, and the numbers are now returning to pre-pandemic levels. The emergency transfer disposition time was up 60 percent from 13 days to 21 days. NYCHA believes it has addressed many of the longstanding unresolved cases and the disposition time should return to the pre-PMMR trend in future months.
- **Resident Job Placements.** Resident job placements for the first four months of Fiscal 2023 rose 21 percent from 676 in the first four months of Fiscal 2022 to 821 in Fiscal 2023. This number includes 410 direct placements through NYCHA's Office of Resident Economic Empowerment and Sustainability (REES) and Human Resources Department as well as 411 partner placements. The 158.5 percent increase in placements from Fiscal 2022 to Fiscal 2023 is largely due to increased tracking and reporting of partner placements during the reporting period.

Capital Plan Overview

NYCHA has a five-year Capital Plan for 2023-2027 totaling \$8.61 billion. There is \$3.7 billion in available appropriations in 2023, comprised of \$2.43 billion in prior funds and \$1.25 billion in additional resources. As seen in the following table, NYCHA's Capital Plan assumes \$709 million in federal public housing capital per year and \$538 million remaining to be committed out of \$750 million awarded by the State for heating and elevator improvements. City capital, discussed further in the following sections, includes \$1.9 billion of the \$2.2 billion for the HUD/SDNY Agreement as well as \$1.3 billion of Administration funds (NYCHA applies the City September 2022 Plan commitments, as its budget is adopted in December). Planned capital commitments fall from \$1.53 billion in 2024 to \$1.07 billion in 2027.

(In Millions)

Funding Source	Roll of Prior		2023	2024	2025	2026	2027	Total 2023 -
	Funds	New 2023						2027
Federal	730.6	708.8	1,439.4	708.8	708.8	708.8	708.8	4,274.4
City	1,031.0	397.2	1,428.2	818.9	623.6	294.3	365.4	3,530.4
State	537.9	-	537.9	-	-	-	-	537.9
Community Development Block Grant	23.1	118.6	141.7	-	-	-	-	141.7
Disaster Recovery	71.9	-	71.9	-	-	-	-	71.9
Insurance for Capital	15.2	-	15.2	-	-	-	-	15.2
Dormitory Authority Grants	14.2	-	14.2	-	-	-	-	14.2
Safety & Security Grants	5.5	20.0	25.5	-	-	-	-	25.5
State Modernization	1.1	-	1.1	-	-	-	-	1.1
Plan Total By Funding Source	2,430.5	1,244.5	3,675.0	1,527.7	1,332.4	1,003.0	1,074.2	8,612.3

Source: NYCHA

Total commitments for capital funds utilized for property improvements in 2022 were \$998 million, and expenditures were \$969 million. The commitment rate for City capital funds was 23 percent in City Fiscal Year 2022 ("Fiscal 2022") or \$235 million, and expenditures/liquidations completed in Fiscal 2022 were \$126M.

The following table shows a breakdown of significant investments planned with all capital funds available in 2023. NYCHA spent \$81 million on average per month on capital projects in 2022, indicating that much of the approximately \$4 billion of work outlined below will take place over the course of many years.

(In Millions)							
Work Type	Roll	2023	2024	2025	2026	2027	Total
Heating Systems Upgrade	651.67	188.67	137.82	114.34	107.84	58.48	1,258.81
Roof Repairs	184.86	91.41	92.49	145.90	101.60	126.89	743.14
Elevators	435.88	3.16	-	19.20	10.74	35.24	504.22
Brickwork / Local Law 11	86.71	31.54	107.60	104.46	53.14	25.79	409.23
Lead / Asbestos	58.98	52.33	116.47	202.21	102.51	115.73	648.24
Comp Mod	271.08	30.00	190.00	11.50	-	125.00	627.58

Source: NYCHA

Major Upgrades Progress

- Boilers.** Major capital projects are underway pursuant to the Monitor's Agreement, including for NYCHA to meet HUD's target to address 500 boilers by 2026 – 300 through traditional capital financing and 200 through PACT. To date, 92 have been replaced through capital funding and 263 through PACT. NYCHA believes it is on track to meet its interim targets.
- Elevators.** NYCHA has to replace 275 elevators by the end of 2024, which is two years sooner than HUD's timeline for boilers. The interim target was to replace 100 by the end of 2022, however NYCHA was only able to replace eight elevators. Ongoing industry capacity, supply chain, and procurement challenges have combined to deeply slow progress.
- Local Law 97.** The cost of compliance with the City's green buildings law, Local Law 97, is not included in the \$40 billion capital repair need, which itself is based on the 2017 Physical Needs Assessment and has increased in the last five year. NYCHA now estimates the likely cost of Local Law 97 compliance through heat pumps, insulation, windows and other features to be another \$5 billion.

On January 12, 2023, Mayor Eric Adams released the Preliminary Ten-Year Capital Strategy for Fiscal Years 2024-2033 (the “Ten-Year Strategy”), the Capital Commitment Plan for Fiscal 2023-2027 (the “Commitment Plan”) and the Fiscal 2024 Preliminary Capital Budget (the “Capital Budget”).

Preliminary Ten-Year Capital Strategy Fiscal 2024-2033

The Ten-Year Capital Strategy is the City’s long term capital planning document which provides a framework for capital spending by agency. The Strategy is released every two years as mandated by the City Charter.

Strategy Guiding Principles

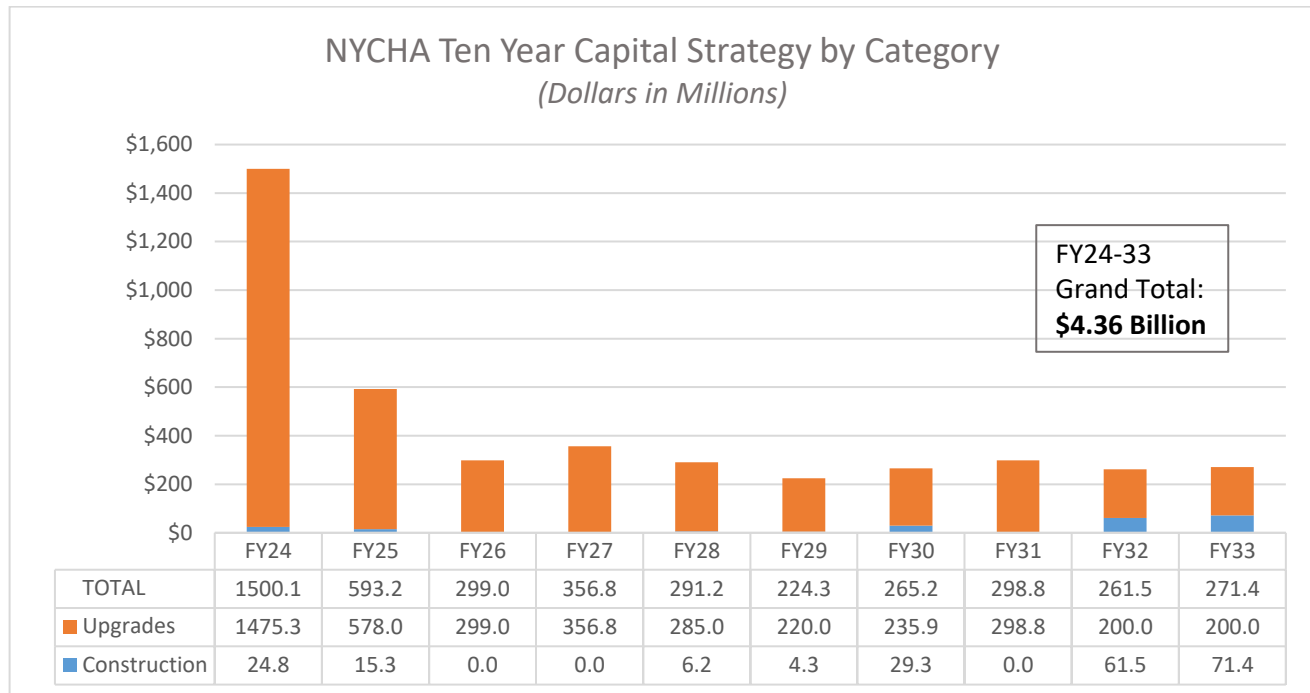
As stated in the document, the Ten Year Capital Strategy “provides a venue for the City to demonstrate the comprehensive infrastructure planning that the City undertakes as part of its responsibility to all New Yorkers, across all neighborhoods, and explain the connections between capital investment and strategic priorities.” It strives to do this through four guiding principles:

- Maintain New York City’s financial responsibility
- Promote forward-looking, holistic capital planning that anticipates neighborhood needs of tomorrow
- Advance a more equitable New York City through capital investment
- Consider community perspectives in capital planning and decision-making

Below is a summary of NYCHA’s City Ten-Year Strategy, Capital Commitment Plan, and Overall Capital Plan.

The City’s Preliminary Ten-Year Strategy totals \$159.3 billion (all funds), which is \$40.5 billion larger than the \$118.8 billion Fiscal 2022-2031 Preliminary Ten-Year Capital Strategy. NYCHA’s Ten-Year Capital Strategy totals \$4.36 billion, or 2.7 percent of the City’s total Strategy. Additionally, the City contributes \$18.7 billion through HPD’s budget, for a housing capital budget of approximately \$23 billion over ten years.

Each agency’s Ten-Year Capital Strategy is broken down into Ten-Year Plan Categories which summarize the types of capital work that make up the agency’s capital program. The chart below presents NYCHA’s Ten-Year Strategy distributed among these categories.



As seen in the chart above, nearly all funds go to upgrades, with only about five percent, or \$213 million, proposed for new construction.

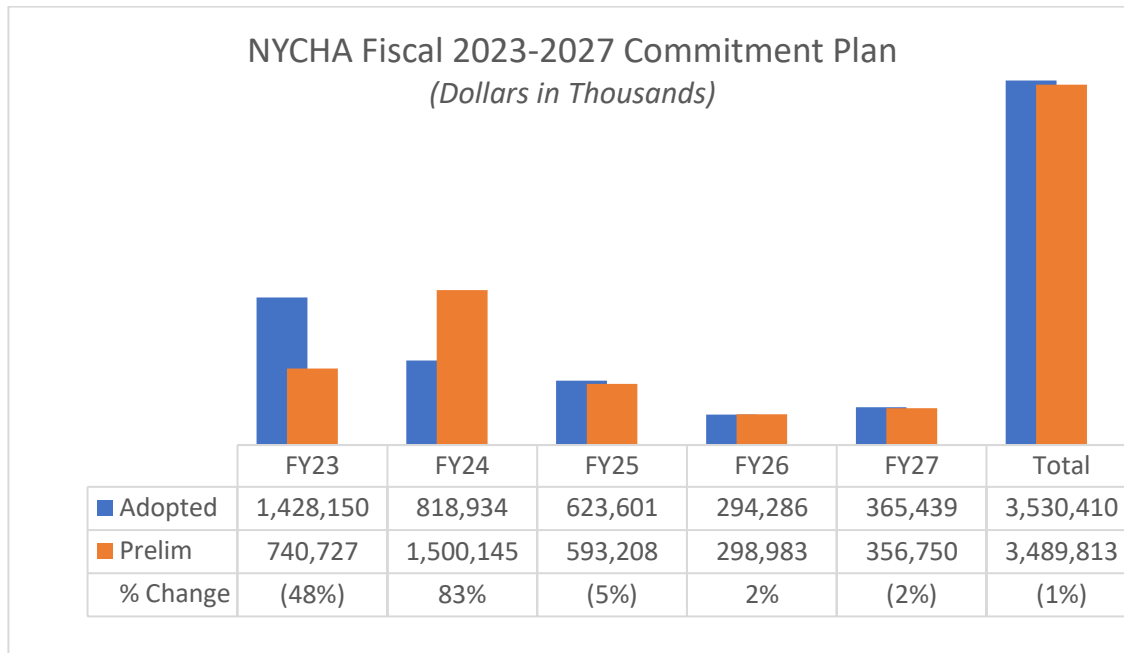
Overall commitments average \$436.2 million annually. Funding is much higher in Fiscal 2024, at \$1.5 billion, then decreases to \$593 million in Fiscal 2025 and then around \$300 million in the outyears. The HUD/SDNY Monitor Agreement required, in part, for the City to increase its capital contributions to NYCHA. However, the City's level of contributions is far under the over \$40 billion in capital need at the Authority.

Preliminary Capital Commitment Plan for Fiscal 2023 to Fiscal 2027

The City's Capital Commitment Plan details the Administration's plan to spend the appropriations voted on by the City Council at Adoption. The Commitment Plan provides project-level funding detail as well as estimate of expenditure dates. The Commitment Plan provides information on projects' estimated costs, start dates, and time to completion.

The City's Fiscal 2024 Preliminary Capital Commitment Plan includes \$3.49 billion in Fiscal 2023-2027 for NYCHA (including City and Non-City funds) spread out over seven budget lines and 340 project IDs. This represents approximately 3.6 percent of the City's total \$96.5 billion Preliminary Capital Commitment Plan for Fiscal 2023-2027. Total funding decreases by one percent, or \$40.6 million, when compared to the Adopted Capital Commitment Plan. Funds are rolled from Fiscal 2023 into the outyears to more accurately reflect project timelines.

In Fiscal 2022, NYCHA committed \$235.1 million or 23 percent of its annual capital plan of \$1.04 billion. Expenditures/liquidations completed in Fiscal 2022 were \$126 million. This lower-than-average commitment rate makes it reasonable to assume that a substantial portion of the agency's Fiscal 2023 Capital Plan will be rolled into Fiscal 2024, thus increasing the size of the Fiscal 2024-2027 Capital Plan.



Budget Issues and Concerns

As New Yorkers struggle with a crippling shortage of affordable housing, the over 177,000 affordable NYCHA units represent a lifeline for families. However, the Authority is struggling on several fronts.

As previously discussed, its rental arrears crisis and staffing challenges in key pillar areas such as operations require immediate attention. An additional budget risk stems from the ability to implement PACT and the Preservation Trust, which are critical to NYCHA's current strategy of leveraging developments for additional funding in order to comply with the HUD/SDNY Monitor Agreement.

- Tenant Protection Vouchers (TPVs).** Federal control of Congress will set the budgets for Section 8 vouchers, including the Tenant Protection Vouchers (TPVs) which are essential to the operation of the Trust. Partisan changes in the composition of Congress may impact NYCHA's ability to access the amount of funding needed to underwrite borrowing for capital repairs. IBO estimates NYCHA will need \$500 million in TPVs over the Trust's implementation to support the transfer of the currently approved maximum of 25,000 units to the Trust. The Omnibus bill passed in December included a total of \$337 million for TPVs nationwide, which while more than triple recent appropriations is still not enough for NYCHA.