

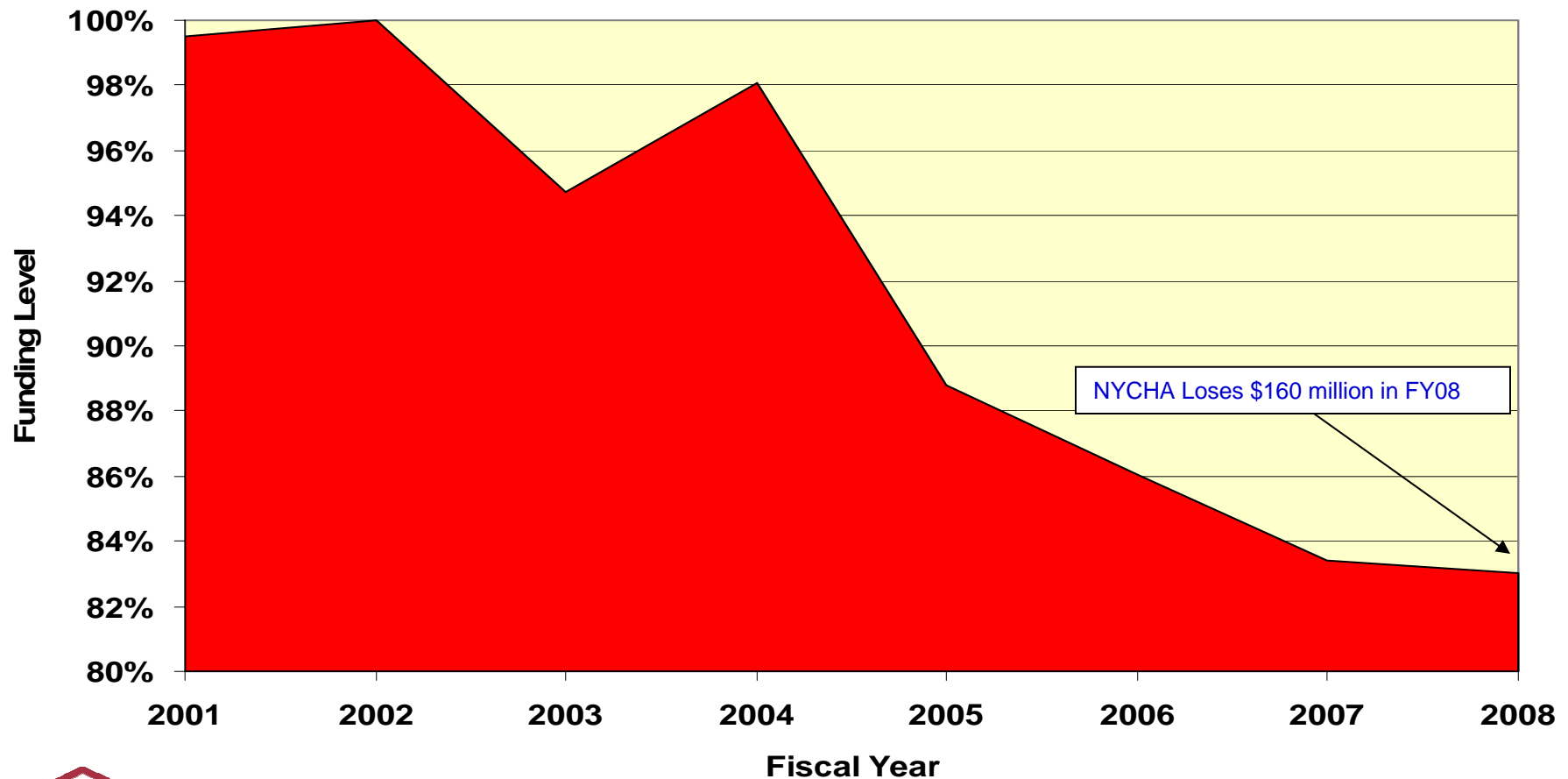


FY 2008 Preliminary Operating Budget and Four-Year Financial Plan

January 23, 2008

Nationally, Public Housing Has Lost \$2.7 Billion Since 2001

- NYCHA has lost \$611 million from FY 2001- FY 2008



NYCHA's Persistent Structural Deficit

In 2008, NYCHA continues to face structural deficits.

This is largely the result of:

- Chronic Federal underfunding (\$160 million)
- Programs and services not specifically reimbursed by any government subsidy
 - 21 City- and State-built developments (\$93 million)
 - Police Services (\$68 million)
 - Community-Based Services (\$68 million)
- Current collective bargaining agreements and pension obligations (\$40 million)



Growth In Employee Benefits

- Since 2002, Employee Benefits have increased by 70%.

	2002	2007
Workers Compensation	\$ 22,057	\$ 32,572
Health Insurance	\$ 63,986	\$ 92,988
Pension	\$ 8,119	\$ 91,068
Other Fringe Benefits	\$ 112,935	\$ 135,292
Total	207,097	351,920

- In the coming years expected labor settlements will result in new unfunded costs.
- Consistent with the City's Financial Plan, NYCHA will assume this risk in its budget forecast.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Expected Labor Costs	\$40,122	\$43,001	\$75,551	\$109,949	\$109,949



(Dollars in Thousands)

NYCHA's Structural Deficit Defined

	HC	FY2008	HC	FY2009	HC	FY2010	HC	FY2011	HC	FY2012
Budget Deficit as of May 2007		(\$124,032)		(\$122,972)		(\$117,091)		(\$117,091)		(\$117,091)
Deficit Adjustments:										
Employee Benefits		(\$40,122)		(\$43,001)		(\$75,551)		(\$109,949)		(\$109,949)
State Subsidy		(\$3,400)		(\$3,400)		(\$3,400)		(\$3,400)		(\$3,400)
Section 8 Transition		(\$35,760)		(\$62,580)		(\$75,096)		(\$75,096)		(\$75,096)
Service Reductions		(\$30,000)		(\$30,000)		(\$30,000)		(\$30,000)		(\$30,000)
Total Adjustments		(\$109,282)		(\$138,981)		(\$184,047)		(\$218,445)		(\$218,445)
Revised Budget Deficits		(\$233,314)		(\$261,953)		(\$301,138)		(\$335,536)		(\$335,536)
Implemented Actions:										
Shelter Allowance		\$29,526		\$40,113		\$46,655		\$46,655		\$46,655
Managerial Reductions		\$6,222		\$6,222		\$6,222		\$6,222		\$6,222
Section 8 Transition		\$2,235		\$17,210		\$50,288		\$75,096		\$75,096
Total Implemented Actions		\$37,983		\$63,545		\$103,165		\$127,973		\$127,973
Remaining Deficits after Implemented Actions		(\$195,331)		(\$198,408)		(\$197,973)		(\$207,563)		(\$207,563)



(Dollars in Thousands)

NYCHA's Commitment to Preserving Public Housing

- **Reduced Spending**

- Identified \$527 million in savings since 2003
- Reduced headcount by almost 2,000 positions since 2002

- **Acquired New Sources of Revenue**

- Shelter Rent (\$46.6 million)
- State Subsidy (\$3.4 million)
- Section 8 Transition (\$75 million)

- **Improved Customer Service**

- Centralized Call Center
- New Payment Options
- Automation of Section 8, applications, and maintenance processes

- **Increased Operational Efficiency**

- Consolidated administrative functions
- Energy conservation measures



Without Renewed Federal Support- Public Housing in New York City is Threatened

- NYCHA's unparalleled response to its structural deficit continues to be challenged by :
 - Federal Underfunding
 - Unreimbursed Expenses
 - Employee Benefits

	FY2008	FY2009	FY2010	FY2011	FY2012
Expense	\$ 2,839,395	\$ 2,869,559	\$ 2,901,694	\$ 2,936,092	\$ 2,936,092
Revenue	\$ 2,644,064	\$ 2,671,152	\$ 2,703,719	\$ 2,728,528	\$ 2,728,528
Deficit	\$ (195,331)	\$ (198,408)	\$ (197,973)	\$ (207,563)	\$ (207,563)

- In order to achieve structural balance, significant policy decisions remain.



(Dollars in Thousands)