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**Report on the Fiscal 2023
Preliminary Plan and the Fiscal 2022
Mayor's Management Report for the**

**New York City Housing
Authority**

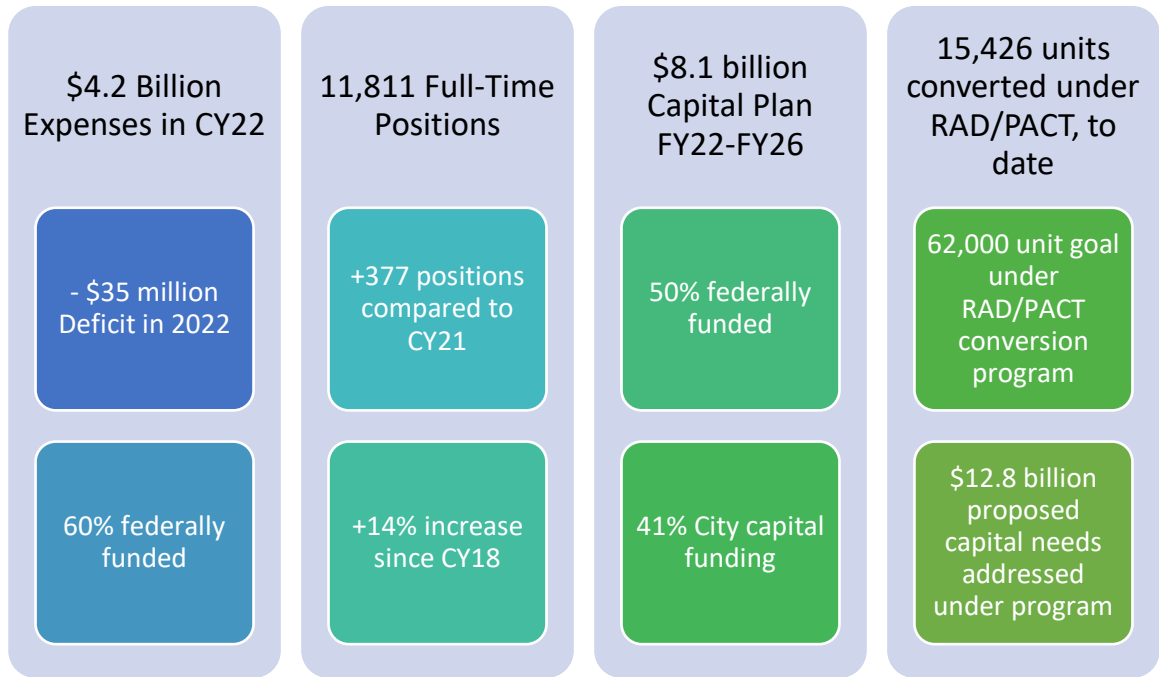
March 8, 2022

(Report prepared by John Basile)

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NYCHA Calendar Year 2022 Budget Snapshot



NYCHA’s Adopted Budget Overview

Introduction

The New York City Housing Authority (NYCHA or the Authority) provides affordable housing to nearly 400,000 low-and moderate-income City residents by managing and maintaining 302 public housing developments comprised of 2,252 buildings that consist of over 169,000 apartment units in the five boroughs. Through federal rent subsidies (Section 8 Program), the Authority assists over 87,000 families in locating and renting housing in privately owned buildings. In addition, the Authority facilitates access to critical social services to residents in their communities.

Mission & Service Areas



NYCHA's activities include:

- Manages affordable housing assets comprised of 2,252 public housing buildings
- Provides low- and moderate-income New Yorkers with safe and affordable housing
- Facilitates access to social and community services
- Pursues development opportunities to generate revenue
- Implements comprehensive stabilization plans *NYCHA 2.0* and *A Blueprint for Change*
- Administers rental subsidy programs for over 88,000 low-income tenants
- Performs inspections and resolves work orders for maintenance and repairs
- Performs inspections and resolves emergency work orders
- Provides employment opportunities for NYCHA residents
- Preserves and rehabilitates affordable housing
- Monitors and evaluates performance and operating service levels
- Manages and performs infrastructure improvements of public housing units; and
- Conducts asset management and physical needs assessments.

2022-2026 Operating Budget

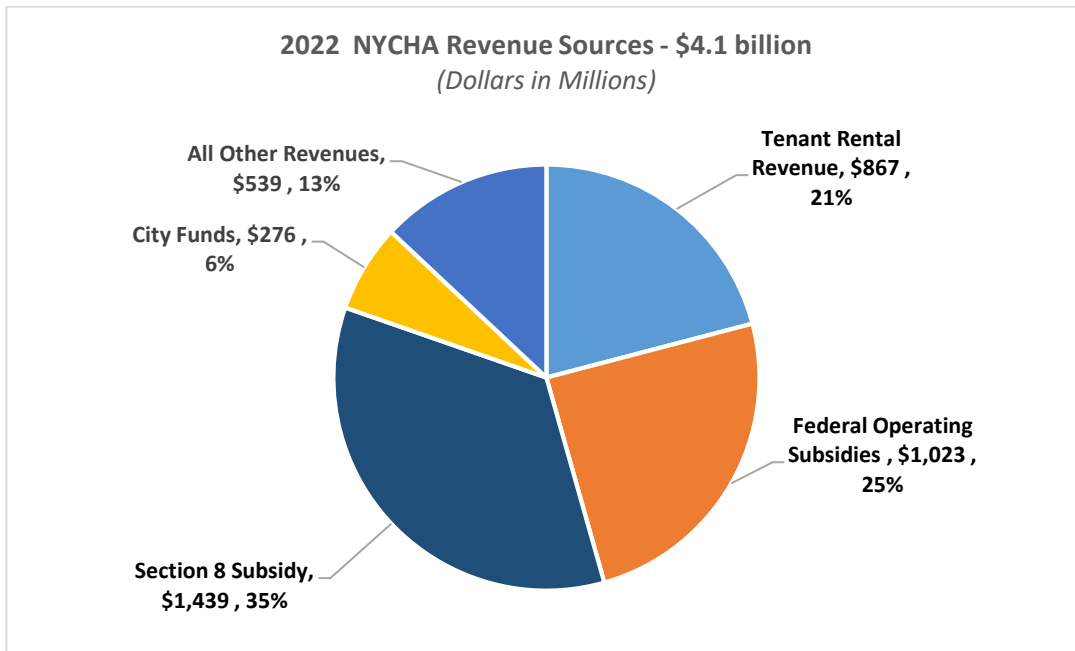
NYCHA's budget is not part of the City's budget and NYCHA's fiscal year follows the calendar year. The 2021 Year-End Operating Budget for NYCHA reflects a balanced budget for the last quarter in 2021, an increase of approximately \$25 million compared to a deficit of the same amount originally projected in the 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.

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

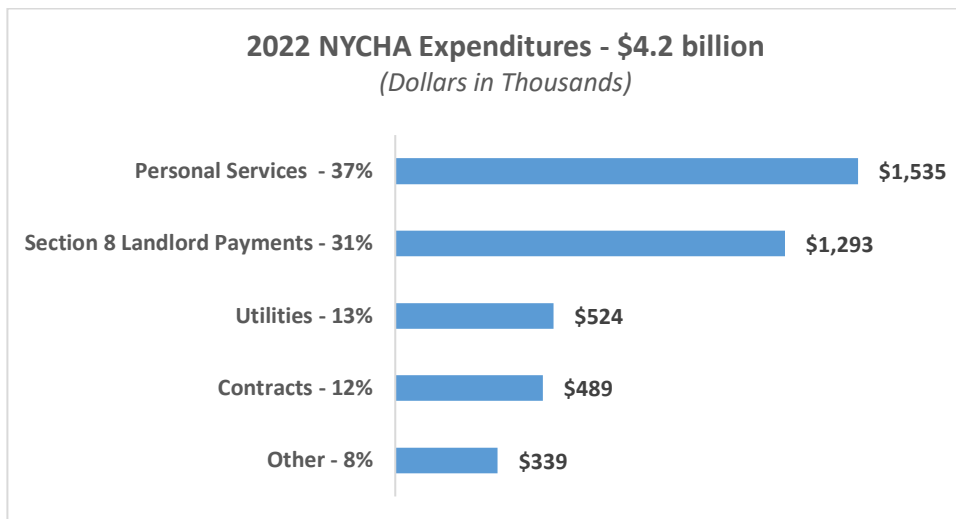
2021 Revenue Sources

NYCHA's total revenues for 2022 are approximately \$4.1 billion. About \$2.4 billion, or 60 percent of the Authority's Operating Budget in 2022, is supported by federal assistance programs. One of the primary sources of revenue for the Authority is tenant rental revenue, which will total about \$867 million in 2022. As of December 2021, NYCHA reports a rent collection rate of about 71 percent. In the 2022 Adopted Operating Plan, tenant rental revenue is projected to decrease to \$740 million by 2025, thereby contributing to the Authority's operating deficit, despite several revenue generating strategies currently in place to increase rent collection rates. 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 and the subsidies fill the gap between the contract rent and rental payments. The CARES Act provided \$37 million in additional funding to NYCHA for Section 8 administrative fees. Federal operating subsidies 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. Lastly, City operating funds are projected to total about \$276 million in 2022.



2021 Expenditures

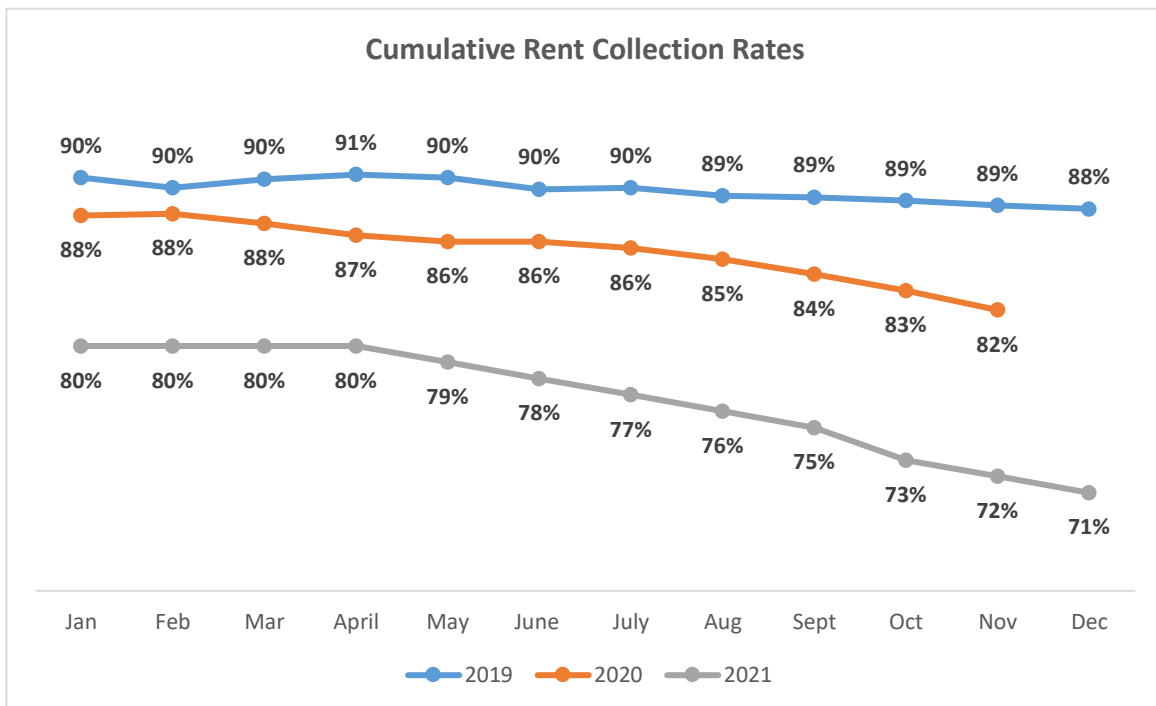
NYCHA’s total expenditures for 2022 are approximately \$4.2 billion. About \$1.5 billion, or 37 percent of NYCHA’s Fiscal 2022 expenditures is comprised of Personal Service (PS) costs, including salaries, fringe benefits and paid overtime. Section 8 Housing Assistance Payments account for 31 percent, or \$1.3 billion of the total expenditures. The 2022 Adopted Operating Plan supports the lease of up to 88,813 units under the Section 8 program. Utilities and contract payments account for 25 percent of the Authority’s operating expenditures, or \$1 billion, combined in 2022. Contracts include third-party services payments for painting, floor tiling, elevator maintenance, fire safety, environmental services, marshal fees, security services, energy contracts, automotive services, office equipment rentals, information technology software, telecommunications services, and other professional services. Utility costs include electricity, gas, water, steam and fuel oil. NYCHA’s utility spending averages approximately \$44 million per month.



Federal COVID and Stimulus Funding

The outbreak of COVID-19 and the associated efforts to combat the pandemic may result in significant changes to NYCHA’s fiscal outlook in the short-term. While much of NYCHA’s expenditures related to the pandemic are currently supported through federal stimulus funds, the financial impacts are expected to be long lasting, as many residents have experienced a reduction or complete loss of income. These budget impacts are further discussed below.

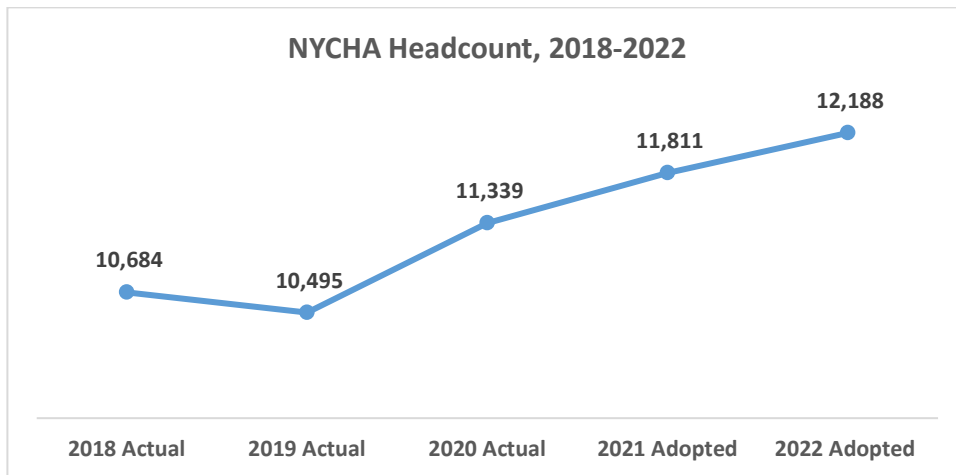
- Federal Stimulus Funding.** The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020 provided approximately \$3 billion nationally for public housing, Section 8 housing choice vouchers and project based rental assistance. The CARES Act also provided HUD with statutory and regulatory waiver authority in order to more quickly deploy resources and funding to public housing authorities. To date, NYCHA has received \$187 million in funding from the CARES Act, including \$150 million in Public Housing operating subsidies and \$37 million in Section 8 administrative fees. However, this funding can only be used for new COVID-19 expenses and cannot be used to make up for lost revenue.
- Reduction in Tenant Rental Revenue.** Between March 2020 and February 2022, 59,811 households have submitted recertification requests to decrease their monthly rent payment due to a reduction of income or a complete loss of income. This represents an increase of 56,205 applications, compared to the number of interim recertification requests submitted in 2019, before the COVID-19 pandemic, and suggests that at least 10 percent of NYCHA households are experiencing rental hardship due to the pandemic. NYCHA reports a rent collection rate of only 71 percent as of December 2021, a significant reduction from the 88 percent collection rate of December 2019. Rent collection rates for 2021 were lower every month compared to 2020, which, in turn, were lower every month compared to 2019, as detailed in the below chart.



- COVID-19 Related Expenditures.** According to preliminary year-end estimates, NYCHA expended about \$44.1 million on COVID-19 related expenses in 2021, including \$35 million for contracts to sanitize all NYCHA developments, \$6.1 million for additional staffing costs (temporary frontline workers, overtime, and paid sick and expanded family leave), and \$1 million for Personal Protective Equipment (PPE) for staff.

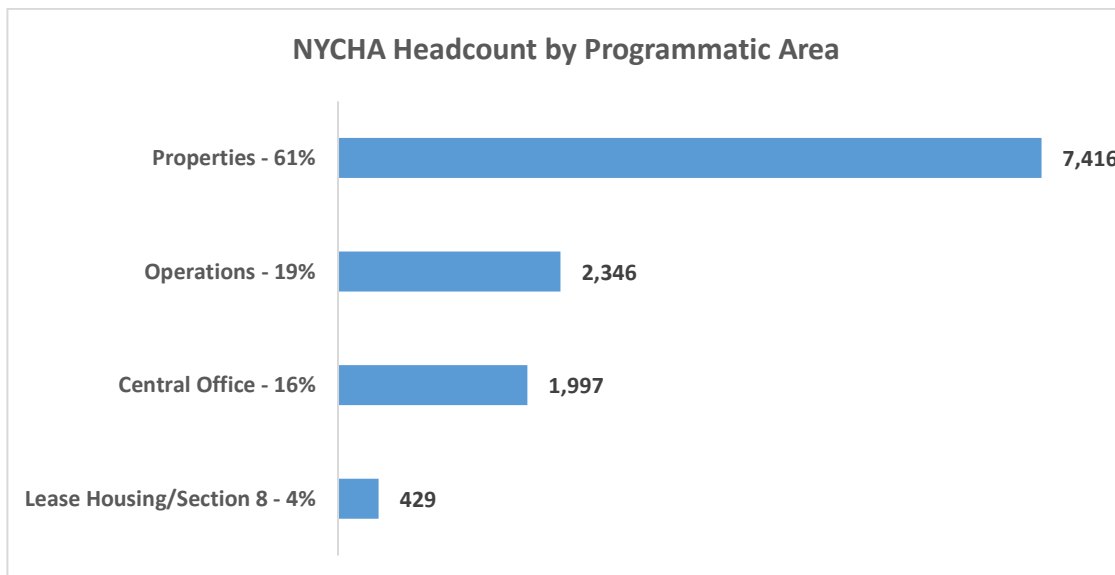
Headcount

The Authority’s 2022 Adopted Operating Plan supports a workforce of 12,188 positions, an increase of 377 positions from the 2021 Adopted Plan. Overall, NYCHA’s headcount has increased 14 percent since 2018.



Headcount by Programmatic Area

The 2021 Adopted budgeted headcount is comprised of 12,188 positions across four programmatic areas, including about 7,500 frontline staff, such as maintenance workers, caretakers, and skilled trade persons that provide essential services at NYCHA developments, about 2,500 staff for property operations, and about 2,000 administrative staff positions. The below chart shows NYCHA’s budgeted 2022 headcount by programmatic area.

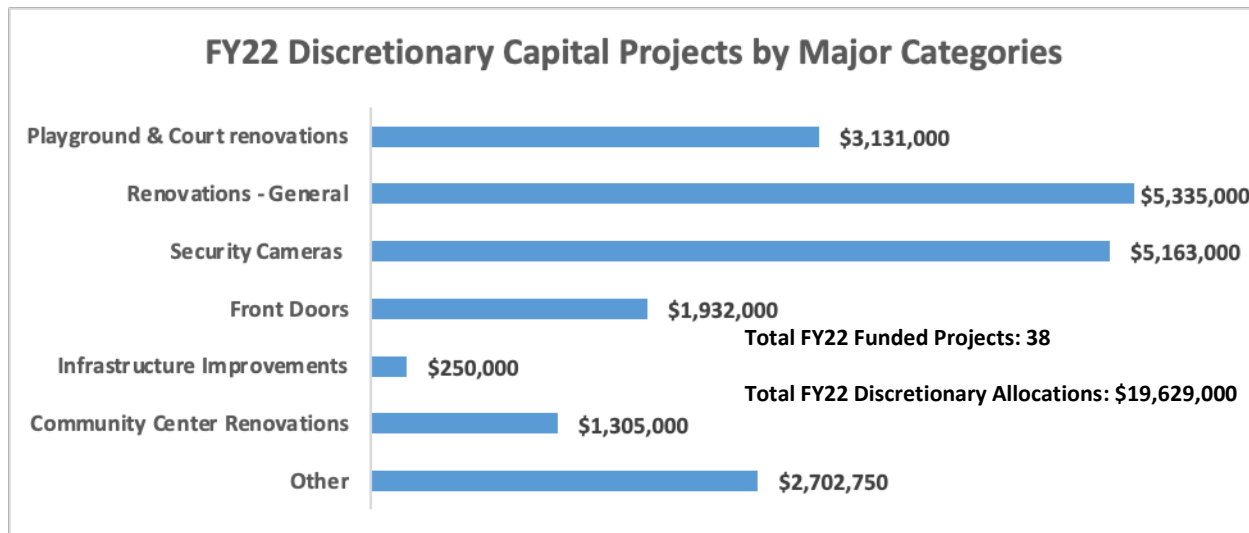


One-shot Funding

At the Council’s urging, City funds of \$802,000 were added in Fiscal 2022 to provide operating support for one-year for five social clubs operated by the Department for the Aging (DFTA) and five social clubs located in and previously managed by NYCHA. As of the Fiscal 2022 Adopted Budget, the management and funding for these NYCHA-located social clubs are operated and administered by DFTA. The five NYCHA-located social clubs funded in Fiscal 2022 are located at the following developments: Langston Hughes, Sumner, Lincoln, Astoria, and Bland Houses.

Discretionary City Capital Additions

City Council Discretionary Capital funding (Reso A) provide capital grants for infrastructure improvements at NYCHA. The Fiscal 2022 Adopted Budget added about \$19.6 million in City capital funds for 38 discretionary projects citywide within NYCHA’s City Capital portfolio. In Fiscal 2022, City Council discretionary projects in NYCHA’s portfolio received an average of about \$517,000 in funding to address physical improvements at developments citywide including: upgrades to building exteriors and systems; security enhancements; playground renovations; community center renovations; and other general capital maintenance. The chart below summarizes major categories of discretionary projects and the total funding amount by category. A complete list of all Fiscal Year 2022 Changes to the Executive Capital Budget Adopted by the City Council is available at: <https://www1.nyc.gov/assets/omb/downloads/pdf/adopt21-capresowork.pdf>



Mayoral City Capital Additions

The Fiscal 2022 Adopted Capital Commitment Plan includes Mayoral add of \$300 million to support NYCHA’s Rental Assistance Demonstration (RAD) transactions. In addition, as part of a budget agreement reached between the Mayor and the City Council, the Fiscal 2021 Adopted Budget redirected approximately \$537 million from the New York Police Department’s (NYPD) Capital budget to NYCHA to expand broadband and to community centers. These investments are further detailed below.

- **NYCHA’s Rental Assistance Demonstration (RAD) transactions.** The Fiscal 2022 Adopted Capital Plan includes \$300 million to support NYCHA’s Rental Assistance Demonstration (RAD)

transactions. Through these transactions, NYCHA will also leverage other private and public financing sources to address its significant outstanding capital need.

- **Broadband Expansion.** The Fiscal 2021 Adopted Budget redirected \$87 million in Capital funds in Fiscal 2021 from the NYPD to the Department of Information Technology and Telecommunications (DoITT) to extend new internet service options to 600,000 underserved New Yorkers, including 200,000 NYCHA residents. As proposed, this initiative will extend service to 84 NYCHA developments within an 18 months period. In total, \$157 million was provided for broadband expansion in Fiscal 2021.
- **NYCHA Community Centers.** The Fiscal 2021 Adopted Budget redirected \$22 million in Capital funds in Fiscal 2021 from the NYPD to NYCHA for the renovation of three currently vacant community centers, which include: Monroe Houses (Bronx); Sheepshead Bay Houses (Brooklyn); and Wagner Houses (Manhattan). Additionally, a fourth NYCHA community center, located at Ocean Bay Houses in Queens, will receive expense funding to support programming to be provided by the Department of Youth and Community Development (DYCD). The remainder of the funding removed from the NYPD capital program, \$428 million, has been redirected to the Parks Department in Fiscal 2021 through Fiscal 2023 for the renovation of recreation and nature centers citywide.

Fiscal 2023 Preliminary Mayor's Budget Report

The section below outlines the effectiveness of key performance indicators from Fiscal 2019 to Fiscal 2021 and during the first four months of Fiscal 2022 across major programmatic areas at NYCHA. For additional information on the Commission's performance and effectiveness across its various programs, please refer to the Fiscal 2023 Preliminary Mayor's Management Report (PMMR) for NYCHA at: <https://www1.nyc.gov/assets/operations/downloads/pdf/pmmr2022/nycha.pdf>

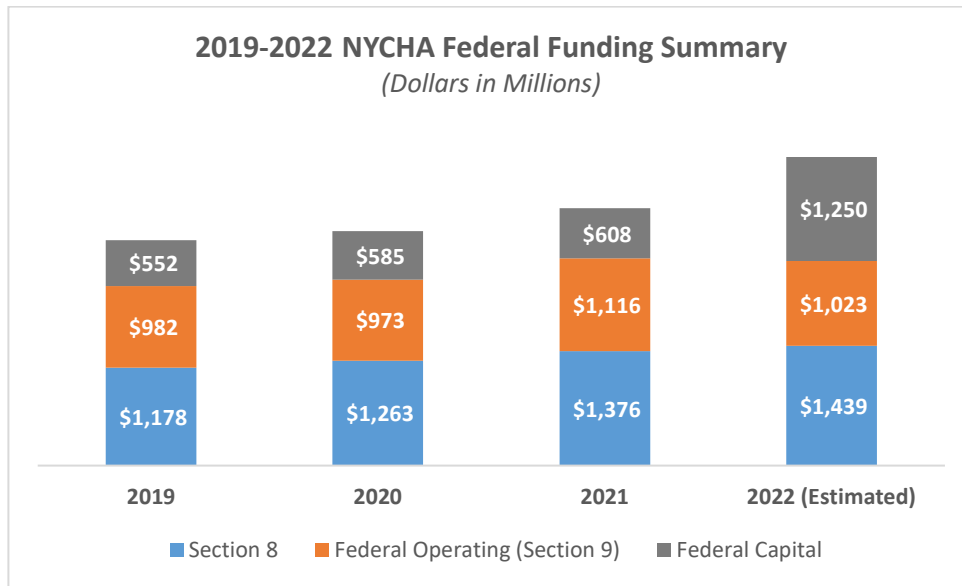
Notable performance metrics reported by NYCHA in the Fiscal 2022 PMMR include the following:

- The cumulative rent collection decreased by ten percent, from 83.5 percent for the first four months of Fiscal 2021 to 73.3 percent for the same period in Fiscal 2022 and did not meet the target of 97.5 percent. Rent delinquency increased from 38.7 percent as of the first four months in Fiscal 2021 to 44.4 percent in Fiscal 2022. The COVID-19 pandemic has continued to impact NYCHA's rent collection. NYCHA, in compliance with federal and state law and guidance since the onset of COVID-19 in March 2020, has not been able to utilize the processes that would normally be used to engage with residents to support rent collection, such as in-person meetings between staff and residents and taking legal action. These changes have greatly impacted NYCHA's ability to collect rent. Therefore, the number of households that owe money for more than one month increased by 26 percent from 45,067 in October 2020 to 56,837 in October 2021. The Authority has received and processed more interim rent adjustments as a result of income reductions, which are contributing factors to the rising numbers. Residents concerned about paying their rent or who are experiencing financial hardship can apply for rent hardship through a simplified process which allows self-certification without the documents that were previously required (pay stubs, etc.).
- The average time to resolve emergency repair requests increased by 34 percent from 11 hours for the first four months of Fiscal 2021 to 14.8 hours for the same period in

- Fiscal 2022 as a result of a larger volume of emergency work orders (six percent increase) compared to the same time last year. Even with the increase, however, NYCHA is meeting its target of resolving emergency complaints within 24 hours.
- The average time to resolve non-emergency repair requests increased by 52 percent from 26 days for the first four months of Fiscal 2021 to 39.5 days for the same period in Fiscal 2022. NYCHA attributes this increase to the backlog of work orders as well as the impacts of the COVID-19 pandemic. NYCHA limited certain lower-priority in-unit repairs during the pandemic. Following the advice of the Occupational Safety and Health Administration (OSHA), HUD and federal, local and state public health professionals, this guidance was put in place in mid-March 2020 to protect the health and safety of NYCHA's residents and employees and lifted in May 2021. This limitation on the type of work that could be performed in apartments has extended the resolution time for non-emergency work orders. NYCHA has resumed work in apartments to address repairs which were not performed earlier in the COVID-19 pandemic as well as new work orders. The backlog is largely driven by repair needs in painting, carpentry, plastering, and vendor related work. Through its Transformation Plan, NYCHA is rolling out several work order initiatives which will improve repair time through better planning and scheduling, improved staffing allocation, increased visibility in the work order process, as well as worker accountability and productivity through constant monitoring.
 - Heat outage figures are reported for the heating season, which began on October 1, 2021 and will end on May 31, 2022. The average time to resolve heat outages dropped by 35 percent from 9.4 hours as of October 2020 in Fiscal 2021 to 6.1 hours for the same period in Fiscal 2022. NYCHA is meeting the target of 12 hours required in the January 2019 agreement with HUD.
 - In Fiscal 2021, the average time to prepare vacant apartments for re-rental rose 25 percent from 104 days in the first four months of Fiscal 2021 to 131 days in Fiscal 2022. Due to the aging conditions in our buildings, NYCHA vacant units require extensive work, especially in the areas of carpentry, plastering, painting, and lead abatement.
 - The overall number of homeless households placed in housing for the first four months of Fiscal 2022 (511) was 42 percent lower compared to the same period in Fiscal 2021 (877). The number of homeless individuals and families placed in public housing dropped from 554 to 331 and the number of homeless individuals and families placed through Section 8 decreased from 323 to 215. The trend in homeless individuals and families placements was reflective of the decrease of available apartments as noted for NYCHA's overall placements

Federal Funding to NYCHA

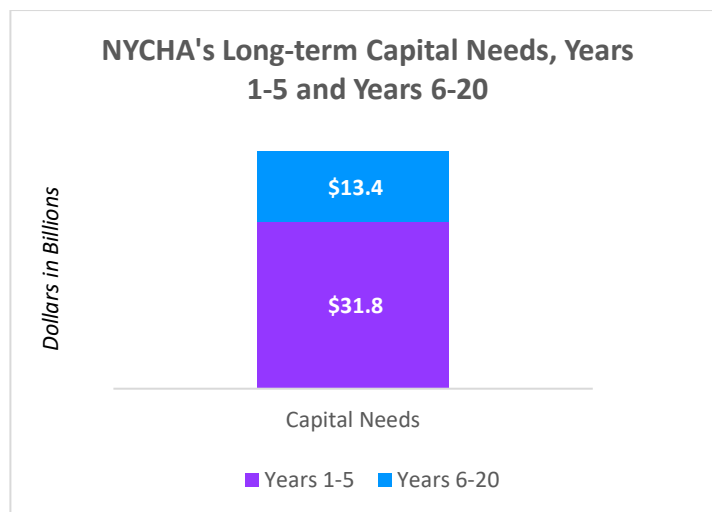
NYCHA receives both operating and capital subsidies directly from HUD, based on an eligibility formula, which is subject to Congressional appropriation. These funds do not flow through the City's budget. NYCHA generally receives about \$1 billion in operating subsidies annually from the federal government, about \$1.1 billion to support the Section 8 program, and about \$585 million annually for its capital program, as demonstrated in the chart below.



The 2022 Adopted Operating Plan assumes \$1.4 billion in federal operating subsidies for the Section 8 program, \$1 billion in federal operating funds (Section 9) and \$1.3 billion in federal capital funds. This comprises 59 percent of the Authority’s operating budget and 42 percent of the Authority’s capital budget in the current year.

2017 Physical Needs Assessment

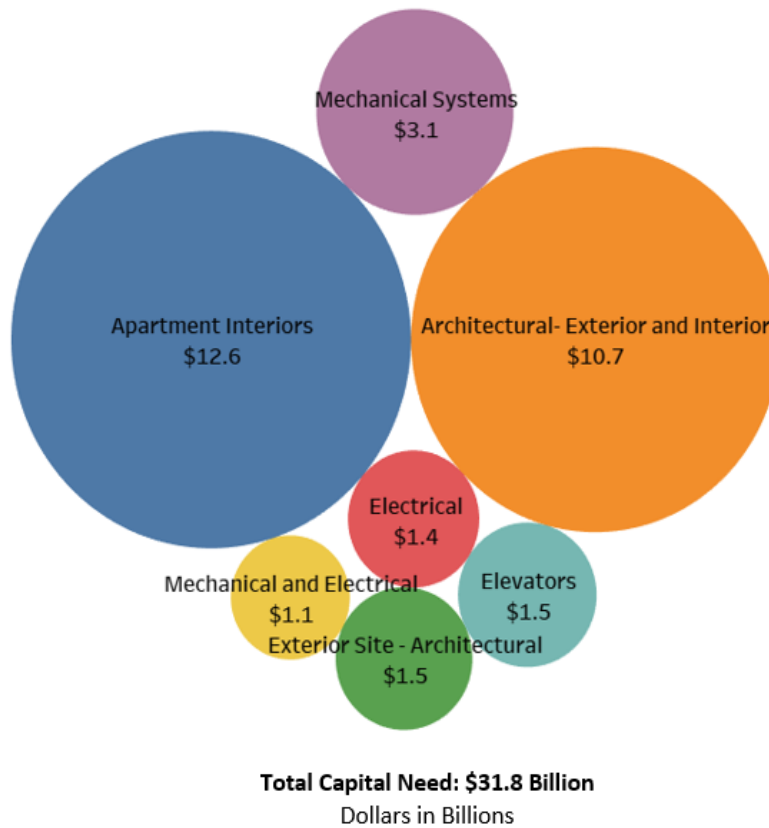
NYCHA conducted the most recent PNA in 2017 and publicly released these figures in July 2018. According to the results of the PNA, the total projected cost to bring all buildings, systems and grounds to a state of good repair across the NYCHA portfolio is \$31.8 billion over a five-year period, or about \$180,000 per unit, with an additional \$13.4 billion in capital needs projected in years 6 through 20.



The 2017 projected need reflects NYCHA’s aging infrastructure, where approximately 50 percent of its developments are 50 years or older and require increasingly more maintenance and repairs. Based on the results of the PNA, the largest need, estimated at \$12.6 billion, or 40 percent of the total infrastructure need, within NYCHA’s portfolio is for apartment interiors, which includes kitchens, bathrooms and their associated piping, walls, ceilings, and floors. About half of these needs,

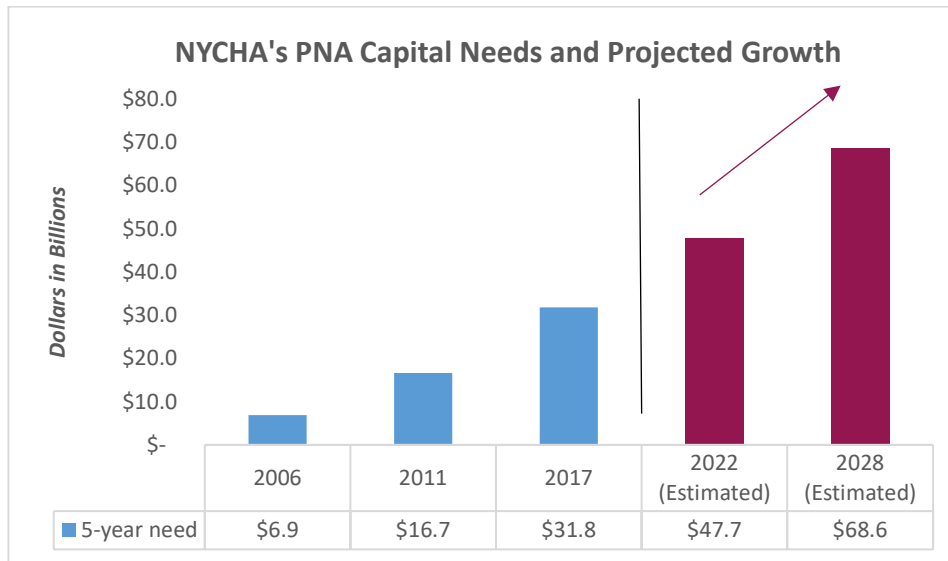
approximately \$5.6 billion, are for work needed in bathrooms and kitchens, including repairs to and replacement of bathtubs, toilets, tile surrounds, sinks, refrigerators, stoves, kitchen cabinets, and related work. The second largest category is for needs related to the exterior infrastructure, including roofs, windows, exterior walls, main front doors and brickwork, totaling \$10.7 billion, or 34 percent of the total need. The remaining needs are for mechanical systems, including boilers and heating plants (\$3.1 billion), site work (\$2.6 billion), elevators (\$1.5 billion), and site lighting (\$1.4 billion). The capital needs for each of these categories are outlined in the graphic below. Addressing this overall need requires far more capital investment than has been made available to NYCHA at the federal, State, and City levels.

2017 Physical Needs Assessment Capital Categories and Costs



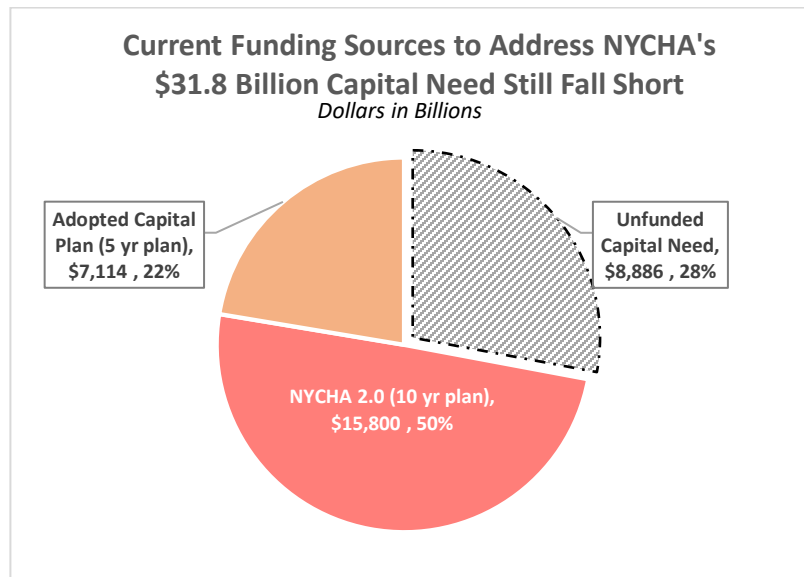
PNA Projected Growth

In January 2020, NYCHA announced that the estimated \$31.8 billion capital need reflected in the 2017 PNA did not fully capture the costs of lead abatement, elevator replacement and other costs related to compliance with the HUD administrative agreement, which requires NYCHA to address systemic issues at the Authority including lead paint hazards, the provision of heat, mold, pest infestations and elevator outages by certain deadlines. Assuming an eight percent growth rate, which includes the rate of deterioration of public housing and labor costs, the total overall capital need could increase to as much as \$68.6 billion by 2028 as demonstrated in the below chart.



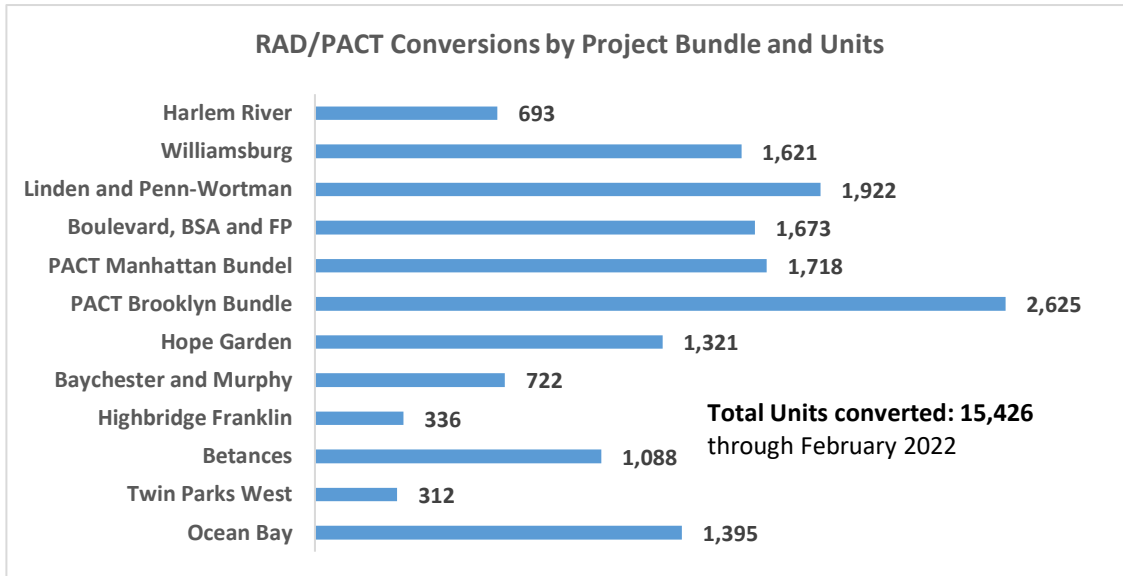
NYCHA 2.0

In December 2018, the City announced NYCHA 2.0, and outlined a comprehensive, ten-year plan to renovate and preserve NYCHA developments and resolve approximately two thirds of NYCHA’s \$31.8 billion capital need. NYCHA 2.0 is comprised of four major programs: PACT to Preserve, Build to Preserve, Transfer to Preserve, and Fix to Preserve. It is estimated that about \$16 billion in revenue could be generated from the NYCHA 2.0 programs. This amount, coupled with \$7.1 billion in existing and expected City, State and federal capital funds, would address nearly \$23 billion in capital needs over the next decade, or up to about 70 percent of NYCHA’s \$31.8 billion overall capital need, as outlined by the 2017 Physical Needs Assessment conducted by NYCHA. However, an unfunded capital need of about \$8.9 billion would still remain over this period, as demonstrated in the below chart. The financial impact of these strategies are further detailed below.



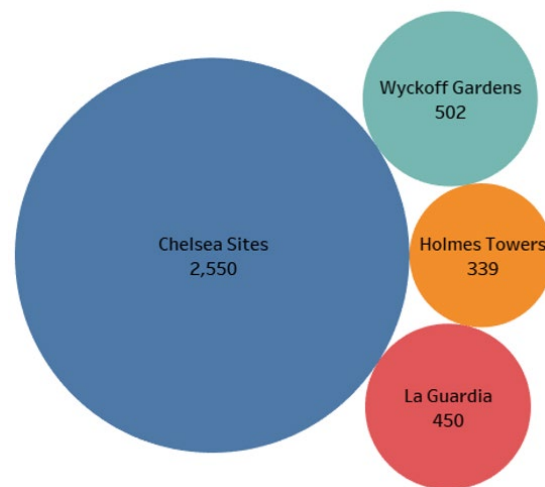
- PACT to Preserve.** The primary program under NYCHA 2.0 is PACT to Preserve, which will address an estimated \$12.8 billion in capital needs across the Authority’s portfolio. The program aims to

convert the funding stream of an estimated 62,000 NYCHA units from public housing operating funds (Section 9) to Section 8 funding under the Rental Assistance Demonstration (RAD) program administered by HUD, thereby facilitating public-private partnerships to fund extensive renovations and repairs through private developers. As of February 2022, approximately 15,426 units have been converted under NYCHA’s administration of the RAD program, also referred to as Permanent Affordability Commitment Together (PACT), through 12 project bundles. These RAD/PACT project bundles are displayed in the graphic below.



- Build to Preserve.** In December 2018, the City announced it would replace the existing half-market rate, half-affordable housing development program (50/50 program) at NYCHA-owned sites with a mixed income program that will produce 70 percent market rate, 30 percent affordable housing units (70/30 program). New buildings will be subject to Mandatory Inclusionary Housing (MIH) levels of affordability and increase the permanently affordable housing stock. In total, NYCHA estimates that the 70/30 development program could encompass 25 sites and generate \$2 billion in revenue over a ten-year period, which would be dedicated to capital improvements in the adjacent developments, as well as ensuring the Authority’s financial sustainability. As of February 2020, the Build to Preserve program encompasses four development sites, which would produce an estimated 3,840 units, as displayed in the graphic below. An RFP for the largest site, at Chelsea Houses is anticipated for 2021, following the publication of recommendations from the Chelsea Working Group.

Build to Preserve Planned Projects



- **Transfer to Preserve.** NYCHA expects to generate \$1 billion in funding for capital repairs through the transfer of a portion of its estimated 80 million square feet of unused development rights, also known as air rights. As of February 2020, the Transfer to Preserve program encompasses four development sites, which include: Hobbs Court, Ingersoll, Howard Houses, and Campos II. As of February 2021, the Transfer to Preserve program had closed two transactions at Hobbs Court and Ingersoll Houses.
- **Fix to Preserve.** NYCHA will improve services, infrastructure maintenance, and immediately address health and safety issues across five categories affecting residents' daily lives, including elevator outages, heating, mold, pests, and lead paint hazards. These performance targets are further outlined below.
 - **Elevators:** By 2027, NYCHA will replace 405 elevators at 30 developments, providing reliable service to over 58,000 residents.
 - **Heating:** NYCHA will expand on previous heat upgrades with the addition of five mobile boilers by 2019 and fully replace 297 of the lowest-performing boilers by 2026. Heat outages will be restored within an average of 12 hours.
 - **Pests:** With the installation of door sweeps and rat slabs, and the addition of 20 exterminators, NYCHA will cut the rat population by a quarter by the end of 2019, and by half by the end of 2020.
 - **Lead:** NYCHA will test over 135,000 apartments built before 1978, which are presumed to contain lead-based paint hazards, by 2020.
 - **Mold:** NYCHA will bring all roofs into a state of good repair by 2026.

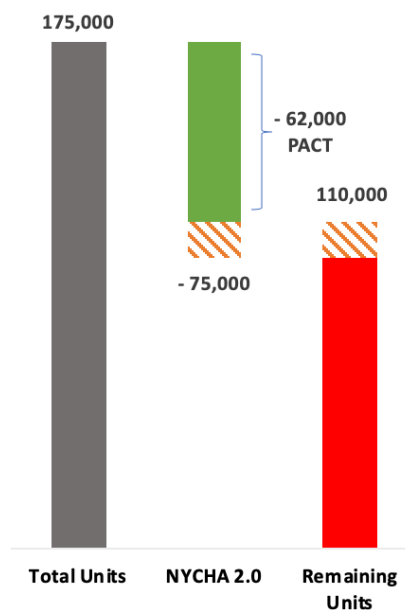
Blueprint for Change

In July 2020, NYCHA announced the Blueprint for Change plan, and outlined a set of ideas and strategies to reorganize the Authority and secure the capital financing required to stabilize and improve physical conditions at its 300 developments and 175,000 apartment units. This is the first-ever comprehensive plan for every property and every building in NYCHA's portfolio. The capital strategy includes the creation of a Public Housing Preservation Trust that would enable the Authority to address \$18 billion to \$25 billion in capital needs across roughly 110,000 apartments. When combined with NYCHA 2.0 strategies across the other 62,000 units that will be converted under

PACT/RAD, the Blueprint plan would address the physical needs across the entire portfolio. The central components of the plan are further outlined below.

- Public Housing Preservation Trust.** The creation of a NYCHA Preservation Trust would allow NYCHA to enter into a long-term ground lease with the new entity. In return, the trust would have oversight on construction, infrastructure improvements and NYCHA staff who would continue to maintain and manage the properties. This mechanism would allow NYCHA to access a different federal funding stream to generate revenue, and use that revenue as collateral to borrow money to pay for repairs.
- Interim Use of Tenant Protection Vouchers.** Across NYCHA’s portfolio, about 110,000 units meet the obsolescence criteria as defined by HUD because they cost more to rehabilitate than reconstruct. Under the criteria, they would be eligible for HUD’s Section 18 Disposition Program. Developments leased under Section 18 to the Preservation Trust would receive Tenant Protection Vouchers (TPVs), which provide a larger rental subsidy than the operating funds that come with public housing or conversions under the RAD program.

NYCHA Portfolio



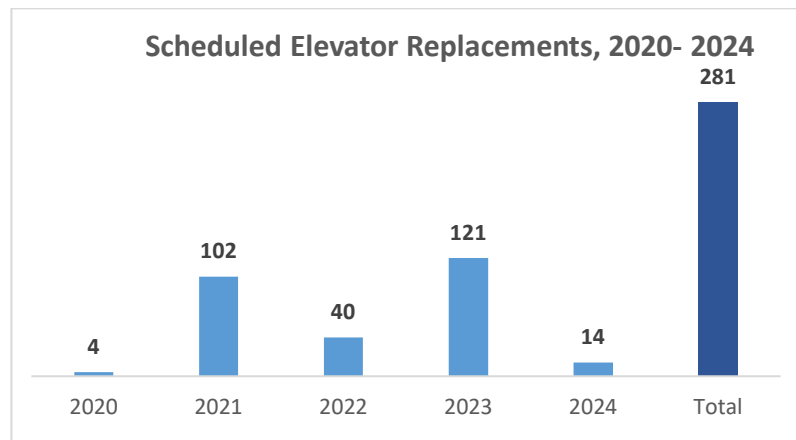
Compliance with HUD Administrative Agreement

The HUD Administrative Agreement requires NYCHA to prepare and implement corrective action plans to address systemic issues at the Authority including lead paint hazards, the provision of heat, mold, pest infestations and elevator outages by certain deadlines. As of January 2021, the NYCHA monitor has approved seven action plans submitted by NYCHA related to inspection practices, the provision of heat, the frequency and duration of outages and no-service conditions in elevators, and pest and waste management, and initial action plans related to mold and leaks, and lead-paint hazards. These approved action plans are summarized below.

- Public Housing Assessment System (PHAS) inspections.** In October 2019, the NYCHA monitor approved a corrective action plan outlining steps to eliminate and prohibit deceptive practices

with respect to PHAS inspections. These actions include: adequate training for NYCHA staff, the review of available data to identify instances of improper inspection work, disciplinary action for staff who engage in deceptive practices, and other actions. In order to carry out these reforms, NYCHA contracted with a vendor to provide training sessions to 1,700 operations and front-line staff at a total cost of about \$680,000. An additional 3,000 personnel, primarily comprised of caretakers, will also receive training in addition to new staff, at a total estimated cost of about \$1.5 million.

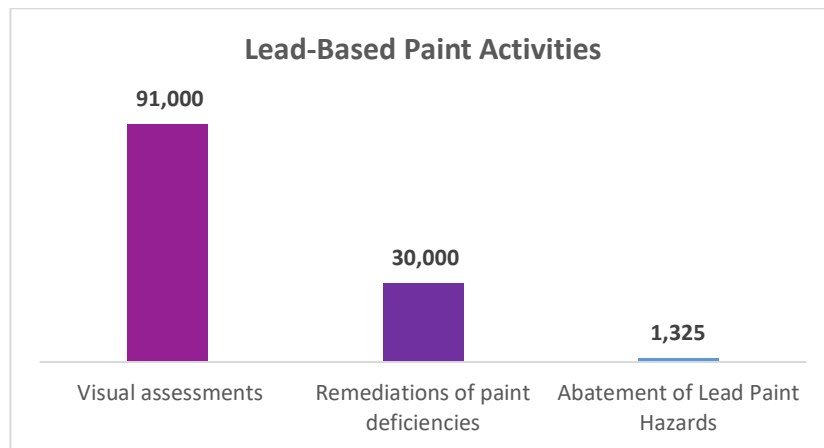
- Heat Action Plan.** In December 2019, the NYCHA monitor approved a corrective action and response plan outlining steps to fulfill heat-related requirements under the Agreement, including the restoration of heat to units affected by a heating shortage within an average of 12 hours beginning in the 2018/2019 heating season. NYCHA residents have endured chronic heat and hot water outages for many years. Notably, according to data provided to the Council, from October 2017 to January 2018, more than 80 percent of residents experienced a heat outage or hot water outage. Currently, NYCHA reports that it is in compliance with the provision of heat under the HUD administrative agreement.
- Elevator Action Plan.** In January 2020, the NYCHA monitor approved a corrective action and response plan outlining steps to reduce elevator outages and no-service conditions of 3,224 elevators managed by NYCHA. The Elevator Service and Repair Department manages the elevator operations and consists of 473 full-time staff, including 207 elevator mechanics, 193 elevator mechanic helpers, and 23 supervisors of mechanics. The Agreement requires NYCHA to replace or address at least 425 elevators by 2024, and the Authority is on track to meet these obligations. The 281 scheduled replacements will impact 36,358 residents across 21 developments, including 9,209 seniors and mobility-impaired residents. In addition, NYCHA will transfer 150 additional elevators to third-party management through the RAD/PACT program by 2024. For a complete list of planned elevator replacements by development, funding source, number of impacted residents and replacement schedule, see Appendix G.



- Mold and Leaks.** In March 2020, the NYCHA monitor approved an initial corrective action plan to address the set of mold and leak obligations that must be completed within two years of January 31, 2019. An estimated 35,000 mold work orders were reported in 2019 across the NYCHA portfolio, and many of these work orders were for recurring mold. The key targets outlined in the plan include: in 95 percent of instances in which a resident reports a mold complaint that is verified, NYCHA will provide a remediation plan to the resident within 5 days;

In 95 percent of mold cases, NYCHA will remediate simple cases within 7 days and complex cases within 15 days; In 95 percent of flood, leak and moisture cases, NYCHA will stop flooding and leaks from above within 24 hours and take preventative steps to ensure that they do not lead to mold.

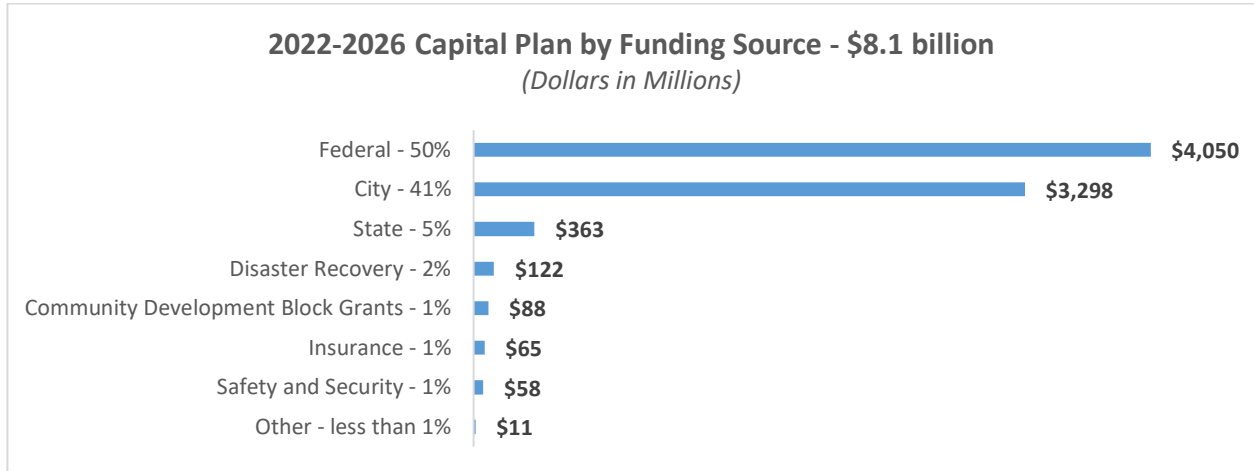
- Annual Inspections.** In December 2020, the NYCHA monitor approved an initial corrective action plan related to changes to NYCHA’s annual inspection process, including the establishment of a new standard annual inspection procedure, the inclusion of third-party assistance in the annual inspection process and the introduction of a new oversight framework to ensure compliance. Although HUD waived the requirement that NYCHA conduct annual inspections in 2020 due to the COVID-19 pandemic, it is anticipated that NYCHA will resume the inspection of units in 2021.
- Lead-Based Paint-Initial Action Plan.** In January 2021, the NYCHA monitor approved an initial action plan for improving the Authority’s benchmarks for lead compliance and abatement. Over the past two years, NYCHA has worked to identify children under the age of six that live in NYCHA apartments or visit for more than 10 hours a week. As of January 2021, NYCHA has completed more than 60,000 X-ray fluorescence (XRF) inspections and has attempted to inspect an additional 10,000 apartment units. Of the units tested, 53 percent of the apartments tested negative for lead paint. Additionally, NYCHA has trained nearly 3,000 workers in lead safe work practices to ensure the work that impacts lead paint is done in accordance with EPA requirements. In total over the past two years, NYCHA has conducted over 91,000 visual assessments, remediated over 30,000 findings of paint deficiencies, and abated 1,325 apartments, as demonstrated in the below chart.



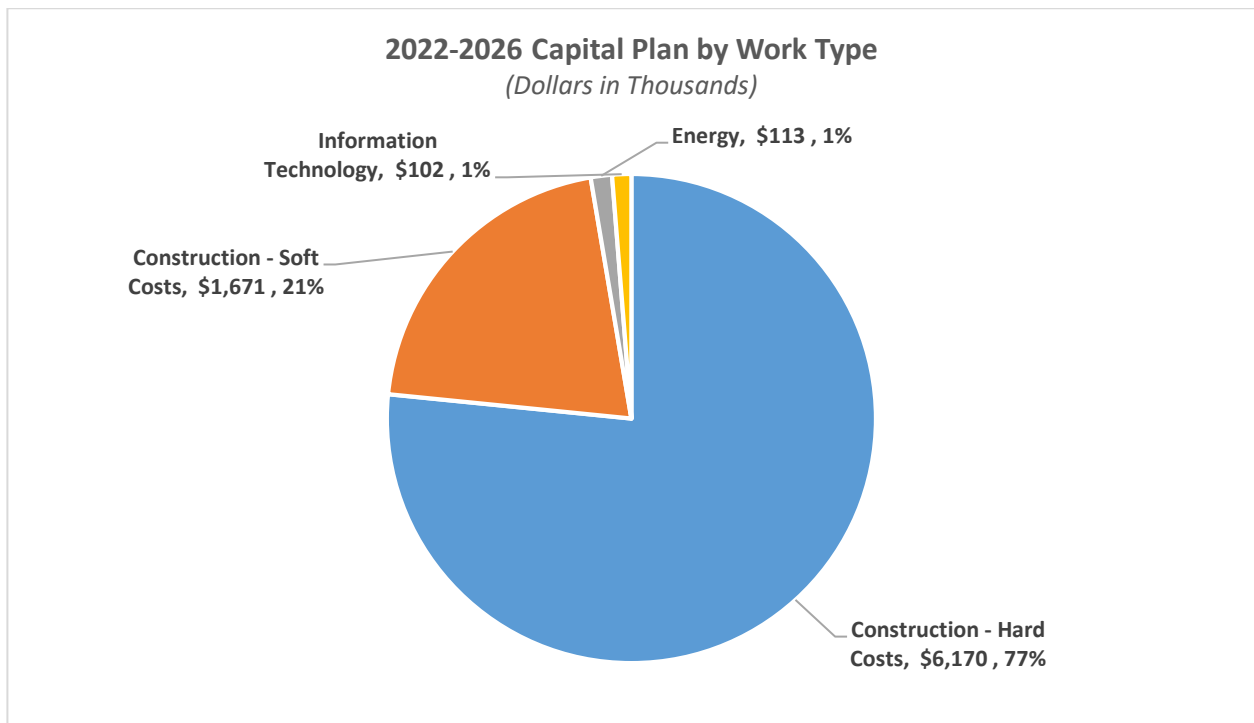
- Pest and Waste Management.** In January 2021, the NYCHA monitor approved a corrective action plan outlining requirements and milestones that NYCHA must meet relating to waste management and pest control. Under the plan, NYCHA will better coordinate and handle pest and waste incidents by targeting the root causes of infestations and waste incidents. The Action Plan also commits NYCHA to invest in capital upgrades for its outdated pest and waste management infrastructure. These upgrades include: the installation of rat slabs in developments as part of the city’s Neighborhood Rat Reduction Initiative; enlarging ground floor doors for trash chutes and \$563.4 million to upgrade outdated waste infrastructure and interior compactors across NYCHA’s portfolio.

2022-2026 Capital Plan

NYCHA’s 2022-2026 Capital Plan provides approximately \$8.1 billion in planned commitments for infrastructure improvements, major modernization, systemic upgrades, repairs, resiliency, and fortification of developments damaged by Superstorm Sandy. The Plan is based on the current federal capital funding outlook, and relies on the near-term implementation of NYCHA initiatives.



From 2022-2026, NYCHA will receive about \$3.3 billion from the City. Overall, of the \$8.1 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 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 \$700 million over the 2021-2025 Adopted Capital Plan.

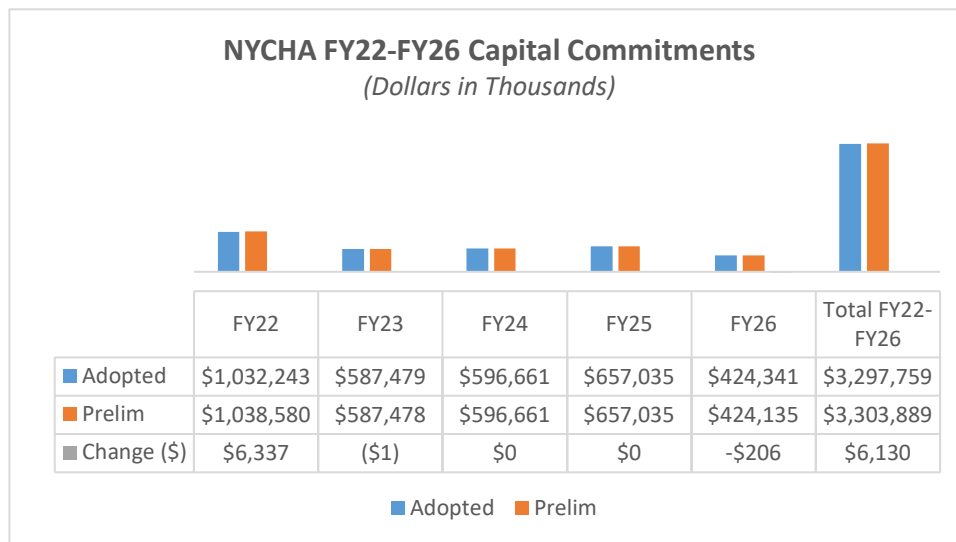


Overall, 77 percent of the Capital Plan, or about \$6.2 billion will provide for hard construction costs. According to NYCHA’s 2017 PNA, \$10.7 billion is required to upgrade exterior components across the portfolio. The second largest category of work, totaling \$1.7 billion, or 21 percent, is for soft construction costs. These capital needs are further detailed in the above chart.

Preliminary Capital Commitment Plan for Fiscal 2022-2026

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 an estimate of expenditure dates. It is through this document that we gain insight into a project’s estimated cost, start date and time to completion.

NYCHA’s Preliminary Commitment Plan includes \$3 billion in Fiscal 2022-2026, comprised of all City funds. This represents approximately three percent of the City’s total \$100 billion Preliminary Commitment Plan. The Preliminary Capital Commitment Plan for the Authority for Fiscal 2022-2026 reflects a slight increase of \$6 million from the amount scheduled in the Fiscal 2022 Adopted Commitment Plan.



The Fiscal 2023 Preliminary Capital Commitment Plan for NYCHA is comprised of 439 projects across seven budget lines totaling \$3.3 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: \$3.1 billion in Mayoral allocations; \$125.2 million in City Council funds; and \$28.8 million from Borough Presidents.

NYCHA FY22-FY26 City Capital Commitment Funding Sources

(Dollars in Thousands)

