



Tino Hernandez, Chairman
Earl Andrews, Jr., Vice-Chairman
Margarita López, Member
Vilma Huertas, Secretary

FY 2007 BUDGET AND FOUR-YEAR FINANCIAL PLAN



Douglas Apple, General Manager
Felix Lam, Chief Financial Officer
Jose Mercado, Budget Director

May 2007

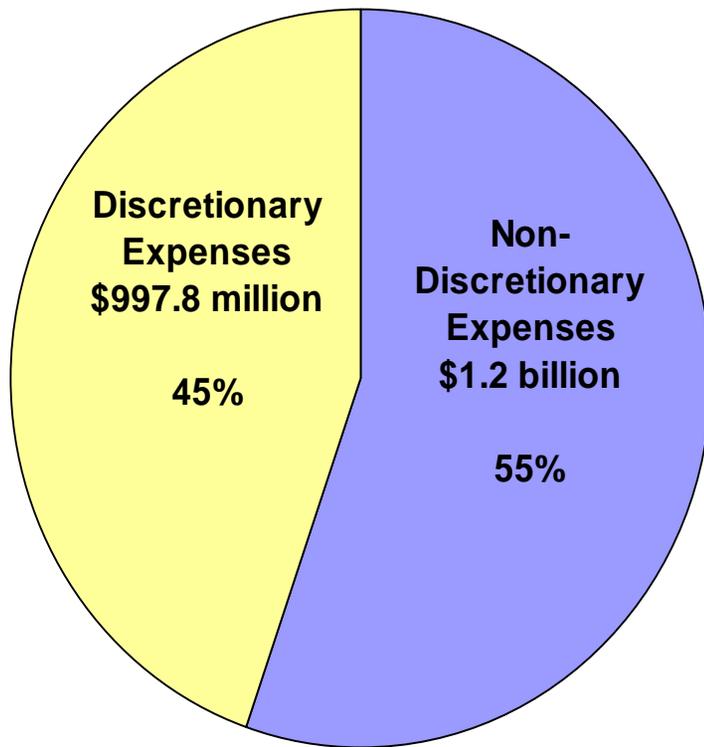
NYCHA Responds to Fiscal Constraints

NYCHA has reduced spending by \$527 million since 2003 through strong management controls and innovative strategies to improve services and maximize efficiencies.

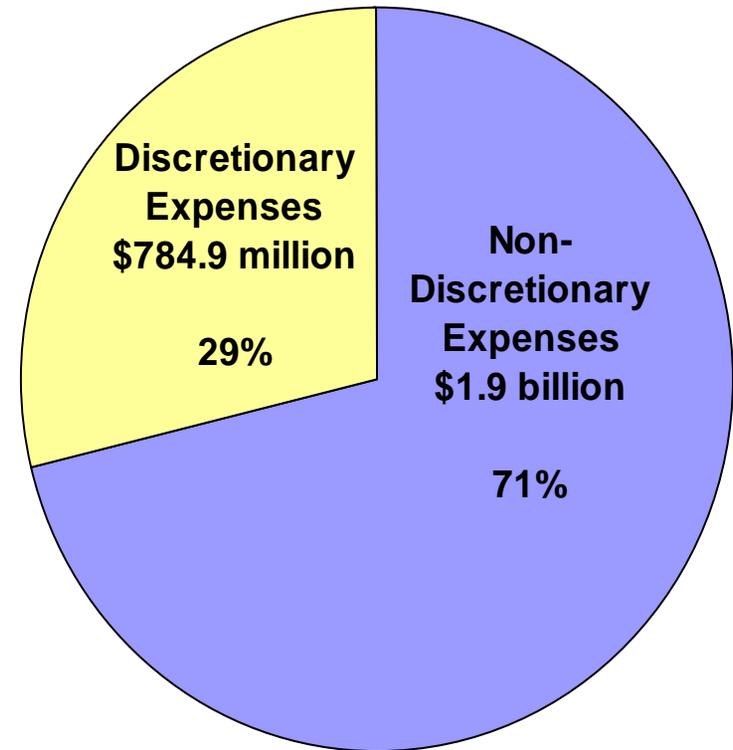
- Headcount reductions – 1,623
- Centralized Call Center (CCC)
- Energy conservation measures
- Financial management system
- Capital management system
- Budget process and departmental budgets
- “Smart” Building Technology

Budget Balancing Challenged By Growth In Non-Discretionary Expenses

FY 2002



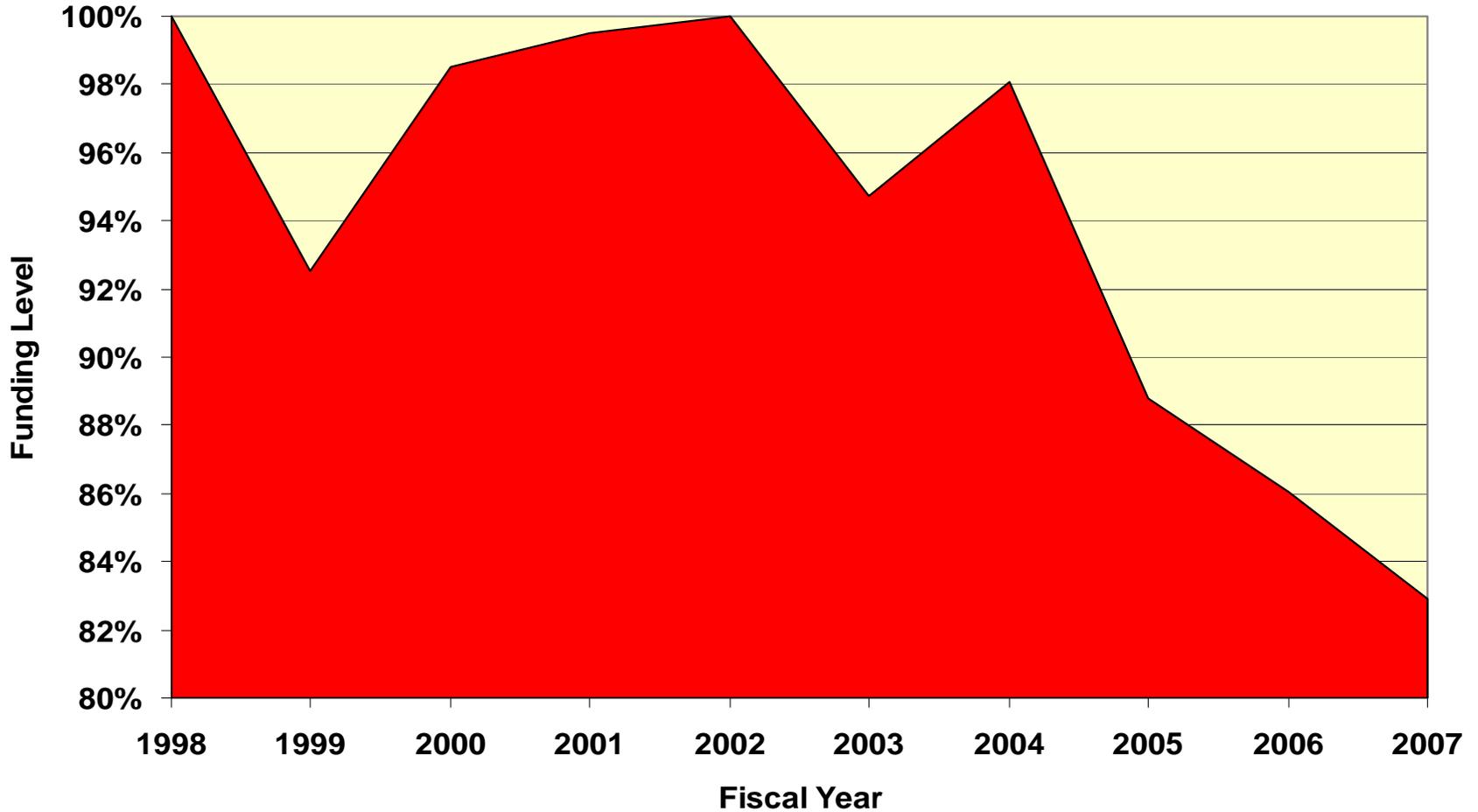
FY 2007



Non-Discretionary Spending Increased by 56.7%

Discretionary Spending Reduced by 21%

PHAs Face Ongoing Funding Shortfalls



Chronic Revenue Shortfalls

Revenue has not kept pace with expenses. NYCHA's revenue is dependent on factors outside its control:

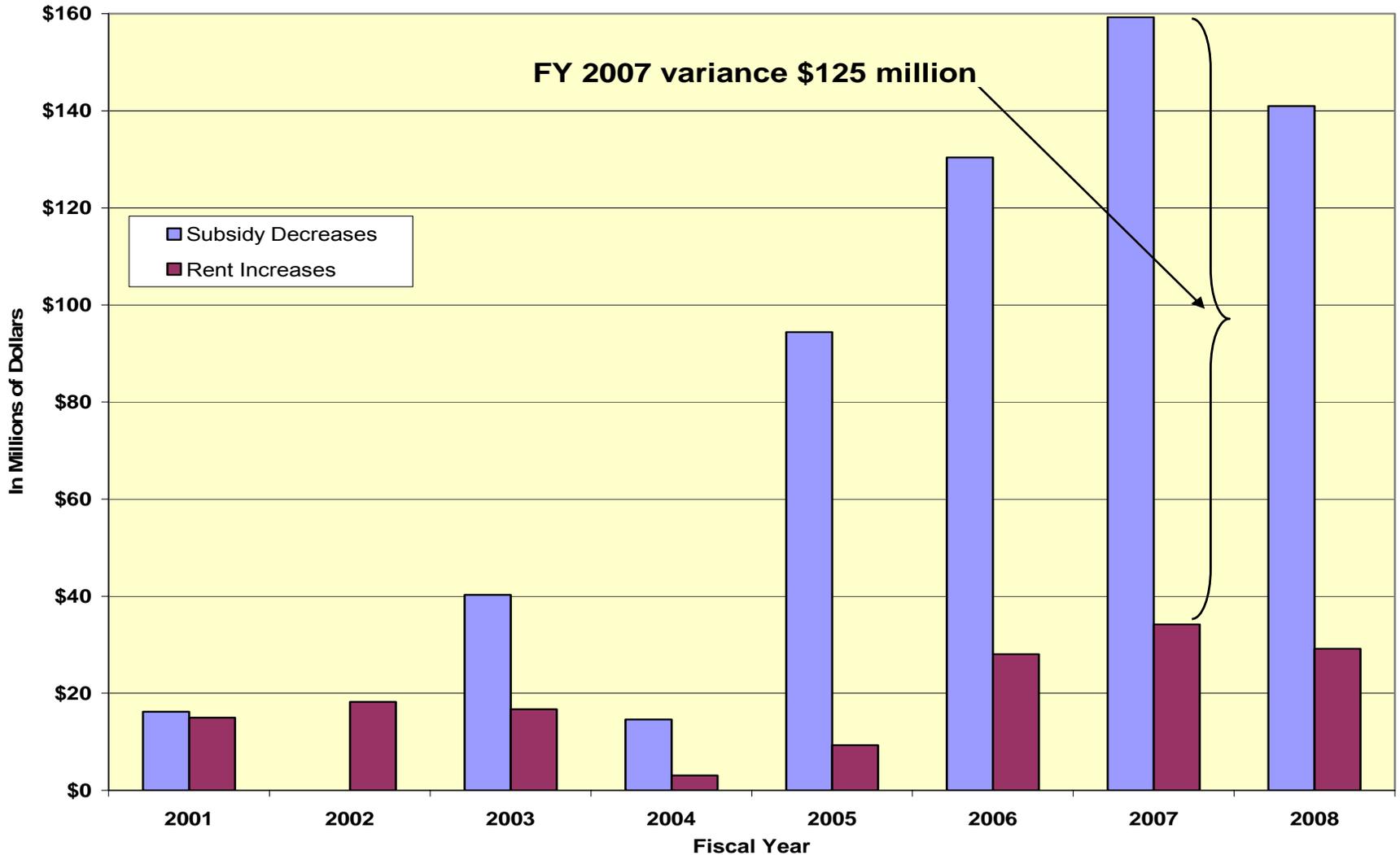
- Rent- 73% of all families pay maximum rents.
- Federal operating subsidy has not kept pace with rising costs. NYCHA has not been fully funded since 2002. Its cumulative funding shortfall is \$439 million, and the FY 2007 funding shortfall is \$159 million.
- State operating aid ceased in 1997. In FY 2007 NYCHA requested the State to provide \$62 million in operating funding for the 15 State-built developments. NYCHA received \$3.4 million.
- Capital assistance has decreased by \$146 million since 2001, threatening the preservation of public housing in NYC.

Plan To Preserve Public Housing

Plan to Preserve Public Housing (PPPH) established a strategic course of action to maintain public housing in NYC.

- NYCHA has implemented all measures under its control:
 - Rent increases - \$61 Million
 - Resident-based fee increases - \$8.3 Million
 - Consolidation of management offices - \$2.6 Million
 - Technological improvements that control costs and improve services - \$20 Million
 - Headcount reductions - \$93 Million
- Support from Washington and Albany was not as expected.

Federal Subsidy Losses Outpace Rent Increases



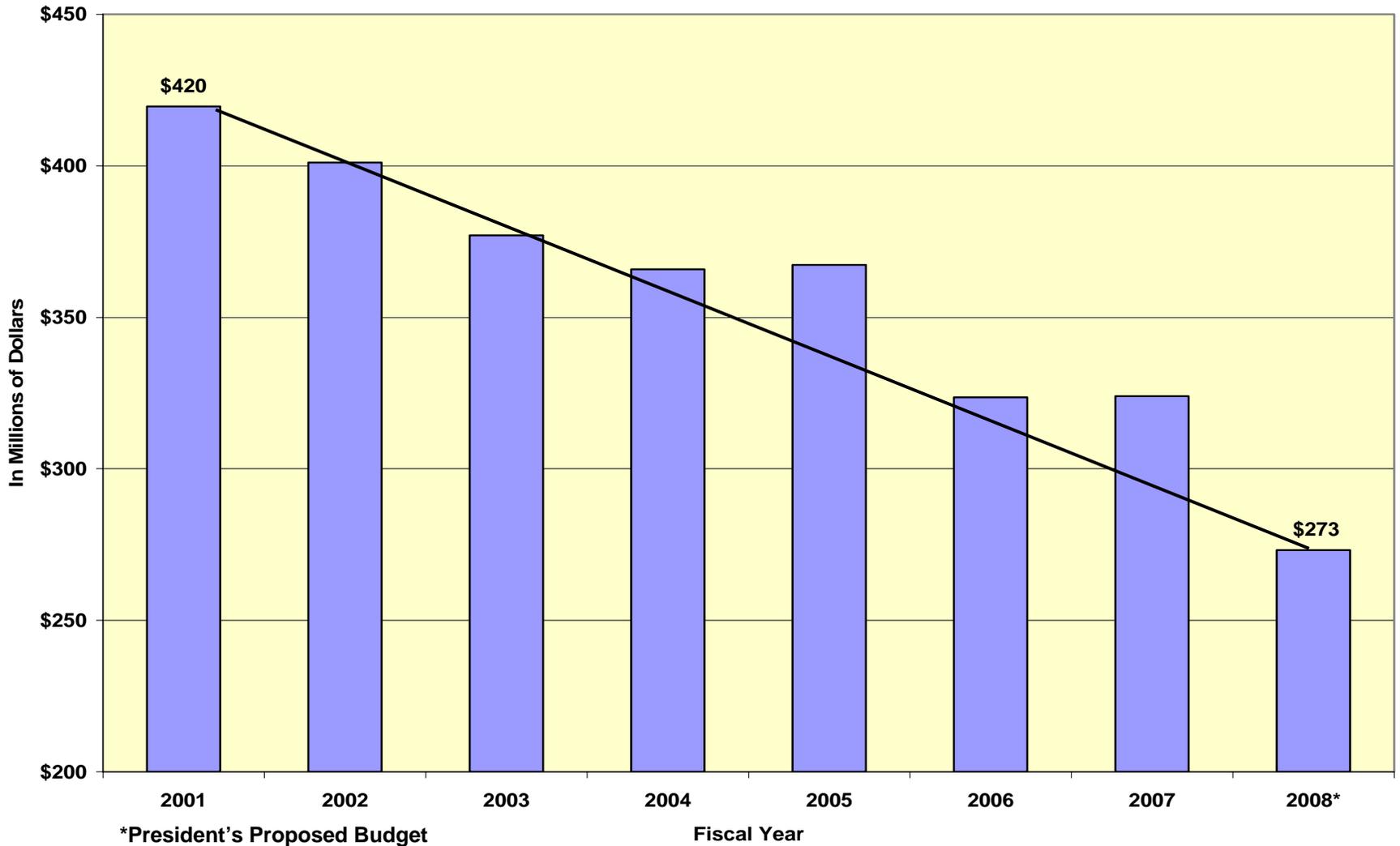
Governmental Funding Scorecard

FY 2006 - FY 2007

	Requested	Received	Variance
Federal Aid			
MTW	\$ 117.5	\$ -	\$ (117.5)
Section 8 Transition	\$ 27.7	Pending	\$ (27.7)
Operating Subsidy	\$ 1,860.0	\$ 1,571.0	\$ (289.0)
Federalization	\$ 54.6	Pending	\$ (54.6)
State Aid			
Operating Subsidy	\$ 62.0	\$ 3.4	\$ (58.6)
Shelter Rent	\$ 46.6	Pending	\$ (46.6)
City Aid	\$ 170.0	\$ 170.0	\$ -
Total	<u>\$ 2,338.4</u>	<u>\$ 1,744.4</u>	<u>\$ (594.0)</u>

In millions of dollars

Capital Funding Reduced By 35%



Highlights Of The FY 2007 Capital Plan

- In FY 2007 NYCHA will spend \$586.9 million to preserve its physical infrastructure.
- In partnership with HDC, NYCHA will issue a second round of bonds valued at \$400 million to fund capital improvements.
- Major structural renovation and brick facade replacement will be performed at Johnson Houses in Manhattan- \$60.0 million.
- Roof replacement at Astoria Houses- \$15.5 million.
- Kitchens and bathrooms will be upgraded at Edenwald Houses- \$10.9 million.

Managing The Problem

NYCHA must take actions within its control to achieve fiscal stability.

	HC	FY2007	HC	FY2008	HC	FY2009
Budget Deficit		(\$270,750)		(\$223,834)		(\$250,594)
<u>Implemented Budget Savings</u>						
Departmental Budget Reductions	303	45,524	110	25,642	110	25,642
Revised Deficit		(\$225,226)		(\$198,192)		(\$224,952)
<u>NYCHA Actions:</u>						
State Subsidy		\$3,400		\$3,400		\$3,400
Vacant Land for Affordable Housing Development		\$50,000		-		-
Section 8 Transition Approved by HUD		\$2,235		\$35,760		\$62,580
Utilize Fed Capital Funds for Maintenance Operations		\$100,000		-		-
NYCHA Sale of Occupied Single Family Homes		-		\$5,000		\$6,000
Hiring Freeze (October 1, 2007 Implementation)		\$10,000		-		-
Service Reductions (October 1, 2007 Implementation)	500	\$8,000		\$30,000		\$30,000
Revised Deficit		(\$51,591)		(\$124,032)		(\$122,972)

Next Steps

	FY2007	FY2008	FY2009
Revised Deficit	(\$51,591)	(\$124,032)	(\$122,972)
<u>NYCHA's Legislative Agenda</u>			
<i>Washington</i>			
City/State Federalization	-	\$54,600	\$54,600
Increase Federal Proration from 85% to 90% in 2008	-	\$47,221	\$47,221
<i>Albany</i>			
Shelter Rent 3-Year Phase In	-	\$26,729	\$37,928

- NYCHA must achieve a balanced budget or face continued service reductions.
- NYCHA is pursuing an aggressive legislative strategy in Washington and Albany for increased funding.

