



# **Five Year Operating Plan Calendar Years 2017-2021**

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December 21, 2016

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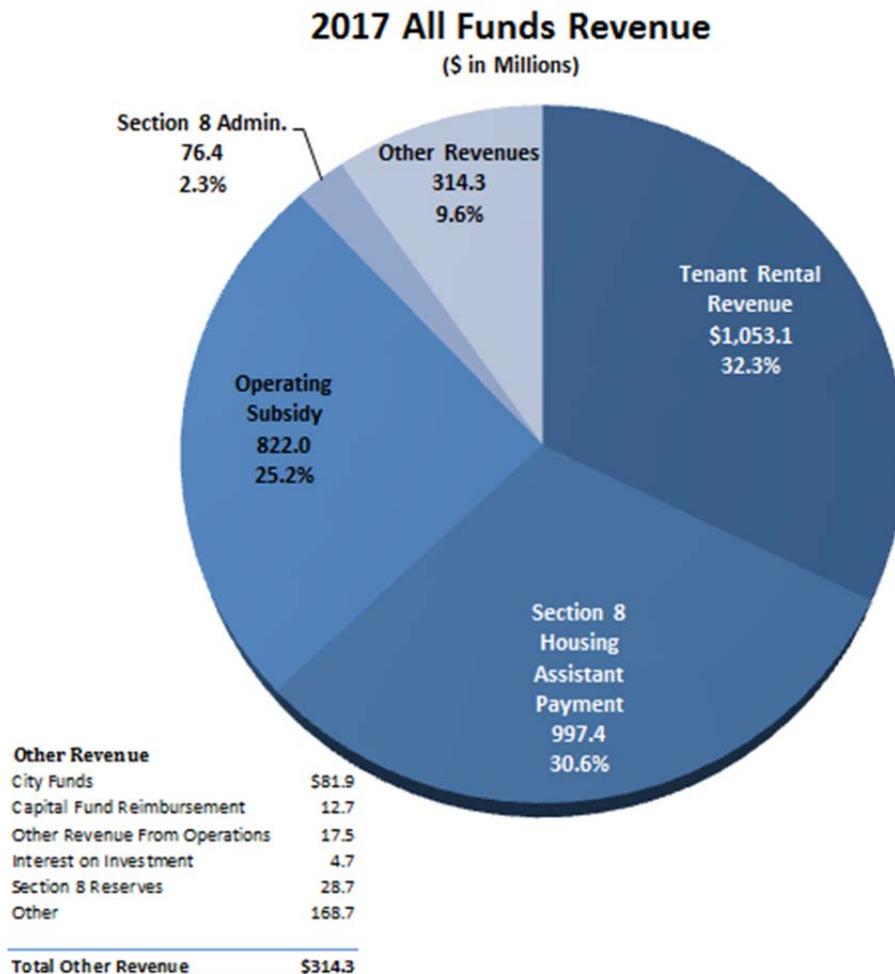
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## 2017-2021 Operating Plan

The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2017-21 Operating Plan on December 21, 2016. This Five Year Plan incorporates initiatives to reduce the financial gap.

### Overview

The 2017 Plan projects an Operating surplus of \$21 million. The Operating Plan consists of three component funding sources (funds): General Funds, Housing Choice Voucher Program (HCVP) Funds, and Categorical Grants Funds. The General Fund consists of the operating activity of NYCHA’s developments along with the Central Office Cost Center (COCC). The HCVP Funds reflect the administration of the Section 8 Program. The Categorical Grant Funds reflect all other grant programs by which NYCHA receives funding from federal, state, city and private sources for the administration of a variety of community development and benefit programs. The following chart shows the 2017 budgeted revenue by category:



While revenue is expected to increase, due to the phase in of the flat rents policy (the 2014 Appropriations Act phased in three years from June 2014-June 2017), NYCHA continues to experience a structural deficit stemming from ongoing federal underfunding, operating of (4,388) unfunded City/State public housing units, as well as mounting “uncontrollable” costs such as pension and benefits related expenses. To mitigate structural deficits, in May of 2015, NextGeneration NYCHA (NextGen) was launched. This 10-year strategic plan to protect and strengthen public housing, changes how NYCHA is funded, operates, rebuilds, and engages with residents, and will help the Authority overcome the challenges of declining government funding and aging infrastructure.

**2017-2021 Operating Plan Summary**

(\$ Millions)	2017	2018	2019	2020	2021
<b><i>Revenues</i></b>					
Revenue from Operations	\$1,071	\$1,097	\$1,113	\$1,122	\$1,130
Other Revenues	2,193	2,184	2,116	2,124	2,101
<b>Total Revenues</b>	<b>\$3,263</b>	<b>\$3,280</b>	<b>\$3,230</b>	<b>\$3,246</b>	<b>\$3,231</b>
<b><i>Expenditures</i></b>					
Personnel Services	\$1,342	\$1,346	\$1,360	\$1,378	\$1,395
Other Than Personnel Service	1,900	1,873	1,889	1,896	1,893
<b>Total Expenditures</b>	<b>\$3,242</b>	<b>\$3,219</b>	<b>\$3,249</b>	<b>\$3,274</b>	<b>\$3,288</b>
<b>Surplus/(Deficit)</b>	<b>\$21</b>	<b>\$61</b>	<b>(\$20)</b>	<b>(\$27)</b>	<b>(\$57)</b>

***FY 2016 Accomplishments***

In the face of financial challenges, NYCHA continues to focus on its mission of providing safe and affordable public housing, while addressing resident needs. With support from the City of New York’s current administration, and with an emphasis on safety and service levels, the following was accomplished in FY 2016:

**Government Finance Officers Association (GFOA)**

After adopting the FY 2016 Plan, NYCHA submitted its 2016 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). On August 2016, NYCHA was awarded the Distinguished Budget Presentation Award for the current fiscal year. This award is the highest form of recognition in government budgeting.

The Distinguished Budget Presentation Award program was created by the GFOA in 1984 to recognize state and local governments that prepare budget documents of the highest quality as established by the National Advisory Council on State and Local Budgeting. Housing, transportation, and any other forms of government agencies across the country can apply. This honorable award is for the transparency and accountability of the Budget. NYCHA's goal is to repeat this accomplishment for its FY 2017 Budget, and all future budgetary publications.



From left to right: Deputy Director Sungwoo Kim, Linda Jaffee, Anthony Cosentino, Assistant Director Victor Buonocore, Arlene Nieves, Deputy Director Tracey Smith, Assistant Director Helga Nyanffor, General Manager Michael Kelly, Chief Financial Officer Karen Caldwell, CEO and Chair Shola Olatoye, Budget Director Georgiana Okoroji, NYS GFOA Representatives Dawn Donovan and Patty Jones, Deputy Director Hector L. Ramos, Assistant Director Bobby Belvin, Glenn Greenfield, and Donna Milley.

## **Implementation of Position Budgeting in Hyperion**

In 2016, NYCHA successfully implemented position budgeting. To ensure the Authority's hiring process aligns with the positional budgeting process in Hyperion, the Department of Budget and Financial Planning (DBFP) worked extensively with Human Resources and other participating departments to redesign the staff request—Personnel Action Requests (PAR)—process. DBFP supplemented this new process with a series of Hyperion-generated reports to help departments with the transition.

The implementation of position budgeting provided DBFP with the opportunity to reassess staffing levels for each department, which helped to formulate the proper allocation of resources in 2017. Position budgeting addresses the following goals:

- Streamline the hiring process
- Establish and regulate FTE positions by area
- Improve projections

## Financial Plan Overhaul

In 2016, DBFP revamped the 2017 financial plan process. The goal was to make the budget plan process more inclusive, consultative and transparent. Nearly all members of the Authority were affected by the new process. Each year, DBFP develops a five year financial plan for the authority (Operating and Capital budgets). The process to develop this five year financial plan was overhauled.

To determine the Authority's effective staffing level (Full-time Equivalent or FTE), and Other Than Personnel Services (OTPS) needs, DBFP developed financial plan templates requesting information on departmental duties, organizational charts, OTPS needs by category, and potential new needs. DBFP also provided current staffing levels, budget, and historical data to assist managers in building their budgets.

DBFP reviewed and analyzed the completed templates and made recommendations accordingly. Templates were then reviewed with the CFO and administering EVPs who either requested further review or gave final approvals.

Implementation of this new process required an enormous amount of analysis, meetings, and reports. DBFP was able to complete the financial review for all departments and implement recommendations in the 2017 Plan. Since personnel costs are 41% of NYCHA's budget, representing NYCHA's largest expense, the primary focus was on getting accurate FTE figures. We hope to continue identifying agency staffing needs and allocations and complete a more comprehensive OTPS analysis in 2017.

## NextGeneration (NextGen) NYCHA

NextGeneration (NextGen) NYCHA was launched in May of 2015. NextGen NYCHA is a multi-faceted, long-term, strategic investment and planning process that will explore creative ways that public housing can be sustained for the next generation of New Yorkers. It intends to be an inclusive process that will seek input from NYCHA residents, administrators and managers, and community partners. This year, NYCHA rolled out targeted strategies as described below.

### *Achieve short-term financial stability and diversify funding*

NYCHA's immediate goals are to increase financial sustainability to continue to provide proper services to our residents. We intend to do this by reducing our costs and by looking for ways to increase current and new revenue sources.

### **Improving Rent Collection Performance**

Since the release of the NextGen NYCHA plan, NYCHA launched several initiatives aimed at improving rent collection, such as automated rent-payment reminder notices and calls. NYCHA is also working closely with the Human Resources Administration to provide rental assistance as part of the eviction intervention. Other efforts include partnerships with community based

organizations to provide financial education and coaching services to prevent rent delinquency. In 2016, NYCHA collected \$5 million more rent than was planned for in the budget.

### **Reduce Central office Costs**

As part of NYCHA's efforts to eliminate its structural operating deficit, it must reduce central office costs. It will do so by transferring responsibility for certain non-core functions, to sister City agencies. The efficiencies that result from this integration along with the realignment of operations will allow NYCHA to reduce its central office staff further by attrition. Neither the transfers nor the attrition will impact service levels at the front-line, ensuring service quality to residents.

In 2016, NYCHA transitioned 24 of NYCHA's remaining 39 Community/Senior Centers, along with 72 staff members to the Department of Youth & Community Development (DYCD). The 2017 plan includes cuts across all central office departments' discretionary contracts and supplies, where possible. NYCHA will continue to seek opportunities to streamline its central office operations.

### **Housing Grant**

In support of the City's efforts to combat homelessness, NYCHA has been setting aside public housing units and Section 8 vouchers for NYC homeless families. From 2015 to 2016, NYCHA housed over 3,000 homeless families and the City helped fund these efforts by providing \$19 million in funding.

In 2017, NYCHA is committing to house over 1,900 homeless families. From 2017-21 NYCHA will house an additional 3,000 of the city's homeless families enabled by \$173 million in city funds.

### ***(Re)Build***

NYCHA's extensive portfolio, including buildings and open spaces, holds enormous untapped potential to improve the lives of residents and the Authority's financial position and provide more affordable housing resources in the City. The strategies below could accelerate the completion of critical apartment, building, and system repairs, and could reduce NYCHA's capital needs.

### **Increase Affordable Housing**

In 2015, NYCHA and HPD released a "Request for Proposal" (RFP) for potential developers to expand 100 percent affordable housing opportunities at three NYCHA developments, including Ingersoll (Fort Greene, Brooklyn), Van Dyke (Brownsville, Brooklyn) and Mill Brook (Mott Haven, the Bronx.) The plan to create affordable senior and family housing on underused NYCHA property was the outcome of an extensive and meaningful planning process with hundreds of residents and community advocates. NYCHA intends to retain rights to the land developed through a long term ground lease and provide critical oversight to the project. NYCHA also stipulated that the developers are to train, hire, and engage NYCHA residents on a regular basis as the project progresses and give preference to residents for 25 percent of the units.

### **Rental Assistance Demonstration (RAD)**

In 2016, NYCHA completed its first RAD deal at Ocean Bay Apartments (Bayside). RAD is a U.S. Department of Housing and Urban Development (HUD) program created by the Obama Administration in 2011, which enables Public Housing Authorities (PHAs) to protect the long-term affordability of public housing units that are in need of rehabilitation and financial support. RAD allows PHAs to leverage additional funding, in the form of debt and equity, to make vital improvements to units that would otherwise continue to fall into disrepair. RAD shifts the federal funding source used to support the operations and maintenance of apartments in a development, from federal Public Housing funding to Housing Choice Voucher (HCV) Program funding. The HCV Program allows PHAs to leverage much-needed additional funds for upgrades, while Public Housing funding does not. RAD ensures that converted units are permanently affordable, that residents retain their public housing rights, and that the public housing authority retains ownership interest in the property.

NYCHA started the process in 2013 of meeting with residents and community members at Ocean Bay Apartments (Bayside) in Far Rockaway, Queens to discuss ways the Authority could renovate and repair the development, and improve quality of life for the residents, through the RAD program. In 2014 NYCHA applied for RAD, but due to the extraordinarily high demand for the program, NYCHA's application to HUD was waitlisted. NYCHA was officially accepted by HUD to participate in RAD at Ocean Bay Bayside in March 2015. Since spring 2015, NYCHA has hosted at least a dozen meetings with residents to inform them about RAD, tenant rights, jobs and other critical issues related to this program.

Completed in the early 1960s, NYCHA's Ocean Bay (Bayside) property is an older public housing development that has extremely high capital improvement needs. Addressing these needs would require investing an estimated \$174 million over the next 20 years. The RAD program offered a path forward to improve the conditions and quality of life at Ocean Bay (Bayside) and protect the long-term affordability of the apartments. The RAD closing brought in \$44 million to NYCHA in 2016. Ocean Bay Houses will also receive \$325 million for extensive renovations including new roofs, heating systems and security systems.

### **NextGen Neighborhoods 50/50**

The NextGen Neighborhoods initiative was formed to generate revenue to reinvest into developments, and across NYCHA, by leveraging a 50-50 split of market- rate and affordable units built on underutilized NYCHA lands. In 2016, residents and stakeholders engagements took place at Holmes Towers and Wyckoff Gardens developments. The plan expects to bring in over \$75 million during the next two years and \$170 million in the next five years.

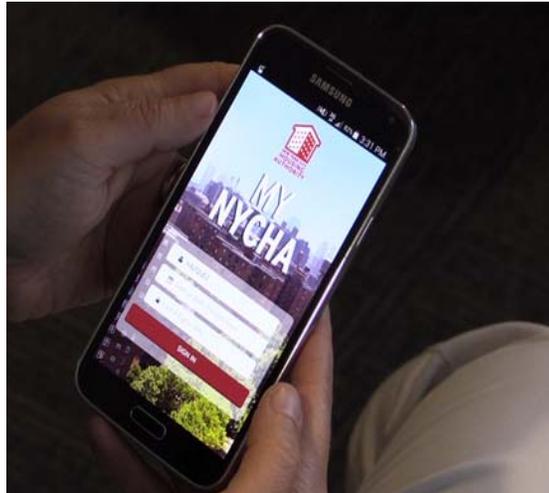
### ***Operate as an efficient landlord***

NYCHA is first and foremost a landlord. The Authority must provide better customer service and property management for its residents.

### **MyNycha App**

MyNYCHA, which launched in September 2015, enables residents to create, submit, track, and update maintenance service requests. Available in English and Spanish, this app improves

customer service by allowing NYCHA residents to view alerts, outages, and schedule inspections at any time. The mobile app, available to residents twenty four hours a day, seven days a week, helps reduce the need to call NYCHA's Customer Contact Center (CCC) for questions or service requests. Approximately 23,600 residents have downloaded the app and have used it to create about a 100 thousand work orders.



My NYCHA mobile app

### **Improve Residents Safety**

In 2014, The Mayor's Action Plan (MAP) for Neighborhood Safety, a multi-agency effort, was launched to reduce crime and strengthen the surrounding neighborhoods of 15 NYCHA developments with the highest violent crime rates in public housing. Additionally, building upon MAP, in December 2014, Manhattan District Attorney Cyrus Vance directed \$89 million of bank forfeiture funds for security improvements in those same 15 NYCHA developments. These resources support installations of cameras, exterior lighting, new doors, layered access controls, and additional public safety programming. Thus far, permanent exterior lighting has been installed at the Polo Grounds, Castle Hill, Butler, St. Nicholas, Ravenswood, Stapleton, Bushwick, and Boulevard developments. As capially-funded installations of permanent lighting are completed, the towers are being removed from each location. The total program is expected to be completed in 2018.

In March of 2016, in conjunction with the Mayor's Office of Criminal Justice (MOCJ), and the Office of Management and Budget (OMB), NYCHA initiated a study to assess the impact of lighting on crime in NYCHA developments. NYCHA has installed, and continues to maintain 400 temporary light towers at 40 developments, while submitting relevant data to the Crime Lab at the University of Chicago. This program was extended through March of 2017.



Twin Parks - Temporary lights, March 2016

### Recycling Program

The Recycling Program is an initiative launched in April 2015 to improve sustainability and reduce NYCHA’s carbon footprint by providing adequate bins and storage areas for recyclables at every development. Recycling stations have now been installed at all developments. The number of recycling stations will be doubled in the next phase of the program, which will commence in 2017.



Linden Houses, Brooklyn NY 11207 - Recycling Bins April, 2015

### FlexOps

On July 5, 2016, NYCHA launched FlexOps (“flexible operations”) at 12 consolidated developments: Chelsea, Dyckman, Forest, Glenwood, Hammel, Isaacs, Marble Hill, Mott Haven, Murphy, Pelham, Ravenswood, and Wyckoff. The objective of this four-month pilot program was to improve customer service through an expanded service-hours schedule.

The Authority implemented a staggered shift for frontline staff, including caretakers, maintenance workers, and property managers. All participating employees were volunteers or new hires. Additionally, once a week, operating hours at property management offices were extended until 8 pm, providing residents a more convenient time to meet with management staff.

### *Closing the Operating Deficit*

		2016	2016	Variance
		Adopted Budget	Year-end Actuals	Adopted vs Actuals
<b>Revenue</b>	Tenant Rental Revenue	\$997.4	\$1,023.2	\$25.8
	Federal Subsidies	\$1,962.5	\$1,984.5	\$22.0
	Other Revenue	\$360.1	\$176.1	\$(184.0)
	<b>Total Revenues</b>	<b>\$3,319.9</b>	<b>\$3,183.7</b>	<b>\$(136.2)</b>
<b>Expenses</b>	<b>Personal Services</b>	<b>\$1,445.2</b>	<b>\$1,285.3</b>	<b>\$159.9</b>
	Leases	\$41.2	\$40.0	\$1.2
	Supplies	\$70.5	\$76.9	\$(6.4)
	Utilities	\$600.2	\$520.5	\$79.7
	Contracts	\$162.2	\$178.1	\$(15.9)
	Insurance	\$55.4	\$81.9	\$(26.5)
	Section 8	\$961.0	\$940.7	\$20.3
	OTPS Other	\$44.2	\$52.0	\$(7.7)
	<b>OTPS Total</b>	<b>\$1,934.7</b>	<b>\$1,890.1</b>	<b>\$44.6</b>
	<b>Total Expenses</b>	<b>\$3,379.9</b>	<b>\$3,175.4</b>	<b>\$204.5</b>
<b>Surplus/(Deficit)</b>		<b>\$(60.0)</b>	<b>\$8.3</b>	<b>\$68.3</b>

For the 3rd year in a row, NYCHA was able to balance the books at the end of the year with a surplus. Much of its \$68M turnaround financial success in 2016 can be attributed to reduced expenses and NextGen initiatives.

NYCHA experienced higher rental revenues of \$26 million from NextGen rent collection and the continued implementation of flat rent policy, bringing up the rent minimums for over 33,000 households to 30% of their income. Proration increases in Section 8 HAP subsidy from 98%-99.58% and Admin fee from 79%-84% brought in \$20 million more in revenue.

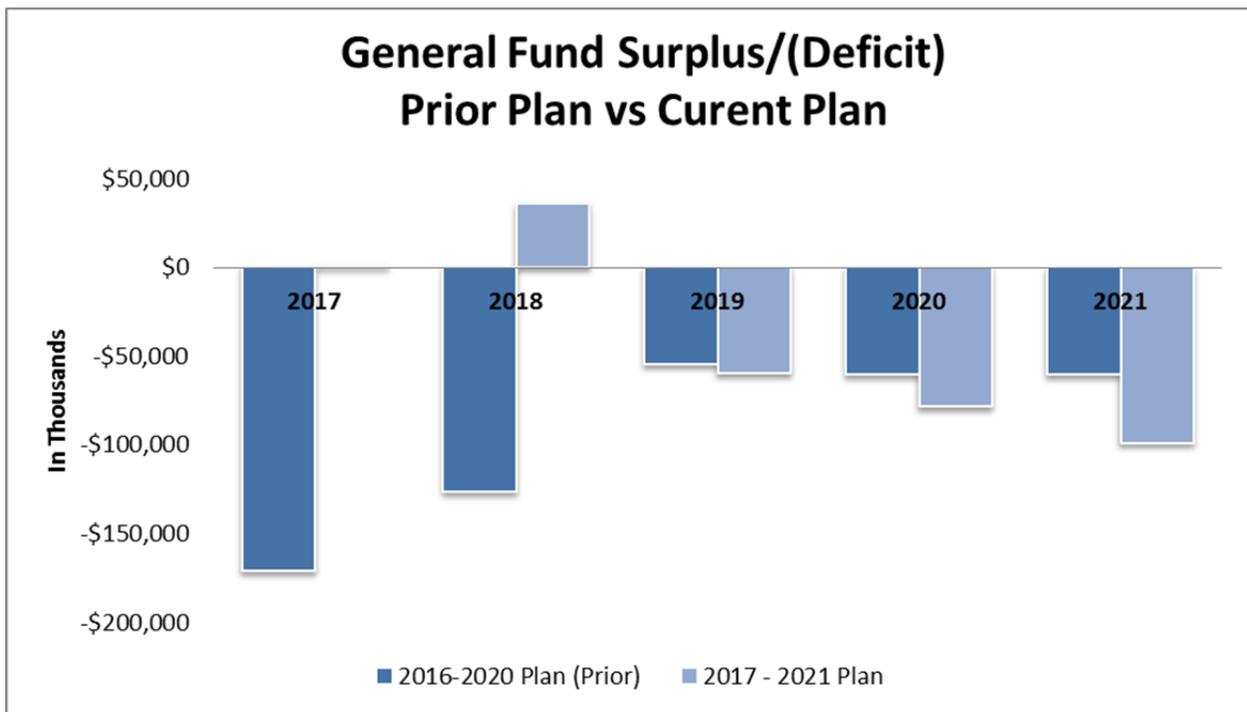
NYCHA's lower expenses were driven by a number of factors. Lower utility rates enabled NYCHA to save \$80 million in OTPS expenses. Additionally, NYCHA achieved personnel savings from headcount reductions and collective bargaining agreements, among other things. Continuous monitoring of its finances enabled NYCHA to identify a potential surplus early in

the year, which ensured that \$46 million in capital funds was not transferred to operating budget and was used to address Capital needs. NYCHA also used foreseen operating surpluses to invest in operations. The Budget department worked with Operations Departments to identify programs they could complete within the last 4 months of the year that would favor the authority in the long-term. NYCHA was able to complete improvements of \$38 million at 60 developments to improve residents health and safety, including, building repairs/supplies, public space and environmental projects, and temp work initiatives to reduce the work order backlog.

Unexpected changes in the construction schedules deferred \$114 million from the Section 8 recapitalization deal to 2017. This reduction in 2016 revenue was partially offset by NYCHA’s early closing of a \$44 million RAD deal a year ahead of schedule.

NYCHA’s long-term fiscal condition has improved significantly in recent years with the implementation of NextGen Initiatives to diversify revenue streams and reduce costs. However, it is important to note that NYCHA’s buildings are getting older and more costly to repair. Without continued financial support from the City and stable federal funding; the Authority will be financially challenged in the years to come.

NYCHA anticipates no deficit for 2017-18. However, the 2017 Plan forecasts the General Fund deficit for 2019-21 to be \$60 million, \$79 million and \$99 million respectively. This is a significant improvement when compared to the prior operating plan, which had projected deficits for the years 2017-20 of \$171 million, \$127 million, \$55 million, and \$61 million respectively.



Above chart is GF01 Funding Source only

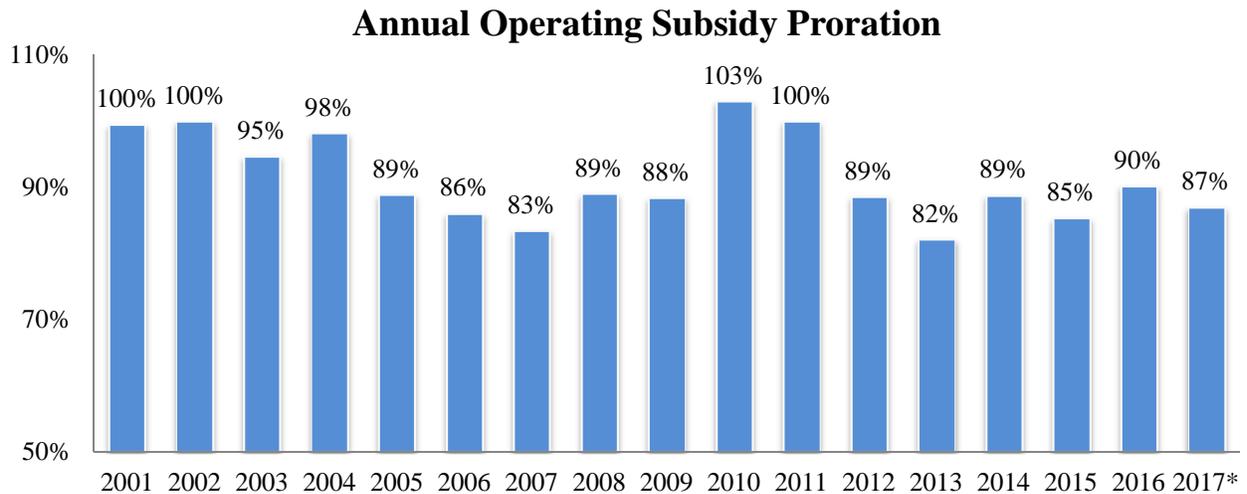
## Federal Operating Funding and Chronic Underfunding

NYCHA relies heavily on federal subsidies, which account for nearly 60 percent of NYCHA’s operating budget revenues, with the balance primarily being from tenant. HUD’s historic underfunding guided NYCHA’s 2017 conservative proration.

	2017 Adopted	Historical 8 yr Average
Operating Subsidy	87.00%	90.6%
Section 8 HAP	99.58%	99.2%
Section 8 Admin	84.00%	83.6%
Cap Fund (\$in Millions)	\$306	\$302

As discussed in NYCHA’s 2017-2021 Five Year Capital Plan, federal capital grants for infrastructure improvements and major rehabilitation have been in steady decline for a decade. The chronic capital funding gap has jeopardized the preservation of the public housing asset. Moreover, as capital needs of aging buildings remain unmet, operating costs increase for maintenance and repair, further straining operating budgets.

HUD’s public housing operating fund provides subsidies to public housing authorities nationwide to operate and maintain public housing in local communities. Funding is based on the subsidy eligibility of all housing authorities and the annual federal appropriation. The eligibility formula is intended to capture the costs of operating public housing and, therefore, the needed operating resources. If the total national eligibility exceeds the congressional appropriation, then it has been Congress’ practice to direct HUD to prorate its allocation of subsidy (subsequently referred to as “proration”).



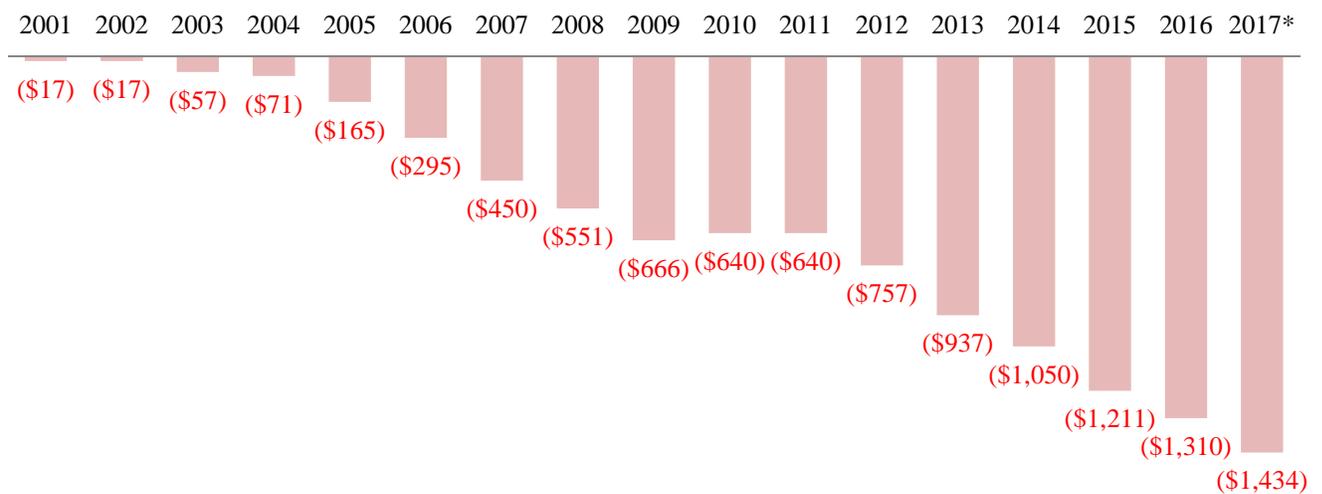
\*2017 is based on our adopted budget

### Underfunding of Operating Subsidy

If NYCHA was awarded at 100 percent of total eligibility, there would not be an operating deficit in the Authority’s Five Year Plan. In fact, NYCHA would have additional resources to meet the needs of residents by supporting critically needed frontline staff, such as maintenance workers, caretakers, and skilled trade persons.

However, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD’s eligibility formula. Additionally, while HUD’s formula takes location into account, New York City has long advocated that the system is inequitable when one considers the city’s uniquely high construction costs as well as higher employment costs in comparison to Authorities across the US.

### Cumulative Operating Subsidy Funding Loss (\$ in Millions)



\*2017 based on the adopted budget

Historical data (2001 to 2016), as shown above, illustrates a cumulative operating funding loss of over \$1.31 billion, as a result of proration.

In FY 2016, public housing authorities (PHAs) nationwide were eligible to receive \$4.9 billion. However, the final appropriation was \$4.4 billion, which translates to 90 cents for every dollar needed (effective proration at 90 percent).

The plan assumes an estimated proration of 87 percent for FY 2017 with an expected loss of funding at around \$124 million. Congress will vote to end the Continuing Resolution and pass an official FY 2017 Federal Budget some time between March and April. At that time HUD will have a new funding rate and thus so will NYCHA.

### ***Housing Choice Voucher Program (Section 8)***

The Housing Choice Voucher (HCV) Program, generally referred to as Section 8, assists low-income families in obtaining safe, decent, and affordable housing in the private market by providing rental subsidy. NYCHA administers the largest Section 8 Program in the nation with nearly 85,000 families served through a network of over 26,400 participating landlords.

NYCHA administers the program by paying rent subsidies to participating landlords on behalf of eligible tenants. Program participants pay rent directly to the landlord equal to 30 percent of family income. NYCHA pays the landlord the difference of the approved contract rent on the apartment. These payments are referred to as Housing Assistance Payments or HAP. NYCHA earns a fee from HUD for administering the program.

HUD establishes the total number of authorized vouchers for a public housing authority. Annual HAP subsidies are determined by the number of vouchers under lease and housing assistance payments made the prior year, adjusted for inflation and congressional appropriations. Rental subsidy payments are primarily influenced by changes in local housing market costs and family income. Additionally, while HUD permits programs to maintain positive reserves balances, it may recapture these balances.

Therefore, the number of vouchers that NYCHA can prospectively administer depends on current year appropriation and funding availability, changes in landlord rents, changes in family incomes, and the balance of HAP reserves to draw upon to fund HAP expenses. Program administration costs are primarily determined by labor costs and mandated program compliance activities including annual eligibility recertification of participants and inspection of landlord apartments.

Administration of the HCV Program requires prudent stewardship over annual funding resources and program reserves.

### ***Housing Assistance Payments (HAP)***

NYCHA provides rental subsidies to landlords on behalf of eligible participants through housing assistance payments. Unused subsidies must be maintained in restricted reserves and may only be used for the issuance of additional vouchers or to offset any shortfall in annual renewal funding. As a result of fluctuation in annual renewal funding, HAP reserves levels are at minimal levels. Therefore, the number of families NYCHA can serve is primarily determined by national funding appropriations by congress, and prorated HUD allocations.

Based on estimated 2016 HAP expenditures of \$992.2 million, NYCHA expects HAP renewal funding of \$997.4 million in 2017 at 99.58% as notified by HUD based on a continuing resolution funding levels. However, the renewal funding may modestly decrease in 2017 consistent with national renewal funding levels.

### Administrative Fee

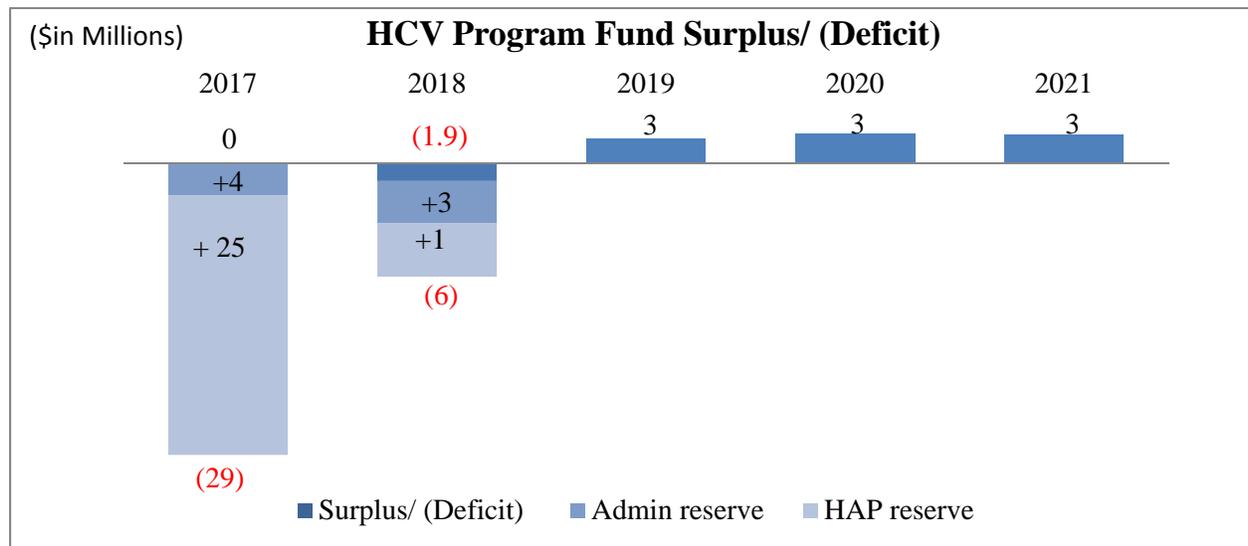
The administrative fee available to NYCHA for the administration of the program is subject to proration by HUD. In 2017 NYCHA expects a slight decrease in administrative fee funding. In response to declining fees, program administrators have implemented several initiatives to streamline services, e.g. online annual re-certifications and electronic service requests from landlords.

### Section 8 Management Assessment Program (SEMAP)

SEMAP is HUD’s performance management tool which scores each housing authority’s performance on key management indicators. NYCHA’s program is on course to be certified by HUD as a High Performer for the second consecutive year.

### HCV Program Annual Surplus/ (Deficit) and Reserves

The following chart shows the projected total annual surplus/deficit of the HCV Program and year-end program reserves. The Plan assumes a \$28.7 million deficit in 2017, caused by proration and increased unit costs. This will be covered with Section 8 Reserves. Historically the HCV Program deficits have always been fully funded by HUD.



This chart combines presentation of the HAP and Administrative Fee components of the program.

### Additional Revenues

The current funding mechanism has resulted in underfunding, which continues to jeopardize NYCHA’s long-term fiscal stability. NYCHA is constantly exploring options to help ease the financial burden caused by the chronic underfunding. Below are some of our strategies thus far.

### NYCHA’s City funded Initiatives

The City has been very active in helping NYCHA and has granted NYCHA with approximately \$32 million dollars to fund several initiatives including:

- The Government Grant for Homeless will provide \$18 million to house 1,500 Department of Homeless Services (DHS)-referred homeless families in public housing;
- The Light Towers Initiative will contribute \$6.5 million towards installing temporary light towers in high-crime areas throughout NYCHA;
- A grant of \$3.4 million will fund an extension of the 2016 Light Study, which measures the impact of additional lighting on crime rates at various developments citywide;
- The Extended Hours Program will grant \$2.1 million to NYCHA community centers in order for them to stay open later during the peak of the crime season;
- NYCHA's remaining 15 Senior Centers will be funded through June 30<sup>th</sup> thanks to a City grant of \$1.5 million.

### *Implementation of the Flat Rent Provision*

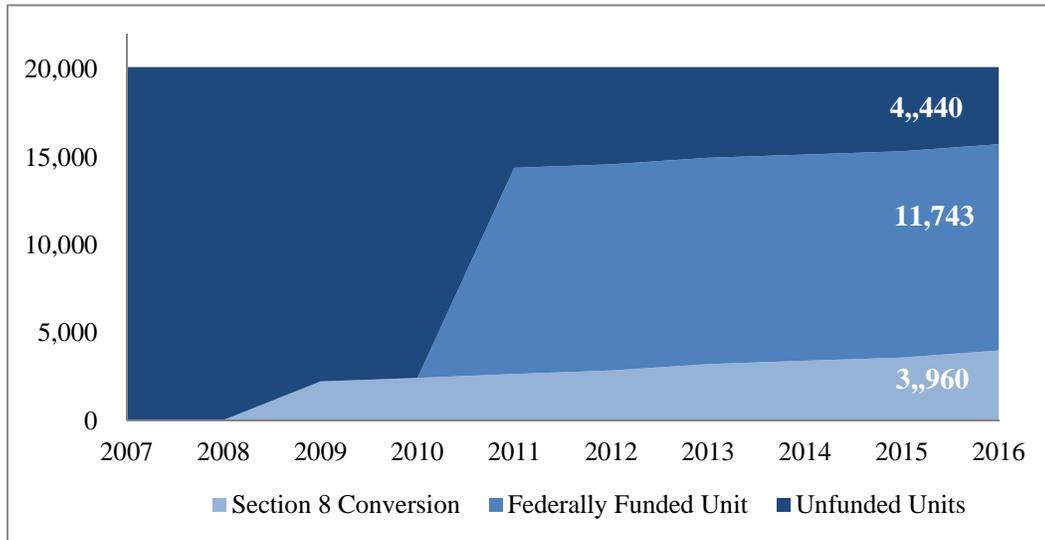
On January 17, 2014, the President signed the Department of Housing and Urban Development Appropriations Act, 2014 requiring PHAs to establish flat rents at no less than 80 percent of the Fair Market Rent (FMR) effective June 1, 2014. However, the statute limits annual flat rent increases to 35 percent of the existing flat rent amount.

These changes in rent policy are expected to yield a 1.2 percent compound growth in projected Dwelling Rent over the Plan period, from \$1.05 billion in 2017 to \$1.1 billion in 2021.

### *Support for Unsubsidized Units*

NYCHA owns and operates 21 developments originally built by the City and the State of New York (City/State Developments) with 20,139 housing units that have been historically unfunded. NYCHA was able to secure funding for nearly 12,000 of these units via Federalization. In addition, HUD authorized the conversion of 8,400 units, (approximately 3,918 City & 4,478 State) into Project-Based Section 8 funded units through the 2008 Voluntary Conversion Plan (VCP). Out of those 8,400 units covered by the VCP, the financial plan assumes 3,960 units will be converted into the Section 8 funding model at the end of 2016.

The current Plan reflects NYCHA's continuing effort to convert the remaining 4,440 units (approximately 2,211 City & 2,222 State units) by transitioning an additional 215 units in each year from FY 2017-21, into Project-Based Section 8 units. It is expected that revenue will increase from \$56.3 million in FY 2017 to \$68.0 million in FY 2021, as shown in the Section 8 Phased Conversion budget line.



### 2017 Outlook and Risk to Plan

NYCHA receives both operating and capital subsidies directly from HUD, based on an eligibility formula, which is subject to Congressional appropriation. NYCHA generally receives about \$2 billion in operating funding from the federal government for its public housing and Section 8 programs, and about \$300 million annually for its capital program. Though future federal funding levels remain uncertain, at the time of this writing, NYCHA was notified of a tentative 94 percent proration for Section 8, a tentative 75 percent proration for Section 8 Administrative fees, and an interim 85 percent proration for public housing operating subsidy. The total cumulative impact of these federal reductions could result in \$63 million in lost revenue in 2017.

	Adopted Budget	HUD changes	Funding loss
Operating Fund	87.00%	85.00%	(\$27.7)
Section 8 HAP	99.58%	94.00%	(\$26.5)
Section 8 Admin	84.00%	75.00%	(\$9.4)

These funding reductions would negatively impact NYCHA’s 2017 Operating Budget, bringing the \$21 million surplus to a \$42 million deficit, and could potentially affect residents’ service levels.

		2017 Adopted	2017 Revised
<b>Revenue</b>	Tenant Rent	\$1,053.1	\$1,053.1
	Federal Subsidies	\$1,895.8	\$1,832.2
	Other Revenue*	\$314.3	\$314.3
<b>Total Revenue</b>		<b>\$3,263.2</b>	<b>\$3,199.7</b>
<b>Expense</b>	<b>Personal Services</b>	<b>\$1,342.3</b>	<b>\$1,342.3</b>
	Utilities	\$529.9	\$529.9
	Contracts	\$216.7	\$216.7
	OTPS Other	\$1,153.2	\$1,153.2
	<b>OTPS Total</b>	<b>\$1,899.8</b>	<b>\$1,899.8</b>
<b>Total Expenses</b>		<b>\$3,242.1</b>	<b>\$3,242.1</b>
<b>Surplus / (Deficit)</b>		<b>\$21.1</b>	<b>(\$42.4)</b>

### *FY 2017 Initiatives and Special Programs*

#### **Vendor Work Order Initiative**

As a continuation of the “Get it Done” program, an additional \$20 million was budgeted to close vendor work order tickets. The initiative will cover vendor apartment painting and floor tile repair and replacement.

#### **Recycling Program**

Approximately \$1 million has been allocated specifically for the Recycling Initiative. The goal of the initiative is to ensure compliance with the City’s recycling law throughout NYCHA developments. Funding is used for recycling bags, metal bins, and concrete pads for recycling stations.

#### **Painter’s Apprentice Program**

NYCHA has allocated \$8 million for the Painter’s Apprentice program. The program helps NYCHA residents gain experience working alongside NYCHA painters. The program funds costs of full time salary, overtime, related fringe benefits, uniforms, and supplies costs.

#### **Van Dyke CAMBA**

As part of a joint development deal with CAMBA Housing Ventures, NYCHA has received \$1.4 million for 2017 to directly address repairs requested by residents at Van Dyke Houses. This

includes funding for temporary staff to replace tiles in lobbies and hallways, replace bath tub enclosures and appliance replacement.

### ***Budget Line Item Discussion***

This section provides an explanation and analysis of the Plan, by budget line item, as presented in the budget tables appended to this narrative.

## **Basis of Presentation**

### ***Budgetary Funds***

The Plan consists of three component funds:

- The *General Fund* reflects activities of frontline operations, central office, and field support functions for NYCHA-owned and/or privately-managed housing, (as well as all public housing activities).
- The *Housing Choice Voucher (HCV) Program Fund* reflects activities and administration of the Section 8 Programs, including Housing Choice Voucher (HCV), Veterans Affairs Supportive Housing (VASH), and Five Year Mainstream.

The HCV Program also contributes revenue to the General Fund in the form of a program management fee and Housing Assistance Payments (HAP) to Section 8 units owned and managed by NYCHA (referred to as ‘*Section 8 Phased Conversion*’).

- The *Categorical Grants Fund* reflects all other grant programs by which NYCHA receives funding from federal, state, city, or private sources for operating and/or administering a variety of community development and benefits programs.
- The *All Funds* presentation of the Plan reflects the consolidation of these three component funding sources with the appropriate elimination of inter-fund transactions and activities.

The Plan is developed on a modified accrual basis, and thereby combines elements of accrual-basis with cash-basis budgeting. The Plan does not include provisions for non-cash expenditures such as depreciation, amortization, and the non-cash costs of Other Post-Employment Benefits (OPEB).

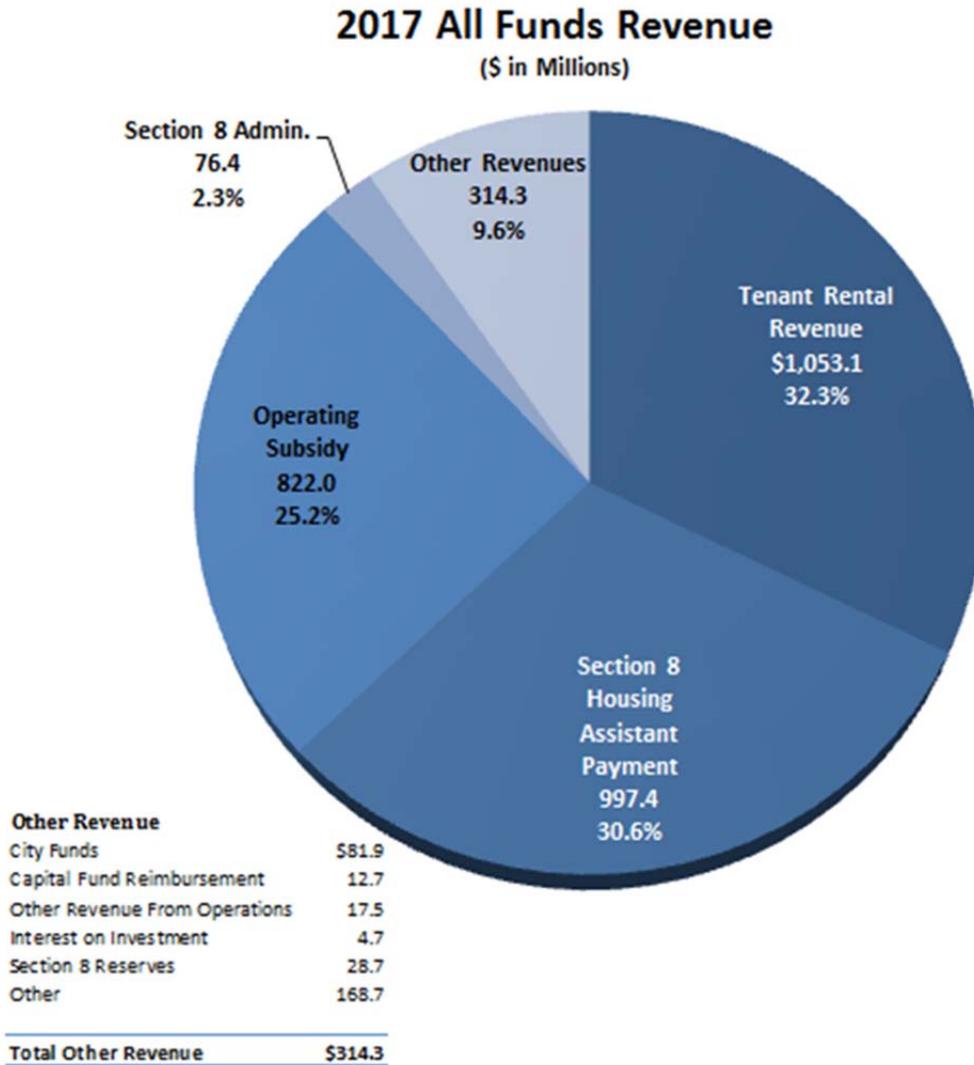
### ***OPEB Disclosure***

This Plan only includes projections for the “pay as you go” component of OPEB. The OPEB expense and liability are recognized in NYCHA’s audited financial statements, which are prepared in accordance with Generally Accepted Accounting Principles.

As of December 31, 2016, NYCHA faces a \$2.83 billion liability for OPEB. This liability remains unfunded.

## Revenue Categories

The following chart shows the \$3.26 billion in revenues in NYCHA’s 2017 operating budget, by category:



Tenant Rental Revenue and Federal Operating Subsidies account for 57 percent of total revenues. The Section 8 Subsidy for HAP and the Administrative Fee account for 33 percent of total revenues. The remaining 10 percent consists of many different components, but mainly Capital Fund Reimbursements, City Funds and Section 8 Properties Recapitalization.

### *Dwelling Rent*

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents 32 percent of total revenues in FY 2017. Rent projections are modeled at the property level based on data that includes the number of occupied units, tenants rent, and collection losses.

Accordingly, it is important to note that Tenant Rental Revenue contributes less than half of the total revenues used to cover the Authority's public housing expenditures reflected in the General Fund.

This Plan projects Tenant Rental Revenue to increase from \$1.05 billion in FY 2017 to \$1.1 billion in FY 2021, a compound growth rate of 1.2 percent.

### *Federal Subsidies*

This Plan projects the Federal Operating Subsidy to be \$822 million for the year 2017, increasing to \$840 million in the year 2021. The Operating Subsidy assessment is based on many factors including the number of eligible units, projected expense levels, utility expense levels, and formula income, which in turn, is based on Tenant Rental Revenue. While this assessment determines the eligibility level, additional assumptions must be made to determine future appropriations and proration levels which averaged 90 percent for the past decade. NYCHA has assumed the proration level of 87% for FY 2017 and 85% for FY 2018-21. In 2017, the Authority would be eligible for \$946 million but is estimated to only receive \$ 822 million, a shortfall of \$124 million.

### *Section 8 Conversion at LLC properties*

NYCHA continues to convert units in the former City/State Developments to Section 8 assistance, which previously received no dedicated funding. The Plan assumes approximately 3,960 units will be converted by year-end 2016, securing an estimated \$53 million of rental subsidy. The remaining units will be converted upon vacancy.

Securing dedicated federal funding for these remaining unfunded housing units is critical to the preservation of these units. Each unfunded housing unit operates with an implied structural deficit as the tenant rent alone is insufficient to cover the operating costs. NYCHA estimates that the loss in subsidy from the unconverted units is approximately \$62 million annually.

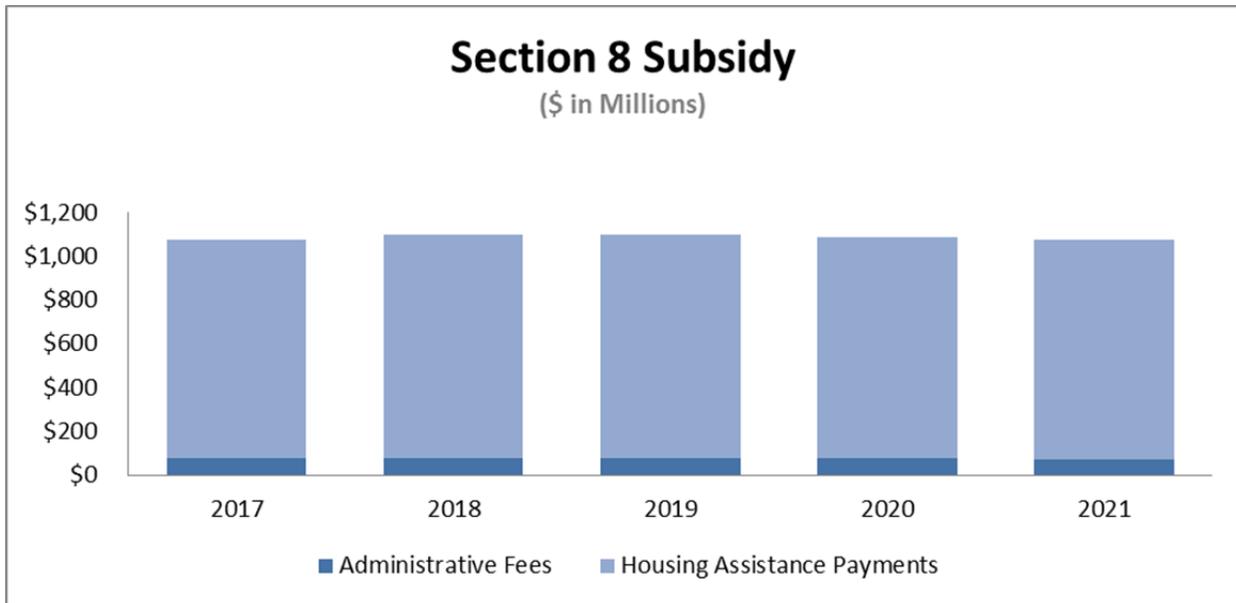
This Plan reflects a goal to convert 215 units per year in 2017 to 2021 with revenue increasing from approximately \$56 million in 2017 to \$68 million in 2021.

### *Section 8 Subsidy and Fee*

Section 8 Subsidy represents the total of the Housing Assistance Payments (HAP) and the Administrative Fees subsidy in the Housing Choice Voucher (HCV) Program Fund.

The projected subsidy reflects the expected number of vouchers in service in the HCV Program five-year rental plan. This takes into account the interplay of the following: program attrition, restorations, per unit costs, inflation factors applied by HUD, increases permitted to building

owners under New York rent regulations, changes to the fair market rent and payment standards, and funding proration.



The Plan projects Section 8 Subsidy to increase slightly from \$1.07 billion in 2017 to \$1.08 billion in 2021. This assumes a total Unit Months Leased (UML) of 1,028,387 for a monthly average of 85,699 vouchers in 2017.

### *Categorical Grants*

NYCHA receives grant awards from federal, state, city, and private sources to fund specific community development and benefits programs. The Plan reflects only grants awarded, and does not reflect anticipated awards. The budget reflects a decrease in Categorical grants funding from \$1.4 million in FY 2017 to \$68 thousand in FY 2021.

### *Capital Fund Reimbursements*

Capital Fund Reimbursements (CFR) are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget. The CFR includes replacement reserves of NYCHA’s mixed-finance portfolios and funds for the Painter’s Apprentice Program. These reimbursements are projected to be \$12.7 million in FY 2017 and \$4.7 million in each year from FY 2018 to FY 2021.

### *Interest on Investments*

Interest on Investments represents expected earnings on cash and investments, but excludes expected returns on self-insurance funds since these earnings are netted against insurance costs.

This revenue is projected to increase from \$4.7 million in FY 2017 to \$7.2 million in FY 2021, reflecting modest increases in interest yields over the plan period.

### ***Other Revenue from Operations***

Other Revenue from Operations consists of ancillary fees, primarily from residents, including sales and services charges, parking fees, and appliance surcharges intended to defer a portion of the cost of excess utility consumption. Other Revenue from Operations is projected to increase from \$17 million in FY 2017 to \$27 million in FY 2021. The projected increase is primarily attributed to increased parking fees. Parking fees are projected to increase due to the elimination of the lower, non-reserved pricing option as NYCHA converts more of its parking lots to reserved-only pricing, following the painting and numbering of parking lots.

### ***City Funds***

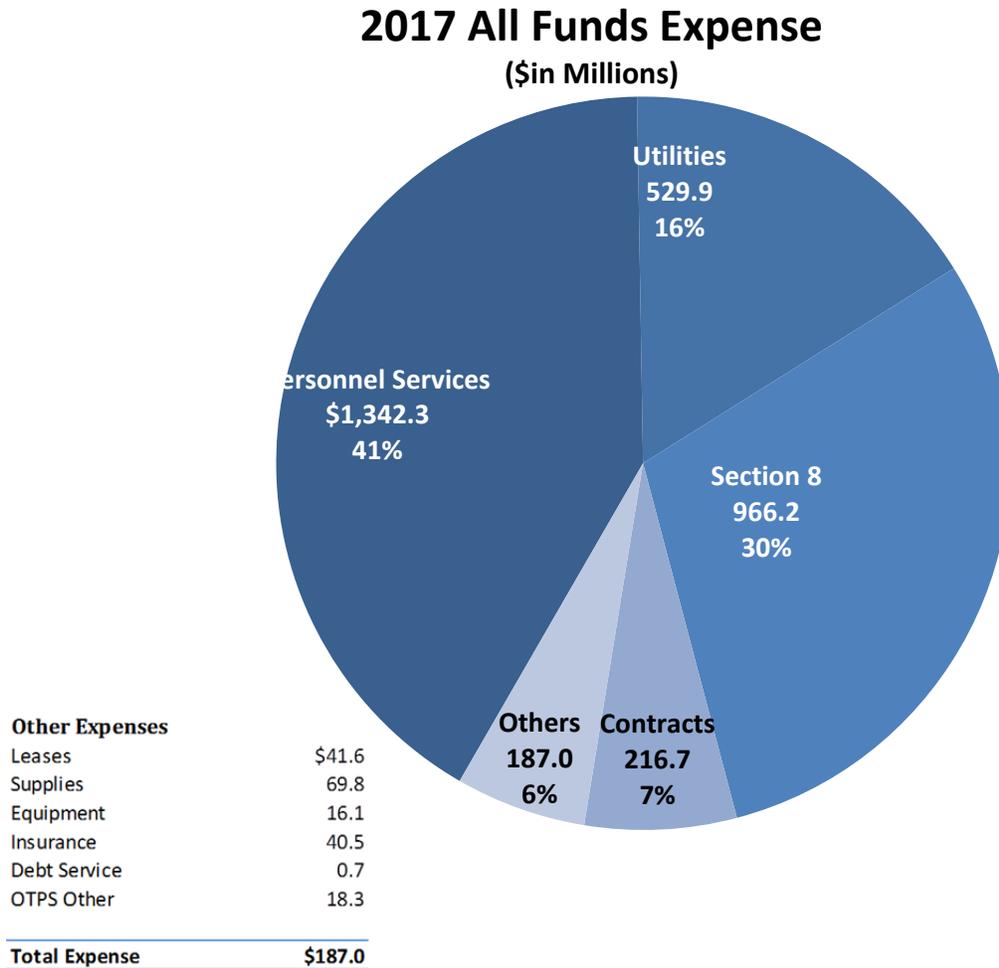
Funds from the City of New York help the Authority to absorb the impact of the Federal underfunding. The budgeted amount for FY 2017 is \$82 million, composed of \$50 million for the reimbursement of general wage increases, \$18 million for combating homelessness, \$10 million for lighting programs, and \$3.6 million for senior and community center programs.

### ***Other Non-Operating Revenues***

Other Non-Operating Revenues are ancillary revenues that NYCHA generates from third parties through property assets. This category includes revenue from Section 8 properties recapitalization, high value land/mixed income, commercial storefront leases, rooftop leases, and sublease income from underutilized office space. This Plan projects Other Non-Operating Revenues for FY 2017-21 of \$167 million, \$160 million, \$91 million, \$90 million and \$65 million, respectively.

## Expenditure Categories

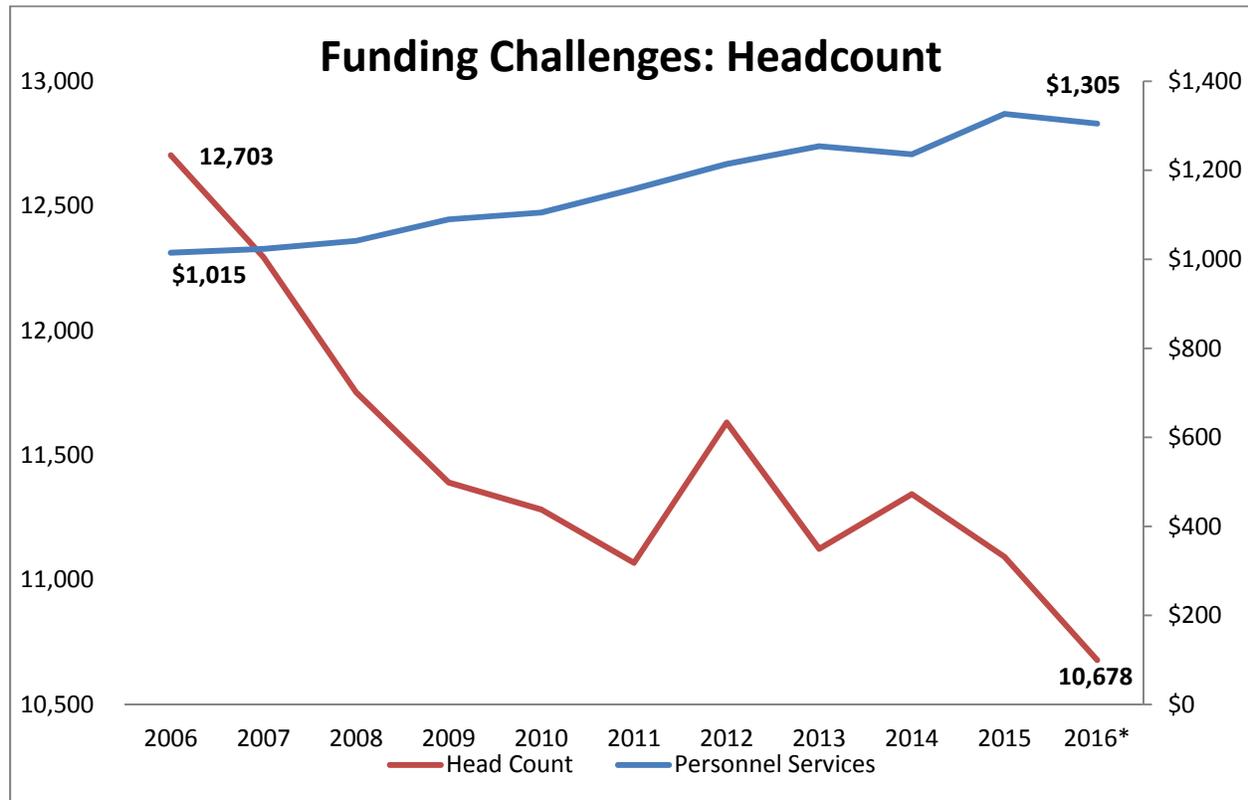
The following chart shows by category the \$3.24 billion expenditures in NYCHA’s FY 2017 operating budget:



Personnel Service (Salaries and Other Benefits) accounts for 41 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 30 percent, Utilities account for 16 percent, and all other expenses account for the remaining 13 percent of expenditures.

### Workforce and Salary

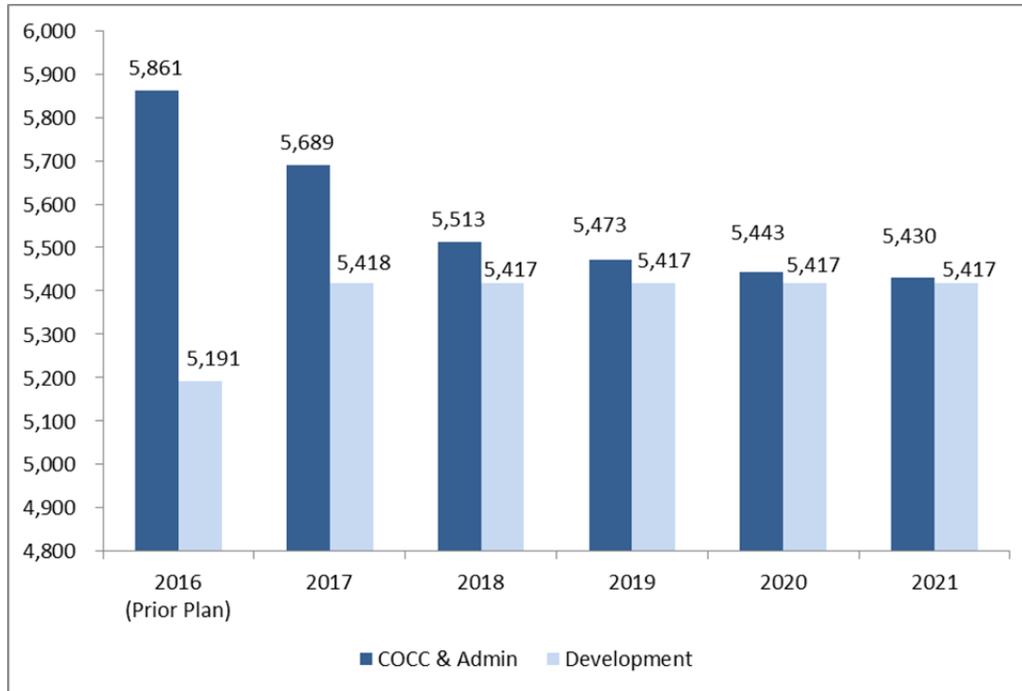
With continued reduction in revenues and increases in costs (e.g. benefit-related expenses), NYCHA faces challenges in ensuring the continuation of its core functions, and the delivery of essential services to its residents.



The 2017 plan provides for a reduction in central office costs as part of the ongoing efforts to streamline operations at its Central Office Cost Centers (COCC) with an emphasis on increasing the efficiency and effectiveness of its support functions. Administrative headcount was reduced by 172 from FY16-17, and decreases by another 259 from FY 2017-21.

Conversely, in an effort to strengthen the frontline, staffing levels at the developments were increased by 227 from FY16-17. These frontline staffing levels will be maintained from FY 2017-21 to ensure NYCHA’s ongoing commitment to provide dependable services to its residents.

**NYCHA Headcount  
COCC/Admin vs. Development**



Full-time Salary is budgeted for \$659 million in FY 2017, which will decrease to \$643 million by FY 2021.

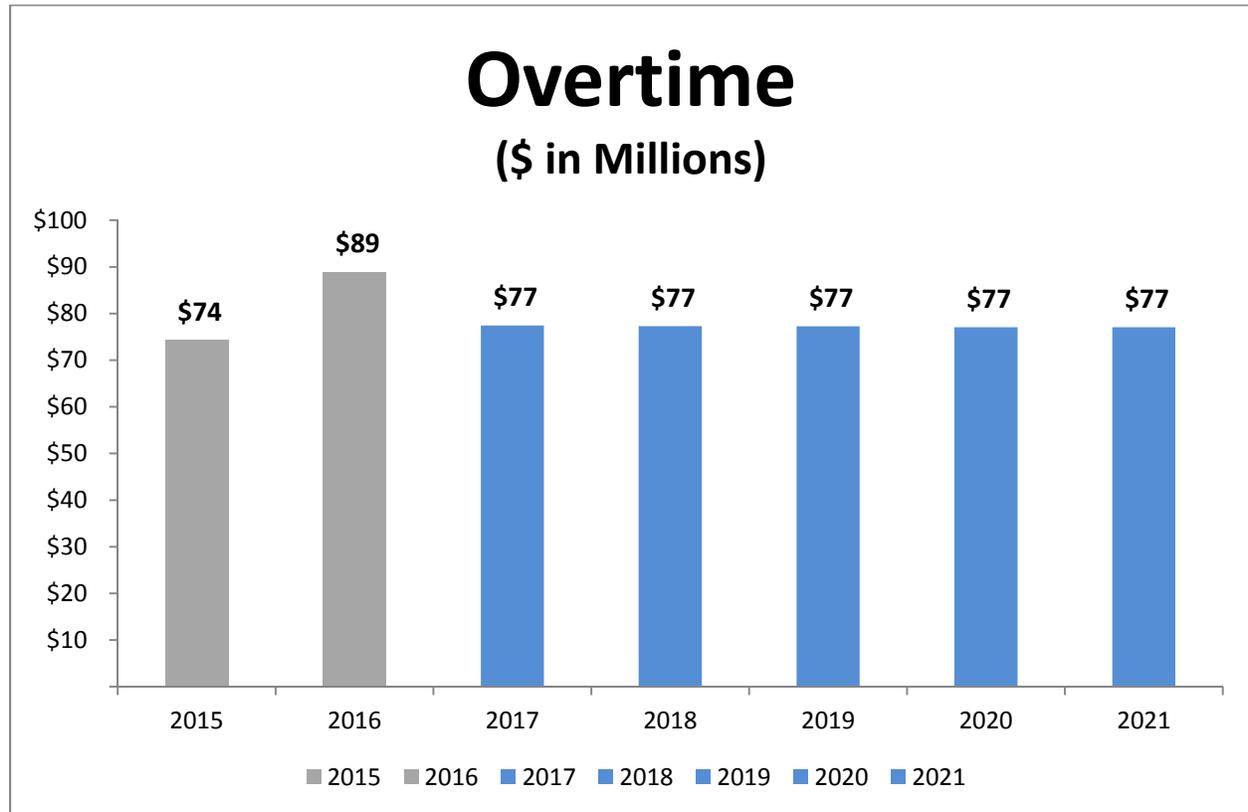
Part-time Salary represents expenditures associated with part-time and temporary staff positions. Seasonal Salary expenditures are associated with the Authority’s seasonal hiring program. Other Salary is an aggregation of assignment differentials, license differentials, increment payments, meal allowances, and other miscellaneous pay adjustments.

This Plan includes additional costs from collective bargaining agreements. The labor agreements included retroactive payments starting from the end of the previous union agreements, and general wage increases (GWI) going forward. To assist in the additional financial burden, the Mayor agreed to fund the labor agreement costs, including NYCHA’s increased costs.

*Overtime*

The FY 2017 Adopted Plan has increased the budget for overtime to reflect the current needs of the Authority. NYCHA continues to make strides to better manage overtime expenditures.

The 2017 plan increases budgeted overtime to account for higher than previous average wage costs related to collective bargaining settlements and gross wage increases that have previously taken place and are expected to occur in 2017. Out-year budgets are expected to be reduced in accordance with programmatic changes in the Recycling and Painter’s Apprentice programs.



**Fringe**

Fringe includes legally-mandated benefits which include Social Security, Unemployment Insurance, and Workers’ Compensation, as well as contractually-mandated benefits including health insurance, pension, welfare, and annuity for active and retired employees.

NYCHA maintains a self-insurance program for workers’ compensation. Expenditures include contributions to the self-insurance fund for estimated losses, premiums for the procurement of excess insurance, and assessments paid to the State of New York Workers’ Compensation Board. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, third-party administrators, and risk management consultants. This is a cost-effective approach in managing a unique workforce, which allows the Authority to take immediate action in both the processing of claims and the promotion of safety programs to reduce job-related risks.

Fringe is projected to increase from \$589 million in FY 2017 to \$659 million in FY 2021, (a compounded growth rate of 2.84 percent). As a percentage of total Personnel Service expenditures, Fringe is projected to increase from 44 percent in FY 2017 to 47 percent FY 2021. This is driven in large part by rising pension obligations as well as health insurance benefit expenses.

Additionally our Fringe line includes expenses for labor agreement payments for unsettled union contracts that are expected to be settled in FY 2017, accounting for 3.2% of all fringe costs.

### *Leases*

NYCHA leases office space and warehouse facilities under a number of long-term operating leases. Under these leases NYCHA is generally responsible for paying operating costs including taxes and utilities.

The Plan projects Leases expenditures to increase from \$41 million in FY 2017 to \$60 million in FY 2021.

### *Utilities*

Utility expenditures, a significant component of NYCHA's operating budget, represent approximately 16 percent of total expenditures, and more importantly, 24 percent of General Fund expenditures. Utility costs include electricity, gas, water, steam and fuel oil. NYCHA's utility spending averages approximately \$44.2 million per month.

This Plan projects Utility expenditures to increase from \$530 million in FY 2017 to \$551 million in FY 2021, (a compound growth rate of 1 percent). Given the substantial impact of Utility costs in NYCHA's overall cost structure, NYCHA will continue to work with HUD to develop mutually beneficial Energy Performance Contracts (EPCs). These contracts will increase the funding available for energy-efficient capital projects that will produce utility cost savings over time.

### *Insurance*

Insurance expenditures include contributions to NYCHA's general liability self-insurance fund for retained estimated losses, and premiums for the procurement of liability, boiler and machinery, and property insurance. The funding contributions to the self-insurance program also provide for professional services of actuaries, brokers, and risk management consultants. Insurance expenditures are projected to increase from \$41 million in FY 2017 to \$69 million in FY 2021. These increases are driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. With additional funding from the City in FY 2016, NYCHA was able to arrange prepayment with the insurance companies to reduce FY 2017-18 expenses by nearly \$20 million per year, which contributed to improving the Authority's financial condition.

Costs associated with NYCHA's workers' compensation self-insurance fund are budgeted in the *Fringe* line.

### *Section 8 Payments*

Expenditures for Section 8 Housing Assistance Payments (HAP) are projected based on the leased housing program rental plan. This Plan projects Section 8 Payments to landlords will decrease from \$1.02 billion in FY 2017 to \$988.8 million in FY 2021. This includes Section 8 Conversion Units that convert units from the General Fund to Section 8 funded units. This conversion removes the cost of those units from the General Fund's budget and increases the Section 8 expenditures.

### *Contracts, Supplies, Equipment, and OTPS Other*

*Contracts* includes third-party service payments for the following: painting, floor tiling, elevator maintenance, fire safety, environmental services, Marshall fees, security services, energy contracts, carting fees, automotive services, office equipment rentals and services, information technology software and hardware services, telecommunications services, lockbox fees, professional services, and others.

*Supplies* includes: materials and supplies required for property management operations (as well as administrative functions), including paints, tiles, carpentry supplies, electrical and plumbing supplies, auto repair shop supplies, uniforms, office supplies, and others.

*Equipment* includes: ranges, refrigerators, telecommunications, automotive, machinery, computer hardware, grounds, and tools, (all of which must be above NYCHA's capitalization threshold). Although funded in the Operating Plan, these are categorized as assets.

*OTPS Other* includes: operating budget funding of the capital replacement reserves for NYCHA's mixed finance portfolios, athletic and recreational activities, postage, petty cash reimbursements, training, and a number of other miscellaneous expenditure categories.

In aggregate, these four budgetary lines are projected to decrease from \$322 million in FY 2017 to \$291 million in FY 2021.

## 2017-2021 Operating Plan by Funds

### All Funds

<i>(Dollars in Thousands)</i>					
	2017	2018	2019	2020	2021
	Budget	Budget	Budget	Budget	Budget
<b>Revenues</b>					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,053,094	1,076,924	1,086,063	1,094,889	1,103,792
Other Revenue from Operations	17,495	19,710	27,287	27,388	26,583
<b>Total Revenue from Operations</b>	<b>1,070,589</b>	<b>1,096,634</b>	<b>1,113,350</b>	<b>1,122,277</b>	<b>1,130,375</b>
<i>Other Revenues</i>					
Federal Subsidies	821,986	822,701	810,651	819,714	840,628
Debt Services Subsidy	360	285	230	180	131
Section 8 Phased Conversion	56,325	59,258	62,231	65,120	68,010
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	12,697	4,697	4,697	4,697	4,697
Interest on Investments	4,726	5,932	6,099	6,099	7,242
Other	166,994	159,778	91,394	90,334	65,444
Categorical Grants	1,377	618	68	68	68
Section 8 Subsidy	941,043	960,827	957,732	948,465	935,608
Section 8 Admin	76,406	76,411	75,498	74,314	73,063
City Funds	81,927	89,060	107,721	114,849	105,886
<b>Total Other Revenues</b>	<b>2,163,842</b>	<b>2,179,568</b>	<b>2,116,323</b>	<b>2,123,840</b>	<b>2,100,777</b>
<b>Total Revenues</b>	<b>3,234,431</b>	<b>3,276,202</b>	<b>3,229,673</b>	<b>3,246,117</b>	<b>3,231,151</b>
<b>Expenditures</b>					
<i>Personal Service:</i>					
Salary F/T	659,040	649,781	646,839	644,784	643,914
Salary P/T	1,670	1,170	918	252	-
Seasonal	-	-	-	-	-
Overtime	77,420	77,281	77,270	77,045	77,045
Shift Differential	978	976	976	976	976
Retro	227	227	227	227	227
Fringe	588,890	602,733	619,992	640,188	658,780
Other Salary	14,042	14,009	14,009	14,009	14,009
<b>Total Personal Service</b>	<b>1,342,266</b>	<b>1,346,178</b>	<b>1,360,231</b>	<b>1,377,482</b>	<b>1,394,952</b>
<i>Other Than Personal Service:</i>					
Leases	41,632	42,765	44,770	57,925	60,004
Supplies	69,820	67,943	67,858	66,377	66,377
Equipment	16,077	14,751	12,262	12,075	11,749
Utilities	529,868	535,166	540,518	545,923	551,382
Contracts	216,720	193,601	197,495	196,869	197,859
Debt Services	653	551	469	390	310
Insurance	40,513	38,586	61,913	65,502	69,372
OTPS Other	18,286	17,662	15,474	15,108	15,131
Housing Assistance Payments	966,221	962,010	948,311	935,801	920,790
<b>Total Other Than Personal Service</b>	<b>1,899,791</b>	<b>1,873,036</b>	<b>1,889,070</b>	<b>1,895,971</b>	<b>1,892,974</b>
<b>Total Expenditures</b>	<b>3,242,057</b>	<b>3,219,213</b>	<b>3,249,301</b>	<b>3,273,453</b>	<b>3,287,925</b>
<b>Surplus/(Deficit) before Reserves</b>	<b>(7,626)</b>	<b>56,989</b>	<b>(19,627)</b>	<b>(27,335)</b>	<b>(56,774)</b>
HAP Reserve (HUD-HELD)	25,178	1,183	-	-	-
Admin Reserve	3,569	2,819	-	-	-
<b>Surplus/(Deficit) net of Reserves</b>	<b>21,122</b>	<b>60,991</b>	<b>(19,627)</b>	<b>(27,335)</b>	<b>(56,774)</b>

## General Fund

<i>(Dollars in Thousands)</i>					
	2017	2018	2019	2020	2021
	Budget	Budget	Budget	Budget	Budget
<b>Revenues</b>					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,053,094	1,076,924	1,086,063	1,094,889	1,103,792
Other Revenue from Operations	17,495	19,710	27,287	27,388	26,583
<b>Total Revenue from Operations</b>	<b>1,070,589</b>	<b>1,096,634</b>	<b>1,113,350</b>	<b>1,122,277</b>	<b>1,130,375</b>
<i>Other Revenues</i>					
Federal Subsidies	820,321	821,063	809,041	818,132	839,077
Debt Services Subsidy	360	285	230	180	131
Section 8 Phased Conversion	56,325	59,258	62,231	65,120	68,010
Section 8 Management Fees	13,281	13,282	13,100	12,863	12,613
Capital Fund Reimbursements	12,697	4,697	4,697	4,697	4,697
Interest on Investments	4,726	5,932	6,099	6,099	7,242
Other	166,059	158,843	90,459	89,399	64,509
Categorical Grants	-	-	-	-	-
Section 8 Subsidy	-	-	-	-	-
Section 8 Admin	-	-	-	-	-
City Funds	50,094	54,815	65,654	65,747	65,747
<b>Total Other Revenues</b>	<b>1,123,865</b>	<b>1,118,175</b>	<b>1,051,512</b>	<b>1,062,238</b>	<b>1,062,025</b>
<b>Total Revenues</b>	<b>2,194,454</b>	<b>2,214,810</b>	<b>2,164,862</b>	<b>2,184,515</b>	<b>2,192,400</b>
<b>Expenditures</b>					
<i>Personal Service:</i>					
Salary F/T	626,903	618,807	616,015	614,161	613,299
Salary P/T	1,105	757	504	252	-
Seasonal	-	-	-	-	-
Overtime	76,661	76,576	76,576	76,376	76,376
Shift Differential	978	976	976	976	976
Retro	227	227	227	227	227
Fringe	564,018	577,991	594,561	614,091	631,719
Other Salary	13,397	13,364	13,364	13,364	13,364
<b>Total Personal Service</b>	<b>1,283,289</b>	<b>1,288,697</b>	<b>1,302,223</b>	<b>1,319,446</b>	<b>1,335,960</b>
<i>Other Than Personal Service:</i>					
Leases	35,285	36,253	38,001	50,070	51,879
Supplies	67,996	66,834	66,834	66,153	66,153
Equipment	13,327	12,751	10,262	10,075	9,749
Utilities	529,685	534,982	540,332	545,735	551,192
Contracts	209,449	187,981	192,017	193,084	194,032
Debt Services	360	285	230	180	131
Insurance	40,300	38,363	61,679	65,256	69,113
OTPS Other	13,611	13,230	13,250	13,272	13,294
Housing Assistance Payments	-	-	-	-	-
<b>Total Other Than Personal Service</b>	<b>910,014</b>	<b>890,677</b>	<b>922,604</b>	<b>943,824</b>	<b>955,544</b>
<b>Total Expenditures</b>	<b>2,193,304</b>	<b>2,179,374</b>	<b>2,224,828</b>	<b>2,263,271</b>	<b>2,291,504</b>
<b>Surplus/(Deficit)</b>	<b>1,150</b>	<b>35,435</b>	<b>(59,966)</b>	<b>(78,756)</b>	<b>(99,104)</b>

## Housing Choice Voucher

<i>(Dollars in Thousands)</i>					
	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget
<b>Revenues</b>					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	-	-	-	-	-
Other Revenue from Operations	-	-	-	-	-
<b>Total Revenue from Operations</b>	-	-	-	-	-
<i>Other Revenues</i>					
Federal Subsidies	-	-	-	-	-
Debt Services Subsidy	-	-	-	-	-
Section 8 Phased Conversion	-	-	-	-	-
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	-	-	-	-	-
Interest on Investments	-	-	-	-	-
Other	935	935	935	935	935
Categorical Grants	-	-	-	-	-
Section 8 Subsidy	997,368	1,020,085	1,019,963	1,013,585	1,003,618
Section 8 Admin	76,406	76,411	75,498	74,314	73,063
City Funds	-	-	-	-	-
<b>Total Other Revenues</b>	<b>1,074,708</b>	<b>1,097,431</b>	<b>1,096,396</b>	<b>1,088,834</b>	<b>1,077,616</b>
<b>Total Revenues</b>	<b>1,074,708</b>	<b>1,097,431</b>	<b>1,096,396</b>	<b>1,088,834</b>	<b>1,077,616</b>
<b>Expenditures</b>					
<i>Personal Service:</i>					
Salary F/T	29,650	29,655	29,654	29,453	29,445
Salary P/T	-	-	-	-	-
Seasonal	-	-	-	-	-
Overtime	650	650	650	650	650
Shift Differential	-	-	-	-	-
Retro	-	-	-	-	-
Fringe	22,649	23,479	24,291	25,064	25,993
Other Salary	645	645	645	645	645
<b>Total Personal Service</b>	<b>53,593</b>	<b>54,429</b>	<b>55,239</b>	<b>55,811</b>	<b>56,733</b>
<i>Other Than Personal Service:</i>					
Leases	6,347	6,513	6,769	7,855	8,125
Supplies	80	80	80	80	80
Equipment	2,000	2,000	2,000	2,000	2,000
Utilities	183	184	186	188	190
Contracts	16,660	16,814	16,749	16,580	16,371
Debt Services	-	-	-	-	-
Insurance	213	224	235	246	259
OTPS Other	1,835	1,835	1,835	1,835	1,835
Housing Assistance Payments	1,022,546	1,021,268	1,010,542	1,000,922	988,799
<b>Total Other Than Personal Service</b>	<b>1,049,863</b>	<b>1,048,917</b>	<b>1,038,397</b>	<b>1,029,706</b>	<b>1,017,659</b>
<b>Total Expenditures</b>	<b>1,103,456</b>	<b>1,103,346</b>	<b>1,093,636</b>	<b>1,085,517</b>	<b>1,074,391</b>
<b>Surplus/(Deficit) before Reserves</b>	<b>(28,748)</b>	<b>(5,916)</b>	<b>2,761</b>	<b>3,317</b>	<b>3,224</b>
HAP Reserve (HUD-HELD)	25,178	1,183	-	-	-
Admin Reserve	3,569	2,819	-	-	-
<b>Surplus/(Deficit) net of Reserves</b>	<b>-</b>	<b>(1,913)</b>	<b>2,761</b>	<b>3,317</b>	<b>3,224</b>

## Categorical Grants

<i>(Dollars in Thousands)</i>					
	2017	2018	2019	2020	2021
	Budget	Budget	Budget	Budget	Budget
<b>Revenues</b>					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	-	-	-	-	-
Other Revenue from Operations	-	-	-	-	-
<b>Total Revenue from Operations</b>	-	-	-	-	-
<i>Other Revenues</i>					
Federal Subsidies	1,665	1,638	1,611	1,581	1,551
Debt Services Subsidy	-	-	-	-	-
Section 8 Phased Conversion	-	-	-	-	-
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	-	-	-	-	-
Interest on Investments	-	-	-	-	-
Other	-	-	-	-	-
Categorical Grants	1,377	618	68	68	68
Section 8 Subsidy	-	-	-	-	-
Section 8 Admin	-	-	-	-	-
City Funds	31,833	34,245	42,067	49,102	40,139
<b>Total Other Revenues</b>	<b>34,875</b>	<b>36,502</b>	<b>43,746</b>	<b>50,751</b>	<b>41,758</b>
<b>Total Revenues</b>	<b>34,875</b>	<b>36,502</b>	<b>43,746</b>	<b>50,751</b>	<b>41,758</b>
<b>Expenditures</b>					
<i>Personal Service:</i>					
Salary F/T	2,486	1,319	1,170	1,170	1,170
Salary P/T	565	414	414	-	-
Seasonal	-	-	-	-	-
Overtime	109	56	45	20	20
Shift Differential	-	-	-	-	-
Retro	-	-	-	-	-
Fringe	2,223	1,262	1,140	1,034	1,069
Other Salary	-	-	-	-	-
<b>Total Personal Service</b>	<b>5,383</b>	<b>3,051</b>	<b>2,769</b>	<b>2,224</b>	<b>2,259</b>
<i>Other Than Personal Service:</i>					
Leases	-	-	-	-	-
Supplies	1,744	1,030	944	145	145
Equipment	750	-	-	-	-
Utilities	-	-	-	-	-
Contracts	3,892	2,088	1,828	68	68
Debt Services	293	267	239	210	179
Insurance	-	-	-	-	-
OTPS Other	2,840	2,597	389	1	1
Housing Assistance Payments	-	-	-	-	-
<b>Total Other Than Personal Service</b>	<b>9,520</b>	<b>5,982</b>	<b>3,400</b>	<b>424</b>	<b>393</b>
<b>Total Expenditures</b>	<b>14,903</b>	<b>9,033</b>	<b>6,169</b>	<b>2,648</b>	<b>2,652</b>
<b>Surplus/(Deficit)</b>	<b>19,972</b>	<b>27,469</b>	<b>37,578</b>	<b>48,103</b>	<b>39,106</b>